

































**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