

Proper products and quantities are obtained from storage.

- B. Shipments are delivered on time and in a cost-effective manner.

evaluate the performance of the delivery and installation process.

- G. Shipments are properly authorized.
H. Shipments are accurately and completely recorded on a timely basis.
I. Installations are accurately and completely recorded on a timely basis.
J. Shipment and installation transactions are reliably processed and reported.
K. Performance measures used to control and improve the process are reliable.

Compliance with applicable laws and regulations

- A. The delivery process complies with all applicable laws and regulations.

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Effectiveness and efficiency of operations

A. Proper products and quantities are obtained from storage.

Business risks

- A sufficient quantity of product will not be available.
- Improper products or improper quantities will be retrieved from storage.

Control practices

1. Compare products and quantities retrieved from storage to the customer order and/or product requisition.
2. Maintain perpetual product inventory records, and notify operations ~~for~~ appropriate personnel when inventory drops below a predetermined level.

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B. Shipments are delivered on time and in a cost-effective manner.

Business risks

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TRANSPORT AND DELIVER PRODUCTS

C. Shipments are delivered undamaged.

Business risks

- Packing materials, containers, or procedures will be inappropriate for the nature of the product or method of shipment.
- Receipt of damaged goods will reduce customer satisfaction. Future orders will be lost.
- The company will incur additional costs in processing returns and replacing replacement goods.
- The company will use inefficient shipping methods.
- Goods will be "overprotected" and packing will not be cost effective.

Control practices

1. Identify and test alternative packing materials.
2. Select a cost effective combination of materials, containers, and procedures that adequately protect goods.
3. Monitor the incidence of damaged goods and incomplete deliveries, and take corrective action, as necessary, to improve the process.

D. Installations are made on a timely basis in accordance with customer expectations.

Business risks

- Products will be unavailable.
- Customer satisfaction will be reduced.
- Warranty claims will increase.
- The company will incur additional costs of correcting any installation errors.
- Installers will be untrained or unavailable.

Control practices

1. Use prenumbered installation authorization documents.
2. Compare installation documents with customer orders to verify information accuracy.
3. Review the sequence of installation documents, and track missing and or duplicate documents to ensure that the company is addressing all authorized installations.
4. Provide sufficient training to employees responsible for delivery and installation.
5. Coordinate scheduled installations with production and delivery schedules.
6. Monitor customer complaints regarding product installations.
7. Use performance measures to track installation performance in achieving on troublefree installations. Include performance measures such as percentage of orders installed ontime (as defined by the customer's requirements) and percentage of customer installations not requiring subsequent follow up and rework.

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H. Shipments are accurately and completely recorded on a timely basis.

Business risks

- Shipping documents will be inaccurate or incomplete.
- The order or shipping documentation will be lost.
- The company will inaccurately record the quantity and/or type of goods shipped.
- The company will not bill customers for goods shipped.
- The company will not identify unbilled shipments.
- Delays in reporting shipments will result in delayed billing and cash collections.
- Revenues and related costs will be recorded in the wrong accounting period.

Control practices

1. Prenumber order and shipping documents and investigate missing documents.
2. Design the computer system to generate shipping documents directly from sales order records to ensure the accuracy of information recorded on the documents.
3. Design the system to capture information regarding shipments using tools such as scanning devices, bar coding, and data entry of shipping documents. Capture data such as: sales order authorizing the shipment, customer name and number, inventory part description and number, quantities shipped, transaction date, and the shipment terms according to the order.
4. Design the system to ensure the accuracy of the captured shipment data by comparing the information to sales order data.
- 5.

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J. Shipment and installation transactions are reliably processed and reported.

Business risks

- Unauthorized access to shipment and installation records will occur.
- Loss, destruction, or alteration of shipment and installation records will preclude the collection of outstanding balances.
- Unauthorized changes to programs will cause unauthorized processing results.
- Use of unauthorized versions of files and/or programs will result in unauthorized or incorrect business transactions.
- Files (transaction, reference, or master) will be lost, altered, or damaged, resulting in inefficiencies, lost assets, or incorrect processing of transactions.

Control practices

1. Require proper authorization for all changes to the system's program routines.
2. Approve test results of changes to the system's programs.
3. Install computer system security controls to preclude unauthorized modification of programs.
4. Use tape and/or disk management systems to ensure that appropriate versions of transaction files, master files, and programs are used in processing.
5. Safeguard blank shipping authorizations, numerically controlled shipping documents, and bills of lading from unauthorized access and use.
6. Document key shipping procedures and use the information to train shipping personnel.
7. Require that shipping personnel comply with documented check-off procedures.

