

**VENDOR NAME:** \_\_\_\_\_

**AUDIT DATE:** \_\_\_\_\_

Audit Step	Description	Performed By and Date	Workpaper Reference
	<p><b><u>Audit Objectives:</u></b></p> <p>1. To determine that adequate internal controls exist at BIGCO and the vendor to reasonably assure:</p> <ul style="list-style-type: none"><li>• Compliance with BIGCO purchasing policies and procedures,</li><li>• Adherence to BIGCO Standards of Business Conduct Policy,</li><li>• That services/commodities purchased conform to purchase order, and</li><li>• Where applicable, that assets are safeguarded.</li></ul> <p>2. Ensure that invoices received from the vendor conform to any applicable bids, contracts, and agreements or purchase orders.</p>		N/A
1.	<p><b><u>Audit Preparation:</u></b></p> <p>Prior to commencing fieldwork, obtain and review the following documents, as appropriate:</p> <ul style="list-style-type: none"><li>A) Prior audit workpapers</li><li>B) BIGCO Purchasing Policy</li><li>C) BIGCO Standards of Business Conduct</li><li>D) D&amp;B for the applicable vendor and related entities</li><li>E) Secretary of State documents (i.e., registration, articles of incorporation)</li><li>F) Open contracts, agreements, bids and/or purchase orders</li><li>G) Documented controls and/or procedures for business transactions with the applicable vendor</li><li>H) Invoices and supporting documentation for the audit period</li><li>I) Listing of disbursements to the vendor for the audit period</li><li>J) Listing of BIGCO employees (hourly, salaried exempt, and nonexempt) associated with the plant area serviced by the vendor under review</li></ul>		

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2.	<p><b><u>At Division:</u></b></p> <p>A. Per review of documented policies and procedures and interviews with key BIGCO personnel, document divisional controls with respect to services/products received from the vendor. Including:</p> <ul style="list-style-type: none"><li>• the vendor selection process</li><li>• services/products purchased</li><li>• persons responsible for procurement of services/products</li><li>• internal controls to ensure compliance with agreements/purchase orders; supporting documentation maintained</li><li>• invoice verification procedures</li><li>• payment process; approvals</li></ul> <p>B. Verify controls are operating as designed/described.</p>		
3.	<p>Select a sample of invoices for the audit period and perform the following:</p> <p>A) Verify invoices received are in accordance with applicable contracts/agreements/purchase orders.</p> <p>B) Verify invoices are clerically accurate and approved for payment.</p> <p>C) Obtain supporting documentation and trace to invoice detail (e.g., hours per time sheets, personnel rates, and equipment/parts cost sheets.)</p> <p>D) Ensure state tax is excluded from invoice amounts.</p>		
4.	<p>Determine appropriate usage of service/product purchased.</p> <p>A) Define the service/product purchased and its function in the business process.</p> <p>B) Review corporate disbursements and determine total dollar usage by area.</p> <p>C) Where applicable, determine that controls are adequate to ensure security of asset received from vendor.</p>		

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5.	Review BIGCO vendor listing for multiple vendor locations (i.e., payments made under similar vendor names). If check disbursement, review endorsement for propriety.		
6.	<b><u>On-Site (Vendor)</u></b>  With appropriate vendor personnel, prepare the vendor audit questionnaire.		
7.	Select a sample of vendor invoices and perform the following:  A. Review hours charged: <ul style="list-style-type: none"><li>1. Trace hours charged to employees time records.</li><li>2. Trace employees total hours from time records to payroll register.</li><li>3. Review calculation of amount paid employees.</li><li>4. Examine employees canceled paycheck.</li></ul> B. Examine rates charged (labor, equipment, etc.)  C. Trace third party charges to supporting invoices. Note mark up, handling fees, etc.  Where possible, compare vendor rates to those charged to our competitors.		
8.	Review expense accounts for the audit period noting trips, gifts, entertainment, or meals provided to BIGCO employees.		
9.	Review the petty cash fund for any items purchased for BIGCO employees.		
10.	If possible, review canceled checks for the audit period noting any unusual items such as gifts, trips, etc. for BIGCO employees.		
11.	Request Form 1099's issued for contract employee services. Review for BIGCO employees.		
12.	Review the firm's listing of commissions expense, professional fees, consultants' fees, etc. Note any amounts for BIGCO employees.		

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13.	Select a sample of BIGCO sales transactions and trace to its recording in the vendor's records. Review for propriety. Note any unusual recordings.		
14.	Additional testing performed. _____ _____ _____		