

## WORK PROGRAM

**Company** :  
**Section** : Purchasing and Payment (Expenditure Cycle)  
**Year** :

RISKS	AUDIT OBJECTIVES	AUDIT STEPS/TESTS	Working Paper Ref.
<p>Unauthorised purchases are made. May lead to disputes.</p>	<p><b><u>OVERALL OBJECTIVES</u></b></p> <ol style="list-style-type: none"> <li>1. Purchases are proper charges to company.</li> <li>2. Payments are properly supported and authorised.</li> <li>3. The payee has received cheque payments.</li> <li>4. Purchases and cheque payments have been correctly recorded in the books.</li> </ol> <p>Authorisation based on limits of authority or company policies</p>	<p><i>Note: Program based on presumed or anticipated conditions. If program is changed as a result of conditions found in the field, document the change accordingly.</i></p> <ol style="list-style-type: none"> <li>1. Prepare/update transaction flowchart/system notes.</li> <li>2. Review and update the work program.</li> <li>3. Determine and document population and sample size.</li> <li>4. By observation and discussion with key personnel, identify change, if any, to existing internal controls.</li> <li>5. Select _____ items from Payment Vouchers.</li> </ol> <p><b>6. Requisitioning and Purchasing</b></p> <ol style="list-style-type: none"> <li>a) Trace to and ensure Purchase Requisition Form (PRF) is approved.</li> <li>b) Compare PRF and purchase order (PO) to ensure that only requested items are purchased.</li> <li>c) Ensure authorised personnel approve the supplier based on limits of authority.</li> </ol>	

<b>RISKS</b>	<b>AUDIT OBJECTIVES</b>	<b>AUDIT STEPS/TESTS</b>	<b>Working Paper Ref.</b>
<p>1. The goods are not ordered or specifications not complied with.</p> <p>2. Understatement of goods received in the records.</p> <p>3. Inaccuracy of items recorded.</p> <p>1. Purchases are invalid charges to the company</p> <p>2. Purchases not properly recorded</p> <p>3. Legal actions taken by suppliers</p> <p>1. Unauthorised payments are made</p>	<p>1. Ownership of the goods received</p> <p>2. Completeness of items recorded</p> <p>3. Accuracy of items recorded</p> <p>1. Claims by suppliers are valid</p> <p>2. Accuracy and completeness</p> <p>3. Company not exposed to legal action</p> <p>1. Payments properly prepared and authorised</p>	<p><i>Note: Program based on presumed or anticipated conditions. If program is changed as a result of conditions found in the field, document the change accordingly.</i></p> <p><b>7. Receiving (including quality control)</b></p> <p>a) Match PO with supplier's DO.</p> <p>b) Ensure there is indication of receipt and adequate inspection of goods received.</p> <p>c) Trace to expense account to ensure that the items are properly taken up.</p> <p><b>8. Accounts payable</b></p> <p>a) Trace to General Ledgers (GL), and check suppliers' original invoices / bills. For progress claims from contractors, check to Certificate from Consultant.</p> <p>b) Ensure any accruals are promptly recorded in the accounts.</p> <p>c) Ensure progress claims are as per agreement with Contractor.</p> <p>d) For variation order, ensure it is supported and approved by authorised personnel.</p> <p>e) Review Creditors List' ageing for long outstanding liabilities.</p> <p><b>9. Payments</b></p> <p>a) Ensure pre-numbered payment vouchers (PV) are used.</p>	

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<p>2. Credit terms granted by suppliers not utilised</p> <p>The documents are used for unauthorised purposed</p> <p>Abuse of power and fraud</p> <p>Understatement of Liabilities</p> <p>1. Favouritism</p>	<p>2. Payments properly supported</p> <p>3. Accuracy and completeness</p> <p>To ensure completeness</p> <p>To ensure proper authorisation and execution of transactions</p> <p>To ensure all transactions are recorded on timely basis</p> <p>To ensure competitive</p>	<p><i>Note: Program based on presumed or anticipated conditions. If program is changed as a result of conditions found in the field, document the change accordingly.</i></p> <p>b) Ensure PVs are properly supported by original supporting documents and approved.</p> <p>c) Supporting documents are verified/checked and approved for payment.</p> <p>d) Payments are properly recorded in the cash book.</p> <p>10. For _____ months, check serial continuity of:</p> <p>a) PR</p> <p>b) PO</p> <p>c) Payment vouchers</p> <p>d) Debit notes</p> <p>11. Ensure the following functions are segregated:</p> <p>a) Between ordering, receiving, account payable.</p> <p>b) Between cheque preparation, approval of payment vouchers and signing of cheques</p> <p>12. Examine system of reconciliation of creditors' ledger balances with creditors' statements. Ensure that:</p> <p>a) Statements are obtained timely from all suppliers and reconciled.</p> <p>b) Proper procedures are being followed for all reconciling items.</p> <p>13. Review panel of suppliers (if any) for effort to develop new</p>	

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<p>2. Company does not obtain competitive pricing</p> <p>Conflict of interest</p> <p>Important and relevant information are not stated</p>	<p>pricing is obtained</p> <p>To ensure no conflict of interest</p> <p>To ensure forms are used optimally</p>	<p><i>Note: Program based on presumed or anticipated conditions. If program is changed as a result of conditions found in the field, document the change accordingly.</i></p> <p>suppliers sources.</p> <p>14. Determine whether there is a policy with respect to acceptance of gifts from suppliers.</p> <p>15. Review agreement with suppliers.</p> <p>16. Review the forms used (PR, PO, PV etc) for utilisation and adequacy of space for information to be recorded.</p> <p>17. Other steps</p> <hr/> <hr/> <hr/> <hr/> <p>18. Clear review points.</p> <p>19. Prepare 'Report on Deficiency Finding' (if any).</p>	
<p>Prepared by : _____ Date : _____</p> <p>Reviewed by : _____ Date : _____</p>			