BIBITOR, LLC DATASET SUPPORTING MATERIAL

Predictive Analytical Review of Gross Margin Percentages: Completeness, Existence and Accuracy Testing of the Bibitor, LLC. September 2016 Incorporating ACL or IDEA.

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EXERCISE

You are assigned as the Associate on the audit engagement of Bibitor, LLC. The audit team is using Business Intelligence Tools to examine the population of transactions, such as Sales, Purchases, and Inventory.

Read the Background Information provided and complete the requirements and document your audit testwork.

Background Information:

Bibitor, LLC is a retail liquor company with 79 locations throughout the state of Lincoln. They sell spirits and wine products. Bibitor, LLC has been serving the area for over 50 years. Their wine and spirits selection is hand-picked and focused on value. Their employees are trained as personal beverage concierges and provide unmatched service to all customers. There are over 10,000 brands throughout the organization.

Task:

The in-charge on the engagement obtained 6 data files from the Controller and the Chief Information Officer for beginning and ending inventory, purchases, sales, purchases by invoice, and purchase prices for each inventory item.

The in-charge did a review of Bibitor’s overall gross margin percentage, and it appears reasonable based on the typical retail mark-ups for wine (50%) and spirits (30% - 35%).

The in-charge is interested in identifying stores for further testing that may be outside of an acceptable range for gross margin percentage.

Required:

Use a Business Intelligence Tool to create a predictive analytical review. Use Bibitor’s overall gross margin, each store’s product mix (wine and spirits), and the typical retail mark-ups for wine and spirits to identify an acceptable range in your analytical review. Document your test work using the standard workpaper documentation format.