

AUDIT STEP	EXCEPTION	WP REF
<p>Select a sample of 10 customers and establish whether (Preferably 5 big and 5 small):</p> <p>1) Is there a customer file for all debtors customers.</p> <ul style="list-style-type: none"> - -is there a fully completed and signed credit application on file. - is there copies of the company's registration documents. - is there a signed credit agreement/ in place. - is credit properly authorised (signed of by management) - is there a letter of authorisation (resolution) authorising the signatory to bind the company. - is there a copy of suretyship on hand. - has a reference check been performed? - is customer correspondence kept on file. - is customer information updated regularly (check for mail returned undelivered) - is there a company of the company's latest financials on file. - in the instances of assets being ceded as guarantee, has a landlord's waiver being send to the landlord? <p>2) Draw a debtors' age analysis on arrival and thereafter at least every second day.</p> <ul style="list-style-type: none"> - check that customers adhere to agreed terms and limits - monitor all amounts overdue especially large amounts. - ensure that amounts 90days and over are followed up, i.e reminders are sent out to customers. - letters of final demand are sent via registered mail.(scrutinise list of registered mail) - all customers handed over to attorneys for collection are flagged and inactive. - check customers method of payment and check for customers with a history of RD cheques - compare authorised limits as per agreement with the amount loaded on the system. - if there is a difference in limits is there an application to exceed approved limit on file or authorisation to do so? <p>3) Enquire about the incoming mail register.</p> <ul style="list-style-type: none"> - ensure that all mail is entered in the register. - mail is opened by at least two people. - returned undelivered mail is kept in the customers file or in an undelivered mail file. 		

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<p>4) Ensure that monthly debtors reconciliation is performed.</p> <p>5) Enquire about customers that were handed over for collection, establish the name of the of the collecting agency.</p> <ul style="list-style-type: none"> - check with senior management that the agency is the preferred agency. - are all handovers authorised by the Group Credit Manager - contact the agency for a list of current collection as well as a reconciliation of amounts collected thus far: <ul style="list-style-type: none"> a) compare reconciliation with amounts outstanding. b) post amounts received to the company's bank statements. c) check customers' accounts to ensure that the necessary journal vouchers or payments are reflected. d) is customers' accounts debited with legal cost incurred <p>6) Determine that Bad debt provisions are in line with the company policy.</p> <p>7) Check that all changes to customer accounts are properly authorised i.e journal vouchers are signed by management.</p> <p>8) Select a sample of customers' accounts and establish the validity and accuracy of customers' debt:</p> <ul style="list-style-type: none"> - phone customers accounts department for confirmation of debt <p>9) Enquire about the interest rate charged on over due accounts:</p> <ul style="list-style-type: none"> - ensure that all overdue accounts are charged interest - check calculation of interest amounts. <p>10) Are all cheques and cash received banked timeously?</p> <p>11) Is all moneys received kept in a safe?</p> <p>12) Does debtors agree with debtors control account at month-end?</p> <p>13) Scrutinise the unreconciled accounts:</p> <ul style="list-style-type: none"> - determine that there are no long outstanding debits or credits that are 		

<p>sitting on the account</p> <ul style="list-style-type: none"> - check that all amounts have been properly allocated. - follow up any long outstanding amounts <p>14) Are statements sent out on a regular basis?</p>		
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<p>15) Check whether customer refunds are performed on site (if they are) establish:</p> <ul style="list-style-type: none"> - that a requisition for refunds are completed - refunds are performed with management approval (requisitions are signed) - adequate segregation of duties (authorisation, execution and recording of transactions) - check limits of authority for cheque authorisation - cheques kept behind lock and key when not in use. <p>16) Check that debtors' are penalised with all cost relating to RD cheques and debit orders.</p> <p>17) Is a 10% handling fee levied on all debtors' invoices?</p> <p>18) Select a sample of agreements and ensure that they are signed off by all the parties concern.</p> <p>19) Is there a file/ list containing details of all declined credit applications?</p> <p>20) Is there proof on hand that debtors' accounts are reviewed on an ongoing basis? (Check file for financials and review notes)</p> <p>21) Ensure that there is register of securities held operative.</p> <ul style="list-style-type: none"> - make sure that all securities are kept in a fire proof safe or by bank. <p>22) Enquire about all write-offs and obtain proof that they were authorised by the Financial Director?</p> <p>23) Check that management as proof of review signs off all reports.</p> <p>24) Obtain a list of bad debt write-offs for the immediate past year-end</p> <ul style="list-style-type: none"> - establish that every effort was made to recover the money owing. - that the final decision to write-off was authorised by the Financial Director 		

<p>25) Is there adequate control over the allocation of account numbers.</p> <p>26) Are discounts given within acceptable levels?</p>		
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