


**EXPENDITURE CYCLE CONTROL OBJECTIVES**

**Note:** This document has to be completed by internal audit.

**Comment:** Replace with manual version completed by internal audit and ensure all objectives have been covered.

Control Objectives	Control Activities	Addressed in Internal Audit Program	Reference to Robertsons Control Procedure Manuals
EX1015 Purchase orders are placed only for approved requisitions. 	EX112 Management must approve all purchase orders, with higher level management authority required for unusual purchases (such as capital outlays or standing orders) and all purchases that exceed established limits. Board approval is required for specified types of purchases and this approval is appropriately documented.		Expenditure Cycle: Standard No. 302.01-3
EX1025 Purchase orders are entered accurately.	EX213 Purchase order entry data is compared to source documents by individuals who are independent of the purchase order entry process.		Expenditure Cycle: Standard No. 302.01-3
EX1035 All purchase orders issued are input and processed.	EX115 Purchase orders are sequentially prenumbered. The sequence of purchase orders processed is accounted for.		Expenditure Cycle: Standard No. 302.01-2 Expenditure Cycle: Standard No. 302.04-1
EX2005 Amounts posted to accounts payable represent goods received.	EX141 Goods received are matched on-line or manually with purchase order details and/or invoices; long outstanding goods receipt notes, purchase orders and/or invoices are investigated timely and accrued as appropriate; documents are canceled once matched or on payment of the invoice to prevent reuse.		Expenditure Cycle: Standard No. 302.05-6
EX2010 Amounts posted to accounts payable represent services received.	EX261 Invoices for services received are authorized and accompanied by appropriate supporting documentation.		Expenditure Cycle: Standard No. 302.05-6
EX2015 Accounts payable amounts are accurately calculated and recorded.	EX145 Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.		Expenditure Cycle: Standard No. 302.10-1 Expenditure Cycle: Standard No. 302.10-2
EX2020 All amounts for goods received are input and processed to accounts payable.			
EX2025 All amounts for services received are input and processed to accounts payable.			
EX2030 Amounts for goods or services received are recorded in the appropriate period.			

EX2035 Accounts payable are only adjusted for valid reasons.			
EX2040 Credit notes and other adjustments are accurately calculated and recorded.			
EX2045 All valid credit notes and other adjustments related to accounts payable are input and processed.			
EX2050 Credit notes and other adjustments are recorded in the appropriate period.			
EX3020 Disbursements are accurately calculated and recorded.			
EX3005 Disbursements are only made for goods and services received.	EX130 Management reviews supporting documentation before approving payments. Supporting documentation is canceled once payment is made.		Expenditure Cycle: Standard No. 305.02-1 Expenditure Cycle: Standard No. 305.01-3
EX3015 Disbursements are distributed to the appropriate suppliers.			
EX3015 Disbursements are distributed to the appropriate suppliers.	EX189# Management reviews a listing of supplier payments prior to release.		Expenditure Cycle: Standard No. 305.01-3
EX3030 All disbursements are recorded.	RE900 Bank statements are reconciled to the general ledger regularly.		Bank reconciliations are prepared monthly for every bank account.
EX3040 Disbursements are recorded in the period in which they are issued.			
EX4005 Only valid changes are made to the supplier master file.	EX222 Supplier master file data is periodically reviewed by management for accuracy and ongoing pertinence.		Expenditure Cycle: Standard No. 302.01.10
EX4010 All valid changes to the supplier master file are input and processed.			
EX4015 Changes to the supplier master file are accurate.			
EX4020 Changes to the supplier master file are processed timely.			
EX4025 Supplier master file data remains pertinent.			

**FIXED ASSETS CYCLE**

Control Objectives	Control Activities	Addressed in Internal Audit Program	Reference to Robertsons Control Procedure Manuals
FA0505 Recorded fixed asset acquisitions represent fixed assets acquired by the organization.	FA134 Periodic counts of fixed assets are performed and reconciled to the fixed asset register and/or master file.		Production Cycle Standard No. 403.04-6
FA0515 Fixed asset acquisitions are accurately recorded.			
FA0525 All fixed asset acquisitions are recorded.			
FA1510 Recorded fixed asset disposals represent actual disposals.			
FA1515 All fixed asset disposals are recorded.			
FA2505 Only valid changes are made to the fixed asset register and/or master file.			
FA0520 Fixed asset acquisitions are recorded in the appropriate period.	FA110 Asset-related transactions at, before, or after the end of an accounting period are scrutinized and/or reconciled to ensure complete and consistent recording in the appropriate accounting period.		Not performed - all changes to the FAR are not reviewed after they have been entered. A mitigating control is that the FAR is sent to each of the locations and the respective management reviews is to ensure that the applicable changes have been put through for the month.
FA1525 Fixed asset disposals are recorded in the appropriate period.			
FA1010 Depreciation charges are accurately calculated and recorded.	FA145 Standard programmed algorithms perform depreciation calculations.		SAP automatically calculates depreciation in accordance with standard programmed algorithms.
FA1005 Depreciation charges are valid.	FA118 Depreciation charges are reviewed by management including consideration of the recording of such charges in the appropriate accounting period.		Production Cycle Standard No. 402.04-2
FA1020 All depreciation charges are recorded in the appropriate period.			
FA1520 Fixed asset disposals are accurately calculated and recorded.	FA154 Standard programmed algorithms perform the calculation of the profit or loss upon disposal of an asset.		SAP automatically calculates profit & loss on disposal in accordance with standard programmed algorithms.
FA2010 Fixed assets are adequately safeguarded.	FA122 Fixed assets are located in an appropriately secured area, where access is restricted to authorized personnel.		Production Cycle Standard No. 404.02-3
FA2505 Only valid changes are made to the fixed asset register and/or master file.	FA115# All changes made to the fixed asset register and/or master file are approved by management.		Production Cycle Standard No. 402.04-1 Production Cycle Standard No. 402.04-2 Production Cycle Standard No. 402.04-3 Production Cycle Standard No.

			402.04-4
FA2510 All valid changes to the fixed asset register and/or master file are input and processed.	FA117 All authorized source documents supporting fixed asset acquisitions, disposals, and other changes to the fixed asset register and/or master file data are compared to the fixed asset register and/or master file to ensure they were input.		The FAR is sent to each of the locations and the respective management reviews is to ensure that the applicable changes have been put through for the month.
FA2515 Changes to the fixed asset register and/or master file are accurate. FA2525 Fixed asset register and/or master file data remains pertinent.	FA147 Fixed asset register and/or master file data is periodically reviewed by management for accuracy and ongoing pertinence.		The FAR is sent to each of the locations and the respective management reviews is to ensure that the applicable changes have been put through for the month.
FA2520 Changes to the fixed asset register and/or master file are processed timely.	FA142 Requests to change the fixed asset register and/or master file data are submitted on prenumbered forms; the numerical sequence of such forms is accounted for to ensure that all requested changes are processed timely.		The changes to the FAR are on prenumbered forms, however these are not sequence checked as each location has its own sequence. A mitigating control is that the FAR is sent to each of the locations and the respective management reviews is to ensure that the applicable changes have been put through for the month.

## INVENTORY CYCLE

Control Objectives	Control Activities	Addressed in Internal Audit Program	Reference to Robertsons Control Procedure Manuals
IM0005 Inventory is salable or usable.	IM100 The salability of finished goods and usability of raw materials are assessed regularly including a review during physical inventory counts.		Production Cycle Standard No. 402.03-1
IM0010 Inventory is adequately safeguarded.	IM111 Inventory is stored in properly secured and environmentally conditioned warehouse locations where access is restricted to authorized personnel.		Production Cycle Standard No. 404.01-1 Production Cycle Standard No. 404.01-2 Production Cycle Standard No. 404.01-3 Production Cycle Standard No. 404.01-4
IM0015 Adjustments to inventory prices or quantities relate to valid price changes and physical inventory differences.	IM130 Management reviews and approves all recorded adjustments to inventory prices or quantities.		Production Cycle Standard No. 402.03-2
IM0020 All adjustments to inventory prices or quantities are recorded.			
IM0030 Adjustments to inventory prices or quantities are recorded accurately.			
IM0025 Adjustments to inventory prices or quantities are recorded timely and in the appropriate period.	IM101 Physical inventory is counted periodically by persons independent of day-to-day custody or recording of inventory. Inventory counts are reconciled to inventory records and the inventory records are reconciled to general ledger.	YES	Production Cycle Standard No. 403.02-1 Production Cycle Standard No. 403.01-2
IM1015 Raw materials received are recorded accurately.			
IM1020 All raw materials received are recorded.			
IM1025 Receipts of raw materials are recorded timely and in the appropriate period.			
IM2010 All transfers of raw materials to production are recorded accurately and in the appropriate period.			
IM4005 Finished goods returned by customers are recorded completely and accurately in the appropriate period.			
IM5005 All shipments are recorded.			

IM5010 Shipments are recorded accurately.			
IM5015 Shipments are recorded timely and in the appropriate period.			
IM1005 Raw materials are received and accepted only if they have valid purchase orders.	EX141 Goods received are matched on-line or manually with purchase order details and/or invoices; long outstanding goods receipt notes, purchase orders, and/or invoices are investigated timely and accrued as appropriate; documents are canceled once matched or on payment of the invoice to prevent reuse.		Expenditure Cycle: Standard No. 302.05-6
IM1030 Defective raw materials are returned timely to suppliers.	IM113 Rejected raw materials are adequately segregated from other raw materials and regularly monitored to ensure timely return to suppliers.		Production Cycle Standard No. 402.03-1
IM3005 All recorded production costs are consistent with actual direct and indirect expenses associated with production.	IM265 When standard costing is used, management approves the standard costs and reviews variances between actual and standard costs. Significant variances are investigated and adjustments to inventory and cost of sales are approved by management.		Production Cycle Standard No. 403.03-9
IM3010 All direct and indirect expenses associated with production are recorded as production costs.			
IM3020 All direct and indirect expenses associated with production are recorded accurately and in the appropriate period.			
IM3045 All transfers of completed units of production to finished goods inventory are recorded completely and accurately in the appropriate period.	IM270 Finished goods sent to the warehouse are logged; the log is used to ensure that all finished goods are recorded in the inventory records.		Production Cycle Standard No. 403.01-6
IM3050 All defective products and scrap resulting from the production process are valid and recorded completely and accurately in the appropriate period.	Quantities of finished goods produced are regularly reconciled to quantities of raw materials and supplies put into production, approved recipes and bills of material, and approved scrap or yield rates. Explanations must be promptly obtained and documentation for significant variances.		Production Cycle Standard No. 402.02-4
IM4010 Finished goods received from production are recorded completely and accurately in the appropriate period.	IM209 Inventories received, including transfers, are counted and compared to receipt or transfer documentation (that is used to record movements of inventory in the financial records), by personnel in the area assuming		Production Cycle Standard No. 403.01-6 Production Cycle Standard No. 402.02-3

	responsibility for the inventory (e.g., production, finished goods storage), and are recorded in the appropriate period.		
IM4015 Goods received from production or returned by customers are only accepted in accordance with the organization's policies.	IM152 Quality control inspections are performed for finished goods returned by customers and/or received from production to assess whether such goods should be returned to inventory, reworked, or scrapped.		Quality control inspections are performed on all goods received from suppliers, finished goods and returns at all the factories.
IM5020 Inventory is relieved only when goods are shipped with approved customer orders.	RE101 Before goods are shipped, the details of the approved order are compared to actual goods prepared for shipment by an individual independent of the order picking process.		Revenue Cycle Standard No. 1.4
IM5030 Costs of shipped inventory are recorded accurately.	RE826 Management reviews relevant sales, accounts receivable, cost of sales and inventory reports related to order entry, shipping, invoicing, and accounts receivable; significant unusual relationships are monitored and acted upon.		Revenue Cycle Standard No. 2.3
IM5035 Amounts posted to cost of sales represent those associated with shipped inventory.			
IM5040 Costs of shipped inventory are transferred from inventory to cost of sales timely and in the appropriate period.			
IM6005 Only valid changes are made to the inventory management master file.	IM250 Inventory master file data is periodically reviewed by management for accuracy and on-going pertinence.		Production Cycle Standard No. 402.03-2
IM6010 All valid changes to the inventory management master file are input and processed.			
IM6015 Changes to the inventory management master file are accurate.			
IM6020 Changes to the inventory management master file are processed timely.			
IM6025 Inventory management master file remains pertinent.			

**PAYROLL AND PERSONNEL CYCLE**

Control Objectives	Control Activities	Addressed in Internal Audit Program	Reference to Robertsons Control Procedure Manuals
<p>PR1010 Additions to the payroll master files represent valid employees.</p> <p>PR1015 All new employees are added to the payroll master files.</p> <p>PR1020 Terminated employees are removed from the payroll master files.</p> <p>PR1030 Deletions from the payroll master files represent valid terminations.</p> <p>PR5005 Only valid changes are made to the payroll master files.</p> <p>PR5010 All valid changes to the payroll master files are input and processed.</p> <p>PR5015 Changes to the payroll master files are accurate.</p> <p>PR5020 Changes to the payroll master files are processed timely.</p> <p>PR5025 Payroll master files data remains pertinent.</p>	<p>PR115 Payroll master file data is periodically reviewed for accuracy and ongoing pertinence.</p>		<p>Expenditure Cycle Standard No. 303.01-6</p>
<p>PR1025 Employees are only terminated within statutory and union requirements.</p>	<p>PR135 Compliance with employee termination policies and procedures, including compliance with statutory regulation and union requirements, is monitored by management.</p>		<p>Expenditure Cycle Standard No. 303.04-1</p>
<p>PR2005 Time and attendance data recorded reflects actual time worked and is authorized.</p> <p>PR4005 Payroll disbursements and recorded payroll expenses relate to actual time worked.</p>	<p>PR128 Salary and hourly payroll reports (including compensation and withholding information) are reviewed and approved by management.</p>		<p>Expenditure Cycle Standard No. 303.04-2                      Expenditure Cycle Standard No. 303.04-4                      Wage control is established by using the clockcard hours to prepare the wage payrolls at the factories. The clockcards are compared to the hours on the access control reports (gate access) to ensure reasonableness.</p>
<p>PR2015 All time worked is input.</p> <p>PR2020 Time worked is accurately input and processed.</p>	<p>PR141 Time reported by employees is reconciled regularly between clock cards/timesheets and payroll reports.</p>		<p>Expenditure Cycle Standard No. 303.02-3                      Expenditure Cycle Standard No. 303.02-4</p>

PR2025 Time worked is processed timely.			
PR3010 Payroll is recorded in the appropriate period.	PR144 Payroll transactions at, before, or after the end of an accounting period are scrutinized and/or reconciled to ensure complete and consistent recording in the appropriate accounting period.		Expenditure Cycle Standard No. 303.04-4 Expenditure Cycle Standard No. 303.06-3
PR3020 Payroll (including compensation and withholdings) is accurately calculated and recorded.	PR146 Standard programmed algorithms perform significant payroll calculations.		The payroll system calculates the payroll.
PR4010 Payroll is disbursed to appropriate employees.	PR104# Access to the payroll bank transfer tape is restricted to authorized personnel.		Expenditure Cycle Standard No. 305.03-2 Expenditure Cycle Standard No. 303.09
PR4010 Payroll is disbursed to appropriate employees.	PR155# Employees sign for cash received; compliance is monitored by management.		Expenditure Cycle Standard No. 303.07-2 Expenditure Cycle Standard No. 303.07-3
PR5030 Only valid changes are made to the payroll withholding tables.	PR116 The payroll withholding table data is periodically reviewed by management for accuracy and ongoing pertinence.		Expenditure Cycle Standard No. 303.05
PR5035 All valid changes to the payroll withholding tables are input and processed.			
PR5040 Changes to the payroll withholding tables are accurate.			
PR5045 Changes to the payroll withholding tables are processed timely.			
PR5050 Payroll withholding table data remains pertinent.			
PR5055 Statutory withholding tables are consistent with statutory requirements.	PR168 Payroll withholding table data is periodically reviewed for compliance with statutory requirements.		Expenditure Cycle Standard No. 303.05

## REVENUE CYCLE

Control Objectives	Control Activities	Addressed in Internal Audit Program	Reference to Robertsons Control Procedure Manuals
RE3010 Orders are only processed within approved customer credit limits.	RE800 Orders are not processed if the customer's credit limit will be exceeded.		Revenue Cycle Standard No. 1.2.3 Revenue Cycle Standard No. 1.2.4
RE3020 Orders are approved by management as to prices and terms of sale.	RE824 Significant or unusual sales orders are specifically approved by management as to prices and terms.		Revenue Cycle Standard No. 1.1.2
RE3030 Orders and cancellations of orders are input accurately.	RE805 Recorded orders and cancellations are confirmed with customers.		Revenue Cycle Standard No. 2.5.1 Revenue Cycle Standard No. 2.5.3
RE3070 Only valid orders are input and processed.			
RE3040 Order entry data is transferred completely and accurately to the shipping and invoicing activities.	RE808 Data transferred from the order entry subsystem to the shipping and invoicing subsystems is balanced; identified errors are corrected promptly.		The SAP system is integrated and as soon as an authorised order is confirmed and becomes due it creates a shipping document.
RE3060 All orders received from customers are input and processed.	RE814 Orders are sequentially numbered. The sequence of orders processed is accounted for.		Revenue Cycle Standard No. 2.1
RE5010 Invoices are generated using authorized terms and prices.	RE200 Data input to the invoicing subsystem is compared to priced order and shipment data per the separate, nonintegrated order entry and/or shipping applications; differences require management approval before invoices can be processed.		Revenue Cycle Standard No. 2.1.3
RE5040 All goods shipped are invoiced.			
RE5060 Invoices relate to valid shipments.			
RE5020 Invoices are accurately calculated and recorded.	RE999 Invoices and/or sales orders are automatically priced by the application system, using standard programmed algorithms, including the calculation of discounts, if applicable.		The SAP system is linked to a price masterfile which is kept updated, refer to Revenue Cycle Standard No. 1.3.1
RE5030 Credit notes and adjustments to accounts receivable are accurately calculated and recorded.	RE210 Management approves credit notes, bad debt write-offs and other adjustments to accounts receivable.		Revenue Cycle Standard No. 2.2.3
RE5050 Credit notes for all goods returned and adjustments to accounts receivable are issued in accordance with organization policy.	RE203 A policy has been established regarding criteria for issuing credit notes; compliance with this policy is monitored.		Revenue Cycle Standard No. 2.2.2

RE5070 All credit notes relate to a return of goods or other valid adjustments.			
RE5080 All invoices issued are recorded.	RE815 Invoices are sequentially prenumbered. The sequence of invoices processed is accounted for.		Revenue Cycle Standard No. 2.1.2
RE5085 All credit notes issued are recorded.	RE204 Credit notes are sequentially prenumbered; the sequence of credit notes is accounted for.		Revenue Cycle Standard No. 2.2.1
RE50120 Credit notes issued are recorded in the appropriate period.			
RE50110 Invoices are recorded in the appropriate period.	RE115 Recorded sales, gross margins, and miscellaneous receipts are compared to budget regularly; management reviews and approves significant variances.		Budget reviews are performed regularly by senior management.
RE6030 Cash receipts data is entered for processing accurately.	RE522# Statements of customer accounts receivable are mailed periodically to customers.		Revenue Cycle Standard No. 2.3.5
RE6040 All cash receipts data is entered for processing.			
RE6020 Cash receipts are recorded in the period in which they are received.	RE900 Bank statements are reconciled to the general ledger regularly.		Treasury Cycle Standard No. 502.03
RE6030 Cash receipts data is entered for processing accurately.			
RE6040 All cash receipts data is entered for processing.			
RE6050 Cash receipts data is valid and is entered for processing only once.			
RE6060 Cash discounts are accurately calculated and recorded	RE916 Management reviews the level of recorded discounts granted to customers.		Revenue Cycle Standard No. 1.5.1
RE6090 Timely collection of accounts receivable is monitored.	RE111 Collection procedures established by management for overdue accounts are performed as intended.		Revenue Cycle Standard No. 3.1.3
RE6090 Timely collection of accounts receivable is monitored.	RE100# Accounts receivable aging reports are prepared regularly and analyzed.		Revenue Cycle Standard No. 3.1.1 Revenue Cycle Standard No. 2.3.4
RE7010 Only valid changes are made to the customer master file.	RE531 Customer master file data is periodically reviewed by management for accuracy and on-going pertinence.		The customer masterfile is reviewed regularly by authorised management for accuract and ongoing pertinence.
RE7020 All valid changes to the customer master file are input and processed.			

RE7030 Changes to the customer master file are accurate.			
RE7040 Changes to the customer master file are processed timely.			
RE7050 Customer master file data remains pertinent.			

## TREASURY CYCLE

Control Objectives	Control Activities	Addressed in Internal Audit Program	Reference to Robertsons Control Procedure Manuals
TR0525 All interest is accurately calculated and recorded in the appropriate period.	TR115 Calculations of interest expense are reviewed by management and/or independently reperformed.		The group treasurer verifies all interest amounts payable and receivable at the end of the month and processes the journal entries for all these companies. Treasury cycle 4316 A/1
TR2055 All interest expense on derivative transactions is accurately calculated and recorded in the appropriate period.			
TR0550 Loans are repaid in accordance with the terms of the loan.	TR113 Compliance with loan covenants is monitored by management.		All borrowings are made with Remfin. Decisions to the type of borrowings/ investments that may be made and the extent thereof are authorised by the financial director. Treasury cycle 4316 A/1
TR0555 The organization complies with loan covenants.			
TR2005 Senior management has an understanding of the organization's derivative activities.	TR606 Senior management has approved and communicated to the treasury function the organization's policies and procedures related to derivatives activities and monitors compliance, including monitoring the nature and volume of the derivative activities.		Treasury cycle standard 503 reference 4316A/5
TR2010 Recorded derivative transactions represent assets or liabilities of the organization.	TR621 Management approves derivative transactions to ensure that they are valid and in compliance with the organization's policies and procedures.		The group treasurer is responsible for all derivative transactions that take place daily.
TR2020 Derivative transactions are accurately recorded.			
TR2040 Derivative transactions are recorded in the appropriate period.			
TR2045 Off-balance sheet derivative transactions are recorded in the financial statements in the appropriate period.			
TR2030 All derivative transactions are recorded in the financial statements.	TR622 Management reviews summary reports of derivative transactions and balances based on their knowledge of the day-to-day activity.		Summary reports of derivative transactions are produced daily by the TMS. daily exposure is monitored by senior management to ensure that it does not exceed the group limits.
TR2050 All investment income on derivative trans. is accurately calculated, recorded in the appropriate period.	TR342 Calculations of interest income are reviewed by management and/or independently reperformed.		Interest calculations are performed by the group treasurer on a daily basis. These calculations are reviewed by the senior management.

