

RSM Eastern Africa

Business Compliance Checklist

Company:	Prepared by:	Date:
Month ended:	Reviewed by:	Date:
Subject: Monthly Compliance Certificate		

This Certificate must be completed each month and submitted to the Managing Director by the 20th of the following month. The General Manager / Financial Controller must ensure that they have reviewed each area prior to certification as any wrong certification will result in disciplinary action. Where an answer is No, provide additional details. In case of reconciling differences over KShs. 25,000 per account, attach details. Details to be provided for the balance outstanding at the month-end and not at the certification date.

Area	Yes / No / N/A	Comments
Books of Account		
Have the books of account been closed and do the figures in the ledger agree with the trial balance and management accounts?		
Are the receivables and payables listing in agreement with control accounts and has the ageing analysis been reviewed for correctness?		
Are all suspense accounts reconciled and cleared? Provide movement of all suspense accounts and how these were cleared or details of outstanding balances on these accounts		
Have all inter-company accounts with all related parties been reconciled and reconciliation differences incorporated prior to conducting the month-end procedures?		
Have all payable accounts been reconciled to suppliers' statements and reconciliation differences incorporated prior to conducting the month-end procedures?		
Have all receivables and payables accounts denominated in foreign currency been restated at the correct closing rates?		
Have all inter-company accounts been reconciled and where applicable, reconciling items adjusted in the management accounts?		

RSM Eastern Africa

Business Compliance Checklist

Area	Yes / No / N/A	Comments
Bank and cash		
Have bank reconciliations been reviewed and reconciling items actioned?		
Have all IOU's been cleared? If not, provide a list		
Have all cash takings been banked intact? If not, provide list of all takings pending banking		
Have Petty cash transactions been reviewed and reconciled? If not, provide a list of unreconciled/pending items		
Inventories		
Have all physical inventory count details been agreed with book records? Provide details of differences and how these were resolved		
Has all consignment inventory been properly accounted for?		
Have inventories been valued after taking into account all direct costs including production overheads based on normal production capacity?		
Payroll and Statutory Deductions		
Have all statutory deductions been properly calculated, and benefits taxed (refer to the RSMEA-Kenya Tax Guide)?		
Where benefits are provided from resources owned by the company, are these taxed at the market value (market value needs to be justified)?		
Have all relevant returns been submitted by their due dates? If not, provide details		
Has the payroll been agreed to the general ledger control accounts and have all control accounts been cleared by month-end? If balances exist, provide details		
Has the current month's payroll (including casual) been reconciled to the last month's payroll and approved by the GM / FM?		

RSM Eastern Africa

Business Compliance Checklist

Area	Yes / No / N/A	Comments
Has PAYE, NSSF, NITA, SHA, AHL, HELB, and Fringe Benefit Tax been remitted on time (including on casual wages)?		
Has the paid-out bonus and gratuity been taxed?		
Have all pension contributions been remitted on time?		
Borrowings		
Have all borrowing accounts been reconciled to the statements from the lenders?		
Have interest and bank charges on all loan, overdraft, and LC accounts been recalculated and agreed to bank statements, and differences followed up?		
Have all borrowings in foreign currency been restated at the closing exchange rates?		
Have all loans and lease / hire purchase been made by the due dates?		
Has WHT been paid on all interest accrued as per the due date, and the WHT certificate provided to non-qualifying lenders?		
VAT		
Is output VAT reconciled to control accounts after ensuring the completeness of all invoices, cash sales and credit notes?		
Has output VAT been charged at the earlier of the raising of an invoice; receipt of a deposit; or on the supply of the goods and services to the purchaser?		
Has a reconciliation of input and output tax been done based on the income and expenditure reflected on the AutoPopulated VAT returns and that reflected in the management accounts, and have all reconciling items been reviewed to ensure that both output and input tax have been correctly reflected on the return? (An annual reconciliation should be prepared at each financial year end as part of the audit file)		

RSM Eastern Africa

Business Compliance Checklist

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<p>Has input VAT been claimed only on purchases or imports of goods and services to be used in the business, and that no input VAT has been claimed on:</p> <ul style="list-style-type: none"> ➤ Fuel and oils to be used in motor vehicles, ships and other vessels; ➤ Passenger vehicles and mini buses (except where used for leasing, hiring or vehicles re-designed to supply taxable supplies); ➤ Leasing or hiring of passenger vehicles and mini buses; ➤ Bodies, parts and repairs of passenger vehicles (except where used in supply of taxable services); ➤ Furniture, fittings and ornaments (except those permanently attached to buildings or for use in hotels and restaurants); ➤ Household or domestic electrical appliances other than those used in the manufacture or supply of taxable services; ➤ Entertainment services (including office tea, water etc); ➤ Restaurant and accommodation services; ➤ Taxable supplies for staff housing and welfare (including office tea, water, staff canteen and staff transport); ➤ Invoices not the company's name and where it is not an e-TIMS compliant invoice 		
In the case of export sales, have duly stamped customs documents been received for all sales? If not, provide details.		
In the case of sales to exempt organisations, have these been zero-rated after receipt of exemption documents?		
Has banking to sales reconciliation been reviewed and any differences actioned? If not, provide details		
Has input VAT been claimed, where applicable, after application of the partial formulae?		
Has the VAT withholding been deducted and remitted in time, where applicable?		
Has the correct prior-month credit been brought forward?		

RSM Eastern Africa

Business Compliance Checklist

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Does the VAT control account agree with the VAT return? If not, provide details		
Has the VAT return been filed and the payment made by the due date?		
In the case of VAT refunds, have the claims been lodged and followed up? Provide status of all claims outstanding		
Has reverse VAT been paid on all imported services?		
Other Statutory Dues and Deadlines		
Has WHT been deducted and remitted on all management, professional, agency, and contractual fees and on interest, dividends, commissions, and other payments subject to WHT (the value to be used is the gross contract value)?		
Have all monthly and annual returns been filed by the due dates, and WHT certificates provided to the payee?		
Have all other dues like KBS Levy, Tourism Levy, catering Levy, and other levies and dues, together with the returns, been filed by the due dates?		
Have all other statutory matters applicable for the month been complied with and the payments made / returns filed by the due dates, including: <ul style="list-style-type: none"> ➤ Holding of the Annual General Meeting; ➤ Filing of Annual Returns with the Registrar of Companies; ➤ Payment of Advance tax, instalment tax, and final tax; ➤ Filing of the audited financial statements and tax returns by the sixth month after the year end; and ➤ Payment of land rates and rates for all properties 		
Other Items		
Have all off-balance sheet items including cases for and against the company, letters of credit and guarantees outstanding been reviewed? Provide status of all cases and other off-balance sheet potential liabilities		

RSM Eastern Africa

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Have all customer complaints and return of goods been reviewed and the reasons investigated? Provide details of items indicating problems in quality		
Have the following been reviewed / renewed: <ul style="list-style-type: none"> ➤ Adequacy and renewal of insurance policy; ➤ Trade licences; ➤ Subscriptions (FKE, KMA, KNCC etc.); ➤ Service contracts; ➤ Property leases 		

I confirm that I have reviewed that above prior to signing the Compliance Certificate.

GM / FM: _____

Date: _____

CAVEAT

The information contained herein is for guidance only, and there may be other applicable taxes, filing dates and controls that may be applicable to specific users. The checklist and the RSMEA Kenya Tax Guide should therefore not be used without customisation to the user's specific requirements. Whilst every care has been exercised in ensuring the accuracy and the completeness of the information contained herein, RSM Eastern Africa LLP and RSM (Eastern Africa) Consulting Ltd. will not accept any liability for any errors or omissions contained herein whether caused by negligence or otherwise, or for any loss, however caused or sustained by anyone who acts or refrains from acting as a result of placing reliance on the contents.