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| **Process Analysis** | **Procedures** | **Completed by and Date** | **W/P Reference** |
| **ORDERING**RAW MATERIALS, PACKAGING & FACTORY NON-STOCK ITEMSStock re-order levels are maintained on the *FINANCIAL SYSTEM* system for all raw materials. The Buyer generates the *Purchase Order Requirements report* each morning which indicates those items for which orders should be placed with the relevant suppliers.The Buyer will then create the purchase order on *FINANCIAL SYSTEM* and email the .pdf copy of the purchase order to the relevant supplier. If no response is received from the supplier within 2 days, the Buyer will call the supplier and confirm the order.Purchase orders are not authorised as the system has indicated the recommended quantity. The Inbound Manager generates the *Work Orders report* on a daily basis which highlights any potential factory stoppages in production. Once goods have been receipted, the system will automatically close the purchase order. This is provided the goods receipted agree to the purchase order or are within the 10% tolerance level. If goods receipted exceed the 10% tolerance level, the purchase order will either be amended (for under/over deliveries) or a further purchase order raised for the balance (for over deliveries). The receipting clerk will contact the Buyer in order to amend the purchase order or raise a further purchase order in order to receipt the goods. These amendments or additional purchase orders are authorised by the Procurement Assistant.FACTORY ENGINEERING PARTS AND SERVICESThe Engineering Logistics Officer is responsible for the following areas:* Stores
* Maintenance
* Asset Management

Factory parts and serivces are ordered using the *MAINTENACE SYSTEM* system, using the warehouse stock purchasing and maintenance module. Machine item descriptions and specifications are loaded on the system and when requiring replacement, the artisan responsible for the particular line in which the machine is located will request a job card on the system. Each job card number is unique and is linked to a particular asset. All requests for parts are made in writing. Three books are available at Stores for the issuing of parts:* Stock items
* Non-stock items (Order)
* Tools

In each book the person requesting the item will complete the date, job number, bin number (if applicable), their name and signature.Ordering is perfomed by the Stores Assistant while receipting is performed by Engineering Logistics Officer.*MAINTENACE SYSTEM* will generate a purchase order when stock levels have reached their minumum.Purchase orders are not raised on *FINANCIAL SYSTEM* for these purchases, a manual voucher is created in place of the purchase order. Manual vouchers are only created for those items which have a *MAINTENACE SYSTEM* purchase order. | **ORDERING**1. **Closed Purchase Orders**
	1. Obtain the Closed Purchase Order Report and select a random sample of 20 purchase orders.
	2. Obtain the relevant purchase orders for the sample selected and perform the following:
	3. Confirm by enquiry and inspection that the item/service requested is a valid business requirement;
	4. Confirm that the requisition for non factory purchases has been appropriately authorised in line with the authorisation matrix; and
	5. Confirm by enquiry with management and inspection of the purchase requisition that the budget availability was considered prior to authorisation of the document for non factory purchases.
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| **Open Purchase Orders**Open purchase orders are monitored on a daily basis by Buyer who will print the *Overdue Inbound Items report*  and phone each and every supplier to ensure the delivery date of the goods is confirmed.If the Buyer is not available to perform this function, the Inbound Manager will run the report and follow up with the suppliers.There are no long outstanding purchase orders which indicates that management have monitored and followed up on outstanding purchase orders but management have not signed any report as evidence of their follow up and review. | 1. **Open Purchase Orders**
	1. For the period under review, obtain the monthly “Open Purchase Order Reports” and verify that:
	2. The report is generated regularly;
	3. Follow ups are conducted on the items listed on the report over 30 days; and
	4. The report is signed as evidence of review by Management.
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| **Supplier system pricing**All supplier’s price lists are loaded on the *FINANCIAL SYSTEM* system. The supplier price masterfiles on the system are maintained by the Procurement Assistant.Price negotiations for suppliers are performed by the Procurement Consultant. These negotiated prices are signed off by the Commercial Director before updating the *FINANCIAL SYSTEM* system.The supplier pricing masterfile is maintained by the Procurement Administrator, she will receive the updated prices from the Procurement Consultant on a adhoc basis, these are then loaded onto the *FINANCIAL SYSTEM* system using *Price List Maintenance per item report* The effective date for prices may be backdated and any purchase orders not yet receipted will be updated by the system to reflect the updated price. The hardcopy supplier price list used to update the system is scanned and saved on the An audit trail is maintained by the *FINANCIAL SYSTEM* system for current supplier price changes, a review is performed for changes performed to ensure the validity and accuracy of the change.  | 1. **Supplier system pricing**
	1. Enquire from management whether they have a preferred supplier database and a listing for one time / COD suppliers authorised by management.
	2. Obtain the supplier masterfile exception reports for pricing changes effected on the system for the period under review and perform the following:
2. Verify that the report has been reviewed by management (signed and dated as evidence of review).
3. Inspect the date of review to verify a timeous review has taken place.
4. Verify that management trace the amendments on the report to the pre - numbered approved masterfile amendment form.
	1. Using the report, select a sample of 10 amendments for the period under review and perform the following:
5. Trace the amendment to an appoved masterfile amendment form.
6. Verify that the amendment form has been completed accurately:
	* 1. signed and dated as evidence of approval,
		2. agrees to the list of authorised specimen signatures,
		3. signed and dated by capturer,
		4. has the relevant supporting documentation attached,
		5. the data captured is independently checked to verify accuracy,
		6. the MAF is authorised prior to being captured on the system and
		7. agrees to the supplier pricing information as loaded on the system
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| **Declaration of interests and one time vendors**Declaration of interest forms are completed. One time suppliers / COD suppliers are used, these suppliers are not 30 day as they are usually small businesses and for cash flow reasons have requested payment upon invoice.All suppliers are loaded on the *FINANCIAL SYSTEM* system as suppliers and therefore a distiction cannot be made between the 30, 45, 60 day suppliers and the one time suppliers / COD suppliers. A file is maintained in which all the remittance advices for the one time supplier / COD supplier are filed. | 1. **Declaration of interests and one time vendors**
	1. Enquire of management whether declaration of interests are obtained prior to adjudication of a successful supplier;
	2. Determine if these declarations are adequately controlled, signed, completed, filed and reviewed on a regular basis.
	3. Enquire of management whether buyers are rotated between suppliers;
	4. Obtain the invoice listing by supplier name for “one time suppliers” / COD's for the period under review and ensure that:
	5. The report is generated regularly;
	6. Follow ups are conducted on the items listed on the report
	7. The report is reviewed by Management;
	8. Select a sample of 5 purchases from the report and verify by inspection and enquiry that a preferred supplier does not exist for the item/ service purchased. If a preferred supplier does exist then obtain reasons for not using them.
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| **Amendments to Purchase Orders**Purchase orders may be amended in terms of quantity and site (location). The prices of the items cannot be changed on the purchase order as the price is loaded on the supplier price masterfile and is pulled through onto the purchase order by the system.Purchase orders may be amended and / deleted without the system maintaining the history of the amendments and / deletions. The final ordered quantity is only reflected when viewing closed purchase orders. There is a audit trail report available for viewing deleted purchase order details or amended purchase orders.  | 1. **Amendments to Purchase Orders**
	1. Request a audit trail report of all amendments made to approved purchase orders and select a sample of 15 amendments. Verify the validity, accuracy and approval of the amendments made.
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| **Purchase Order Controls**Purchase orders are generated by *FINANCIAL SYSTEM* or *MAINTENACE SYSTEM*, purchase order numbers are generated by the relevant system and are in sequence. *MAINTENACE SYSTEM* purchase orders are captured on *FINANCIAL SYSTEM* using manual vouchers once the invoice is received by creditors. Refer above. | 1. **Purchase Order Controls**
	1. Using the purchase orders selected above, ensure that purchase orders are controlled sequentially.
	2. Enquire from management whether PO's may be deleted from the system, document the results.
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| **Retrospective Orders**Non stock items such as factory consumables (glue, tape, etc) will be ordered by the Buyer via email with the supplier. Only upon receiving the items is a purchase order created by the *FINANCIAL SYSTEM* system. Therefore the invoice date may be prior to the purchase order date.The Purchasing Policy is there to provide guidance on whether retrospective orders are permitted and for which items may be ordered in this manner.  | 1. **Retrospective Orders**
	1. Obtain the monthly reports for retrospective orders for the period under review and ensure that it is signed and dated as evidence of timely review by management.
	2. Using the retrospective orders report, select a sample of 15 purchases for the period under review and perform the following:
2. Verify that the purchase was correctly authorised and in terms of the delegation framework.
3. Identify and document the reasons why these purchases did not follow the normal procurement process.
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| **RECEIVING****Delivery Notes**Goods delivered are receipted on the system against specific purchase orders. The receiving clerk will print from the system every morning the list of purchases orders due for delivery by the suppliers for the day.The system will generate a unique sequential number for each delivery (RC number). One purchase order may have more than one receipt document if deliveries were made on different days and if part deliveries were made.When deliveries are made* The supplier delivery note is first agreed to the related purchase order (quantity and description) before receipting against the purchase order by the receiving clerk.
* The goods being delivered are stored immediately in the warehouse and receipting on the system is performed during or after the delivery
* For the goods delivered, the receipting clerk will capture the delivery note number on the system in place of the invoice number as the invoice is not always sent with the goods delivered.
* The receiving clerk acknowledges any discrepancies on the supplier delivery note (if any) and returns the incorrect/defective goods with the driver.
* The Receiving clerk signs the supplier delivery note as acknowledgement of the details of the order as well as the condition of the goods.
* All relevant documentation is then sent to creditors for review and processing.
 | **RECEIVING**1. **Delivery Notes**
	1. Using the sample selected for the period under review, obtain the corresponding supplier delivery notes for the purchase orders selected and perform the following:
2. Agree the quantity and description of goods
3. Verify that the Receiving clerk signed the delivery note as acknowledgement of the details of the order as well as the condition of the goods.
4. Ensure that the delivery note date on the goods received voucher is later that the order date.
5. Ensure that the invoice details are correctly captured on the system (invoice details agree to purchase order details – quantity, item and value)
	1. Observe an order being received and confirm the following:
6. The Supplier delivery note is agreed to a Purchase Order (quantity and description) by the receiving clerk
7. The goods being delivered are stored separately until it is captured in the Inventory system
8. The Receiving clerk acknowledges any discrepancies on the delivery note (if any) and returns the incorrect/defective goods.
9. The Receiving clerk signs the supplier delivery note
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| **Goods received not yet invoiced**There is a account for goods received, not yet invoiced. Management monitor these instances using the supplier reconciliations as they would appear as a reconciling item.  | 1. **Goods received not yet invoiced**
	1. Obtain the "Goods received but not yet invoiced" account reconciliations for the period under review.
	2. Ensure that the opening balance agrees to closing balance of the prior month
	3. Verify that these reconcilations have been reviewed, signed and dated as evidence of review.
	4. Inspect the listing of items supporting the reconciliation, verify that where there are items that are outstanding for longer than 90 days adequate comment is given by mgt as to why this should remain as a reconciling item.
	5. Obtain explanations from management for items that are long outstanding.
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| **RETURN OF GOODS****Return Notes**For all returned goods a return note is generated by the system with a unique sequential number (RC number) Returned notes processed by the receiving clerks are authorised by the Procurement Assistant or the Inbound Manager.Return notes processed by the Procurement Assistant or the Inbound Manager are not authorised.These return notes reflect in the supplier sub ledger and will reflect on the supplier reconciliation as a reconciling item until the supplier credit note is received by the creditor clerk. The supplier credit notes received are not captured onto the system as the return note is previously captured. | **RETURN OF GOODS**1. **Return Notes**
	1. Enquire from management whether all returns to suppliers are recorded using standard documentation. (Pre-numbered/ sequential numbering) and are processed timeously on the system.
	2. Obtain the list of goods returned notes for the period under review, select a sample of 20 goods returned notes and perform the following:
2. Obtain the goods returned note and ensure it has been appropriately authorised in terms of the authorisation matrix.
3. Trace the document to the creditors ledger verifying that it has been accurately allocated to the creditors account.
4. Agree to the supplier credit note
	1. Enquire with the relevant staff about the policy on the retention of documents for returned goods, document the results.
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| **Supplier Contracts***Company Name* have negotiated contracts with their suppliers for raw material and packaging. Although there are not contracts in place with all suppliers, suppliers are first approved by the Quality Assessment (QA) Department before being loaded on the *FINANCIAL SYSTEM* system. There are agreed upon terms and conditions for all of the suppliers. | 1. **Supplier Contracts**
	1. Obtain a list of all expired contracts for the period under review, select a sample of 5 expired contracts and inspect evidence that management have completed an evaluation of quality and service for the contract.
	2. Enquire from management what process is in place to review these evaluation forms to determine if the contract is to be renewed or not.
	3. For the contract evaluations inspected, determine for all negative evaluations, the contracts were not renewed.
	4. For renewed contracts, verify that the contract has been signed as evidence of renewal and signed in terms of the correct delegation of authority.
	5. Obtain a list of all valid contracts for the period under review, select a sample of 5 contracts and determine if the current value of the contract is in excess of the pre-determined / contract value.
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| **INVOICE PROCESSING****Invoice Processing**Supplier pricing is maintained on the *FINANCIAL SYSTEM* system and therefore when the purchase order is raised on the system, the total due to the supplier is available. When goods are delivered, the recipting clerk will capture the delivery note number on the system in place of the invoice number as the invoice is always sent with the goods delivered. All documentation received by receipting clerks are sent to the creditor clerks on a daily basis. The creditor clerk will agree the supplier delivery note and invoice to the purchase order and receiving document to ensure they agree. The transaction is then released for payment on the system.Manual vouchers are captured on *FINANCIAL SYSTEM* to correct any variances. The variance may be ethier for quantity or price. Quantity variances are allocated to the Inv. Discrep / Waste general ledger account while price variances are allocated to the general ledger account AP Rate Variance. All manual vouchers are authorised. | **INVOICE PROCESSING**1. **Invoice Processing**
	1. Obtain a list of all supplier invoices processed (if not available use the payments and associated invoices) for the period under review, select a sample of 20 supplier invoices and perform the following:
2. Agree the details per the invoice to the purchase order and delivery note to ensure a 3 way match was performed before processing.
3. Inspect that the supplier invoice/ supporting documents are stamped paid to prevent re-submission.
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| **Tax Considerations**The system is configured to calculate the tax when raised on the purchase order. tax is only accounted for on the system once the goods have been receipted. | 1. ***TAX* Considerations**
	1. Select one of the invoices from the sample above and trace the *TAX* amount to the input *TAX* account to ensure the system is correctly set up to account for *TAX*.
	2. Using the sample above, inspect that supplier invoices meets the requirements for a valid tax invoice:
2. The Tax invoice shall be in the currency of the Republic
3. The words (Prominently placed) that it is a "tax invoice"
4. The suppliers name, address and *TAX* registration number
5. The recipient's name, address and where the recipient is a registered vendor (hotel/ regional office), the *TAX* registration of the recipient
6. An individual serialised number and date upon which the tax invoice is issued
7. A full and proper description of goods (including, where applicable that the goods are second-hand) or the services supplied
8. The quantity or volume of goods or services supplied
9. A statement that the consideration is inclusive of *TAX* and a statement of the rate or a complete breakdown of the amount into the exclusive consideration, the tax charged and the total
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| **Management Reporting and Monitoring***Company Name* Directors meetings are held on a monthly basis in which the following is discussed:* Brands (Income Statement, Balance Sheet, Cash flow, Budget and year to date figures and Key account commentry)
* Manuafacturing / Production (Income Statement, Balance Sheet, Cash flow, Budget and year to date figures and Key account commentry)
* Income Statement, Balance Sheet, Cash flow, Budget and year to date figures and Key account commentry
* Report items (AR report, returns)
* Previous BOD minutes of meeting
 | 1. **Management Reporting and Monitoring**
	1. Enquire from management whether they perform a monthly variance analysis for Opex and Capex and inspect evidence of analysis for the period under review
	2. Ensure that the Opex and Capex is signed as evidence of review by management on a monthly basis (timeously - before the 25th of the next month)
	3. Obtain a listing of cost centres, select a sample of 5 cost centres, obtain the cost centre reports for the period under review and perform the following:
2. Inspect that management are monitoring budget versus actual figures on a monthly basis
3. Inspect narrations for those actuals that have exceeded budget
4. Inspect the cost centre reports for evidence of review by management.
5. Ensure that cost centre reports are reviewed timeously, management should sign and date the report as evidence of review on / before the 25th of the next month
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| **INVOICE PAYMENTS****Creditors Reconciliations**Creditors reconciliations are performed for all suppliers in which movement occurred in the supplier account. If the supplier balance is zero and no movement occurred, no supplier reconciliation will be prepared. Supplier reconciliations are prepared by the Creditors Clerks and reviewed by the Creditors Manager.The supplier reconciliation is performed between the supplier general ledger account and the supplier statement. | **INVOICE PAYMENTS**1. **Creditors Reconciliations**
	1. Obtain the creditor listing for the period under review, select a sample of 5 creditors and perform the following:
2. Recast the reconciliation
3. Ensure that the balance per the GL agrees to the general ledger and the balance per the suppliers statement agrees to suppliers statement
4. Ensure that the appropriate supporting documentation is attached (creditors ledger, supplier statement and payment request)
5. Select a sample of reconciling items to validate and agree to source documentation
6. Review the reconciliation for long outstanding or large volume reconciling items, assess whether the reconciling items are adequately narrated and explained.
7. Obtain reasons for any debit balances noted on the reconciliation.
8. Verify that the reconciliation is performed and reviewed prior to payment being released.
9. Verify that the reconciliation is signed and dated as evidence of review by 2 independent senior officials.
10. Trace the supplier balance on the reconciliation to the creditors statement and the payment to the EFT form / print
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| **Creditors Ledger**Creditors aging is available on the system which is reviewed on a monthly basis to ensure creditors are paid timeously. | 1. **Creditors Ledger**
	1. Enquire from management what process is in place to facilitate the review of the creditors ledger.
	2. Inspect evidence that management are reviewing and following up on balances greater than 60 days in the creditors ledger.
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| **Creditor Control Account**The creditors control account reconciliation is performed between the creditors control account on the balance sheet and the supplier age analysis.A further reconciliation is performed between the Payment Control Creditors Account and the payment batches. There are 3 reconciliations per month, 30 days, 45 days and 60 day creditors.Both the creditors control account and account reconciliations are prepared by the Creditors Manager and emailed to the Finance Manager for review. There is evidence available of the review having being performed.  | 1. **Creditor Control Account**
	1. Obtain the creditors control account reconciliations for the period under review and perform the following:
2. Verify that reconciliations are prepared on a monthly basis.
3. Inspect the reconciliation for evidence of managments review (dated and signed).
4. Verify that the reconciliation has been reviewed by management timeously.
5. Verify that the reconciling items have been adequately explained and followed up.
6. Verify that the reconciling items are not long outstanding, if so, enquire the reasons.
7. Trace opening, closing balances and reconciling items to supporting documentation
	1. Obtain the payment control creditors account reconciliations for the period under review and perform the following:
8. Verify that reconciliations are prepared on a monthly basis.
9. Inspect the reconciliation for evidence of managments review (dated and signed).
10. Verify that the reconciliation has been reviewed by management timeously.
11. Verify that the reconciling items have been adequately explained and followed up.
12. Verify that the reconciling items are not long outstanding, if so, enquire the reasons.
13. Trace opening, closing balances and reconciling items to supporting documentation
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| **Electronic payments**Payment batches are prepared by the *Company Name* Creditors team. The Creditor Manager will email the creditors for 30, 45 and 60 days with their associated batch number to the Cashbook Controller.The Cashbook Controller will print the batches and prepare an excel payment schedule with the exact details from the batch. The excel payment schedule is emailed to the *Company Name* CEO which is then authorised via email.Once the excel payment schedule has been authorised, the Cashbook Controller manually captures the payments in the Free-Format Payment module on the payment system. The remittance advice for each of the suppliers listed in the payment schedule is printed by *Company Name* Creditors Team and sent with the driver to the Cashbook Controller. The Cashbook Controller will only process payment for the supplier if there is a remittance advice.All supporting documents for each month are maintained in a payment file located in the Cash Controller’s office.30 and 60 day payments are made at month end and 45 day payments usually occur on the 15th if it falls on a working day.The suppliers are not loaded on the main masterfile as beneficiaries.The System does not allow the same user to load and release a payment. The system is loaded onto one of the Cashbook Controller’s desktop computer. This is the only access point for the NedInform system. | 1. **Electronic payments**
	1. Obtain a list of EFT payments for the period under review, select a sample of 20 payments and perform the following:
2. Ensure that the release of the electronic payment is performed by an authorised member of management, after verifying that the payment requisition has been signed by two signatories.
3. Determine who has access to release payment, also note who is responsible for the payment in the absence of the designated person.
4. Determine how access is controlled
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| **Check, bank and cash controls** | 1. **Cheque, bank and cash controls**
	1. Inspect and obtain bank correspondence to verify that there are 2 authorised bank signatories for EFT payments and cheques.
	2. Document the names and designations. Review the designations of the authorised bank signatories and note any discrepancies e.g. Operations manager being a bank signatory - not common practice
	3. Through enquiry ascertain whether these bank signatories are currently employed by the company.
	4. Inspect the unused cheques and ensure that no cheque has been pre-signed.
	5. Confirm unused cheques on hand to the register.
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| **SUPPLIER MASTERFILE****Supplier Masterfile**There are not many new suppliers loaded on the supplier database. The procedure to follow to load new suppliers is as follows:Supplier credit application forms are completed by the person requesting to use the particular supplier and submitted to the creditor clerk who will capture the details onto an excel spreadsheet which details the progress of each supplier credit application.There are two types of supplier credit application forms that may be completed by the user:1. Supplier provided credit application form
2. Internally provided supplier credit application form (used only for COD suppliers to enable loading of the supplier on the *FINANCIAL SYSTEM* system for payment)

Both of the above types of credit appliation forms are then approved by the Commercial Director or Chief Executive Officer or Finance Director.The supplier credit applications are then sent to the supplier and once notification is received by the creditor clerk that the application has been approved by the supplier, the new supplier is loaded on the *FINANCIAL SYSTEM* database.Any amendments made to supplier masterfile data is performed by the creditor clerk Supplier bank details are not maintained on the *FINANCIAL SYSTEM* system and therefore no significant changes may be made to supplier masterdata on the system and no supporting documentation is necessary to validate the change.The *FINANCIAL SYSTEM* system maintains an audit trail for changes made to the supplier database. | **SUPPLIER MASTERFILE**1. **Supplier Masterfile**
	1. For the period under review obtain the monthly supplier masterfile amendment report that highlights significant changes to the supplier database and verify that the exception reports are signed and dated as evidence of timely and independent review by mangement.
	2. Using the supplier masterfile amendment report, select a sample of 15 changes (must include creations, amendments and deletions) and perform the following:
2. Ensure that each change is supported by an pre-printed and pre-numbered masterfile amendment form
3. Ensure that the masterfile amendment form is authorised in terms of the authorisation matrix
4. Ensure that the change was authorised prior to input on the system
5. Inspect if appropriate supporting documentation is attached to the masterfile amendment form
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| **ACCESS RIGHTS AND SEGREGATION OF DUTIES****Access rights and segregation of duties**A staff organogram has been drafted and has officially been signed off.  | **ACCESS RIGHTS AND SEGREGATION OF DUTIES**1. **Access rights and segregation of duties**
	1. Obtain a copy of the user access profile to make changes to the supplier masterfile as well as other key functions within the Procure to Pay Cycle
	2. Assess whether this access is appropriate.
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