

**CAPITAL PROJECTS/EXPENDITURES  
AUDIT PROGRAM**

**Audit Objective:** To perform a review of capital projects/expenditures process. Tested areas will include the process of Capital Appropriation Request (CAR) through the Fixed Asset system including the disposal and retirement of Fixed Assets. The purpose of the audit is to ensure required project/expenditure information is obtained and that the CAR's are processed in a timely manner. In addition, the audit is to ensure the handling of the project/expenditures are properly recorded and accounted for.

|   | Budgeted<br>Hours | Auditor Hours |         | Over/<br>(Under) |
|---|-------------------|---------------|---------|------------------|
|   |                   | Auditor       | Auditor |                  |
| <b>I. Create a Detail Plan of the Audit</b>   |                   |               |         |                  |
| Activity: 1. Review related procedures  | 12.0              |               |         | 12.0             |
| 2. Plan audit down to the task level  | 8.0               |               |         | 8.0              |
| 3. Time for weekly follow-up meetings   | 4.0               |               |         | 4.0              |
| <b>II. Conduct Opening Meeting</b>  |                   |               |         |                  |
| Activity: 1. Hold opening meeting with Director, Group Financial Planning & Control and other involved departments  | 6.0               |               |         | 6.0              |
| 2. Discuss the audit plan and any suggestions provided by management  | 2.0               |               |         | 2.0              |
| <b>III. Narrative/Outline</b>   |                   |               |         |                  |
| Activity: 1. Per discussion with Director, Group Financial Planning & Control and other involved departments, document the process of completing a CAR  | 10.0              |               |         | 10.0             |
| 2. Per discussion with Corporate's Fixed Asset Accountant, document the controls surrounding the accounting for CAR's and Fixed Assets  | 15.0              |               |         | 15.0             |
| <b>IV. CAR Process Testing</b>  |                   |               |         |                  |
| Activity: 1. Obtain 30 approved CAR's for the year 2001   | 40.0              |               |         | 40.0             |
| 2. Determine if the following information were properly provided on the CAR:<br>- information regarding the project<br>- detail of the items to be purchased<br>- cash flow projections<br>- competitive bidding information<br>- proper approval was received and processed in a timely manner |                   |               |         |                  |
| 3. Test to determine if first invoice for the capital project/expenditure was paid after the CAR # was assigned.  | 6.0               |               |         | 6.0              |
| <b>IV. CAR Accounting Testing</b>   |                   |               |         |                  |
| Activity: 1. Obtain invoices and journal entries related to the CAR's   | 50.0              |               |         | 50.0             |

**CAPITAL PROJECTS/EXPENDITURES  
AUDIT PROGRAM**

**Audit Objective:** To perform a review of capital projects/expenditures process. Tested areas will include the process of Capital Appropriation Request (CAR) through the Fixed Asset system including the disposal and retirement of Fixed Assets. The purpose of the audit is to ensure required project/expenditure information is obtained and that the CAR's are processed in a timely manner. In addition, the audit is to ensure the handling of the project/expenditures are properly recorded and accounted for.

|  | Budgeted<br>Hours | Auditor Hours |         | Over/<br>(Under) |
|--|-------------------|---------------|---------|------------------|
|  |                   | Auditor       | Auditor |                  |
| 2. Test to determine if the following transactions were properly recorded for each individual CAR:<br><ul style="list-style-type: none"> <li>- all expenses reported for the CAR are accounted for</li> <li>- amounts capitalized and expensed for the CAR did not exceed 10%</li> <li>- tracking reports provided by Accounting are correct and updated</li> <li>- amounts are properly transferred to the</li> </ul> |                   |               |         |                  |
| 3. Review assets in the FA system to determine if the assets were properly set-up and depreciation is properly being calculated  | 6.0               |               |         | 6.0              |

**V. Disposal and Retirement of Assets**

|  |      |  |  |      |
|--|------|--|--|------|
| Activity: 1. Inquire on assets that were disposed for the year and the related issues regarding the disposal | 25.0 |  |  | 25.0 |
| 2. Prepare definitive procedures in regards to the disposal and retiring of Fixed Assets                     |      |  |  |      |

**VI. Conclusion and Closing Meetings: see W/P "Findings"**

|   |      |  |  |      |
|---|------|--|--|------|
| Activity: 1. Write-up Findings.   | 15.0 |  |  | 15.0 |
| 2. Perform any other tests deemed necessary.  | 5.0  |  |  | 5.0  |
| 3. Review comments/findings with the appropriate manager (note that management should be kept up to date on findings as they are discovered). | 5.0  |  |  | 5.0  |

**VII. Reporting**

|   |      |  |  |      |
|---|------|--|--|------|
| Activity: 1. Submit Workpapers for review.            | 15.0 |  |  | 15.0 |
| 2. Write and complete report.                         | 20.0 |  |  | 20.0 |
| 3. Discuss report and workpapers with Audit Manager.  | 4.0  |  |  | 4.0  |
| 4. Clear audit comments and amend report if necessary | 7.0  |  |  | 7.0  |

|                              |              |   |       |
|------------------------------|--------------|---|-------|
|                              | -            | - | 255.0 |
| <b>Budgeted Hours</b>        | <u>255.0</u> |   |       |
| <b>Total Actual Hours</b>    | <u>0.0</u>   |   |       |
| <b>Variance Over/(Under)</b> | <u>255.0</u> |   |       |