

Sarbanes-Oxley Compliance

A Checklist for Evaluating Internal Controls –



Companies today are immersed in audits of their internal controls and financial processes in an effort to comply with Section 404 of the Sarbanes-Oxley Act (SOX). According to the META Group, many organizations – including some that are not subject to SOX – are using these reviews to enhance internal controls, implement best practices, and improve business efficiency.*

Computron Professional Services can help in your SOX evaluation. As part of our Corporate Governance Site Review program, our team analyzes the business processes surrounding the use of your Computron applications and identifies ways you can mitigate risks by using your Computron systems more effectively.

Included here is the checklist that our team uses in a Site Review when evaluating the payables and purchasing processes, accounts receivable, collections and cash management processes and general ledger and financial reporting processes. The first column lists a generic business risk and the second lists internal controls available within Computron systems that mitigate these risks. The checklists are not intended to be all-inclusive. We have highlighted controls that we believe are relevant to SOX compliance, focusing on those that relate to the authorization and accurate recording of transactions and the use of this data in preparing financial statements.

Of course, each client’s business is different and each client’s management must perform their own risk assessment and determine the types of controls that are best suited to their business. We recognize that computerized systems are only one aspect of effective internal control and that each management team must instill a culture for success.

For more information about the Computron Corporate Governance Site Review program, please contact our Professional Services organization at (201) 372-6100 or send an email to info@computronsoftware.com

**Poll Shows 39% of Companies Believe Sarbanes-Oxley Will Make Them More Competitive, META Group, Dec. 8, 2003.*

Accounts Payable and Purchasing Process: Managing Key Expense Processes

Many controls were built into the Computron Accounts Payable. An extension to AP/PO, **Procurement Portal** enhances control by providing workflow automation for key procurement processes such as product requisitions and product catalog management. Procurement Portal generates requisitions based on user initiated requests and also handles the assignment and routing of approvals, while providing management visibility.

Accounts Receivable, Collections and Cash Management Process: Managing Key Revenue Processes

Many controls were built into the Computron Accounts Receivable from “day one”. An extension to AR, Credit Management Portal (CMP) enhances control by providing workflow automation for key revenue processes such as collections management, customer dispute resolution, credit risk assessment, and cash matching. CMP automatically generates issues based on user-defined business rules, and also handles the assignment, routing, and escalation of issues, while providing management visibility. For example, collectors can be alerted about problem accounts providing for more rapid followup. CMP also includes a secure web-based self-service portal, allowing customers to view bills and statements and register inquiries and disputes.

CMP drives value by improving collections performance, minimizing bad debt reserves and writeoffs, streamlining the handling of cash matching differences, and driving up customer satisfaction. Because managers are notified early on about key issues, steps can be taken before these grow into more serious problems. Not only does the system provide a more accurate picture of cash flows, receivables, revenues, and so on, it also allows management to quickly implement changes needed to improve financial results.

General Ledger and Financial Reporting Processes: Controlling the Financial Reporting Process

Many controls were built into the Computron General Ledger from “day one”. The following add-on solutions enhance control by automating journal approvals, streamlining the preparation and distribution of financial statements, and delivering business performance metrics needed for informed decision-making and timely disclosure.

Journal Cycle Management. As part of the closing process, adjusting entries must be recorded in the General Ledger. Journal Cycle Management (JCM) provides for rules-based routing and approval of journal transactions, whether entered directly into the system or from an external system using GENEX. Users can attach supporting documents and explanatory notes.

GL Excel. Many organizations prefer to use Excel for financial reporting but rekeying of data into Excel is a risky, error-prone process. GL Excel allows accountants to easily extract data from GL into reusable templates that may be customized using standard Excel functionality. GL Excel provides for automatic distribution of Excel-based financial reports via email based on subscription lists. With the next release of GL Excel, reports may be routed for approval, allowing business executives to “sign off” on their own organization’s financial information, prior to preparation of consolidated statements. Also, users will be able to investigate account balances by drilling down to source data and supporting documents that have been attached to transactions using JCM. The result is greater confidence in the numbers – even more important today, as Sarbanes-Oxley Section 302 requires CEO’s and CFO’s of public companies to certify financial statements.

About Computron

Computron has a proven 30 year track record in developing robust, high-volume, scalable, secure and effective e-business and financial solutions for more than 500 companies worldwide. Headquartered in Rutherford, New Jersey, Computron has offices in Australia, Europe, South Africa and the United States.

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Accounts Payable and Purchasing Process

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 1 New vendors are not investigated and approved before being added to the vendor master list.</p>	<ul style="list-style-type: none"> • Accounts Payable. The system can be set up to place a vendor on “approval hold” when created or modified. This will prevent payment of the vendor until approved. • Accounts Payable. Access to the vendor approval function and to other vendor maintenance functions should be restricted using Computron menu security. Only authorized personnel should be permitted to add or change vendors. • Expense Cycle Management (add-on to AP) can automatically route invoices for a new vendor to an authorized user who then does the necessary verification, adds the vendor to the master list, and routes the invoice back to the appropriate person for entry. • Other. Some clients check business directories to verify that the vendor is an existing business. Some compare vendor remit addresses to an employee address file. Discuss ways of automating this verification process with your Computron Professional Services representative. 	
<p>Risk 2 Vendors no longer used are not inactivated or purged from the vendor master list.</p>	<ul style="list-style-type: none"> • Accounts Payable. Use the Vendor Purge function to select vendors without activity after a specified date and either purge or inactivate the vendors so that they cannot be paid. • Accounts Payable. Use the Consolidate Vendor function to consolidate vendor activity and eliminate old vendors when appropriate. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 3 Vendors are not properly evaluated when purchases are made. Competitive prices are not obtained.</p>	<ul style="list-style-type: none"> • Purchasing. Integrate AP with the Computron Purchasing (PO) system. PO facilitates establishment and maintenance of up-to-date catalogs reflecting company policy (preferred vendors and pricing agreements). Define what items can be purchased from which vendors. Use the Vendor Performance report to evaluate vendors on pricing, quality, and timeliness of delivery. • Purchasing Cycle Management. Use Purchasing Cycle Management (add-on to PO) to automatically route requisitions for approval or sourcing based on business rules. An easy-to-use web interface (Procurement Portal) allows users outside the purchasing department to submit requisitions for approval. Administrator determines who can order what items and from which vendors. 	
<p>Risk 4 Duplicate vendor numbers and names appear in the vendor master file.</p>	<ul style="list-style-type: none"> • Accounts Payable. The AP system does not permit duplicate vendor numbers (ID's). • Accounts Payable. Prior to setting up a new vendor, the user can search on vendor Sort Name to determine if a vendor already exists. • Accounts Payable. The vendor Full Name and vendor Tax ID can be made soft keys and used for searching. The key can be set up so that duplicates are not allowed. • Accounts Payable. Use the Consolidate Vendor function to consolidate vendor activity when a duplicate vendor is discovered. • See discussion under Risk 1 for additional controls pertaining to maintenance of the vendor master file. 	
<p>Risk 5 Purchases are made that exceed department's budget.</p>	<ul style="list-style-type: none"> • Corporate Budgeting. Use Corporate Budgeting (add-on module) to have the system automatically warn the user when a purchase will cause the budget to be exceeded for a specific account/department. Computron GL is used to store budgets. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 6 Purchases are made without proper approval. Purchase orders are not prepared or authorized.</p>	<ul style="list-style-type: none"> • Purchasing. If the company does not currently have a Purchasing system, considering adding Computron Purchasing (PO) system, which is tightly integrated with Computron AP. Where applicable, set up vendors to require entry of a valid purchase order number before vouchers are entered. If the company has an external (non Computron) Purchasing system, purchase order and receipt information can be loaded into Computron using GENEX, to enable two- and three-way matching. • Purchasing Cycle Management. Use Purchasing Cycle Management (add-on to PO) to automatically route requisitions for approval based on business rules. A purchase order is created automatically when a requisition is approved and can be automatically printed or sent to the vendor via email, fax, or cXML. An easy-to-use web interface (Procurement Portal) allows users outside the purchasing department to submit requisitions for approval. 	
<p>Risk 7 Receipt of goods is not documented.</p>	<ul style="list-style-type: none"> • Purchasing. If the company does not currently have a Purchasing system, considering adding Computron's Purchasing (PO) system. PO includes a function for recording receipts. Set up the AP system to require matching of invoices and purchase orders with receipts prior to payment. If the company has an external (non Computron) Purchasing system, receipt information can be loaded into Computron using GENEX to enable matching. • Purchasing Cycle Management. Use PCM to automatically alert users when goods have been received. Matching errors can be automatically routed to the appropriate users for quicker resolution. 	
<p>Risk 8 A/P duties are not effectively segregated to minimize the risk of fraud.</p>	<ul style="list-style-type: none"> • Accounts Payable. Each AP user is assigned a security level that determines which functions are available from system menus. Review your user file and menu security setup to ensure that segregation of duties is being enforced. For example, this setup can prevent users who add vendors or maintain vendor information from entering vouchers. • Expense Cycle Management and Procurement Cycle Management. Users are restricted to specific functions based on the workgroups to which they are assigned. Menus are automatically generated. 	

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<p>Risk 9 Disbursements are made without proper approval.</p>	<ul style="list-style-type: none"> • Accounts Payable. The system can be set up so that all vouchers are created with a “hold payment” status. The vouchers can then be reviewed by a manager and released for payment using the Voucher Hold/Release function. Approval level codes may also be used to prevent changes to a voucher or payment until reviewed by one or more managers. Access to the Voucher Hold/Release function should be restricted using Computron’s menu security. • Expense Cycle Management. Use Expense Cycle Management (add-on to AP) to automatically route vouchers for review/approval based on business rules (for example, based on monetary amounts or vendor). The system can be set up to require multiple approvals for high value invoices. Based on the rules, a voucher’s payment status and GL posting status can be set to “hold” initially, and then changed to “release” when the necessary approvals have been given. If there is a dispute with a vendor, all invoices for that vendor can be set up for electronic routing for review/approval prior to payment. • Expense Cycle Management. ECM enforces segregation of duties between those who enter invoices and those who have the authority to approve an invoice for payment. All approval routing steps are logged by ECM (who, what, when) for full transaction transparency. • ECM Executive. ECM Executive incorporates ECM functionality and also allows managers to review and approve invoices via email or a website. 	
<p>Risk 10 Prices charged on invoice do not match the purchase order or pricing program.</p>	<ul style="list-style-type: none"> • Purchasing. If the company does not currently have a Purchasing system, considering adding Computron’s Purchasing (PO) system. Set up the AP system to require matching of invoices and receipts with purchase orders prior to payment. If the company has an external (non Computron) Purchasing system, purchase order information can be loaded into Computron using GENEX to enable matching. • Purchasing Cycle Management. Matching errors can be automatically routed to the appropriate users for quicker resolution 	

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<p>Risk 11 Amounts recorded/paid do not match the approved invoices.</p>	<ul style="list-style-type: none"> • Accounts Payable. The AP system does permit payment for an individual voucher to exceed the voucher due amount. • Accounts Payable. During voucher entry, the system requires the voucher due amount to tie out with the accounting distribution. If the totals do not match, the voucher cannot be completed and cannot be paid. • Accounts Payable. Use batch control totals to further ensure accuracy in entry of voucher amounts. • Expense Cycle Management. Invoices may be scanned and indexed in the mailroom, then routed to users for voucher entry. When indexed, the voucher data may be pre-populated from the invoice. Users can view invoice images when entering vouchers, rather than working with paper invoices which are easily lost or damaged. • Expense Cycle Management. ECM allows managers to audit the voucher entry and approval process through sampling to determine accuracy of data entry and conformity to company procedures. The system can send every nth invoice to an audit queue or all invoices over a specific monetary amount. 	
<p>Risk 12 Discounts allowed are not taken.</p>	<ul style="list-style-type: none"> • Accounts Payable. Payment terms may be established for each vendor so that discount and payment dates are automatically calculated. • Accounts Payable. The AP system provides many options for taking discounts. For example, payment can be scheduled based on the discount date. The system can also be set up to always take discounts even when payment is made after the discount date. • Expense Cycle Management. ECM can alert users when an invoice has not been reviewed/approved in a timely fashion. This process may be tailored to alert managers of high value invoices where discounts are about to be lost. 	

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<p>Risk 13 Duplicate invoices are recorded.</p>	<ul style="list-style-type: none"> • Accounts Payable. The AP system can be set up to disallow a duplicate invoice number from being processed. • Accounts Payable. The system displays information about the original voucher when a duplicate invoice number is entered. The system may be set up to allow override of a duplicate condition within certain restrictions. • Expense Cycle Management. ECM provides for scanning of incoming invoices. The user can display the image associated with the original voucher to determine if the new invoice is actually a duplicate. • Accounts Payable. The system can search several years of A/P history for duplicates. Duplicate invoices are checked across paying companies within a vendor number and across multiple remittance addresses. • Accounts Payable. The system can be set up to detect potential duplicates – invoices that have the same dates and/or amounts. 	
<p>Risk 14 The system allows an invoice to be paid more than once.</p>	<ul style="list-style-type: none"> • Accounts Payable. The AP system does not permit this. Once a voucher has been paid in full by the system, the voucher status changes to closed so that it cannot be selected for payment in a subsequent check run. 	
<p>Risk 15 Outstanding credit memos are not applied to current or future invoices.</p>	<ul style="list-style-type: none"> • Accounts Payable. Credits entered into the AP system are automatically deducted from future payments. 	
<p>Risk 16 Invoices are not coded to the appropriate account.</p>	<ul style="list-style-type: none"> • Accounts Payable. Default AP control account codes are established for each vendor and a default standard distribution can also be set up for the expense lines. Posting accounts are validated when entered online or using GENEX. • Accounts Payable. The Open Voucher reports may be used to produce a list of transactions charged to a specific AP control account to help identify incorrectly coded transactions. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 17 Payment is recorded but not made.</p>	<ul style="list-style-type: none"> • Accounts Payable. The same process (Pay Vouchers/Write Checks) is used to update the payment history and generate a check image file for printing or a file for electronic funds transfer. • Accounts Payable. Restrict access to the check processing functions to authorized persons using menu security. • Accounts Payable. Use Statement Reconciliation to automate reconciliations using electronic feed from the bank. 	
<p>Risk 18 Payment is not recorded in the proper period.</p>	<ul style="list-style-type: none"> • Accounts Payable. The AP system automatically records all payments in the appropriate period when the cash disbursements journal is posted. The period is determined based on the default posting date, which may or may not be overridden by the user, at the time payment is made. 	
<p>Risk 19 Purchases made are not recorded/paid or not recorded/paid timely.</p>	<ul style="list-style-type: none"> • Expense Cycle Management. Use ECM to scan invoices in mailroom and route for voucher entry and approval. Invoices can also be loaded from an external system using GENEX (XML format is supported). Avoid misplacing paper invoices. • Accounts Payable. Establish payment terms in the system so that vendors are paid on a timely basis, reflecting company policy. The voucher entry function automatically defaults the scheduled payment date based on the payment terms. Set up recurring vouchers to ensure that regular bills are paid on time. • Expense Cycle Management. ECM can alert users when an invoice has not been reviewed/approved in a timely fashion. Managers can also track workloads in the AP department and reassign work to ensure timely processing. • Accounts Payable. When a voucher is created, GL accounting distributions are also created, and this information is subsequently posted to the GL. The accounting period is determined based on the default posting date, which may or may not be overridden by the user, at the time the transaction is entered (system parameter). This ensures that the expense is recorded to the appropriate period regardless of the date of payment. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 20 Payment is made but not recorded.</p>	<ul style="list-style-type: none"> • Accounts Payable. The AP system does not allow payments to be issued without updating the AP database. The same process (Pay Vouchers/Write Checks) is used to update the payment history and generate a check image file for printing or a file for electronic funds transfer. • Accounts Payable. Create a “positive pay” file (via “GENEX Out Checks”) to send to the bank. This contains the list of check numbers, payees, and amounts. The bank pays only checks listed in this file. Some clients have the bank print the checks for them. • Accounts Payable. Use Statement Reconciliation to automate reconciliations using electronic feed from the bank. 	
<p>Risk 21 The Accounts Payable detail is not properly summarized/posted to the General Ledger.</p>	<ul style="list-style-type: none"> • Accounts Payable. Accounting distributions resulting from voucher entry, voucher changes, reversals, and so on, are generated automatically. These are posted to the proper period when journals are posted to the General Ledger. Several options are available for automatic summarization of postings to GL. • Accounts Payable. Several reports are available to assist with reconciling AP with the General Ledger, including the Aged As Of Requirements Report. To check for AP journals that have not been posted, run the AP Register Query Report and select “Unposted” items. 	
<p>Risk 22 Disbursements are not properly summarized/posted to the General Ledger.</p>	<ul style="list-style-type: none"> • Accounts Payable. Accounting transactions resulting from payments are generated automatically. These are posted to the proper period when the cash journal is posted. Several options are available for automatic summarization of postings to GL. • Accounts Payable. Several reports are available to assist with reconciling AP with the General Ledger, including the Aged As Of Requirements Report. To check for AP journals that have not been posted, run the AP Register Query Report and select “Unposted” items. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 23 There is no audit trail of payables or purchasing related activities.</p>	<ul style="list-style-type: none"> • Accounts Payable and Purchasing. The systems can be set up to automatically maintain audit trails for changes to transaction and master files. Information tracked includes the User ID, date and time that a specific transaction was entered or modified. The audit trail may also track additions or changes to vendor information. • Accounts Payable and Purchasing. Purge functions allow historic transaction data to be archived for possible future retrieval. • Expense Cycle Management and Procurement Cycle Management. The Workflow Activity Log tracks all the steps (who, what, when) in the process, from requisition to PO to voucher to check, including approvals. For additional protection, store scanned images of original documents, such as invoices and purchase orders, and associate with transactions. Notes may be used to track conversations with vendors. The Activity Log, images, and notes are available from many system inquiries. 	



Accounts Receivable, Collections and Cash Management Process

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 1 Customers are not properly evaluated when sales are made. Appropriate credit limits are not established.</p>	<ul style="list-style-type: none"> • Accounts Receivable. The system can be configured to require entry of customer credit limits when the customer is added to the system. The Credit Status Report flags customer variances (balance versus credit limit). Use Job Scheduler (Batch Stream Processing) to generate this report on a regular basis. Note: Tools are provided to assist with synchronizing the customer master file with customer information in external systems such as order processing or billing. • Credit Management Portal runs in tandem with the Credit Managers' Workbench to scrutinize customer data and automatically route possible problem accounts for credit reviews by appropriate personnel. • Credit Management Portal lets sales and other customer service personnel access customer balances and payment history real-time via a secure website. This information can also be made available via web services. 	
<p>Risk 2 Billings or invoices are not properly authorized before being sent to customers.</p>	<ul style="list-style-type: none"> • Direct Invoicing. If DI is in use, invoices can be placed on hold and routed for approval before being released for printing. 	
<p>Risk 3 Billings or invoices sent to customers are not complete and accurate.</p>	<ul style="list-style-type: none"> • Direct Invoicing. Problems may arise because invoices do not reflect pricing agreed on with customers. DI addresses this issue by providing a sophisticated deal module that lets the user define pricing for a given customer as of a certain date. Also, invoices can be routed for approval prior to printing. 	
<p>Risk 4 Billings or invoices are not sent to customers or not sent on a timely basis.</p>	<ul style="list-style-type: none"> • Direct Invoicing. Production of bills can be automated through either recurring or cycle billing modules. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 5 Billings or invoices are not recorded in the accounts receivable system or are not recorded on a timely basis.</p>	<ul style="list-style-type: none"> • Direct Invoicing is fully integrated into the Computron AR system. An invoice created in DI is automatically recorded in AR upon printing. The AR Zoom inquiry provides for drill-down to DI for auditing and reconciliation purposes. • Accounts Receivable allows for both batch and real-time interfaces. The real-time interface can be called as a web service and can be seamlessly integrated with an external billing system. 	
<p>Risk 6 Amounts recorded in accounts receivable do not match invoice amounts.</p>	<ul style="list-style-type: none"> • Direct Invoicing is fully integrated into the Computron AR system. An invoice created in DI is automatically recorded in AR upon printing. The AR Zoom inquiry provides for drill-down to DI for auditing and reconciliation purposes. • Accounts Receivable allows for both batch and real-time interfaces. The real-time interface can be called as a web service and can be seamlessly integrated with an external billing system. 	
<p>Risk 7 Invoices are not coded to the appropriate AR account.</p>	<ul style="list-style-type: none"> • Accounts Receivable. During item entry, control accounts default from a “transaction control” table and can be overridden by a default AR account on the customer master. Control accounts can also be dynamically created per customer. During cash application, cash discrepancies such as overpayments can be attributed to an individual invoice and pick up the control account of the invoice. • Direct Invoicing. Invoices are automatically recorded in the AR using the appropriate default AR accounts, as described above. 	
<p>Risk 8 Cash receipts or electronic fund transfer receipts on accounts receivable are not recorded completely and accurately.</p>	<ul style="list-style-type: none"> • Accounts Receivable has a flexible lockbox interface compatible with the latest electronic standards. The interface maintains a register to check for duplicate feeds. The interface is integrated with the Computron restart/recovery module to prevent record loss in the event of system failure. The system achieves a high cash to invoice “hit” rate as a result of its support for industry standard file formats, including EDI, and the application of user-defined “cash rules” (see below). 	
<p>Risk 9 Amounts received from</p>	<ul style="list-style-type: none"> • Accounts Receivable includes a sophisticated cash application module (known as “Cash Management”). This reconciles payments with outstanding items through various cash 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
customers do not match the invoiced amounts.	algorithms or through the adjusting of remittance feeds by user-defined “cash rules”. Further, adjustments credited against an invoice can be summarized on the fly, allowing matching when customers have subtracted disputed amounts from the invoice.	
Risk 10 Credit memos are issued to customers without being properly authorized.	<ul style="list-style-type: none"> • Accounts Receivable. Credit memos can be placed on hold (stopped from use) in any of the cash processing modules. Use Credit Management Portal to route memos to appropriate personnel for review and possible release. Once released, credit memos can be applied against existing items or rebated through the disbursement module. • Direct Invoicing. Credit memos can be routed for approval just as invoices are prior to printing. 	
Risk 11 Payments are issued to customers without proper authorization or are not recorded completely and accurately.	<ul style="list-style-type: none"> • Accounts Receivable. Payment batches can be created as work-in-progress files that are not processed until approved. Processed payments, including checks and electronic funds transfers, are automatically recorded in the AR system. 	
Risk 12 There is insufficient supporting documentation for sales and accounts receivable transactions.	<ul style="list-style-type: none"> • Computron Electronic Office may be used to archive invoice files as well as many documents produced by the AR system, including dunning notices and statements. These can be viewed on the web using Credit Management Portal. 	
Risk 13 Customers are late in remitting payments.	<ul style="list-style-type: none"> • Accounts Receivable. Customers may be notified through the dunning module or through the Credit Managers’ Workbench integrated with Credit Management Portal. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 14 Credit and collection policies are not established or are not enforced.</p>	<ul style="list-style-type: none"> • Accounts Receivable and Credit Management Portal. Use Credit Managers' Workbench to automate collection policies. Items or accounts past due can be routed via workflow to the appropriate personnel for resolution. Supervisors can monitor personnel performance via Credit Management Portal. Unresolved issues can be automatically escalated and alerts sent to supervisors to guarantee compliance with policies and insure efficiency. 	
<p>Risk 15 Policies for resolving disputes with customers are not established or are not enforced.</p>	<ul style="list-style-type: none"> • Credit Management Portal uses workflow to manage the dispute process through evaluation and approval. Disputes created through Credit Management Portal or the cash application process can be routed to the appropriate persons for resolution. Supervisors can monitor personnel performance via Credit Management Portal. Unresolved issues can be automatically escalated and alerts sent to supervisors to guarantee compliance with policies and insure efficiency. 	
<p>Risk 16 Accounts receivable items are not recorded to the proper period.</p>	<ul style="list-style-type: none"> • Accounts Receivable. The system automatically records all items in the appropriate period when the sales journals are posted. The period is determined based on the default posting date, which may or may not be overridden by the user, at the time the item is entered. 	
<p>Risk 17 Receipts or disbursements are not recorded to the proper period.</p>	<ul style="list-style-type: none"> • Accounts Receivable. The system automatically records all receipts and payments in the appropriate period when the cash journals are posted. The period is determined based on the default posting date, which may or may not be overridden by the user, at the time the receipt or payment is entered. 	
<p>Risk 18 Accounts receivable detail is not properly summarized/posted to the General Ledger.</p>	<ul style="list-style-type: none"> • Accounts Receivable. Accounting distributions resulting from item entry, item changes, reversals, and so on, are generated automatically. These are posted to the proper period when sales journals are posted to the General Ledger. Several options are available for automatic summarization of postings to the GL. • Accounts Receivable. The AR Reconciliation Report is available to assist with reconciling AR with the General Ledger. Also, the Computron GL provides inquiries that allow the user to drill-down from GL balances to the originating AR transactions. 	

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 19 Receipts or disbursements are not properly summarized/posted to the General Ledger.</p>	<ul style="list-style-type: none"> • Accounts Receivable. Accounting distributions resulting from cash processes are generated automatically. These are posted to the proper period when cash journals are posted to the General Ledger. Several options are available for automatic summarization of postings to the GL. • Accounts Receivable. The AR Reconciliation Report is available to assist with reconciling AR with the General Ledger. Also, the Computron GL provides inquiries that allow the user to drill-down from GL balances to the originating AR transactions. 	
<p>Risk 20 Accounts Receivables duties are not effectively segregated to minimize the risk of fraud.</p>	<ul style="list-style-type: none"> • Accounts Receivable. Each user is assigned a security level that determines which functions are available from the system menus. Review your user file and menu security setup to ensure that segregation of duties is being enforced. For example, this setup can prevent users who add customers or maintain customer information from entering items. • Credit Management Portal. Credit Management Portal users are restricted to specific functions based on the workgroups to which they are assigned. Within functions, actions are restricted by workgroup and company. 	
<p>Risk 21 There is no audit trail of receivables or billing related activities.</p>	<ul style="list-style-type: none"> • Accounts Receivable. The systems can be set up to automatically maintain audit trails for changes to transaction and master files. Information tracked includes the User ID, date and time that a specific transaction was entered or modified. The audit trail may also track additions or changes to customer information. • Accounts Receivable. Purge functions allow historic transaction data to be archived for possible future retrieval. • Credit Management Portal. The Workflow Activity Log tracks all the steps (who, what, when) in the process underpinning Credit Management Portal. Key documents (invoices, emails) may be attached to cases or workflow notes concerning collection issues. Conversations with customers may be summarized in workflow notes. 	



PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 22 AR balances overstate the amounts that can be realistically collected from customers.</p>	<ul style="list-style-type: none"> • Accounts Receivable. Use the Bad Debt Transfer and Write-off function to evaluate AR assets. Problem receivables can be transferred to bad debt reserves or written off. 	
<p>Risk 23 AR balances of foreign subsidiaries are not adjusted to reflect currency fluctuations.</p>	<ul style="list-style-type: none"> • Accounts Receivable. The system supports several methods for revaluation of assets to reflect currency fluctuations and is FASB 52 compliant. Accrual and reversal entries can be automatically generated for unrealized gains/losses. 	



General Ledger and Financial Reporting Process

PROCESS RISKS	AVAILABLE CONTROLS – COMPUTRON SYSTEMS	EVALUATIONS
<p>Risk 1 All authorized journals are not posted to the general ledger.</p>	<p>General Ledger. Run a transaction report to identify any journals that have been recorded but not yet posted. The posting process produces the “Batch/Transaction Bypassed List”. This lists any transactions that were skipped and provides an explanation.</p> <p>Job Scheduler. Use Job Scheduler (Batch Stream Processing) to schedule posting to run automatically based on date or other criteria. Only approved transactions (status = release) are posted.</p>	
<p>Risk 2 An unauthorized journal is posted to the general ledger.</p>	<p>General Ledger. Use menu security to restrict access to the posting function to authorized persons. In addition, you can place a journal code on “hold” to prevent posting of any transactions recorded for that journal until these have been reviewed and approved. You can also place specific transactions or batches of transactions on hold.</p> <p>Journal Cycle Management. Use JCM to automatically route journals for approval to authorized persons. Flexible business rules control routing and determine when a transaction is released for posting.</p>	
<p>Risk 3 Journals posted to the general ledger do not balance.</p>	<p>General Ledger. The system does not permit this. When a journal transaction is entered for the actuals data class, the system requires that debits and credits balance within company. It is also possible to enforce balancing at a lower organizational level – for example, within department (this is known as the “fixed break level” feature).</p> <p>General Ledger. The system may be set up to force balancing of intercompany transactions. Intercompany balancing may be enforced during direct entry or balancing entries may be generated automatically as part of the posting process.</p>	

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<p>Risk 4 Journals are posted to the wrong account or for the wrong amount.</p>	<p>General Ledger. The system requires a valid posting account. Use “combo identifiers” or “forced identifiers” to ensure that only valid combinations of posting account segments (for example, organization and natural account) are used.</p> <p>General Ledger. The system enforces balancing of individual transactions within company. In addition, the “fixed break level” feature may be used to force balancing at a lower organization level. After the first transaction line item is entered, the “fixed” portion of the posting account defaults to subsequent lines and is non-modifiable.</p> <p>General Ledger. Use batch and/or transaction control totals to verify amounts.</p>	
<p>Risk 5 Journals are not adequately supported.</p>	<p>General Ledger. Use reference fields or extended text to record supporting information justifying the entries.</p> <p>Journal Cycle Management. Users can attach to each journal supporting documents and notes justifying the entries.</p>	
<p>Risk 6 Accounts for some entities (for example, acquired subsidiaries) are not properly classified on consolidated financial statements.</p>	<p>General Ledger. Consider reorganizing the chart of accounts. In Computron GL, a common chart of account structure may be created for use in consolidated reporting, even though individual companies may have different structures. Make use of Attributes and Alternate Paths.</p>	
<p>Risk 7 Intercompany accounts do not balance.</p>	<p>General Ledger. The system may be set up to force balancing of intercompany transactions. Intercompany balancing may be enforced during direct entry or balancing entries may be generated automatically as part of the posting process.</p>	
<p>Risk 8 Accounts are not properly eliminated on the consolidated financial statements.</p>	<p>General Ledger. Use the Enhanced Data Entry (EDE) facility to automatically perform the necessary account eliminations and update a separate data class in GL. This data class is then used to produce the consolidated financial statements. EDE works off a client-specific Power Report Writer Pro report definition.</p>	

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<p>Risk 9 Amounts used in the consolidation for subsidiaries or other business entities do not agree to the amounts reported by these entities.</p>	<p>GL Excel. Consider requiring management of subsidiaries or other business entities to review and sign off on their own financial information. Use GL Excel to extract data from GL into Excel-based reports and route automatically to these managers for approval.</p>	
<p>Risk 10 Financial statements do not agree to the general ledger.</p>	<p>General Ledger. Errors can occur when data is sent from GL to another system that produces financial statements or when data is rekeyed into Excel. Use the reporting facilities that are included with GL – Power Report Writer (Pro or Basic & Extended) to produce financial statements. Alternatively, use GL Excel to extract information from GL into predefined Excel report templates.</p> <p>General Ledger. Report definitions created using Computron tools are reusable but should be reviewed periodically (for example, if new account ranges have been added to the chart of accounts). Make sure that personnel are properly trained to create or revise these reports. Use Profile Security to ensure that only authorized persons can modify the report definitions.</p>	
<p>Risk 11 Financial statements are not clerically accurate.</p>	<p>General Ledger. Errors can occur when data is rekeyed into Excel or other documents. Use the reporting facilities that are included with GL – Power Report Writer (Pro or Basic & Extended) to produce financial statements. Alternatively, use GL Excel to extract information from GL into predefined Excel report templates.</p>	
<p>Risk 12 Management is not alerted about discrepancies between account balances and amounts that have been budgeted or forecast.</p>	<p>General Ledger. Budgets and forecasts can be entered in the General Ledger using a variety of methods. Use standard GL reporting facilities to create “actual vs. budget variance” reports and distribute to responsible managers.</p> <p>Budget Cycle Management. BCM can be used to create Excel-based budgets for organizational units and route the budgets for revision and approval prior to updating GL.</p> <p>GL Excel. Use GL Excel to create Excel-based “actual versus budget variance” reports and route automatically to managers for review.</p>	



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<p>Risk 13 Account balances in general ledger cannot be reconciled to amounts in subledger systems.</p>	<p>Computron Financials. Run register reports to identify transactions that have not yet been posted (for AP and AR). Several reports are available to assist with reconciling AP and AR with GL, including the Aged As Of Requirements reports.</p> <p>Other. Talk with Computron Professional Services about automating the reconciliation of non Computron systems with GL.</p> <p>Process Manager can used to route exceptions for review.</p>	
<p>Risk 14 There is no audit trail of transactions or changes to General Ledger master files.</p>	<p>General Ledger. The system can be set up to automatically maintain audit trails for changes to transactions prior to posting as well as additions or changes to master files, such as the posting accounts file. Information tracked includes the User ID, date and time.</p> <p>General Ledger. The ledger detail file in GL contains detail information for all posted transactions. The End of Year function allows historic ledger detail data to be archived for future reference.</p> <p>Journal Cycle Management. The Workflow Activity Log tracks all the steps (who, what, when) in the journal entry/approval process.</p>	