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| **Client:** | **${client}** | |
| **Period end date:** | **${start} - ${end}** | |
| **EGA title:** | \*Audit Program – Dividend Payable | |
| **Ref. no.:** |  | |
| **Prepared by:** | ${user} | **Date:** |
| **Approved by Manager:** | ${manager} | **Date:** |
| **Approved by Partner:** | ${partner} | **Date:** |

The engagement team followed this audit program in the audit of dividend payable. Where applicable, the audit program was tailored and bespoke audit procedures were added.

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| **Audit objectives** | **Assertions** | **Risk assessment** | | |
| **IR** | **CR** | **CRA** |
| 1. Dividend payable is completely (entire liability against dividend payable is accounted for) and accurately recorded. | CA |  |  |  |
| 1. All recorded dividend payable actually exists. | E |  |  |  |
| 1. Dividend payable recorded represents obligations of the entity i.e. amount owed by the client to shareholders of the client. | R |  |  |  |
| 1. Dividend payable is recorded at appropriate values. | V |  |  |  |
| 1. Ensure compliance with laws and regulations. | Laws and Regulations |  |  |  |
| 1. Dividend payable is presented and all disclosures have been given in accordance with the Fourth/Fifth Schedules of the Companies Act, 2017 and relevant IAS/IFRS. | OCALRVU |  |  |  |
| **Audit procedures which satisfy audit objectives** | **Links** | | **Ref. no.** | |
| **Test of Controls** | | | | |
| 1. Document the key elements of understanding of the process, including activities in relation to: 2. Initiation and authorization; 3. Recording and processing of relevant transaction(s) and relevant I.T. applications, if any; and 4. Preparation of relevant disclosures.   Evaluate the design of system of internal control by enquiring relevant client personnel and documenting the same (if documented system manual has not been developed by the client). A walk through test would be necessary to confirm the understanding as documented. Identify the preventive (exercised before occurrence of transactions and event) and detective (exercised after occurrence of transactions and event) controls established by management to support its claims and determine whether they have been implemented. |  | |  | |
| 1. To test their effective operation, check on sample of selected transactions covering the whole period that all preventive controls are exercised on all transactions. |  | |  | |
| 1. To test their effective operation, check on a sample of transactions that detective controls are exercised and in case of any detection of fraud/error, proper steps have been taken to avoid recurrence of the same. |  | |  | |
| 1. Check that proper subsidiary ledger has been maintained and entries are made in the same on prompt and consistent basis and the same is reconciled with general ledger. |  | |  | |
| 1. Ensure that management does not override the designed controls by: 2. Enquiring from the designated staff person; and 3. Remaining skeptical during performing test of design and test of effective operation. |  | |  | |
| 1. Ensure that reliance on the testing of controls at the interim stage or in earlier years is only relied upon where it is appropriate to do so. |  | |  | |
| 1. Document the conclusion after performing test of controls and required level of assurance from substantive procedures. |  | |  | |
| **Test of Details** | | | | |
| 1. Obtain dividend payable trial balance/ movement schedule. Test the summarization and the reconciliation of the total to the general ledger. Trace significant reconciling items, if any, to supporting documents. |  | |  | |
| 1. Trace opening balances from dividend payable’s subsidiary records, general ledger and last year’s working papers. |  | |  | |
| 1. In case of initial audit engagements: 2. Read the most recent financial statements, if any, and the predecessor auditor’s report thereon, if any, for information relevant to opening balances, including disclosures. 3. Obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period’s financial statements by: 4. Determining whether the prior period’s closing balances have been correctly brought forward to the current period or, when appropriate, have been restated; 5. Determining whether the opening balances reflect the application of appropriate accounting policies; and 6. Performing one or more of the following: 7. Where the prior year financial statements were audited, reviewing the predecessor auditor’s working papers to obtain evidence regarding the opening balances; 8. Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances; or 9. Performing specific audit procedures to obtain evidence regarding the opening balances. 10. If the evidenced that the opening balances contain misstatements that could materially affect the current period’s financial statements, then perform such additional audit procedures as are appropriate in the circumstances to determine the effect on the current period’s financial statements. If concluded that such misstatements exist in the current period’s financial statements, then communicate the misstatements with the appropriate level of management and those charged with governance. 11. Obtain sufficient appropriate audit evidence about whether the accounting policies reflected in the opening balances have been consistently applied in the current period’s financial statements, and whether changes in the accounting policies have been appropriately accounted for and adequately presented and disclosed. |  | |  | |
| 1. Obtain a list of members of the company as at the book closure date. |  | |  | |
| 1. Obtain copy of the board resolution to verify the rate of the dividend (interim and final) announced. |  | |  | |
| 1. Check that Zakat has been deducted at source and deposited in the Central Zakat Fund under the provisions of the Zakat and Ushr Ordinance, 1980. Ensure that the opinion paragraph contained in the auditors’ report is updated with regard to the reporting on the matters relating to Zakat and is properly supported. |  | |  | |
| 1. Check that income tax has been deducted from dividend under the provisions of the Income Tax Ordinance 2001. |  | |  | |
| 1. Ensure that amount of dividend payable is kept in a separate bank account prior to payment. |  | |  | |
| 1. Ensure that dividend warrants are issued in the name of registered shareholders or to their order. |  | |  | |
| 1. Check payment of the dividend (i.e. dispatch of the dividend warrant) has been made within the time period as required by Companies Act, 2017. |  | |  | |
| 1. Ensure that any unpaid/unclaimed amount of dividends is adequately accounted for and disclosed. |  | |  | |
| 1. Ensure that dividends are paid out of profits and no dividend is paid out of proceeds of sale or disposal of any immovable property/ asset of capital nature. |  | |  | |
| 1. Ensure compliance with Foreign Exchange Act, 1947 including nomination of authorized dealer and permission from SBP for purchase of foreign exchange for remittance of dividend to foreign shareholders. |  | |  | |
| 1. Ensure that closing balances as per our working papers are in match with the general ledger. |  | |  | |
| 1. Determine that disclosures have been made in accordance with the requirements of Fourth/Fifth Schedule to the Companies Act, 2017 and the applicable IAS/IFRS. |  | |  | |
| **Substantive Analytical Procedures** | | | | |
| 1. Compare current year percentage of declaration to last year’s and ensure that any significant variation should be properly and logically reasoned. |  | |  | |
| 1. Determine whether the declaration is consistent with the profits of the company. |  | |  | |