

Risk controls assignment

[Business](#), [Management](#)



The trends show a significant increase in the inventory turn days, an increase in the gross margin for the best result for the four year period, and an improved collection time. c. $7.84 \text{ days Tolerable misstatement} = \frac{\text{cogs}}{365} \times 365 = 45$? $1859 \times 365 = 7.84 \text{ d. } 20 \times 5$ has significant changes with the combined decrease to purchases with an increase in the gross margin which increased by 52.4%. Inventory turn days increased to 199 days from 183 days. When you combine this result with the expectation range of 7.4 days, the result is significant and shows what could be a potential overstatement of inventory from a possible error in calculations or fraudulent financial reporting. 10-32 a. a. Control Environment. b. Control activities: Controls over management discretion in financial reporting. c. Control activities: Information processing controls: Computer general controls. d. Monitoring. e. Risk Assessment. f. Control Environment. g. Control activities: Information processing controls: Computer general controls. h.

Control activities: Information processing controls: Computer application controls. i. Control activities: Performance reviews. j. Control activities: Information processing controls: Computer application controls. k. Monitoring. l. Information and communication. m. Risk assessment. n. Control activities: Information processing controls: Controls over the financial reporting process. b. a. Common impact. b. Valuation or Allocation c. All assertions d. Completeness, Existence or occurrence. e. Common impact f. All assertions g. All any assertion . Completeness i. Valuation or Allocation, Completeness, Existence or occurrence j. Existence or occurrence k. Existence or occurrence l. All assertions m. All assertions n. All assertions 11-21 a. The reasons an auditor may assess control risk at the maximum level

for one or more assertions embodied in an account balance include controls that are unlikely to relate to an assertion, controls are unlikely to be effective, and it would not be efficient for the auditor to evaluate the effectiveness of the controls of the entity. b.

In order for an auditor to support assessing control risk at less than the maximum level when the auditor has determined that the controls have been placed into operation include a few issues. One is that the auditor needs to identify the specific controls that will affect specific financial statement assertions. Another involves the auditor performing tests of controls in order to evaluate the effectiveness of the plan and operation of said controls that prevent or detect any misstatements of material of financial statement assertions.

The final issue is that the auditor needs to determine the assessed level of control risk. c. There are things that an auditor needs to consider when seeking a further reduction in the planned assessed level of control risk including if additional tests of controls will give additional needed evidence, and if it will be effective to the additional tests of controls. d.

The auditor's documentation requirements concerning an entity's system of internal controls along with assessing the level of control risk include having the auditor document the basic requirements involving the systems of internal controls of the entity and assessing their levels of control risks. An auditor also needs to document the basic understanding of the risk assessment along with the control environment, monitoring, and information and communication.

An auditor is also required to document the assessment of the level of control risk for all significant financial statement assertions along with the control risk that is assessed at the maximum level. Documentation of the workplace needs to include a description of the tests of controls that the auditor has completed, the results obtained from those findings with the deficiencies noted, the evaluation of the auditor as to the effectiveness of the controls, and the effect on the timing, nature, and extent of the substantive audit procedures.