

GENERAL

- Verify all accounts that reflect balances. Ensure to make use of the *Inception to date* balance.
- Ensure that all control accounts are analysed and timeously cleared.
- Obtain all reconciliations and analysis/explanations to support balances, where applicable. (Ensure that employees can explain any balances.)
- Ensure that all reconciling differences are current, investigated and timeously cleared.
- Ensure that supporting documentation is available where applicable. (Use your own discretion.)
- Ensure that all reconciliations, analysis or explanations are checked and filed for reference purposes.
- Record all “SAP deficiencies” when highlighted by the customer.

CONVERSION AND CONTROL ACCOUNTS

Conversion accounts were used during the conversion from legacy to SAP. These should have been followed up to ensure that all transactions were allocated to the correct accounts in SAP. These accounts should now reflect a balance of. Control accounts are used only when one leg of a transaction is known. Control accounts should also be followed up to ensure correct and timeous allocation of transactions.

SECTION: VAT CLEARING ACCOUNTS

No.	AUDIT TESTS
1.	Make sure that the following accounts reflect Nil balances: 154 099 – Tax BA clearing 175 099 – Tax BA clearing (<i>See note 1</i>)
2.	Ensure that the following accounts have been cleared timeously (monthly): 154 000 – VAT input (claim) 154 001 – VAT input change 154 002 – VAT input bad debts 154 003 – VAT input adjustment 154 006 – VAT input trade 175 006 – VAT output acct. (<i>See note 2</i>)

NOTES:

1. These are system-generated entries, which are run during business area (BA) clearing. No drill down can be performed on this. Payment of VAT to the Receiver of Revenue is delayed by a month, thus the balances on these accounts.

The system creates an entry through the BA clearing run taking the previous months figures from BA blank to these accounts and reverses it automatically the next month.

2. Groups determine the net amount owing or owed monthly (Net of VAT input and outputs) and clear these accounts to Treasury who do the payments for Eskom. There is one VAT account with the SARS for the whole of Eskom.

SECTION: INVENTORY

No.	AUDIT TESTS
1.	Ensure the provision and write-off of obsolete stock is done as per procedure ESKPVFFG4.
2.	Ensure that the Stores in Transit Account (325 000) balance is nil. If not, ensure that an analysis is available explaining the reasons for the outstanding items.
3.	Ensure that an analysis of stock adjustments is prepared. Transaction to accounts 283000 and 233000 should be authorised and supported with proper documentation. Check approval limits to delegation of signing authorities.
4.	Ensure that stock adjustments are not split to get it within a signatory's signing limit.
5.	Ensure that stock counts are performed and adjustments were processed. Check physical difference reports.
6.	Ensure that a proper reconciliation between stores and fixed assets are prepared for capital spares. The account number is 13 000. Ensure documentary proof is available to substantiate the existence of items sent for refurbishment.
8.	Ensure that all transactions that took place prior to end of June 2002 are processed accordingly and not left until after close off. Check that necessary accruals are made where processing has not been done. Manual processed transactions.
9.	Ensure that a proper reconciliation exists if there are differences between the Stores total in SAP and General Ledger.

SECTION: INSURANCE (WIP)

No.	AUDIT TESTS
1.	In order to make a selection of projects to be followed up, print a list of all the projects. <i>Refer to the menu path 5.</i> Ensure that the balance on this report agree to the balance on account 380 200.
2.	Ensure that all the insurance projects on SAP are reflected in the Risk Management System (RMS) system. Ensure that the total balance on the Work in progress insurance account (380 200), agree to the balance in the RMS-system. Investigate all variances. Obtain a copy of insurance reconciliation from Finesse.
3.	Select a few projects from this list (recording the criteria used to select the projects) and ensure proper follow up of long outstanding insurance claims.
4.	Ensure that excess payments are allocated to the correct cost centres in accordance with the latest policy/procedure.
5.	Ensure that the Insurance projects are place in "close mode" and that the asset is timeously retired from the asset register.
6.	Ensure that all claims rejected by CRS, have been expensed to the applicable cost centre or provided for and not reflected as debtors insurance.
7.	Follow up all Insurance projects with credit balances and obtain explanations.
8.	Drill down on "Vehicle claims" and ensure that long outstanding claims are followed up.
9.	Ensure there are no Death Benefit claims reflected under Insurance (WIP).

Notes:

Long outstanding claims can be defined as claims that are not finalised within 60 days from the Incident completion date set by the Project leader.

Equipment

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
1.	Ensure that account 200 001 (Profit/Loss on Sale of Assets) balance is reconciled to the Asset Retirement Report at the Business area level. Exclude asset classes AUC (Asset under construction), Insurance, Recoverable work and Transfers between Groups.		
2.	Ensure that account 200 001 is reconciled on a Group Level and that it balances with the Asset Retirement Report.		
3.	Ensure that account 825 000 (Asset Revenue) and Account 296 000 (Asset Revenue clearing account) contra out (inception to date).		
4.	Ensure that account 299 999 (Contra in house acquisition and post capital) reflect a nil balance (inception to date) on a Business Area and Group Level. Check entries with high value and investigate (bypass Procurement process).		
5.	Ensure that physical verifications are performed on assets and obtain proof of verification. Ensure adjustments were done were applicable.		
6.	Ensure that account 482 000 (Low value Assets Written Off on Purchase) is analysed. Ensure that items that should be capitalised are not written off. (items greater than R1000 or with a useful life of greater than one year).		
7.	Ensure the "Unposted Assets" report is drawn on a monthly basis, and obtain proof of follow-up on these unposted assets.		
8.	Ensure one time debtors account for proceeds on sale of assets is nil. (If balances are reflected on this account, it means that there are retirements outstanding, and therefore the assets are overstated)		
9.	Ensure that land/buildings/houses sold are not accounted for (income shown and assets removed) before Registration at the Deeds Office has taken place. Examine letters from attorneys to confirm registration for the items accounted for as being sold.		

SECTION: LOAN ACCOUNTS - CURRENT

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
1.	Ensure that an employee, on Group level, reconcile the following Inter Company Current Accounts on a monthly basis: 193 100 – Current account corporate 193 105 – Current account Treasury 193 110 – Current account Technology 193 200 – Current account Services 193 300 – Current account Generation 193 400 – Current account Transmission and 193 500 – Current account Distribution <i>Refer note 1.</i>		
2.	Ensure that account 194 500 (Clearing Business Area) reflects a nil balance (<i>inception to date</i>) on Business Area and Group Level. At the BU enquire on intercompany transactions.		

NOTES:

1. The General Ledger caters for an inter company account per Group. Therefore it is possible to reconcile the actual transactions between Groups. It is the joint responsibility of the Groups to ensure that the inter company accounts fairly represents the relevant Group's current account.

Corporate Finance requested each Group to identify a dedicated person at Group Level, who will be responsible for the monthly reconciliations as from the July month-end.

2. **Treasury is responsible for the reconciliation of accounts:**

50 000 (Long term loan account)
182 000 (Interest payable)
182 010 (Interest payable)
193 900 (Treasury operating loan account)
194 510 (Inter BU clearing)

Therefore Tx do not need to reconcile any of these accounts. These accounts do not need to be audited at BU and Group – CONFIRM

SECTION: INTER GROUP ACCOUNTS

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
1.	Ensure that the following accounts are reconciled and balances verified monthly on a Group Level: Add the inception to date amounts of accounts 134 510 (Internal debtors interface) and 166 100 (Internal creditors interface) together and agree this amount to the total (monthly movement) of the following income statement accounts: 711 100, 712 030, 803 101, 803 190, 410 300 and 410 400. <i>Refer note 1</i>		
2.	Ensure that the following accounts are reconciled on a Group Level and that the accounts contra out: 139 998 – Vendors with a debit balance 169 999 – Trade payable – adjustment account 139 999 – Trade receivable –adjustment account 169 998 – Customers with a credit balance <i>Refer note 2</i>		
3.	Ensure that account 450 305 (Statutory Auditors Consulting) only reflects fees for Deloitte, KPMG and Nkonki Ntsaluba. Ensure that a Group representative cleared all incorrect entries from the above account.		

NOTES

1. Accounts 134 510 (Internal debtors interface) and 166 100 (Internal creditors interface) are for the use of Generation, Transmission and Distribution Groups for electricity transfer pricing entries. The Groups must confirm these balances monthly.

The relevant Groups must reverse entries, other than electricity transfer pricing, from these accounts.

2. On a monthly basis a re-grouping process is run against the Accounts Payable and Accounts Receivable modules in SAP. This process will identify debtors with credit balances and transfer it to creditors, and identify creditors with debit balances and transfer it to debtors.

No journal entries are therefore allowed against these accounts. The system will automatically reverse this process the following month.

SECTION: ACCOUNTS PAYABLE

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
1.	Ensure that for account 160 011 (Trade creditors), the following exception reports are requested, and analysed: <ul style="list-style-type: none"> • Different Vendor on Purchase Order and Invoice • Changes to Parked Invoices • Invoice Risk Report • Specific Vendor Changes • Payments Terms Adjusted <i>Refer note 1</i> 		
2.	From General Fund, obtain the analysis and supporting documentation for the creditor accounts. <i>The below mentioned list of accounts serves as a guideline of accounts to be audited (For your specific BU, verify all the Creditors accounts on the Trial Balance):</i> The following accounts needs to be analysed and long outstanding entries should be followed up and explained: 130 650 – VAT accrued creditors 160 010 – Creditors Township deposits 160 012 – Creditors Payroll 160 013 – Creditors Accruals 160 017 – Creditors – provisional creditors 160 023 – Employee creditors 160 024 – Sanlam shares scheme 162 100 – Foreign payments – Rollover cash 163 000 – Payments received in advance 164 006 – Provision bonus (gainshare) 164 009 – CPA provision 164 013 – Provision for leave pay (annual leave) 164 015 – Provision leave pay (manual adjustment) 164 500 – Provision sundry creditors 166 000 – Creditors intra group 168 005 – Provision car scheme premium recovery 168 007 – Provision med. Ins. Premium 168 008 – Provision funeral employees 191 100 – Goods received/invoiced (Third party) 191 103 – Goods receipt/invoice – Consignment liabilities 192 100 – GR/IR purchasing condition 195 000 – VAT payable/receivable to authorities		

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
4.	On account 160 014 (Retention and penalty), obtain the retention report and ensure that this report is followed up in order to ensure that retention is timeously released.		
5.	Ensure that account 162 000 (Foreign payments) reflects a nil balance on Group level. <i>Refer to note 3.</i>		
6.	Verify account 164 004 (Provision bonus -annual) against the system generated Bonus provision report. Follow up and explain all differences.		
7.	Verify account 164 014 (Provision leave pay) against the system generated leave report. Follow up and explain all differences.		
8.	Ensure that balances on account 164 005 (Provision bonus – performance) has either been expensed or reversed/written back to BA 3020 prior to year-end.		
9.	Ensure that account 164 006 (Provision bonus – gainsharing) reflects a nil balance at year end only.		
10.	Verify balances on account 164 011 (Provision separation packages) to supporting documentation available from Management Accounting. Ensure that the necessary approval is attached.		
11.	Ensure that entries on account 176 000 (Tax Labour broker) are analysed and regular payments are made to the Receiver of Revenue.		
12.	Enquire if creditor statements are obtained from suppliers at year end for verification purposes.		

NOTES

SECTION: ACCOUNTS RECEIVABLE

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
1.	The following accounts need to followed up and the balance on these accounts need to be nil: 196 000 – Payroll interface balancing account 196 200 – Payroll rounding 199 999 – Transfer error account (Migration)		
2.	The following accounts needs to be analysed and long outstanding entries should be followed up and explained: (For your specific BU, verify all the Debtors accounts on the trial balance) 130 000 – Payments in advance 130 105 – Down payment clearing 133 200 – Interest free loans 134 500 – Internal debtors 135 000 – Elect debtors general 135 350 – Elect debtors LPU prepaid 380 100 – WIP – recoverable		
3.	Account 130 600 (Sundry Debtors) and 130 603 (Employee Debtors) needs to analysed by breaking it down into the components that make up this account. The components need to be followed up for long outstanding entries.		
4.	Ensure JH Smith study loans prior to 1/01/2002 is only R3000, as the R5000 is only applicable from 1/01/2001.		
5.	Ensure provision for bad debts as per account 132 100 and 135 500 is supported by a detailed list of potential bad debtors and that it has been approved by management.		
6.	Obtain the debtor's age analysis and ensure that provision was made for all potential bad debts. Also ensure that the necessary follow up action was taken to recover bad debts.		

SECTION: DETAIL TRIAL BALANCE REPORT

No.	AUDIT TESTS	DONE BY DATE	W/P REF.
1.	Scrutinise the DTB for accounts of an unusual nature and obtain explanations, i.e. income accounts with debit balances or expenditure accounts with credit balances.		
2.	Scrutinise journal entries processed between 1 st and 2 nd closure and follow up. (Obtain last journal numbers from the employee processing journals to accomplish above step).		
3.	Analyse and drill down on account 450001 (miscellaneous general expenses) and scrutinise for unusual entries (Follow up large amounts for possible incorrect entries).		
4.	Check if account 452500 is analysed and does not contain any items like gifts, sponsorship sports , etc. (These should go to accounts 452701 and 425000)		
5.	Determine whether or not the BU is aware that certificates must be issued to support donations made. (Requirement as per Section 18A of the Act)		
6.	Ensure account 450303 is analysed to identify deductible and non-deductible items. (The nature of the legal fees incurred should be indicated)		
7.	Consulting: Ensure the following accounts were analysed to gain assurance that it only contains cost as prescribed. 450304, 450305, 450306, 450307.	Ignore	
8.	Repairs and Maintenance: Ensure accounts 430101, 450003 and 450201 are reconciled with schedule 9.2 of the tax pack.	Ignore	