

































**GENERAL REVIEW - F&A**  
**Workplan as of 03.02.2003**

Workplan	
	<b>Co name</b>
	Launch a knowledge information request
	EX/SC Scope the Audit Project
	Mission Statement
	Entrance meeting
	Preclosing meeting
	Exit meeting
	Evaluation audit: best practises/recommendations
	Confirmation understanding processes(use process diagrams and/or structured notes)
	Interview with F&A Director
	Interview with Controlling & Planning Manager
	Interview with Chief Accountant
	Interview with Deputy Chief Accountant (Sales; A/P; A/R; Bank & Cash)
	Interview with Deputy Chief Accountant (prod.& inventory; FA; Exp & advances; cashiers)
	Interview with Data Base Administrator Sales
	Interview with Data Administrator Purchasing
	Interview with Responsible Consolidation Reporting
	Interview with ICT Department
	EX/GR General Review Audit Program
	1. GENERAL INFORMATION / ORGANISATION
	2. FINANCIAL AUTONOMIES
	2.1 Objective : check compliance with powers of attorney
	Get a copy of powers of attorney (see minutes of board meetings).
	Get a copy of signature cards for all banks dealing with the company.
	Get a copy of any other internal autonomies that would exist
	Check if the internal autonomies are consistent with Company's Delegation of Authority Guide
	Has the new version of the Delegation of Authority Guide been communicated within the different F&A locations?
	Check if the persons authorised to sign are still working at the company.
	Check if banks allow payments with one signature only and if there is a limitation regarding the amounts.
	Check if the names & specimen of signatures of delegated authorities are provided to the appropriate functions (central level & level affiliates)
	Determine if internal autonomies are in contradiction with powers of attorney.
	Select a sample of 20 payments for 1 month

- 3. FINANCE AND ADMINISTRATION
  - 3.A. Objective: Analyse Accounts Receivable (A/R)
    - Get a copy of related procedures
    - Get the objectives 2002 in number of outstanding days and realisation data
    - Get the aging balances A/R per 31/12/2001 and at the end of last month
      - Compare the 2 situations
      - Obtain explanations on the main outstanding amounts
      - Analyse the outstandings since more than 60 days and their share in the aggregate A/R balance
      - Check the balances on old outstanding amount dating from before 2002
      - Identify the credit accounts on the balances and obtain explanations on the non-reimbursement
      - Verify if invoices and payments/credit notes are regularly counterbalanced
      - Verify if payments & credit notes are timely & correctly booked
      - Reconcile the A/R subledger situation with the General ledger situation
      - Credit Limits System
    - 3.A.1. Objective: Check the effectiveness of the administration of A/R
      - Check the existence of a procedure for follow-up and action-taking on A/R
      - Evaluate the functioning of the recovering function
        - Test: take a sample of 10 cases with outstanding amounts and trace recovering actions
        - Test: get a list of cash payment customers and check their payments
    - 3.A.2. Objective: Analyse provision-taking
      - Check the existence of a procedure on calculation and booking of provisions
      - Get an detailed overview of the provisions taken in 2002
      - Select a sample and check if these provisions are timely & correctly calculated and booked
    - 3.A.3. Objective: Analyse the doubtful A/R-accounts
      - Check the existence of a procedure on doubtful accounts
      - Get the situation of doubtful A/R accounts for 2001 and at the end of the last month
        - Test: select 5 cases, obtain explanations and check compliance with procedure
      - Check if provision-taking is made conform the procedure
      - Check if authority for write-off of old

- ▣ debts is clearly established
- ▣ 3.A.4. Check if the Master data files for sales are organized; maintained and updated
  - ▣ Analyze on inactive customers
  - ▣ Verify existence and compliance procedure on blocking/deblocking of customers
  - ▣ take a sample of 5 customers and verify if Master data files are documented and correctly booked
- ▣ 3.B.Objective: Analyse Accounts payable (A/P)
  - ▣ Get the aging balances per 31/12/2001 and at the end of the last month
  - ▣ 3.B.1. Determine if suppliers are paid without delay :
    - ▣ Get an overview of all suppliers with outstanding balances and get an explanation
      - ▣ check the existence of detailed A/P
    - ▣ Compare 2001 and 2002 situation
    - ▣ Identify cases of litigation between suppliers and the Company and analyse action-taking
    - ▣ Check if a control on the respect of payment terms is in place
    - ▣ Are payments booked against suppliers accounts immediately on payment or are suspense accounts used?
    - ▣ Are payments & payments matched & sett off against each other when booked?
    - ▣ Get the payments terms as fixed by Corporate Finance and check the degree of application
    - ▣ Check if payments are made conform the contractual payment terms agreed with suppliers
      - ▣ Test: take a sample of 20 payments and verify the real payment terms as well as these in the master vendor file
    - ▣ Reconcile the A/P subledger situation with the General Ledger situation
  - ▣ 3.B.2. Verify that purchases are always registered via A/P.
    - ▣ Review costs accounts (Cxxx) at the end of last month in order to determine if invoices paid cash have been registered immediately as costs
    - ▣ Determine if there are detailed A/P.
  - ▣ 3.B.3. Check if a procedure for prepayments is in place
    - ▣ Review compliance with the procedure
    - ▣ Check if reconciliation with the original invoiced amounts is performed
    - ▣ Obtain a recent listing with all outstanding prepayments
  - ▣ 3.B.4. Identify who has access to the Master vendor file and to which applications
    - ▣ Check if the principle of segregation of



- ☐ Verify the effectiveness and completeness of F/A registration
  - ☐ Is an F/A register kept in every entity?
  - ☐ Uniformity through the different F/A-registers assured?
  - ☐ Analyse the registered data on completeness; link with approval-form (retraceability)
    - ☐ Test: take a sample of RIA's from 2000 :
      - ☐ reconcile the amounts shown on the RIA's with these in the F/A register.
      - ☐ verify if F/A movements are correctly & timely booked in the F/A register
      - ☐ check if correct depreciation has been performed and posted since
    - ☐ Verify if physical inventories are carried out on a regular basis and reconciled with the F/A-register data
- ☐ Check the compliance to local and/or IAS regulations
  - ☐ Verify if adjustments for impairment of assets have been posted and included in the financial statements
- ☐ IMPAIRMENT OF ASSETS
- ☐ 3.F. Objective: Evaluate liquidities & cash Management
  - ☐ 3.F.1. Bankaccounts
    - ☐ Check the number of banks and bankaccounts
    - ☐ Identify the active/non-active bankaccounts
    - ☐ Obtain the most current bank statement for all accounts maintained
      - ☐ reconcile the accounts
      - ☐ verify that all deposits & withdrawals shown on the Bank Statement are accounted for
      - ☐ reconcile the book balance with the general ledger
      - ☐ reconcile the book balance with the balance shown on the Bank Statement
    - ☐ Check if an outstanding check listing is prepared on a monthly basis
      - ☐ Does the outstanding check listing contain all outstanding checks?
    - ☐ Check compliance of the procedure for opening/closing Bankaccounts if any case occurred in 2002
  - ☐ 3.F.2. Petty cash
    - ☐ Get copy of available procedures
    - ☐ Get a listing of petty cash locations for the Plovdiv entity and the respectively insured amounts
      - ☐ get a moment situation of the cash shown in the different cash journals
      - ☐ reconcile the moment situation with the figures in the general ledger
    - ☐ Select one petty cash location in Plovdiv and :

- check compliance with procedure(s)
- reconcile the physical amount of cash available with the theoretical one, registered in the cash journal
- check if the insured amount is realistic
  - verify for 2002 if the cash situations were in line with the insured amount
- check if the cash journal is timely updated, closed and signed
- check if security is assured
- check if the cash journal data are appropriately documented
- check if the documents are properly signed and authorised conform the internal autonomy schedule
- identify the presence of other values
  - if other values, check their registration (f.e. checks)
- check if an independent control on cash decks is performed and also the frequency
- check how transport of values is organized
- check if segregation of duties is assured within the cashier function
- 3.F.3. Cash Management**
  - check on the existence of a formalized cash management policy
    - if existent, develop the big lines of this policy and fixed objectives
  - does the actual cash management meet the objectives?
  - check the development of mechanisms to forecast and optimize cash flows
    - perform a process description & analyze
  - check how transactions in foreign currencies are handled and how exchange risk is covered
  - determine if a monthly planning exists for cash receipts (payments by customers) and issues (payments of salaries; taxes; A/P....)
  - is there a focus on minimum cash availability? If so, which procedure has to be followed?
  - get an overview on the cash position during year 2002
  - short-term investment of excess cash?
    - if so, approved by whom?
  - get a view on the interaction between cash desk & cash management
- 3.F.4. Risk Management**
  - Verify if procedures & policies have been developed in accordance with global risk management & insurance policy
  - Verify if a risk assessment exercise has been performed
    - get the risk assessment listing

- check which risks have been covered yet and estimate their impact
- get objectives for year 2002 & realisations
- 3.F.5. Tax Management**
  - Verify if taxes (payables & deferred taxes) are well managed**
    - check the existence of a tax payable item database and time payment shedule
      - is the database entity oriented?
    - check how planning of tax payment is proceeded
    - check if taxes are timely paid
      - what's the importance of penalties in case of non-timely payment?
      - check existence of such penalty cases
    - check if a control is in place on compliance with local legislation and Corporate tax Governance policies before tax payment
    - check how excises are calculated; communicated to local tax authorities and paid
    - determine when "holiday tax" (on import & profit) ends
    - get an overview of tax litigations (current & past) and penalties for the last 2 years
      - check the origin of the penalties
    - get a copy of last quarterly report on tax issues sent to the concerned Corporate tax office
      - verify if all tax issues & litigations are reported
      - analyze the booking of current & deferred taxes
    - check how cooperation and communication with Corporate tax office is organized
      - verify how tax optimizing is locally performed
      - verify the input of Corporate tax office on tax optimizing
    - check how new tax legislation and regulations are tackled
      - internal & external inquiries?
      - input Legal Department?
      - does the local Tax department dispose of the necessary expertise and manpower to ensure qualitative advices?
      - how local tax department is informed on changes in legislation?
  - 3.F.6. Various**
    - Verify if bank loans & credit facilities are executed in accordance with established authority guides**
    - Verify if the company's Corporate dividend**

- policy is applied.
  - Dividend payment signed by the Board of Directors?
  - Are proposed dividends reviewed for compliance with statutory requirements and retained earnings restrictions?
  - Use of an imprest dividend disbursement account?
  - Use of independent dividend payment agents?
  - Check existence of a regular review on the adequacy of insurance coverage
- 3.G. Objective: Review expense reports and advances**
  - 3.G.1. Check the existence of a formalized travel & expenses policy**
    - Get a copy of existing procedure(s)
    - Has the New company Travel & Expenses policy been put in place?
      - If so, check on consistency with locally applied procedure(s)
    - Link between financial autonomies and operational activities of each Department clarified?
    - Has a procedure regulating allowance and follow-up of advances for business expenses been formalized?
  - 3.G.2. Describe the actual process of expense reports treatment within F&A, internal controls included**
    - EFAS-application for expense reports available and applied?
    - Quid system prevention & controlling tools (f.e. to avoid double payments; link personnel with banaccount)
    - Treatment of professional expense via cash decks
    - How are expense reports in foreign currencies treated?
  - 3.G.3. test the functioning of expense reports treatment**
    - Check the expense reports of 1 month on compliance with procedures
    - Analyse time flow: reception ; booking and payment dates expense reports
    - Get a recent & detailed situation on advance on expense reports
      - Analyse outstandings and get explanations on action-taking
      - Select a frequent requester of advances and check the request forms
- 3.H. Objective: Ensure that an adequate control on returnable packaging is in place**
  - For he current period, reconcile physical movements of RP with movements in accounting
  - Get a view on the controls in place within

- the Accounting department
- Get an overview of all crates (kegs) purchased by the company since its creation
  - Check if 2002 purchases are properly accounted and authorized
- Determine how packaging is accounted for and invoiced
- Review the records concerning the transfer of packaging
- Verify if packaging movements (delivered/returned) for wholesalers are properly followed-up
- Verify if packaging (crates...) delivered to customers is always invoiced
- 3.1.. Objective: Ensure that an adequate control on inventories is in place
  - Check the existence of procedures on inventory treatment
    - Determine the controlling role of Accounting
    - Verify the controlling role of Accounting
      - check if all stock locations are counted on a regular basis
    - Is segregation of duties assured through the inventory process?
      - check is access right have been attributed accordingly?
      - check if an appropriate allocation of responsibilities is in place
  - Determine how work in progress is accounted for
  - Determine how stock differences are accounted for and obtain explanations for material differences between books & physical
    - get the figures on stock differences for the current period
    - are material difference at item level identified & explained?
  - Check the existence of old packaging; financial impact and accounting treatment
  - Check if inventory accounts are adjusted for results of periodical physical counts
    - Verify if adjustments are documented and properly approved?
    - Verify if abandonments are documented and recorded
    - Verify the existence of old/obsolete packaging/materials
      - Importance; accounting treatment?
      - Review documentation of obsolete packaging
      - Check if written-off is performed accordingly
      - Get the list of spare-parts without use since at least one year
  - Check how stock movements such as free beer & protocols are authorized and controlled
  - Check if records are maintained for

- inventory on consignments (in/out) and check the treatment
- Check if inventory records are reconciled on a regular basis
- Determine how stocks are valorized (standard pricing method) and compare with ITW valuation rules
- Determine how write-offs are calculated and which difference exists compared to ITW-accounting valuation rules
- Check how the integration of the Pleven Brewery has been managed on inventory accounting level
- Check if a monthly reconciliation of opening & closing stocks with stock movement is performed?
- 3.J. Objective: Perform an analytical review in order to highlight abnormal trends**
  - Perform an analytical review based on the balance sheet and P&L-situation (end 2001 & Q3 2001 versus Q3 2002 reporting package)
  - Verify if B/S & P/L-variances are properly commented
  - Verify abnormal trends through the reviewing analyze
  - Get an overview of all provisions registered in the BS and obtain explanations
  - Ask detailed information on booked penalties for the last 2 years
  - Check when tax-holiday (on import/profit) ends
- 3.K. Objective: Analyze cost-pricing Management (VIC & VLC) and operational control**
  - Determine how cost-price is calculated
  - Check for the current period if standard costs by process (VIC/VLC) exist and are regularly updated
    - updating done with consideration of historical cost trends; company plans and agreed action programs?
  - Verify the existence of cost-price reporting
  - Verify the existence of variance reports on main cost types
    - Issued to responsible Management?
    - Analyze & action performed?
    - Do reports place variances against standard costs?
      - do variance accounts show substantial differences to standard costs?
      - are these differences appropriately commented and explained?
- 3.M. Objective: Ensure qualitative and timely Reporting (Country as well as IAS-accounting level!)**
  - Get an overview of the reporting calendar for both accounting levels

- Get a view on incoming & non-automated data used for reporting purposes (INPUT)
  - which departments are concerned?
  - verify the controls in place to check the consistency ;completeness and correctness of the information
- Determine the system applications used for reporting purposes (OUTPUT)
  - are they automated or manual (produced in excell sheets)?
  - quid output controls ?
- Verify if reporting due dates are respected
  - check the existence of bottlenecks in the reporting processes
- Verify the quality of reporting:
  - are reports supported by qualitative information comments?
  - do reports reflect the reality of the business and highlight abnormal trends?
- 3.N. Objective: Ensure that the Company's information is properly consolidated at Country level
  - Verify if a clear & transparant reconciliation process is put in place for the different functional levels & processes
    - Check the existence of procedures on consolidation level
      - Verify the procedures on timing; formalization and authorizations (signat.)
      - Check the reconciliation item through the different interviews
      - Check the different job descriptions on reconciliation responsibilities (scope-timing)
  - Verify the existence of differences and their treatment
    - Are there differences? (explained/unexplained)
    - Are there differences carried forward from month to month?
      - Check the importance of such differences and ask explanation
    - What happens in case of unexplained differences?
      - Is the booking of unsolved differences supported by a formal procedure and proper authorisations?
      - Check some bookings on authorisation compliance
  - Get evidence that the reconciliation exercise is executed according to the identified procedure(s)
    - ask for supporting documentation, showing that general ledger accounts are matched with all relevant sub-ledgers accounts
- 3.O. Objective: Ensure that accruals &

- ☐ provisions are properly treated
  - ☐ 3.O.1. Provisions:
    - ☐ Procedure(s) in place? Respected?
    - ☐ Are all provisions supported by underlying documentation?
    - ☐ Are provisions reviewed on a quarterly basis?
      - ☐ Are adjustments made to the existing provision with clear evidence of disclosure?
    - ☐ Are standard provisions made in line with A/R policy?
  - ☐ 3.O.2. Accruals:
    - ☐ Procedure(s) in place to collect, monitor & calculate accruals?
    - ☐ Procedure(s) in place to establish & monitor information on accruals at the end of an accounting period?
      - ☐ Are accruals reasonably documented?
    - ☐ New Workstep
    - ☐ New Workstep
- ☐ 4. VARIOUS
  - ☐ 4.1. Code of conduct
    - ☐ check the distribution levels of the company's "code of conduct"
    - ☐ check which version of the company's "code of conduct" has been distributed and in which language
    - ☐ check if personnel did receive a copy of the company's "code of conduct"
    - ☐ check if personnel is aware of the content of the company's "code of conduct"
    - ☐ check how enforcement and compliance with the company's "code of conduct" is organized by Senior Management
    - ☐ notify any infraction on the company's "code of conduct" identified during the Audit
    - ☐ identify if recent cases of infraction have been detected and how they have been treated
  - ☐ 4.2. Training
    - ☐ How are training needs determined?
    - ☐ Review the training budget 2002 and used budget part
    - ☐ Is allowed budget perceived as sufficient?
    - ☐ Define the real training needs by function
  - ☐ 4.3. ICT
    - ☐ Verify the IT education of the users (correct use of Efas; PC's....)
    - ☐ Review the current & planned developments within <it system> or related to <it system>
    - ☐ Obtain access profiles by separate F&A-function
      - ☐ Verify if segregation of duties is assured
      - ☐ Verify if accesses are updated & reviewed on a regular basis
  - ☐ 4.4. External Auditor
    - ☐ overview of the external audits 2002

- get a copy of the related reports and also on the certification of year 2001 accounts
- focus on issue reviewing ; reco's & related action-taking or planning for :
  - F/A, including valuation aspect
  - Taxes (lprofit; local; deferred)
  - consolidation report package Q3
- 4.5. Updating previous audits
  - Customer Service -Audit
  - GR & Integration Audit
  - Purchasing Audit
  - HR-Audit
- EX/CL Conclude the Audit/Reporting
  - Perform final working paper review
  - Draft report of findings and recommendations
  - Conduct closing meeting
  - Issue final report
  - Obtain client satisfaction survey
- Associate relevant output
- Send <internal audit system> file to relevant process owners
- Archive the <internal audit system> general review file