

Any Company
Process Risk Analysis (PRA)
02 Taxes
02.1 Taxes

Prepared by
 Reviewed by

Key Control Changes	Decreases	1
	Increases	0

Risk Number R-02.1.1 R-02.1.2

Control #	Control Activity	Test Procedures	Control Activity Short	Control Level			Assertions					Tax filings incorrect	Tax calculation error resulting in exposure	
				2007	2008	Reason for Change Net Change in Key Controls	Existence and Occurrence	Completeness	Rights and Obligations	Valuation and Allocation	Presentation and Disclosure			
Process Description												H	H	
Describes activities required to accurately and completely calculate and records the tax provision and tax assets/liabilities in accordance with generally accepted accounting principles, SEC, federal, state and local tax regulations. This process includes the calculation of the tax liability for federal and state.														
				Key Control Totals				6	5	(1)	5			
2.1.01	The annual state and federal tax returns are prepared by Outside Party accordance with their annual tax engagement. The return is reviewed and approved by senior financial management prior to signing and filing	Obtain tax returns and cover letter prepared by Outside Party : 1. Confirm that the return prepared by Outside Party was signed by senior financial management prior to filing.	Third party expert provides advice and prepares and files Federal and State returns.	KEY	KEY		X	X	X	X			H	H
2.1.02	On a quarterly basis, a tax completion checklist is used and signed by the Tax Manager and the Financial Controller.	Confirm that the quarterly tax completion checklist has been completed and signed by the Tax Manager and Financial Controller	Quarterly tax completion checklist used.	KEY	KEY		X	X	X	X				M
2.1.03	On an annual basis, the Tax Manager performs a "true up". Reconciling the tax returns as processed with the accounting records.	Review the annual True up journal entry and agree to supporting documentation and ensure it is appropriately authorized.	Annual reconciliation of tax return with accounting records.	KEY	KEY		X	X	X	X			M	H
2.1.04	An off the shelf tax application package is used to complete tax calculations on an annual basis.		Retired 2008	KEY	Rtd	Other		X		X	X			
2.1.05	On an annual basis, a tax completion checklist is used and signed by the Tax Manager and the Financial Controller.	Confirm that the annual tax completion checklist has been completed and signed by the Tax Manager and Financial Controller	Annual tax completion checklist used.	KEY	KEY		X	X	X	X				M
2.1.06	Parallel run of new FAS TRAC 109 and the prior Excel spreadsheets used for tax calculations, for the June Quarter		Retired 2008	Std	Rtd	Other								
2.1.07	Tax Manager segregated from any GL input initiation or authorization.	This test should be done in conjunction with testing of control # 1.4.04 since it uses the same test documents. Confirm that the Manager Tax does not have access to General Ledger for data entry	Tax Manager cannot approve or book an entry to G/L	KEY	KEY		X	X	X	X	X			

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R-02.1.3

Control #	Control Activity	Test Procedures	Process Description	Control Level		
				2007	2008	Timing & permanent differences not identified, or in error.
			Describes activities required to accurately and completely calculate and records the tax provision and tax assets/liabilities in accordance with generally accepted accounting principles, SEC, federal, state and local tax regulations. This process includes the calculation of the tax liability for federal and state.			H H
			Key Control Totals	6	5	12
2.1.01	The annual state and federal tax returns are prepared by Outside Party accordance with their annual tax engagement. The return is reviewed and approved by senior financial management prior to signing and filing	Obtain tax returns and cover letter prepared by Outside Party : 1. Confirm that the return prepared by Outside Party was signed by senior financial management prior to filing.	Third party expert provides advice and prepares and files Federal and State returns.	KEY	KEY	H
2.1.02	On a quarterly basis, a tax completion checklist is used and signed by the Tax Manager and the Financial Controller.	Confirm that the quarterly tax completion checklist has been completed and signed by the Tax Manager and Financial Controller	Quarterly tax completion checklist used.	KEY	KEY	H
2.1.03	On an annual basis, the Tax Manager performs a "true up". Reconciling the tax returns as processed with the accounting records.	Review the annual True up journal entry and agree to supporting documentation and ensure it is appropriately authorized.	Annual reconciliation of tax return with accounting records.	KEY	KEY	H
2.1.04	An off the shelf tax application package is used to complete tax calculations on an annual basis.		Retired 2008	KEY	Rtd	
2.1.05	On an annual basis, a tax completion checklist is used and signed by the Tax Manager and the Financial Controller.	Confirm that the annual tax completion checklist has been completed and signed by the Tax Manager and Financial Controller	Annual tax completion checklist used.	KEY	KEY	H
2.1.06	Parallel run of new FAS TRAC 109 and the prior Excel spreadsheets used for tax calculations, for the June Quarter		Retired 2008	Std	Rtd	
2.1.07	Tax Manager segregated from any GL input initiation or authorization.	This test should be done in conjunction with testing of control # 1.4.04 since it uses the same test documents. Confirm that the Manager Tax does not have access to General Ledger for data entry	Tax Manager cannot approve or book an entry to G/L	KEY	KEY	