



APAC AGENCIES AUDITORS CHECKLIST

AGRICULTURAL PRODUCE AGENTS ACT NO 12 OF 1992 AND RULES IN RESPECT OF FRESH PRODUCE AGENTS

I. PURPOSE OF THE APAC AGENCIES AUDITORS CHECKLIST

The checklist serves as a guideline in addition to the ordinary procedures to be performed during audits and to support the audit opinion.

II. CHECKLIST

* Provide explanatory comments where requirements have not been met.

** Where the checklist refers to all payments, transactions, receipts, etc. reference is made to the applicable sample size tested.

A. GENERAL

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
General	1.	Appropriate knowledge and skills of audit staff.	Are the auditor/staff members familiar with the Act and Rules?	No	
General	2.	Self-regulation by the agency.	2.1. Who (on behalf of the agent) is responsible to ensure compliance with the relevant Acts applicable to agents and the monitoring thereof?	No	

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
			2.2. Has a monitoring process been developed, implemented and is it reviewed by the agency?	No	
Section 16 Rules 12- 15 & 37	3.	Validity of the agency and its sales persons.	3.1. Is the agency in possession of a valid fidelity fund certificate and a market permit?	No	
			3.2. Does each director and agent/sales person have a valid: i) Employment contract indicating its position of employment as a sales person? ii) Market registration certificate? iii) Fidelity fund certificate?	No	
			3.3. Have any of the directors or sales personnel made themselves guilty of contravening the Act as stated in Section 16?	No	
			3.4. Has APAC been informed of all internal disciplinary actions instituted against director(s)/ agent(s)?	No	
Section 17 Rules 16- 20	4.	Verification of securities.	4.1. Does the agency have valid security in place to the appropriate amount as determined by the Council?	No	
			4.2. Does the agency have any other security in place? If yes, i) Against who? ii) What amount?	No	
Section 18	5.	Existence of accounting records.	For the period under review, has the agency kept full and correct accounting records of all monies received and expended, assets and liabilities, financial transactions and agricultural produce?	No	
Section 18	6.	Safekeeping of accounting records.	Is the accounting records retained for at least three years after the last entry in respect of any transaction made?	No	

B. TRUST ACCOUNT

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
Section 19 Rule 28	7.	Existence and changes made to the trust bank account.	7.1. Is the account used for receiving principal money, a trust cheque account?	No	
			7.2. Are any other account/s used by the agency for trust money?	No	
			7.3. Have any changes in connection with the trust account, savings or interest bearing account taken place?	No	
			7.4. Do any of the bank accounts held by the agency, have an overdraft facility available or is currently in use?	No	
Section 19 Rule 30	8.	Accounting of transactions and events.	8.1. Have all transactions (irrespective of its nature ¹) been accounted for timeously and accurately? <i>¹ This includes instances found where the agency traded outside of the market system, making use of 3rd party financing (e.g. where the buyer is supplying the agent with credit), etc.</i>	No	
			8.2. Have the proceeds from the sale of the fresh produce been deposited into only the trust bank account?	No	
Section 19 Rule 30	9.	Safeguarding of trust money.	Does the account(s) identified in 7.2 conform to the requirements of Section 19.3?	No	
Section 19(4) Rule 21 & 22	10.	Stock verification.	10.1. Was the stock count performed on a surprise basis?	No	
			10.2. Has all stock entrusted to the agency been identified and counted, irrespective of its location (market floor, cold rooms, ripening rooms, loading bays/ platforms, etc.)?	No	
			10.3. Has the stock sheet/ list of product balances been obtained from the Market Authority after all reservations, unpaid sales, etc. have been cancelled?	No	
			10.4. Have all produce been counted per principal and per consignment, alternatively per principal per classification (no bulk counting)?	No	

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
			10.5. Has all produce, irrespective of it being loaded onto the market system, being sold, lawfully destroyed or reserved, been counted?	No	
			10.6. Have all shortages and surpluses been resolved through valid supporting documents (e.g. removal notes / sales notes, etc.)?	No	
			10.7. Is all the produce appropriately marked as required by Rule 22?	No	
Section 20	11.	Validity and accuracy of payments to principals.	Were the proceeds of the sale of agricultural product(s), paid to the principle , after deductions from such proceeds the agreed remuneration and other reasonable expenses incurred by the agent?	No	
Rules 6,24, 27, 31 & 32	12.	Valid, accurate and timely withdrawals or payments from the trust account.	12.1. Were all the payments made to principals been accurately processed on the payment system?	No	
			12.2. Were all the payments effected within 5 business days after the sales date (not per consignment)?	No	
			12.3. Did the payment amounts correspond to the statement issued to the principal?	No	
			12.4. Does the agency have an appropriate process in place for cheques presented for payment?	No	
			12.5. Were all withdrawals (money other than trust money payable to principals, e.g. commission, cold storage, etc.): i) Transferred without undue delay at least once a month? ii) Valid and accurate? iii) And expenses relating to the withdrawal paid?	No	
			12.6. Was the remuneration claimed by the agent: i) At a higher rate or scale than usually claimed? ii) Did it only include reasonable costs or expenses?	No	
			12.7. Were any business expenses paid from the trust account (e.g. farmers' advances, rent, insurance, etc)?	No	

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
Rule 38	13.	Unclaimed monies paid to APAC.	Were all monies payable to principals, older than 200 days from the date of the sale, been paid to the council?	No	
Rule 27	14.	Safeguarding of trust money.	Was it verified that no principal money was transferred to the business account?	No	
Rules 31 & 33	15.	Reconciling the bank account with the accounting records.	Was there any given point in time where the money in the trust account was less than the total amount of the trust creditors ¹ ? <i>¹Taking in consideration and excluding outstanding deposits due from market authorities</i>	No	

C. AGENTS CODE OF CONDUCT

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
Rule 2 & 4	16.	Integrity, objectivity, independence and incompatible practices.	16.1. Has the agency identified conflicts of interest, objectivity and independence for any of its directors or sales personnel?	No	<i>Report on conflicts and the remedial actions taken by the agency.</i>
			16.2. Is a declaration of conflicts of interest, objectivity and independence completed at least annually for each and every director and sales person?	No	
Rule 7	17.	Responsible acceptance of gifts.	Have any of the directors or sales personnel received any gift that might result in a conflict of interest or influence independence?	No	
Rule 8	18.	Responsibility towards financial obligations.	Have any of the directors or sales personnel entered into financial obligations that will or could impair his / her independence ¹ ? <i>¹ This includes risk taken on by a salesperson in terms of their employment contracts i.e. credit, pallets, produce losses, etc.</i>	No	
Rules 9-11	19.	Responsible marketing.	Have any of the marketing materials used by the agency contravened Rule 9?	No	

D. RECEIPT AND SALE OF FRESH PRODUCE

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
Rule 21	20.	Maintain and keep a register of fresh produce received.	20.1. Does the register conform to the requirements set out in Rule 21?	No	
			20.2. Was all the produce recorded in the register, within one business day from date of receipt?	No	
Rule 23	21.	Sales notes are issued in accordance with the type of sale.	21.1. Does the agency ensure that a sales note is issued for each transaction ¹ ?	No	
			<i>¹ A sales note must be issued irrespective of the type of sale (cash/ credit). Credit sales include but are not limited to including principal credit/overdraft and agents credit/ proxy sales</i>		
			21.2. Does the sales notes issued, conform to the requirements as set out in Rule 23.2?	No	
			21.3. Were any sales made to illegitimate buyers?	No	
Rule 25	22.	Reports on unsold fresh produce.	Did the agency report to the principals, as required on all unsold produce?	No	
Rule 26	23.	Accurate accounting to principals.	23.1. Has the agency reported within 5 business days from the date of sale to the principals as required for all produce sold?	No	
			23.2. Did the report sent to the principals conform to the requirements of Rule 26?	No	
			23.3. For all produce that was condemned, is the agency in possession of the discard note used by the health inspector?	No	

E. ADMINISTRATION

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
Rule 27	24.	Safeguarding of accounting records.	24.1. Are all the accounting records of the agency kept at the business address of the agency?	No	
			24.2. Does the business address agree to the records submitted to the Council?	No	
Rule 27	25.	Separate business and trust accounting records.	Does the accounting records distinguish between business account transactions and trust account transactions?	No	
Rule 27	26.	Conformance to accounting framework.	Are the accounting records presented in accordance with the applicable accounting framework?	No	

F. MARKET AGENT'S FINANCIAL RECORDS

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
APAC Credit Sales Policy	27.	Appropriate management of agent's credit sales.	For all debtors transactions raised in the supply of credit (ie. money is supplied to the buyer to effect produce sales transaction): i) Does the sales transactions reflect on the market system? ii) Was the produce paid for? iii) Were all the buyers valid? iv) Has any "secret" profits been made? v) Have any administration cost in supplying the credit been levied by the agency to the buyer?	No	
N/A	28.	Conformance to APAC Credit Sales Policy.	For all credit sales transactions taking place, is the credit sales policy adhered to in terms of: i) Producer credit sales? ii) Agents credit sales? and iii) Shortage sales?	No	

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
N/A	29.	Financial health.	What is the agency's acid test ratio, current liability ratio as well as solvability ratio (acknowledge 80 % of debt breakdowns)?	No	

G. MISCELANEOUS

SECTION/ RULE	NO	OBJECTIVE	NEW CHECKLIST	YES/ NO	COMMENTS
Rule 37	30.	Transparent reporting on convictions.	Where any convictions or offences noted in terms of this rule?	No	