### SUSTAINABILITY OF SERVICES CHECKLIST

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Auditee:** |  | **Reviewed by:** | **Name** | **Rank** | **Date** |
| **Period end:** |  | **Level 1** |  |  |  |
| **Prepared by:** |  | **Level 2** |  |  |  |
| **Rank:** |  | **Level 3** |  |  |  |
| **Date:** |  |  |  |  |  |

|  | **Through discussions with management and inspecting relevant documentation determine whether:** | **Risk identified****Yes / No** | **Record of work done** | **W.p. Ref.**  |
| --- | --- | --- | --- | --- |
| 1. | All staff holding key positions or having capabilities key to the operations of the auditee have been retained, or when such employee has left the entity there has been appropriate replacement arranged during the financial year. *[Consider the impact of the resignations on the future of the entity, and determine through inquiry from knowledgeable persons whether the replacement personnel will be able to fulfil the requirements of their new positions]* |  |  |  |
| 2. | Key suppliers on which the auditee relies upon in the process of delivering services are likely to carry on supplying the auditee. If not, consider whether alternative sources have been identified by the auditee. |  |  |  |
| 3. | Press clipping and publications have indicated poor service delivery or (potential) misconduct at the auditee.*[Document instances of negative publicity and identify audited components affected]*  |  |  |  |
| 4. | There have been labour difficulties/work stoppages during the financial year.  |  |  |  |
| 5. | There have been excessive dismissals, or any abnormal wage reductions. |  |  |  |
| 6. | The auditee’s budget has remained reasonably the same compared with last year with adequate provisions for inflationary increases and new requirements? |  |  |  |
| 7. | All primary projects or programmes are to be continued in the foreseeable future and whether the scope thereof has been reduced significantly |  |  |  |
| 8. | Inspect government letters or statements detailing the amounts that the entity will receive in the following financial year |  |  |  |
| 9. | Consider the external economical environment and its potential impact on the auditee’s operations, including the following areas: |  |  |  |
| 9.1 | Impact of recessions and potential lack of funding |  |  |  |
|  9.2 | High inflation levels |  |  |  |
|  9.3 | Economic and political changes with the intention to review decisions affecting the status and functions of the auditee |  |  |  |
|  9.4 | Intention to privatise the entire or part of the functions of the auditee |  |  |  |
| 10. | Identify pending legal proceedings against the auditee that may, if successful, have significant financial impact on the operations of the auditee.*[For significant legal proceedings and relating contingent liabilities obtain external confirmation from external parties such as lawyers or attorneys]*  |  |  |  |
| 11. | Consider whether the entity is experiencing increasing levels of bad debts and the impact this may have on the operations. |  |  |  |
| 12. | Inspect proof that management regularly assess cash flows and make proactive plans to maintain required liquidity. |  |  |  |
| 13. | Inspect the financial information of the auditee and determine whether the following scenarios have been applicable for the auditee: |  |  |  |
| 13.1 | Expenditure exceeding revenue resulting in liabilities building up. |  |  |  |
| 13.2 | Liabilities increasing |  |  |  |
| 13.3 | Cash flow problems due to non-receipt / collection of revenue |  |  |  |

**Conclusion**

**The following risks have been identified:**

*[All risks identified will be taken to the of Risk of material misstatement on financial statement level working paper]*