

Audit Programme - Receivables

Client Details

Company:	
Division:	
Audit Location (Complete Address):	
Date of Start:	
Date of Completion:	

Audit Team Details

Audit Team Leader (With qualifications) :	
Audit Team Members (With Position):	
Target Audit Time :	

Control Objective(s)/Assessed Risks:

- (a) To ensure that all income generating activities are identified and accurately invoiced to customers;
- (b) To ensure that all invoices are paid and the income is correctly is identified and accounted for and reflected in the accounts;
- (c) To minimise the extent of debt and provide for the prompt follow-up of overdue accounts; and
- (d) To maintain the integrity of the Accounts Receivable system and data.

AUDIT WORKING SHEET

Seq.	Risk/Control Issue	Present State of the Current Control/Measure	Effective Yes / No	Compliance Testing	Substantive Testing	Weakness to Report	Tests Conducted BY
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1	Key Issues						
1.1	How can management be assured that all goods delivered and services performed are identified and duly invoiced to customers?						
1.2	What steps are taken to avoid trading involvement with financially unstable or unsuitable customers?						
1.3	What procedures ensure all the required invoices are correctly raised using the appropriate prices and discounts, and that they are recorded, despatched, and accounted for within the accounting system?						

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1.4	How can management be certain that all customer remittances are correctly identified, recorded and accounted for?						
1.5	Are management provided with adequate, timely and accurate information on potential and actual debt cases to enable them to promptly react?						
1.6	Are overdue accounts promptly identified and effectively progressed?						
1.7	Are output VAT or equivalent sales taxes correctly and consistently applied in accordance with the prevailing legislation?						

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2	Detailed Issues						

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2.1	Are all goods and services provided by the organisation accurately identified as the basis for subsequent customer billing?						
2.2	How can management be certain that all invoices are raised using the correct/appropriate prices and discounts?						
2.3	What processes prevent the generation of duplicate invoices?						
2.4	What would prevent the generation and despatch of an incorrectly completed invoice?						
2.5	Are all invoices and credit notes identified and accounted for?						

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2.6	Are all invoices and credit notes correctly posted to an individual customer account?						
2.7	What steps are taken to ensure that the correct rate of output VAT (or equivalent sales tax) is applied to all relevant invoices?						
2.8	What mechanisms ensure that all the required invoices are printed and promptly despatched to customers?						
2.9	Are potential customers appraised for credit worthiness and financial stability prior to trading relations being established?						
2.10	What other measures are taken to prevent future bad debt situations?						

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2.11	Are there adequate procedures for the authorisation and setting of realistic customer credit limits?						
2.12	How can management be certain that agreed credit limits are not exceeded?						
2.13	What action is taken if an invoice is returned as undelivered by the postal service?						
2.14	How can management be assured that all invoice values are posted to the Accounts Receivable system?						
2.15	What prevents staff raising invalid or false credit notes in order to manipulate an account?						

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2.16	Are all credit notes checked for validity/accuracy and authorised by an appropriate member of staff?						
2.17	Are all credit notes accounted for and confirmed as despatched?						
2.18	Are all other account adjustments authorised as valid and confirmed as being processed?						
2.19	Are all Accounts Receivable transactions accurately reflected in the General Ledger for the appropriate accounting period?						
2.20	How can management be assured that all customer remittances are identified, accounted for, correctly entered into the system						

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	against the relevant customer, and promptly banked?						
2.21	Is someone responsible for reconciling all transactions passing through the Accounts Receivable system to the relevant source and target systems?						
2.22	How can management be sure that the individual customer account balances are correct?						
2.23	Are customer remittances banked as soon as possible?						
2.24	Are queries raised by customers logged and promptly resolved?						
2.25	Are rejected or unidentified payments highlighted and						

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	promptly reacted to?						
2.26	Are unauthorised members of staff prevented from either accessing or amending the Accounts Receivable system and data?						
2.27	Are statements accurately produced for all relevant customers and confirmed as despatched?						
2.28	Have specific responsibilities been allocated for the speedy identification and follow up of overdue accounts?						
2.29	Are all overdue accounts (and those approaching being overdue) highlighted for action?						
2.30	Is adequate, accurate and timely information produced						

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	and circulated for debt follow up purposes?						
2.31	Are all reasonable and permitted courses of action taken to pursue outstanding accounts and how is the action taken evidenced?						
2.32	Are levels of bad debt accurately and regularly reported to management?						
2.33	Are all bad debt write offs authorised by an appropriate member of staff or management?						
2.34	Can invalid or false write off entries be processed?						
2.35	Are the more serious and significant bad debt cases adequately and cost						

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	effectively pursued?						
2.36	Are all transactions adequately trailed and supported by appropriate documentation?						
2.37	Have documented operational procedures been provided for the Accounts Receivable department?						
2.38	Have specific responsibilities and authorities been clearly defined and allocated?						
2.39	How is the accuracy of data input from other systems confirmed?						
2.40	How is the accuracy of data output to other systems confirmed?						

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AUDIT WORKING SHEET

SYSTEM INTERFACES FOR ACCOUNTS RECEIVABLE

It is unlikely that any activity or system will operate in complete isolation, but will need to interact with other data and systems in order to be fully effective. At a simple level, such interaction could relate to the input of data from a source system and the generation of amended or enhanced data which can be output to the next process. For example, taking coded transactions from an accounts payable system into the general ledger as the basis for subsequently producing management accounts information.

It is often at the point of interaction between systems where controls are critical. Auditors should be satisfied that the data moving between systems is consistent, complete and accurate, in order that the subsequent processes are undertaken upon a reliable basis.

The following table aims to plot, for the subject system of this Standard Audit Programme Guide, the potential interfaces with other systems which may require audit attention. Indicators are provided to differentiate between those interfaces which act as input sources to the subject system and those which are potential output targets. The "SAPG Ref." column records the reference number of the Programme Guide which addresses the issues for the related system

System	AWS Ref.	Input Source	Output Target	System	SAPG Ref.	Input Source	Output Target
Management Information	0103			Stock Control	0501		
Treasury	0201			Warehousing / Storage	0502		
General Ledger & Management A/Cs	0205			Sales Performance/Monitoring	0706		
Budgeting & Monitoring	0207			Warranty Arrangements	0801		
Bank Accounts / Arrangements	0208			Maintenance and Servicing	0802		
VAT Accounting (where applicable)	0209			Spare Parts and Supply	0803		
Inventories	0211						
Product / Project Accounts	0212						
Financial Information & Reports	0214						