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CHAPTER 4

DATA ANALYTICS FOR AUDITING USING ACL

4th EDITION

Practice Using
Investigative Commands

QUESTIONS & PROBLEMS

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Name: _____

Answer all questions for the activity command in this PDF. Consult your instructor about whether you will submit these PDF pages and print requirements as a hard copy, submit them electronically, or answer the questions online at armonddaltonresources.com. For printouts that are to be handed in to your instructor in hard copy, include your name and the question or problem number on the printouts before submitting them.

All questions and problems/report printouts use Sample Project.

ASSIGNMENTS PART I - QUESTIONS

Investigative Commands

Q-4-1. Classify Command - Inventory table

  *Inventory Review*

  *Inventory*

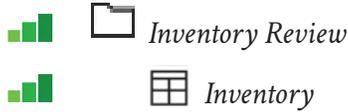
Required

- a. Use the Classify command to determine how many inventory items with a market value of \$5,000 or more are included in location 02 (Inventory table).

- b. Use the Classify command to determine inventory items at cost (field = Inventory_Value_at_Cost) in Location 04 with a zero or negative value in the Inventory table. How many are included?

Name: _____

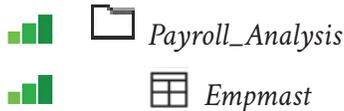
Q-4-2. Summarize Command – Inventory table



Required

Which Product Class/Location combination has the highest market value in the Inventory table? Use the Summarize command to determine this information.

Q-4-3. Cross-tabulate Command – Empmast table

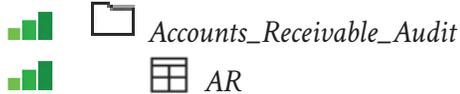


Required

- a. Use the Cross-tabulate command on the Empmast table to determine how many clerks are in work department A00.

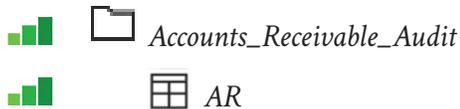
- b. Use the Cross-tabulate command on the Empmast table to determine the total salary expense for all clerks in work department D21.

- c. After running a Cross-tabulate command on a table such as Empmast, what happens if you click on a row or column title in the command results screen?
 - 1. The screen returns to the original table.
 - 2. The information in the row or column is sorted from largest to smallest.
 - 3. The information in the row or column is sorted from smallest to largest.
 - 4. A filter is created.
 - 5. None of the above.

Q-4-4. Stratify Command – AR table**Required**

- a. Use the Stratify command on the AR table. Assume that you want to stratify on the Trans_Amt field using 5 intervals. How many records are in the second to the largest interval based on transaction amount? **Hint:** Run the Statistics command before running the Stratify command.

- b. Use the Stratify command on the AR table. Assume that you want to stratify on the Trans_Amt field using 5 intervals for population items greater than or equal to \$0 and less than or equal to \$1,500. How many items have values less than \$300? **Hint:** Do not filter the table, but instead use 0 for the minimum and \$1500 for the maximum.

Q-4-5. Age Command – AR table**Required**

- a. Use the Age command on the AR table to age the outstanding accounts receivable transactions into ACL's default categories. Age the transactions on the Invoice_Date field and use a cutoff date of 12/31/18. Accumulate the Trans_Amt field. What is the dollar amount in the 60-89-day category?

- b. Using the same aging results from part a, what percentage of the record count is included in the 0-29-day category?

Name: _____

- c. Using the same aging results from part a, what is the largest outstanding transaction amount in the 90-119-day category?

- d. Based on discussions with management, you decide to investigate the over 120 day transactions in the AR table in more detail to make sure none of them are more than 240 days old. Age the outstanding transactions using the Invoice_Date field and a cutoff date of 12/31/18. Accumulate the Trans_Amt field. Use the following intervals rather than ACL's default intervals. **Hint:** See format for aging periods on Reference book page 21.

- 0 – 89 days
- 90 – 119 days
- 120 – 240 days
- More than 240 days

How many of the transactions are more than 240 days old?

Q-4-6. Age Command – Trans table



- a. Use the Age command on the Trans table (in the Accounts_Receivable_Audit folder) to age the invoice amount for each product class. Use December 31, 2018, as the cutoff date and the original default aging intervals in the Age. **Hint:** You need to sort the table into a new table and then use Break in the More tab of the Age window. Which product class has the largest percent of dollars in the 30-59-day category?

- b. How many records are in the over 120-day category for product class 06?

- c. Which product class would be of the most concern because it has the highest \$ value of items in the > 120-day category?

ASSIGNMENTS PART II - PROBLEMS

Investigative Commands

P-4-1. Summarize versus Cross-tabulate Command – Inventory table



Required

- Use the Summarize command to organize the Inventory table by Location and Product_Class, in that order. Accumulate the Market_Value field. Print the results to the screen and save a screenshot of the results for further analysis and to submit to your instructor. Which Location/Product_Class combination has the highest market value?

- Next, use the Cross-tabulate command to organize the Inventory table by Location and Product_Class, in that order. Accumulate the Market_Value field. Print the results to the screen and save a screenshot of the results for further analysis and to submit to your instructor. Which Location/Product_Class combination has the highest market value?

- Compare the results of the Summarize command in part a to the Cross-tabulate command in part b. How is the information similar and how is it different?

Name: _____

- d. Which do you prefer and why: Summarize or Cross-tabulate?

- e. Use the Cross-tabulate command, but this time you will organize the Inventory table by Product_Class and Location, in that order. Accumulate the Market_Value field. Print the results to the screen and save a screenshot of the results for further analysis and to submit to your instructor. Do you prefer this Cross-tabulate or the one from part b? State a guideline for selecting which field to include as the row.

P-4-2. Stratify Command – Trans table



Required

- a. Use the Stratify command to stratify the Invoice_Amount field into 5 even intervals. Execute the Statistics command first, and the minimum and maximum values will be automatically entered. Change the default number of intervals of 10 to 5 in the box located below maximum. Print the results to the screen. Why might the auditor find these results not very useful if he or she is using the information to select invoices for confirmation?

Name: _____

- b. Stratify the same table with six equal intervals for population items greater than or equal to 0 and less than or equal to \$12,000. **Hint:** Use 0 for the minimum and 12000 for the maximum. How many invoices are in the \$2,000.00 - \$3,999.00 category?

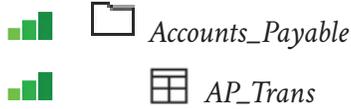
- c. Per the stratification results in part b, how many invoices have values less than 0?

- d. Save the invoice amounts in the \$2,000.00-\$3,999.99 category in a new table. (Hint: Click on the invoice amount and use the Extract command to establish the new table.) What is the largest invoice amount in the new table? How did you determine this information?

- e. What is the average invoice amount in the new table from part b? How did you determine this information?

Name: _____

P-4-3. Conditional Stratify Command – AP_Trans table



Required

- a. Execute a conditional Stratify command with the Ap_Trans table. Assume that you want to stratify the Invoice_Amount field for vendor #11475 into the following categories, using the Invoice_Amount.

- Less than \$1,000
- \$1,000 – \$1,499
- \$1,500 – \$2,499
- \$2,500 – \$3,499
- \$3,500 – \$4,500
- Greater than \$4,500

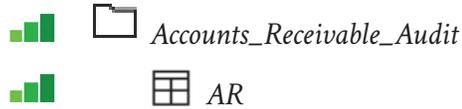
For the lowest and highest strata, enter the starting value for each stratum. Enter the end point for other strata (see Reference book page 89). Stratify the Invoice_Amount field for vendor #11475 into the six free intervals shown above. Note: For free intervals, minimum and maximum values are not required.

Which category has the fewest number of records in it? How many records are in this category?

- b. Which category has the highest dollar value in it? How many records are in this category? How would this information be useful to the auditor?

Name: _____

P-4-4. Age Command – AR table



Required

You decide you want to know the number of days that each transaction in the AR table has been outstanding as of 12/31/2018, as well as the average number of days outstanding for items in the > 120-day category. Determine the preceding information using the Age command, but without using the Statistics command. Age the AR table on the Invoice_Date with a cutoff date of 12/31/2018, using ACL's default aging categories. Carefully determine which fields to accumulate to obtain the information required.

What is the average number of days outstanding for transactions in the > 120-day category? What are your potential concerns as the result of this analysis? **Hints:** (1) Create a new computed field for the number of days outstanding. (2) When running the Age command, use the "Include Statistics for Subtotal Fields" checkbox to determine the information.