**Audit Program– Salary and Allowances**

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| --- | --- | --- | --- | --- | --- |
| **SL** | **Particulars** | ***Test required Y/N*** | ***Results satisfactory Y/N*** | ***Sch. Ref*** | ***Comments*** |
| **1** | Agree the opening balances to last year’s accounts. | **Y** | **Y** | EB 01 |  |
| 2 | Obtain payroll for the year and select a sample to: | **Y** | **Y** | EB 02 |  |
|  | -check authorization of payroll |  |  |  |  |
|  | -check posting in to general ledger |  |  |  |  |
|  | -agree direct labor cost with production record |  |  |  |  |
|  | -check to ensure that statutory deductions are duly paid to authorities |  |  |  |  |
|  | -check authorization for non-statutory deductions |  |  |  |  |
| 3 | Select sample of employee from payroll | **Y** | **Y** | EB 02 |  |
|  | -check calculation of gross and net pay |  |  |  |  |
|  | -check recipients signature on payroll and check revenue stamp |  |  |  |  |
|  | -check personal files |  |  |  |  |
|  | -check appointment letters of new appointees |  |  |  |  |
|  | -check to ensure that statutory deductions are made according to law |  |  |  |  |
|  | -check calculation of overtime |  |  |  |  |
| 4 | Develop an expectation for salary and wages and checked with GL and record. | **Y** | **Y** | EB 03 |  |
| 6 | Compare the current period's relationship of administrative payroll to direct labor with prior years |  |  | EB 03 |  |
| 7 | Compare the current period's relationship of employee benefits to payroll, hours worked, or number of employees with prior years |  |  |  |  |
| 8 | Compare sale commissions to employee, if any, or bonuses with related sales | **N/A** | **N/A** |  |  |
| 10 | Re-compute the TDS and confirm of payment | **Y** | **Y** | EB 02 |  |
| 11 | Obtain gratuity calculation and | **Y** | **Y** | EB 04 |  |
|  | -re-compute and compare with register and ledger |  |  |  |  |
|  | -gratuity and other employee benefits are board approved |  |  |  |  |
| 12 |  | **Y** | **Y** | EB 05 |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| 13 | Scrutinized payment in cash book / payroll account, and | **Y** | **Y** | EB 02 |  |
|  | check no payment to employee are outside the payroll |  |  |  |  |
|  | check authorization for payment of casual wages and overtime |  |  |  |  |
|  | check Board Resolution for declaration of bonus |  |  |  |  |
|  | check non-payment / declaration of bonus for manufacturing concern |  |  |  |  |
|  | check authorization for payment of Bonus |  |  |  |  |
|  | check calculation of overtime and Bonus |  |  |  |  |
|  | check recipients signature on payment voucher |  |  |  |  |
| 14 | For sample of employees from transaction listing | **Y** | **Y** | EB 06 |  |
|  | determine that employee exists from attendance record |  |  |  |  |
|  | agree listing details to supporting documentation (e.g. authorized salary listings, time cards, overtime records) |  |  |  |  |
|  | agree net pay and payee to cheque, pay envelope or bank transfer summary |  |  |  |  |
|  | agree appropriateness of account coding of gross pay |  |  |  |  |
|  | agree reasonableness of deductions from pay |  |  |  |  |
|  | check arithmetic accuracy |  |  |  |  |
|  | | | | | |

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| **Company** | XYZ Limited | | **W/P Reference** | EB-01 |
| **Prepared By** | Mr. A |  | **Date** | DD-MM-YYYY |
| **Reviewed By** | Mr. B |  | **Date** | DD-MM-YYYY |
| **Period ended** | DD-MM-YYYY |  |  | | |  |  |  |

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| **Procedure Name:** | Comparison of current year and previous year balances |

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| **Particulars** | **Current year balance**  **(BDT)** | **Previous year balance**  **(BDT)** | **Variance (BDT)** | **Variance (%)** |
| Salary & Allowances | 1,662,084,166 | 1444,651,020 | 217,433,146 | 15 % |

Audit procedures on Payroll have been performed in the following working papers (Ref EB-01 to EB-05). For audit programs of Payroll, please refer to working paper reference xxx to xxx.

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| **Particulars** | | | **Current year initial Balance** | | | **Adjustments** | **Current Year Final Balance** | **Prior Year Balance** |
| **Administrative Expense** | | | 219,566,303 | | | **-** | 219,566,303 | 145,878,542 |
| **Distribution expenses** | | | 115,922,391 | | | 0 | 115,922,391 | 12,054,480 |
| Manufacturing expenses | | | 227,149,414 | | |  | 227,149,414 | 224,587,482 |
| QC and Development expenses | | | 67,959,159 | | |  | 67,959,159 | 42,158,786 |
| Selling expenses | | | 1,031,486,899 | | |  | 1,031,486,899 | 1,019,971,730 |
| **Salaries, allowances and benefits (A+B)** | | | **1,662,084,166** | | |  | **1,662,084,166** | **1,444,651,020** |
|  | | |  | | |  |  |  |
| **Summary of Work Done**  **Traced figure from financial statements , trial balance and General ledger** | | | | |  |  |  |  |
|  |  |  | |
| **Conclusion:** | | |  | | |  |  |  |
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The above amounts are complete, accurate and properly recorded in all material aspects

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| --- | --- |
| **Procedures performed:** | 1. Checked the current year’s balance with the balance as per nominal ledger. 2. Examined adjusting journal entries posted during the preparation of the financial statements. 3. Inquired management about large and/or unusual items and justification for such items. |
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| **Company** | XYZ Limited | | **W/P Reference** | EB-02 |
| **Prepared By** | Mr. A |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | Mr. B |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Verify the gross payment to employees |

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| --- | --- |
| **Procedures performed:** | 1. Checked whether salary and allowances were recorded in the correct accounting period. 2. Check the payment debited from bank account 3. Vouched the transactions to source documents i.e. monthly salary schedule. 4. Check staff-wise payment on sample basis 5. Check whether TDS properly deducted |
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**Monthly Gross Salary Verification**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Voucher #** | **Date** | **Particulars** | **Amount** | **Properly Authorized** | **Verified from payroll** | **Deduction calculation checking** | **Verified From Bank Advice** | **Cheque/**  **Transfer No.** | **Clearance Date** |
| BP-13070071 | 2-Feb-14 | Salary for the month of Jan 14 | 113,877,911 |  |  |  |  | 8077938 | 4-Feb-14 |
| BP-13090060 | 4-Apr-14 | Salary for the month of Mar 14 | 180,127,869 |  |  |  |  | 8077948 | 6-Apr-14 |
| BP-13110060 | 2-Jun-14 | Salary for the month of May 14 | 110,173,560 |  |  |  |  | 8077950 | 4-Jun-14 |
| BP-14040061 | 1-Nov-14 | Salary for the month of Oct 14 | 114,335,375 |  |  |  |  | 8754860 | 2-Nov-14 |
| BP-14050050 | 1-Dec-14 | Salary for the month of Nov 14 | 121,335,500 |  |  |  |  | 8754861 | 3-Dec-14 |

**Conclusion:** found satisfactory

**Staff-wise Yearly Salary Verification with TDS and other Deductions**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** | **Description** | **Date of Joining** | **Gross Salary per month** | **Basic Salary** | **No Of Months** | **Basic Salary for the year** | **Car Allowance** | **Arrears** | **Total Taxable Income** |
| Inam Ur Rehman | DGM Finance | 10-Oct-11 | 301,583 | 274,166 | 12 | 3,289,996 | 349,824 | - | 3,639,820 |
| Waqas Muhammad Taqi | Manager | 6-Feb-12 | 77,133 | 70,121 | 12 | 841,451 | - | 8,272 | 849,723 |
| Syed Mehroze Ali Zaidi | Senior Manager | 2-May-12 | 184,933 | 168,121 | 12 | 2,017,451 | - | 652,800 | 2,670,251 |
| Sheraz Anwar | Manager | 17-Jul-06 | 82,200 | 74,727 | 12 | 896,727 | - |  | 896,727 |
| Muhammad Zohaib | Executive Finance | 22-Jan-13 | 45,000 | 40,909 | 12 | 490,909 | - |  | 490,909 |
| Ali Shiwani | Manager Biling | 6-Dec-10 | 50,400 | 45,818 | 12 | 549,818 | - |  | 549,818 |
| Zafar Ali | Executive | 27-Dec-14 | 42,000 | 38,182 | 12 | 458,182 | - |  | 458,182 |
| Ayaz Imam | GM AD-Sales | 20-Nov-06 | 373,750 | 339,773 | 12 | 4,077,273 | 436,956 | 62,000 | 4,576,229 |
| Md. Raisul Islam | AGM Supply Chain | 10-Oct-11 | 125,050 | 113,682 | 12 | 1,364,182 | 121,824 | - | 1,486,006 |
| Kamrul Ahsan | Manager Finance | 6-Feb-12 | 90,125 | 81,932 | 12 | 983,182 | - | 58,000 | 1,041,182 |
| Sayedul Islam | Officer | 2-May-12 | 28,025 | 25,477 | 12 | 305,727 | - | - | 305,727 |
| Nur-A-Alam Siddique | Asstt. Manager | 17-Jul-06 | 46,050 | 41,864 | 12 | 502,364 | - |  | 502,364 |
| Mossaraf Hossain | Executive | 22-Jan-13 | 36,050 | 32,773 | 12 | 393,273 | - |  | 393,273 |
| Muhammad Sharif Khan | Executive | 6-Dec-10 | 32,038 | 29,125 | 12 | 349,500 | - |  | 349,500 |
| Hafiz Uddin Ahammad | Sr. Executive | 27-Dec-14 | 41,630 | 37,845 | 12 | 454,145 | - |  | 454,145 |
| RiazHowladar | Sr. Executive | 20-Nov-06 | 41,630 | 37,845 | 12 | 454,145 | - | 526,000 | 980,145 |
| Erik Adnan | AGM Sales | 10-Oct-11 | 136,050 | 123,682 | 12 | 1,484,182 | - | - | 1,484,182 |
| Ali Amzad Choudhury | Sr. Executive | 6-Feb-12 | 45,063 | 40,966 | 12 | 491,591 | - | 50,000 | 541,591 |
| Sayed Erfan Saleh | AGM - Distribution | 2-May-12 | 135,188 | 122,898 | 12 | 1,474,773 | 241,824 | 82,800 | 1,799,397 |
| Md. JakariaKhandokar | Senior Manager | 17-Jul-06 | 99,138 | 90,125 | 12 | 1,081,500 | 145,824 |  | 1,227,324 |
| Reedy Shams | Manager - Sales | 22-Jan-13 | 77,508 | 70,461 | 12 | 845,536 | - |  | 845,536 |
| Israt Jahan | Manager Biling | 6-Dec-10 | 31,544 | 28,676 | 12 | 344,114 | - |  | 344,114 |
| Shahnaj Akter | Executive | 27-Dec-14 | 28,321 | 25,747 | 12 | 308,959 | - |  | 308,959 |
| Zakia Hossain | Sr. Executive | 20-Nov-06 | 54,075 | 49,159 | 12 | 589,909 | - | 226,000 | 815,909 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** | **Exceeds from** | **Less than** | **Amount eligble for tax** | **Rate of Tax** | **Tax liability** | **Additional Tax fix** | **Tax Credits/ Advance Tax** | **Total tax Liability As per GT** | **Total tax Liability As per Client** | **Difference** | **Verified From certificate** |
| Inam Ur Rehman | 3,500,000 | 4,000,000 | 139,820 | 25% | 34,955 | 475,000 | 128,000 | 381,955 | 382,464 | (509) |  |
| Waqas Muhammad Taqi | 750,000 | 1,400,000 | 99,723 | 15% | 14,958 | 17,500 |  | 32,458 | 27,468 | 4,990 |  |
| Syed Mehroze Ali Zaidi | 2,500,000 | 3,000,000 | 170,251 | 20% | 34,050 | 262,500 |  | 296,550 | 296,550 | - |  |
| Sheraz Anwar | 750,000 | 1,400,000 | 146,727 | 15% | 22,009 | 17,500 |  | 39,509 | 39,509 | - |  |
| Muhammad Zohaib | 400,000 | 750,000 | 90,909 | 10% | 9,091 | - |  | 9,091 | 9,091 | - |  |
| Ali Shiwani | 400,000 | 750,000 | 149,818 | 10% | 14,982 | - |  | 14,982 | 7,488 | 7,494 |  |
| Zafar Ali | 400,000 | 750,000 | 58,182 | 10% | 5,818 | - |  | 5,818 | 5,818 | - |  |
| Ayaz Imam | 4,000,000 | 7,000,000 | 576,229 | 25% | 144,057 | 600,000 | 14,200 | 729,857 | 729,857 | - |  |
| Md. Raisul Islam | 1,200,000 | 4,000,000 | 286,006 | 25% | 71,501 | 475,000 | 125,000 | 421,501 | 408,464 | 13,037 |  |
| Kamrul Ahsan | 750,000 | 1,400,000 | 291,182 | 15% | 43,677 | 17,500 |  | 61,177 | 57,468 | 3,709 |  |
| Sayedul Islam | 250,000 | 3,000,000 | 55,727 | 20% | 11,145 | 262,500 |  | 273,645 | 266,550 | 7,095 |  |
| Nur-A-Alam Siddique | 400,000 | 1,400,000 | 102,364 | 15% | 15,355 | 17,500 |  | 32,855 | 32,855 | - |  |
| Mossaraf Hossain | 300,000 | 750,000 | 93,273 | 10% | 9,327 | - |  | 9,327 | 9,327 | - |  |
| Muhammad Sharif Khan | 300,000 | 750,000 | 49,500 | 10% | 4,950 | - |  | 4,950 | 7,488 | (2,538) |  |
| Hafiz Uddin Ahammad | 300,000 | 750,000 | 154,145 | 10% | 15,415 | - |  | 15,415 | 15,415 | - |  |
| RiazHowladar | 700,000 | 7,000,000 | 280,145 | 25% | 70,036 | 600,000 | 16,000 | 654,036 | 654,036 | - |  |
| Erik Adnan | 1,250,000 | 4,000,000 | 234,182 | 25% | 58,545 | 475,000 | 125,000 | 408,545 | 399,464 | 9,081 |  |
| Ali Amzad Choudhury | 500,000 | 1,400,000 | 41,591 | 15% | 6,239 | 17,500 |  | 23,739 | 27,468 | (3,729) |  |
| Sayed Erfan Saleh | 1,250,000 | 3,000,000 | 549,397 | 20% | 109,879 | 262,500 |  | 372,379 | 366,550 | 5,829 |  |
| Md. JakariaKhandokar | 750,000 | 1,400,000 | 477,324 | 15% | 71,599 | 17,500 |  | 89,099 | 89,099 | - |  |
| Reedy Shams | 400,000 | 750,000 | 445,536 | 10% | 44,554 | - |  | 44,554 | 44,554 | - |  |
| Israt Jahan | 300,000 | 750,000 | 44,114 | 10% | 4,411 | - |  | 4,411 | 7,488 | (3,077) |  |
| Shahnaj Akter | 300,000 | 750,000 | 8,959 | 10% | 896 | - |  | 896 | 896 | - |  |
| Zakia Hossain | 300,000 | 7,000,000 | 515,909 | 25% | 128,977 | 600,000 | 16,000 | 712,977 | 712,977 | - |  |

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| **Observation:** | Salary statement is prepared without any maker checker option embedded in the payroll application. Moreover, in the payroll statement, number of head count is not visible. No monthly payroll reconciliation including joiners’ and leavers’ information is also performed. |
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| **Conclusion** | Except the control weakness noted in above others are Satisfactory. |

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| **Company** | XYZ Limited | | **W/P Reference** | EB-03 |
| **Prepared By** | Mr. A |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | Mr. B |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Comparative and expectation of salary expense to be recorded for the year. |

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| **Procedures performed:** | 1. Examined the changes of figures compared with previous year 2. Exception analysis of salary and allowances |
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**Exception Analysis**

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| --- | --- | --- | --- | --- | --- | --- |
| **Particulars** |  | **Admin** | **Distribution** | **Manufacturing** | **QC** | **Selling** |
| Salary for the month from December 2013 | A | 7,912,455 | 4,872,455 | 6,487,455 | 4,312,455 | 47,553,455 |
| Salary for the period of 12 months | B=A\*12 | 94,949,460 | 58,469,460 | 77,849,460 | 51,749,460 | 570,641,460 |
| Increment during the year | C | 7,121,210 | 4,385,210 | 5,838,710 | 3,881,210 | 42,798,110 |
| Employees turnover | D | 2,373,737 | 1,461,737 | 2,724,731 | 1,293,737 | 39,944,902 |
| Employees hired during the year | E | 2,848,484 | 1,754,084 | 3,503,226 | 1,552,484 | 45,651,317 |
| **Total Expected Salary** | J=C+D+E+F+G+H+I | **102,545,417** | **63,147,017** | **84,466,664** | **55,889,417** | **619,145,984** |
| **Actual salary Expense as per client** | **K** | **105,391,825.44** | **64,916,538.96** | **86,316,777.32** | 56,124,581 | **623,489,720** |
| **Difference (amount)** | **L=K-J** | **2,846,409** | **1,769,522** | **1,850,113** | **235,164** | **4,343,736** |
| **Difference (%)** | **L/K** | **2.7008** | **2.7258** | **2.1434** | **0.4190** | **0.6967** |
| Total salary as per AC |  | **219,566,303** | 115,922,391 | 227,149,414 | 67,959,159 | 1,031,486,899 |
| Bonus paid during the year at actual |  | 104,146,296 | 32,487,548 | 111,366,667 | 8,205,584 | 384,011,213 |
| Gratuity provision made at actual |  | 12,511,222 | 19,254,875 | 31,254,878 | ,325,415 | 24,951,532 |
| **Total Salary as per auditors calculation ( expectation + Bonus+ gratuity)** |  | **219,202,935** | **114,889,440** | **227,088,209** | **67,420,416** | **1,028,108,729** |
| Difference |  | 363,368 | 1,032,951 | 61,205 | 538,743 | 3,378,170 |
| % |  | 0.17 | 0.89 | 0.03 | 0.79 | 0.33 |

**Comparison and reasoning**

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| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Administrative Expense** | | **Variance** | | **Reasoning** |
| **31-12-2014** | **31-12-2013** | **Amount** | **%** |
| **Salaries, allowances and benefits** | **1,662,084,116** | **1,444,651,020** | **217,433,096** | 15% | Salaries and allowances includes monthly salaries of employees, gratuity expense charged for the year-end, EOBI and bonus. Reason of increase in expense is increment in basic salaries of employees on average by 7.5% Furthermore, additions of employees during the year average 5% **and** employee’s turnover during the year was 3%. |

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| **Observation:** | We have developed the reasonable expectation of the salary expense for the year as the difference is below tolerable error. |
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| **Conclusion:** | Satisfactory. |

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| **Company** | XYZ Limited | | **W/P Reference** | EB-04 |
| **Prepared By** | Mr. A |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | Mr. B |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

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| **Procedure Name:** | Gratuity verification and re-computation |

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| **Procedures performed:** | 1. Traced the Amount of Gratuity payable from trial Balance and General Ledger 2. Traced the Name of Employees from payroll sheet 3. Traced the Gross salaries of Employees from payroll sheet. 4. Verify the date of joining from personnel file on a sample basis used **(haphazard)** method of sample 5. Recalculate gratuity liability as at June 30, 2014 by multiplying the last gross salary of employees' by number of years of services. |
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**Comparison and reasoning**

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| --- | --- | --- | --- | --- | --- |
| **Particulars** | **Administrative Expense** | | **Variance** | | **Reasoning** |
| **31-12-2014** | **31-12-2013** | **Amount** | **%** |
| **Gratuity Payable** | **91,297,922** | **66,384,170** | 24,913,752 | **37%** | The Company operates an unfunded gratuity scheme for its permanent employees. Those employees are eligible for the scheme who have completed one year of service. The amount of liability of each employee at year end is computed by number of years completed multiplied by the last drawn monthly gross salary. The difference between the current and the previous liability is charged to profit and loss accounts as expense for the year. The difference is due to the Provision for Gratuity Expense amounting to Tk. **91,297,922**. |

**Staff-wise gratuity re-calculation and verification**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Employee Name** | **Date of Joining** | **Gross Salary as at 31 Dec 2X14** | **Year End date** | **No.of Days** | **No. of Months** | **No. of Years** | **No. of Years** | **Gratuity Liability as on Dec 31, 2X14** | **Gratuity Liability as on Dec 31, 2X13** |
| Javed Lazar | 12-Jan-04 | 49,728 | 31-Dec-14 | 3,949 | 131.63 | 10.97 | 11 | 4,972,800 | 3,996,000 |
| Mirza MazharBaig | 22-Aug-05 | 204,188 | 31-Dec-14 | 3,369 | 112.30 | 9.36 | 9 | 18,376,920 | 13,068,000 |
| WasiHaider Zaidi | 13-Sep-05 | 55,194 | 31-Dec-14 | 3,348 | 111.60 | 9.30 | 9 | 4,967,460 | 3,942,400 |
| Muhammad Tanveer Sharif | 12-Oct-05 | 253,120 | 31-Dec-14 | 3,319 | 110.63 | 9.22 | 9 | 22,780,800 | 17,920,000 |
| Kashif Iqbal | 7-Dec-05 | 92,801 | 31-Dec-14 | 3,264 | 108.80 | 9.07 | 9 | 8,352,090 | 6,570,000 |
| Muhammad Hanif | 12-May-06 | 26,894 | 31-Dec-14 | 3,109 | 103.63 | 8.64 | 9 | 2,151,520 | 1,666,000 |
| Sheraz Anwar | 17-Jul-06 | 105,216 | 31-Dec-14 | 3,044 | 101.47 | 8.46 | 8 | 8,417,280 | 5,754,000 |
| SafiaTufail | 9-Oct-06 | 51,118 | 31-Dec-14 | 2,962 | 98.73 | 8.23 | 8 | 4,089,440 | 2,817,500 |
| Muhammad Nawaz | 1-Nov-06 | 24,973 | 31-Dec-14 | 2,940 | 98.00 | 8.17 | 8 | 1,997,840 | 1,547,000 |
| Ayaz Inam | 20-Nov-06 | 422,338 | 31-Dec-14 | 2,921 | 97.37 | 8.11 | 8 | 33,787,040 | 26,162,500 |
| Touseef Nasir | 1-May-08 | 74,796 | 31-Dec-14 | 2,400 | 80.00 | 6.67 | 7 | 4,487,760 | 3,196,400 |
| Muhammad Jamil Khan | 15-Dec-08 | 42,238 | 31-Dec-14 | 2,176 | 72.53 | 6.04 | 6 | 2,534,280 | 1,937,500 |
| Ali Shiwani | 6-Dec-10 | 56,952 | 31-Dec-14 | 1,465 | 48.83 | 4.07 | 4 | 2,278,080 | 1,512,000 |
| Shazad Salman | 28-Mar-11 | 23,173 | 31-Dec-14 | 1,353 | 45.10 | 3.76 | 4 | 695,190 | 403,000 |
| Inam Ur Rehman | 10-Oct-11 | 340,789 | 31-Dec-14 | 1,161 | 38.70 | 3.23 | 3 | 10,223,670 | 6,031,660 |

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| **Observation:** | No observation was noted. |
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| **Conclusion** | Satisfactory. |

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| --- | --- | --- | --- | --- |
| **Company** | XYZ Limited | | **W/P Reference** | EB-05 |
| **Prepared By** | Mr. A |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | Mr. B |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

|  |  |
| --- | --- |
| **Procedure Name:** | Verification of advance/loan to staff |

|  |  |
| --- | --- |
| **Procedures performed:** | 1. Confirmed the balance in trial balance and subsidiary ledgers 2. Checked the loan/advance policy of the company 3. Examined the documents/supporting 4. Identify the transaction in bank statement and salary pay-slip |
|

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name** | **Type** | **Opening Balance** | **Loan given during the year** | **Loan repaid during the year** | **Net Adjustment** | **Closing Balance** | **Approval Verified** | **Traced in monthly pay calculation** | **Traced in Bank Statement** |
| Ali Amjad | Car Loan | - | 1,500,000 | 275,000 | 1,225,000 | 1,225,000 | YES | YES | YES |
| Mr. Jamil Khan | Personal Loan | 85,000 | - | 36,000 | (36,000) | 49,000 | N/A | YES | YES |
| Javed Rashid | Personal Loan | - | 200,000 | 16,000 | 184,000 | 184,000 | YES | YES | YES |
| Muhammad Neaz | Personal Loan | - | 125,000 | 40,000 | 85,000 | 85,000 | YES | YES | YES |

|  |  |
| --- | --- |
| **Observation:** | 1) No policy found for personal loans given to the employee.  2) During the year a loan is given to an employee secured against the gratuity.. |
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| --- | --- |
| **Conclusion** | Satisfactory. |

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| --- | --- | --- | --- | --- |
| **Company** | XYZ Limited | | **W/P Reference** | EB-06 |
| **Prepared By** | Mr. A |  | **Date** | DD-MM-YYYY | |
| **Reviewed By** | Mr. B |  | **Date** | DD-MM-YYYY | |
| **Period ended** | DD-MM-YYYY |  |  | | | |  |  |  |

|  |  |
| --- | --- |
| **Procedure Name:** | Verification of sample of employee from transaction listing |

|  |  |
| --- | --- |
| **Procedures performed:** | 1. Collect employees personal files on test basis 2. Collect employees daily and monthly attendance sheet 3. Cross check the employee’s salary sheet with monthly/daily attendance sheet 4. Check the payment advice 5. Check the deduction as per employee records |
|

**Result of Testing**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Employee Name** | **ID** | **verification Date** | **Joining date** | **Present as per attendance sheet** | **Included in other documents (salary sheet, time card, overtime list etc)** | **Confirm net pay** | **Deducted correctly** | **Personal files record updated or not** | **Arithmetic calculation** |
| Md Jamal Uddin | 12 | 5-Jan-14 | 1-Jan-12 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Jane Alam | 82 | 15-Feb-14 | 4-Feb-10 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| sajib saha | 110 | 22-Mar-14 | 3-Jan-09 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Rehenaparbin | 120 | 8-Apr-14 | 4-Jan-12 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Kazi nazmulhasan | 85 | 6-May-14 | 8-Jan-05 | No | Yes | Yes | Yes | Yes | Satisfactory |
| Mahaburrahman | 37 | 9-Jun-14 | 1-Jun-13 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Boron gosh | 42 | 28-Jul-14 | 7-Jun-11 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Sanjida akter | 45 | 21-Aug-14 | 1-Jan-08 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Rajib hossain | 17 | 22-Sep-14 | 9-Jun-10 | Yes | Yes | Yes | Yes | Yes | Satisfactory |
| Shanzida begum | 20 | 11-Nov-14 | 1-Jan-12 | No | Yes | Yes | Yes | Yes | Satisfactory |
| Abu taher | 22 | 3-Dec-14 | 1-Jun-10 | Yes | Yes | Yes | Yes | Yes | Satisfactory |

**Conclusion:**

We have checked the records and documents and found satisfactory

**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.**