

1099 Posting Adjustment

SOX 302 / NI 52-109 Control Narrative

This document describes system behavior intended to support management certification under SOX Section 302 and NI 52-109. It does not constitute management certification or auditor attestation.

Control Objective

The objective of this control is to ensure that **1099-reportable amounts recorded during document posting are accurate, intentional, traceable, and subject to deterministic system control**, such that management can reasonably certify the completeness and accuracy of 1099 disclosures under **SOX Section 302** and **NI 52-109**.

This control addresses the risk that 1099 amounts may be misstated due to user error, inconsistent application, or undocumented system behavior during posting.

Control Scope

This control applies to the **posting of documents that result in 1099-reportable vendor ledger entries** within Microsoft Dynamics 365 Business Central when the 1099 Per-Line Control for Business Central by Evergrowth Consulting (the “Module”) is installed and enabled.

The control boundary begins **after user entry is complete** and continues through **document posting and ledger entry creation**, as depicted in the accompanying flow diagram.

User data entry prior to posting is outside the scope of this control.

Control Description

When a document containing 1099-relevant lines is entered, the Module evaluates whether the 1099 amount claimed for a given line exceeds the underlying line amount.

If the claimed amount exceeds the line amount, the user is alerted to this by a blocking error that prevents recording the amount.

If the claimed amount does not exceed the line amount, entry and posting proceed using Microsoft Dynamics 365 Business Central (“Business Central”) behavior.

The Module performs the following actions within the posting routine:

- 1. Record Intended 1099 Amount**

The claimed 1099 amount is recorded in a dedicated per-line table and associated with the originating document and document line.

2. **Intercept Document Posting**

During the posting process, the Module intercepts the posting routine at a defined extension point to evaluate the recorded 1099 amount.

3. **Apply 1099 Amount Deterministically**

The recorded 1099 amount is applied to the resulting vendor ledger entry for the specific document line.

4. **Finalize Posting State**

Upon successful posting, the per-line 1099 record is marked as “posted,” preventing reuse or modification.

The posting process completes only if all validation checks succeed.

Preventive and Detective Aspects

This control operates as both a **preventive** and **detective** control:

- **Preventive**
Posting is **blocked** if validation fails. The system does not permit silent or partial application of 1099 amounts that the user did not enter.
 - **Detective**
All value changes performed by the Module are logged and associated with the originating document and user context, enabling review and reconciliation.
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Control Characteristics

- **Deterministic**
Given the same inputs, the control produces the same output.
 - **Non-discretionary at Posting**
Once posting begins, user discretion ends and system logic governs all value changes.
 - **No Silent Modification**
The system does not alter 1099-reportable values without either completing posting successfully or halting posting with an explicit validation failure.
 - **Traceable**
All applied 1099 amounts can be traced from vendor ledger entries back to the originating document and per-line record.
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Evidence and Auditability

Evidence supporting the operation of this control includes:

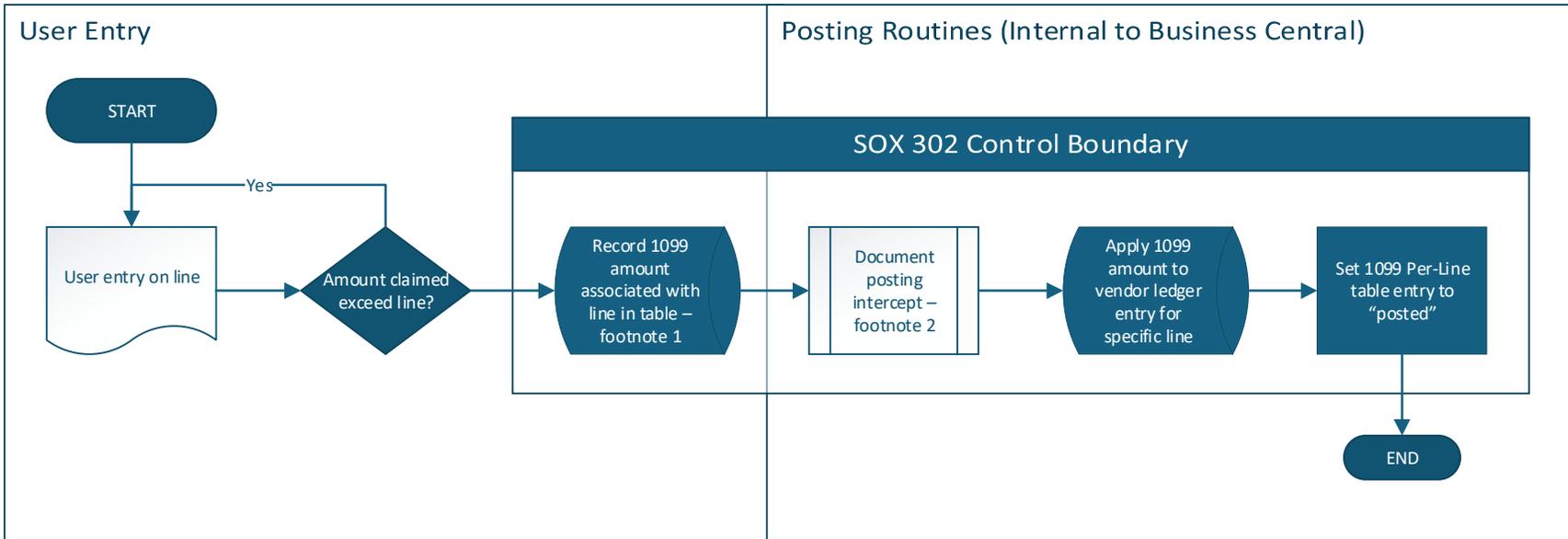
- Posted vendor ledger entries containing applied 1099 amounts
- Corresponding per-line 1099 records marked as “posted”
- System logs associating value changes with document identifiers and user context

This evidence is retained in the system and is available for management review and auditor inspection subject to Business Central's internal procedures and company configuration.

Management Reliance

Management relies on this control to ensure that **1099-reportable amounts reflected in vendor ledger entries are complete, intentional, and appropriately applied.**

Based on the design and operation of this control, management believes it provides reasonable assurance in support of certification under **SOX Section 302** and **NI 52-109**.



¹ All value changes are logged and associated with the originating document and user context.

² Posting is blocked on validation failure; no silent modification occurs.