

AUDIT PROCEDURES FOR PPE & INVESTMENT PROPERTIES

Test of controls

- ▶ Identified the procedures.(purchasing & disposal)
- ▶ Evaluate the effectiveness of the procedures adopted by the client.
- ▶ Example:–

A format for evaluate purchasing process

Requested Department	Description of the asset	Quotations Called (Y/N)	Approvals	Checked by	GRN Number

Assertion to be covered

- Existence
- Completeness
- Right & Obligation
- Valuation & Allocation
- Presentation & Disclosures

Test of Details – PPE

1. Existence

a) Inspect additions or if initial audit, inspect all assets

- Examined Additions
- Implement a physical Inspection

b) Cut-off



Test of Details – PPE

2. Completeness

- Perform analytical procedure
- Reconcile subsidiary & General Ledger
- Analyze repair & Maintenance



Test of Details – PPE

3. Rights & Obligations

- Examine title deeds, CR books & lease agreements
- Evaluate whether leases are properly recorded
- Vouch entries in PPE with payment records
- Vouch entries in PPE with Insurance records
- Vouch entries in PPE with property tax records



Test of Details – PPE

4. Valuation & Allocation

- Examine documentations relating to Additions & Disposals
- Does their depreciation consistently according to their policy



Test of Details – PPE

5. Presentation & Disclosure

- Checked whether properly presented
- Checked whether necessary disclosures are revealed

