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| --- | --- | --- |
| **Client:** | **${client}** | |
| **Period end date:** | **${start} - ${end}** | |
| **EGA title:** | \*Audit Program – Payroll | |
| **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 payroll. 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. Salaries and other benefits are completely and accurately recorded. | CA |  |  |  |
| 1. All recorded salaries and other benefits actually occurred during the year. | O |  |  |  |
| 1. Salaries and other benefits are recorded in the correct period and there are no cut-off issues. | T |  |  |  |
| 1. Salaries and other benefits have been appropriately classified in proper head. | L |  |  |  |
| 1. Salaries and other benefits are presented and all disclosures have been given in accordance with the Fourth/Fifth Schedules of the Companies Act, 2017 and relevant IAS/IFRS. | Presentation and Disclosure |  |  |  |
| **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. Review selected personnel files and check whether documentation is sufficient and as per client policy. |  | |  | |
| 1. Obtain list of joiners and leavers and review selected joiners’ and leavers’ files and check whether documentation is sufficient and as per client policy. |  | |  | |
| 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 schedule of all salaries and other benefits for the year. Check casting and computation of the same. |  | |  | |
| 1. Obtain evidence for the bonus and increments approved during the year. |  | |  | |
| 1. Prepare an expected salary expense for the year by extrapolation of salary for a specified month and compare the result with the actual salary expense for the year. Enquire management of the reasons for material variations, if any. |  | |  | |
| 1. Obtain payroll register and for selected employees, perform recalculation. |  | |  | |
| 1. Check on sample basis, the salaries disbursed during the year, including the income tax withheld thereon. |  | |  | |
| 1. Check if the income tax deducted on salaries has been timely deposited with taxation authorities. Further check if any regulatory payment has been made on time. |  | |  | |
| 1. Check the classification of payroll and ensure that all salary expenses are classified under proper head e.g. administration, operating etc. |  | |  | |
| 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 expenses with last year expenses and ensure that any significant variation should be properly and logically reasoned. |  | |  | |