

Any Company

Process Risk Level
High

Financial Disclosure Areas and Disclosure Objectives
<ul style="list-style-type: none"> INCOME TAX EXPENSE/BENEFIT: is determined in accordance with tax law, and recorded against the applicable component of net income, or equity.

Risk Control Matrix (RCM)

Business Process **02 Taxes**
 Business Subprocess **02.1 Taxes**

Control Ref#	Design Effective/Remediate	Assertion	Risk	Control Activity Short Description	Name of IT Applications	Type of Control	2008 Control Level	Effective Date	Control Frequency	Control Method	Testing Size	Control Type	Est Annual Vol Control Occurrences
2.1.01	Yes	E&O, C, R&O, V&A	<ul style="list-style-type: none"> Tax filings incorrect. Tax calculation error resulting in exposure. Timing & permanent differences not identified, or in error. Recording, clerical error. Tax calculation error Tax legislation change not identified Est./Assumptions are incorrectly based, applied Tax legislation change incorrectly interpreted. Expense, rev, gain or loss incorrectly interpreted. 	Third party expert provides advice and prepares and files Federal and State returns.		Financial	KEY	1-Jan-08	Annual	Manual	1	Detective	
2.1.02	Yes	E&O, C, R&O, V&A	<ul style="list-style-type: none"> Tax calculation error resulting in exposure. Timing & permanent differences not identified, or in error. Recording, clerical error. Tax calculation error Tax legislation change not identified Est./Assumptions are incorrectly based, applied Tax legislation change incorrectly interpreted. 	Quarterly tax completion checklist used.		Financial	KEY	1-Jan-08	Quarterly	Manual	2	Preventive/Detective	
2.1.03	Yes	E&O, C, R&O, V&A	<ul style="list-style-type: none"> Tax filings incorrect. Tax calculation error resulting in exposure. Timing & permanent differences not identified, or in error. Recording, clerical error. Tax calculation error Tax legislation change not identified Est./Assumptions are incorrectly based, applied Tax legislation change incorrectly interpreted. Expense, rev, gain or loss incorrectly interpreted. 	Annual reconciliation of tax return with accounting records.		Financial	KEY	1-Jan-08	Annual	Manual	1	Detective	
2.1.04	Yes	C, V&A, P&D	#VALUE!	Retired 2008	•In Scope-FASTTRAC	Financial	Rtd	1-Jan-08	Annual	Automated	1	Preventive/Detective	

	Count	Testing Hours
Key Control	5	15
Standard Controls	0	0
Total Controls	5	15

Control Element	Control Owner	Owner Supervisor	Fraud Control Scenario	Control Activity Detailed Description	Test Procedures	Type of Test	Document Request	Document Keeper	Population Definition
MM-Other - Monitoring	Person1	Person2	Yes-CL, Yes-TD	The annual state and federal tax returns are prepared by Third Party accordance with their annual tax engagement. The return is reviewed and approved by Any Company management prior to signing and filing	Obtain tax returns and cover letter prepared by Third Party; 1. Confirm that the return prepared by Third Party was signed by Company management prior to filing.	Examination	KPMG engagement letter	Person3	
CA-Reference aid, checklists (P)	Person1	Person2	Yes-CL, Yes-TD	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	Examination	Quarterly Tax Completion checklist	Person3	
MM-Other - Monitoring	Person1	Person2	No	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 appropriate authorized.	Examination	Tax Assessments Tax returns	Person3	
CA-Audit trails (D), CA-Edit/exception checks (D), CA-Input/output checks (PD), CA-Report Validation Checks (D)	Person1	Person2	No	An off the shelf tax application package is used to complete tax calculations on an annual basis.		Examination	Fast Trac	Person3	

Population Source	Expected Testing Hours	2007 Control Level	Control Level Change Reason	Detailed Change Reason	Financial Reporting Objective
	3.0	KEY			tax filings are complete, accurate and timely.
	3.0	KEY			tax filings are complete, accurate and timely.
	3.0	KEY			Tax calculations and disclosures are accurate and complete
	4.0	KEY	Other	Fastrac 109 Tax Package software is not being used as it was found to be less effective than using Excel spreadsheets .	Tax computations correct

2.1.05	Yes	E&O, C, R&O, V&A	<ul style="list-style-type: none"> •Tax calculation error resulting in exposure. •Timing & permanent differences not identified, or in error. •Recording, clerical error. •Tax calculation error •Tax legislation change not identified •Est./Assumptions are incorrectly based, applied •Tax legislation change incorrectly interpreted. 	Annual tax completion checklist used.		Financial	KEY	1-Jan-08	Annual	Manual	1	Preventive/Detective	
2.1.06	Yes	#VALUE!	#VALUE!	Retired 2008		Financial	Rtd	1-Jan-08	Quarterly	IT Dependent	2	Preventive/Detective	
2.1.07	Yes	All	<ul style="list-style-type: none"> •Recording, clerical error. 	Tax Manager cannot approve or book an entry to G/L		Financial	KEY	1-Jan-08	Structural/Form	Manual	2	Preventive	
											#N/A		
											#N/A		

CA-Reference aid, checklists (P)	Person1	Person2	Yes-CL, Yes-ID, Yes-TD	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	Examination	Annual Tax Completion checklist	Person3	
CA-Input/output checks (PD)	Person1	Person2	Yes-CL, Yes-TD	Parallel run of new FAS TRAC 109 and the prior Excel spreadsheets used for tax calculations, for the June Quarter		Examination	FAST TRAC	Person3	
CA-Organizational accountability assigned (P), CA-Segregation of duties (P)	Person1	Person2	Yes-CL, Yes-ID, Yes-TD	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 Computron for data entry	Examination	nil	Person3	

	3.0	KEY			tax filings are complete, accurate and timely.
	3.0	Std	Other	Fastrac 109 Tax Package software is not being used at NYMEX as it was found to be less effective than using Excel spreadsheets .	Ensure new tax application is implemented properly
	3.0	KEY			Ensure tax balances reflect detailed calculations.
	#N/A				
	#N/A				