

Operating Test - 1st.

**1**

I understand that the Design Test is about checking how the control is designed and its effectiveness.

Then what is Operating Test?

Operating Test is performed to verify whether the controls are operated as designed through reviewing multiple evidence documents. Let me give you an example!

**2** **PROCESS**

Account Registration → Account Approval → Payment Data Creation and Approval → Payment Execution

Control Activity-Review and Approval when registering vendor account

Related Evidence-Approval Doc, Business Registration Form, Account Verification Doc etc

Evidence Presence and Accuracy

YES → PASS / NO → FAIL

We verified the control related to vendor account registration in Design Test, right?

Then in Operating Test, we check the related evidence documents' existence and accuracy.

**3**

Journal Entry 1, Journal Entry 2, Journal Entry 3, Journal Entry 4

Random Sample Selection

Since we cannot review all of the evidence generated during the test phase, we only review the samples that are randomly selected.

You will receive an e-mail requesting for the evidence documents.

You submit the documents before the due date so that we can keep up with the overall schedule.

**4**

But what if... I forgot to document the evidence or made it in a wrong way?

I should never do so...

Of course we have a plan for you. Let's take a look at it in the next session.

Operating Test - 2nd.

**1** **3 times a year**

Category	Design Test	Operating Test	Test Phase
Schedule	Change Mgmt: 4/29 ~ 5/10 Design Test: 6/3~6/14	1st: 8/19~8/30 2nd: 11/18~11/29 Final: Next year's 1/8~1/10	1st: Jan~July 2nd: Aug~Oct Final: Nov~Dec

If the evidence is inaccurate or omitted, remediating these exceptions is a mandatory process.

We conduct Operating Test 3 times a year to secure enough time for remediating the exceptions.

**2**

Deficiencies Identified → Re-evaluation after remediation → Classified as Deficiencies if Remediation is Failed

Minor Deficiency, Significant Deficiency, Material Weakness

If an exception occurred in the previous phase, we remediate it and re-evaluate it in the next phase. So much effort is required to remediate all the exceptions before the re-evaluation.

If the exceptions are not remediated, they are reclassified into 3 types of deficiencies depending on their magnitude of potential misstatements.

**3**

In this case, you must submit "Remediation Plan and Execution" through the ICFR system. This will be reported to the management and audit committee.

It looks like a lot of work when deficiencies are identified.

**4**

You need to be familiar with the policy and rules of the company to minimize additional work load that may arise related to ICFR.

Please take Operating Test as a chance to look over if I am doing my work correctly.

Contact F&A Planning Team for any inquiries related to Operating Test!

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[Contact Us]  
Please contact to the email below if you have any questions.  
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