

Audit Programme for the Audit of Capital Projects

This generic audit programme is designed to be used on performance audits of capital projects. It supports, and is supported by, the audit manual entitled “Audit of Capital Projects”.

The “heart” of the audit programme are General Audit Planning steps 3 and 4 (pages 2 to 4) dealing with obtaining an understanding of the entity and the specific capital project being audited, and Fieldwork steps 6 to 72 (pages 8 to 27) dealing with each stage in the procurement cycle. The other steps in the programme are general (high level) audit procedures to be performed at the general audit planning, detailed audit planning, fieldwork, evaluation and reporting stages. These general procedures can be used as “memory-joggers” to remind auditors of the basic procedures to be performed at those stages.

The audit programme will likely need to be tailored. The primary reasons for this are discussed in Chapter 7 of the audit manual.

The audit manual also provides additional guidance to help the auditor complete the programme. For example:

- (a) Chapter 7 provides additional guidance with respect to the audit programme, including:
 - (i) The use of the C1 to C4 columns in the programme.
 - (ii) The extent to which it reflects the difference sources of audit assurance (tests of controls, analytical procedures and data analysis, and substantive tests of details).
- (b) Chapter 4 provides guidance on each stage of the procurement cycle.
- (c) Chapters 6 through 10 and Annex A provide guidance with respect each phase of the audit process – general audit planning, detailed audit planning, fieldwork, evaluation and reporting respectively.
- (d) Annex B looks at the risks that may exist at each stage of the procurement cycle, including the risks relating to fraud. It also provides examples of red flags that indicate that fraud might exist.

Audit Procedures

	CI	C2	C3	C4	Done By	W/P Ref.
A. Planning Stage						
<i>General Audit Planning</i>						
Define Audit Objective and Scope						
1. Draft an audit objective, taking into account:						
(a) Economy, efficiency and effectiveness.						
(b) The authorities under which the capital project needed to be managed.						
2. Draft a scope of the audit, reflecting:						
(a) The specific capital project (or portion thereof) to be audited.						
(b) The period of time to be covered.						
Obtain Understanding of Entity and Specific Capital Project						
3. Obtain a sufficient understanding of the entity and the capital project to plan the audit. This includes:						
(a) The entity's mandate/overall objectives, its organisational structure, and the units within the entity responsible for overseeing the capital project.						
(b) The size, timing, costs, etc. of the capital project.						
(c) The purpose of the project (its expected outputs and the desired results).						
(d) The expected users of the project (those who the project is intended to serve) and the impact that the project could have on them.						
(e) Any other key stakeholders involved in the project. These could include any international financial institutions funding the project.						
(f) The intended users of the audit report.						

	CI	C2	C3	C4	Done By	W/P Ref.
(g) Details of each stage of the procurement cycle – pre-tendering, tendering, and post-contract award.						
(h) The relevant authorities (laws, regulations, rules, policies, etc.), including procurement acts, financial administration acts and the legislation under which the entity was established.						
(i) The potential areas of risk (i.e., the key areas within the capital project on which to focus).						
(j) Any loan/grant agreements with international financial institutions and the requirements contained in those agreements, including the authorities to be complied with, the procedures to be followed, and the audits to be conducted.						
(k) The type of contracts used by the entity and the general contents of those contracts.						
4. Obtain copies of all relevant documents concerning the entity and all steps in the procurement cycle for the specific capital project. This could include:						
(a) Enabling legislation.						
(b) Organisation charts.						
(c) Strategic and operational plans, and mission and vision statements.						
(d) Internal guidelines and operating manuals.						
(e) Loan/grant agreements.						
(f) All documentation available for each stage of the procurement cycle for the specific capital project. These could include:						
(i) The needs assessment.						
(ii) The definition of requirements (including the general and detailed specifications).						
(iii) The timeline and budget.						

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(iv) The invitation to tender and the process followed to determine to whom to send the invitations.						
(v) The tenders received.						
(vi) The tender evaluations.						
(vii) The awarded contract.						
(viii) Progress billings from the contractor and the documentation submitted by the contractor to support those billings.						
(ix) Documentation supporting the approval of any changes to the original contract.						
(x) Ongoing monitoring and evaluation reports prepared by entity officials.						
(g) Documentation relating to all stages of the procurement cycle for the specific capital project. These could include:						
(i) The accounting records and any financial or other reports.						
(ii) Minutes of committees, etc. responsible for overseeing the project.						
(h) Entity reports dealing with similar projects.						
(i) Press coverage.						
Obtain Understanding of Internal Control						
5. Obtain a sufficient understanding of the internal controls to plan the audit and to assess the risk of fraud. This would include the specific internal controls for the capital project and the entity-level internal controls that could affect the project.						
6. Conduct review, inquiry, observation and walk-through procedures to verify the understanding.						
Assess Materiality (and Aggregate Expected Error and Performance Materiality)						

	CI	C2	C3	C4	Done By	W/P Ref.
7. Determine an appropriate materiality amount to use for planning purposes.						
8. Make a conservative estimate of aggregate expected error.						
9. If necessary, estimate further possible error.						
Set the Overall Level of Assurance						
10. Set an overall level of assurance.						
Determine Criteria						
11. Determine the specific criteria to use on the audit. When doing so consider:						
(a) The audit objective and scope.						
(b) The steps in the procurement cycle to be audited.						
(c) Each of economy, efficiency and effectiveness.						
(d) The authorities with which the entity should have complied.						
12. Ensure that the criteria that have been set are reasonable and obtainable.						
13. Develop supporting questions for each criterion.						
14. Obtain the entity's written agreement with respect to the completeness and appropriateness of the criteria (and supporting questions if desired).						
Assess Risk						
15. Assess inherent risk, taking into account the risk of fraud.						
16. Assess control risk, taking into account the risk of fraud.						
Determine Sources of Audit Assurance						

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17. Based on the assessments made above, determine the most appropriate combination of inherent assurance, tests of controls, analytical procedures and substantive tests of details.						
18. Consider the extent to which it is possible to rely on the work performed by other auditors.						
Audit Design Matrix						
19. If desired, develop an audit design matrix to make sure that: (a) The decisions made in the previous steps all fit together into a cohesive whole. (b) The criteria and supporting questions that have been identified will allow the auditor to report against expected findings. (c) It will likely be possible to obtain sufficient and appropriate audit evidence to conclude against each criterion and the audit objective.						
Detailed Audit Planning						
Audit Programme						
20. Chapter 7 of the audit manual outlines some of the basic assumptions that have been made, such as the sources of audit assurance to be used. It also suggests other reasons why this programme may need to be amended. Tailor this programme to: (a) Reflect a different overall level of assurance and/or a combination of sources of assurance (e.g., more reliance on internal controls).						
(b) Add any procedures that are required. (These could include procedures that relate to compliance with authorities or that are required to deal with the risk of fraud.)						
(c) Delete any procedures that are not necessary given the scope of the audit, the risk assessments and/or the sources of assurance.						

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Budget						
21. Prepare a budget for the audit.						
Staffing and Scheduling						
22. Schedule the audit.						
23. Assign staff to the audit, ensuring that, overall, the audit team has the knowledge and experience required to conduct the audit.						
24. Consider engaging outside experts if required.						
Planning Documentation						
25. Document, in a main study proposal and supporting files and working papers, your:						
(a) Understanding of the entity, the capital project and the internal control.						
(b) Key general audit planning decisions.						
(c) Audit programme, budget, staffing and scheduling.						
26. Obtain the required approval for the audit plan.						
B. Fieldwork Stage						
General						
1. If changes are required to decisions made at the general audit planning stage (risk assessments, etc.):						
(a) Document the required changes.						
(b) Amend the main study proposal, audit programme, budget, staffing and scheduling to reflect the changes.						
(c) Obtain the required approvals.						

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2. If changes are required to the budget, staffing and scheduling for other reasons (e.g., the audit is taking more time than budgeted):						
(a) Document the required changes.						
(b) Amend the scope of the work, the audit programme, and/or the budget, staffing and scheduling to reflect the required changes.						
(c) Obtain the required approvals.						
3. Document the work, including all audit findings (including monetary errors, compliance deviations and VFM deviations).						
4. Discuss all audit findings with entity officials.						
5. Obtain entity officials' agreement with respect to the findings.						
<i>Procurement Cycle – Pre-Tendering</i>						
General						
6. When auditing the pre-tendering stage:						
(a) Ensure that all required authorities (laws, regulations, rules, policies, etc.) have been complied with.						
(b) Consider the possibility that fraud, undue political influence or undue senior management influence may have occurred. If these may have occurred, follow up the possibility to the extent required to determine if they had or had not occurred.						
Needs Assessment						
7. Obtain a copy of the needs assessment and ensure it was properly approved in accordance with the relevant authorities.						

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<p>8. Determine who performed the needs assessment and, through discussions with entity officials and a review of available documents (assessments of CVs, etc.) determine if the entity took the necessary steps to ensure that the persons performing the work were qualified to do so.</p> <p>Note: The entity may have hired outside experts to perform the work. If that is the case, the entity may have carried out a complete tendering process. If so, completing this audit procedure could include a review of the available documents dealing with the tendering process.</p>						
<p>9. Determine how the needs assessment was performed. In particular, determine whether or not:</p> <p>(a) There was a detailed comparison of the existing situation to:</p> <p>(i) The required standards of performance, safety, etc. contained in relevant government authorities.</p>						
<p>(ii) The levels of performance, safety, etc. of other similar capital assets.</p>						
<p>(b) There was wide consultation with the potential users of the proposed capital asset and with others who could potentially be affected by the project in order to determine the number of potential users and the extent to which they would benefit from the completed capital asset.</p>						
<p>10. Determine if the needs assessment took into account conflicting needs and/or potential negative consequences.</p>						
<p>11. If the needs assessment identified conflicting needs or potential negative consequences, ensure there was an adequate and approved analysis showing that there would be a net benefit.</p>						
<p>12. Conclude with respect to the work performed by entity officials at the needs assessment stage.</p>						

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<p>Definition of Requirements</p> <p>Note: The procedures that follow assume that the definition of requirements was done at two levels:</p> <ul style="list-style-type: none"> • A general (high level) definition of requirements during which general specifications are determined and costed. • A much more detailed level during which very detailed specifications are determined and costed. 						
<p>13. Determine who developed and costed the general specifications and, through discussions with entity officials and a review of available documents (assessments of CVs, etc.) determine if the entity took the necessary steps to ensure that the persons performing the work were qualified to do so.</p> <p>Note: The entity may have hired outside experts to perform the work. If that is the case, the entity may have carried out a complete tendering process. If so, completing this audit procedure could include a review of the available documents dealing with the tendering process.</p>						
<p>14. Obtain a copy of the costed general specifications and the supporting documentation. Ensure that:</p> <p>(a) The specifications were consistent with the needs assessment.</p>						
<p>(b) The specifications included all ancillary costs associated with the project.</p> <p>Note: To illustrate, if the need is to reduce class sizes in a region to no more than 24 students per class, and the selected option is to build a new school in a particular location, the specifications should not just deal with the cost of the school but also with such ancillary costs as acquiring the needed land and providing water, sewer and electricity to the school.</p> <p>The ancillary costs would also include the costs to be incurred by the entity to oversee the project.</p>						

	CI	C2	C3	C4	Done By	W/P Ref.
<p>15. Determine who developed the costed detailed specifications and, through discussions with entity officials and a review of available documents (assessments of CVs, etc.) determine if the entity took the necessary steps to ensure that the persons performing the work were qualified to do so.</p> <p>Note: The entity may have hired outside experts to perform the work. If that is the case, the entity may have carried out a complete tendering process. If so, completing this audit procedure could include a review of the available documents dealing with the tendering process.</p>						
<p>16. Review the documentation prepared by entity officials showing that the detailed specifications were consistent with the general specifications.</p>						
<p>17. Consider the nature of the detailed specifications and how specific they are. In particular:</p> <p>(a) Consider if the specifications are detailed enough to ensure that the completed project will meet the identified needs.</p>						
<p>(b) Consider if the specifications appear to be unduly restrictive.</p>						
<p>18. Should the total cost of the detailed specifications be significantly higher or lower than the total cost of the general specifications, obtain explanation for the difference.</p>						
<p>19. Should:</p> <ul style="list-style-type: none"> • the total cost of the detailed specifications be significantly higher than the total cost of the general specifications; • there were other options that met the identified needs; and • the detailed specifications were only prepared for the selected option, <p>determine if entity officials had reconsidered if the selected option was still the best option to meet the needs.</p>						

	CI	C2	C3	C4	Done By	W/P Ref.
20. For all individually significant items contained in the detailed specifications and a sample of the remainder: (a) Determine how entity officials had costed the particular item and assess the suitability of the source.						
(b) Trace to costs back to the sources used or to other appropriate sources.						
21. Verify the arithmetical accuracy of the costed specifications.						
22. Conclude as to the completeness and accuracy of the costed specifications.						
23. Conclude with respect to the work performed by entity officials at the definition of requirements stage.						
Choice of Procedures						
24. Obtain the documentation indicating that the entity had considered the various options for completing the capital project – doing the work itself, using a general contractor, etc.						
25. If there was to be more than one general contractor for the project, ensure that: (a) The decision to split the project into more than one contract was fully supported.						
(b) There was no evidence of contract-splitting to stay under a particular approval limit.						
26. Review the documentation to determine if: (a) All options had been adequately considered.						
(b) The selected option was adequately supported by the analysis performed.						
(c) The selected option had been appropriately approved.						

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27. Conclude as to the reasonableness of the selected option and the work performed by entity officials at the choice of procedures stage.						
Planning and Budgeting Note: What follows deals with planning. Budgets were included in the discussion concerning the definition of requirements.						
28. Obtain a copy of the timeline that had been prepared for the remainder of the project and: (a) Review it for reasonableness.						
(b) If the needs assessment had specified a completion date that had to be met in order to meet the needs, compare the planned completion date for the project to the completion date contained in the needs assessment.						
(c) If the project would not be completed by the required completion date, ensure that: (i) Other options were considered.						
(ii) The decision to proceed with the project was approved.						
29. Conclude with respect to the work performed by entity officials at the planning and budgeting stage.						
Consideration of Options						
30. Determine if the entity had performed a detailed analysis to determine if the needs could have been met through different capital assets. Such an analysis could have included, for example: <ul style="list-style-type: none"> • Considering ways in which similar needs had been met in the past; and • Consultation with those who would benefit from each potential capital asset or would otherwise be affected by it. 						

	CI	C2	C3	C4	Done By	W/P Ref.
31. If the entity had determined that there were different ways in which the needs could be met, obtain the entity's analysis of the possible alternatives and determine if: (a) There had been a detailed analysis of the extent to which each possible option met the needs.						
(b) Entity officials had developed costed general specifications (or another approximation of the cost) and a timetable for each option. Note: Costed detailed specifications for each option are often not prepared.						
(c) A conclusion that supported the selected option.						
32. Conclude as to the adequacy of the above analysis, and the reasonableness of the selected option.						
<i>Procurement Cycle – Tendering</i>						
General						
33. When auditing the tendering stage: (a) Ensure that all required authorities (laws, regulations, rules, policies, etc.) have been complied with.						
(b) Consider the possibility that fraud, undue political influence or undue senior management influence may have occurred. If these may have occurred, follow up the possibility to the extent required to determine if they had or had not occurred.						
Invitation to Tender						
34. Ensure that any contractors who had participated in the needs assessment and/or the definition of requirements had not been invited to submit a tender.						
35. If contractors who had participated in the needs assessment and/or the definition of requirements <i>had</i> been invited to submit a tender, ensure that: (a) It was permissible under the relevant authorities.						

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(b) Entity officials had adequately supported and approved the decision.						
36. Determine if the tendering process had been open to everyone (other than those referred to in steps 34 and 35).						
37. If the tendering process had not been open to everyone (other than those referred to in steps 34 and 35), obtain a list of those who had been invited to submit tenders and: (a) Determine how the entity determined to whom to send the invitation to tender.						
(b) Conclude as to the reasonability of the selection.						
(c) Review the relevant authorities (e.g., procurement act) to determine if they place limitations on instances where the tendering process does not need to be open to everyone. If the relevant authorities do so, conclude as to whether or not the limited distribution for this particular project was permitted by the authorities.						
38. Obtain a copy of the invitation to tender and ensure that it contains all the information that potential bidders required to submit tenders. This would normally include: (a) The objectives of the project.						
(b) The minimum qualifications the contractor must possess.						
(c) The minimum specifications (or the precise specifications) that the completed capital asset must meet.						
(d) The required timeline and completion date for the project.						
(e) The deadline date for the submission of the tenders.						
(f) The evaluation grid to be used to evaluate the tenders.						

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(g) Whether it will be a fixed price or cost-plus contract.						
(h) The payment schedule and the conditions to be met to receive the payments.						
(i) Any assumptions behind the specifications or other material in the document.						
(j) If applicable, the maximum amount that can be proposed.						
39. Consider the nature of the minimum qualifications that the bidders had to possess. In particular:						
(a) Consider if the qualifications appear high enough to ensure a successful completion of the project.						
(b) Consider if there appear to be unnecessary qualifications that could unduly restrict competition.						
40. Compare the specifications contained in the invitation to tender to the detailed specifications contained in the definition of requirements document and:						
(a) Identify any deleted, new or amended specifications.						
(b) For some or all of the deleted specifications:						
(i) Obtain explanations from entity officials.						
(ii) Ensure they were adequately supported and properly approved.						
(iii) Conclude as to whether they were reasonable and not required to meet the identified needs.						
(c) For some or all of the new or altered specifications:						
(i) Obtain explanations from entity officials.						
(ii) Ensure they were adequately supported and properly approved.						

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(iii) Conclude as to whether they were reasonable and required to meet (or better meet) the identified needs.						
41. Consider if the length of time provided to submit the tenders appears reasonable given the nature and complexity of the project.						
42. Ensure that the invitation to tender (including the specifications contained therein) was properly reviewed and approved by senior entity officials.						
43. Conclude with respect to the work performed by entity officials at the invitation to tender stage.						
Evaluation of Tenders						
44. Obtain copies of the tenders submitted by the bidders and determine how many potential bidders submitted tenders.						
45. If there were relatively few tenders submitted, consider the potential reasons why this could have occurred.						
46. Determine who evaluated the tenders and, through discussions with entity officials and a review of available documents (assessments of CVs, etc.): (a) Determine if the entity took the necessary steps to ensure that the persons performing the work were qualified to do so. Note: The entity may have hired outside experts to perform the work. If that is the case, the entity may have carried out a complete tendering process. If so, completing this audit procedure could include a review of the available documents dealing with the tendering process.						
(b) Consider whether there is any evidence to suggest that they are not independent of the contractors submitting tenders.						

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47. Review the evaluation grid that was used and determine if it: (a) Appeared reasonable, with the most important matters being given the greatest weight.						
(b) Was specific enough to avoid an excessive amount of judgement and discretion during the evaluation process.						
48. Obtain a copy of the tender submitted by the winning bidder and a sample of (or all of) the other tenders and:						
(a) Ensure that entity officials checked the qualifications of the contactors and excluded from further consideration those that did not meet the minimum qualifications.						
(b) Review the scores given for reasonableness and consistency.						
(c) Check the arithmetical accuracy of the scores.						
(d) Conclude as the appropriateness of the decision to award the contract to the selected contractor.						
49. For all individually significant line items in the bidder's proposed budget and for a sample of the remaining line items: (a) Compare the amounts to those contained in the entity's costed detailed specifications.						
(b) Follow up any situations where there are large discrepancies or where the amounts appear to be unusually similar.						
50. Conclude with respect to the work performed by entity officials at the evaluation of tenders stage.						
Awarding the Contract						
51. Obtain a copy of the contract between the entity and the contractor and ensure that it has been signed by: (a) Entity officials with the authority to do so.						

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(b) Someone who had the authority to represent the contractor.						
52. Compare the specifications contained in the contact to the specifications contained in the invitation to tender and: (a) Identify any deleted, new or amended specifications. Note: it may be appropriate to exclude minor specifications – those that are not required to ensure that the project will be completed to the standards contained in the definition of requirements document and that are not required to ensure that the needs will be met.						
(b) Consider if the changes are so significant as to draw into question the appropriateness of the evaluation of tenders process.						
(c) For some or all of the deleted specifications: (i) Obtain explanations from entity officials.						
(ii) Ensure they were adequately supported and properly approved.						
(iii) Conclude as to whether they were reasonable and not required to meet the identified needs.						
(d) For some or all of the new or altered specifications: (i) Obtain explanations from entity officials.						
(ii) Ensure they were adequately supported and properly approved.						
(iii) Conclude as to whether they were reasonable and required to meet (or better meet) the identified needs.						
53. Ensure that the contract contains adequate provision for ongoing monitoring of the work as it progresses.						
54. Conclude with respect to the work performed by entity officials at the awarding of contract stage.						

	CI	C2	C3	C4	Done By	W/P Ref.
Procurement Cycle – Post-Contract Award						
General						
55. When auditing the post-contract award stage: (a) Ensure that all required authorities (laws, regulations, rules, policies, etc.) have been complied with.						
(b) Consider the possibility that fraud, undue political influence or undue senior management influence may have occurred. If these may have occurred, follow up the possibility to the extent required to determine if they had or had not occurred.						
Contract Administration and Controls						
56. Determine who were responsible for overseeing the construction and, through discussions with entity officials and a review of available documents (assessments of CVs, etc.) determine if the entity took the necessary steps to ensure that the persons performing the work were qualified to do so. Note: The entity may have hired outside experts to perform the work. If that is the case, the entity may have carried out a complete tendering process. If so, completing this audit procedure could include a review of the available documents dealing with the tendering process.						
57. Through enquires of entity officials, determine how many periodic site visits they had made and the timing of those visits.						
58. For some or all of the site visits performed by entity officials, obtain the documentation of the site visits and determine if entity officials: (a) Had ensured that the work was progressing on schedule.						

	CI	C2	C3	C4	Done By	W/P Ref.
(b) Had ensured that the capital asset being constructed met all of the requirements contained in the contract. In particular:						
(i) It was of the required size/dimensions (height, width, depth, length, etc.) and contained all the required features.						
(ii) The materials being used were of the required quantity and quality.						
(c) Had ensured that the persons doing the work:						
(i) Had the required knowledge and skills.						
(ii) If applicable, were the ones included in the tender documents.						
(d) Had, as part of their work to ensure the quality and quantity of the materials used, taken samples of the materials and tested them.						
59. Conclude as to the appropriateness of the number of site visits, their timing and level of work performed given the nature and complexity of the project.						
60. Physically inspect the work performed and conclude as to whether the completed asset met all of the requirements contained in the contract. In doing so:						
(a) Determine if the finished product was of the required size/dimensions and contained all of the required features.						

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<p>(b) Consider the need to take your own samples of the materials and test them.</p> <p>Notes:</p> <p>(i) This would be particularly advisable if entity officials had not done this work themselves, or the auditors believed they could not rely on the evaluations obtained by entity officials.</p> <p>(ii) If the audit was being conducted while the work was progressing, the auditors could accompany the officials and take samples at the same time.</p> <p>(iii) Regardless, the auditors should have entity officials accompany them when conducting their inspections and taking their samples. Also, it would be advisable if at least two auditors did the inspections.</p>						
<p>(c) Consider the use of photos or videos to document the results of the physical inspection.</p>						
<p>61. Compare the actual dates for the completion of each stage of the project and for the completion of the project to the milestone dates and completion date in the contract. In the event of significant differences, obtain evidence from entity officials that they had:</p> <p>(a) Investigated the discrepancy and had identified the cause.</p>						
<p>(b) Discussed with the contractor ways to rectify the situation.</p>						
<p>(c) Imposed penalties or taken other actions permitted under the contract.</p>						
<p>62. For other cases that came to notice where the contractor had failed to meet the terms of the contact, determine if entity officials had:</p> <p>(a) Discussed the matter with the contactor.</p>						
<p>(b) Imposed penalties or taken other actions permitted under the contract.</p>						

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63. In the event that there were delays in the work or cases where the contractor had failed to meet the terms of the contract, and entity official had not taken the actions permitted under the contract, discuss the matter with entity officials to determine why no action had been taken.						
64. Compare the total actual costs for each major component of the project and for the project as a whole to the amounts contained in the contract and: (a) Obtain explanations for any significant increases or decreases.						
(b) Ensure that all increases or decreases involving changes to the finished product, level of effort or any other terms in the contract are supported by contract amendments or other appropriately approved documentation.						
(c) Consider whether, in total, the changes were so significant as to alter the basic nature of the contract, and therefore the contract should have been re-tendered. Note: Some procurement acts stipulate a maximum percentage by which contract amounts can be increased without requiring special approval for the increases or a re-tendering of the contract.						
65. For all individually significant contract amendments and a sample of the remainder: (a) Ensure they were properly supported.						
(b) Ensure they were properly approved.						
(c) For amendments designed to deal with unforeseen circumstances, consider whether: (i) The circumstance really could not have been foreseen by the contractor before it submitted its tender and before it signed the original contract.						
(ii) Entity officials adequately assessed the situation before agreeing to amend the contract.						

	CI	C2	C3	C4	Done By	W/P Ref.
(d) For changes to the specifications to enhance the project, consider whether:						
(i) The enhancements were required to meet the identified needs.						
(ii) The enhancements would result in the needs being so much better met that the additional costs were justifiable.						
66. Conclude with respect to the work performed by entity officials at the contract administration and controls stage.						
Making Payments						
67. Obtain a listing of all invoices received from the contractor and all payments made to the contractor. Ensure that the total of the payments does not exceed the total amount of the [amended] contract.						
68. For all individually significant payments and a sample of the remainder:						
(a) Agree the amount paid to the amount invoiced by the contractor.						
(b) Ensure that the invoice submitted by the contractor was supported by:						
(i) Evidence that all conditions required to be met before the invoice could be submitted had been met.						

	CI	C2	C3	C4	Done By	W/P Ref.
<p>(ii) Any other documentation required to be submitted under the terms of the contract.</p> <p>Note: For cost-plus contracts, this would usually include:</p> <ul style="list-style-type: none"> • Supplier invoices (supported by purchase orders and receiving reports) to support the amounts being billed for materials; and • Signed timesheets showing hours worked to support the amounts being billed for labour. <p>For fixed-price contracts, there may be no need for supplier invoices, timesheets, etc. However, the contract may still require this information to allow entity officials to determine that the contractor was using the required quantity and quality of materials, that the work was not being done hastily, etc.</p>						
<p>(c) From a review of the entity's records and a re-performance of the work, determine the extent to which entity officials had:</p> <p>(i) Verified that the conditions for payment had been met. (This could be evidence of physical inspections conducted by entity officials.)</p> <p>Note: Depending on the timing of the audit, it may not be possible to re-perform this step.</p>						
<p>(ii) Verified that the invoice contained all the required supporting documents.</p>						
<p>(iii) Verified that the amounts on the supplier invoices agreed to the purchase orders and receiving reports.</p>						
<p>(iv) Verified that the materials were of the quantity and quality required and the labour being charged was consistent with the level of effort expected to be required.</p>						

	CI	C2	C3	C4	Done By	W/P Ref.
(v) Followed up differences between the amount of material and labour being billed and the amounts expected to be billed as per the contract.						
(vi) Verified that all amounts being billed were allowable under the contract. Note: Procedures (v) and (vi) would be particularly relevant to cost-plus contracts						
(d) If the contract called for retentions (holdbacks), ensure that the appropriate amount had been withheld from the amount of the payment.						
69. For the final payment (which could be the payment of the final retention), determine, from the entity's records, that the entity had verified that all work had been completed and that all other conditions of the contract had been met before making the payment.						
70. If the contract required the contractor to obtain a performance bond to guarantee the satisfactory completion of the work: (a) Verify that the contractor did arrange for the bond.						
(b) Verify that the bond was not released until after all conditions for the release of the bond had been met. Note: One of these should have been that the entity had verified the satisfactory completion of the work.						
71. Conclude with respect to the work performed by entity officials at the making payments stage.						
End of Project Evaluation						
72. With respect to the finished capital asset meeting the needs for which it was designed to meet (i.e., the extent to which it achieved its objectives): (a) Enquire of entity officials the extent to which they verified that the finished product met the identified needs.						

	CI	C2	C3	C4	Done By	W/P Ref.
(b) Obtain and review any documentation supporting the entity's analysis.						
(c) In the event that the completed asset did not meet the needs it was designed to meet, determine if entity officials had:						
(i) Determined the reasons why the needs had not been met.						
(ii) Identified a course of action to rectify the situation.						
(iii) Identified ways to prevent this from reoccurring.						
C. Evaluation Stage						
1. Summarize all monetary errors, compliance deviations and VFM deviations.						
2. Determine the cause and effect of each monetary error, compliance deviation and VFM deviation.						
3. For monetary errors identified during the audit:						
(a) Aggregate all monetary errors and determine a most likely error and a maximum possible error at each level of aggregation.						
(b) Conclude as to the existence of material monetary error.						
4. For compliance with authority deviations identified during the audit, to the extent possible and applicable:						
(a) Aggregate all deviations and determine a most likely deviation rate and a maximum possible deviation rate at each level of aggregation.						
(b) Conclude as to the existence of significant non-compliance with authorities that should be included in the audit report.						

	CI	C2	C3	C4	Done By	W/P Ref.
5. For VFM deviations (deviations from economy, efficiency and effectiveness) identified during the audit, to the extent possible and applicable:						
(a) Aggregate all deviations and determine a most likely deviation rate and a maximum possible deviation rate at each level of aggregation.						
(b) Conclude as to the existence of significant non-compliance with economy, efficiency and effectiveness that should be included in the audit report.						
6. Discuss the results of the evaluation process with entity officials.						
7. Determine whether or sufficient and appropriate audit evidence had been obtained to achieve the desired level of overall audit assurance. This would involve:						
(a) Re-assessing inherent and control risk based on the results of the audit.						
(b) Determining if the planned inherent assurance, assurance from tests of controls, and assurance from analytical procedures (and data analysis) had been obtained.						
(c) Determining if the planned assurance from substantive tests of details had been obtained.						
8. If sufficient appropriate audit evidence had not been obtained to achieve the desired level of overall audit assurance, discuss with senior SAI management to determine whether to conduct further work or to amend the audit report.						
9. Conclude with respect to each audit criterion and audit objective.						
10. Document the above work.						
D. Reporting Stage						

	CI	C2	C3	C4	Done By	W/P Ref.
1. Draft the report. In the process:						
(a) When drafting the findings, group individual monetary errors, compliance with authority deviations and VFM deviations to the extent possible and desired.						
(b) Structure the criteria, findings, conclusions and recommendations in a way that clearly shows the links among them.						
2. Discuss the draft report with entity officials and obtain their comments thereon.						
3. Update the draft report for comments received.						
4. Obtain entity officials' comments on the final report and include the comments in the report.						
5. Reference all paragraphs in the final report back to the supporting working papers.						