

Module 7 - Testing Theory and Strategy

Handout 3 - Testing Leadsheet Example

Document:	Testing Leadsheet
Entity:	Agency ABC
Reporting Date:	6/30/XX
Financial Statement Account:	Current and Noncurrent Liabilities

Performed by:	XX Smith
Reviewed by:	XX Thomas

Significant Process:	Update to GL	← The process within which the control resides.
Process Risk Rating:	Moderate	← The risk ranking associated with the process based on the risk assessment.
Control Reference #:	AP13	
Control Description:	G/L accounts and AP subledgers are reconciled on a monthly basis by the AP Accountant. Reconciliations are reviewed and approved by the AP Supervisor.	
Control Frequency:	Monthly	← How often the control is performed (i.e., daily, weekly, monthly, etc.)
Automated, Manual or Both:	IT-dependent Manual	← Manual, IT-dependent Manual, or Automated
Prevent or Detect:	Detect	
Control/Process Owner:	AP Accountant	← The person responsible for performing the control.
Estimated Population:	12	← Total population size for process being tested (refer to Handout 1)
Sample Selection Methodology:	Random	← How the sample was selected (i.e., random, judgmentally, haphazardly, etc.)
Sample Size:	4	← Number of items selected based on Sample Size Guidance Table (refer to Handout 1)
Source Test Documents:	Accounts Payable Reconciliations	← Documentation obtained as evidence for test.
Procedures / Testing Discussion:	Randomly selected 4 months from FY 2008 and obtained reconciliation of AP subledger to G/L from AP Accountant.	← Procedures should start with how the sample was selected and state procedures performed for testing including who provided source documents.
Definition of an Exception:	An exception will be noted under any of the following conditions: No evidence of AP Supervisor's sign-off on AP Reconciliation No evidence of reconciling items for significant/unexplained differences	← Define what an exception will be before testing.

NOTE - The header fields below in gray should be customized for the items you are testing. If you have invoices, you should change the header and list the invoice numbers. If you have multiple attributes you should add or delete columns, as necessary.

Sample No.	Sample	Month	A	B	C	D	E	W/P ref
1	1/31/2008	January	x	x	x	x	x	
2	3/31/2008	March	x	x	x	x	x	
3	9/30/2007	September	x	x	x	x	o, Note 2	
4	11/30/2007	November	x	o, Note 1	x	x	x	

List each sample item selected. For each test selection, include any unique identifiers such as month, check #, invoice #, etc. it and whether each attribute was satisfied or not.

Attributes:	A	Reconciliation between AP subsidiary ledger to GL performed by AP Supervisor.
	B	Evidence of AP Supervisor sign-off.
	C	Amount in AP Reconciliation ties to AP Subledger detail
	D	Amount in AP Reconciliation ties to Trial Balance
	E	Evidence of reconciling items for significant/unexplained differences

Attributes section lists each attribute that was tested.

Tickmark Legend:	x	Attribute satisfied without exception.
	o	Attribute not satisfied.
	Note 1	AP Supervisor did not sign-off on the AP Reconciliation.
	Note 2	No evidence to support reconciling items.

Tickmark Legend section is used to explain tickmarks used in the testing

Results:	For one of the four selections, no evidence of review existed. For one of the four selections, no supporting documentation for reconciling items existed.
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The results section should summarize the results of testing, note any exceptions and describe any observations.