

Sample Audit Procedures Worksheet

Use this worksheet to help you conduct an audit of a small P&C, that is, a P&C which does not require an auditor to hold any particular qualifications. This is detailed on the Annual Return form as required by the Office of Regulatory Services to be associations:

- with gross receipts and/or assets which do not exceed \$400,000 and
- with fewer than 1000 members and
- do not have a licence issued under the ACT Liquor ACT 2010.

Please also refer to the Associations Incorporations Act 1991. Section 72(2) which lists what the audit must cover.

General Information

Name of Association	
Treasurer Name	
Treasurer Email	
Treasurer Phone number	
Cash or Accrual	
Are they registered for GST	
Do they run a uniform shop	
Do they run a Canteen	
Do they run before/after school care service	
Do they run any other services	
Do they employ staff	
What are major fundraising activities	
What is stated in constitution with regards to financial management:	

Testing of income

Briefly document Income process Note any risks/areas of weakness	
Ensure total of receipts ledger matches amount in financial statements	
Select sample items from cash receipts book <ul style="list-style-type: none">• Agree to stamped bank deposit and bank statement• Ensure amount is correctly recorded in correct accounting period in the receipts ledger or accounting system, eg. MYOB	

Testing of Expenses

Briefly document process for approval of spending and disbursement of funds	
Ensure total of the payments book matches the total in the financial statements.	
Select sample transactions from cash payments book <ul style="list-style-type: none">• Ensure that there is a valid tax invoice or other valid supporting documentation on file• Ensure payment was approved as required by constitution. Eg. check minutes for approved spending.• Check amounts of transaction to bank statements• Check payment has been classified correctly• If registered for GST ensure GST has been correctly classified	
Check for any large transactions or items that stand out as unusual – check these to source documents and check with treasurer if necessary to explain anomalies.	

Testing of Cash at Bank

Who are the bank signatories?	
How many signatories required to approve payments?	
Are there regular bank reconciliations completed?	
Review samples of bank reconciliations during the financial year. <ul style="list-style-type: none"> • Check opening and closing balances to bank statement • Check additions are correct • Look for any large or unusual reconciling items • Look at unpresented cheques and see that they were presented after the reconciliation date. 	
Ensure the closing balance of cash at bank matches the bank statement adjusted for unpresented cheques and outstanding deposits	

Testing of Fixed Assets

Agree total of fixed assets register to financial statements	
Check purchases of assets to invoice and bank statements to ensure it has been classified correctly. In an ideal world it would be good to sight any large assets and ensure that they are in working order – this could be done by getting email confirmation from a teacher/parent at the school?	
Check disposal of assets to any source documentation. Ensure profit/loss on sale of asset has been calculated correctly.	
Check calculations to ensure that depreciation rates (and hence depreciation expense) are correct and that figures are consistent with prior year calculations Refer to ATO website for common rates https://www.ato.gov.au/Forms/Guide-to-depreciating-assets-2014-15/ Specifically page 39.	
Check that assets are insured appropriately. View insurance certificate.	

Testing of Stock on Hand/Inventory

Briefly document inventory system for purchasing and receiving inventory. How is inventory valued? Are regular stocktakes performed?	
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Obtain final stock listing and analyse whether reasonable. (In comparison to last year, in comparison to rate of sales).	
Select sample of inventory and agree back to invoice to check original price.	
Risk of obsolete or damaged stock? E.g. red foods, out of date food, old uniform style etc.	

Testing of Wages and Salaries

Briefly document payroll system, timesheets, bank approval etc.	
Check that hourly rate being paid matches to the employee contract or award rate (whichever applies)	
Using total wages and salary expenses, review superannuation, PAYG and workers compensation insurance to ensure values seem reasonable.	
Check calculations for Long service leave and annual leave, if applicable. Ensure provisions seem appropriate.	
Take a sample of payroll from the bank statement and follow back to source documentation such as timesheet.	

Grants

Discuss terms of grant with treasurer – sight any paperwork available	
Ensure funds have been spent in line with the terms of the grant. – Check to original invoices.	

Testing of debtors ledger

Agree total of the debtors ledger to the financial statements	
Testing of Debtors should include: 1. Agree total of the debtors ledger to the financial statements 2. Assess whether the recovery of any debtors is doubtful by: <ul style="list-style-type: none"> • reviewing the age of the debt; • reviewing subsequent receipts between the end of the financial year and date of testing; • understanding the history of debtors being written off 	

Testing of creditors ledger

Agree total of the creditors ledger to the financial statements	
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Testing of creditors should include:

- assess whether there are any invoices that relate to the financial year being audited that have not been paid and hence need to be recorded as a creditor
- review subsequent payments between the end of the financial year and date of testing to determine whether any relate to the financial year being audited and hence should be recorded as a liability at year-end

What if you find errors?

Take a larger sample size to try to determine if this is a regular occurrence and there is a pattern or if it is just once-off error.

If there are many errors, discuss controls with treasurer/President.

It is ok to say that you don't feel comfortable signing off an association's figures.