|  |  |  |
| --- | --- | --- |
| **Client:** | **${client}** | |
| **Period end date:** | **${start} - ${end}** | |
| **EGA title:** | \*Audit Program – Surplus on Revaluation | |
| **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 surplus on revaluation. Where applicable, the audit program was tailored and bespoke audit procedures were added.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Audit objectives** | **Assertions** | **Risk assessment** | | |
| **IR** | **CR** | **CRA** |
| 1. All transfers to and from surplus on revaluation are completely and accurately recorded. | CA |  |  |  |
| 1. Surplus on revaluation represents valid gains on revaluation of fixed assets. | ER |  |  |  |
| 1. Surplus on revaluation is recorded at an appropriate value. | V |  |  |  |
| 1. Surplus on revaluation 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 surplus on revaluation (showing assets wise detail, cost of the assets, revalued amount) 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 surplus on revaluation’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 listing of all the assets that have been revalued and consider the following: 2. Reasons for revaluation; 3. The professional competency, capability, objectivity and experience of the valuer; 4. Method used; 5. Significant assumptions made; 6. Data used; 7. Date and year of revaluation; 8. Amount of revaluation; and 9. Treatment of revaluation surplus/deficit. |  | |  | |
| 1. Check that the increase in value of the assets has been transferred to a separate account called “surplus on revaluation of fixed assets”. |  | |  | |
| 1. Examine the valuer’s report to ensure the correctness of revalued amount of the fixed assets and ensure independence of the valuer and check appropriateness and reasonableness of assumptions and data used by valuer. |  | |  | |
| 1. Check that the surplus on revaluation of the fixed assets has been applied: 2. Only to the extent actually realized on disposal of revalued assets. 3. On setting-off any deficit arising from the revaluation of any other fixed assets of the client. |  | |  | |
| 1. Check incremental depreciation transferred from surplus to unappropriated profit/ accumulated loss. |  | |  | |
| 1. Examine the revaluation policy in respect of property, plant and equipment and ensure that it is being consistently applied as per requirements of IAS 16 and IAS 36. |  | |  | |
| 1. Check compliance with the requirements of IAS 12 in respect of deferred tax on surplus on revaluation of fixed assets. |  | |  | |
| 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 balances with last year balances and ensure that any significant variation should be properly and logically reasoned. |  | |  | |