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| **Company** | XYZ Limited | | **W/P Reference** | |  | |
| **Prepared By** | Mr. C |  | **Date** | | 2-Feb-2015 | |
| **Reviewed By** | Mr. B |  | **Date** | | 3-Feb-2015 | |
| **Period ended** | 31-Dec-2014 |  |  |  |  |  |

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| **Objective:** | To test controls to obtain sufficient & appropriate audit evidence as to the operating effectiveness of relevant controls. |
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| **Control ID:** | 1 |  |  |  |  |  |  |
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| **Control name:** | All related party transaction has been approved in Board Meeting. | | | | | | |
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| **How the control is performed:** | |  |  |  |  |  |  |
| All Purchase, sales and inter-company transfer of goods and service related transaction has been made with the discussion with the member of board of directors verbally and after every quarter end financials highlights has been placed including the related party transaction including their pricing arrangement. Then board approves the transaction and pricing. For working capital requirements and assets and liabilities transfer it was discussed in details in the board meeting and after analyzing the cost benefit analysis it was approved in the board meeting. Finally after approval from board respective company receives the payment or transfer. | | | | | | | |
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| **Nature of control :** | Manual | | | | | | |
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| **Frequency of control:** | Quarterly | | | | | | |
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| **Risk of failure:** | Low: risk of control failure is low as the control is performed by personnel who are experienced in performing this function and have good control consciousness, previous audits have not detected control deviations nor misstatements in the related significant accounts or disclosures and the control is a routine quarterly manual control. | | | | | | |
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| **Sample size:** | 2 |  |  |  |  |  |  |
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| **Sampling technique** | 2 specific quarter have been selected for testing. | | | | | | |
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| **Assertions:** | **Completeness** | **Occurrence** | **Accuracy** | **Valuation** | **Ownership** | **Presentation** |  |
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| **Test of Operating Effectiveness (TOE)** | | | | | | | |
| **Scope:** | <Interim> or <Final> | | | | | | |
| **Testing Procedures:** | Checked the meeting minutes of quarterly board meetings and observed whether related party transaction have been discussed and approved duly. | | | | | | |
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| **Testing:** |  |  |  |  |  |  |  |

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| **Sample No.** | **Quarter Name** | **Meeting date** |  |  | | |  | **Remarks** |
|  | | **Pricing** |  | **Approval** |
| 1 | Quarter-1 | 11-April-14 | 1. Purchase from XYZ formulation, XYZ Foods Ltd, Premiaflex Plastic Ltd, XYZ Salt Ltd. 2. Working capital requirement of XYZ health care Ltd, XYZ salt Ltd, Creative communications Ltd, XYZ Logistic Ltd, XYZ Pure Floor Ltd, XYZ Motors Ltd, | | Cost price plus profit  Interest free | 925,404,152  1,011,307,353 | Yes | Satisfactory |
| 2 | Quarter-4 | 22-Dec-14 | 1. Purchase from XYZ formulation, XYZ Foods Ltd, Premiaflex Plastic Ltd, XYZ Pure floor Ltd, 2. Working capital requirement of XYZ health care Ltd, | | Interest free  Cost price plus profit  Interest free | 150,000,000  455,523,657  101,307,353 | Yes | Satisfactory |

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| **Observations:** | No exception noted |  |  |  |  |  |

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| **TOE conclusion:** | Effective |  |  |  |  |  |

**Disclaimer: Dummy audit working files have been prepared and published to improve the quality of audit documentation of member firms providing audit services in Bangladesh. Member firms providing audit services should not assume these dummy working files as absolute benchmark for the purpose of preparing and keeping audit documentation. Every audit client has unique characteristics and risks. International Standards on Auditing (ISA) also requires to exercise engagement partner’s judgment on a number of areas in conducting the audit of an entity. Therefore, member firms should use their professional knowledge, skill, experiences along with these dummy working files to keep adequate and appropriate working papers for each audit engagement. The preparers do not assume any liability for drawing an inappropriate audit opinion based on the working papers prepared on the basis of these dummy working files.**