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| **Client:** XYZ Ltd. |  | **Prepared by:** Mr. B | **Date:** DD-MM-YYYY | **Ref: S4** |
| **Year end:** 31 Dec 2014 | **File no:** | **Reviewed by:** Mr. Y | **Date:** DD-MM-YYYY |

**INTERNAL CONTROL QUESTIONNAIRE**

*This questionnaire is intended as an aid memoire to assist in the identification of systems and controls for inclusion on the Review of Design & Implementation of Controls schedule (C5.1). Completion of this questionnaire in isolation will not pro-vide the evidence concerning the design and implementation of controls required by ISA 315*

| **Particulars** | ***Relevant to audit (Y/N)*** | ***Ref to C5.1*** | ***Ref to A6 C6.3*** |
| --- | --- | --- | --- |
| ***Property, plant and equipment*** |  |  |  |
| 1 Are minutes maintained of all board meetings and management meetings, authorising capital expenditure and also disposals? | Yes | Property, plant and equipment-1 | Property, plant and equipment-5 (C6.3) |
| 2 Does the company maintain fixed asset purchase order requisitions, which are pre-numbered, authorised and controlled? | Yes | Property, plant and equipment-2 | Property, plant and equipment-5 (C6.3) |
| 3 Is there evidence to show that the addition invoices have been checked for accuracy and that the posting code has been checked before the items are posted to the nominal ledger? | No | N/A | N/A |
| 4 Is the fixed asset register regularly reconciled to the nominal ledger account, and also to actual physical assets? | Yes | Property, plant and equipment-8 | Property, plant and equipment-5 (C6.3) |
| 5 Is there independent checking of calculations of profits and losses on disposal? | Yes | Property, plant and equipment-4 | Property, plant and equipment-5 (C6.3) |
| 6 Is there evidence to show that there have been regular inspections of the condition and use of assets? | Yes | Property, plant and equipment-10 | Property, plant and equipment-5 (C6.3) |
| 7 Other: |  |  |  |
| ***Stock*** |  |  |  |
| 8 Is there restricted access to stock, and physical security over the stock? | No | N/A | N/A |
| 9 Is there an independent check on all dispatches, including any made by persons other than those responsible for the stock? | Yes | Inventories-8 | Inventories-5 (C6.3) |
| 10 Are regular reconciliations of actual stock to stock records undertaken? | Yes | Inventories-7 | Inventories-5 (C6.3) |
| 11 Is there independent matching of goods in and out with purchase and sales documentation? | No | N/A | N/A |
| 12 Is there a system for the reporting of slow, obsolete or damaged stock to relevant levels of management? | Yes | Inventories-6 | Inventories-5 (C6.3) |
| 13 Does the client maintain pre-numbered goods received notes (GRN) and stock | Yes | Inventories-4 | Inventories-5 (C6.3) |
| 14 Is there a record of an authorization of scrapped/ damaged goods? | Yes | Inventories-9 | Inventories-5 (C6.3) |
| 15 Other: |  |  |  |
| ***Revenue*** |  |  |  |
| 16 Does the business have some form of control over who they sell goods to on credit? | Yes | Revenue-3 | Revenue-7 (C6.3) |
| 17 Is there prior approval by the credit department of all sales before the goods are actually dispatched? | Yes | Revenue-8 | Revenue-7 (C6.3) |
| 18 Is there prompt billing of all sales? | No | N/A | N/A |
| 19 Is effective credit control exercised over outstanding balances? | Yes | Revenue-4 | Revenue-7 (C6.3) |
| 20 Are sales ledger control account reconciliation carried out? | Yes | Revenue-9 | Revenue-7 (C6.3) |
| 21 Does the client use pre-printed and controlled sequentially numbered invoices? | Yes | Revenue-10 | Revenue-7 (C6.3) |
| 22 Are invoices only raised when the invoicing department is given a valid order or dispatch note? | Yes | Revenue-11 | Revenue-7 (C6.3) |
| 23 Is there a periodic separate check of the goods that have been dispatched to ensure that they agree with the order details and the invoice details? | Yes | Revnue-12 | Revenue-7 (C6.3) |
| 24 Are dispatch notes independently checked to invoices? | No | N/A | N/A |
| 25 Is invoice pricing independently checked and reviewed? | Yes | Revenue-13 | Revenue-7 (C6.3) |
| 26 Other: |  |  |  |
| ***Cash and cash equivalents*** |  |  |  |
| 27 Are the duties of the person writing/posting the cash book separated from the person responsible for the nominal ledger, making payments or handling receipts and checking the bank reconciliation? | Yes | Cash and cash equivalent-3 | N/A |
| 28 Is there adequate security over blank cheques and procedures to ensure that under no circumstances should pre-signed cheques be maintained? | No | N/A | N/A |
| 29 Are cash book balances regularly reconciled to the nominal ledger control account? | Yes | Cash and cash equivalents-1 | N/A |
| 30 Are cheques dispatched immediately after signature and not returned to the person who has prepared them? | No | N/A | N/A |
| 31 Does a senior member of the client’s staff independently check bank reconciliations? | Yes | Cash and cash equivalents-1 | N/A |
| 32 Are cash counts undertaken on a regular basis, without the person in charge of petty cash being aware that they are going to be undertaken? | Yes | Cash and cash equivalents-5 | N/A |
| 33 Other: |  |  |  |
| ***Purchases and other expenses*** |  |  |  |
| 34 Are all invoices approved prior to payment? | Yes | Purchase and other expenses-1 | N/A |
| 35 Are there controls to ensure that discounts are taken wherever possible? | No | N/A | N/A |
| 36 Are supplier statement reconciliations carried out where available? | Yes | Trade and other payables-4 | N/A |
| 37 Are purchase ledger and VAT control account reconciliations carried out? | Yes | Purchase and other expenses-7 | N/A |
| 38 Are purchase invoices checked to pre-numbered goods received notes, which in turn are checked to authorised orders? | Yes | Purchase and other expenses-1 | N/A |
| 39 Are invoices marked when they are being paid to prevent them being entered into the system again? | Yes | Purchase and other expenses-8 | N/A |
| 40 Other: |  |  |  |
| ***Payroll*** |  |  |  |
| 41 Is the payroll independently approved for accuracy? | Yes | Payroll-3 | N/A |
| 42 Does an independent department keep proper personnel records? | Yes | N/A | N/A |
| 43 Does the payroll department maintain a formal record of notification of changes in rates of pay etc? | Yes | N/A | N/A |
| 44 Are payroll control account reconciliations carried out? | Yes | Payroll-3 | N/A |
| 45 Other: |  |  |  |
| ***Information technology*** |  |  |  |
| 46 Is there reliance on systems or programs that are inaccurately processing data, processing inaccurate data, or both. | No | N/A | N/A |
| 47 Are there controls to prevent unauthorized access to data that may result in destruction of data or improper changes to data, including the recording of unauthorized or non-existent transactions, or inaccurate recording of transactions? (Note – Particular risks may arise where multiple users access a common database.) | Yes | Accounting system-1,2  Other relevant IT systems-1,2 | N/A |
| 48 Can personnel gain access privileges to systems beyond those necessary to perform their assigned duties thereby breaking down segregation of duties? | No | Accounting system-5  Other relevant IT systems-5 | N/A |
| 49 Are there controls to prevent unauthorized changes to data in master files? | Yes | Accounting system-6  Other relevant IT systems-6 | N/A |
| 50 Are there controls to prevent unauthorized changes to systems or programs? | Yes | Accounting system-7  Other relevant IT systems-7 | N/A |
| 51 Are all necessary changes to systems or programs made on a timely basis? | Yes | Other relevant IT systems-8 | N/A |
| 52 Are there controls to prevent inappropriate manual intervention? | Yes | Accounting system-8  Other relevant IT systems-9 | N/A |
| 53 Are there controls to prevent potential loss of data or inability to access data as required? | Yes | Accounting system-4  Other relevant IT systems-4 | N/A |
| 54 Are appropriate back-up and disaster recovery systems in place? | Yes | Accounting system-4,9  Other relevant IT systems-4,10 | N/A |
| ***General*** |  |  |  |
| 55 Is the culture of the organisation conductive to the effective operation of internal controls? | Yes |  |  |
| 56 Does management use their influence in the business to promote the effective operation of internal controls? | Yes |  |  |
| 57 Are reliable management accounts produced at least quarterly and reviewed by management so that significant errors would be identified and corrected? | Yes | Production of management accounts-5 | N/A |
| 58 Other: |  |  |  |

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