Republic of Kenya

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

GOVERNMENT OF KENYA

DRAFT ACCOUNTS PAYABLES AND ACCOUNT RECEIVABLE AUDIT

PROGRAMS FOR NATIONAL GOVERNMENT

SEPTEMBER 2026

Republic of Kenya

PSASB
PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

ACCOUNTS PAYABLES AND RECEIVABLES MANAGEMENT

(To be customised for each Program)

Audit Program No.:	**Period Under Review:**	**Department:**
Prepared By:		
Reviewed By:		

Sub Process: Accounts payable

Audit Objective: To assess effectiveness of management of accounts payables	
Risk: Misstatement of liabilities	
Control	**Audit Tests**
Approved procedures for recognition of liabilities	**Test of Design** • Establish the key requirements of laws, regulations, guidelines, policies and procedures on liabilities management.

CPA Centre, 8th Floor, Thika Road, Ruaraka. P.O Box 38831 - 00100, Nairobi, Kenya. Tel: 020 251 1557
www.psasb.go.ke. email: info@psasb.go.ke

Accounting standards	• If the control is not documented, enquire from process owner how it is being executed. **Test of Implementation** • Confirm that there is a documented procedure for recognition of liabilities. • Walkthrough and note any gaps in implementation **Test of Operating Effectiveness** • Obtain a schedule of payables and confirm they are adequately supported. • Sample completed procurement transactions and trace recognition of the liability in the books of account • Review contracts and confirm that liabilities relating to the contracts are recorded in the books of account • Confirm that liabilities are recognized in the period they belong to

Sub Process: Accounts Receivables

Audit Objective: To assess effectiveness of management of accounts receivables	
Risk: Misstatement of receivables	
Control	**Audit Tests**
Approved procedures for management of	**Test of Design** • Establish the key requirements of laws, regulations, guidelines, policies and procedures on receivables.

receivables Accounting standards	• If the control is not documented, enquire from process owner how it is being executed. **Test of Implementation** • Confirm that there is a documented procedure for management of receivables. • Walkthrough and note any gaps in implementation **Test of Operating Effectiveness** • Obtain a schedule of receivables and confirm they are adequately supported. • Sample service or sales transactions and confirm that the arising revenue or receivable is appropriately recorded in the books of account • Review contracts with customers and confirm that credit terms are adhered to. • Confirm that receivables are recognized in the period they belong to. • Confirm that amounts received from customers are reflected in the bank or cash accounts. • Ascertain whether debtor reconciliation and aging are done to assess collectability and manage collection of receivables and where necessary provisioning. • Confirm that any write-offs are properly approved. • Obtain a schedule of prepayments and confirm validity and accuracy of amortization. • Ascertain that expenses are recognized in the correct period.