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| **Client:** | **${client}** | |
| **Period end date:** | **${start} - ${end}** | |
| **EGA title:** | \*Audit Program – Fixed Assets (Tangible, Intangible and CWIP) | |
| **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 fixed assets (tangible, intangible and CWIP). 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. Fixed assets are completely and accurately recorded. | CA | |  | |  | |  |
| 1. All recorded fixed assets actually exist. | E | |  | |  | |  |
| 1. Fixed assets recorded are owned by the client and title is also in the name of client. | R | |  | |  | |  |
| 1. Fixed assets are recorded at appropriate values. | V | |  | |  | |  |
| 1. Depreciation/amortization/impairment/ gain/loss on disposal has been appropriately accounted for and disclosed. | OCATL | |  | |  | |  |
| 1. Fixed assets are 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 fixed assets register has been maintained and entries are made in the register on prompt and consistent basis and the same is reconciled with general ledger and that assets are physically verified on periodical basis. |  | | |  | | | |
| 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 movement schedule of tangible and intangible fixed assets and capital work-in-progress and for cost, accumulated depreciation and impairment. Check casting and cross casting of the schedule. |  | | |  | | | |
| 1. Trace opening balances from fixed assets register, 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. Make a selection of fixed assets held by client at year end and physically inspect them to ensure that: 2. Asset exists and is held by the client. Also check for fixed asset tagging. 3. Remaining useful life appears to be correct. 4. No new/further impairment is needed. |  | | |  | | | |
| 1. For selected additions during the current period: 2. For purchases in current year, check capital expenditure authorization and approval. 3. Check vendor’s invoice. 4. Review the entity’s capitalization policy and check whether the assets are recognized as per the criteria laid by the policy. Ensure that additions to fixed assets do not include any amount of a nature of revenue expenditure. 5. Ensure that where full payment has not been made for what so ever reason, asset is recorded at full purchase price and balance has been recognized as liability. |  | | |  | | | |
| 1. For selected assets disposed-off during the current period: 2. Check authorization and approval. 3. Check documents supporting amounts for which assets were sold e.g. bank statements and/or cash receipts. 4. Ensure that where full payment has not been made for what so ever reason, asset is derecognized at full carrying value and balance has been recognized as receivable. 5. Calculate gain or loss on disposal of fixed assets. |  | | |  | | | |
| 1. Inspect evidence of ownership e.g. property documents, vehicle registration, machinery import documents etc. |  | | |  | | | |
| 1. To check depreciation expense: 2. Determine the appropriateness and reasonableness of accounting policy and depreciation method, rates and their consistency with prior years. 3. Check calculation of depreciation of selected assets. 4. Assess the reasonableness of allocation to manufacturing costs, administration cost etc. |  | | |  | | | |
| 1. Ensure that any subsequent addition should be depreciated over remaining useful life and not simply depreciated by applying the depreciation rate. |  | | |  | | | |
| 1. Ensure that none of the assets is impaired or the recoverable amount of an asset is not less than its carrying amount. If the carrying amount of an asset is more than its recoverable amount, that same should be reduced to recoverable amount recognizing the reduction as impairment loss. |  | | |  | | | |
| 1. Inquire about or review the information in prior year working papers concerning the nature of each significant intangible asset and the policies and procedures used to account for them. Determine whether the accounting treatment is correct and applied consistently. |  | | |  | | | |
| 1. Ensure that all intangible assets fully comply with the definition (identifiable, control and flow of economic benefits) and recognition criteria of the IAS 38 i.e. flow of economic benefits to enterprise is expected in future, and cost of the asset may be determined. |  | | |  | | | |
| 1. For selected intangibles additions during the year: 2. Check approval in board meeting and obtain authorization or minutes of board meeting. 3. Trace the recorded value to supporting documents e.g. independent valuation for purchases in current year. |  | | |  | | | |
| 1. For selected intangible assets disposed-off during the year: 2. Check disposals approval and obtain documents authorizing disposal. 3. Check documents supporting amounts for which intangible assets were sold e.g. bank statements and/or cash receipts. 4. Calculate gain or loss on sale of assets. |  | | |  | | | |
| 1. To check amortization expense: 2. Determine that client's accounting policies for amortization are appropriate and reasonable and applied consistently. 3. Check the calculation of amortization of selected intangible assets. 4. Assess the reasonableness of allocation to manufacturing costs, administration cost etc. |  | | |  | | | |
| 1. Ensure that any subsequent addition should be amortized over remaining useful life and not simply amortized by applying the amortization rate. |  | | |  | | | |
| 1. See that intangible assets with indefinite life are subject to impairment review. |  | | |  | | | |
| 1. Ensure that none of the intangibles is impaired or the recoverable amount of an intangible is not less than its carrying amount. If the carrying amount of an intangible is more than its recoverable amount, that same should be reduced to recoverable amount recognizing the reduction as impairment loss. |  | | |  | | | |
| 1. For selected additions in leased assets during the year, check from lease agreements that the lease is a finance lease in substance. |  | | |  | | | |
| 1. Ensure that depreciation on leased assets is calculated on the same rates as for owned assets.   If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the assets should be fully depreciated over the shorter of the lease term or its useful life. |  | | |  | | | |
| 1. For selected additions to CWIP during the year: 2. Check approvals and authorizations. 3. Check supporting documents like vendors' invoices, contractor bills, and other evidences. |  | | |  | | | |
| 1. For selected transfers to fixed assets during the year, check contractor certificates of completion of project and proper authorization and approval thereof and examine the stage of completion. |  | | |  | | | |
| 1. For items stuck-up for considerable period of time, inquire about its status from the management. Compute provisions if required and ask for management representations. |  | | |  | | | |
| 1. In case of revalued assets ensure that: 2. Entire class of assets has been revalued on periodical basis. 3. Calculation of revaluation surplus/deficit has been based on revaluation reports. 4. The valuation has been carried out by renowned valuers. 5. Any asset's revaluation results in deficit should not be adjusted against other assets' surplus but should be immediately charged. 6. Depreciation is charged on revalued amount and remaining useful life. 7. Revalued amount and incremental depreciation should be transferred to other comprehensive income. |  | | |  | | | |
| 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. |  | | |  | | | |
| 1. Select significant accounting estimates for testing: 2. Those that are subject to high estimation uncertainty; and 3. Those that are based on methods, assumptions and data and selection of management’s point estimate and related disclosures for inclusion in the financial statements affected by high complexity, subjectivity, or other inherent risk factors. |  | | |  | | | |
| 1. Perform a retrospective review of significant accounting estimates reflected in the financial statements of the prior year to review the outcome of accounting estimates included in prior period financial statements or, their subsequent re-estimation for the purpose of the current period. |  | | |  | | | |
| 1. Consider the results of this retrospective review in evaluating the current year estimates. If we identify a possible bias on the part of management in making prior year accounting estimates, we should evaluate whether circumstances producing such a bias represent a risk of a material misstatement due to fraud. |  | | |  | | | |
| 1. Consider whether differences between estimates best supported by the audit evidence and the estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the management. If so, reconsider estimates taken as a whole. |  | | |  | | | |
| 1. Inquire and consider available evidence, if any, to identify all related parties. Obtain a schedule of related party balances and determine that all identified related parties with balances at year end are included in the schedule. Trace the amounts in the schedule to the trial balance. |  | | |  | | | |
| 1. Determine that the economic substance of the related party transactions and balances supports their recording. |  | | |  | | | |
| 1. Evaluate the appropriateness of presentation and disclosure of related party transactions and balances. |  | | |  | | | |
| 1. Consider circularizing direct confirmation requests for positive confirmation of material balances with related parties. |  | | |  | | | |
| 1. If significant transactions that are outside the normal course of business or that otherwise appear to be unusual, are identified, inspect the underlying contracts or agreements, if any, and evaluate whether: 2. Whether the business rationale (or the lack thereof) suggests that the transactions may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. 3. The terms of the transactions are consistent with management’s explanations; and 4. The transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. |  | | |  | | | |
| 1. Check that such transactions have been appropriately approved and authorized. |  | | |  | | | |
| 1. If management has made an assertion in the financial statements to the effect that the related party transaction was conducted on an arm’s length basis, obtain evidence about the assertion. |  | | |  | | | |
| 1. Consider whether the transactions involve previously unidentified or undisclosed related parties or parties that do not have the substance or the financial strength to support the transaction without assistance from the client. |  | | |  | | | |
| **Substantive Analytical Procedures** | | | | | | | |
| 1. Document logical commercial reasons for major additions and disposals made during the year and check whether the additions are in accordance with the objects of the company. |  | | |  | | | |
| 1. Assess the appropriateness of depreciation/amortization method and rate in view of the flow of economic benefits and useful life of the assets. Moreover, assess the reasonableness of depreciation expense by applying depreciation rate to closing cost/ carrying value as per the method adopted. |  | | |  | | | |
| 1. Compare current year balances and expenses with last year balances and expenses and ensure that any significant variation should be properly and logically reasoned. |  | | |  | | | |