

Process	Sub-Process	What (Objective)	Why (Risk or Exposure)	RETURN TO MENU	How (Applicable Controls)	Control Number
O Sales & Revenue	O6 Revenue Recognition & Sales Accounting	Sales contracts reflect the terms of sale and are properly approved.	Inappropriate commitments with customers could occur and ambiguous contract terms and conditions may result in the misstatement of revenue and potential disputes and litigation.		Standard contract forms should be used whenever possible and are reviewed by Legal at least annually; deviations from the standard contract form are reviewed by Legal prior to authorization.	O6-1.1.1
					Sales contracts are properly authorized.	O6-1.1.2
		Sales contracts are monitored to ensure compliance with terms.	Non-compliance with terms of contract may result in financial loss or litigation. Contracts may expire or require renewal action. Evergreen contracts may inadvertently renew.		Sales contracts are monitored by assigned personnel; a mechanism is in place to identify contracts due to expire, requiring renewal or termination.	O6-2.1.1
		Sales are accurately recorded in the correct period in accordance with authoritative and County revenue recognition policies. For revenue to be recognized in accordance with ASC 605-10-S99-1 (Staff Accounting Bulletin 104), these criteria need to be met: 1) collectability is reasonably assured 2) evidence of an arrangement exists 3) price is fixed and determinable and 4) delivery has occurred or services have been rendered.	Sales revenue may not be properly recognized.		Sales contracts and agreements are reviewed by management for terms that may affect timing or ability to recognize revenue (such as performance obligations, customer acceptance terms, installation requirements, shipping terms).	O6-3.1.1
					All sales in the last month of a quarter where the "risk of loss" did not pass until the first month of the next quarter are identified and reported; appropriate adjustments to revenue are recorded in the County books.	O6-3.1.2
					Invoice and credit memo standard terms and conditions are reviewed by Legal and Finance whenever a change is made.	O6-3.1.4
		Sales are posted timely, accurately and to the correct accounts.	Sales may not be recorded in the correct period and/or for the correct amount.		Sales cutoff procedures are adhered to; invoices (billing documents) that are not financially posted are followed up and resolved in a timely manner.	O6-4.1.1
					Sales are properly recorded.	O6-4.1.2
					Accruals for sales returns are made, when needed, based on documented experience.	O6-4.1.3