

Internal Audit Division

AUDIT:	VAT	PREPARED BY:	
CYCLE:	Revenue	DATE:	
SUBJECT:		REVIEWED BY:	
YEAR:	2001	DATE:	

Audit Objective

- Accuracy (A)
- Completeness (C)
- Validity (V)

Audit Procedures

Through interviews obtain understanding of the process applied in accounting for VAT. Ensure the following:

1. Clear guidance is available to all relevant staff processing accounts payable.
2. VAT returns have been completed and submitted timely.
3. Regular independent checking and reconciliation of tax summaries and tax analyses back to total tax values processed through source systems.
4. Review the reconciliation performed when accounting for the input and output VAT.
5. Obtain a download from JDE and verify the following:
 - 5.1. Sales order processing system automatically generates correct tax values by reference to the particular customer or type of goods or service.
 - 5.2. VAT correctly calculated based on the rate applicable.
6. Select a sample of accounts payable and verify the ff:
 - 6.1. Payment was based on an original invoice clearly marked 'Invoice'.
 - 6.2. The supplier is registered for VAT i.e. VAT Registration Number on the invoice.
 - 6.3. The goods/services qualify as taxable supply.
 - 6.4. VAT is correctly calculated.
 - 6.5. Invoices supporting expenditure all checked to ensure that they are in a valid format and that company is reclaiming input tax.
7. Computer system validates mathematical integrity of VAT numbers.
8. Download the customer master file and investigate whether all customers are set up for VAT and for the correct rate as per country.
9. Perform system integrity checks on vat indicators on the system menus.
10. Audit acquisition and disposal of capital assets and /or improvements transactions processed during the period under review and check the vat calculations for accuracy.
11. Re-perform vat calculations for 'Fringe Benefit ' and 'entertainment ' and other such transaction processed which should be non-vatable,etc.

Fieldwork