Audit Manual
for
Ministries, Departments and Agencies

Internal Audit Agency

Contents

LIST OF ABBREVIATIONS

No.	Abbreviations	Description
1.	ARIC	Audit Report Implementation Committee
2.	CFE	Certified Fraud Examiner
3.	CIA	Certified Internal Auditor
4.	CISA	Certified Information Systems Auditor
5.	CPA	Certified Public Accountant
6.	IIA	Institute of Internal Auditors
7.	IAA	Internal Audit Agency
8.	IAM	Internal Audit Manual
9.	IAP	Internal Audit Plan
10.	IAU	Internal Audit Unit/Directorate/Department
11.	MMDAs	Metropolitan, Municipal and District Assemblies
12.	MDAs	Ministries, Departments and Agencies
13.	OP	Operational Procedures
14.	PUFMARP	Public Financial Management Reform Program
15.	RMP	Risk Management Panel
16.	SAS	Statements of Auditing Standards

1　Introduction

Section 16 (1) of the Internal Audit Agency Act provides that each Ministry, Department and Agency (MDA), shall have an Internal Audit Unit (IAU) which shall constitute a part of the MDA. The responsibilities of the IAU are set out in the Act and in the Internal Audit Manual (IAM) for the MDAs. This IAM has been developed in conformity with the Internal Audit Agency Act, relevant regulations and requirements of the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA).

The Internal Audit Unit/Directorate/Department (IAU) supports an MDA as an independent appraisal function to examine and evaluate their financial and operational activities. The IAU also monitors compliance with rules, regulations, systems, policies, and procedures prescribed by an MDA and / or by regulatory authorities. The IAU is an integral part of the governance framework of an MDA, which verifies that necessary controls are in place for financial and operational activities. Internal Audit provides management and other relevant stakeholders with information including analysis, appraisals, observations, and recommendations.

An internal audit manual documents policies and procedures for managing an IAU and its activities. The IAM serves as a guide in managing the functioning of an IAU and the execution of internal audit activities in accordance with the IAA Act and the standards of the profession.

1.1　Objectives

This Manual is not a text book on audit; it is written as a reference document to provide guidance on the key phases and activities applied in an internal audit work. Internal Auditors are to acquire theoretical knowledge through, inter alia, attending courses and in-house training, and participating in assignments and workshops.

The objectives of this Manual include the following:

- Document in detail the internal audit policies and procedures of the MDAs

- Serve as a useful guide for the internal audit staff, detailing their responsibilities, approach, and authorities to conduct effective internal audits of the MDAs and communicate audit results to management and related parties

- Provide a consistent basis for the delivery of internal audit activities in all the MDAs

- A basis for improving systems and internal control procedures

1.2　Content of the Manual

This Manual prescribes the structure, policies, procedures, templates, guidelines, and reference documents to be used by the IAU of the MDA to carry out its responsibilities. The manual also describes the responsibilities of the IAU in communicating audit results, its approach, authority, and strategies to achieve its objectives.

The procedures have been described in narrative language and are supported by specimen operational procedures that have been appropriately referred and serially numbered to facilitate their identification.

This Manual is intended to provide work instructions and guidance primarily to the staff of the IAU. However, certain guidelines detailed herein may be applicable to all the employees of the MDAs.

1.3 Maintenance / Revisions

To keep abreast with changes in business requirements, applicable laws, regulations and internal auditing standards or changes in the MDAs' activities, the Head of IAU will, from time to time, issue circulars and notices to amend or add to existing policies and procedures.

It is suggested that revisions be incorporated in the following manner:

- Responsibility for arranging revisions should be assigned to the Head of IAU.

- Any changes proposed should be drafted by the manual holders and forwarded to the Head of IAU with a copy of the section/sub-section proposed for modification.

- The Head of IAU should review the proposals and invite comments from the relevant functional heads and senior management, whenever necessary.

- Based on comments received, Head of IAU should prepare a revised draft of the related procedure(s).

- The revised draft should be submitted to the ARIC and the Head of the MDA, who should review it and forward to the IAA. The IAA will review the proposed amendment, approve (if acceptable) and advise the IAUs accordingly.

- Following the above approval process, the Head of the IAU should perform the following:

    - Arrange for circulation of the revised section(s) to all relevant stakeholders (distribution list) as well as staff in possession of portions of the Manual. The revised sections should specifically bear the date from which the changes will be effective.

    - Keep audit trail of the amendment to the manual.

➲ See Operational Procedure OP 30 – Revision to the Internal Audit Manual

As and when necessary, requests for clarifications or explanations on the contents of this Manual should be addressed to the Head of IAU.

1.4 Distribution List

Copies of the IAM should be retained by:

- The Members of the Audit Report Implementation Committee.

- The Coordinating Director

- The Head, HR & Administration

- DG, Internal Audit Agency

- The Manager, Information Technology

- All Sectional/Departmental/Unit Heads

- Place on central server with the appropriate security access and edit levels for staff information.

The Manual should be retained for reference by the internal audit staff.

This document is to be treated as confidential. No part of this Manual may be photocopied or taken out of the office premises.

All individuals in possession of the IAM are required to return the IAMs intact to the Head of IAU on relinquishing their position due to transfer, promotion, retirement or any other reason.

1.5   Structure of the Manual
The manual is divided into three sections as follows:

The Main Body: This section outlines all the elements and procedures that may be followed to establish and manage an effective and efficient IAU as well as those that are required to plan, execute and report on internal audit assignments. It explains the purpose and role of the Manual, defines the administrative activities required to manage an effective and efficient IAU, outlines the activities to be pursued to plan, execute, report and follow-up on audit assignments as well as explain audit principles, documentation and quality assurance and ethical requirements.

Appendices: This section which is attached to the manual explains how to complete the various forms and templates that have to be completed when planning for, conducting and/or reporting on assignments as well as those that should be completed when following up on the status of implementation of the recommendations made in previous assignments. It also contains the various forms that should be completed when planning, conducting, and reporting on assignments as well as when following-up on the status of implementation of the recommendations of the audit. Each document has also been assigned a reference number. This refers to the order of filing of the working papers.

2 Mission, Definition and Reporting Structure

2.1 Mission Statement of the Internal Audit Unit

The mission of the IAU is to assist management in monitoring risk management processes, governance and internal controls. Internal audit is an integral part of the MDAs' function.

The IAU facilitates the strengthening of the internal control environment in the MDAs by furnishing management with:

- On-going risk assessments.

- Constructive analysis and recommendations.

- Reliable opinions and

- Reports to the management and the ARIC on the adequacy of internal controls, the accuracy, reliability and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with institutional policies, laws and regulations.

2.2 Definition of Internal Auditing

The Institute of Internal Auditors (IIA) Standards define internal auditing as:

"*An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes*".

2.3 Reporting Lines

2.3.1 Head of Internal Audit Unit

The Head of IAU reports functionally to the Director-General of IAA (Section 16.3 of Act 658) and to the Audit Reporting Implementation Committee (ARIC). The Head of the IAU also reports administratively to the Head of the MDA.

2.3.1.1 Role of the Head of the IAU

The Head of the IAU should manage the Unit in accordance with the requirement of the IAA which include the following:

- Establish appropriate policies and procedures to guide the IAU.

- Establish risk-based audit plans to determine the priorities of the audit activities, consistent with the goals of the MDA.

- Develop and implement processes to require compliance with internal auditing standards and practices.

- Develop and implement processes to facilitate the successful execution of strategic plan of IAU.

- Identify the appropriate mix of resources (financial, human, tools, etc.) to support the effective and efficient implementation of the annual audit plan.

- Monitor to ensure audit activities (planning, fieldwork, reporting, follow-up and others) are performed efficiently and in accordance with the requirements of the IAA.

- Adopt and maintain a Quality Assurance and Improvement Programme that is in accordance with the requirements of the IAA.

- Manage the extent and process to which IAU's coordinate external units (external audit, compliance function, board and others) involvement in the execution of audit activities; to avoid duplication and enhance audit efficiency. Manage the flow of relevant information (strategic audit plans, audit plans, working papers, etc.).

- Develop and implement processes to enhance communication with significant stakeholders including the Director-General of the IAA, Management, ARIC and etc.

- Review working papers to verify that they contain a time budget analysis for the project that identifies:
  - Hours budgeted by audit segment.
  - Actual hours by audit segment.
  - Variances between budget and actual hours with explanations of material variances.
- Monitor the timely and efficient execution of internal audit activities.

2.3.2   Audit Reporting Implementation Committee

This section provides guidance on the composition, roles and responsibilities of the ARICs to enable them function effectively. Section 30 (1) of the Audit Service Act, 2000 (Act 584) requires all Institutions subject to auditing by the Auditor-General, including Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) to set up Audit Report Implementation Committee (ARIC) to ensure the implementation of the recommendations of audit reports. Section 16 (8) of the Internal Audit Agency Act, 2003 (Act 658) also reiterates the need for all MDAs and MMDAs to comply with section 30 (1) of Act 584 and establish ARICs. The framework for professional practice of Internal Auditing issued by the Institute of Internal Auditors also requires organisations to have effective Audit Committees.

An ARIC is a statutory and high level independent corporate governance committee in the public sector financial management system. This Committee will, among other things, promote the effective functioning of Internal Audit Units and follow up on the implementation of audit recommendations to

ensure efficient utilisation of public resources in line with the objectives of the Public Financial Management Reform Programmes (PUFMARP).

This Operating Guide is to provide ARIC members with an overview of their role, responsibilities and duties to enable them function effectively.

The Operating Guide should be dynamic and up to date and will be revised from time to time as deemed necessary.

2.3.2.1   *Composition of the ARIC*

Section 30 (1) of the Audit Service Act, 2000 (Act 584) requires an institution, body or organisation which is subject to auditing by the Auditor-General to establish an ARIC, comprising of:

- The Governing Board or Council of that institution, department, body or organisation where such Council or Body exists by law; or

- A Ministerial Committee for Ministries, Departments and Agencies of the Central Government; or

- A special Committee of the District Assembly

Ministries
The ARIC shall comprise five members as follows:

      i.   The Minister or a representative of the Minister (Chair).

      ii.   The Chief Director.

     iii.   One Line Director other than the Head of Finance or Internal Audit.

     iv.   Two external representatives with a minimum of eight years' experience in accounting or auditing, one each nominated by the Internal Audit Agency and the Institute of Internal Auditors of Ghana.

Commissions or Institutions with a Governing Board or Council
ARICs of Commissions or Institutions with a Governing Board or Council shall comprise five members as follows:

      i.   A member of the Governing Board, Council or Commission nominated to chair the ARIC.

      ii.   The Chief Executive.

     iii.   One Line Director other than the Head of Finance or Internal Audit.

     iv.   Two external representatives with a minimum of eight years' experience in accounting or auditing, one each nominated by the Internal Audit Agency and the Institute of Internal Auditors of Ghana.

In Institutions where the Chairman of the Board, Council or Commission is also the Chief Executive Officer, he or she shall not chair the ARIC. In that case, a member of the Board, Council or Commission should chair the ARIC.

Departments and Agencies (Without a Governing Board or Council)

At the Departmental and Agency level, the ARIC shall comprise five members as follows:

i. The Head of the Department or Agency, or a representative of the Head (Chair).

ii. Two Line Directors other than the Head of Finance or Internal Audit.

iii. Two external representatives with a minimum of eight years' experience in accounting or auditing, one each nominated by the Internal Audit Agency and the Institute of Internal Auditors of Ghana.

2.3.2.2 Formation of Sub-Committees of ARIC

Centralised MDAs may establish sub-committees of their ARICs in their institutions at the Regional and Districts levels. These sub-committees shall perform delegated duties of their parent ARICs as they relate to the institution at the local level. They shall submit regular reports to their parent ARIC as shall be determined by the parent ARIC. External representation is not required on sub-committees of ARICs.

Regional Coordinating Council

At the Regional Coordinating Councils level, the ARIC is made up of five members as follows:

i. The Regional Minister or a representative of the Minister (Chair).

ii. The Regional Coordinating Director (Chief Director).

iii. One Line Director (Officer) other than the Head of Finance or Internal Audit.

iv. Two external representatives with a minimum of six years' experience in accounting or auditing one each nominated by the Internal Audit Agency and the Institute of Internal Auditors of Ghana.

2.3.2.3 Co-opted Members

In the performance of its functions, an ARIC may co-opt any senior management personnel to the committee.

2.3.2.4 Responsibilities of Management

The primary responsibilities for the establishment of internal controls, ensuring compliance with laws, regulations and ethical standards within the entity rest with management of the MDAs.

2.3.2.5 The Roles and Responsibilities of ARIC

a) An ARIC is mandated to:

i. Ensure the implementation of the recommendations in all audit reports of every MDA.

ii. Follow-up Auditor-General and Public Accounts Committee's recommendations as well as recommendations in internal audit reports.

b) An ARIC may provide advice to management on the following:

    i. Risk Management.

    ii. Internal Control.

    iii. Compliance with laws, regulations and ethical standards.

It shall be the duty of the ARIC to ensure that the Head of an institution, body or organisation:

a) Pursues the review and implementation of matters in all audit reports as well as financial matters raised in the reports of Internal Monitoring Units in the institution, body or organisation.

b) Annually prepares a statement showing the status of implementation of recommendations made in all audit reports as well as the Auditor-General's reports which have been accepted by Parliament and any other related directives of Parliament.

    i. The statement shall show remedial actions taken or proposed to be taken to avoid or minimise the recurrence of undesirable features in the accounts and operations of the institution, body or organisation and the time frame for action to be completed.

    ii. The statement referred to above shall be endorsed by the relevant Minister and forwarded to Parliament, Office of the President, the Director-General of the Internal Audit Agency (IAA) and the Auditor-General within six months after Parliamentary decisions on the Auditor-General's reports.

⮊ See OP 33 (Annex 33) – ARIC Annual Reporting Template

With regard to Internal Audit, the ARIC shall perform the following:

a) Review and advise on the strategic and annual internal audit plans.

b) Monitor the performance of Internal Audit Units against its annual internal audit plans and strategic plans.

c) Monitor the implementation of agreed audit recommendations.

d) Review the activities, resources and organisational structure of the Internal Audit Unit and ensure that no unjustified restrictions or limitations are placed on the Internal Auditors.

e) Review the effectiveness of the Internal Audit Unit and ensure that it has appropriate standing within the MDA.

f) Meet separately with the Head of Internal Audit to discuss any matters that the ARIC or Internal Auditors believe should be discussed privately.

g) Ensure that significant findings and recommendations made by the Internal Auditors and Management's responses are received, discussed and appropriately acted on.

In respect of compliance with laws and financial regulations, the ARIC shall:

a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

b) Obtain regular updates from management regarding compliance matters that may have a material impact on the MDA accounting records or compliance regulations.

c) Be satisfied that all regulatory compliance matters, related to the operations of the MDA have been considered in the preparation of the accounting records.

2.3.2.6   Qualities of ARIC Members

The appointment of suitably qualified members to the ARIC is a critical factor for the ARIC's performance. Each member should be capable of making a valuable contribution to the ARIC. A diverse outlook among members is desirable, since a uniform point of view could lead to over-emphasis in one direction. Qualities that each ARIC member should possess include:

a) An attitude of mind independent from the MDA.

b) Integrity.

c) Capacity to dedicate sufficient time and energy.

d) Understanding of the business, its products and its services.

e) Knowledge of the organisation's risks and controls.

f) Ability to read or understand basic financial statements, ask pertinent questions about them and interpret and evaluate the answers.

g) Ability to give direct and honest opinions.

h) Inquisitiveness and independent in judgement.

i) Ability to offer different perspective and constructive suggestions.

2.3.2.7   Authority of the ARIC
The ARIC shall, in discharge of its duties and responsibilities, be authorised /entitled to:

i.   Unrestricted access to management , employees and all relevant records, books, vouchers and other documents relating to the accounts of any MDA.

ii. Establish procedures for dealing with concerns of employees regarding accounting, internal control, audit and other operational matters.

iii. Establish procedures for the receipt, retention and treatment of complaints received by the MDA regarding accounting, internal controls, auditing and other operational matters.

iv. Obtain professional advice from relevant government organs, when necessary.

2.3.2.8   Meeting Guidelines for the ARIC
i.   For the effective discharge of its responsibilities, the ARIC should meet at least once every quarter of the financial year.

ii. Any three of the members of an ARIC including the chair person and one external representative shall constitute a quorum.

iii. The committee shall have its own procedures on the conduct of its meetings.

iv. Only ARIC members are entitled to attend meetings. However, the ARIC may invite such other persons to its meetings, as it deems necessary.

v. The Secretary shall circulate the agenda and supporting documentation to the ARIC members between 7 days and 14 days in advance of each meeting.

vi. The Secretary shall circulate the minutes of meetings to ARIC members within 7 days after each meeting.

vii. Members shall attend every meeting of the ARIC.

viii. If a member fails to attend four consecutive quarterly meetings, the appointing authorities of that member shall be notified so that the member's performance will be reviewed.

2.3.2.9 Tenure of ARIC members

External members of the ARIC shall serve on the ARIC for no more than two terms of two years each (no more than four consecutive years).

2.3.2.10 Remuneration and Administrative Support for ARICs

Remuneration
Sitting allowances applicable to Board/Council members or Senior Management staff (whichever is higher and prevails) shall be paid to members of ARIC for its meetings.

Administrative support for ARICs
An ARIC shall be provided with administrative support by management to facilitate the work of the ARIC. This support shall include secretarial support and servicing of meetings. This is more than a minute taking function but it involves providing pro-active support for the work of the ARIC and helping its members to be effective in their role.

The Chair of the Committee and the secretariat should agree procedures for preparing items on the ARIC's agenda and timetables for the issue of notices of meetings, agendas and minutes. The Chair of the Committee should always review and approve minutes of meetings before they are circulated.

The specific responsibilities of the ARIC Secretariat should include:

i. Meeting with the Chair to prepare agendas for meetings.

ii. Commissioning papers as necessary to support agenda items.

iii. Circulating meeting documents in good time before each meeting.

iv. Arranging for specific officers to be available as necessary to discuss specific agenda items with the ARIC during meetings.

v. Keeping a record of meetings and providing draft minutes for the Chair's approval.

vi. Ensuring action points are being taken forward between meetings.

vii. Support the Chair in the preparation of ARIC reports.

viii. Keeping the Chair and members in touch with developments and relevant background information about developments in the MDA.

ix. Maintaining a record of when members' terms of appointment are due for renewal or termination.

    x.   Ensuring that appropriate appointment processes are initiated when required.

    xi.   Liaising with the IAA to ensure that new members receive appropriate induction training, and that all members are supported in identifying and participating in ongoing training.

2.3.2.11   Evaluation of ARICs

The Auditor-General shall evaluate the performance of an ARIC annually to ensure that they perform effectively and that the MDAs benefit from the work of ARICs. The Auditor-General in his evaluation will look for evidence that the MDA has taken or has proposed to be taking remedial action to avoid or minimise the recurrence of undesirable features in the accounts and operations of the MDA.

2.3.2.12   Sample Core Work Programme for ARICS (four times a year)
First Quarter Meeting

- Review and consider audit reports during the quarter paying attention to emerging findings.

- Agree on the ARICs Annual report.

- Follow up recommendations not acted upon or implemented by the MDA.

Second Quarter Meeting

- Review and consider audit reports during the quarter, paying attention to emerging findings.

- Follow up recommendations not acted upon or implemented by the MDA.

Third Quarter Meeting

- Review and consider audit reports during the quarter paying attention to emerging findings.

- Follow up recommendations not acted upon or implemented by the MDA.

Fourth Quarter Meeting

- Review and consider audit reports during the quarter paying attention to emerging findings.

- Follow up recommendations not acted upon or implemented by the MDA.

- Consider any residual actions arising from the previous year's work of both Internal and External Audit.

- Consider the Annual Internal Audit Plan.

2.3.2.13   Questions for an ARIC to ask

This list of questions is not intended to be exhaustive or restrictive nor should it be treated as a tick list substituting for detailed consideration of the issues it raises. It is intended to act as a 'prompt' to help an ARIC ensure that their work is comprehensive.

On the implementation of the Auditor-General, Public Accounts Committee's and Internal Audit Recommendations

How do we know?

- That all the recommendations made by the Auditor-General, Public Accounts Committee and in the Internal Audit reports have been implemented?

On the strategic process for risk, control and governance

How do we know?

- That the risk management culture is appropriate?

- That there is a comprehensive process for identifying and evaluating risks and for deciding what levels of risk are tolerable?

- That the risk profile is an appropriate reflection of the risks facing the MDA?

- That appropriate ownership of risks in place?

- That management has an appropriate view of how effective internal control is?

- That risk management is carried out in a way that really benefits the MDA or is it treated as a box ticking exercise?

- That the MDA as a whole is aware of the importance of risk management and of the MDA's priorities?

- That the system of internal control will provide indicators of things going wrong?

On risk management process

How do we know?

- Whether senior management and Ministers support and promote risk management?

- Whether people are equipped and supported to manage risk well?

- That there is a clear strategy and policies?

- That there are effective arrangements for managing risks with stakeholders?

- That suitable processes are in place to ensure fraud is guarded against and regularity and propriety is achieved?

- That financial control, including the structure of delegations, enables the MDA to achieve its objectives with good value for money?

- That issues raised by the Internal Auditors and Auditor-General are given appropriate attention?

On the adequacy of management response to issues raised in audit reports

How do we know?

- That the implementation of recommendations is monitored and followed up?

- That there are suitable resolution procedures in place for cases when management rejects audit recommendations which the auditors stand by as being important?

On assurances relating to the corporate governance requirements for the MDAs

How do we know?

- That those producing the assurances understand fully the scope of the assurance they are being asked to provide, and the purpose to which it will be put?

- What mechanisms are in place to ensure that assurances are reliable?

- That assurances are 'positively' stated (i.e. Premised on sufficient and relevant evidence to support them)?

- That the assurances draw appropriate attention to material weaknesses or losses which should be addressed.

2.3.2.14 Conclusion

The ARIC is an integral part of modern control structures and good governance practices in the public sector; and all relevant stakeholders, especially management have a crucial role to play to enable the ARIC deliver on its mandate.

2.3.3   Relationship amongst the Internal Audit Agency, Ghana Audit Service and the Public Accounts Committee of Parliament

This section provides a description of the relationship amongst the IAA, the Ghana Audit Service ("GAS") and the Public Accounts Committee ("PAC") of Parliament. The relationships are essential to enhancing collaboration, efficiency and effectiveness in the public financial management and accountability system.

The IAA is the regulator of internal audit practice within the Public Service of Ghana including the MMDAs. It acts as the Government's advisory body on the practice of internal auditing in all statutory bodies, government ministries and departments. The IAA collaborates with the Institute of Internal Auditors of Ghana to ensure that professional practices are maintained at a high standard at all times. The object of the Agency is to coordinate, facilitate and provide quality assurance and set standards for internal audit activities within the MDAs and MMDAs. The IAA is headed by a Director General ("DG") who is appointed by the president.

The GAS is mandated to monitor the use and management of all public funds and report to Parliament. Under Article 187 (2) of the 1992 Constitution, the Auditor General ("AG") is charged with auditing all ministries, departments, and other agencies of the central government for the financial year ending December 31. As head of GAS, the AG is granted statutory independence by reporting only to Parliament and enjoying security of tenure. Section 5 of Article 187 requires the AG to inform parliament annually of any irregularities arising from his work. The AG's Report to Parliament is referred to the PAC of Parliament by the Speaker of Parliament. The GAS in carrying out its functions may rely on the work of internal auditors at the IAU.

It is evident from the above that the IAA and the GAS have different but complementary roles. The differences include the following;
- The IAA reports to the Executive (President) whilst the GAS reports to the Legislature (Parliament)
- The GAS primarily focuses on the audit of financial transactions. Under Article 187 (8) of the 1992 Constitution however, the President acting in accordance with the advice of the Council of State may request the AG in the public interest, to audit, at any particular time, the accounts of an entity or organisation.
- The IAA's audits extend beyond financial transactions to cover management operations and provide standards and procedures on same for the IAU's of MDAS and MMDAs.

The PAC of Parliament's primary function (Order 165(2)) is to examine the audited accounts of government showing sums granted by Parliament to meet public expenditure and of such other accounts laid before Parliament. The PAC interrogates public officers on the findings of the AG and makes various recommendations including public sector reforms that may be necessary to strengthen various anti-corruption measures in the country. The PAC of parliament in examining the audited accounts of government may summon relevant public officials to appear before it (including members of the ARIC of MDAs and MMDAs.

Under Section 30 (subsections 2, 3, 4, and 5) of the Audit Service Act, 2000 (Act 584), ARIC is charged to ensure that the head of an institution, body or organisation to which subsection (1) applies:

- Pursues the implementation of matters in all audit reports as well as the AG's reports endorsed by Parliament as well as financial matters raised in the reports of internal monitoring units in the institution, body or organisation; and
- Annually prepares a statement showing the status of implementation of recommendation made in all audit reports as well as the AG's reports which have been accepted by Parliament and any other related directives of Parliament.

The statement shall show remedial action taken or proposed to be taken to avoid or minimise the recurrence of undesirable features in the accounts and operations of the institution, body or organisation and the time frame for action to be completed. The statement referred to in subsection (3) shall be endorsed by the relevant Minister and forwarded to Parliament, Office of the President and the AG within six months after Parliamentary decisions on the AG's report. In the performance of its functions under this Act, ARIC may co-opt any senior management personnel to serve on the Committee. Under the Internal Audit Regulations (LI 1966) a copy of the ARIC's annual report shall be sent to the Director-General.

The diagram below illustrates and summarises the relationships:
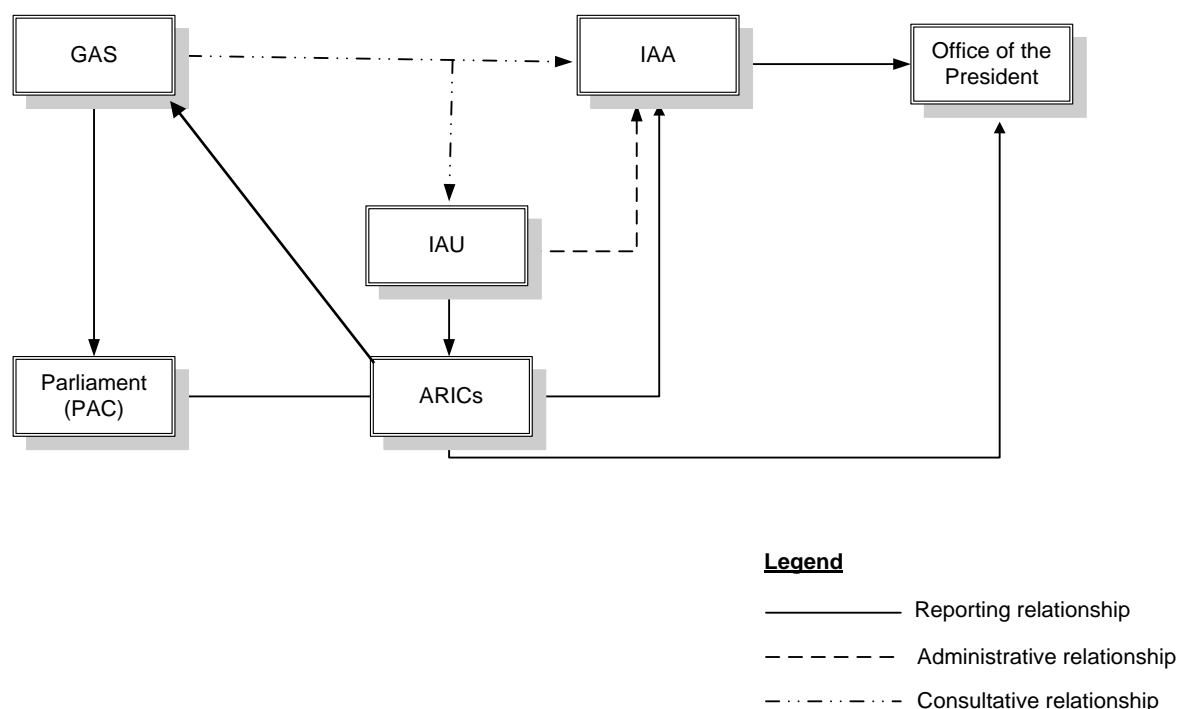
2.3.3.1   Reporting Relationships

The GAS reports directly to the Parliament of Ghana. The IAA reports directly to the Office of the President whilst the IAU's reports directly to the ARIC's of MDAs and MMDAs. The ARIC may report to the GAS, the PAC and the Office of the President when implementing matters in audit and AG's reports endorsed by parliament as stated in Section 30 (2, 3, 4, and 5) of the Audit Service Act, 2000 (Act 584).

2.3.3.2   Administrative Relationships

The IAU's report administratively to the management of MDAs and MMDAs and functionally to the ARIC. The IAU submits a copy of its internal audit reports to its management body, the IAA and such other persons/body as stated in Section 16 (subsections 4, 5, 6 and 7) of the Internal Audit Agency Act, 2003 (Act 658).

2.3.3.3   Consultative Relationships

The GAS in carrying out its functions has a consultative relationship with the IAA and the IAU's and vice versa. The IAA and the GAS have signed a Memorandum of Understanding ("MOU") in order to share information and coordinate activities involving relevant assurance and consulting services to ensure proper coverage, minimize duplication of efforts, reduce cost and time spent on auditing and enhance the value and efficiency of audit services delivery in the public sector. Areas covered by the MOU are;
- Sharing of planning and risk assessment information
- Sharing of reports and other information
- Reliance on the internal auditor's work
- The timing of the audit assignment and;
- Creating the relevant opportunities for consultations

The relationship between the GAS and the IAA is akin to the relationship between external audit and internal audit as espoused by the international standards of the Professional Practise Framework of the Institute of Internal Auditors. The significance of the relationship between internal audit and external providers of assurance and consulting services (external audit) is reflected by the International Standards for the Professional Practice of International Auditing (Standards) 2050 (Coordination) which states that the Chief Audit Executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimise duplication of efforts.

3 Roles and Responsibilities of Internal Audit Unit

3.1 Mandate of Internal Audit Unit in MDAs

The mandate of the IAUs in the MDAs should be defined by the Internal Audit Charter and the responsibilities imposed on the Audit function by legal framework of the Internal Audit Agency Act.

⮞ See OP 32 (Annex 32) – Sample Internal Audit Charter

3.1.1 Scope of the Internal Audit Unit

The scope of the IAU's work is to determine whether the risk management, control and governance processes, as designed and represented by Management of the MDAs, is adequate and functioning in a manner to verify that:

- Risks are appropriately identified and managed.

- Interaction with the various governance groups occur as needed.

- Significant financial, managerial and operating information is accurate, reliable and timely.

- Accounting procedures are effective.

- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.

- Resources are acquired economically, used efficiently and adequately protected.

- Projects, programmes, plans and objectives are achieved.

- Quality and continuous improvement are fostered in the MDAs and are recognised and addressed appropriately.

- Opportunities for improving management control and the MDAs image may be identified during audits and communicated to the appropriate level of management.

3.1.2 Accountability

The IAU shall be accountable to the MDA in the following areas:

- Provide an annual assessment on the adequacy and effectiveness of the processes for controlling the activities of the MDA and managing its risks in the areas set forth under scope of the IAU's annual audit plan.

- Audit and provide assurance on the validation of monthly financial statements submitted to the Head of the MDA

- Report significant issues related to the processes for controlling the activities of the MDA including potential improvements to those processes, and provide information concerning such issues through resolution.

- Periodically provide information on the status and results of the annual audit plan and the sufficiency of the IAU's resources

- Co-ordinate with and provide oversight of the other control and monitoring functions (risk management, compliance, security, ethics, environmental, external audit).

3.1.3 Responsibility

The primary objective of the IAU is to provide an appropriate level of oversight on organisational activities to facilitate the achievement of goals of the MDA. In order to carry out this responsibility, the IAU shall perform the following:

- Develop a yearly strategic plan (which is reviewed quarterly) and present it to the ARIC and management for their review and approval;

- Develop an annual risk-based annual audit plan in consultation with management and submit the plan to ARIC for review and approval;

- Implement the annual audit plan, as approved, including, as appropriate, any special tasks or projects requested by management of the MDA and the ARIC;

- Maintain professional audit staff with sufficient knowledge, skills, experience and professional qualifications to meet the requirements of the audit function in the MDA;

- Professionals of the IAU should be up-to-date with relevant Standards, leading guidance and a process to identify developments relevant to their work;

- Develop and maintain a process to identify and adequately respond to emerging risks relating to the MDA, continuous improvement and integrity in carrying out their activities;

- Develop and maintain a process to issue effective communication (timely, relevant, reliable, objective, concise and etc.) to management and other relevant stakeholders summarising the results of audit activities; and

- Investigate significant fraudulent activities within the MDA brought to the notice of the IAU and other stakeholders.

3.1.4 Authority

The IAU has the authority to audit all parts of the MDA and shall have complete access to any of the records, physical properties, and personnel relevant to the performance of an audit. Documents and information given to auditors will be handled as prudently as they would be by those employees normally accountable for them.

The IAU will have no direct responsibility or authority for any of the activities or operations it reviews. It should not develop and install procedures, prepare records, or engage in activities that would normally be reviewed by auditors.

The IAU is authorised as follows in executing their mandate:

- Have full and free access to ARIC members.

- Allocate resources, set audit frequencies, select auditable subjects, determine scope of audit work and apply the techniques required to accomplish audit objectives.

- Obtain the necessary assistance from personnel in the MDA where they perform audits.

3.2   Internal Audit Policies

The objectives of audit policies include the following:

a. Verify that audit assignments are based on risk assessments of systems and procedures. The focus of audit assignments should be on reviewing, evaluating and recommending for improvement of controls to minimise risks.

b. Add value to the activities of the MDAs. The IAU should support line management in developing and running the business within the defined controls without being involved in operations.

c. Determine the extent of compliance on the established policies, procedures and regulations based on the risks involved therein.

d. Evaluate the soundness of financial and operating controls and their cost effectiveness by highlighting real issues supported by the recommendations in collaboration with the operating management.

e. Ascertain the extent to which the assets of the MDAs are safeguarded and deployed gainfully.

f. Appraise the reliability of information generated by the MDAs.

g. Test and evaluate performance and adequacy of controls through critical reviews for effectiveness, integrity of transaction processing and safeguarding the interest of the MDAs.

h. Where the IAU has identified potential issues, it should issue early warning alerts by raising red flags to enable management deal with the issues in a timely manner.

i. Issue reports on the extent of compliance with the MDA policies, procedures, laws and regulations.

j. Review organisational and procedural changes introduced by the MDA and assess availability of controls therein and that these are feasible for the MDA;

k. Evaluate policies and procedures before their finalisation to assess whether adequate built-in controls are in place;

l. Provide suggestions and recommendations to improve the management of the MDA. Exceptions must be related to major business issues and early warnings of deterioration that management will understand and act upon; and

m. On an ongoing basis, a proper follow up of all audit observations and recommendations to verify that management has implemented them.

3.3   Code of Ethics and Conduct of Internal Audit Staff

The IAU adopts the Code of Ethics and Standards of the Internal Audit Agency which is in line with the Institute of Internal Auditors Standards.

In all of its activities, IAU adheres to the Standards for professional Practice of Internal Auditing and Code of Ethics of the Institute of Internal Auditors and the Internal Audit Agency Act, 2003 (Act 658).

The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control, and governance. The Institute's Code of Ethics extends beyond the definition of internal auditing to include two essential components:

1. Principles that are relevant to the profession and practice of internal auditing.

2. Rules of Conduct that describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics, embodied in the Institute's *Professional Practices Framework, the Internal Audit Agency Act* and other relevant pronouncements provide guidance to internal auditors.

3.3.1   Applicability and Enforcement
This Code of Ethics applies to both individuals and entities that provide internal auditing services.

Breaches of the Code of Ethics will be evaluated and administered in accordance with the IAA Act and Regulations.

3.3.1.1 *Principles*

Internal auditors are expected to apply and uphold the following principles:

- **Integrity**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- **Objectivity**

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

- **Confidentiality**

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- **Competency**

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.

3.3.1.2 **Rules of Conduct**

Integrity
Internal auditors shall:

1.1. Perform their work with honesty, diligence, and responsibility.

1.2. Not knowingly be a party to any illegal activities or engage in acts that discredit the work of internal auditing or the MDA;

1.3. Make disclosures required by law and the standards and procedures as established under Section 3(1) of the Internal Audit Agency Act.

1.4. Respect and contribute to the legitimate and ethical objectives of the MDA.

Objectivity
Internal auditors:

1.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the MDA.

1.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.

1.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality
Internal auditors:

1.4. Shall respect the value and ownership of information they receive and shall not disclose information without authority unless there is a legal or professional obligation to do so.

1.5. Shall be prudent in the use and protection of information acquired in the course of their duties.

1.6. Shall not use information for any personal gain or in any manner that would be contrary to the Internal Audit Agency Act, 2003 (Act 658) or detrimental to the legitimate and ethical objectives of the Internal Audit Agency and MDA.

Competency
Internal auditors shall:

1.7. Exhibit the highest level of professionalism in the gathering, evaluation and communication of information when auditing and shall act only in areas for which they have the necessary knowledge, skills, experience and competence.

1.8. Perform internal auditing in accordance with Generally Accepted Principles of Internal Auditing and the Internal Audit standard and guidelines as set by the Internal Audit Agency.

1.9. In the performance of their work make a balanced assessment of all issues of relevance to the work and should not be influenced by their personal interest or the interests of other persons.

1.10. Continually improve their proficiency and the effectiveness and quality of their services.

3.3.1.3 *Non-Adherence*
Any internal auditor who acts in breach of any of the requirements of confidentiality, integrity, objectivity and competence shall be subject to such action as the Board of the Internal Audit Agency shall recommend including criminal prosecution (Section 25(2) of Act 658).

3.3.1.4 *Protecting the Rights of the Internal Auditor*
Where members of management of an MDA request an Internal Audit staff to undertake a commission or omission that will result in a breach of any ethical requirement under duress, the Internal Auditor should:

1. Refuse to undertake the responsibility that is requested.

2. Report the actions of the member or Management personnel of the MDA to the Director-General of the Internal Audit Agency in writing, with all supporting evidence.

4 Resourcing Internal Audit Unit

4.1 Competence

The internal audit activities of the MDAs will be traditionally carried out by:

- A Head of the IAU

- Staff of the IAU

The Head of the IAU is responsible for maintaining a team of staff that collectively possess the necessary knowledge, skills and disciplines for the achievement of the objectives of the IAU.

In particular, the Head of Internal Audit is to:

- Verify staff possess appropriate professional qualifications, skills and experience; and

- Provide opportunities to facilitate continuing professional development and to obtain IIA (e.g. CIA etc.).

4.2 Staffing

Under normal conditions, internal audit work is to be performed by staff of the IAU. Circumstances may however arise where the IAU staffing resources may require supplementation by the appointment of consultants.

The IAU may use the services of an audit services provider to:

- Satisfy the staffing needs during the workload peaks.

- Assist the IAU in the effective discharge of its responsibilities.

- Assist in the evaluation of risks and the controls over them.

- Have access to individuals with specialised knowledge or skills.

- Carry out specialised audits.

Such human resource supplementation is subject to detailed proposal and justification by the Head of the IAU and approved by the Head of the MDA.

4.3 Training and Professional Development

Internal auditors should be trained to equip them with the needed technical and behavioural skills to enable them carry out internal audit assignments with professional due care and proficiency. Internal auditors are encouraged to interact with other professional auditors and relevant professional bodies to keep them informed about developments in internal audit standards, procedures and techniques. Each internal auditor is responsible for maintaining an adequate level of technical competence and proficiency in related processes and systems.

4.3.1 Training and Professional Development Plans

Regular training of internal auditors enables them to acquire the necessary skills required for the internal audit assignments. The Head of the IAU should prepare annual training and professional

development plans. The preparation of such plans should be coordinated with the preparation of the Annual Audit Plans.

An Annual Report on the functioning of the internal audit unit should include a report on the implementation of the training and professional development plans, including the following data:

- Training courses attended by staff of the IAU staff.

- Audits carried out and methodology applied.

- Professional qualifications acquired.

- Training on MIS and other software.

4.3.2   Continuing Education

Each internal auditor is responsible for continuing his/her own education in order to maintain his/her proficiency and should:

- Possess a body of knowledge necessary for the conduct of internal audit.

- Pursue a recognised education in order to sustain continuous professional growth in the field of Internal Auditing. To this end, audit staff members are encouraged to prepare and sit for the examinations for professional certification.

Any of the following certifications should be considered:

- Certified Internal Auditor - CIA (Institute of Internal Auditors).

- Certified Public Accountant (CPA).

- Certified Information Systems Auditor (CISA).

- Certified Fraud Examiner (CFE).

- Chartered Accountant.

The Certified Internal Auditor (CIA) designation is the only globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their competency and professionalism in the internal auditing field. Internal Auditors of the MDA will be encouraged to attain this designation in addition to any other certifications they elect to pursue.

Internal auditors with professional certifications should obtain sufficient continuous professional development (CPD) to satisfy the requirements of the professional certification held.

The internal auditors should attend seminars and training workshops as deemed appropriate and in line with the training program developed by the Head of the IAU.

Management of the MDA should provide resources and funding for approved training programs of the IAU.

4.3.3   Training Records

Adequate training records should be maintained for each auditor at the HR Department and copies with the Head of Internal Audit. This should include details of skills requirements for all posts and those held by the auditor as a result of education, training, continuous professional education required

by professional bodies and practical experience. These records are essential for assessing further training needs.

4.3.4   New Staff

All new staff will receive an induction session to orient them on the following:

- Role of the MDA (Functions, structures, environment, etc.).

- Relevant legislations.

- The procedures manual including Internal Audit Manual of the MDA.

- HR Manual.

- Risk assessment procedures of the MDA.

- Reporting procedures.

- Filing system.

- ICT systems (Information and Computer Technology).

➲ **See OP 31 (Annex 31) – Training Records**

5 Performance Assessment and Quality Assurance

Periodically assessing performance and addressing opportunities for improvement can help maximise the efficiency and effectiveness of the internal audit function. Measuring performance is a means whereby internal audit is held accountable for its use of resources and service improvements can be demonstrated.

The Head of the IAU should establish and maintain a quality assurance program to evaluate the operations of the IAU.

Audit Committees should review the performance of internal audit each year. Formal performance measures are likely to facilitate this monitoring and review, and the committee should approve the performance indicators used.

5.1 General Auditing Quality Criteria

Quality in an audit is achieved when:

- The audit results in a positive impact on processes where such an opportunity exists.

- There is good communication between auditor and audit client.

- The perspective and needs of the audit client are incorporated into the audit process.

- The audit objectives, scope and procedures are constantly reassessed to ascertain efficient use of audit resources.

- Audit objectives are achieved in an efficient and timely manner.

- Audit work is adequately documented.

- Audit clients have an opportunity to review our findings, conclusions and recommendations as we strive for mutual agreement.

- The Internal Auditors' Standards for the Professional Practice of Internal Auditing are met.

5.2 Quality Assurance and Improvement Programme (QA&IP)

The purpose of this programme is to provide reasonable assurance that audit work is performed in accordance with the Internal Audit Charter, and applicable policies and standards. In addition, the QA&IP should provide reasonable assurance that the IAU is being managed in an efficient and effective manner and is perceived by stakeholders to be adding value to and improving the operations of the MDAs.

The Head of IAU is responsible for establishing an internal audit activity whose scope of work includes all the activities in the International Standards for the Professional Practice of Internal Auditing (Standards) and in The Institute of Internal Auditor's (IIA) definition of Internal Auditing.

To facilitate that this occurs, Standard 1300 requires that Head of IAU develop and maintain a Quality Assurance and Improvement Program (QA&IP).

5.2.1   Development, Implementation and Monitoring of QA&IP

The Head of the IAU is ultimately responsible for the QA&IP and should develop and maintain a QA&IP that covers all aspects of the internal audit activity and continuously monitor its effectiveness.

The Head of the IAU should be accountable for implementing processes that are designed to provide reasonable assurance to management of the MDAs and the ARIC that the IAU:

- Performs in accordance with its charter.

- Operates in an effective and efficient manner.

- And adds value to the MDAs.

The QA&IP includes the following:

- Internal reviews (Made up of Ongoing Reviews and Periodic Reviews).

- External reviews.

5.2.1.1   Internal Reviews

The QA&IP should include both ongoing and periodic internal assessments (the term "internal assessments" is synonymous with the terms "internal review" and "self- assessment" used elsewhere in the Practice Advisories). These ongoing and periodic assessments should cover the entire spectrum of audit and consulting work performed by the internal audit activity and should not be limited to assessing its QA&IP- see Practice Advisory 1300-1

Ongoing Assessments

Ongoing assessments are conducted through supervision of the work; involving**:**

- Regular, documented review of working papers during the engagements by appropriate and skilled internal audit staff.

- Internal Audit policies and procedures established for each audit engagement to ensure compliance with applicable preliminary reviews (planning), fieldwork and reporting standards

- Feedback from audit clients on individual engagements

- Analysis of performance

Periodic Reviews

Periodic reviews are designed to access conformance with Internal Audit Charter, the Standards, the Code of Ethics, and the efficiency and effectiveness of internal audit in meeting the needs of the MDA and relevant stakeholders. Periodic reviews can be conducted through:

- Bi-annual audit client survey.

- Periodic (E.g.: Every two years) reviews for performance in accordance with internal policies and with the Standards.

- Periodic activity and performance reporting to the Head of the MDAs.

5.2.1.2   External Reviews

External assessments should be carried out at least once every five years by a qualified independent reviewer or review team from outside the MDA. The Head of the IAU should ascertain that the reviewer does not have a real or an apparent conflict of interest.

The IAU is to rely on a formal, written report issued which would express an opinion as to the IAU's compliance with the International Standards for the Professional Practice of Internal Auditing and, as appropriate, include recommendations for improvement.

5.2.2   Reporting on the Quality Assessment and Improvement Program

The results of the assessment of the IAU should be reported to the Head of the MDA and ARIC. The external assessment reports should be accompanied by a written action plan in response to comments and recommendations contained in the report. The Head of the IAU should implement appropriate follow-up actions to verify that recommendations made in the report and action plans developed are implemented in a reasonable timeframe.

5.2.3   Annual Performance Reporting on the IAU's Activities

Each year, by 1st February, the Head of the IAU is to present to the Head of the MDA an "Annual Performance Report on the Internal Audit function at the MDA".

The "Annual Performance Report on the Internal Audit function at the MDA" shall cover the following:

- The deficiencies detected in the MDA's internal control system.

- The implementation of an annual IAU activity plan indicating the number of planned audits and the number of audits executed.

- The cases of audit scope limitation (if any) indicating the causes and potential risks.

- Internal audits performed but which were not scheduled in the annual audit plan or other assignments requested by the Head of the MDA.

- The principal findings and recommendations.

- Indication as to whether all suggested audit recommendations were implemented.

- Review of the status on implementation of audit recommendations and deficiency elimination.

- Unimplemented recommendations which the Head of the IAU considers important and their associated risks.

- Sufficiency of human and material resources to carry out the audits which had been planned.

- Training and qualifications of IAU personnel.

- Other important information.

The report has to reflect the significance of internal auditing and underline the operational improvement of the MDA.

Copies of this report are also to be issued to the ARIC, the Director-General of the Internal Audit Agency, the sector Minister, and the Head the MDA.

6 Managing Internal Audit Activity

The Head of IAU must effectively manage the internal audit activity to ensure it adds value to the MDA. The IAU adds value to the MDA and other stakeholders when it provides objective and relevant assurance and contributes to the efficiency and effectiveness of governance, risk management and control processes.

6.1 Assignment of Audit Work

It is the responsibility of the Head of the IAU to allocate audit tasks taking into consideration the factors which influence scheduling and assignment of audit work such as:

- Degree of risk or exposure to loss.

- Type of audit.

- Nature and complexity of audit.

- Availability of client staff responsible for the auditable area.

- Skills and experience of internal audit staff.

- Availability of logistical resources.

6.2 Personnel Management

The Head of the IAU should establish a program for selecting and developing IAU human resources.

The program provides for:

a) Developing written job descriptions for each level of the audit staff.

b) Selecting qualified and competent individuals.

c) Training and continuing educational opportunities.

d) Appraising each auditor's performance at least annually.

e) Providing counsel to auditors on their performance and professional development on an on-going basis.

6.3 Audit Quality Control

The Head of the IAU ensures that the internal auditors of the MDA conduct audits and reviews according to auditing standards using such audit programs, techniques and procedures as prescribed.

The operation of the internal audit functions to be carried out must be consistent with:

- The Internal Audit Charter.

- The Internal Audit Manual.

- Statement of responsibilities (Job Descriptions).

- Code of Ethics for Internal auditors.

- The Standards for the Professional Practice of Internal Auditing (Institute of Internal Auditors) and

- National laws and other regulations on internal audit in Ghana.

The Head of the IAU shall check for compliance of the completed work with the standards, the conclusions and evidence to the audit findings, as well as supervise to verify that the planned time-table is met and time allocated for the audit assignment is used effectively. Audit control can be delegated to a senior auditor who will be responsible for reviewing the work of other auditors in detail. The work of the senior auditor must be reviewed by the Head of the IAU to verify the quality and adequacy of work performed.

7 Nature of Work of Internal Audit Unit

Broadly, the nature of work the IAU can be categorised into the areas of corporate governance, risk management and internal controls. The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.

7.1 Governance

Corporate governance ("CG") involves a set of relationships between an entity's management, its board, its shareholders and other stakeholders. CG provides the structure through which the objectives of the entity are set, and the means of attaining those objectives and monitoring performance are determined. The components of the CG structure are governing board, laws & regulations, business practice & ethics, disclosure & transparency, monitoring and communication. The internal auditors have roles to play in each of these components.

7.1.1 Governing Board and Committees

Internal Auditors:
- Assist governing board in its self-assessment against best practices.
- Assess audit committee's effectiveness and compliance with regulators.
- Review audit committee charter with help of a legal counsel.
- Be abreast with the subject of governance and thus suggesting best practices ideas about internal controls and risk management processes to the audit committee members.

7.1.2 Laws and Regulations
Internal Auditors:
- Verify that the entity has identified, assigned responsibilities and addressed all of the key legal and regulatory requirements;
- Look for opportunities to leverage compliance activities and capabilities to reduce long-term costs and improve performance;

7.1.3 Business Practices and Ethics
Internal Auditors:
- Review code of conduct and ethics policies, making sure they are periodically updated and communicated to management and employees.
- Perform a behavioural ethics review to assess the understanding, perception and compliance across organisational levels.
- Help management and audit committee hold people accountable.
- Serve in the ethics oversight role or confer with the organisation's ethics officer.
- Conduct annual audits and reporting results to the governing board.
- Assess linkage of ethics to goal setting and performance evaluation process.

7.1.4 Disclosure and Transparency
Internal Auditors:
- Conduct testing of financial disclosures and confer with the Head of Finance.

- Understand concern for disclosure and transparency and align risk assessment with stakeholder expectations.
- Address disclosure and transparency objectives in the annual audit plan.
- Understand the breadth and depth of disclosure and transparency possibilities and where the entity strives to be or should be on the spectrum.

7.1.5 Enterprise Risk Management

Internal Auditors:
- Are proactive in advocating for participating in an organisation's ERM efforts including a commitment to common methodologies and tools.
- Facilitate identification of key risk areas for the organisation as well as all key processes.
- Assist in the development of standards and processes flow documentation.
- Assist process owners in understanding assessing, designing and document controls.
- Keep records of organisational risk compliance activities and strive to integrate them into a common methodology.
- Evaluate business and process owners on taking responsibility for ERM.

7.1.6 Monitoring

Internal Auditors:
- Understand what monitoring activity is taking place in the organisation for each of the other component of the governance framework.
- Facilitate the implementation of a common risk monitoring methodology across all corporate governance functions, feeding an integrated reporting system.
- Perform a strategic level corporate governance audit or ensure one is conducted;
- Incorporate tactical level corporate governance aspects into audit plans.

7.1.7 Communication

Internal Auditors:
- Participate in ongoing dialogue with chief financial officer and other senior management officers.
- Maintain steady communication with audit committee members and oversight executives.
- Include information about corporate governance in audit reports.
- Assist establishing a corporate governance communications calendar and solicit input on needs and articles across the organisation.

When all the components of CG framework operate effectively and are well coordinated, CG will provide a platform to improve business performance and enhance stakeholder value.

In summary, the internal auditors operate in two capacities regarding CG:

- First, provide independent and objective assessment on the appropriateness of organisational activities.
- Second, act as catalysts for change, advising or advocating improvements to enhance the organisation's structure and practices.

Internal auditor's unique position in an organisation allows for a good view of an organisation's governance structure and design, while not having direct responsibilities on them.
The IA also advises the board and executive management on needed improvements and changes in the structure and design not just whether established processes are operating effectively.

7.2 Risk Management

7.2.1 Definition

Risk is the threat to achieving an objective (ISO 31000).

Risk is a possible threat[1], that an event (complex of events), activity (complex of activities) or inactivity may cause loss of assets or reputation and threaten successful achievement of objectives of an organisation.

Risk management is the identification, assessment and prioritisation of risks followed by coordinated and economical application of resources to minimise, monitor and control the probability and/or impact of unfortunate events.

7.2.2 Responsibility for Risk Management

It is the duty of management to ensure that risk is adequately managed in the MDA. Management must set the tone and structures for the management of risks. Every staff has a role to play in the effective management of risk.

7.2.3 The Internal Audit Unit's Role in Risk Management

The IAU acting in a consulting role can assist the MDA in identifying, evaluating and implementing risk management methodologies and controls to address risk. (Note: Evaluating management's risk processes is different from the requirement that the auditor uses risk analysis to plan audits). The Head of the IAU should obtain an understanding from the Head of the MDA and ARIC on their expectations of the IAU's role in the risk management process. This understanding should be included in the internal audit charter.

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[1] Risk is not only a negative thing – with the risks there is always a possibility for improvement and that must be remembered.

7.3   Internal Controls

Internal control is the process designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. Internal control is designed and implemented to address identified business risks that threaten the achievement of any of these objectives.

The following are definitions of internal controls as given by Committee of Sponsoring Organisation (COSO) and the IIA respectively;

COSO: Internal Control is broadly defined as a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Financial Reporting
- Effectiveness and Efficiency of operations
- Compliance with Laws and Regulations

IIA: Any action taken by management, the board and other parties to enhance risk management and increase the likelihood that objectives and goals will be achieved.

The IA supports management's efforts to establish a culture that embraces ethics, honesty, and integrity. They assist management with the evaluation of internal controls used to detect or mitigate fraud, evaluate the organisation's assessment of fraud risk, and are involved in any fraud investigations.

The objective of implementing internal controls is to evaluate the effectiveness and efficiency of the organisation, to maintain the integrity of the organisation's financial records, and to ensure that the organisation is compliant with all applicable laws and regulations. Most organisations have systematic measures in place so they can consistently monitor their internal controls.
In addition, the controls need to be updated on a regular basis to reflect changes in regulations.

7.3.1   Role of Internal Audit Unit in Evaluating Internal Controls

The IAU reviews all business process activities within a specific department or throughout the entire MDA. Some of the pieces of information an IA looks at includes assets, liabilities, expenses, revenues, IT environment, cash flow statements and inventory.

It is the IA's responsibility to determine if the books are intentionally being tampered with or if mistakes have been made in the recording process.

The internal audit activity must assist the MDAs in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

In the process of evaluating or reviewing the controls in either a specific department or throughout the organisation, the IA conducts audits. Some types of the IA audits that could be used to evaluate controls by the auditor include financial audits, operational audits, fraud & financial irregularity audits and information technology (IT) audit.

Internal controls in a computerised environment include both manual procedures and procedures designed into computer programs. Such control procedures comprise of general IT controls and applications controls.

8   Planning Internal Audit Activities

In order to provide an independent view of risks, the IAU prepares an annual risk-based audit plan. The audit plan developed by the IAU for the MDA is structured on three levels:

- Yearly strategic audit plan.

- Annual Audit Plan.

- Assignment Plan.

8.1   Strategic Audit Plan

The long term planning or the strategic audit plan of the IAU of the MDAs must identify all the auditable areas proposed to be covered by the IAU during the subsequent years. The plan should also identify the auditable areas that are not covered in this cycle and the reasons for which there will be no audit activities.

Identification and prioritisation of auditable areas are to be based on:

- An assessment of risk pertaining to the achievement of the MDA's objectives, considering audit area and the degree of risk.

- The audit cycle process.

- Human resources and competency of IAU.

- Discussions with the Head of the MDAs and other senior management.

- Professional judgment of internal auditors.

The strategic audit plan shall be sufficiently comprehensive to ensure a complete and effective review of the MDA's activities on a cyclical basis and allow flexibility to accommodate special tasks and audits requested by the ARIC and Head of the MDAs. The Strategic Audit Plan should include:

- Risk Assessment methodology.

- Frequency with which each area requires a review (based on the risk analysis).

- The audit work for the current fiscal year in a schedule of audit coverage.

- The nature of the reviews.

- The resources allocated to the completion of the reviews.

The Strategic Audit Plan shall be prepared and submitted by the Head of the IAU to the ARIC for review and to the Head of the MDA for their approval.

The Strategic Audit Plan is to be maintained and reviewed annually. It can be revised following changes in activities of the MDA, as well as determined priorities and suggestions from the ARIC and the Head of the MDA. Any revision in the strategic audit plan must be approved by ARIC in consultation with the Head of the MDA.

⮩ **See Operational Procedure OP 01 (Annex 1) – Strategic Plan**

8.2 Annual Audit Plan

8.2.1 Purpose and Content

An annual audit plan which includes objectives, priority, timing and resource requirements should be prepared by the Head of the IAU for each year. The Annual Audit Plan is primarily an extract /subset from the Strategic Audit Plan. It forms a basis for ongoing review of the strategic audit plan. The annual audit plan should be prepared by the head of IAU, reviewed by the ARIC and approved by the Head of the MDA.

The annual audit plan includes:

- Objectives/purpose of the audit.

- Types of audits/engagement to be performed during the current year; (Types of audit/engagement include; financial, operational and compliance audits, loss and fraud investigations, information systems audit.).

- Identification / description of the activity / operation subject to internal audit.

- Identification / description of the audited entity / entities.

- Duration of the audit.

- Period of the audit.

- Number of own auditors involved in the audit.

- Identification of issues requiring specialist knowledge, as well as the number of specialists with whom external expertise / consultancy contracts are to be signed (if required).

- The number of auditors to perform an audit and the resources needed; and

- Other IAU activities, such as training and seminars for auditors, preparation of IAU activity report.

The Head of IAU is responsible for the implementation of the internal audit plan. She/he is also responsible for establishment of an effective supervision system ensuring the implementation of the annual audit plan.

8.2.2 Request for Internal Audit Services

Management may take the initiative of requesting audit services. To ensure that any audit needs are expressed, a Management Input Memo is sent to the Head of the MDA and ARIC to inform them that the IAU is preparing an annual audit plan. The stakeholders to whom the invitation has been made are invited to express their needs for audit services. Any request must be considered and treated by the IAU. The decision to include the requested services is taken by the Head of the IAU in consultation with the Heads of the MDA and ARIC. These decisions should be documented and communicated.

➲ **See Operational Procedure OP02 (Annex 2) Management Input Memo**

See Operational Procedure OP 03(Annex 3) – Annual Audit Plan

8.2.3 Amendment to Approved Plans

If at any point in time, the Internal Audit Unit is requested to undertake a special / unplanned assignment or if there is a change in the risk assessment of the MDA's operations requiring an amendment of the approved annual audit plan, the Head of the IAU will revise the audit plan and:

- Consult with the Head of the MDA.

- Submit a revised annual audit plan, along with an explanation for the change, to the ARIC for approval in consultation with the Head of MDA.

➲ **See Operational Procedure OP 03(Annex 3) – Annual Audit Plan**

8.2.4 Formal Internal Audit Consulting Services

Consulting services are defined as "Advisory and related client activities, the nature and scope of which are agreed with the client and which are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility". Consulting engagements may range from formal engagements, defined by written agreements to advisory activities such as participating in standing or temporary management committees or project teams. The Head of the IAU should ensure that in carrying out consultancy service, the independence and objectivity of the IAU is not impaired. (Client here refers to the requesting authority).

➲ **See Operational Procedure OP34 – Formal Internal Audit Consulting Services**

8.2.5 Floating Man Hours

Not more than 15% of each auditors' annual working time should be left undistributed in an annual audit plan to allow for flexibility and ensure the applicable execution of IAU activities (e.g. for possible illnesses, execution of unplanned audit and other approved non-audit work activities).

9 Conducting and Reporting an Audit Assignment

This section of the IAM explains the procedures for conducting an audit assignment in a selected thrust area from initiation of the audit assignment through to quality review.

9.1 The Audit Process

The audit process for most engagements normally consists of four main stages:

- Planning

- Fieldwork

- Reporting

- Follow-Up

Management's support/cooperation is critical at each stage of the audit process.

The Process Flowchart and Process Map described as Figure 1 and Figure 2 respectively below give a global view of the process.

Process Flowchart

The Process Flowchart walks the auditor through the audit steps and the decisions which need to be made at certain stages of the audit.

FLOWCHART	
PROCESS	OUTPUT /STANDARD FORM

REPORTING

Auditor prepares Draft Audit Report → Draft Audit Report

Head of IAU Reviews Draft Report → Audit Report review sheet

Complete ? — **NO**

YES

Auditor Schedules Exit Conference → Draft Audit Report / Exit Conference Memo

Conduct Exit Conference → Exit Conference minutes

Prepare Final report → Final report

Head of IAU reviews Final report → Audit Report review sheet

No — Complete

Yes

Head of IAU distributes Final Report → Transmittal Memo / Final Report

Client Responds to Final Report → Management Response

FOLLOwUP

Auditor follows up to assess status of implementation of audit recommendations → Implementation status report

Process Map

The Process Map, maps the audit steps to the relevant operational procedures and annexes;

- The left part of the chart indicates each step of the process with a reference to the relating operational procedure.

- The right part of the chart indicates the output of the process with a reference to related operational procedure and corresponding document with reference to the working papers indexation.

In the Operational Procedures and in the Annexes attached to this manual are included standard forms and samples. References assigned to the standard forms refer to the filing in of the working papers files.

Usually any planned audit is to be carried out observing the following sequence depicted in the flowcharts. Special audits and investigations may require a different approach which will be defined on a case-by-case basis.

PROCESS MAP		

PHASES	PROCESS	OUTPUT/STANDARD FORM
PLANNING	Initiate Audit	Annex 6 Notification of Interested Parties OP 5/B04
	Conduct Entry Conference	Audit Entrance Memo OP 6/B05
	Conduct Risk Assessment	Background Information Annex 7 Analytical review forms OP 8/B06 - 2 Annex 8 Internal Control Questionnaire OP 9/B06 - 3 Annex 9 Identification and Assessment of risks OP 10A/B06 - 4 Annex 10 Prioritisation of risks OP 11/B06 - 5
	Tailor/Develop Audit Programs	Annex 11 Draft Audit Programs OP 12/B02
	Review Audit Program	Annex 11 Approved Audit Program OP 12/B02
EXECUTION	Perform Field Work (Gather and analyse evidence, Complete Working Papers)	Standard/tailored Working Papers Annex 14 Summary of Interviews Annex 15 Test Working Papers Annex 17 Audit Findings Form OP 15/A03 - 1
	Review Working Paper	Annex 18 Working Paper Review Sheet OP 18/D03
REPORTING	Prepare Draft Report	Annex 20 Draft Audit Report OP 19/A02 - 2
	Review Draft Report	Annex 22 Audit Report Review Sheet OP 19/D01
	Schedule Exit Conference	Annex 19 Exit Conference Memo OP 20/A01 Annex 20 Draft Audit Report OP 19/A02 - 2
	Conduct Exit Conference	Annex 19 Exit Conference Minutes OP 20/A01
	Prepare Final Report	Annex 22 Final Report OP 22/A02 - 1
	Review Final Report	Annex 19 Audit Report Review Sheet OP 18/D01
	Distribute Final Report	Annex 23 Transmittal Memo OP 23/A05 Annex 22 Final Audit Report OP 22/A02 - 1
	Client Responds to Final Report	Annex 21 Management Response OP 21/A06
FOLLOW UP	Follow Up Process	Annex 27 Audit Implementation Status Report OP 26/A02 - 3

9.1.1 Planning the Audit Engagement

The Head of the IAU should perform adequate planning procedures for every audit prior to the commencement of audit field work. During the planning stage of the audit, the IAU notifies the audit client of the audit, discusses the scope and objectives of the examination in a formal meeting with management of the MDA, gathers information on relevant processes, evaluates existing controls and plans the remaining steps of the audit. Documentation of these planning activities is required. The results of the planning process should provide a clear picture of operations and internal control points such as division of duties, reconciliation and review of procedures, etc. and lead to the development of the Audit Program.

Internal auditors should develop and record a plan for each engagement, including the scope, objectives, timing and resource allocation. In planning the engagement, the Head of the IAU should consider:

- The objectives of the activity being reviewed and the means by which the activity controls its performance and achievement of objectives.

- The significant risks to the activity, its objectives, resources and operations and the means by which the potential impact and/or likelihood of risk is kept to an acceptable level.

- The adequacy and effectiveness of the activity's risk management and control systems.

- The opportunities for making significant improvements to the activity's risks management and control systems.

9.1.1.1 Confirmation of Auditors' Independence

Independence of auditor(s) must be established and documented. To document the independence and the qualification of the auditor(s) assigned, an annual Independence and Qualification Statement is issued to each of the staff of the IAU at the beginning of each year. The independence of the auditor is confirmed on a quarterly basis. Should an actual or perceived impairment of the auditor's independence occur subsequent to signing the independence confirmation, this should immediately be reported to the Head of the IAU.

➲ **See Operational Procedure OP04 (Annex 04) – Independence Statement of Staff**

9.1.1.2 Assignment of Audit Work

Based on the approved annual audit plan, the Head of IAU will assign audit assignments in different thrust areas to the individual auditor(s) so they can begin the planning process of the audit. An Assignment Sheet is issued by the Head of the IAU.

➲ **See Operational Procedure OP05 (Annex 05) – Assignment Sheet**

Planning Stages

The planning process assists the IAU identify audit priorities and where to allocate its resources. Planning generally consists of the following activities;

- Audit initiation.

- Entry conference.

- Risk assessment.

- Documentation on risk assessment process.

- Development/tailoring of audit programs.

1. Audit Initiation

A letter (Letter to Interested Parties) is sent to any interested parties to inform them that the IAU is initiating an audit of the MDA in accordance with the approved annual plan. Its purpose is to organise a meeting with the audit client in order to discuss the purpose, objectives and the working arrangements of the audit.

➲ **See Operational Procedure OP06 (Annex 06) – Notification of Interested Parties**

2. Entry Conference (Initial Meeting)

An Entry conference should be held to gather information about the mission, critical processes, and control procedures of the audit client operations to be used in the planning process. The auditor uses this information to determine an appropriate objective and scope for the audit. During the initial meeting it is important that the staff of the IAU provide the opportunity for management to discuss issues or areas of concern. A t this stage it is advisable to provide the audit clients with the explanation or written guidelines to expedite the audit process while minimising disruptions to day-to-day departmental operations (Audit Client guidelines for Managing an Audit – Annex 12). The auditor should document minutes of the entry conference and file it in the relevant portion of the CAF

➲ **See Operational Procedures OP 06 (Annex 06) – Entry Conference Memo**

3. Risk Assessment

During this phase the auditor gathers relevant information about the thrust area to be audited in order to obtain a general overview of operations. The auditor talks with key personnel and reviews reports, files and other sources of information. Internal auditors should use their judgment to decide on which items are needed to gain sufficient confidence that relevant risks are identified for specific audit engagements. The standard procedures for risk assessment include:

a) Gathering background information.

b) Analytical reviews.

c) Internal control questionnaires.

d) Identification and assessment of key risks.

e) Prioritisation of key risks

Each of the standard procedures under the Risk Assessment Phase is discussed in the paragraphs below:

a) Gathering background information:

The auditor should obtain background information about the activities to be reviewed to determine the impact on the audit engagement. This includes a review of:

- The organisational charts of the MDA

- Information on operating and financial controls of the thrust area in order to gain an understanding of the internal controls and effectively determine the areas of focus

- Information on interfacing functions / Divisions / Departments / Sections

- Policy statements, directives, statements of function

- Responsibility and delegation of duties

- Budget information, operating results and financial data of the activities to be reviewed

- Applicable rules, laws and regulations

- Authoritative and relevant literature appropriate

- Previous audit reports and implementation status reports

b) Analytical Review (Preliminary Analytical Audit Procedures)

The Standards require that analytical audit procedures should be applied as part of risk assessment procedures in planning audit engagements. Analytical audit procedures present the auditor with an effective and efficient means of assessing and evaluating information collected for the engagement. The purpose of preliminary analytical review is to help the internal auditor identify unusual occurrences and to assist in forming the areas of key risk and matters that should be critical to the MDA. Preliminary analytical procedures can help direct attention and focus our audit testing. Usually, the internal auditor would compare financial and non-financial data with expectations such as budgeted figures, obtain explanations from management for any unusual differences and investigate these differences. Unexplained results or relationships from applying analytical audit procedures may be indicative of a significant condition such as potential error, irregularity or illegal act and may therefore require further audit work.

➲ **See Operational Procedures 07 (Annex 07) – Analytical Review**

c)   Internal Control Questionnaire (ICQ)

The purpose of the ICQ is to provide the internal auditor with an understanding of the internal controls, financial record keeping and reporting procedures implemented by management.

⮯ See Operational Procedures OP 08 (Annex 08) – Internal Control Questionnaire

d) Identification and Assessment of Key Risks

The auditor reviews the internal control structure, of the MDA, a process which is usually time-consuming. The review of internal controls helps the auditor evaluate the internal controls structure and determine the areas of highest risk. This assignment forms the basis for designing tests to be performed in the audit fieldwork. A walk-through for each relevant transaction will be helpful in evaluating each process to determine the reliability of the accounting and procedural systems established by the MDA. (Note: A walkthrough involves picking a single transaction and passing/following it through the various activities/stages of processing to corroborate the narration obtained from the interview that is undertaken to understand the system). The auditor should develop a risk matrix at the end of the risk assessment process. This should assist the auditor in identifying the areas of audit focus.

⮯ See Operational Procedures OP 09B   (Annex 09B) Identification and Assessment of Key Risks

e) Prioritisation of Key Risks

Based on the information gathered during the risk assessment process, the internal auditor should prepare a tentative list of threats for the audit area and prioritise them according to significance in terms of their possible negative impact on the activities and objectives of the MDA. The Control Matrix should serve as a guide in prioritising identified audit risks. This list will serve as the basis for developing/tailoring audit programs.

⮯ See Operational Procedures OP 09C (Annex 09C) Prioritisation of Key Risks

4. Documentation on the Risk Assessment Process
The preliminary review and internal control review should result in documentation in the form of narratives, flowcharts, internal control evaluations, various questionnaires, documentation copies and other key items. Flowcharts (if used) should be at a fairly detailed level showing the specific processing flows and controls applied.

5. Development/Tailoring of Audit Programs
Development or tailoring of existing audit program guide concludes the preliminary review phase. The Audit Programme outlines the fieldwork necessary to achieve the audit objectives. The purpose of an audit programme guide is to show the procedures to follow during the audit, so that the audit can reach its specific objectives. The audit programme guide is also a record of the superior's approval for the activity to be performed. This provides the basis to manage and control the audit. By following the approved and detailed audit agenda, the deviation of the auditor's activity from the initial plan/programme and study of non-important issues may be prevented.

Audit Programs

Audit programs (Annex 35) consist of general procedures used to test transactions and processes. Audit Programs are based on the use of the following test techniques.

Verification

Verification is the confirmation of things such as: records, statements and documents, compliance with laws and regulations, effectiveness of internal controls. The purpose of verification is to establish the accuracy, reliability or validity of something.

Audit techniques used in verification are:

i. **Compare**

Identify similar and/or different characteristics of information from two or more sources. Types of comparison include: comparison of current operations with past or similar operations, with written policies and procedures, with laws or regulations, or with other reasonable criteria. Examples: to compare the documentation of a transaction with the procedure for the transaction.

ii. **Examine**

To look over something very carefully, such as a document, in order to detect errors or irregularities. Example: examine a document to verify that it has been executed by authorised persons.

iii. **Re-compute**

To check mathematical computations performed by others.

iv. **Confirm**

Obtain information from an independent source (third party i.e. bank statements) for the purpose of verifying information.

v. **Reconcile**

This is the process of matching two independent sets of records in order to show mathematically, with the use of supporting documentation, that the difference between the two records is justified. For example, the reconciliation of a bank statement's balance at the end of the month with the book balance or the reconciliation of the suppliers/Debtors Statement with the book balances.

vi. **Vouch**

Verify recorded transactions or amounts by examining supporting documents. In vouching, the direction of testing is from the recorded item to supporting documentation. The purpose for vouching is to verify that recorded transactions represent actual transactions.

vii.   Trace

Tracing procedures begin with the original documents and are followed through the processing cycles into summary accounting records. In tracing, the direction of testing is from supporting documentation to the recorded item. The purpose of tracing is to verify that all actual transactions have been recorded.

viii.   Observation

Observation is auditors seeing with a purpose, making mental notes and using judgement to measure what they see against standards in their minds.

ix.   Inquiry

Auditors perform interviews with the audit client and related parties throughout the audit. Good oral communication skills and listening ability on the part of the auditor assist in getting accurate and meaningful information from the interviewee are essential. Auditors should use open-ended questions when possible. Depending on the type of information received in an interview, it may need to be confirmed through documentation communication.

x.   Analysis

Analysis is the separation of an entity for the purpose of studying the individual parts of data. The elements of the entity can be isolated, identified, quantified, and measured. The quantification may require the auditor to perform detailed calculations and computations. Furthermore, the auditor can document ratios and trends, make comparisons and isolate unusual transactions or conditions.

➲ See Operational Procedure OP10 (Annex 10) – Audit Program Development

Contents of Audit Program
Audit programmes include information under the following headings:

i.   Basis

In developing the audit programme, a supervision of the audit client's operations is carried out in relation to location, authority, personnel and main duties and responsibilities.

ii.   Planning

The programme planning must be written down before presenting the project. Planning of each audit should consider a risk-based approach to focus on the risky areas of the audit.

iii. Audit scope

The audit scope must state the period/area/operation to be covered by the audit.

iv. Audit objectives

The objectives must match the general audit scope. Each audit procedure must answer one of the objectives and each objective must be addressed by a procedure.

All the established objectives must be supported by audit tests. Regarding the audit programmes developed by the auditors, the auditors must use their intelligence, ingenuity and imagination to create the audit procedures to test whether the objectives were indeed achieved.

❍ See Generic Audit Programs

9.1.2 Fieldwork

Fieldwork is the process of gathering evidence for measurement and evaluation. Audit evidence is obtained by observing conditions, interviewing people and examining records. Audit evidence must provide the basis for audit opinions, conclusions and recommendations. The fieldwork stage concludes with a list of significant findings from which the auditor will prepare a draft audit report.

Fieldwork includes the following tasks:

- Gaining an understanding of the activity, system or process under review and the prescribed policies and procedures.

- Observing conditions or operations.

- Interviewing people.

- Examining accounting, business and other operational records.

- Analysing data and information.

- Reviewing systems of internal control and identifying internal control points.

- Evaluating and concluding on the adequacy (effectiveness and efficiency) of internal controls.

- Conducting compliance testing.

- Conducting substantive testing.

- Documenting audit findings

- Determining if observations and recommendations reported in prior audits have been corrected and/or implemented.

- Preparing Draft Audit report

The field work should begin with an entry conference. The entry conference discusses substantive items which are directly related to audit scope, objectives and timing. Discussions held at the entry conference should be documented using an Entry Conference Memo.

➲ See Operational Procedure OP 06 - Entry Conference Memo

Further to the Entry Conference, a memorandum confirming audit scope and objectives – Annex 10 is sent by the IAU to the Audit client to confirm the mutual understanding of the audit objectives and scope.

➲ See Operational Procedure OP11 (Annex 11) – Confirmation of Audit Scope and Objectives

9.1.2.1   Objectives of the Fieldwork

The purpose of fieldwork is to complete the audit procedures identified in the audit programs. These procedures usually test the major internal controls and the accuracy and propriety of the transaction. Throughout fieldwork, professional judgement should be used to determine whether evidence gathered is sufficient, relevant, competent, and useful to conclude on the established objectives.

As the fieldwork progresses, the auditor discusses any significant findings with the audit client. Hopefully, the audit client can offer insights and work with the auditor to determine the best method of resolving the finding. Usually these communications are oral. However, in more complex situations, memos and/or e-mails are written in order to ensure full understanding by the audit client and the auditor.

9.1.2.2   Documentation of the Fieldwork

All audit work performed should be supported by documented evidence.

Each audit program should be supported by cross-referenced working papers (schedules, memos, spreadsheets, etc.) on which testing performed and results achieved are documented.

➲ See Operational Procedure OP14 (Annex 14) – Evidence Gathering and Test Working Paper

➲ See Operational Procedure OP16 (Annex 16) – Audit Findings Form

9.1.2.3   Audit Finding Forms

The purpose of the Audit Findings Form is to document audit findings made during the audit. The Audit Findings Form documents the results of the problem analysis/resolution process. The form is

not a step-by-step recipe for doing the work itself, because problem analysis/resolution is not a linear process. Simply completing the form is not a substitute for critical analysis of the situation. The auditor should be answering such questions as:

1. Did we understand the situation?

2. Does the audit client agree that a problem exist?

3. Do we understand the extent of the problem?

4. Is there a practical solution to the problem?

5. Have others, especially those responsible for executing the solution, been bought into our recommendations?

A working paper should be created whenever an auditor identifies a possible

- Opportunity for operational improvement,
- Discrepancy,
- Error,
- Irregularity,
- Weakness or
- Deviation from internal control standards, regulations or policies.

➲ See Operational Procedure OP16 (Annex 16) – Audit Findings Form

Since the finding working papers contain the auditor's professional analysis of "problem" situations, they are among the most important working papers created.

Prior audit reports and linked audit finding forms should be reviewed and used to the extent possible to avoid re-creating a finding already developed.

The Audit Finding Form should stand-alone and should document the auditor's analysis (criteria, condition, cause, effect, and corrective action and recommendations) related to the finding. The working paper where the work was performed which resulted in the finding and supporting working paper references should be cross-referenced to the Audit Finding Form.

Documenting the analysis assists the auditor in preparing to discuss the finding with the audit client.

9.1.2.4   Finding of Illegal Acts
An illegal act is a violation of a law and or a regulation. When internal auditors conclude, based on evidence obtained during the conduct of an audit, that an illegal act has occurred or is likely to have occurred, the internal auditor should promptly report relevant information to the Head of the IAU.

After reviewing the work of the internal auditors to assure himself/herself that there is sufficient evidence pointing to the fact that illegal act(s) have occurred or likely to have occurred, the Head of the IAU, should report the matter to the Head of the MDA and ARIC. The Head of the IAU may recommend whatever investigation is considered necessary in the circumstances. The IAU should not automatically take on the responsibility to investigate cases of suspected fraud. Its responsibility is to report its observations to the appropriate authority,

➲ See Operational Procedure OP 29 (Annex 29) – Suspected Illegal Activities Reporting Form

9.1.2.5 Internal Audit Report

- The purpose of the internal audit report is to officially communicate all of the auditor's work to the audit client

- The internal audit staff are responsible for writing the reports because of their involvement in the planning, supervision, fieldwork, and review processes.

- Each finding in the report must be supported by sufficient evidence and be within the audit's scope and objectives.

- Each recommendation must fit the facts of the finding and provide suggestions to mitigate the potential risk as indicated by the facts of the finding.

- Each finding must be provable. It is not important what an internal auditor believes, the important thing is that the auditor can justify the finding. Audit findings not supported by adequate documentation, should not be included in the audit report.

9.1.2.6 Working Papers Review

The Head of the IAU must ensure that working papers are properly prepared and provide adequate support of the work performed and the audit evidence gathered during the audit. The review should be evidenced on each work paper. Audit working paper review should be carried out throughout the audit to enable the reviewer identify areas of issues on a timely basis and also provide training and direction to the internal auditor.

➲ See Operational Procedure OP17 (Annex 17) – Working Paper Review Sheet

9.1.2.7 Review of Audit Reports

The Head of the IAU is responsible for reviewing and approving the draft and final reports as well as any draft reports, prior to issuance.

➲ See Operational Procedure OP21 (Annex 21) – Audit Report Review Sheet

9.1.2.8 Draft Assignment Report Format

When the working paper review leads to a satisfactory conclusion, the draft report is prepared based on the approved working papers.

A general format should be followed to ensure that all major items are covered.

➲ See Operational Procedure OP19 (Annex 19) – Audit Report Format

The Auditor should consider some of the basics that will be incorporated into the report:

- What is the topic or subject of the audit?

- What is the main idea (message, conclusion, theme or point of view)?

- What are the supporting points?

- What are the audit scope objectives?

- What corrective action does the Auditor want the reader to take as a result of the report?

- What impression does the Auditor want to make on the reader, or what tone does he/she want to convey?

9.1.2.9 Management Responses to the Draft Report

Management of the MDA must be given the opportunity to review the draft audit report and prepare a response to the audit findings and recommendations.

➲ See Operating Procedure OP 20   (Annex 20) – Management Responses Letter

9.1.2.10 Exit Conference (Closing Meeting)

The internal auditor should meet with the audit client to discuss the findings, and recommendations. At this meeting, the management comments on the draft audit report and the proposed action plan discussed. Where there are disagreements between the auditor and management, they are discussed and resolved. In the event that there are areas of unresolved issues, the auditor should document the nature and reasons for the disagreements including management's concerns. An Exit Conference Memo should be used to document the minutes of the meeting.

➲ See Operational Procedure OP 18   (Annex 18) – Audit Exit Conference Memo

9.1.3   Audit Documentation

The audit staff documents the work performed in working papers. The working papers keep the auditors on track and serve as the connecting link between the audit assignment, the auditor's fieldwork, and the final report.

Working papers contain the records of planning and preliminary reviews, audit procedures, fieldwork, and other documents relating to the audit.

Most importantly, the working papers document the auditor's conclusions and the reasons for reaching those conclusions. . They constitute the basis for the preparation of audit reports as well as substantiation base for audit conclusions and recommendations.

Working papers should be completed and compiled throughout the audit. The IAU is to employ an audit methodology that requires the production of working papers which document:

- Planning.

- Examination and evaluation of the adequacy and effectiveness of internal controls.

- Audit procedures employed, the information obtained and the conclusions reached.

- Review.

- Reporting and

- Follow-up.

As each audit step in the audit program is satisfied, the auditor should request review of the related working papers. The working papers also provide a basis for evaluating the IAU's quality assurance program and demonstrate their compliance with the standards.

Although the quantity, type and content of working papers will vary between audits, they should be sufficiently extensive to serve to:

- Assist auditors in the conduct of their work.
- Provide adequate support for the auditor's opinion.
- Enable the work carried out to be independently reviewed.
- Encourage a methodical approach to the work being undertaken.

Working papers should document the auditor's tests of the system of internal control, as well as the other audit procedures. The working paper purpose should be directly tied to a specific audit procedure(s).

The control strengths and weaknesses should be identified in the working papers. The auditor should give an overall conclusion for each of the Audit Procedures completed.

Access to the IAU working papers for non IAU staff can only be granted by the Head of the IAU upon receipt of written permission from the Head of the MDA.

9.1.3.1 Characteristics of Working Papers

All audit working papers must be assigned a number and a title. Auditors should arrange an audit file and indicate the audit number on it. The audit number should include:

- Designation of audit client (identification code to be designed by the IAU).
- Year.
- Sequential Number.

Working papers should be clear and understandable. The auditor should keep in mind that other people will examine and refer to the working papers. Anyone reviewing the working papers, without referring to documents outside of those included in the working papers and without asking questions should be able to tell what the auditors set out to do, what they did, what they found, and what they concluded. Auditors should include in their working papers only what is essential, and they should ensure that each working paper serves a purpose that relates to an audit procedure.

Working papers should indicate:

- A Heading (Title) and a reference number (identification of the form).
- The name of the MDA being audited.
- The thrust area being audited.
- The period covered by the audit.
- The date of preparation.
- The date of review.
- The signatures of the auditor(s) and reviewers.

In the case of audit working papers provided by the staff of the MDA, there should be an indication on the audit working paper that it was provided by the audit client. A stamp or other means can be used to provide this indication. (Initials such as PBM; [Provided by Management] or PBA [Provided by Audit client can be used.

9.1.3.2 Cross-Referencing

Working papers should be prepared using an appropriate cross-referencing system. The best way of numbering audit working papers is to file them serially in each section and cross reference them. A Cross-reference from the Audit Agenda to the Audit Programs and the primary working paper provides a reference to where the work was performed.

For example: A figure of 2,431 appears on a working paper number G2. This relates to an item tested in a particular section of the audit file. The supporting documentation for this figure is found in G 9. The cross referencing would show as follows; (Note: This is only for illustrative purposes)

On G2 the reference would be:

ITEMS SELECTED FOR TESTING				
ITEM	DATE	DESCRIPTION	VALUE	WP REF
		Purchases	2,431	G9

On G9 the referencing would be:

DETAILS OF PURCHASES	
Purchase 2	11,000
Purchase 2	1,000
Purchase 3	<u>431</u>
Total	2,431 (G2) ===> (Referenced to G2

Cross-referencing should not be restricted to tying figures together. It should also be applied to all related information useful in separate working papers such as source of information, composition of summary totals, documents or narratives.

9.1.3.3 Retention Policy

All working papers are to be retained by the IAU subject to the retention requirements below:

- Audit working papers are maintained until the end of the fiscal year in which all recommendations are implemented.

- At the end of the fiscal year in which all recommendations are implemented, the audit working papers will be moved to an archive file for the fiscal year in which the audit was conducted

- Completed investigative audit working papers will be moved to the archive file if a lawsuit or potential lawsuit is no longer active. Otherwise the working papers will be retained in the production file until the lawsuit is no longer pending, and then moved to the archive file.

- Retention of audit working papers should comply with The Public Records and Archives Administrative Act, 1997, (Act 535) which requires that Public records in the National Archives and any other archival repository designated by the Director, shall be available for public inspection after the expiration of a period of thirty years from their creation unless a longer or shorter period is prescribed by regulations made under this Act.

9.1.3.4 Audit Files

Audit working papers can be generated and kept in either electronic or paper format.

After each audit, Internal Auditors should prepare audit files with descriptions of all audit related working papers.

The files will consist of Current Audit Files and Permanent Audit Files.

Current Audit Files

Current audit files contain working papers related to the particular audit. These working papers are the records maintained by the auditor of the work planned and carried out. It includes the procedures

followed, the tests performed together with the information obtained and the conclusions formed. Working papers should be prepared at the time the work is carried out. Such papers are the property of the MDA. The Head of the IAU should ensure their safe custody and confidentiality.

The purpose of the current file is therefore to provide a record of the audit work performed and to enable any person reviewing the audit to be satisfied that an adequate audit work has been performed.

Permanent Audit Files

The purpose of a permanent audit file is to provide auditors with a source of information of permanent nature about the entity being audited. This provides the auditors with greater understanding of the entity's operations.

The permanent file should be updated after each assignment and will thus provide the auditor with the most up – to- date information available.

(See below for detailed contents of current and permanent files).

Structure of Audit Files

FILES SECTIONS / Working Paper Descriptions	Working Paper Reference
CURRENT AUDIT FILES	
Section A - Report Section	
- Exit Conference Memo/Exit Conference Minutes	A01
- Reports	A02
Final report	A02 – 1
- Draft report	A02 – 2
- Audit recommendation status report	A02 – 3
- Audit Finding Forms	A03 – 1
- Summary of Audit Findings	A03 – 2
- Suspected Illegal Activities Reporting Form (Where Applicable)	A04
- Transmittal Letter	A05
- Management Responses Letter	A06
Section B - Planning Section	
- Assignment Sheet	B01
- Audit Program for Planning	B02
- Management Input Memo	B03
- Notification of Interested Parties	B04
- Entry Conference Memo/Minutes of Entry Conference	B05
- Risk Assessment	B06
- Background Information	B06 – 1
- Analytical Review	B06 – 2
- Internal Control Questionnaire	B06 – 3
- Identification and Assessment Internal Controls Over Key Risks	B06 – 4
- Prioritisation of Key Risks	B06 – 5
- Risk Alert Form	B06 – 6

FILES SECTIONS / Working Paper Descriptions	Working Paper Reference
- Memorandum Confirming Audit Scopes and Objectives	B07
Section C – Correspondence	
- Administrative correspondence relating to the audit	C01, C02 etc.
Section D – Internal Review Section	
- Audit Report Review Sheet	D01
- Audit staff responses to report review	D02
- Working Paper Review Sheets	D03
- Audit staff responses to working paper reviews	D04
- Audit Performance Evaluation Form	D05
- Weekly Time Sheets	
Section E – Financial Documents Section	
- Financial Statements	E01
- Trial Balance	E02
- Bank Statements and Bank Reconciliation Letters	E03
- List of Debtors	E04
- List of Creditors	E05
- Others	E07
Section F –Field Work	
- Audit Program	F01
- The working paper used during the fields work should be indexed on letters (E, F, G....). A letter should be used for each major section. Each major section of the audit file should correspond to an audit objective in the Audit Program. There is no standard plan or indexing scheme. The only requirement is that it should be simple and easy to follow.	F G Etc.
- Summaries of interviews (Should be filed under the relevant section of the field work)	
PERMANENT FILES	
Section PF – A : Audit plans and IAU activities	
- Strategic plans	PF A01
- Annual Plans	PF A02
- Review of activities of the IAU	PF A03
- Internal Audit Reports	PF A03 – 1
- Annual Report on the functioning of the internal audit system	PF A03 – 2
- Self-assessment Check-list	PF A03 – 3
- Notification Of Interested Parties	PF A03 – 4
Section PF – B : Environment	
- Applicable rules, laws and regulations	PF B01
- Material on the MDA - division of duties and responsibilities, number of employees, job descriptions, organisation chart, nature and location of accounting records	PF B02
- Financial Information	PF B03

FILES SECTIONS / Working Paper Descriptions	Working Paper Reference
- Internal Policies & Operating Procedures Manuals	PF B04
- Narratives with key personnel on operations and transaction flows supported by applicable documentation	PF B05
- Documentation on the Internal Control System. (Including control points, such as the system of approvals, authorisations, segregation of duties, supervision, reconciliation, reports, etc.)	PF B06
Section PF – C : Audit reports	
- Copy of previous years audit final reports	PF C01
Section PF – D : Audit Manual	
- Revisions to the Internal Audit Manual	PF D01

9.1.3.5 Management of Audit Documentations

To ensure the proper management and traceability of documents produced and issued in the IAU, the following principles are to be met:

- Documents shall be assigned an identification code (See § 10.7. - Files structure, Identification and traceability).
- Each working paper shall be uniquely traceable to the audit programme and agenda.
- Each document shall identify the total number of pages/sheets and, on each page, the issue number of the Document. Each page shall be uniquely numbered and show the Document identification and reference.
- When a document is distributed it shall have a defined distribution number. All recipients of Controlled copies of Documents shall receive subsequent amendments and shall ensure that previous versions are suitably identified to show that they have been superseded.
- The Internal Audit Charter and procedures manual shall have an Amendment Record to identify changes from the previous issue.
- Comply with any pre-defined audit Document formats.

Internal auditor(s) are to follow these principles in their day-to-day activities while the Head of Internal Audit carries an overall responsibility for document management and control and is to ensure that:

- Audit documentation requirements are identified, planned and scheduled.
- All IAU Documents are produced, issued and controlled in accordance with these principles.
- Registers of all documents subject to the controls are maintained and distributed, as appropriate.
- Copies of all documents are retained in secure and traceable files.
- The requirements for archiving of audit documents are defined and implemented.

9.1.4 Assignment Report

The auditor should prepare a formal draft report, taking into account any revisions resulting from the exit conference. When the changes have been reviewed by the Head of IAU, the final report is then issued. The audit report should be approved by the Head of the IAU.

➲ See Operational Procedure OP 19 (Annex 19) – Audit Report Format

9.1.4.1   Preparation of the Final report

The Head of the IAU shall ensure a review of the draft audit report prior to the issuance of the final report.

Audit reports are to be clear, accurate, complete, concise, objective, constructive, and timely.

They are to include coverage of:

- Audit objectives.

- Scope of the audit.

- Description of the audit methods employed.

- Conclusions on all key issues identified and/or evaluation of the internal control system and operations.

- Audit findings and recommendations.

- Management's responses to the audit findings and recommendations.

- Actions agreed upon or otherwise.

- Limitations on the distribution and use of audit reports.

➲ See Operational Procedure OP 19 (Annex 19) – Audit Report Format

9.1.4.2   Conclusions and Audit Opinion

Results of the audit may include conclusions and opinions. Conclusions and opinions are the internal auditor's evaluations of the effects of the observations and recommendations on the activities reviewed. Engagement conclusions and opinions, if included in the engagement report, should be clearly identified as such. Conclusions may encompass the entire scope of the audit engagement or specific aspects. They may cover, but not limited to:

- Whether operating or program objectives and goals conform to those of the MDA.

- Whether the MDA objectives and goals are being met; and

- Whether the activity under review is functioning as intended.

An opinion may include an overall assessment of controls or area under review or may be limited to specific controls or aspects of the audit engagement.

9.1.4.3   Distribution of the Final Report

The approval of the Head of the IAU is required for release of the final audit report. The IAU prints and issues out reports to the Head of the MDA. A copy of this report is also given to the Director – General of the Internal Audit Agency or the Auditor-General where appropriate.

If there is an error detected in the final report after it is issued, the Internal Auditor will issue a note correcting the internal audit report. Upon the approval of the Head of IAU, this note is to be distributed to all the recipients of the original final report.

9.1.4.4   Management Response

Management's responses can be included or attached to the final audit report. However, if Management decides to respond after the final report is issued; the first page of the final report should be a letter requesting Management's written response to the audit report recommendations.

In the response, Management should explain how reported findings will be resolved and include an implementation timetable. In some cases, management may choose to respond with a decision not to implement an audit recommendation and to accept the risks associated with an audit finding. Management's decision not to implement an audit recommendation should be documented in the audit report.

Management should copy the response to all recipients of the final report if they decide not to have their response included/attached to Internal Audit's final report.

➲ **See Operational Procedure OP20 (Annex 20) – Management Reponses Letter**

9.2   Audit Performance Evaluation

As part of Internal Audit's self-evaluation program, an audit performance evaluation form is sent by the Head of the IAU to the audit client. This gives the audit client the opportunity to comment on Internal Audit's performance so that auditors can improve upon their procedures and approach in their subsequent audits based on the suggestions of the audit client.

➲ **See Operational Procedure OP24 (Annex 24) – Audit Performance Evaluation**

9.3   Monitoring the Implementation of Recommendations

The IAU should put in place measures and processes to monitor the adequacy, effectiveness and timeliness of the actions taken by the MDA in implementing previous reported audit finding.

9.3.1   Follow-Up Process

The objective of the follow-up process is to determine whether the audit recommendations have been adequately addressed by Management. Follow-up by internal auditors is defined as a process by which they determine the adequacy, effectiveness, and timeliness of actions taken by management to address recommendations made on reported audit findings. Internal auditors should ascertain that actions have been taken on audit findings to remedy the underlying conditions.

The same standards for audit evidence are to be applied to follow-up work as those used for documenting original audit work. When follow-up is performed, the auditor will usually find one of the following situations:

- The concern has been adequately addressed by implementing the original corrective action.

- The concern has been adequately addressed by implementing an alternate corrective action.

- The concern no longer exists because of changes in the processes.

- The corrective action has been initiated but is not complete.

- The concern has not been addressed.

The auditor should determine which of these conditions apply.

9.3.2   Follow-Up Report: Audit Recommendation Status Report

The review will conclude with a follow-up report which lists the actions taken by management to resolve the original report findings. The auditor's recommendation regarding the status (i.e., "Implemented", "Partly Implemented", "Implementation Withdrawn", and "Not Implemented") should be documented in the Audit Recommendation Follow-up Report.

Follow-up results should be communicated by the auditor to the audit client. If the concerns have not been adequately addressed, they should be included in the follow-up report. Where continuous exposure of the MDA to the identified risk is considered significant, the Head of the IAU should consider bringing this to the attention of the ARIC. Follow-up and discussions with the audit client will continue until the corrective action is resolved.

➲ See Operational Procedure OP26 (Annex 26) – Audit Recommendation Follow-Up

9.4 Administrative Procedures

Administration procedures are the procedures that are not related to planning and testing (such as: filling in forms, writing reports and others).

9.4.1 Auditor Timekeeping

The IAU should record time spent on audits to assist in reporting audit coverage of risks, planning of future audits and projects, and evaluating audit staff. Internal Auditors are required to prepare a weekly time-sheet form and submit it to the Head of the IAU on a weekly basis.

➲ See Operational Procedure OP23 (Annex 23) – Weekly Time Sheets

9.4.2 Retaining Working Papers

Working papers will be retained in accordance with the '*The Public Records and Archives Administrative Act, 1997, (Act 535) and Limitations Decree, 1972 (NRCD 54)*'. (See Section 10.4 of this manual). Audit working papers will be purged once a year under the supervision of the Head of the IAU. The exception to this policy is when we are required to retain working papers longer by law or by agreement.

9.4.3 Circulating Audit Reports

The Head of the IAU should prepare and send audit reports on all audit assignments undertaken to the Director-General of the Internal Audit Agency. Copies of the report should be sent to the Head of the MDA and the Audit Report Implementation (ARIC).

9.5 General Principles

The following are guidelines and suggestions to be considered when performing audits.

9.5.1 Human Relations Principles in Auditing

A basic concept of human behaviour is that "every individual is different" with different values, goals, ambitions and standards. The auditor can develop sound relationships and perform better audits if this concept is put to work. The following suggestions should be considered:

- Approach each person contacted during the audit with genuine acceptance of the person as an individual. Adjust the approach to each individual's operating environment and background. Has he/she been audited before? Is he/she familiar with our program and objective? Does he/she have special problems that the auditor should be aware of?

- Maintain contact with management and keep them informed of developments.

- Demonstrate that questions can be raised and suggestions made that will benefit management.

- Remember that management's time is limited and therefore only items of a material nature should be brought to their attention.

- Return files and records promptly and in neat condition.

- Use good feedback in your interview/discussion with the audit client. Restate to the audit client what you think the audit client said to you. Give the audit client the opportunity to confirm it or further clarify the matter.

9.5.2   Other Principles

Keep the overall audit objectives in mind during the audit. Handle only enough detail to adequately cover these objectives. Use good judgment in determining priorities and the amount of time to be given to various phases of the audit.

9.5.2.1   Time Management

Keep the time schedule realistic enough so that the job can be done. When the time is limited, do what can be done and postpone the remainder. Be considerate of the audit client's timeframes and work schedule.

9.5.2.2   Obtaining Information

Methods for obtaining information about the activity, system of control or process under review include:

- Interviewing appropriate personnel of the MDA.

- Reviewing Laws and regulations.

- Reviewing procedure manuals, policies.

- Reviewing job descriptions.

- Reviewing or preparing flowcharts.

- Tracing one or more transactions through related documents (also known as transaction walkthroughs).

- Completing internal control questionnaires.

- Observing operations.

- Reviewing information obtained from other sources such as media, internet, etc.

9.5.2.3   Nature of Audit Testing

Audit testing is broadly divided into two areas:

- Compliance testing; and

- Substantive testing; (Made up of Test of Details and Analytical Reviews)

Compliance testing

Compliance testing is the testing of an operation or task against predetermined criteria to measure its compliance. Compliance tests are concerned with:

- Were the necessary procedures performed?

- How were they performed?

- Who performed them?

- Were the procedures performed consistently?

A factor affecting the confidence of an auditor derived from compliance testing and substantive testing is the confidence in the system of internal control. If there is a comprehensive system of internal control and monitoring, it may be possible to reduce compliance testing and substantive testing. The auditor will assess the risk assessment performed by management and where the auditor is satisfied that areas of risk have been correctly identified the audit will increase the sampling in these areas (both compliance and substantive testing).

Some aspects of internal control require procedures that are not necessarily required for the execution of transactions. This class of procedures includes the approval or checking of documents as evidencing the transactions. Tests of such procedures require inspection of the related documents to obtain evidence in the form of signatures, initials, certification stamp and the like to indicate whether and by whom they are performed and to permit an evaluation of the propriety of their performance.

Other aspects of internal control require a segregation of duties so that certain procedures are performed independently, like accounting and payments. The performance of these duties is largely self-evident from the operation of the department or the existence of its essential records; consequently, tests of compliance with such procedures are primarily to determine whether persons having no incompatible functions perform them.

Substantive Testing

Substantive audit evidence is the term used to describe the evidence obtained from performing substantive procedures that include tests of details (of classes of transactions, account balances, and disclosures) and substantive analytical procedures.

Substantive testing is a procedure to gather evidence of the extent of misstatements in account balances and in particular, how the value of misstatements detected compares to the value of planning materiality for the account balance. In other words, auditors gather evidence of the extent to which each material account balance is materially complete, valid and accurate.

The objective of substantive testing is to determine the conformity of individual transactions or activities with the relevant rules or regulations. Because substantive tests are used to review particular types of transaction, audit programmes will need to be developed to meet each eventuality using the criteria set out below. Each substantive test audit programme should be designed to check that the following criteria are met. Each criterion is illustrated by a possible substantive test. Note that the examples are not intended to be definitive or complete.

Types of Substantive Tests

Substantive tests include tests of details and substantive analytical reviews:

1. **Test of Details**

   - Tests of details include procedures such as:

     - Confirmation e.g., confirming account balances with third parties.

     - Physical examination e.g., examining fixed assets or inventory

     - Cut-off testing e.g., testing shipping and goods received cut-off

     - Reconciliation e.g., reconciling a subsidiary account to the general ledger

     - Observation e.g., touring facilities or observing inventory count teams

     - Inquiry e.g., asking audit client to explain the bases for their judgements

     - Examination e.g., examining contracts and agreements

     - Re-computation e.g., re-computing the clients depreciation expense

     - Tracing e.g., tracing test counts from the physical inventory observation to the inventory listing

     - Vouching e.g., agreeing account details to supporting documentation such as invoices or cancelled cheques

     - Casting/recalculation e.g., verifying the mathematical accuracy of a report

2. Analytical Procedures

Analytical review is an important part of substantive testing, and appropriate techniques should be used wherever relevant. Analytical Procedures includes:

- Trend analysis - the analysis of changes in an account over time.

- Ratio analysis - the comparison, across time or to a benchmark, of relationships between accounts and between an account and non-financial data.

- Reasonableness testing - the analysis of accounts, or changes in accounts between accounting periods, that involves the development of a model to form an expectation based on financial data, non-financial data, or both.

- Regression analysis - the use of statistical models to quantify our expectation, with measurable risk and precision levels.

- Scanning - the identification of anomalous individual items within account balances or other data through the scanning or analysis of entries in transaction listings, subsidiary ledgers, general ledger control accounts, adjusting entries, suspense accounts, reconciliations, and other detailed reports.

Examples of Substantive Test

a)   Legality and regularity of the activity

Check that the activity actually carried out conforms to the relevant legal base. For example, the tests could examine whether a particular activity undertaken conforms to the detailed requirements of the regulations in respect of the amount or percentage rate of financing.

b)   Completeness of financial and other records

Check that financial and other information systems record all relevant details. For example, a substantive test could check whether all staff contracts are held centrally by the HR Officer and whether these records are complete and in conformity with the requirements of the HR. Analytical procedures may be used in connection with these tests – especially ratios and predictive tests.

c)   Validity of the operation

Check that operations recorded within financial and other systems actually took place. For example, a substantive test could check that payments of loans to clients recorded in financial systems actually took place through examining loan agreements signed by the clients and the vouchers on which clients signed for receipt of the payment. Analytical procedures may be used – especially ratios and trend analysis.

d)   Measurement of the activity

Check that amounts of transactions are calculated on the correct basis. For example, a substantive test may check that the correct exchange rate was used in converting an operation from foreign currency to national currency. Relevant analytical procedures include predictive tests and trend analysis.

e)   Valuation

Check that assets and other items are recorded at the correct value in financial records. For example, a substantive test may check that the purchase of an asset is recorded at the correct value in the accounting system by checking the original invoice or sale note.

f)   Existence

Check that assets and other items actually exist. For example, a substantive test may check that an asset recorded in the financial records actually exists. These substantive tests involve the physical verification of existence - actually seeing the asset.

g)   Ownership

Check that assets recorded are actually owned or properly leased by the MDA. For example, a substantive test may involve checking that the MDAs have a valid lease, or is the legal owner, of premises used.

h)   Quality of inputs and outputs

Check that inputs and outputs are of an appropriate quality. For example, for inputs, we could check that all staff providing training are suitably qualified. For outputs, we could check that those trained were able to carry out their duties effectively.

9.5.2.4   Extent of Testing

The extent of substantive testing is based upon the results of the Internal Control Evaluation. Compliance tests are used to determine effectiveness of prescribed controls in order that they may be relied upon to determine the nature, extent and timing of substantive testing. No audit benefit is derived from applying compliance tests to ineffective internal controls or when costs of compliance testing exceed the benefits.

The extent of compliance tests will vary directly with the reliance placed on internal controls, while the extent of substantive tests will vary inversely with the reliance placed on internal controls.

In case of very serious internal control weaknesses, it may be impractical to devise adequate substantive tests, thus requiring the auditor to issue an adverse report on the operations of the department being audited.

9.5.2.5 Effectiveness of Systems of Control

The evaluation of internal control is accomplished through compliance and substantive testing.

The purposes for compliance and substantive testing differ and will be achieved during the fieldwork.

- Compliance Testing: To provide reasonable assurance that the internal control procedures are being consistently applied as prescribed by policies, procedures, rules and regulations and sound business practice.

- Substantive Testing: To obtain evidence of the validity and propriety of accounting treatment of transactions and balances, or to obtain evidence of errors and irregularities thereon.

Compliance tests are used to help determine the extent of substantive testing to be performed. Such tests are necessary if the prescribed procedures are to be relied upon in determining the nature, time or extent of substantive tests of particular classes of transactions or balances. The auditor may decide not to rely on the prescribed procedures because he/she concludes:

- The procedures are not satisfactory for that purpose.

- The audit effort required to test compliance with the procedures to justify reliance on them in making substantive tests would exceed the reduction in effort that could be achieved by such reliance.

In evaluating internal controls, various methods of sampling are used to form an opinion on the population tested. The auditor uses sampling to gather information from a limited selection of the entire population for analysis of possible problems, causes and effects, and the materiality of results.

9.5.2.6 Efficiency of Systems of Control

The evaluation of efficiency of the controls is the judgment of the auditor on the cost/benefit of implementing, improving or deleting a control. Evaluations should be supported where possible by mathematical information on the cost of the control and the benefit derived or potential loss avoided.

9.5.2.7 Sampling Techniques

It is often impractical to perform tests of details on 100% of the items making up an account. In these instances, in order to evaluate audit evidence about some characteristic of the items being audited the internal auditor selects items based on a sampling method to assist him/her in forming a conclusion concerning the population. The determination of the appropriate selection method depends on the test objectives, including the assertions being tested, and the characteristics of the account or population to be tested. When compliance and substantive tests involve inspection procedures, sampling is likely to be the most cost-effective means.

Sampling involves making decisions about the following:

1) Selection of items – which ones and how they are selected

2) Size of Sample – How many items are selected from the population

3) Precision of the sample – how much it may vary as a result of error

4) Reality of sample statistic - how much it may vary as a result of error

Determining whether or not a test of an account balance or class of transactions should include audit sampling depends on the objective to be achieved by the procedure. If the objective of testing the recorded amount of several items included in an inventory balance is to project the results of the test to the entire inventory balance, the auditor should use audit sampling. On the other hand, if the objective were to test for misstatement in only those few items without evaluating the characteristics of the inventory as a whole, the procedure would not involve sampling.

Once a decision has been made to use audit sampling, the auditor must choose between statistical and non-statistical (judgment sampling). Judgment sampling is sampling without particular regard to the parameters of a statistical sample. Once again, this decision should be based on the objectives of the procedure and audit sample to be taken. A procedure calling for an audit sample with the objective of making a judgment on the whole population would require a statistical sample rather than a judgment sample. Another factor to consider would be the cost effectiveness of using statistical rather than judgment sampling. Statistical sampling would not be feasible when sampling a relatively small population. Ultimately, the auditor should rely on sound audit judgment in determining which method to use.

Sampling methods

There are four commonly used sampling methods:

Statistical sampling methods:

     1) Random Sampling Methods

     2) Systematic Sampling

Non-Statistical sampling methods;

     3) Haphazard Sampling

     4) Judgmental Sampling

Random Selection

Items selected are drawn at random from the entire population so that each item has an equal chance of selection. Random sampling works best when each of the items in the population bears some sort of serial number. A table of random numbers or a random number computer program should be used to select the items for testing.

Systematic (Interval) Selection

From the sampling frame, a starting point is chosen at random, and thereafter at regular intervals

For example, suppose you want to sample 8 items from a list of 120 items.

120/8=15, so every 15th item is chosen after a random starting point between 1 and 15. If the random starting point is 11, then the items selected are 11, 26, 41, 56, 71, 86, 101, and 116.

If there were 125 items, 125/8=15.625, so should you take every 15th item or every 16th item? If you take every 16th item, 8*16=128 so there is a risk that the last item chosen does not exist. To overcome this, the random starting point should be between 1 and 10. On the other hand if you take every 15th item, 8*15=120 so the last five items will never be selected. The random starting point should now be between 1 and 20 to ensure that every item has some chance of being selected

1)   Haphazard Sampling

Samples are selected without following a structured technique, however avoiding any conscious bias or predictability. However, analysis of a haphazard sample should not be relied upon to form a conclusion on the population

2)   Judgmental Sampling

Under this method, bias is placed on the sample (E.g., all sampling units over a certain value, all for a specific type of exception, all negatives, all new user, etc.) Judgment sample selection is based on the auditor's sound and seasoned judgment. Three basic issues determine which items are selected:

- Value of items. (E.g. A sufficient number of extensively worked or older accounts should be included to provide adequate audit coverage).

- Relative risk. (E.g.; Items prone to error due to their nature or age should be given special attention).

- Representativeness - Besides value and risk considerations, the auditor should be satisfied that the sample provides breadth and coverage over all types of items in the population.

It should be noted that judgmental sampling is not statistically based and results should not be extrapolated over the population as sample is unlikely to be representative of the population.

9.5.2.8   *Sampling and Computer Assisted Audit Techniques*

In addition to standard testing procedures, internal audit teams consider the use of statistical sampling or computer-assisted audit techniques (CAATs) in the performance of internal audit procedures. It should be noted that in many instances, statistical sampling is not required to provide observations about the effectiveness of the client's internal controls. When applied with appropriate professional care and rationale, judgmental sampling techniques are acceptable, although there may be instances in which statistical sampling is more appropriate or required. In the case where a statistical sampling approach is required, CAATs may assist in increasing our coverage and statistical confidence level in a cost-effective manner.

Use of CAATs and related software-based reporting is strongly encouraged where applicable and practical. The use of software tools such as IDEA can significantly increase IAU's coverage for a given level of effort, and help focus their efforts on areas where they are more likely to find results. When performing testing through or around an information system, is it suggested that Head of IAU be consulted to evaluate whether CAATs provide a cost-effective method of testing in a given situation. The Head of IAU may consult others with relevant knowledge.

10 General Security Issues

10.1 Information Security – Internal Audit Unit

The following security policy guidelines together with other security measures on information established by the management of the MDA should be complied with by the IAU. The Head of the IAU is responsible for ensuring compliance.

- **Confidentiality:** All information reviewed in the course of an audit and information that auditors have access to should be considered confidential.

- **Working Papers:** Upon completion of the audit, working papers should be maintained in locked file cabinets within the IAU. Access to audit files will be granted to individuals representing outside audit interests by the Head of Internal Audit. However, files should not leave the IAU without due process.

- **Data Ownership:** All data (electronic or otherwise) kept should pertain to the MDA and related professional duties of the auditor. As such, these files are considered the property of the IAU, rather than the property of the individual who created them. All files (paper, electronic, etc.) may need to be accessed from time to time. It is the policy of the IAU that such information will be accessible to those who are entitled to have access.

These guidelines are designed to allow efficient access to information by those who are entitled to use it, yet protect the integrity of the original files.

APPENDICES

A   Operational Procedures

A.1   OP 01:   Strategic Audit Planning

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **STRATEGIC AUDIT PLANNING** Date :	**OP 01** **Annex 01**

Background

The Strategic Audit Plan sets out the scope, conduct and timing of internal audit work for a one year period. The Strategic Audit Plan is reviewed each quarter or where necessary so that it can be amended to reflect changing priorities and meet the emerging needs of the MDAs.

Purpose

A strategic plan is necessary because it is often impossible to audit every aspect of every entity each time. It is therefore important to have a plan that ensures that each system/procedure is audited at least once in the year cycle and to audit high risk areas more often, preferably once every year. The purpose of the Strategic Audit Plan includes:

- Identifying all the areas of MDA's activity that require auditing over the one year period.

- Stating how the MDAs key internal control systems and risk management processes will be reviewed.

- Stating how the Internal audit service will be provided, and establishing the resources and skills required to meet audit objectives.

- Assisting the overall control and direction of the work.

Procedure

Action by:	Action:
Internal Audit Team	1. Review the Mission Statement, values and objectives of the MDAs.
	2. Identify all auditable areas.
	3. Assess risk in each activity area. (Risk assessment can be carried out based on management's own Risk assessment's procedures or on the internal auditor's risk assessment process. The basis of the risk assessment could include the internal auditor's cumulative knowledge from previous audits.
	4. Request input from management using the Management Input Memo (Annex 4)
	5. Prepare a pre-planning meeting with Senior Management to discuss management's needs and expectations and risk identification process
	6. Determine the total score for each activity. (The total score determines the frequency of audit coverage. Audits are assigned to one of three frequency bandings: High (audited every year), Medium (every other year) and Low (no more than once every three years).
Head of Internal Audit	7. Host a planning meeting with Senior Management Panel.
Head of Internal Audit	8. Calculate the number of auditor days available over the coming 3 years.
	9. Allocate the total auditor days.
	10. Prepare and submit the Strategic Audit Plan for approval by the ARIC and the Head of the MDAs

A.2   OP 02:   Management Input Memo

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE MANAGEMENT INPUT MEMO Date :	OP 02 Annex 02

Background

Management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. In the process of carrying out this responsibility, management may become aware of areas of possible risk where it would want the IAU to review.

Purpose

To seek input from management of the MDA and ARIC for possible areas of risks, their likelihood or importance. The input received from management and ARIC together with the long-term audit plan should serve as the basis in arriving at the annual plan for the MDA.

Procedure

Action by:	Action:
Head of IAU	1. Send a letter or hold discussions with management of the MDA and ARIC requesting them to provide the IAU with their audit needs. 2. Review the requests received from management and identify the areas which can be incorporated into the annual audit plan. (The decision to include a request into the audit plan should be based on risk analysis, availability of audit staff, and other inherent risk associated with the request). 3. Communicate decision and basis for arriving at the decision on which areas will be included in the audit plan to management and ARIC. 4. Document discussions in the CAF.

A.3   OP 03:   Annual Audit Plan

Action by:	Action:
Head of IAU	**1**. Create **a memorandum notifying that the IAU is establishing the Annual Audit Plan for the succeeding year (Management Input Memo – Annex 2). This memo solicits the MDA manager's suggestions for audit services.**
	2. Send **Management Input Memo to the MDA via email system.**
	3. Perform **a preliminary risk assessment of the programs activities of the MDA and review prior audit work and prior denied audit requests**. Elements of the preliminary risk assessment here include the materiality (in terms of the budget size) of the thrust area, the complexity of operations, organisation/operational changes done in the last year, previous significant audit finding in the thrust area (if any) among others.
	4. Create **a list of audit priorities from step#3.**
Senior management	**6**. Call, write or e-mail **the Head of the IAU to notify their request(s) for audit services.**
	7. Meet with or phone **the Head of the IAU to discuss specific requests for audit services, if necessary.**
Head of IAU	**8**. Document **Senior management audit requests by issuing a Substantiating Memo.**
	9. Compile **all audit requests for discussion with Management**
	10. Meet **with ARIC and discusses the list of audit priorities.**
	11. Obtain **ARIC's input.**
	12. Create **the Annual Audit Plan.**
ARIC	**13**. **Review and advice the Head of the IAU and Management on the Annual Plan**
Senior management	**14**. **Approve the Annual Audit Plan**
Auditor	**15. File the Annual Plan**

A.4   OP 04:   Independence Declaration of Staff

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE INDEPENDENCE DECLARATION OF STAFF Date :	OP 04 Annex 04

Background

Internal auditors are independent when they render impartial and unbiased judgment in the conduct of their engagement. Personal incompatibilities, meaning personal relationships, previous management experience, preferences etc., should be taken into consideration when assigning internal auditors to an audit assignment. An auditor should not be assigned where there are personal incompatibilities, if a real or perceived incompatibility occurs during the audit assignment; the auditors have the responsibility to immediately inform the Head of the IAU.

Purpose

To ensure that the internal auditors are independent to carry out the audits of the operations of the MDAs. The Independence declaration from the internal audit staff should be carried out quarterly. Where circumstances arise to impair the independence of the internal auditor, this should be reported immediately to the Head of the IAU and a new declaration should be signed.

Procedure

Action by:	Action:
Head of Internal Audit	1. At the beginning of each year, and subsequently, every quarter, provide each internal auditor with an independence form
Auditors	2. Fill out and sign the Independence Statement - Ref Annex 6.
Head of Internal Audit	3. Review the Independence Statement. 4. Identify any reported incompatibility and explain how it can be mitigated. 5. Endorse the Independence Statement.
Auditors	6. File the Statement in the audit file. 7. Should an actual or perceived conflict of interest arise during the audit assignment or within the period for the declaration (i.e. every quarter), immediately notify the management.

A.5   OP 05:   Assignment Sheet

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **ASSIGNMENT SHEET** Date :	**OP 05** **Annex 05**

Background

Based on the audit schedule, the Head of the IAU should provide assignment sheets to the staff of the IAU prior to the commencement of each audit assignment.

Purpose

To formally inform the internal audit staff of the areas assigned to him by the Head of the IAU

Procedure

Action by:	Action:
Head of IAU	1. Send an assignment sheet (Annex 2) to the internal audit staff informing him of: • The department or branch to be audited; • The areas assigned to him/her; and • The time allotted.
Auditor	2. Maintain a copy of the assignment sheet on the CAF.

A.6 OP 06A: Notification of Interested Parties

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE	OP 06A
	NOTIFICATION OF INTERESTED PARTIES	Annex 06A
	Date :	

Background

It is essential that the Head of the MDAs are given adequate notice of the audit to enable them make adequate arrangements in terms of logistics, availability of staff, office space etc. However, Internal Audit will not provide advance notifications for cash counts and fraud investigations. Additionally, Internal Audit may not send an announcement letter for requested consulting services.

Purpose

To organise a presentation meeting with the client(s) in order to discuss the purpose, objectives and working arrangements of the audit

Procedure

Action by:	Action:
Auditor	1. Prepare the letter to interested parties - Ref Annex 7. Include in the letter a list of records required for the audit. This may include: • Organisational chart. • List of all accounts (numbers and account titles) • Financial Statements • Operating and/or comparative analysis reports • Key productivity and performance measures i.e., productivity measures used for budgeting purposes, etc. • Description of significant (include flowcharts if available). • Internal policies and procedures manual. • Proposed or pending changes in policies and procedures. • Copies of external regulations applicable • Reports, surveys, etc. issued by external entities.
Senior Internal Auditor/Auditor	2. Review the Letter to interested parties
Head of Internal Audit	3. Sign the Letter to interested parties
Senior Internal Auditor/Auditor	4. Include areas of interest (if any is expressed) to Audit Program Guide 5. Follow up with the client to make sure that the information requested is provided 6. File the letter and response in the working papers

A.7   OP 06B: Entry Conference

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE OP06B ENTRY CONFERENCE Annex 6B Date :

Background

An entry conference is held to communicate information with all who need to know about the engagement. Attendees should include the engagement team and members of client management responsible for the activity being examined. Normally, during this meeting, the internal audit will present the goal, objectives and procedures of the audit. The context and advantages of the audit will also be discussed, as well as any other arrangements concerning the audit.

Purpose

To organise a presentation meeting with the management of the MDAs in order to discuss the purpose, objectives and working arrangements of the audit.

Procedure

Action by:	Action:
Auditor	**Contact the client (telephone) to schedule the Entry Conference.**
Senior Internal	**Conduct the audit Entry Conference.** **The audit Entry Conference will cover areas such as:** IAU provide the clients with : • Presentation of the internal public audit mission objectives; • Establishment of deadline for presentation of verification stage; • Detailed presentation of the content; • **Potential timeframe for the review;** • **The audit objectives;** • **Audit logistics (facilities, availability of personnel, primary contacts, etc.);** • Agreement on the meeting calendar; • Presentation of the internal public auditor's Charter, for acknowledgement; • Assurance of physical resources needed for the

Action by:	Action:
	• performance of the internal public audit mission; • Communication of the on-site intervention manner. • During the entry conference, management should be given the opportunity to ask questions about the upcoming audit work and the audit process and to discuss any concerns they may have. Employee guidelines for managing an audit – Ref. B06-3
Auditor	1. **Prepare an Entry Conference Memo – Annex 9.** 2. **Make sure that each Entry Conference participant is listed in the attendance list, including title, department, and contact data and signature.** 3. **Complete the Entry Conference Memo by summarising the discussions which took place during the Entry Conference.**
Senior Internal Auditor	4. **Review Entry Conference Memo**
Auditor	5. **File Entry Conference Memo in the audit working papers – Ref Annex 9**

A.8   OP 06C: Gathering Background Information

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **GATHERING BACKGROUND INFORMATION**	OP 06C Annex 6C

Background

The Internal Auditor should obtain background information about the activities to be reviewed. A review of background information should be performed to determine the impact on the engagement. For subsequent audits, some background information may be found in the Permanent Audit File. In such circumstances, the auditor should confirm that the existing information is still relevant and has not changed since the previous audit engagement. Relevant background information include:

1. Objectives and goals

2. Policies, plans, procedures, laws, regulations, contracts, which could have a significant impact on the operations

3. Organisational information including organisational charts, number and names of employees, key employees, job descriptions and details of changes in the organisation, including major systems changes

4. Significant findings and recommendations from the previous audit reports which could affect the current objectives of the audit

5. Budget information and financial data

6. Prior engagement working papers

7. Results of other engagements, including work of external auditors

8. Outstanding litigation against/initiated by the MDA

Purpose

To collect information about the history, organisation and financial background, to assist the auditor become familiar with the operations of the MDA, supply general data for the audit engagement and facilitate the risk analysis and survey procedures

Procedure

Action by:	Action:
Auditors	1. Send request for background information from management of the MDA 2. For existing background information, confirm from management that this is still relevant and has not changed since the previous audit engagement 3. Review background information to determine the impact on the audit engagement 4. Document conclusions from review of background information. (Documentation should include the impact on audit scope and testing)
Head of Internal Audit	1. Review background information 2. Document conclusion of review and impact on audit scope and testing
Auditors	1. File working paper in relevant portion of audit file

A.9 OP 07: Analytical Review

Background

Analytical audit procedures are tests of financial or non-financial information made by a study and comparison of relationships or data. They provide the internal auditor with an efficient means of assessing and evaluating information collected in an engagement. Analytical reviews useful in identifying among other things differences that are not expected, potential errors, potential irregularities or illegal acts and unusual or nonrecurring transactions or events.

Purpose

To assist the Internal Auditor in identifying conditions which may require subsequent engagement procedures and direct attention to the areas of potential risks. The objectives of analytical review may be several fold, but in essence the following occasions are most relevant;

a)   In the initial planning stage to assist the internal auditor in determining the nature, extent and timing of other audit procedures by identifying significant matters that require consideration during the field work.

b)   During the field work in conjunction with other audit procedures applied to individual elements of financial information; and

c)   Where applicable; at the conclusion of the audit as an overall review of financial statements

Procedure

Action by:	Action:
Auditor	1. Determine the areas for which analytical procedures will be employed 2. Obtain financial and non-financial data relating to the area. 3. Perform analytical review (Note: the sorts of analytical review which can be carried out include the following);

Action by:	Action:
	a) Comparison of financial information with comparable prior periods b) Comparison with the budget or other anticipated results c) Study of relationships of elements of financial information that would be expected to conform to a predictable pattern based on accumulated knowledge and experience of the IAU d) Comparison with similar information regarding the broad area within which the Audit Entity operates e) Study of relationships with relevant non-financial information (e.g. recorded payroll expense compared to changes in average number of employees) 4. obtain explanations from management for significant variations from expectations 5. In the case of preliminary analytical review, use the results of the analytical review to assist in determining the matters which may require consideration during the field work or affect the scope of audit engagement 6. Document key conclusions from Analytical Review on Analytical Review Working Paper (See Annex 6) (Documentation should include where applicable; the impact of unresolved issues identified on the extent of audit testing. Results or relationships that are not sufficiently explained should be reported to the appropriate level of management)
Head of Internal Audit	1. Review the Analytical Review Working Paper 2. Document conclusion from the review
Auditor/Auditor	1. File analytical review working paper in relevant section of current audit file

A.10 OP 08: Internal Control Questionnaire

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE	OP 08
	INTERNAL CONTROL	ANNEX 08
	QUESTIONNAIRE	

Background

The Standards require that internal auditors should use analytical audit procedures in planning audit engagements as part of the risk assessment process. Unexplained results or relationships from applying analytical audit procedures may be indicative of a significant condition such as potential error, irregularity or illegal act. Analytical audit procedures are also employed during the field work to examine and evaluate information to support engagement results.

Purpose

To assist the Internal Auditor in identifying conditions which may require subsequent engagement procedures and direct attention to the areas of potential risks.

Procedure

Action by:	Action:
Auditor	1. Provide management with an internal control questionnaire (Annex 3)
Management	2. Complete questionnaire and submit to the internal auditor
Auditor	3. Review management responses to identify key business processes, internal controls and areas of control weaknesses, key information systems and key performance measures
Auditor	4. Document conclusion from the review of the ICQ. Documentation should include any significant weakness that have been brought to management's attention or which have impacted the scope of audit work

A.11   OP 09B: Identification and Assessment of Key Risks

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE	OP 09B
	IDENTIFICATION AND ASSESSMENT OF KEY RISKS	ANNEX 09B
	A – IDENTIFICATION OF KEY RISKS (Risk Assessment)	

Background

The internal auditor should gain an understanding of the objectives, processes, key risks and internal controls of each thrust area being audited. The process includes:

- Identification of Thrust Area Objectives and Strategies adopted by management to implement these strategies

- Identification of Significant Classes of Transactions **(SCOT)** and the audit objectives associated with each SCOT

- Documentation of Process Flow

- Identification of key risks (inherent risks) and internal controls established by management to mitigate these risks

Purpose

To document our understanding of key risks and internal controls over processes within the thrust area and assist the Internal Auditor in identifying conditions which may require subsequent engagement procedures and direct attention to the areas of potential risks.

Procedure

Action by:	Action:
Auditors	**Note: The Self-Assessment Questionnaire should guide the internal auditor in obtaining information relating to the key business objectives, policies and procedures, key risks etc.**
	STEP 1: Identification of Thrust Area Objectives and Strategies adopted by management to implement these strategies (This should be documented under the Thrust Area Objective(s): Ref Annex 09)
	By talking to the management of the thrust area, reviewing documents, etc., identify why the thrust area is part of the activities of the MDAs and what its objectives are. Also identify how management plans to conduct their

Action by:	Action:
	activities to achieve their aims. These will be strategies and their implementation. **STEP 2: Identification of Significant Classes of Transactions (SCOT) and the audit objectives associated with each SCOT (This should be documented under Significant Classes of Transactions: Ref Annex 09)** **Determine, by asking Management of the Thrust area and verifying from the monthly and annual accounts, how transactions that occur in the thrust area are captured in the accounts and under what headings they are they captured. The headings are the Significant Classes of Transactions (SCOTS). Identify them for this thrust area and describe them briefly. Also determine if your audit will involve testing the transactions through to their inclusion into the financial statements. If so, what audit objective covers these transactions through to their inclusion in the financial statements.** STEP 3: Documentation of Process Flow. (This should be documented under Documentation of Process Flow: Ref Annex 12) **Determine if there are any triggers to the start of the processes in the thrust areas. E.g. a duly completed stores requisition voucher (SRV) submitted for an item that is not in stock (or where such an SRV results in the stock of item falling below a level that requires that more should be bought) could prompt the start of the procurement process. In this case, the SRV becomes an input for the procurement activities and should be identified under the section *inputs* in the documentation template.** **Interview the people who carry out the activities of the thrust area and document how they carry out the activities. Focus on what they do, who does it, how they do it and when they do it. This documentation should go under the section *activities* in the documentation template.** **If at the end of the process, some outputs are produced (e.g. fuel purchased, or signed payment vouchers) this is put under the section, "*outputs*" in the documentation template.** **STEP 4: Identification of key risks (inherent risks) and internal controls established by management to mitigate these risks** **In part II of the document, identify what can go wrong in the activities that you have documented. These are the thrust area level risks.**

Action by:	Action:
	Determine which of the objectives that was identified in part I will not be achieved, if what you have identified actually goes wrong.
	Determine if management of the MDAs or the thrust area have put in place measures to ensure that things do not go wrong or that if things go wrong they can detect that things have gone wrong and take corrective measures.
	These measures put in place are the key controls.
	Key controls can be identified by asking the following questions:
	What are the most important procedures which keep the process on track
	Which steps held ensure that only valid transactions are processed (e.g. authorisation of transactions, authorisation limits)
	Which measures are designed to detect important errors and irregularities (e.g. reconciliations, control accounts)
Head of Internal Audit	**Review the completed risk assessment documents**
	Document and indicate the areas selected for testing.
	(Refer to Annex 10)
Auditors	**File the Identification of Risks Document in the planning** section **of the CAF.**

A.12   OP 09C: Assessment of Internal Controls over Key Risks

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **IDENTIFICATION AND** **ASSESSMENT OF KEY RISKS** **B- ASSESSMENT OF INTERNAL** **CONTROLS OVER KEY RISKS** **(Risk assessment)**	**OP 09C**

Background

The Assessment of Management Controls (ACM) is the process by which the internal auditor assesses management's controls over the operations of the MDAs. An internal control assessment determines whether controls are functioning as intended by carrying out test of design and test of operation effectiveness.

Test of Design - Evaluating **whether procedures are designed to achieve the goals of the function and the control objectives**. **If you determine that the test of design is not effective, you do not test for operating effectiveness.** You only test for operating effectiveness when test of design is effective.

Test for Operating Effectiveness - **Testing** whether procedures are being followed.

Testing, or **Compliance Testing**, determines the extent to which staff follow prescribed policies and procedures in actual practice. It compares procedures as executed against required or expected procedures. Testing provides objective evidence on how well controls are executed. The guidelines for testing suggest the following process:

Identify transactions to be tested and the key controls which support each transaction.

Determine the standards that apply to the transaction to be tested.

Select test method;

- Determine how much testing is necessary

- Document and assess test results

- Reporting

NOTE**: Evaluation** reveals weakness in design of a procedure, while **Testing r**eveals weaknesses in execution of a procedure. The internal auditor should use professional judgement to determine the extent of the testing required to provide him/her with the sufficient evidence on the design, effectiveness and efficiency of key controls established by management.

Purpose

To evaluate the effectiveness of internal controls over identified key risks. (Tests of design/and tests for operating effectiveness where applicable) and draw a conclusion on the tests of controls and its impact on our audit plan

Procedure

STEP 1:IDENTIFY TRANSACTIONS TO BE TESTED AND THE KEY CONTROLS WHICH SUPPORT EACH TRANSACTION

To select transactions to be tested, the internal auditor should review consider the areas of potential weaknesses. The highest priority areas to be tested are those which are most important to the control and which may be subject to the greatest risk of breakdown. Once an area has been selected for testing, review the key controls identified during the **IDENTIFICATION OF KEY RISKS AND INTERNAL CONTROLS OVER THRUST AREAS"** phase.

STEP 2: DETERMINE THE STANDARDS THAT APPLY TO THE TRANSACTION TO BE TESTED
Standards relate to expectations for performance of the transaction. These are usually found in directives, procedures manual, laws mandates, job descriptions and job specification.

Examples are:
- Competitive bidding for all procurements
- Monthly reconciliation reviewed by senior accountant

STEP 3: SELECT THE TEST METHOD
Testing measures actual performance of procedures against expectations. There are three primary approaches

- Sample documentation of transactions using files and other documentation sources
- Interview staff to learn the process they follow to complete the task
- Observe the procedure in action (Walkthrough tests)

To determine the best method to test a particular transaction, review the degree to which execution of the key controls is documented. If the process is heavily documented, use sampling. However, if some or all the key controls are not customarily documented, interviewing and observing staff may be the only feasible method. Often it may be useful to use a combination of test methodologies.

STEP 4: DETERMINE HOW MUCH TESTING IS NECESSARY
Testing should be sufficient as possible. The internal auditor should only perform enough to gain a reasonable sense of whether the procedure works. To determine the sample size for testing, the internal auditor needs to consider the number of transactions involved in the function and the type of supporting documentation (The Head of the IAU should approve the sample size selected for testing).

	The cost-benefit should also be analysed. Assess what is feasible to be tested in the time available and focus attention only on key controls. **STEP 5: DOCUMENT WORK DONE** Documentation should include any significant weaknesses that have been brought to management's attention or which have impacted the scope of audit work. **STEP 6:REPORTING** Report any weaknesses identified. The internal auditor needs to apply cost-benefit standard to any actions suggested to remedy identified deficiencies. Recommendations should lead to financial savings or other operating improvements whose value is greater than the increased investment.

A.13 OP 09C: Prioritisation of Key Risks

INTERNAL AUDIT UNIT	PRIORITISATION OF KEY RISKS	OP 09C
	(Risk assessment)	ANNEX 09C

Background

The overall objective of the risk analysis process is to prioritise the audit risks identified and assessed in order of significance in terms of its likely negative impact on the activities and objectives of the MDAs.

Purpose

This process of prioritisation assists the internal auditor focus on the areas of high risk thus directing limited audit time and resources to the audit areas which will provide management with more value.

Procedure

Action by:	Action:
Auditor	1. Completes Risk Matrix (Annex 10) 2. From completed Risk Matrix, identify areas of high risk which would require audit focus
Head of IAU	3. Review risk matrix and ensure that audit steps exists or have been developed to audit identified risks.
Auditor	4. File Risk Matrix in the Planning Section of the CAF

A.14   OP 10:   Audit Development Program

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE OP 10**
	AUDIT DEVELOPMENT PROGRAM ANNEX 10

Background

Based on the risk assessment process, the internal auditor should develop or tailor existing audit program steps needed to gather sufficient, relevant and useful evidence to meet the established objective(s) and assess the risks identified at the planning stage. Audit objectives(s), scope and procedures should be constantly reassessed throughout the audit process to ensure efficient use of audit resources

Purpose

The Audit Agenda is elaborated in order to establish the steps to be taken during the audit in order to achieve the specific audit objectives.

Procedure

Action by:	Action:
Auditor	1. Using the information gathered during the risk assessment phase, select the appropriate audit approach 2. Determine the evidence necessary to reach conclusions on audit objectives. 3. Identify the tests and other procedures to be performed to gather the required evidence. 4. Prioritise the objectives, steps and procedures so that the most important and significant are performed first. This will assist the auditor in keeping focused on completing the audit by developing sufficient information to report on the audit early in the process. 5. Prepare/tailor an Audit Program appropriate for completion of the audit.
Head of Internal Audit	**3. Review and approve the Audit Program**
Auditor	**4. Review and up-date the Audit Agenda all along the audit work**
Auditor	**5. File the Audit Agenda – Ref Annex 13 in the Current File working papers**

Example – Annex 13

A.15   OP 11:   Confirmation of Audit Scope and Objective

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **OP 11** **CONFIRMATION OF AUDIT SCOPE** **ANNEX 11** **AND OBJECTIVE**

Background

To ensure there are no ambiguities as to the scope of the internal audit assignment and to eliminate the possibility of an expectation gap, it is important that the IAU and management document their understanding of the scope and objectives of the internal audit.

Purpose

To document the IAU and Management's understanding of the scope and objectives of the internal audit as well as any other expectations from both parties.

Action by:	Action:
Auditor	1. **Prepare a Memorandum confirming the audit scope and objectives – Annex 10.**
Head of Internal Audit	2. **Review and sign the Memorandum confirming the audit scope and objectives**
Auditor	3. **Transmit the Memorandum confirming the audit scope and objectives to Client**
Client	4. **Return a signed copy of the Memorandum confirming the audit scope and objectives – Annex 10.**
Auditor	5. **File the audit scope and objectives memorandum in the audit work papers – Annex 10.**

A.16   OP 13: Summary of Interviews

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **SUMMARY OF INTERVIEWS**	**OP 13** **Annex 13**

Background

As part of information gathering process during the audit process, the auditor carries out interviews with management, staff, suppliers, customers and other stakeholders.

Purpose

To ensure a written record of discussions and information obtained from interviews during the audit which form the basis of the auditor's conclusion.

Procedure

Action by:	Action:

Auditor	1. Document information obtained from interviews held with management, staff and other stakeholders. The documentation should indicate the following:
	  • Interviewee
	  • Date of interview
	  • Purpose
	  • Subject

	2. Maintain a copy of the summary sheet on the CAF
Head of IAU	3. Review summary of interview to ensure that it supports the basis of the auditor's conclusions

A.17 OP 14A: Evidence Gathering and Test Working Paper

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE EVIDENCE GATHERING	OP 14A ANNEX 14

Background

During the evidence collection stage of the audit, the auditors run tests in compliance with the approved Audit Programme. Work in this stage generates audit evidence based on which the auditor formulates findings, conclusions and recommendations.

Purpose

To ensure that sufficient, competent and relevant and useful information has been collected and documented to support a sound basis for engagement observations and recommendations.

Procedure

Action by:	Action:
Auditor Head of Unit Supervisor	1. **Conduct the audit tests and procedures determined in the audit programs.** 2. **Ascertain that the evidence obtained is sufficient, relevant, competent, and useful.** 3. **Document all audit work in Test Working Paper Annex 16 and Audit Finding Forms – Ref Annex 17.** 4. **Label and number all working papers** 5. **File all documents pertaining to the audit in the working paper files**

A.18 OP 14B: Test Working Paper

| INTERNAL AUDIT UNIT | OPERATIONAL PROCEDURE | OP 14B |
| | TEST WORKING PAPER | ANNEX 14 |

Background

In general, the entire audit work that is carried out must be supported by documents. Each audit program should be supported by documents and contain references to documents including evidence for the tests run and the results obtained.

Purpose

To ensure a standard format for the tests conducted during the audit

Procedure

Action by:	Action:
Auditors	Perform the tests approved in the audit programmes; Document the tests using Test Working Papers – Annex 14
Head of Internal Audit	Review work papers
Auditors	File the working papers in the appropriate section of the audit files.

Example Annex 14

A.19 OP 14C: Finding of Suspected Illegal Activities

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **OP 14C** **FINDING OF SUSPECTED ILLEGAL** **ACTIVITIES**

Background

When sufficient facts and circumstances exist, (based on the obtained evidence), to create the reasonable suspicion that an irregularity/illegal act has occurred, the internal auditor must promptly report to the Head of Unit. An irregularity/illegal act means a violation of a law and/or a regulation.

Purpose

To provide guidance in case irregularities are found

Procedure

Action by:	Action:
Auditor Head of Internal Audit	**1. Report suspected irregularity or illegal act to Head of IAU. The written report should include as a minimum the following information:** **Detailed description of the irregularity(ies), exception(s), or other potential violation(s) of law** - The statute, law, regulation, decree, policy, or procedure that has been potentially violated - The nature and amount of the expenditure; in cases where no payment has been made, the amounts, which would have been wrongly paid, had the irregularity not been discovered, - The period during which, or the moment at which, the irregularity was committed: - The practices employed in committing the irregularity - The manner in which the irregularity was discovered - The financial consequences, the suspension of any of payments and the possibilities of recovery - The date and source of the first information leading to suspicion that an irregularity was in evidence - The identity of the natural and legal persons involved, suspected save in cases where such information is of no relevance in combating irregularities on account of the character of the irregularity **2. The name of the auditor.**

Action by:	Action:
Head of Internal Audit	**3. Determine whether additional work needs to be performed or whether audit procedures should be suspended as a result of the finding.** **4. Inform management of the MDA and ARIC where applicable.**

A.20 OP 16: Audit Finding

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** OP 16
	AUDIT FINDING ANNEX 16

Background

The audit finding, "Audit Finding Sheet" is one of the most critical work papers. It provides the foundation for the outcome of the audit. The findings form consolidates all pertinent information relating to a particular audit issue. The finding sheet also makes it much easier to decide whether the issue should be reported in writing, discussed verbally, or omitted altogether. The following elements of the audit findings must be included:

1. Findings

2. Causes

3. Consequences

4. Recommendations

Purpose

To ensure that the findings of the audit include sufficient, competent and relevant information in order to promote a proper understanding of the found matters and to provide persuading yet fair presentations, in an appropriate perspective.

Procedure

Action by:	Action:
Auditors	1. As the audit is carried out, draw up the Audit Finding Sheets; Ref Annex 16. 2. At the end of the evidence collection phase, complete all elements for each Audit Finding Sheet; The following Elements of the Audit finding must be stated; • Findings • Causes • Consequences • Recommendations 3. Determine under which category the findings should fall. (i.e. reportable finding or discussed verbally) 4. Forward the Audit Finding Sheets to the Head of Internal Audit.

Action by:	Action:
Head of Internal Audit	5. Review the Audit Finding Sheets. 6. Approve category of audit finding
Auditors	7. Label, number and file the Audit Finding Sheets - Annex 16 in the working file

Example – see Annex 16

A.21 OP 17: Working Papers Review

Background

The Head of IAU or designated senior auditor should review all working papers to determine whether they are relevant and have a useful purpose, evidence the audit work performed and sufficiently support the audit findings. The auditor should review all audit review notes to be certain that all notes have been resolved within the working papers. Documentation obtained and not relevant to the audit should be returned/destroyed upon the completion of the audit.

Purpose

To ensure the conclusions reached are reasonable and valid, and that working paper standards were followed.

Procedure

Action by:	Action:
Head of Internal Audit/Designated Senior Auditor	1. Review the working papers and content and ascertain that the audit evidence reflected in the audit working papers is fully supported. 2. Provides auditors with a list of the review notes, containing all comments and questions related to the audit works.
Internal Auditor	3. Clear review notes raised by Head of IAU 4. Document on review notes sheet, the nature and timing of clearance of review notes. 5. Plan a continuation meeting with the Head of Internal Audit.
Head of Internal Audit	6. Review the clearance of review notes and ensure that all review notes have been satisfactorily cleared.
Auditors	7. File any additional working papers arising from the review and review notes in the relevant section of the CAF

A.22   OP 18:   Audit Exit Conference

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE	OP 18
	AUDIT EXIT CONFERENCE	ANNEX 18

Background

The purpose of an exit conference with the client is to develop a mutual understanding of the content of the draft report and audit concerns that are not in the report. This should avoid any misunderstandings or misinterpretations of fact by providing the opportunity for the client to clarify specific items and to express views on the significant audit concerns, corrective action and other information presented in the draft report. This meeting should also ensure that the auditor does not receive any surprises in the formal response from the client. Additionally, the exit conference should serve as an opportunity to develop a feeling that the report is offered in a spirit of correcting conditions.

Purpose

To ensure that the client has the opportunity to express their opinions regarding the auditors' findings, conclusions and recommendations, as well as the corrections envisaged.

Procedure

Action by:	Action:
Auditor	1. Plan the exit conference.
Head of Internal Audit Auditors/Clients	2. Hold the closing session. The representatives of the MDA present their opinions regarding the auditors' findings, conclusions and recommendations, as well as the planned corrections.
Auditors	3. Prepare a summary of the discussions held during the exit conference in an Exit Conference Memo (no standard format) 4. Prepare additional documents needed to justify the modifications made to the audit report. 5. Make the necessary changes to the audit report
Head of IAU	6. Review and approve changes made to the audit report
Auditors	7. File the Notes taken on the Audit Exit Conference in the relevant sections of the CAF 8. File all the approved modifications to the audit report, the Exit Conference Memo Ref-Annex 23 and revised audit report in relevant sections of the CAF.

A.23   OP 19A: Audit Report - Draft

| INTERNAL AUDIT UNIT | **OPERATIONAL PROCEDURE** | **OP 19A** |
| | **AUDIT REPORT - DRAFT** | **ANNEX 19A &19B** |

Background

In writing the report, the auditor uses the audit evidence reported in the Finding Sheets. In preparing the draft report, the internal auditor should consider materiality of the audit findings. Some audit findings could be disposed of by discussions with management. The discussions should contain all relevant elements of the audit findings (i.e. conditions, causes, effects and recommendations).

Purpose

To provide guidance to the auditors in drawing up the draft audit report.

Procedure

Action by:	Action:
Auditors	1. Draw up the draft audit report by using the format indicated in Annex19. 2. Indicate the working papers on the margin of the of the draft audit report.
Head of Internal Audit	3. Review the draft audit report Annex 21, OP21 4. Where applicable; establish whether the entire draft or parts thereof should be transmitted to the legal department with a view to being legally revised. 5. Schedule a follow-up meeting with the Auditor to clear outstanding queries.
Auditors	6. Makes the necessary changes, approved by the reviewer. 7. Forward the final draft of the audit report, with references, to the Head of Internal Audit. (The draft report should be marked "Draft for Discussion Purposes Only") 8. File the draft audit report, including the corrections approved by the Head of Internal Audit.

A.24   OP 19B: Audit Report - Final

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE OP 19B
	FINAL REPORT ANNEX 19A & 19B

Background

Auditors are responsible for ensuring a high quality presentation of the report and the drafting of a correct and complete distribution list. The audit reports should be transmitted according to an established distribution policy.

Purpose

To ensure that the audit report is complete, including all approved modifications, and distributed to all relevant persons.

Procedure

Action by:	Action:
Auditor	1. Ascertain that all changes approved by the reviewer in the audit report draft are incorporated. 2. Ascertain that the audit report distribution list is complete and accurate. 3. Ascertain that names and titles are current and correctly spelled. 4. Arrange for final proof-reading and number-checking. 5. Finalise the report 6. Transmit to Head of Internal Audit.
Head of Internal Audit	7. Review and transmit final report to the Client and addresses (see in distribution list)
Auditor	8. File the Final Report – Annex 21

A.25   OP 20:   Management Responses Letter

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE MANAGEMENT RESPONSES LETTER	OP 20 ANNEX 20

Background

It is important that management respond to the audit recommendations and specify deadlines for their implementation. The response should state whether management agrees with the recommendations, or else describe alternative steps that will be taken to address the issue. In the event of a disagreement, the ARIC can intervene to resolve the matter.

Purpose

To receive the written comments of management to the audit recommendations and include them either as part of the audit report or as an annex to the audit report.

Procedure

Action by:	Action:
Head of Internal Audit	**1. Receive the Responses of Management and includes them as an annex or part of the Internal Audit Report.** **2. If there is disagreement on any of the recommendations raised meets with the management and the ARIC in order to find a resolution.** **3. Where management declines to take steps to resolve an issue described in the audit report and the issue cannot be resolved by ARIC, management's response stating this fact should be included in the report.** **4. Include a statement identifying the risks associated with allowing the situation to continue and categorically, state that management has accepted the risk**
ARIC	**3. Ensure that the audit recommendations are monitored by the IAU** **and that they are implemented by Management**
Auditors	**4. File the Management Response Letter**

A.26   OP 21:   Audit Report Review Sheet

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE AUDIT REPORT REVIEW SHEET	OP 21 Annex 21

Background

The audit report sets out the auditor's opinions, presents the audit findings, and recommendations for improvements. The audit report should represent the conclusions drawn from the audit process. The report should be laid out in a constructive manner to facilitate the reader's understanding.

Purpose

The audit report review sheet serves as a written record of the review of the audit report and to inform the internal audit staff of the areas assigned to him by the Head of the IAU.

Procedure

Action by:	Action:
Head of IAU	i. Send an assignment sheet (Annex 2) to the internal audit staff informing him of: • The department or branch to be audited; • The areas assigned to him/her; and • The time allotted.
Auditor	ii. Maintain a copy of the assignment sheet on the CAF.

A.27   OP 22:   Transmittal Letter

INTERNAL AUDIT UNIT	<u>OPERATIONAL PROCEDURE</u> **TRANSMITTAL LETTER**	**OP 22** **ANNEX 22**

Background

It is important that the audit report is circulated to the ARIC and Management of the MDA to ensure that areas of weakness are identified and that Management take the necessary measures to remedy the weaknesses within a given timeframe.

Purpose

To establish procedures for transmitting the Audit Report to the Audit Report Implementation Committee, Management of the MDA and other relevant persons or committees.

Procedure

Action by:	Action:
Head of Internal Audit	1. **Prepare transmittal letter** 2. **Ensure that all relevant recipients have been included in the transmittal letter. (The transmittal list should include members of the MDA who are in the position to take corrective action or to ensure that corrective action is taken)** 3. **Transmit report to ARIC, management of the MDA and other relevant recipients.**
Auditors	4. **File the Transmission Letter and certified copy of audit report transmitted**

A.28   OP 23:   Timekeeping

Background

The major resources of internal audit are the people. In order to control the use of this resource, time budgets are allocated for each audit and the detailed budgets are drawn up based on the audit agenda.

The budgets are controlled with the reports and help maintain the auditor within the project parameters.

The time budget also serves as a programming and control instrument in the auditors' planning and is responsible for the efforts and fulfilment of the internal audit functions.

Purpose

To ensure a standard format for time management

Procedure

Action by:	Action:
Auditors	1. When preparing the audit program, the auditors should estimate the time required to carry out the audit engagement.
Head of IAU	2. Approves time budget together with audit program
Auditors	3. Prepare a weekly time sheet based on the Weekly Time Sheet Form Ref – Annex 23
Head of Internal Audit	4. Reviews and approves the Time Sheets
Head of Internal Audit/Auditors	5. Monitor actual time against budget during the course of the audit assignment
Head of Internal Audit	6. Prepares note regarding the time frame of the project. The note must be filled in with the time accumulated for the project, the estimated completion date, the approved time budget as well as a presentation of the current situation, of the problems that occurred, of the proposed solutions etc. 7. Forward a copy of the note to the auditors and supervisors.
Auditors	8. File the Note - Annex 25 in the audit file.

A.29   OP 24:   Audit Performance Evaluation

| INTERNAL AUDIT UNIT | OPERATIONAL PROCEDURE | OP 24 |
| | AUDIT PERFORMANCE EVALUATION | ANNEX 24 |

Background

Upon completion of the audit, the Head of Internal Audit will fill in a Project Evaluation Sheet for each auditor. The Head of Internal Audit is responsible for the evaluation of auditors.

Purpose

To ensure the auditors obtain constructive feed-back with regard to their own performance and help each auditor identify areas for improvement

Procedure

Action by:	Action:
Head of Internal Audit	1. Transmit to Auditor an Audit Performance Evaluation Form – Annex 24
Auditor	2. Complete the Audit Performance Evaluation Form and return it to IA
Head of Internal Audit	3. Review the Audit Performance Evaluation Form 4. Discuss with the Auditor 5. Use the results of the evaluation for proposing training and improvement programs for the auditor
Auditor	6. Review and sign off evaluation form
Head of IAU	7. File staff evaluation form in personal file of the auditor

Example

PROJECT EVALUATION SHEET – Annex 24

A.30   OP 25:   Staff Performance Evaluation Form

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE STAFF PERFORMANCE EVALUATION FORMS	OP 25 Annex 25

Background

The performance evaluation process provides a framework to appraise the quality of work performed by audit staff and the basis for further developmental and training needs.

Purpose

To evaluate the work of the internal auditor after each audit assignment and provide feedback on the level of performance against set goals.

Procedure

Action by:	Action:
Head of IAU	1. Before the start of each audit assignment, set and discuss expected goals with the auditor. (See Staff Performance Evaluation Forms – Annex 25 – For guidance) 2. On completion of the audit, discuss performance with the audit staff. 3. Document performance by filling out the Staff Performance Evaluation Forms – (Annex 26). **Note** – Documentation should include both positive comments and suggestions for improvement discussed with auditor and any ranking below 3 should be explained. 4. Provide opportunity to the audit staff to comment on the appraisal
Auditor	5. Comment on appraisal where applicable and sign off to indicate that the appraisal process has been interactive.
Head of IAU	6. File copy of appraisal in the personal file of the auditor.

A.31   OP 26:   Follow-Up Process

Background

To determine whether recommendations included in the audit report are implemented by the established deadlines

Purpose

To establish procedures to be followed for reviewing the implementation of audit recommendations

Procedure

Action by:	Action:
Auditors	1. Review the implementation of recommendations by the established deadlines. 2. Draft a report on the status of audit recommendations - Ref Annex 26. 3. Forward the Report to the Head of IAU.
Head of Internal Audit	4. Review the Audit Implementation Status Report 5. Discuss any outstanding issues with management 6. Receive management's response on Audit Implementation Status Report 7. Send a copy of the Audit Implementation Status Report to management and ARIC
Auditors	8. File the Audit Implementation Status Report – Ref - Annex 26

A.32   OP 29:   Suspected Illegal Activities Reporting

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE SUSPECTED ILLEGAL ACTIVITIES REPORTING	OP 29 ANNEX 29

Background

Usually staff of the MDAs are the first to become aware of suspected fraud or irregularities and these allegations or suspected illegal activities may be reported to the IAU. The IAU should determine if it has the adequate skills, resources and legal authority to investigate.

Purpose

To provide guidance when suspected activities are reported to IAU.

Procedure

Action by:	Action:
Head of Internal Audit	1. **Receive report(s) of illegal suspected activities** 2. **Determine if the IAU the IAU has the legal authority, resources and skills to carry out the investigation** 3. **Consult with management of the MDA** 4. **Carry out a preliminary investigation to establish if there are reasonable and probable grounds to warrant further investigation** 5. **Report to the management of the MDA that there is sufficient cause or predication to continue** 6. **Determine whether additional work needs to be performed or whether audit procedures should be suspended as a result of the finding.** 7. **Report findings and recommendations for improvements to internal controls to ARIC and management of the MDA**
Head of MDA or ARIC	1. **Decide based on the investigation report on disciplinary action** 2. **Decide to refer the investigation to the law enforcement agencies**

Action by:	Action:
Overriding Considerations	1. **Auditors should exercise due professional care in pursuing indications of possible illegal acts so as not to interfere with legal proceedings. Their written report should include as a minimum the following information :** 2. **Detailed description of the irregularity(ies), exception(s), or other potential violation(s) of law** 3. **The statute, law, regulation, decree, policy, or procedure that has been potentially violated** 4. **The nature and amount of the expenditure; in cases where no payment has been made, the amounts, which would have been wrongly paid, had the irregularity not been discovered,** 5. **The period during which, or the moment at which, the irregularity was committed:** 6. **The practices employed in committing the irregularity** 7. **The manner in which the irregularity was discovered** 8. **The financial consequences, the suspension of any of payments and the possibilities of recovery** 9. **The date and source of the first information leading to suspicion that an irregularity was in evidence** 10. **The identity of the natural and legal persons involved, suspected save in cases where such information is of no relevance in combating irregularities on account of the character of the irregularity.**
Auditors	1. **File the Expected Activities Reporting Form**

A.33   OP 30:   Revisions to the IA Manual

Background

Where there are changes in the organisation, processes, technology, etc., the Internal Audit Manual will need to be revised to reflect the changes within the MDA.

Purpose

To control and monitor revisions and establish procedures for revising the manual.

Procedure

Action by:	Action:
Internal auditors	1. **Submit revision proposals using Annex 2 forms**
Head of the IAU	2. **Compile and circulate the revision proposals received** 3. **Receive comments and suggestions from the Internal Auditors** 4. **Incorporate revision proposals after consultation with the IAA** 5. **Distribute the proposed new version of the IA Manual to all the Internal Auditors** 6. **Submit the proposed new version of the Director-General of the Internal Audit Agency.**
ARIC	7. **Review the new version of the IA Manual for compliance with the legal framework** 8. **Reply in writing to the Head of the IAU**

Action by:	Action:
Head of the IAU	**9. Submit the new version of the IA Manual to the Director-General of the Internal Audit Agency for approval**
Director-General of the Internal Audit Agency	**10. Approve the new version of the IA Manual for Distribution to all MDAs**
Head of the IAU	**11. Distribute the approved new version of the IA Manual to all the Internal Auditors and the relevant parties as detailed in the Internal Audit Procedures Manual Ref: 1.6**

A.34 OP 31: Training Records of Staff

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE TRAINING RECORDS OF STAFF	OP 31 Annex 31

Background

Internal audit is a dynamic process governed by established professional standards and framework. Training of new and existing internal auditors in both technical and soft skills is essential to ensure that audit work is done with due professional care and in accordance with relevant standards and legislation.

Purpose

To map out the training needs of internal audit staff and document performance against expected training goals.

Procedure

Action by:	Action:
Head of IAU	1. Based on the previous year's performance evaluation, map out training needs of internal audit staff 2. Discuss training needs with staff for their input 3. Document training needs and training methods to meet the identified needs and the expected time frame to achieve the training plan. ((Annex 31) – For guidance) 4. On a monthly basis, review progress against plans and where applicable, indicate if the plan has been implemented and evaluated against expected goals.

A.35 OP 34: Formal Internal Audit Consulting Services

INTERNAL AUDIT UNIT	OPERATIONAL PROCEDURE	OP 34
	FORMAL INTERNAL AUDIT	
	CONSULTING SERVICES	

Background

Consulting services relate to services activities, the nature and scope of which are agreed upon with management and which are intended to add value and improve an organisation's operations. Many consulting engagements result from direct requests from management, and formal criteria should be established to judge whether such requests should be accepted. Examples include counsel, advice, facilitation, process design and training.

Purpose

To establish procedures for carrying out consulting services.

Procedure

Action by:	Action:
Head of MDA	1. **Send request to Head of IAU for consulting services**

Head of Internal Audit	2. **Receive request from management for consulting services**
	
	3. **Review request to ensure that the IAU has the available resources to carry out the assignment. Available resources include;**
	
	   • **Capacity and skill**
	
	   • **Time**
	
	   • **Ensure that the request does not constitute a conflict of interest for the IAU. Conflicts of interest could arise in the following situations; Auditors auditing their own work**
	
	   • **Auditors performing management functions**
	
	   • **Relations that compromise the auditor's objectivity**
	
	4. **Where the Head of the IAU accepts to carry out the consulting engagement, the following minimum steps should be carried out;**

Action by:	Action:
	a) Entry meeting – Hold an initial meeting with management to determine the problem and identify the issues involved
	b) Terms of reference – Develop an agreed terms of reference
	Contract – Draw up a contract to reflect the terms of reference
	c) Perform – Perform the consulting service and report to management (All work should be duly documented in working papers)
	d) Release – The auditor and management should be released from the contract

A.36 OP 35:   Internal Audit Staffing Schedule

INTERNAL AUDIT UNIT	**OPERATIONAL PROCEDURE** **INTERNAL AUDIT STAFFING SCHEDULE**	**OP 35**

Background

Internal Audit staff are designated to carry out the audit mission based on the available time budget, particular skills and the experience required to perform the work.

Purpose

To manage the internal audit staff available within the IAU to meet the audit coverage of the MDAs for the year. In developing the internal audit staffing schedule, the Head of the IAU should ensure that there is adequate rotation of staff to enhance training and also maintain the independence of the auditors.

Procedure

Action by:	Action:
Head of IAU	5. Based on the audit plan, prepare an audit staffing schedule covering the planned audits for the year and indicating the internal auditors selected to audit each activity. The Staffing Schedule must include a reference no., project title, auditors' names, budget, deadline and any other comments. (The Audit Staffing Schedule should be divided into quarters) 6. Share the Staffing Schedule with all the internal auditors for their input 7. Review the assignment sheet for any scheduling conflicts based on the comments from the internal auditors. 8. Provide the internal audit staff with the first quarter Audit Staffing Schedule. (The Audit Staffing Schedule could be posted on a general notice board of the IAU) 9. Periodically review the Audit Staffing updating the schedule where circumstances, (such as scheduling conflicts, unavailability of auditors) occur. Any change in the Audit Scheduling Plan which has been previously provided to the internal auditors should be communicated to the internal auditors 10. Keep copies of the Audit Staffing Schedule on file, either electronically or manually.

B   Templates / Annexes / Forms

B.1   Strategic Audit Plan

INTERNAL AUDIT UNIT	STRATEGIC AUDIT PLAN	ANNEX 1 PF-A01

Date :

<div style="background-color:navy; color:white;">

INTERNAL AUDIT UNIT

</div>

STRATEGIC AUDIT PLAN 20xx/20xx

1. Introduction and purpose of the strategy

    THIS REPORT IS SUBMITTED IN ACCORDANCE WITH

    i.
    ii.
    iii.

    OVERVIEW OF FUNCTIONS AND RESPONSIBILITIES OF THE MDA

    i.
    ii.

    KEY ASPECTS OF THIS STRATEGIC PLAN (RELATED TO THE METHODOLOGICAL ISSUES OF ITS FORMATION)

    i.
    ii.

2. Commentary on the 20xx/xx (last period) strategic and 20xx (the latest completed) annual plan

    i.

    ii.

3. Risk Analysis (Including risk assessment methodology)

4. Audit Coverage - Strategic Plan 20xx/xx and Annual Plan for 20xx

(ISSUES RELATED TO THE PROBLEMS AND SUBSTANCE OF AUDIT AREAS, AUDIT PERFORMANCE AND ADMINISTRATION)

    i.

    ii.

Audit Area	Risk score	Yr1 20xx	Yr2 20xx	Yr3 20xx	Total in years
Administration / General issues (strategic objectives)					
	H	2	1	1	**7**
	M	1		1	**3**
	L		1		**1**
Procurement management					
Financial Management					
PR & Communication					
System Review					
Total audits/yr.	-				

5. Auditable areas not covered in audit plan cycle (Including reasons for which there will be no audit activities)

6. Audit reporting
    i.   ASSIGNMENT LEVEL

    ii.   ORGANISATIONAL LEVEL

7. Staffing (Including training and professional development plans)

8. Other Important Issues *(IF ANY)*
    i.

9. Conclusion
    i.

HEAD INTERNAL AUDIT: _____

        (NAME, SIGNATURE, DATE)

CONTACTS: *ADDRESS, ROOM …*

        TEL., FAX

        EMAIL

COPIES OF THIS DOCUMENT DISTRIBUTED TO:

_____

_____

_____

(NAME, TITLE, CONTACT INFO)

APPROVAL INSCRIPTIONS: _____

_____

(NAME, TITLE, STAMP)

B.2   Management Input Memo

INTERNAL AUDIT UNIT	MANAGEMENT INPUT MEMO	ANNEX 2 B03

THE MDA'S LETTER HEAD

MANAGEMENT INPUT MEMO

Request from the Client for preparation of Annual Audit Plans

TO: [Head of the MDA]
FROM: [Name, title, department, telephone or extension]

SUBJECT: 20XX Annual Audit Plan – Request for Input
DATE: xxx , 20XX

In conjunction with our audit planning activities for calendar year end <20xx>, we are compiling our annual audit plan. Consistent with our internal audit procedures, our audit planning process and audit approach involve management in the formulation of our plan. This includes allocating time within the audit plan to specifically address those needs and concerns of management. This allocation of time will be based on feedback received in response to our request for input from all units via the heads of the MDA structural units.

For this reason, we are requesting your input to identify those audit areas of concern and/or interest which you feel may warrant consideration for inclusion in our calendar year 20XX audit plan. To facilitate the planning of such audits, we have reserved time within our 20XX audit plan for performance of these "*management requests*". Based on the input we receive, we will carry out a risk assessment of these specific requests, and prioritise them for consideration into the plan.

To facilitate this input process, please send us a written audit request. Since we will be finalising our plan in the next few weeks, we request that you provide any input you may have by XX, 20XX. We will assume that all non-respondents have no audit requests at this time.

Signature

Name

Senior Internal Auditor/HIAU

B.3   Annual Audit Plan Template

(YOUR ORGANISATION)   **ANNUAL AUDIT PLAN**
                                        Date:

INTERNAL AUDIT UNIT

(YOUR ORGANISATION'S) Logo   **INTERNAL AUDIT UNIT**

ANNUAL AUDIT PLAN for 20xx

Audit Area & focus	Risk Score	Dates of former audits	Audit duration		Expected date for submitting Report to IAA	Resources Needed	Notes
			Start date	**Completion date**			
1.							
2.							
3.							
4.							
…							
…							
Total:	-	-					
Project auditing							
Follow up audits							
Irregularities							
Special assignments and investigations							

10. Goals, Objectives and Strategies

11. Rationale for changes **(AS FORESEEN IN THE STRATEGIC PLAN)**

12. Planning and effectiveness **(HIGHLIGHTING PRIORITIES)**

13. Resources

Total work days required   -
Total work days available   -
Shortfall   -

    OTHER ACTIVITIES

    … TRAINING

    … SEMINARS

14. Budget for the IAU

HEAD OF INTERNAL AUDIT UNIT: _____

                  (NAME, SIGNATURE, DATE)

CONTACTS: *AT (YOUR ORGANISATION), ADDRESS, ROOM …*

                      TEL., FAX

                      EMAIL

Approval inscriptions:

_____

(NAME, TITLE, STAMP)

Copies of this document distributed to:

1. ARIC CHAIRMAN   _____

    (NAME, TITLE, CONTACT INFO)

2. HEAD OF MDA/MMDA   _____

    (NAME, TITLE, CONTACT INFO)

3. THE DIRECTOR-GENERAL, IAA   _____

    (NAME, TITLE, CONTACT INFO)

Copies of this document distributed to:

4. ARIC CHAIRMAN   _____

    (NAME, TITLE, CONTACT INFO)

5. HEAD OF MDA   _____

    (NAME, TITLE, CONTACT INFO)

6. THE DIRECTOR-GENERAL, IAA   _____

    (NAME, TITLE, CONTACT INFO)

B.4   Independence Statement of Staff

INTERNAL AUDIT UNIT	INDEPENDENCE STATEMENT	ANNEX 4

Date : _____

INDEPENDENCE STATEMENT

To be filled in by auditors, including consultants:

Name_____   Date _____

PROPOSED ASSIGNMENT_____

CONFLICTS OF INTEREST

Details	Yes	No
1. Do you have any official, financial or personal relationship with anyone that might limit the extent of the inquiry or disclosure, or the audit in any way		
2. Do you have any preconceived ideas regarding persons, groups, organisations or objectives of an audit programme, which could influence or bias your audit mission?		
3. Have you any previous involvement in the decision making or management capacity that could affect the current operations of the entity or programme to be audited?		
4. Do you have any political or social connection, resulting from a former employment or from receiving dues from a particular group, organisation or government level?		
5. Have you previously approved any bills, money orders and other payment instruments for the MDA to be audited?		
6. Have you previously maintained the books of account for the entity to be audited?		
7. Have you any direct or financial, indirect interest regarding the audited entity or programme?		
8. Are there any other matters which would impair your independence in carrying the audit of the MDA? (Please state if there are any such matters)		

I hereby confirm that if during the course of an audit, any personal, external, or organisational conflicts of interest occur that may affect my ability to do the work and report the findings impartially, I will notify the Head of the IA immediately.

Signature..

B.5   Assignment Sheet

INTERNAL AUDIT UNIT	ASSIGNMENT SHEET	ANNEX 5 B01
	Date :	

ASSIGNMENT SHEET No_____

APPROVED:

Date

Title   Department/Branch/HO /Region/ District

Audit Supervisor:

Auditors……………………………………………………….

Allotted time …………………………………...……………….

Mission closing date…………………………………………...

I would like to inform you that_____ and_____
have been assigned _____for the following period _____and
that Mr/Mrs _____will be the coordinator for the audit team.

You are expected to apply the regulations and procedures spelt out in the Internal Audit Charter and internal Audit Procedures.

Yours sincerely,

Signature

Name

Head of Internal Audit

B.6   Notification of Interested Parties

INTERNAL AUDIT UNIT	**NOTIFICATION TO INTERESTED PARTIES (AUDIT ENTRANCE MEMO)**	**ANNEX 6 B04**

Date :

Date

To   All relevant parties

From   Head of IAU

Ref.   Name of the audit

Dear Mr/.....................

According to the Annual Audit Plan for .XX, the Internal Audit Unit (IAU) will be conducting a review of [Name of Audit]. The objectives of the audit are as follows:

- [Objective #1]
- [Objective #2]
- [Objective #n]

We expect the timeline of our work to be as follows:

Fieldwork Begins	[Date]
Fieldwork Ends	[Date]
Report Draft with Management Responses	[Date]

It is IAU's goal to provide recommendations that will result in the maximum and most efficient use of resources. We will keep you apprised of findings and recommendations as they develop, and will seek your responses during the audit. The following individuals will be involved in this audit:

- [auditor name], [job title]
- [senior internal auditor name], [job title]

We will contact you to schedule a presentation meeting in order to discuss the various aspects of our audit, including:

- The audit activity,

- The mission and the particular financial and operational processes,
- The goal and objectives of the above-mentioned audit,
- The identification of particular matters or fields you want the audit to focus on,
- The logistic needs of the audit and assignment of the person to coordinate all the requirements of The audit (i.e. location, files, meetings)
- Other aspects you might want to point out regarding the audit.

To facilitate the planning of the audit engagement, we would be grateful if you could provide us with the following documentation relating to xxxxx (Thrust area/(s) being audited) by xxxx (Date)

- Organisational chart.
- List of all accounts (numbers and account titles)
- Financial Statements
- Operating and/or comparative analysis reports

- Key productivity and performance measures i.e., productivity measures used for budgeting purposes, etc.
- Description of significant (include flowcharts if available).
- Internal policies and procedures manual.
- Proposed or pending changes in policies and procedures.
- Copies of external regulations applicable
- Reports, surveys, etc. issued by external entities.

……… (Name of the auditor), will carry out the audit assignment and...... (Head of the IA) will supervise this action.

Should you have any questions regarding this action, please contact ……… (Name of the auditor) or myself.

Respectfully yours,

Head of Internal Audit   Date

B.7   Analytical Review Form

INTERNAL AUDIT UNIT	ANALYTICAL REVIEW WORKING PAPER	ANNEX 7 B06- 2

Date :

[Name of Thrust Area]   [Period-end]

[Name or Initials of Auditor]   [Date]   [W/P reference]

Reviewed by: Date:

Analytical review procedures are tests of financial and non-financial information made by a study and comparison of relationships among data.

Objectives of analytical review may be varied. The timing of an analytical review will vary with the objectives. The following occasions are most relevant:

a) In the initial planning stage to assist in determining the nature, extent and timing of other audit procedures by identifying significant matters consideration
b) During the conduct of the field work with other audit procedures
c) At the end of the audit, as an overall review

Item/balance	Budget	Actual	Variance	Variance Questions	Management's response	Variance Cleared?		
						Yes	No	WP Ref

Note if there are any further audit tests required due to risks identified from Analytical Reviews

B.8 Internal Control Questionnaire

INTERNAL AUDIT UNIT	INTERNAL CONTROL QUESTIONNAIRE (*Questionnaire to Client*)	ANNEX 8 B06- 3

Date :

INTERNAL CONTROL QUESTIONNAIRE

Purpose:

As a management team member of the MDA, it is your responsibility to design, adhere to and monitor the significant operating and financial controls of your organisation. This internal control questionnaire has been designed to obtain input from you so that the IAU can effectively determine the correct level and areas of focus of their activity in the upcoming audit engagement. Your input is important and appreciated. It should take approximately 20 minutes to complete this form.

Area: _____**Responsible Person:** _____

Please describe **the key business objectives** of your area. (I.e. what is the mission of your area?)

_____

_____

_____

_____

Are the *Policies and Procedures* in your area *documented*? (Circle One)
Yes   No

Comments:
_____
_____

Are the *Policies and Procedures* in your area *up-to-date*? (Circle One)
Yes   No

Comments:
_____
_____

Please describe the **key business** processes that occur in your area (i.e. what are the activities which are completed in your area?)

_____
_____

_____

_____

What are the *key risks* that exist in your area (i.e. anything which may prevent the achievement of the client's business objectives, including strategic, operational, financial and compliance objectives)

_____

_____

_____

_____

Please describe the *key internal controls* that exist in your area (i.e. how do you control the major activities, output, etc., in your area?)

_____

_____

_____

_____

What are the *key information systems utilised* in your area?

_____

_____

_____

_____

Please describe *the key performance measures* you obtain and utilise to monitor the effectiveness/efficiency of your business processes.

_____

_____

_____

Please describe *the key means of communication* you utilise to inform other departments of activities/issues occurring in your area.

_____

_____

Which departments would benefit from communication with your department?

Which departments do you currently communicate with?

_____

_____

Are there any areas that you would like the IAU to specifically review (i.e. areas of immediate control concern or inefficient process)?

_____

_____

_____

_____

Overall, how would you rate the following in your area? (1=Bad, 5=Excellent)

The effectiveness of your internal controls	1	2	3	4	5
The quality of your output	1	2	3	4	5
The efficiency of your business processes	1	2	3	4	5

If there is any additional information you feel we should have prior to our review, (such as organisation charts, policies, reports, etc.), please attach it to this questionnaire. Please return this questionnaire and any attachments to <name> by <insert date>.

- -

Thank You for your time. Your input will assist Internal Audit and will ultimately reduce the overall time you spend on this audit with us. Questions? Call <insert phone number>

_____

B.9   Risk Alert Form

INTERNAL AUDIT DEPARTMENT	Risk Alert Form	ANNEX 9A
	Date :	**B06 – 6**

Audit Name: _____

Audit ID: _____

Prepared by: _____

Date: _____

Reviewed by:

_____

Period under review : _____

Date:

UNIT / DEPARTMENT	
Name the unit / department to which the risk relates	
RISK DETAILS	
Risk Description:	Add a brief description of the risk identified and its likely impact on the unit/MDA (e.g. scope, resources, deliverables, timescale and/or budgets)
Risk Assessment:	*Risk Likelihood* — Describe the likelihood of the risk occurring / *Risk Impact* — Describe the impact of the risk if it occurs Likelihood: 1 2 3 4 5 Impact: 1 2 3 4 5 **Key: 1. Very Low; 2. Low; 3. Medium; 4. High; 5. Extremely High**
RISK MITIGATION	
Recommended Preventative Actions:	**Add a brief description of any actions that should be taken to prevent the risk from happening**
	Add a brief description of any actions that should be taken, in the event that the risk happens, to minimise its impact on the organisation

Recommended Contingent Actions:	
SUPPORTING DOCUMENTATION	
Reference any supporting documentation used to substantiate this risk	

Name: _____	Signature: _____	Date: _____/_____/_____

FILING DETAILS (RMC)

RISK ID ASSIGNED	DATE RECEIVED	FILING DECISION	
		FILE AS IRRELEVANT	
		INVESTIGATE FURTHER	

B.10   Identification and Assessment of Key Risks

INTERNAL AUDIT UNIT	IDENTIFICATION AND ASSESSMENT OF KEY RISKS	ANNEX 9B B06 – 4

Thrust Area		Period-end
[Name of Thrust Area]		[Period-end]

Prepared by	Date	W/P reference
[Name or Initials of Auditor]	[Date]	[W/P reference]

Purpose

The purpose of this working paper is to document the understanding of how the MDA initiates processes, records and reports significant classes of transactions that led to identifying the thrust area as key. We document relevant controls and test the design of these controls, including controls related to initiation and recording of journal entries, while focusing on the audit objectives.

This understanding is used to make preliminary assessments of the risk.

This working paper includes documentation of the:

- understanding of how each key thrust area operates

- understanding of risks and controls based on follow through on significant classes of transactions

- the document is made up of the following key areas:

  1. Thrust area Activities
  2. Risks Which Threaten Objectives of the Thrust Area
  3. Thrust Area Activities

Thrust area Objective(s)

1. To focus the understanding of the thrust area activities, provide a summarised description of each of the thrust area objectives and the strategy adopted to achieve the objective. The thrust area level objectives are the objectives of the thrust or auditable area (i.e. what the thrust area aims to achieve with the various activities it undertakes on a daily basis). The strategies are the methods that are used to achieve the objectives. [For *example in the financial reporting thrust area an objective of the thrust area is to: Deliver a fully reliable, timely and accurate financial processing service at an acceptable cost*].

2.

Objectives	
[Enter objective here]	

Significant classes of transactions

To focus the understanding of the thrust area activities, provide a summarised description of each of the significant classes of transactions that are linked to this thrust area. Document the related preliminary audit objective (Audit Objective before detailed risk assessment).

Class of transaction		
	[Enter description here]	

Document thrust area activities

Document the understanding of the thrust area activities, relevant computer information thrust areas, and controls over the initiation, recording, processing and reporting of significant classes of transactions.

This understanding will help identify relevant controls to be tested and includes:

• Related accounting records, whether electronic or manual, and supporting information

• Activities which generate the information used to prepare the entity's financial statements, if applicable.

• hy management develops them

• Authorisation and approval procedures and controls related to initiation and recording of journal entries.

• Record recurring and nonrecurring journal entries and adjustments to the financial statements, such as consolidating, post-closing and "top-side" journal entries, report combinations and reclassifications, whether or not reflected in formal journal entries

---

[2] If a separate financial reporting process is not audited, each key process includes the process through to inclusion in the **financial statements**.

- Manage the risk of electronic manipulation of underlying data, the general ledger or balances without creating separately identifiable journal entries.

- Journal entries: understand automated and manual procedures for recording and adjusting transactions and account balances within the process

- Significant estimates: understand the controls over the preparation and monitoring of the reasonableness of significant estimates in the process to assess management bias in preparing each estimate

- Significant unusual transactions: for significant transactions that are outside the normal course of business or appear to be unusual, assess the business rationale and whether this rationale (or the lack thereof) suggests the risk of fraudulent financial reporting or an effort to conceal misappropriation of assets.

The documentation of thrust area activities may be in narrative form using bullet points or paragraphs, or it may be documented in a flow chart. **When documenting the thrust area focus on what is done, who does it, how it is done, and when it is done. Ensure that the thrust area documentation captures all these details.**

Thrust Area Documentation Template

Inputs   [*input into this section the various inputs that are required for the thrust area to start or progress smoothly*]   *Activities*   [*Using bullets, narrative, or flow charts document the various activities that are carried out in the thrust area. Focus on what is done, how it is done, who does it and when it is done*]   *Outputs*   [*This section captures the output of the thrust area. This could be in the form of reports, entries into the financial statement, assets, etc.*]

II   Risks Which Threaten Objectives

In the table further below, document the thrust area level risks (the things which can prevent the thrust area management from achieving their objectives) and controls over the thrust area level risks.

All risks that are identified should be posted to the Risk Register.

Controls (including description)

- The risks it helps mitigate

- How it is performed

- Frequency

- Knowledge, experience and expertise of the person performing it (if a manual control)

- The nature and size of misstatements, both intentional and unintentional, it is likely to prevent, or detect and correct.

Results of Test of Design

- Inspection of documents and records

- Inquiries of client personnel

- Observation of the entity's activities and operations.

- Whether they have been asked to make unusual, unsupported or inappropriate journal entries or

- Whether such entries were initiated directly by top management outside the normal accounting process

Audit Objectives

- Related assertions and financial statement effects

- Risks of significant misstatement

- Potential sources of audit evidence.

- The quality of the information used

- Assumptions on which the estimate is based

- Management bias in determining estimates, which may result in fraudulent financial reporting, possibly through journal entries (including electronic manipulation), or misappropriation of assets

- Competence of the estimator and the complexity of the estimating process

- Historical accuracy. These factors impact the risk of significant misstatement assessment for an audit objective related to the strategic business risk(s). We document these factors as part of the rationale for the risk of significant misstatement assessment in the Audit Program.

Based on the information gathered regarding thrust area activities, understand and identify the controls, concentrating on the audit objectives. Document the controls that manage that risk and incorporate their financial statement effects in the general ledger[2], including the controls related to initiation and recording of journal entries. When selecting a sub-set of controls to be tested, consider whether they would prevent, detect and correct a significant misstatement if operating effectively.

Audit objective	Thrust area Objectives,	Thrust area level risks	Controls (including description)[1]	Results of test of design of the control	To be tested for operating effectiveness
					[Yes/No]

---

[2] If a separate financial reporting process is not audited, each key process includes the process through to inclusion in the **financial statements**.
[1] Including controls over journal entries.

B.11   Prioritisation of Key Risks

INTERNAL AUDIT UNIT	PRIORITISATION OF KEY RISKS	ANNEX 9C B06 – 5

Date :

Audit Name: _____

Audit ID: _____

Period under review : _____

Prepared by: _____

Date: _____

Reviewed by: _____

Date: _____

- Table A -
RISK MATRIX

Risk size assessment

In addition to the identification of risks, it is necessary to prioritise them so that the auditor will focus the field audit tests on the key risks based on the time and budget restraints

As a result of risk analysis, the identified risks are prioritised. Risks should be assessed regularly and evaluations should be adjusted according to changes in the factors affecting the risk environment.

This process involves the identification of risks caused by internal and external factors and the establishment of criteria for measuring the hazard arising from the risks and probability of occurrence.

Risk analysis is a systematic activity carried out in a specific manner for the identification of the level of risks related to the situation under analysis.

Examples for indicators used in risk analysis:

- The established control framework,

- The level of control enabled by the management,

- The existence and clarity of rules of procedure,

- The importance of risks in financial terms,

- The level of appropriate skills and knowledge of the staff,

- The volume of transactions, etc.

Identified risks are assessed on the basis of 3 different criteria or factors:-

- Impact

- Likelihood

- Current Control Effectiveness

As many persons assess risks, then all risk multiplications are added and after that divided by the number of risk assessors. As a result the average risk factor is specified for every risk.

Risk impact assessment

Score	Assessment	Agreed meaning
1	No significant impact	In case the risk appears, works in process and planned activities are not disturbed
2	Minor impact	In case the risk appears, the activities are disturbed, but this does not bring along the need for additional resources[3]
3	Significant but containable	In case the risk appears, the activities are significantly disturbed, but this does not disturb achieving objectives
4	High impact	In case the risk appears, the activities are significantly disturbed and considerable additional resources are needed for achieving objectives
	Extremely detrimental	In case the risk appears, it is not possible to achieve determined objectives

Risk likelihood assessment

Score	Assessment	Agreed meaning
1	Rarely happen	The occurrence of risk is practically impossible
2	Possible	The occurrence of risk is theoretically possible, but there exist few practical cases
3	Likely	The likelihood of risk occurrence is supported by little evidence
4	Very likely	The likelihood of risk occurrence is supported by clear evidence
5	Unavoidable	The risk has already appeared or the occurrence of risk is unavoidable in the future

---

[3] Additional resources comprise finances, time and knowledge.

Assessment of current internal control effectiveness

Internal control is every action instigated from within the organisation which is designed to reduce risk impact and/or likelihood.

In order to be able to assess the efficiency of internal control measures, the current internal control measures that currently help to mitigate risks are brought out.

Internal control measures are assessed according to the following criteria:

Score	Assessment	Agreed meaning
3	Highly effective	Addition/improvement of internal control measures is not necessary at the moment
2	Need to be improved	Internal control measures exist at the moment, but they need to be overviewed and renewed
1	Inadequate	Internal control measures are missing or immediate improvement of existing internal control measures is necessary

Based on the three ratings (likelihood, impact and effectiveness of controls) a composite risk value (R) is calculated with the formula:

R = I x L / C

Where:

I = Impact

L = Likelihood

C = Effectiveness of Existing Controls

R has no significance as an absolute value; it only serves as an indicator to compare/prioritise risks.

Determination of risk score and risk level

Using the overall score for each risk, it is possible to identify risk materiality or risk level. Risk level is identified according to the following table:

Risk level	Score	Materiality
Low risk	1-8 points	Issues that need to be reviewed from time to time
Medium risk	9 – 16 points	Issues that need constant monitoring

High risk	17 - 25 points	Issues that need immediate attention

It is easy to group certain risks to the list of risks by using risk levels.

The management and the internal auditor have to pay their attention foremost to risks that are ranked high (overall score at least 17 points).

Table B - INTERNAL CONTROL RATING GUIDE

The internal control is	If	Control risk is
WEAK	- Management and/or staff demonstrate an uncooperative or uncaring attitude with regard to compliance, record-keeping, or external review. - Prior audits or the preliminary survey has disclosed significant problems. - The Risk Matrix reveals that adequate and/or sufficient internal control techniques are not in place. - Documentation of procedures is lacking or of little use.	**HIGH**
ADEQUATE	- Management and staff demonstrate a cooperative attitude with regard to compliance, record keeping, and external review. - Prior audits or the preliminary survey has disclosed some problems but management has implemented remedial action and has satisfactorily responded to audit recommendations. - The Risk Matrix reveals that adequate and/or sufficient internal control techniques are in place. - Although deficient or outdated, documentation of procedures is still useful or can easily be updated.	**MEDIUM**
STRONG	- Management and staff demonstrate a constructive attitude, including an eagerness to anticipate and forestall problems. - Prior audits and the preliminary survey have not disclosed any problems. - The Risk Matrix reveals that numerous and effective internal control techniques are in place. - Procedures are well documented.	**LOW**

B.12   Audit Program for Planning Audit Agenda Development

INTERNAL AUDIT UNIT	AUDIT PROGRAM FOR PLANNING AUDIT AGENDA DEVELOPMENT	ANNEX 10 B02

Date :

Audit Name - Audit..........   Audited time-frame

Prepared by....   Date

Reviewed by......   Date

Budget				
Details	Budget	Actual	Variance/	Comments
1) Number of Days				
2) Money budget				

Background	WP Ref
(this is where the understanding of the MDA's operations are documented, based on the activity during the planning stage of the audit)	
Planning	
1. Print and process the Assignment Orders for the auditors;	
2. Prepare and forward the Notification to the relevant parties;	
3. Prepare a work plan and include a time budget for the planning process;	
4. Schedule Entry Conference. Obtain the name of the contact person and find a location for the audit;	
5. Write the presentation Memorandum and minutes of the entry conference	
6. Begin the Risk Assessment Process: - Obtain background information - Analytical review procedures - Identification and assessment of key risks - Prioritisation of key risks	
7. Develop/tailor audit programmes;	
8. Obtain approval for the Audit Agenda and programmes, including the allotted time budget and the deadline	
9. Commence field work	

B.13   Confirmation of Audit Scope and Objectives

INTERNAL AUDIT UNIT	CONFIRMATION OF AUDIT SCOPE AND OBJECTIVES	ANNEX 11 B07

Date :

LETTER HEAD

No _____   D*ate*

Subject : Audit of _____   *Client*

Dear Mr/Mrs

This letter is to confirm our understanding of scope and objectives of the audit. The scope and objectives of the audit are as follow:

<Insert the scope and objectives agreed during Opening Conference.>

We remind you that the responsibility for the maintenance of adequate internal controls, adequate accounting records, the selection and application of accounting policies, the safeguarding of assets, the preparation of financial statements including adequate disclosures, is that of the Client.

Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered.

Other matters

We will distribute the copies of our final report to [the ARIC] and management of the MDA.

We will require assistance directly from you and your staff during the course of our work, including providing the necessary information to complete our procedures as well as answering relevant questions or providing explanations to issues encountered during our testing. We appreciate your commitment in providing the following information so that we may adhere to the above timeline :

  - [type of information required]

  - [type of information required]

  - [type of information required]

If you have any questions or concerns during the course of the audit, please address your questions directly to [auditor in charge] Ext. [telephone #]

[Signature and Name]

Senior Internal Auditor/HIAU

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records, documentation and any other information requested in connection with our audit. Please sign and return the attached copy of this letter to indicate that it is in accordance with your understanding of arrangements for our audit. .

Sincerely yours,

Signature

Name

Senior Internal Auditor/HIAU

B.14   Guideline to Client for Handling and Audit

INTERNAL AUDIT UNIT	GUIDELINE TO CLIENT FOR HANDLING AN AUDIT	ANNEX 12

Date :

Employee Guidelines for Managing an Audit

Here are some suggestions to consider when interacting with auditors, both internal and external. These suggestions are not meant to restrict the auditors in any way, but instead are meant to expedite the audit process while minimising disruptions to day-to-day departmental operations. It is important to both the auditors and the departments to have accurate and objective findings and conclusions.

Planning

Designate an audit liaison person. In most cases, this person is the department manager. Designate an alternate in case the audit liaison is not available.

Contacts

When contacted by an external auditor, notify the Senior Internal Auditor.

Entrance Conference

- Demonstrate a positive attitude.

- Have the auditor explain why your department was selected for an audit.

- Clarify the audit objective and scope (areas to be tested and period covered by the audit).

- Discuss the results of prior audits as this may limit the scope of the current audit.

- Understand the audit process.

- Understand the reporting process and determine who will receive audit reports.

- Determine staffing and space requirements.

- Identify the timelines i.e., beginning and end of fieldwork, report date, etc.

- Know contacts in the external auditor's office.

- Consider giving the auditor a tour of your facilities.

Access to Records by Auditor

- Obtain a list of requested records.

- Pull records and provide them to the auditors. Do not provide records that are not relevant.

- Ensure original documents do not leave department premises without prior approval. Make copies of any documents leaving department premises.

- If a request is ambiguous, ask the auditor for the purpose of reviewing the document. Be prepared to recommend alternate documents that would achieve the auditor's purpose.

- Unless absolutely necessary, do not allow full access to your file drawers, storerooms, etc. Auditors are expected to obtain permission and state their objective for accessing these areas.

- Communicate the reasons for any significant delays in providing records.

- Have documents available upon their arrival. Subsequent requests should be handled as soon as possible.

- Maintain a list of records provided to the auditor. Ensure all records are returned at the completion of audit fieldwork.

- Review records you are providing to anticipate questions. If records will hurt the MDA interest, notify department management *and the Senior Internal Auditor (for external audits)* of the issue.

During the Audit Fieldwork

The Audit Liaison Person Should:

- Keep the audit focused.

- Facilitate the audit.

- Keep constant communication with the auditor.

- Resolve audit issues as soon as they are brought to the department's attention.

- Keep all parties informed on the progress of the audit.

- When possible, attend meetings between the auditors and employees. (But the department should respect an employee's wish to meet with the auditor alone).

Do and Don't for Interacting with Auditors

Do

- Be honest and open.

- Recognise they may be experts.

- Realise they may not be subject experts.

- Understand the purpose of the meeting and review related records prior to interviews.

- Listen carefully and understand each question before answering. Be sure responses are complete and accurate.

- Respond only to the question asked - keep answer simple and direct.

- Weigh answers carefully, being certain you have the facts to back them up.

- Limit comments to areas where you have "first hand" knowledge.

Don't

- Do not speculate or answer hypothetical questions.

- Do not agree or disagree with opinions.

- Do not "ramble" or provide irrelevant information.

- Do not get offended by WHY questions.

- Do not sign anything on behalf of the (YOUR ORGANISATION).

Audit of a Specific Transaction

- Limit conversation to transaction in question.

- Explain how the transaction benefited the grant or budget.

- Explain how the transaction was identified to the grant or budget.

- Do not bring in funding issues or departmental politics.

Responding to Audit Findings

- Keep informed of issues throughout the audit.

- Ensure an exit interview is held. Use it to verify facts and respond to the audit. Ask a representative from Internal Audit and/or the Senior Financial Officer to attend if there are questioned or disputed findings.

- Ask for time to review findings, and then re-verify calculations and source data.

- Concede valid findings, but do not speculate on whether they apply to other areas in the MDA.

- Take immediate corrective action and resolve the issues before they are put in writing.

- Discuss with the auditor the disposition of audit issues, i.e. verbal comment, exit item, management summary, or report item. The disposition of the issues is based upon several factors.

If necessary, appeal the auditor's conclusion with their supervisors. For external audits, this action should be coordinated with the IAU and the Senior Financial Officer.

Responding to the Audit Report

- Ask to review the draft report.

- Provide management response which should include:

  1. Whether you agree or disagree with the finding

  2. Corrective action plan

  3. Target date for implementation.

- Understand the audit follow-up process.

- For external audits, consult with Internal Audit and the Senior Financial Officer prior to finalising response.

B.15 Summary of Interview

INTERNAL AUDIT UNIT	SUMMARY OF INTERVIEW	ANNEX 13 F

Date : _____

Prepared By: _____

Date: _____

Reviewed by: _____

Date: _____

SUMMARY OF INTERVIEW

Department Name: _____

Audit name and ID: _____

Individual Interviewed:	
Title:	
Division/Unit:	
Time/Date of Interview:	
Auditor:	
Others Present At Interview	
Name, Title:	
Name, Title:	

Summary Of Discussion:

_____

_____

_____

_____

_____

_____

_____

_____

B.16   Test Working Paper

INTERNAL AUDIT UNIT	TEST WORKING PAPER	ANNEX 14 F
	Date :	

INTERNAL AUDIT UNIT
Page :   /

Audit title – Audit #	Period under review :
Prepared by: Date:	
Reviewed by: Date:	

Test work:

Objective of test :

Description of test :

Conclusion / issue :

B.17   Summary of Audit Findings

INTERNAL AUDIT UNIT	SUMMARY OF AUDIT FINDINGS	ANNEX 15 A03 – 2
	Date :	

#	Observations	Recommendations	Responses	FFF Ref.
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

B.18 Audit Findings Form

Date :

Finding No._____

Date:	
Audit ID and Title:	
Auditor(s):	
Findings/ condition:	*This section should contain a clear and concise statement of the condition.*
Criteria:	
Causes:	***Who? Why? What should be?***
Effects:	***In terms of cost, adverse performance, or other factors? What is the impact in services, money, or people?*** *The auditor should document the analysis of the problem in this section. References to applicable standards and/or procedure should be included. This section should not contain information that is redundant to that found on the working paper.*
Recommendations:	*This section should include the corrective action to be presented to the client, answering the following questions :* *- What should be done?* *- Who should do it?* *- When should it be done?* *This section must be updated to reflect the wording in the Draft report. Recommendations should be classified by level of priority :* *Major, Intermediate, Minor* *- "Major" qualifies mandatory actions to implement immediately* *- "Intermediate" qualifies mandatory actions to implement within 30 days* *- "Minor" qualifies operational and administrative improvements to implement within 60 days.*
WP reference or method of identification of the finding:	
Responsible Dept.:	
Management's Response	Acknowledgement of finding Dept. Personnel: Date:
Comments:	

Disposition of this finding :

DATE	STATUS OF FINDING	COMMENTS
	Dropped for lack of materiality	
	Dropped due to time constraints	
	Dropped as a result of additional information being developed	
	Deferred for future development	
	Included in draft report	
	Included in final report	

B.19   Working Paper Review Sheet

INTERNAL AUDIT UNIT	WORKING PAPER REVIEW SHEET – AUDIT STAGES	ANNEX 17 D03

Date :

Prepared By:

Date:

Reviewed by:

Date:

WORKPAPER REVIEW SHEET - AUDIT STAGES – FIRST REVIEW

Name of audit:	D					
	Approved by					
	Date					
Stage	**Planned Budget ---------- Deadline**	**Actual Budget ----------- Deadline**	**Comments**	**Review date**	**Sign HIA**	**Auditors Responses**
Planning	Days	Days				
	Date	Date				
Evaluation of Internal Controls	Days	Days				
	Date	Date				
Testing	Days	Days				
	Date	Date				
Evaluation	Days	Days				
	Date	Date				
Developing Draft Report	Days	Days				
	Date	Date				
	Days	Days				

Developing Final Report	Date	Date				
Audit File Closure	Days	Days				
	Date	Date				

B.20   Audit Exit Conference

INTERNAL AUDIT UNIT   **AUDIT EXIT CONFERENCE**   **ANNEX 18 A01**

Date :

AUDIT EXIT CONFERENCE

TO:

FROM:

DATE:

SUBJECT: Internal Audit of [Name of Audit]

The IAU has conducted a review of [Name of Audit]. The objectives of the audit were as follows:

- [Objective #1]
- [Objective #2]
- [Objective #3]
- [Objective #n]

We attach our Draft Report for your reading and once you have had the opportunity to read it we would like to have an audit exit conference in order to solicit your comments on the implementation of the recommendations and to discuss any other issues related to the audit. In addition you may also use this opportunity to discuss the audit process and make suggestions for future audits.

I would be grateful if you could contact me by *(date)* in order to arrange the Audit Exit Conference to discuss the various aspects of our audit; If you have any questions or concerns in advance of the meeting, please address your questions directly to [auditor in charge] Ext. [telephone #].

[Signature and Name]

Head of Internal Auditor

The Logo of the MDA   Entity's Name
                                                         Address
                                                         Phone Numbers

B.21   Audit Report

INTERNAL AUDIT UNIT	AUDIT REPORT	ANNEX 19 A02 – 1

Date :

Writers of Audit Reports should consider the following:

1. Title Page and Contents
A title page mentions the Client and subject matter, the name of the audit mission and the audit date. Larger reports can have a contents page.

2. Signature
The audit report will be signed by the head of Audit

3. Introduction
Describes the type of audit and the area of activity. It will make reference to the previous audits, if appropriate and discuss the status quo of previous recommendations where that have not yet been implemented.

4. Establishment of Objectives
The audit objectives are declared in the report and are the same as those in the audit agenda.

5. Establishment of Scope
The dep't and scope of the audit mission for the attainment of the audit objectives.

6. Establishment of methodology
The establishment of the methodology should clearly explain the collection of evidence and the analysis techniques used to attain the audit objectives.

7. Establishment of audit standards
The report should include a declaration that the audit was performed in compliance with the International Audit Standards and should disclose when the applicable standards were not complied with.

8. Audit Findings
The audit report must provide opinions on the established audit objectives. The report must issue the auditors opinion on each objective.

9. Conclusions with Recommendations
Each recommendation should consider
- Facts established by the audit
- Criteria, Causes and Effects
- Advice to management in order to remedy problems identified by the audit.
- Recommendations should be prioritised into major, medium and minor.
- The client must respond to the audit report and the recommendations made

Example – see attached

INTERNAL AUDIT REPORT

NAME OF AUDIT

MONTH YEAR

INTERNAL AUDIT REPORT #1/2008

AUDIT NAME

AUDIT REPORT

TABLE OF CONTENTS

AUDIT NAME

DATE

EXECUTIVE SUMMARY

Purpose & Limitations

The executive summary is intended to provide audit perspective, and highlight on a summarised basis, the significant findings discussed throughout the body of the detailed audit report. Care should be exercised in reaching conclusions solely based on a review or reading of this summary. It is necessary to read the specific detail sections and/or the report in its entirety to obtain the breadth of the background, ramifications, and recommendations relating to each issue and/or finding.

Audit Opinion

As discussed more fully in our opinion on page _____ of this report,

Relevant Findings

- List a summary of each finding (without ramification/implication statement). Cross reference to detail section of report.

AUDIT NAME

DATE

INTRODUCTION

Background

Provide background information about the purpose/mission/motives of the area audited (for ex. according to annual IAU plan). Identify auditors who performed the audit.

Audit Perspective

Present audit status - Indicate whether or not this is a follow-up on a previous audit.

Recent past audits – provide findings, conclusions and recommendations of other audits.

External audit coverage – provide findings, conclusions and recommendations of external audits.

Scope & Objectives

The scope of the (audit or review)...(the balance of the scope statement should be brief and should discuss the timing, type and purpose of the work, and nature and extent of audit tests performed, audit procedures and evaluation criteria. and the standards used when conducting the audit. Types of audits or reviews are financial, operational, compliance, IT and investigative. Internal control work is included under operational. The auditor should make the determination of which standards apply. The Internal Auditing standards always apply.) (E.G., the scope of the audit was financial and operational in nature and covered the period from 19xx through 20xy. The audit was performed to ensure that financial data was properly recorded and adequate operational procedures exist in the cash receipts function. The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing and the applicable … Standards. The last day of fieldwork was _____.)

The objectives of the audit were as follows:

- Determine that cash receipts were recorded correctly as to account, amount and period and are deposited promptly (recording, safeguarding).
- Verify that receipts were properly applied to accounts (recording).
- Ascertain if operations are efficient and effective, to achieve a productive work environment.

Note: Audit is used in the report when actual tests are performed to corroborate the opinion. Review is used in the report when no tests are performed to corroborate the opinion. Comment should speak directly as to what was done, i.e., if a test was performed, the word test should be used. If a review was performed, the word review should be used.

AUDIT NAME

DETAIL AUDIT FINDINGS AND RECOMMENDATIONS

Overview

Pages X through XX outline the **specific findings** resulting from our substantive audit testing. These issues are discussed in detail in our report and are categorised as primary findings (significant internal control deficiencies and items potentially having a significant or adverse effect on the unit's operations) or other matters (items of a lesser nature requiring attention, but not likely to have a significant or adverse effect on the unit's operations). The findings are generally presented in each section in order of importance based on the stated ramifications/implications of each finding. In addition we examined recent historical trends in productivity and performance measures **(see Exhibits X and XX).**

Primary Findings

I.   TITLE OF COMMENT

> ***10.1.1.1   Insert summary of the finding included in the Executive Summary***

Finding

Causes/Effects

Recommendation(s)

Client's Response (if the client does not agree with the findings, s/he signs the report noting the disapproval and attaching motivated annotation substantiating it.

Other Matters

II.   TITLE OF COMMENT

Insert summary of the finding included in the Executive Summary

Finding

Causes/Effects

Recommendation(s)

 Client's Response

INTERNAL AUDIT OPINION

 (The auditor's opinion or conclusion based on the objectives of the audit and the effect of findings on Organisations operation should be stated. Conclusion should be clear and motivated. It could cover all or part of the activity of the section audited or only its specific issues.)

In our opinion, we found the _____ to be adequate, or inadequate (detail of inadequacies to follow the word inadequate).

We have identified opportunities to improve the controls of the MDA involved in the... …..as discussed in this report.

Note: *The above opinion relates primarily to Operational audits or reviews. The following may be used for Financial and Compliance audits or reviews respectively.*

In our opinion, we found the financial transactions to be properly recorded and the operational procedures adequate for the period under audit. However, we have identified opportunities to improve the efficiency and effectiveness of certain operating procedures as discussed in this audit report.

In our opinion, we found the financial transactions to be properly recorded, but the operational procedures inadequate for the period under audit. We have identified opportunities to improve the efficiency and effectiveness of certain operating procedures as discussed in this audit report.

In our opinion, we found _____ (to be in compliance with or not in compliance with the MDA policy and procedure, State, & -indicate others- Regulations etc.)

We have identified the areas of noncompliance to be corrected in this report.

_____   _____

AUDITOR-IN-CHARGE   DATE

_____   _____

SENIOR INTERNAL AUDITOR   DATE

Copies of this report distributed to: **Copy received:**

1. _____   _____ _____
   (Name and title)   *(Signature and date)*

2. _____   _____ _____
   (Name and title)   *(Signature and date)*

3. _____   _____ _____
   (Name and title)   *(Signature and date)*

4. _____   _____ _____
   (Name and title)   *(Signature and date)*

* A copy should be necessarily handed in to the manager of the department audited and to the HOD

B.22   Internal Audit Report Template

- **Cover Page to the Report**

- **Table of contents**

- **Heading**

- **Introduction**

- **Scope**

- **Objectives**

- **Approach adopted/Methodology**

- **Summary of findings and recommendations**

- **Detailed findings with recommendations and Management response. Each audit finding should have the five fundamental attributes, namely; Criterion, Condition, Cause, Effect and Recommendation**

- **Follow-up of recommendations made in previous audit report**

- **Conclusion**

B.23   Management Response Letter

INTERNAL AUDIT UNIT	MANAGEMENT RESPONSES LETTER	ANNEX 20 A06

Date :

The Logo of MDA	Entity's Name Address Phone Numbers

TO: XXXX, HIAU,

FROM:

DATE:

SUBJECT: Response to (NAME) Audit Findings

This is the management response to the final draft of the recent audit of (NAME) (Asset account No – if applicable) conducted by your office. The Internal Audit Report comprises detailed audit findings with twelve individual recommendations and management's responses to each are summarised below as follows:

1. **Findings**

    Recommendation -

    Management's Response –

2. **Findings**

    Recommendation –

    Management's Response –

    .
Etc. 3-12

Implementation date for all the above agreed recommendations will be no later than (Dates)

Head of Department/Branch

_____

CC: HOD

B.24   Audit Reports Review Sheet

INTERNAL AUDIT UNIT	AUDIT REPORTS REVIEW SHEET	ANNEX 21 D01

Date :

AUDIT REPORTS REVIEW SHEET – FIRST REVIEW

Prepared By:

Date:

Reviewed by:

Date:

Controls performed	Yes	No	Comments	Review Date	Sign HIA	Auditors Responses
Does the report respect the standard format?						
Are enough headings used to guide the reader?						
Are the most important comments presented first?						
Does the report balance positive and negative?						
Are related comments combined?						
Is repetition avoided?						
Is detail presented in appendices?						
Are all statement of fact tracked to the supporting working paper's, including dates, numbers, percentages, computations, titles, proper names, quotes, and legal citations ?						

Comments / Instructions :

B.25   Transmittal Letter

INTERNAL AUDIT UNIT	TRANSMITTAL LETTER	ANNEX 22 A05

Date :

The Logo of the MDA	Organisations Name Address Phone Number

(Date)

Mr/Ms, XXXXX
(YOUR ORGANISATION) ARIC Chairman,

(NAME OF AUDIT) – (Account No. _____/if applicable).

Dear Mr/Ms, XXXX,

The Internal Audit Unit has completed an Audit of the _____ (Account No. - if applicable) of the (Department/Branch/Location) of the MDA on the (Date).

The audit's objective was to assist management with the assessment of the adequacy of internal controls related to the overall petty cash process. Additionally, the audit evaluated the Department's compliance with Administrative Procedure.

The report, attached for your review, concludes that the internal controls over the _____ are adequate/inadequate to provide management with reasonable assurance that the fund is properly safeguarded, disbursed and replenished except for the findings presented in the body of the report.

Copies of the matters contained in the report are provided to the HOD and the senior management of (your Organisation) in order to enable them to implement concurrently the recommendations of this report. The views of management to the individual recommendations and the actions to be taken with time limits are attached in Annex _ to the Internal Audit Report.

We appreciate the cooperation extended to our auditors by Department personnel during the course of the audit.

Yours sincerely,

_____
Internal Auditor,
cc: Name of Member, ARIC,
         Name of Member, ARIC,
         Name, Coordinating Director
         Head of Department Audited,
         DG, IAA,

B.26 Weekly Timesheet Form

INTERNAL AUDIT UNIT	WEEKLY TIME SHEET FORM	ANNEX 23 D05

Date :

INTERNAL AUDIT DEPARTMENT		Folio : /
WEEKLY TIME-SHEET FORM		
Auditor :		
Prepared by:	Date: .	
Reviewed by:	Date: .	

LAST NAME, FIRST NAME		WEEK ENDING: --/--/--							
DESCRIPTION	REF	MON	TUE	WED	THU	FRI	SAT	SUN	TOTAL
		1	2	3	4	5	6	7	
Administration (DESCRIBE BELOW)	A								
Time Auditing	B								
Time Reporting	C								
Staff Meetings	D								
Training	E								
Sick Leave	F								
Holiday	G								
Other leaves (DESCRIBE BELOW)	H								
Miscellaneous (DESCRIBE BELOW)	I								
TOTAL HOURS									
INTERNAL AUDIT DEPARTMENT						Folio : /			

WEEKLY TIME-SHEET FORM

Descriptions

Administration	A	
Other leaves	H	
Miscellaneous	I	

Guidelines

A   Administration: Time spent in timekeeping, personnel matters, and other matters related to the operation of the Unit.

B   Time spent on planning and field work activities.

C   Time Reporting: Time spent on report writing and following-up Follow-up - Time spent determining whether past recommendations have been (or should be) implemented. The audit number and description should be included in the comments field.

D   Meetings: Includes Audit Staff meetings and meetings with individuals outside of the Internal Audit that are not related to a specific project or audit.

E   Training: Training - Formal training activities.

F   Sick Leave: As defined by applicable policy.

G   Holiday: As defined by applicable policy.

H   Miscellaneous: Non-audit time that is not properly classified in another category. When this category is used, an explanation of the time spent should be included in the comments section.

B.27   Audit Performance Evaluation

INTERNAL AUDIT UNIT	AUDIT PERFORMANCE EVALUATION	ANNEX 24 D05

Date : _____

AUDIT PERFORMANCE EVALUATION FORM

This form is used to provide input from our Client into our Quality Assurance Program.

Please respond to these evaluation questions openly and honestly as we use this form throughout the year to make improvements to our process and organisation. Thank you for your time and input.

Audit number and Title :   _____

Auditor(s) : _____

Audit Process	Strongly Agree	Agree	Disagree	Strongly Disagree	Did Not Observe
The audit process and timeline were clearly explained at the start of the audit.	☐	☐	☐	☐	☐
The audit objectives and scope were discussed prior to the start of the audit.	☐	☐	☐	☐	☐
Management's concerns and suggestions were obtained and incorporated or considered throughout the audit.	☐	☐	☐	☐	☐
Management was kept informed throughout the audit regarding the audit status and potential audit issues.	☐	☐	☐	☐	☐
The audit resulted in minimal disruption of operations to the department.	☐	☐	☐	☐	☐
The audit was completed within a reasonable time frame. Any delays in completing the audit were explained to management.	☐	☐	☐	☐	☐

Audit Completion

1. Audit issues noted were relevant to my operations. □ □ □ □ □

2. All relevant parties had the opportunity to provide input regarding potential audit issues so that those included in the draft report were accurately and fairly presented. □ □ □ □ □

3. Audit recommendations were constructive and reasonable. □ □ □ □ □

Audit Staff

4. The auditor was knowledgeable of (YOUR ORGANISATION) and other related policies and requirements affecting our operations. □ □ □ □ □

5. The auditor acted in a professional and open manner. □ □ □ □ □

Provide any additional comments that would assist us in improving future audit services.

Completed by: _____   Title: _____

Department: _____   Date: _____

Please email or transmit this form to the Head of Internal Audit, within one week. Thank you.

B.28   Staff Performance Evaluation Form

INTERNAL AUDIT UNIT	STAFF PERFORMANCE EVALUATION FORM	ANNEX 25 STAFF FILE

Date :

Folio: /   .
STAFF PERFORMANCE EVALUATION FORM

Audit title – Audit # Period under review :		
Auditor :		
	Prepared by :	Date :
	Reviewed by :	Date :

Actual Hours:	Budgeted Hours:	Date of Report:

On a scale of 1 "Unsatisfactory" to 5 "Outstanding" where 3 is "Meets expectations", rate the following : *Note : any ranking below 3 should be explained below*	1	2	3	4	5	N/A
At the planning phase, the auditor identified the risks and expected controls for the processes related to the audit objective; and assessed the level of risk by cycle or function.						
The audit programs were designed to achieve the audit objective within the remaining budget hours.						
The audit objective, scope, procedures, and budget were constantly reassessed to ensure efficient use of audit resources.						
There was good communication between auditor and client and between the auditor and audit management						
The perspective and needs of the client were considered in the audit process.						
Audit objectives were achieved in an efficient and timely manner.						
Clients had an opportunity to review findings and recommendations as concerns were identified.						
The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* were met.						
Audit findings demonstrated sound analysis and conclusions; and practical recommendation for concerns noted.						
Written communications were clear, concise, objective, and grammatically correct.						
Working paper's supported the conclusions reached.						
The audit procedures performed resulted in sufficient, competent, relevant and useful evidence.						
Work papers were properly completed and conformed to standards.						
Audit hours were reported timely.						
The auditor demonstrated a high level of personal productivity and timeliness.						

Document both positive comments and suggestions for improvement discussed with auditor:

B.29 Audit Recommendations

INTERNAL AUDIT UNIT	AUDIT RECOMMENDATIONS FOLLOW-UP PROCESS	ANNEX 26 A02 – 3

Date :

Audit Name: _____ **Prepared by:** _____

Audit ID: _____ **Review by:** _____

<table>
<tr>
<td colspan="2">INTERNAL AUDIT UNIT

AUDIT RECOMMENDATION STATUS REPORT</td>
<td colspan="3">Department / Unit / Division :

Audit Report No.</td>
<td>Quarter Ending:</td>
</tr>
<tr>
<td rowspan="2">Rec. No.</td>
<td rowspan="2">RECOMMENDATION/RESPONSE
Print/Type Recommendation, if response is required, place directly below applicable recommendation

Enter audit recommendations number as shown in the audit report</td>
<td colspan="3">STATUS

Check appropriate column</td>
<td>IMPLEMENT. OR TARGET DATE
Enter date Implemented or the Target date for implementation</td>
</tr>
<tr>
<td>Implemented</td>
<td>Partly Implemented</td>
<td>Not Implemented.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td colspan="6">SIGNATURES</td>
</tr>
<tr>
<td colspan="3">Client :

Date and Signature</td>
<td colspan="3">Auditor :

Date and Signature</td>
</tr>
</table>

B.30   Annual Internal Audit Report

INTERNAL AUDIT UNIT	ANNUAL INTERNAL AUDIT REPORT	ANNEX 28 PF A03

Date :

The Logo of the MDA	Name of Entity Address Phone Numbers

ANNUAL INTERNAL AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 20XX

INTERNAL AUDIT REPORT #1/20XX

TABLE OF CONTENTS	PAGE
1 Introduction	1

EXECUTIVE SUMMARY

Purpose & Limitations

The executive summary is intended to provide audit perspective, and highlight on a summarised basis, the significant findings discussed throughout the body of the detailed audit report. Care should be exercised in reaching conclusions solely based on a review or reading of this summary. It is necessary to read the specific detail sections and/or the report in its entirety to obtain the breadth of the background, ramifications, and recommendations relating to each issue and/or finding.

Relevant Findings

List a summary of each finding (without ramification/implication statement). Cross reference to detail section of report.

Implementation Status of Recommendations

Under this section, indicate the number of follow-ups undertaken and the number of recommendations implemented.

Status of Resources in the Internal Audit Unit

Indicate the number of Auditors in the Internal Audit Unit, and the number that received training and/or acquired new qualifications in the year. Also indicate if the material resources and other logistics provided to the Internal Audit Unit was adequate for the purpose of implementing the annual audit plan.

DETAILS OF REPORT

Introduction

Background

Provide background information about the MDA and the Internal Audit Unit (IAU) – This should include a brief history, and purpose of both the MDA and the IAU. This should be followed by the purpose of the report (for example; This report is compiled from the various audits conducted in the course of the year according to the annual audit plan and various assignments requested by management and the MDA. The report is in fulfilment of the requirements of Section 120 of the Local Government, Act, 2000 (Act 584). State the various types of audit or reviews undertaken in the course of the year (This include financial, operational, compliance, IT, and investigative audit or reviews).

Implementation of the Annual Audit Plan
Indicate the various assignments that were schedule for the year and those that the Internal Audit Unit was able to execute. Also indicate assignment that were requested by Management or the MDA but which not in the audit plan. Indicate whether conducting the assignment requested by the MDA or Management affected the conduct of the assignments in the plan.

Indicate whether the Internal Audit Unit was not given cooperation in the cause of conducting any assignment in the cause of the year. Also indicate the particular assignment and to what extent this cooperation was not given. (e.g. Staff of the Internal Audit Unit were not given access to records when they were auditing the procurement thrust area, or a the Finance Officer(key officer) refused to deal with the Internal staff of the Internal Audit Unit when they sought to audit the cash management activities of the MDAs , etc.).

DETAIL AUDIT FINDINGS FOR AUDIT ASSIGNMENTS CONDUCTED IN THE FOURTH QUARTER

Scope & Objectives

The scope should be brief and should discuss the timing, nature and type of audit work and the objectives should define the purpose of the work.

(E.G., the scope of the audit was financial and operational in nature and covered the period from 19xx through 20xy.

The objectives of the audit were to ensure that financial data was properly recorded and adequate operational procedures exists in the cash receipts, procurement, asset management, etc., functions.)

<u>Methodology</u>

Specify the nature and extent of audit tests performed, audit procedures and evaluation criteria, and the standards used when conducting the audit.

(e.g. The methodology adopted is in accordance with the Standards for the Professional Practice of Internal Auditing and applicable laws and regulations and included: reviewing and documenting relevant systems to establish the design and operating effectiveness of operational procedures, and evaluating the adequacy and appropriateness of accounting procedures and practices to ascertain whether accounting transactions were accurate, complete and fully disclosed in the records of the MDA.

<u>OVERVIEW OF AUDIT FINDINGS</u>

Pages X through XX outline the **specific findings** resulting from the audit testing.

I.TITLE OF COMMENT
   Criteria
   Condition
<u>Cause</u>

<u>Effects</u>

<u>Recommendation(s)</u>

<u>Client's Response</u>

II. **TITLE OF COMMENT**
   Criteria
   Condition
<u>Cause</u>

<u>Effects</u>

<u>Recommendation(s)</u>

<u>Client's Response</u>

REVIEW OF STATUS OF IMPLEMENTATION OF AUDIT FINDINGS

Under this section, please indicate the recommendations that have not yet been implemented and the associated risk. This may include some of the findings listed above or those that relate to previous periods (thus, these should include recommendations made in the previous year or in the current year that are still outstanding).

No.	Conditions	Implications/ Risks	Recommendations	Timeline	Action Taken	Responsible Officer
1.						
2.						

STATUS OF THE INTERNAL AUDIT UNIT AND ITS STAFF
Indicate the number of Internal Audit Staff and their ranks. Determine if the staff strength is adequate for the purpose of carrying out the annual audit plan. Identify training attended by staff of the audit unit and training requirements of staff of the unit for the ensuing year. Also indicate if any staff of the unit has obtained new qualifications in the current year.

Specify if the logistics (e.g. vehicles, stationery, etc.) provided for the Internal Audit Unit was adequate for the purpose of conducting the various assignments of the Unit.

_____   _____

AUDITOR-IN-CHARGE   DATE

_____   _____

HEAD OF INTERNAL AUDIT UNIT   DATE

Copies of this report distributed to: **Copy received:**

1. _____   _____

       (Name and title)   *(Signature and date)*

2. _____   _____

       (Name and title)   *(Signature and date)*

3. _____   _____

       (Name and title)   *(Signature and date)*

4. _____   _____

       (Name and title)   *(Signature and date)*

B.31   Suspected Illegal Activities Reporting Form

INTERNAL AUDIT UNIT	SUSPECTED ILLEGAL ACTIVITIES REPORTING FORM	ANNEX 29 A04

Date :

SUSPECTED ILLEGAL ACTIVITIES REPORTING FORM

To be completed by Staff Members, the MDA Clients or other interested parties

GUIDE TO COMPLETE THE FORM

Being involved with the MDA, it is your moral duty to inform the Head of the IAU and higher management of any fraud or suspected fraud activities. Please feel easy to complete this form and forward it to the Internal Audit Department.

Details	Yes	No
1. Can you be contacted if needed? (if yes, please provide contact details): _____ _____ _____		
2. Can you provide documentation supporting your claims/allegations? (if yes, please give details): _____ _____ _____		
3. Summary of complaint (attach Annex if required): _____ _____ _____ _____ _____ _____		
4. Controls circumvented: _____ _____ _____		

Name (Optional) _____Signature (Optional) _____Date: _____

B.32   Suggested Revisions to IA Manual

INTERNAL AUDIT UNIT	**SUGGESTED REVISIONS TO IA MANUAL**	**ANNEX 30 PF D01**

_____ **Date** :

Prepared By: _____

Date: _____

Reviewed by: _____

Date: _____

(THIS FORM IS TO BE USED IN CONJUNCTION WITH OP 24)

VERSION OF IA MANUAL UNDER REVISION: _____

MANUAL SECTION NUMBER: _____

PAGE. #	PARA #	LINE(S) #[4]	REVISED / ADDED TEXT PROPOSED

---

[4] COUNTING FROM THE BEGINNING OF THE PARAGRAPH

B.33   Training Records

INTERNAL AUDIT UNIT   TRAINING RECORDS   ANNEX 31

Date :

Name of auditor	Grade	Training Received	Training needs	Training methods	Plan (time)	Implementation	Evaluation

B.34   Model Internal Audit Unit Charter

INTERNAL AUDIT UNIT	MODEL INTERNAL AUDIT UNIT CHARTER	ANNEX 32

[Insert name of MDA].
Internal Audit Unit Charter

MISSION

The mission of the internal audit unit is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

AUTHORITY

The IAU derives its authority form the resolutions of the Board. The authority provides the unit with requisite resources needed to execute their activities effectively.

The Head and staff of the IAU are authorised to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the ARIC.
- Allocate resources, set frequencies of audit assignments, select thrust areas, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organisation where they perform audits, as well as other specialised services from within or outside the organisation.

The Head and staff of the IAU are **NOT** authorised to:

- Perform any operational duties for the organisation or its affiliates.
- Initiate or approve accounting transactions external to the IAU
- Direct the activities of any organisation employee not employed by the IAU, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

ACCOUNTABILITY

The Head of the Internal Audit Unit (IAU) in the discharge of his/her duties shall report to management and the Audit Report Implementation Committee (ARIC) on the following areas:

- Provide annually an assessment on the adequacy and effectiveness of the organisation's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organisation and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.

- Provide information periodically on the status and results of the annual audit plan and the sufficiency of the unit's resources.
- Coordinate with, and provide oversight of, other control and monitoring functions (e.g., risk management, compliance, security, legal, ethics, environmental, and external audit).

SCOPE OF WORK

The scope of work of the internal audit unit is to determine whether the organisation's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and protected adequately.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organisation's control process.
- Significant legislative or regulatory issues impacting the organisation are recognised and addressed properly.

Opportunities for improving management control, operations, and the organisation's image may be identified during audits. They will be communicated to the appropriate level of management.

INDEPENDENCE

To provide for the independence of the internal audit unit, its personnel report to the head of the IAU, who reports administratively to the head of the MDA and functionally to the ARIC in a manner outlined in the above section on Accountability. It will include as part of its reports to the ARIC a regular report on internal audit personnel.

RESPONSIBILITY

The head and staff of the IAU have responsibility to:
- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the ARIC for review and approval.
- Implement the annual audit plan as approved, including, as appropriate, any special tasks or projects requested by management and the ARIC.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Establish a quality assurance program by which the head of the IAU assures the operation of internal audit activities.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.

- Issue periodic reports to the Director-General of the Internal Audit Agency, ARIC and management summarising results of audit activities.
- Keep the ARIC informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the ARIC
- Assist in the investigation of significant suspected fraudulent activities within the organisation and notify management and the ARIC of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost.

CONFLICTS AND DISPUTES

Notwithstanding any conflict resolution mechanism of the MDA this charter shall form the basis for the authority and actions of the IAU as far as auditing matters are concerned. Any irresolvable conflict or disputes which arise during the course of performing this function which, in the opinion of the audit unit would present a significant limitation in scope shall be brought to the attention of the ARIC or the Director-General of the Internal Audit Agency for ultimate resolution.

STANDARDS OF AUDIT PRACTICE

The IAU will meet or exceed The Internal Audit Agency's *Standards for the Professional Practice of Internal Auditing*.

_____   _____

Head of the IAU   Date

_____   _____

Head of MDA   Date

_____   _____

ARIC Chairman   Date

B.35   ARIC Reporting Template

1.   BACKGROUND AND OVERVIEW

In line with Section 30 (1) of the Audit Service Act, 2000 (Act 584), the Audit Reporting Implementation Committee (ARIC) assists management and the internal audit unit of the MDAs in carrying out its responsibilities as they relate to the establishment of internal controls, ensuring compliance with laws, regulations and ethical standard and the review of such controls and procedures.

2.   COMPOSITION OF ARIC

For the period xx to xx, ARIC membership comprised of the following (xx) members;

1) *Member 1*
2) *Member 2*

3.   ACTIVITIES CARRIED OUT OVER THE PERIOD UNDER REVIEW

During the period covered by this report (xx xx 20xx to xx xx 20xx), ARIC continued to operate under the roles and responsibilities (Appendix 1) spelt out in the ARIC Manual approved by the Internal Audit Agency on (xx xx 20xx).

4.   ARIC MEETINGS

For the period xx to xx ARIC held xx meetings during which it reviewed a series of key issues and actions which are summarised below;

1) *Specify issues and actions reviewed*
2)

5.   ISSUES REVIEWED BY ARIC

Provide a brief summary of each issue together with actions taken to implement the issue and current status. The report could be provided under the following headings which fall under the mandate of ARIC

   i)   ***REPORT ON THE IMPLEMENTAION OF INTERNAL AUDIT RECOMMENDATIONS***

   ii)   ***REPORT ON THE FOLLOW-UP AUDITOR-GENERAL AND PUBLIC ACCOUNTS COMMITTEE'S RECOMMENDATIONS***

   iii)   ***REPORT ON ARIC'S advice to management on the following:***

a) Risk Management

b) Internal Control

c) Compliance with laws, regulations and ethical standards

iv) ANY OTHER MATTERS

6. STATEMENT SHOWING THE STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE IN ALL AUDIT REPORTS AS WELL AS THE AUDITOR-GENERAL'S REPORTS WHICH HAVE BEEN ACCEPTED BY PARLIAMENT AND ANY OTHER RELATED DIRECTIVES OF PARLIAMENT

Provide a table showing status of recommendations accepted by parliament

7. ACKNOWLEDGEMENTS

ARIC acknowledges the support of xxxxxxxxxxxxxx in carrying out its work

ROLES AND RESPONSIBILITIES OF ARIC

a. An ARIC is mandated to:

  i. Ensure the implementation of the recommendations in all audit reports of every MDA.

  ii. Follow-up Auditor-General and Public Accounts Committee's recommendations as well as recommendations in internal audit reports

b. An ARIC may provide advice to management on the following:

  i. Risk Management

  ii. Internal Control

  iii. Compliance with laws, regulations and ethical standards

  1.1 It shall be the duty of the ARIC to ensure that the head of an institution, body or organisation:

  c) Pursues the review and implementation of matters in all audit reports as well as financial matters raised in the reports of Internal Monitoring Units in the institution, body or organisation;

  d) Annually prepares a statement showing the status of implementation of recommendations made in all audit reports as well as the Auditor-General's reports which have been accepted by Parliament and any other related directives of Parliament.

i)   The statement shall show remedial actions taken or proposed to be taken to avoid or minimise the recurrence of undesirable features in the accounts and operations of the institution, body or organisation and the time frame for action to be completed.

ii)   The statement referred to above shall be endorsed by the relevant Minister and forwarded to Parliament, Office of the President, the Director-General of the Internal Audit Agency (IAA) and the Auditor-General within six months after Parliamentary decisions on the Auditor-General's reports.

1.2 With regard to Internal Audit, the ARIC shall:

d) Review and advise on strategic and annual internal audit plans

e) Monitor the performance of Internal Audit Units against its annual internal audit plans and strategic plans

f) Monitor the implementation of agreed audit recommendations

g) Review the activities, resources and organisational structure of the Internal Audit Unit and ensure that no unjustified restrictions or limitations are placed on the Internal Auditors

h) Review the effectiveness of the Internal Audit Unit and ensure that it has appropriate standing within the MDA

i) Meet separately with the Head of Internal Audit to discuss any matters that the ARIC or Internal Auditors believe should be discussed privately

j) Ensure that significant findings and recommendations made by the Internal Auditors and Management's responses are received, discussed and appropriately acted on

1.3 In respect of compliance with laws and financial regulations, the ARIC shall:

a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance

b) Obtain regular updates from management regarding compliance matters that may have a material impact on the MDA accounting records or compliance regulations

c) Be satisfied that all regulatory compliance matters, related to the operations of the MDA have been considered in the preparation of the accounting records.

B.36   Audit Programmes

INTERNAL AUDIT UNIT	AUDIT PROGRAMMES	ANNEX 34 F

Date :

INTRODUCTION

These Audit Programme Guides have been developed as the basis for consistent audit coverage across a range of business activities.

Use of Audit Programmes

These audit programme guides are generic steps based on the MDA's business activities. The auditor should review and tailor the audit steps to ensure that audit steps are sufficient and rigorous to address audit risks identified. The tailored audit program should be approved and signed off by the Head of the IAU at the end of the planning process.

B.36.1 Audit Program for Donor Funds

ENTITY……………………… PERIOD OF AUDIT………………………….

PREPARED BY……………… APPROVED BY……………………………

DATE………………………… DATE…………………………………

OBJECTIVES:

a) To determine that donor funds have been accounted for in accordance with laid down accounting and procedural requirements
b) To ensure that donor funds have been spent with due regard to economy, efficiency and effectiveness
c) To ensure that donor funds have been recorded in the appropriate accounts

RECORDS REQUIRED AT AUDIT

a) List of donor funds received
b) Copies of agreements with contractors
c) Copies of receipts of funds received
d) Banks statements
e) Stock register (For donated materials)
f) Cash book for donor funds
g) Financial statements/Accountability reports
h) Memorandum of understanding
i) Copies of agreements with donors
j) Donor accounting guidelines

SAMPLE SIZE – BASED ON RISK ASSESSMENT AT THE PLANNING STAGE

AUDIT TESTING

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
				Y	N	
	Donor Agreements					
	For selected sample, obtain donor agreements, review the entire agreement, noting specific provisions within the contract for further audit testing where no standard audit steps exist for these provisions					
	Accounting for Donor Funds					
	Confirm that there is a separate bank account for donor transfers					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Confirm that an accrual based system is maintained to capture, classify, summarise and report donor fund disbursement.					
	Confirm that general ledgers and cash books are maintained to record donor funded transactions					
	Confirm that bank reconciliations are prepared for all donor bank accounts					
	Where applicable; confirm that fixed assets/stocks registers are maintained where the donor has provided non-financial materials					
	Confirm that procedures exist to reconcile the physical count of non-financial materials to the book values					
	Obtain independent confirmation of Donor bank account balances					
	Management of donor funds					
	Where applicable; confirm that there is an adequately staffed project management unit to manage donor funds					
	Confirm that project units report to the central ministry (or appropriate agency) and submit the required reports as stipulated in the respective project agreements					
	Funds Received and Agreements for Use					
	Confirm that funds released have been effected by "No Objection" notices from the donor					
	Confirm that application for replenishment is supported by relevant expenditure returns and other information as specified by the donor agreement					
	Select a sample of donor transfers and confirm that funds have been recorded in the cash book and appear on the bank statement					
	Expenditure					
	Based on risk assessment process, select a sample of payments and ensure that each payment complies with the specific clauses pertaining to the use of the funds					
	Ensure that the payment approval process has been complied with. (NOTE: The audit steps under the Expenditure Audit Program should be used to test for this objective)					
	Ensure that payments were made only in relation to approved expenditure relating to the project by examining payment vouchers and supporting documents.					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Physical Assets/Stock					
	Where donor provided fixed assets /stocks or an expenditure generated fixed assets/stocks, verify existence of these assets (NOTE: Audit program for fixed assets and stores should be used)					
	Accountability					
	Confirm that complete and accurate financial statements are prepared and submitted as required by the donor agreements					
	Confirm that financial and non-financial information submitted to donors agrees with those maintained in the entity's books					

B.36.2   Audit Program for Payroll

ENTITY……………………... PERIOD OF AUDIT ……………

PREPARED BY……………… APPROVED BY…………………

DATE………........................   DATE…………………

OBJECTIVES:
   a) To confirm that the payroll function is properly controlled and operating efficiently
   b) To ensure that authority for all pay entitlement is clearly defined and effectively exercised
   c) To ensure that employees on the payroll are valid and that leavers do not remain on the payroll
   d) Payroll calculations including deductions are correctly applied

RECORDS REQUIRED AT AUDIT
   a) Payroll Register
   b) Accounting and payroll records
   c) Establishment warrants

SAMPLE SIZE – BASED ON RISK ASSESSMENT AT THE PLANNING STAGE

AUDIT TESTING

Audit testing covers;

   a) Engagement of employees
   b) Employee permanent records
   c) Payroll preparation/Payment of wages and salaries
   d) Unclaimed wages
   e) Overtime work
   f) Loans and advances to employees
   g) Employee transfer
   h) Dismissal
   i) Payment of commissions
   j) Establishment schedule

REF	Audit Program Tasks	Done By	Date	Exception Noted?		W/P Ref
				Y	N	
	Engagement of New Employees					
1	Select a sample of new employees and confirm that clearance has been obtained from the Head of the Civil Service and MOFEP					
2	Confirm that an Establishment Warrant has been prepared and sent to the Controller and Accountant-General					
3	Confirm that new staff are entered in the Payroll in the right period and amounts.					
	Employee Permanent Records					
	Obtain a sample of employee file and confirm that each file contains the following information - SSF Number, sex and date of birth; - Employee's qualification and education; - Employee's next of kin; - Date of engagement; - Job title and description - Immediate superiors name and title - Employee's current rate of pay, allowances and standard deductions; - Date of transfer between departments; - Date of discharge; - Bank account number; - Retiring date.					
	For each selected employee, verify their existence by various approved means					
	Confirm that the salary grade contained in each person's staff record is the same as that on the Establishment Record					
	Ascertain which members of staff have left during the period under review and check that the Establishment Schedule and Payroll have been updated					
	Payroll Preparation/Payment of Salaries					
	Overtime work					
	Obtain a sample of overtime pay and carry out the following;					
	Confirm that over time rates are fixed by the Finance and Administration committee of the MDA					
	Overtime work is supported by an overtime authorisation form					
	Overtime authorisation forms have been completed by the employee's supervisor and approved by the Head of Department					
	Overtime payment has been received by employee.					
	Unclaimed wages					

REF	Audit Program Tasks	Done By	Date	Exception Noted?		W/P Ref
	Confirm that a register for unclaimed wages is maintained. Note: The register should detail the following; - Date of payroll - Name of employee and amount unclaimed - Date when amount was claimed - Payment voucher number					
	Select a sample of unclaimed wages and ensure that undisbursed wages are returned immediately to the cashier for safe keeping					
	Loans and Advances to Employees					
	Select a sample of advances to employees and confirm that:					
	The loan was approved by the appropriate official and is allowed					
	Confirm that the employee received the loan. (A loan confirmation could be obtained from the employee)					
	Confirm that loan repayments are being made as stipulated in the loan approval form.					
	Employee Transfers					
	Select a sample of employees transferred during the period and ensure that the Controller and Accountant-General is informed for a change to be effected on the employee status					
	Confirm that a Salary Change Advice Form has been completed					
	Confirm that the payroll records have been amended					
	Establishment Schedule					
	Confirm that an establishment schedule has been prepared for the period under review The establishment schedule is a list of all employees in each department giving the following information at the beginning of each calendar year: - date of engagement - the name of the employee - the rate of pay per annum for the year just ended - the new approved rate of pay per annum for the year just began - the rate of pay per month from the first of January that year - the grade of the employee					
	Confirm that the establishment schedule is signed by the appropriate authority					

REF	Audit Program Tasks	Done By	Date	Exception Noted?		W/P Ref
	Obtain the payroll for the month of January for the period under review and confirm that information for the preparation of the payroll is based on the Establishment Schedule					
	Where there are inconsistencies between the January payroll and the Establishment Schedule, confirm that these have been explained in the Payroll Reconciliation Statement					
	Payroll Reconciliation					
	Confirm that a monthly payroll reconciliation is prepared (The payroll explains significant variances in employee numbers and employee gross pay)					
	Obtain a sample of the payroll reconciliations and ensure that the reconciliation has been approved by the designated officer					
	Review the reconciliation and obtain explanations for any significant unexplained variations					

B.36.3 Audit Program for Investments

ENTITY…………………………… PERIOD OF AUDIT…………………………

PREPARED BY………………… APPROVED BY…………………………

DATE……............................ DATE…………………………

OBJECTIVES:
   a) To ensure that all investments have been recorded
   b) Investment amounts are stated on a consistent basis.

RECORDS REQUIRED AT AUDIT
   a) Investment register
   b) Accounting records
   c) Bank statements
   d) Investment certificates
   e) Interest notices
   f) Investment policy
   g) Minutes of approving body

SAMPLE SIZE – BASED ON RISK ASSESSMENT AT THE PLANNING STAGE

AUDIT TESTING
Audit testing covers;
a) Management of investments
b) Purchase of investments
c) Sale of investment
d) Investment income

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Management of investments			Y	N	
	Confirm that an investment policy exists					
	Confirm that an investment register is maintained to record the purchase and sale of investments and investment income					
	Confirm that the appropriate body approves the sale and purchase of all investments					
	Confirm that minutes of meetings are maintained					
	Confirm that investments are subject to periodic/annual valuations and the appropriate depreciation entries are recorded in the investment account and reserve accounts					
	Confirm that decisions relating to disinvestments of non-performing investments are made to secure the interest of the entity					
	Purchase of investment					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Select a sample of investments purchased during the period and confirm that appropriate approval exists for the purchase of investments (Review minutes of authorising body to confirm approval)					
	Confirm the payment per the cash book, bank statement and investment register to the investment certificate					
	Confirm that the investment certificate is written out in the name of the entity					
	Sale of investment					
	Select a sample of investments sold during the period and confirm that appropriate approval exists for the sale of investments (Review minutes of authorising body to confirm approval)					
	Verify the receipt of investment income to the bank statement.					
	Investment income					
	For the sample of investments selected, confirm that interest income has been received					
	Verify the receipt of interest to the bank statement and investment register					

B.36.4   Audit Program for Stores

ENTITY…………………………   PERIOD OF AUDIT ………………………

PREPARED BY………………….   APPROVED BY…………………………

DATE…………………………   DATE…………………………………………..

OBJECTIVES:

a) To ensure that procedures and regulations governing stores are complied with
b) To ensure that the right quantity and quality of goods and materials are made available at the right time
c) To ensure that stocks are kept and maintained in a safe condition to prevent wastage and theft
d) To ensure that stocks entering and leaving the warehouse and stores are properly authorises and accounted for
e) To ensure that stores are only issued for the appropriate purpose

RECORDS REQUIRED AT AUDIT

a) Accounting policies for stores
b) Inventory master items listing
c) Inspection reports
d) Stores ledger/records
e) Stock write off
f) Stock take reports

SAMPLE SIZE – BASED ON RISK ASSESSMENT AT THE PLANNING STAGE

AUDIT TESTING
Audit testing cover;
a) Stores management
b) Security
c) Ordering
d) Issues
e) Stock cards
f) Stock counts
g) Write-offs

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
				Y	N	
	Stores management					
	Confirm that there is a Goods Inventory Master Item listing which has been duly updated					
	Confirm that there is adequate security at the stores and that the premises appear secured against intruders. (Doors and windows are secure)					
	Confirm that there are security measures such as identification prior to access					
	Confirm that there is controlled access					
	Confirm that access such as keys, swipe cards are issued only to authorised personnel					
	Confirm that the store keeper is the only person allowed to receive and issue stores					
	Confirm the existence of a procedures to identify slow moving, expired and obsolete stocks					
	Stores structure					
	Confirm that the structure of the warehouse is appropriate for the items held in stores					
	Confirm that where there are food and other items such as tools, machinery, these are kept separate from each other					
	Confirm that stores are stacked in a manner to facilitate easy stock count					
	Confirm that the warehouse is kept clean (Absence of accumulated garbage, obsolete equipment or junk)					
	Where applicable, confirm that there is a routine process for pest and insect control; such as planned fumigation cycle					
	Ordering					
	Confirm that there is an established re-order level for consumable stocks					
	Select a sample of orders for consumable items made during the period and confirm that replenishment was made at the minimum stock level					
	NOTE: The ordering function is audited under the Procurement					
	Slow moving/obsolete stock					
	Obtain inventory aging analysis and identify slow moving/obsolete stock					
	Obtain reasons for slow moving/obsolete stock					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Confirm that slow moving stock is not due to over stocking					
	Goods received					
	NOTE: Testing for receipt of goods is covered under the audit program for Expenditure) Additional Testing for goods received in Stores is as follows;					
	Select a sample of Goods Received Advice and confirm that;					
	All details were correctly entered onto stock records					
	All details have been entered into the accounting records					
	Select a sample of bulk deliveries and ensure that they were weighed before receipt into stores					
	Issues					
	Select a sample of issues made during the period and confirm that:					
	An internal requisition form was filled and approved by the appropriate official					
	Confirm that the issue is in line with the approved Procurement Plan					
	Confirm that the issue is covered by a Stores Issue Voucher, duly signed by the storekeeper and requesting user					
	Confirm that the stores records (Store Ledger and Bin/Tally Cards) have been updated with the issue					
	Confirm that the relevant accounting entries have been made to reflect the issue					
	Inter-departmental transfers					
	Where there are inter-departmental transfer, select a sample and ensure that					
	Transfers have been made based on formal request (Letter and requisition) duly signed and approved by the appropriate officials					
	An invoice has been raised for the request					
	Where payments are made, confirm receipt of cash/cheque					
	A Stores Issue Voucher duly signed by the appropriate officials was raised for the issue					
	A waybill signed by the appropriate official was raised					
	The stores records have been updated					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Stock counts					
	Confirm that there are laid down procedures for stock taking					
	Obtain the procedures and stock take reports and ensure that the frequency of stock take as stated in the policy is being adhered to					
	Confirm that stock counts were carried out by persons independent of the stores officials					
	Ensure that the stock taking reports have been distributed to the appropriate authorities					
	Select a sample of stock cards and physically count the stock, comparing the count amount to the balance on the card (Note all differences including the unit cost of the item)					
	Obtain explanations for all variances and investigate the authenticity of the explanations					
	Attend a physical stock take and observe to ensure that stock take instructions are in line with laid down procedures					
	Test count selected stock items and compare the count results to stock records and accounting records					
	Write-offs					
	Obtain write-offs made during the period under review and ensure that					
	The basis for write offs is reasonable and appropriate					
	The procedures and policies for identifying slow moving, expired or obsolete stocks have been complied with					
	The appropriate authorisation was received for write offs					
	The appropriate entry was made in the stores records					
	The appropriate accounting entries were made					
	Disposal of stores					
	Obtain a sample of disposals and ensure that;					
	The basis for disposal is reasonable and appropriate					
	Where appropriate obtain certification of obsolescence or damages.					
	The appropriate authorisation was obtained					
	Disposal was made in accordance to laid down policy (Transfer to government departments or other public entities, sale by public tender, destruction, dumping or burying as appropriate)					

B.36.5   Audit Program for Non Tax Revenue (NTR)   P06

ENTITY………………………   PERIOD OF AUDIT………………………..

PREPARED BY…………………   APPROVED BY……………………………………

DATE……………………………… DATE………………………………………….

SCOPE

NTR covers;
- a) Fines and Penalties
- b) Grants
- c) Rent of land and buildings
- d) Administrative fees and charges
- e) Administrative fees
- f) School fees
- g) Hospital fees
- h) Investment income
- i) Licenses
- j) Donations
- k) Interests and Profits
- l) Divestiture proceeds
- m) Proceeds from disposal of assets, etc.

OBJECTIVES:

- a) To ensure that there is adequate segregation of duties between receipting, recording and banking
- b) To ensure that collections are supported by adequate documentation (Including invoices, GCR, Pay-in-Slips and TCR)
- c) To ensure that all collections are recorded
- d) To ensure that actions are performed only by individuals acting within the scope of their authority
- e) Bank lodgements are made on a timely basis
- f) All GCR and Collection/Cash books are controlled and kept in a secure place

RECORDS REQUIRED AT AUDIT
- a) Listing of NTR including sources
- b) Budgets
- c) Contracts
- d) Revenue registers
- e) Cash book
- f) Daily cash/check summaries
- g) Register of pay-in books/sips
- h) Register of receipt book
- i) Pay-in books/slips

j) Bank statements
k) Cancelled receipts
SAMPLE SIZE – BASED ON RISK ASSESSMENT AT THE PLANNING STAGE

AUDIT TESTING
Audit testing cover;
a) Collections (Contracted Revenue Collection and Revenue collection by staff)
b) Receipting
c) Control over cash received
d) Bank lodgements
e) Reconciliations

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
				Y	N	
	Contracts					
	Select a sample of revenue contracts and confirm that a legally binding contract exists between the MDA and the contracted collector					
	Confirm that contracts have been signed by both parties					
	Obtain a schedule of when payments are due and amounts due					
	Ensure that revenue being received from the contractor is reasonable and in accordance with the terms of the contract					
	Where contractors have defaulted on terms of contract, confirm that effective legal action has been applied					
	Assessment and valuation					
	Where applicable (e.g. for rates), ensure through inspection that a rigorous valuation and assessment has been carried out in accordance with laid down assessment procedures					
	Check the factors used to calculate the assessment (rate type, current charges, arrears etc.) are based on approved factors					
	Ensure that assessments are posted to the Rate Payers Ledger Account					
	Ensure that the Revenue Summary Book is					
	Ensure that completed assessments are reviewed and approved by the appropriate official					
	Custody of receipt books					
	Confirm that receipt books are adequately controlled and issued to only authorised personnel					
	Confirm that a register of receipt books for issue and receipt of receipt books is maintained					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Confirm that issues are recorded under the name of the approved revenue collector. Validate authenticity of signature of revenue collector					
	Carry out a physical inspection of the stock of unused receipt books and check sequence back to the receipt register					
	Confirm that the outstanding balance as per the stock count agrees with the balance on the receipt register					
	Revenue collection (Receipting and banking)					
	Receipting					
	Obtain a sample of the list or schedule of revenue collected for NTR's and confirm by checking the counterfoils of the receipt books that they have been accurately captured in the cash book					
	Check the arithmetic accuracy of the receipt book					
	Ensure revenue classification is accurate					
	Ensure that cashier does not have access to general ledger					
	Banking					
	From the list or schedule of collections, confirm that collections were banked promptly.					
	Confirm from bank deposit slips that collections were banked intact and in the correct bank account					

B.36.6   Audit Program for Government Funding   P08

ENTITY………………………… PERIOD OF AUDIT………………………...

PREPARED BY……………… APPROVED BY………………………………

DATE………………………   DATE…………………………………………..

SCOPE:
The audit program covers the transfer of Government of Ghana funds for conditional or unconditional purposes and cover;
a) Government of Ghana funding
b) Subventions
c) Government budget support

OBJECTIVES:

a) To ensure that Government transfers are accounted for in accordance with laid down policies and procedures
b) To ensure that Government transfers are applied for the purpose for which they were intended

RECORDS REQUIRED AT AUDIT
a) Annual work plans
b) Cost centre warrants
c) Vote service register
d) Bank transfer advice
e) Bank statements/advices
f) Transfer notification from MOFEP
g) Accounting records
h) Payment certificates
i) Conditional transfer programs

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Receipt of funds					
	From the annual work plan, prepare an estimate of expected Government funding					
	Obtain a schedule of warrants from the MOFEP for the period under review and obtain details of amounts released and dates of transfers					
	Confirm receipt of transfers by inspecting bank statements and transfer advices					
	Confirm that transfers were made to the designated bank accounts					
	From accounting records, confirm recording of correct amount in the appropriate account					
	Conditional transfers					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	From conditional transfer programs obtain a sample of transfers made for specific purposes and test by using the audit program for procurement and expenditure that the transfers have been expended in accordance with the approved budget estimates					

B.37   Analytical Review Working Paper

Analytical review procedures are tests of financial and non-financial information made by a study and comparison of relationships among data.

Objectives of analytical review may be varied. The timing of an analytical review will vary with the objectives. The following occasions are most relevant:

a) In the initial planning stage to assist in determining the nature, extent and timing of other audit procedures by identifying significant matters consideration
b) During the conduct of the field work with other audit procedures
c) At the end of the audit, as an overall review

Item/balance	Budget	Actual	Variance	Variance Questions	Management's response	Variance Cleared?		
						Yes	No	WP Ref

Note if there are any further audit tests required due to risks identified from Analytical Reviews

C   GIFMIS Oracle Audit Programmes

C.1   General IT Controls

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
AD1	Access to Data	Authorisation Design	Adequate policies surrounding the maintenance of users, user groups, profiles, authorisations, and roles have been established.	Security administration procedures and responsibilities are not clearly defined. There may be insufficient information available to support the security administration process.	Documentation on user authorisations and their use has been developed.	Determine if process documentation are maintained that is specific to Oracle. This document should clearly define common Security Administration procedures related to access such as: • Method of defining and implementing Oracle security • Monitoring and reporting controls for the customisation of Oracle access rules, and how these controls help ensure that security policies and standards are adhered to • Definitions of each responsibility and the functions it can access • Documentation of updates to responsibilities and definitions of new or customised responsibilities

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						• Communication of security strategies to system users • Process used to identify and evaluate security related risks • Initial definition of security configuration parameters • Documentation of policies for helping ensure that segregation of duties is maintained during the assignment of access rights Review documentation to determine if it has been duly approved by management Select sample provisions in the documentation and verify if they have been implemented
AD2	Access to Data	Authorisation Design	Generic user accounts are not used by personnel.	Users might abuse seeded generic user accounts (such as, 'SYSADMIN') for personal gain. When abuse of the generic user account is detected, identification of the person abusing	All seeded generic user accounts have their password changed and are end-dated.	Check that the password is changed and an end-date is applied to the following seeded user accounts: - ANONYMOUS - APPSMGR - ASGADM - ASGUEST - AUTOINSTALL - CONCURRENT - MANAGER

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
				this account may not be possible.		- FEEDER SYSTEM - IBE_ADMIN - IBE_GUEST - IBEGUEST - IEXADMIN - INITIAL SETUP - IRC_EMP_GUEST - IRC_EXT_GUEST - MOBILEADM - OP_CUST_CARE_ADMIN - OP_SYSADMIN - STANDALONE BATCH - PROCESS - WIZARD. Verify that the following accounts have their passwords changed, but has not be disabled: - GUEST - SYSADMIN
AD3	Access to Data	Authorisation Design	Generic user accounts are not used by authorised personnel.	Generic user accounts may be used to gain unauthorised access to the system.	All other generic user accounts are end-dated. The entity may have defined a naming convention for user	Review the naming conventions of all user accounts and identify any accounts that deviate from the established user ID naming convention defined by the organisation. Determine if any deviations found in user accounts were generic

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
					accounts. In these situations, an authorisation scan (a review of user accounts used during the past year) may show that the majority of User ID accounts are defined according to the company's established User ID naming convention.	accounts which were inappropriately created. Select a sample of users and investigate user accounts which are not compliant with the user ID naming convention and are assigned super user capabilities. Determine who is using these IDs are why the IDs are being used
AD4	Access to Data	Sensitive Access	Access to the user, responsibilities, menus, and functions forms are appropriately restricted to authorised personnel.	Unauthorised changes to user, responsibilities, menus, and function definitions might result in unauthorised access to sensitive transactions.	Responsibilities that grant access to the user form are provided to authorised personnel only. Responsibilities that grant access to the responsibilities, menus, and function forms are provided to authorised personnel only.	Determine user accounts that belong to personnel involved in system administration and establish the following: • Users who have access to assign responsibility menus and function forms • These users have adequate authority Identify all user accounts with the System Administrator responsibility and determine the appropriateness

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
AD5	Access to Data	Sensitive Access	The ability to change setup values is restricted to appropriate users.	Unauthorised changes to the setup values in the production environment might result in unreliable data or errors in the application.	Only authorised users have the ability to change setup values in the production environment.	Review which user accounts have been assigned to responsibilities that have access to the setup menu path for each application.
AD6	Access to Data	Sensitive Access	The ability to change profile options is restricted to appropriate users.	Unauthorised changes to profile options in the production environment could result in unreliable data or errors in the application.	Only authorised users have the ability to change profile options in the production environment.	Review which responsibilities grant access to the system profiles form Review which user accounts have access to those responsibilities.
AD7	Access to Data	Segregation of Duties (SoD)	Corporate user ID administration policies are followed in the system to help ensure compliance with corporate standards.	Users with access to operational transactions and setup might change management approved configuration to cover-up information on transactions.	Seeded Oracle responsibilities are not assigned to user accounts.	Determine if seeded responsibilities (or any other vendor provided responsibility) have been assigned to user accounts.
AD8	Access to Data	SoD	Corporate user ID administration policies are followed in the system to	Users with access to operational transactions and setup might change setup to	Custom created responsibilities do not include the combined access to	Determine which responsibilities include setup

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
			help ensure compliance with corporate standards.	cover-up information on transactions.	operational transactions and the setup menu paths.	Determine that these responsibilities do not also include access to process transactions. Select a sample of such users accounts and investigate
AD9	Access to Data	SoD	Corporate user ID administration policies are followed in the system to help ensure compliance with corporate standards.	Users with access to operational transactions and setup might change configuration to cover-up information on transactions.	The combined provided set of responsibilities does not provide user accounts with access to both operational transactions and setup.	Determine for each user account with access to setup responsibilities that no responsibilities with access to operational transactions have been provisioned.
AD10	Access to Data	SoD	The creation of user accounts is segregated from the maintenance of responsibilities, menus, and functions.	A user with access to both the user form, and the responsibilities menu, and function forms are able to change the appearance and impact of responsibilities; as well as, assign these responsibilities to themselves and perform transactions.	Access to both the user form, as well as the responsibilities menu, and function forms are segregated. No responsibility exists that combines the mentioned forms. No user account exists that combines the mentioned forms.	Determine which responsibilities include the user form Determine which responsibilities include the responsibilities menu and function forms Determine that no responsibility exist with both Determine that no user account exists with access to both. Perform a test on identify if any user account combines these two roles

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
AD11	Access to Data	Password	Unauthorised access to the database should be prevented.	Module related database accounts with their standard passwords are used to gain access to the database. As part of a patch installation, these accounts may be reset to the default passwords.	Passwords for module related database accounts are reset after patches have been installed.	Verify that passwords for the schema accounts for each module (e.g., GL, AP, AR, FA, PO, etc.) have been changed from the default settings. Perform CAATs on database users that have not change their password and enquire on the reason CAATs GITC/PW/01
AD12	Access to Data	Password	Password settings are in line with entity regulations.	Inadequate password settings might provide easy access to the application.	The following system profile options may be set: • Sign on Password Failure Limit • Sign-on Password Hard to Guess • Sign-on Password Length • Sign-on Password No Reuse.	Evaluate the following system profile options to determine whether the recommended setting have been configured: • Sign-on Password Failure Limit: • Sign-on Password Hard to Guess: not required • Sign-on Password Length: • Sign-on Password No Reuse: Yes.

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
AD13	Access to Data	Security Audit	Security audit functionality is used to monitor security-related events.	User access security events are not traced, logged, or monitored appropriately. Breaches in security are, therefore, not analysed for trends and no preventative action is taken.	Security events are logged and reviewed on a regular basis.	Determine that procedures have been established to regularly review security events logged Determine that procedures have been established to regularly follow-up on issues resulting from the security event logging reviews Determine the level the profile option 'Sign-on: Audit Level' is set at.
AD14	Access to Data	Security Audit	Security audit functionality is used to monitor users who are locked.	Locked user accounts are not regularly reviewed and investigated and therefore attempts at unauthorised entry may go unnoticed.	User accounts that have been locked are periodically reviewed.	Validate whether management periodically reviews the 'Sign-on Audit Unsuccessful Logins Report.' Run the 'Sign-on Audit Unsuccessful Logins Report' to identify potential abnormalities.
AD15	Access to Data	Security Audit	Security audit functionality is used to monitor users who have never signed on to help ensure compliance with security policies.	Dormant user accounts remain available on the system; and, if undetected, may be used for unauthorised access into the system.	Users IDs that have never signed on and/or changed their passwords are identified and investigated.	Determine that procedures have been established to regularly review accounts that have never signed on or still use their default passwords. Obtain sample evidence to verify that reviews are performed on user accounts

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
AD16	Access to Data	Security Administration	The number of concurrent logins allowed is limited for each user.	Users are able to log into the system in several concurrent sessions that may impact system performance; or, unauthorised sharing of user IDs may occur.	Business Event: "oracle.apps.icx. security.session .created" is enabled to help ensure that the number of concurrent logins is limited for each user.	Verify through observation that a user cannot login multiple times without first logging out.
CO1	Computer Operations	Business Continuity Plan (BCP) / Disaster Recovery Plan (DRP)	Management has implemented appropriate backup and recovery procedures to ensure that data, transactions and programs that are necessary for financial reporting can be recovered	The entity may be unable to manage various disaster scenarios and thus adversely affect the ability of the entity to resume full entity operations within a reasonable time frame.	A formalised BCP/DRP is initiated by the appropriate person in the event of a disaster	Obtain the BCP and DRP and ascertain if they cover the performance of the following amongst others; • Identification of critical IT assets • Business impact analysis • Recovery of critical assets • Key contacts in the event of a disaster, etc. Verify the existence of requisite recovery infrastructure. Also verify if a key contact in the plan is aware of his/her role in the event of a disaster. Obtain and review the details of the DRP test schedule for adequacy.

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						Also review relevant documentation to ascertain that management performs periodic testing of the DRP and document their findings.

For exceptions /new risks identified during the testing of the DRP obtain evidence confirming that these have been addressed and the DRP updated.

Review the practice of taking backup and storage devices to ascertain its adequacy and verify if backup tapes / drives are properly labelled. |
| CO2 | Computer Operations | Anti-virus | Critical data, software and hardware are protected from the adverse effects of computer viruses | Critical data and information could be adversely affected by computer viruses. | Anti-virus procedures are in place and are applied to ensure all systems have the latest anti-virus definitions deployed on them | Obtain existing anti-virus policy and procedures documentation and review the documentation/practice as applicable to ascertain its adequacy in ensuring that anti-virus programs are promptly deployed to all workstations in the entity.

Check a sample workstation and a server system to ascertain the |

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						implementation of the latest anti-virus update. Review randomly selected workstations and determine if they are automatically and promptly updated with latest anti-virus definitions from the anti-virus server
CO3	Computer Operations	Help desk	Management has controls in place to ensure that system problems that could potentially impact the financial reporting process are identified and resolved in a timely manner.	Incidents will not be logged and addressed in a timely manner	A problem management system (i.e. Helpdesk) has been defined and implemented to ensure that all abnormal operational events i.e. incidents, problems and errors etc. are recorded, analysed and resolved in a timely manner.	Obtain and review the helpdesk procedures for adequacy. Also ascertain the existence of a helpdesk tool for managing user problems and incidents. Also ascertain the adequacy of the helpdesk function in meeting the needs of the entity
PC1	Program Changes	Authorisation	Authorisation of system, application and infrastructure changes by an appropriate level of business and IT management prior to development helps to ensure that changes will meet the	Changes to IT systems may be done without the necessary approval	The change management process includes approvals by the appropriate level of business and IT management and	**Inquire** as to the entity's process for making changes to systems and applications **Inspect** relevant policies, procedures and related

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
			user requirements and support the financial reporting objectives		communicated to IT and user personnel	documentation for change management and determine whether the process for making changes to systems and applications is appropriate. Select a sample of changes made and determine whether the changes were authorised by an appropriate level of business and IT management

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
PC2	Program changes	Testing and approval of changes	Changes to systems and applications are tested by an appropriate level of business and IT management prior to migration to the production environment	Changes may not be tested before deploying in the production environment		**Inquire** as to the entity's process for testing changes to systems and applications. Consider: test strategy, nature and extent of testing, resolution of errors, individuals involved in testing, etc. **Inspect** relevant documentation for a change of an in-scope information system and determine whether the entity's approach to testing systems and applications is adequate and includes an approval by business and IT management prior to migration to production. *(If there was more than one change to the systems and applications, select an appropriate sample.)* Obtain the original change request for each selected change and determine whether the changes were adequately tested in accordance with the entity's program change process and whether appropriate approvals were

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						obtained prior to migration to production
PC3	Program Changes	Migration to the production environment	Only limited number of personnel have access to migrate changes to the production	Unauthorised personnel could have access to migrate changes to the production environment.	Changes to production libraries/directories are recorded and the migration of changes to production environment is restricted to change management personnel.	Inquire as to the entity's process for migrating changes to the production environment. Inspect the list of change management personnel authorised to implement changes to production libraries/directories and determine whether the listed users are appropriate

Inspect relevant documentation to determine whether changes are recorded.

Observe a change to determine that the change is logged.

(If there was more than one change to the systems and applications, select an appropriate sample) **Inspect** relevant documentation for each selected change to determine whether changes were recorded and properly authorised prior to migration to production. |

C.2   Procure to Pay Process

C.2.1   Generation of Warrants

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL ACTIVITY	TEST OF CONTROL
WA1	Accuracy	Application for warrants is properly authorised.	An unauthorised individual may authorised the application of warrants. This may lead to unauthorised purchases of goods and services	Only properly authorised individuals can sign for warrants applications	1 Through inquiry and inspection of documentation obtain management approved list of personnel who can authorise warrants application 2 Obtain list of warrants application letters for the period under review and verify whether the applications were authorised by an authorised personnel
WA2	Accuracy	Warrants application letters are created only by properly authorised personnel	Letters created by unauthorised users may result in inappropriate procurement of goods and/or services	Only properly authorised individuals can create warrants application letters	1 Obtain and review the management approved list with supporting documentations of users who can create application letters 2 Obtain list of application letters for the period under review and verify whether they were created by an authorised personnel

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL ACTIVITY	TEST OF CONTROL
WA3	Completeness	A complete record of warrants applications are maintained	Warrants applications may be deleted or destroyed in order to conceal inappropriate activity	Sequential numbers are given to warrants applications	1. Through inquiry of management ascertain whether sequential numbers are given to warrants applications 2. Generate a list of warrants applications for the period under review and ascertain whether they were numbered sequentially
WA4	Accuracy	Warrants applications are approved by appropriate personnel.	Applications approved by unauthorised personnel may result in the unnecessary or inappropriate procurement of goods and/or services.	Approval Hierarchies has created for each and every MDA according to their business process	1. Through inquiry of management and inspection of documentation obtain and review approval hierarchies for warrants applications. 2. Generate a list of approved applications and verify whether they were approved by an in individual with the appropriate level of authority
WA5	Accuracy	All approved warrants are processed.	Unprocessed warrants may result in supply shortages causing delays in business operations.	Unprocessed warrants are reviewed and investigated to determine the cause for delayed processing	1. Generate a list of approved warrants for the period under review 2. Through inquiry of management and inspection of documentation, determine whether management has a policy that determines the period for processing approved warrant and if procedure is in place for reviewing and investigating delays 3. Identify approved warrants that were not processed within the approved or agreed period
WA6	Completeness	All approved warrants are recorded completely in the GIFMIS system	Incomplete warrants may result in additional investigation or follow-up during the procurement process.	System prompts end users of required fields. Hence warrants are recorded accurately in the GIFMIS system	1. Through inquiry, verify whether the system has been configured for mandatory completion of required fields when processing warrants 2. Perform a walk through to verify that warrants can only be processed after completing the required fields 3. Perform tests to identify whether there were any warrants that were processed without completing the required fields

C.2.2   Purchase Requisition

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
PR1	Accuracy	Purchase requisitions are processed accurately.	Purchase requisitions created, maintained, or approved by unauthorised users may result in inappropriate procurement of goods and/or services.	Access to configuration and set-ups are restricted to authorised personnel at the GIFMIS secretariat. Unauthorised users cannot get access to the system	1 Generate a system list of personnel authorised to set up users in the system for (requisition, PO, receiving, invoicing, payment, etc.) 2 Obtain and review the management approved list with supporting documentations of personnel authorised to set up users 3 Verify appropriateness of the approval and reasonableness of the access
PR2	Accuracy	Purchase requisitions are created only by properly	Purchase requisitions created, maintained, or approved by unauthorised users may result in	Access to configuration and set-ups are restricted to authorised personnel's at the	1 Generate a system list of users having access to create or maintain purchase requisitions

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		authorised personnel	inappropriate procurement of goods and/or services.	GIFMIS secretariat. Unauthorised users cannot get access to the system	2 Obtain and review the management approved list with supporting documentations of users who can create and maintain purchase requisitions 3 Verify appropriateness of the approval and reasonableness of the access (segregation of duties)
PR3	Accuracy	All approved purchase requisitions are processed.	Unprocessed requisitions may result in supply shortages causing delays in business operations.	Open purchase requisitions are reviewed and investigated to determine the cause for delayed processing	1 Generate a system list of purchase requisitions for the period under review 2 Through inquiry of management and inspection of documentation, determine whether management has a policy that determines the period for processing purchase requisitions and if procedure is in place for reviewing and investigating delays 3 Using CAATs, identify purchase requisitions that were not processed within the approved or agreed period 4 Ascertain whether management reviewed and investigated the cause of the delays in accordance with the policy
PR4	Completeness	A complete record of purchase requisitions is maintained within the system.	Purchase requisitions may be deleted from the system in order to conceal inappropriate activity.	Sequential numbers are given to requisitions and Purchase Orders	1 Perform a walk through to verify whether purchase requisitions are numbered sequentially during processing 2 Generate a system list of purchase requisitions for the period under review 3 Using CAATs, ascertain whether purchase requisitions were numbered sequentially (PP/PR/01)
PR5	Completeness	Purchase requisitions are recorded completely and accurately.	Incomplete purchase requisitions may result in additional investigation or follow-up during the procurement process.	System prompts end users of required fields. Hence purchase requisition are recorded accurately	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when processing purchase requisitions 2 Perform a walk through to verify that purchase requisitions can only be issued after completing the required fields

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					3 Using CAATs, perform tests to identify whether there were any purchase requisitions that were processed without completing the required fields (PP/PR/02)
PR6	Accuracy	Purchase requisitions are authorised by appropriate personnel.	Purchase requisitions created, maintained, or approved by unauthorised users may result in the unnecessary or inappropriate procurement of goods and/or services.	Approval Hierarchies has been setup for each and every MDA according to their business process.	1 Generate a list of users from the system who have access to approve purchase requisitions 2 Through inquiry of management and inspection of documentation obtain and review approval hierarchies for purchase requisitions. 3 Using CAATs generate a list of approved purchase requisitions and verify whether they were approved by an in individual with the appropriate level of authority 4 Note purchase requisitions that were approved by unauthorised personnel
PR7	Accuracy	Purchase requisitions are authorised by appropriate personnel.	Purchase requisition approval limits may be modified by unauthorised users resulting in approval of a requisition by an inappropriate individual. This could result in unnecessary or inappropriate procurement of goods and/or services.	Approval hierarchy is defined on the system by authorised personnel's only.	1 Generate a list of users from the system who have access to modify requisitions approval limits 2 Through inquiry of management and inspection of documentation, obtain and review a list of authorised personnel who can modify requisition approval limits 3 Perform a walk through to verify whether a requisition limit can be modified by an unauthorised person 4 Generate a list/audit trail of all modifications to approval limits for the period under review and ascertain whether they were done by an authorised personnel
PR8	Accuracy	Purchase requisitions are authorised by appropriate personnel.	Purchase requisition approval limits may be modified by an unauthorised individual who then enters and approves an	Setting up of limits is not part of the privileges given to the users. All these controls are put in	1 Generate a system list of users who can modify approval limits and create requisitions 2 Obtain and review management list/access matrix with supporting documentation for users who can modify approval limits and create requisitions

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
			unauthorised requisition that is within the new approval limit. This could result in unnecessary or inappropriate procurement of goods and/or services.	place at the setting up of the approval hierarchy submitted by the MDA.	3 Verify whether any individual has access to functions in both groups.

C.2.3   Selection of Vendors

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	CONTROL ACTIVITIES	TEST OF CONTROL
SV1	Accuracy	Goods and services to be procured are captured in approved Procurement Plan	Unplanned purchases may result in inappropriate procurement of goods and/or services	Unbudgeted goods and services cannot be procured	1 Through inquiry and inspection of documentation ascertain how procurement of goods and services are done 2 Obtain list of goods and services procured during the period under review and verify whether they were captured in the procurement plan and budget for the period
SV2	Accuracy	Registration of vendors is done	Goods and services may not be purchased at the best	Registration of vendors are done in accordance	1 Through inquiry and inspection of documentation ascertain whether registration of vendors are

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	CONTROL ACTIVITIES	TEST OF CONTROL
		(in accordance with the Procurement Act) by an appropriate personnel	value and purchasing personnel may not purchase from approved vendors	with the Procurement Act (Act 663)	undertaken in accordance with the Procurement Act (Act 663) 2 Obtain a list of vendors from the vendor master file and verify whether they were registered in accordance with the Act 663 by authorised personnel
SV3	Accuracy	Selection and evaluation of vendors is undertaken (in accordance with the Procurement Act) by authorised personnel	Unauthorised personnel may select unqualified vendors which may lead to procurement of less quality and expensive goods and services	Selection and evaluation of vendors are undertaken in accordance with the Procurement Act (Act 663)	1 Through inquiry and inspection of documentation ascertain whether selection and evaluation of vendors are undertaken in accordance with the Procurement Act (Act 663) 2 Obtain a list signed contracts and verify whether the selection and evaluation were done in accordance with the Act 663 by authorised personnel
SV4	Accuracy	Evaluation report and recommendations are appropriately reviewed and approved by authorised personnel	Goods may be purchased at a higher price or with lower quality from an inappropriate vendor.	Evaluation reports and recommendations are reviewed and approved by authorised	1 Through inquiry and inspection of documentation verify whether management appropriately review and approve evaluation and recommendation reports 2 Obtain list of revaluation reports and supporting documentations and, ascertain whether they were appropriately reviewed and approved by authorised personnel
SV5	Accuracy	Notification letters are sent in a timely manner	Goods and services may be received late resulting in an inability to meet business requirements.	Management performs periodic reviews of notification letters and investigate any delays in sending them out	1 Through inquiry and review documentation ascertain whether management has a specific timeframe for sending our notification letters 2 Ascertain whether management instigate delays in sending out notification letters to vendors 3 Obtain list of notification letters for the period under review and ascertain whether they were sent within agreed timeframe

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	CONTROL ACTIVITIES	TEST OF CONTROL
SV6	Completeness	Acceptance letters and signed contracts are completely maintained.	Acceptance letters and signed contracts may be deleted or destroyed in order to conceal inappropriate activity.	Sequential numbers are given to all letters and signed contracts	1 Through inquiry and inspection of documentation verify whether acceptance letters and contracts are sequentially numbered 2 Obtain list of letters and contracts for the period under review and ascertain whether they were numbered sequentially

C.2.4 Purchase Order

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
PO1	Accuracy	Goods and/or services are purchased at appropriate prices.	Goods and services may not be purchased at the best value for the company and purchasing personnel may not purchase from approved vendors.	Three quotations are required for the purchase of goods or services. Quotations above a defined limit are sent to the Entity Tender Committee for approval before purchase	1 Obtain and review relevant procurement documentation from management 2 Select sample of previous bids/quotations from the period under review to ascertain whether the approved procurement process was followed (e.g. minimum number of quotation, etc.) 3 Ascertain the justification (price, supporting documentations) for selecting the approved supplier
PO2	Accuracy	Goods and/or services are purchased at appropriate prices.	Goods may be acquired at prices outside normal ranges.	Controls are configured for Price Tolerance in terms of percentage and amount.	1 Obtain and review management policy on price tolerance limits 2 Perform edit and validation checks to determine whether purchase orders can be processed outside the tolerance limits 3 Obtain a sample of purchase orders processed and ascertain whether they have been processed within the tolerance policy
PO3	Accuracy	Goods and/or services are purchased at appropriate prices from the correct vendor.	Goods may be purchased at a higher price or with lower quality from an inappropriate vendor. This may result in insufficient or poor quality after-sale service.	Only Pre-approved and VAT registered suppliers are registered in the system. Processes are in place to interface with GRA to enable GIFMIS check the authenticity of the supplier before setup. The TIN and VAT number fields are mandatory for a	1 Generate an approved system supplier list 2 Obtain and review management approved supplier list and supporting documentation. Compare management list with the system generated list 3 Perform CAATs to ascertain that all goods/services are procured from approved suppliers (PP/PO/02)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
				supplier to be set up in the system	
PO4	Existence, Accuracy	Duplicate purchase orders are not processed.	Duplicate purchase orders may result in excess inventory and increased liability.	GIFMIS prevents the creation of duplicate purchase orders from the same approved requisition line.	1 Generate a system list of purchase orders for the period under review 2 Perform edit and validation checks to ascertain whether purchase orders can be processed from the same requisition line more than once 3 Using CAATs ascertain whether the same purchase order number has been used for multiple purchases (PP/PO/03)
PO5	Accuracy	Purchase orders are processed accurately.	A large volume of cancelled purchase orders may indicate that purchase order authorisation controls require strengthening.	Cancellation of Purchase Orders can only be done by authorised personnel.	1 Through inquiry of management and inspection of documentation, determine whether management reviews the volume of cancelled purchase orders. 2 Generate a system list of cancelled purchase orders for the period under review 3 Ascertain whether the cancelled purchase orders were done by authorised personnel 4 Through inquiry of management and inspection of sample purchase orders, determine whether supporting documentation related to each purchase order is retained
PO6	Existence	Purchase orders are processed accurately.	Lack of oversight may cause purchase order errors to go undetected.	Supporting documentation for each purchase order is retained and should be readily available for reference (i.e., copies of purchase requisitions, purchase orders, supporting documentation, and stores receipt advice/Note).	
PO7	Accuracy	Purchase orders are numbered to prevent duplicate processing.	Duplicate Purchase Orders may lead to the acquisition of unnecessary goods and services. In addition,	GIFMIS prevents the creation of duplicate purchase orders from the same approved	1 Generate a system list of purchase orders for the period under review 2 Using CAATs ascertain whether purchase orders are uniquely numbered

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
			purchase orders may be deleted resulting in a diminished ability to detect inappropriate purchase orders that have previously been processed.	requisition line. Purchase orders are uniquely numbered within GIFMIS	3 Using CAATs ascertain whether the same purchase order number has been used for multiple purchases (PP/PO/01)
PO8	Accuracy	Purchase orders are created by appropriate personnel	Purchase orders may be entered or modified by unauthorised personnel leading to a misstatement of expenditures, fraudulent activities, or acquisition of unnecessary items.	Access to create and update purchase orders is restricted to authorised individuals.	1 Generate a system list of personnel authorised to create and maintain create purchase orders 2 Obtain and review the management approved list with supporting documentations of personnel authorised to create and maintain purchase orders 3 Verify appropriateness of the approval and reasonableness of the access
PO9	Accuracy	Purchase orders are created by appropriate personnel.	An individual may assign themselves as a buyer and create a purchase order. This may allow the individual to commit the organisation to purchase inappropriate goods or services without detection.	In the approval hierarchy the Buyer is assigned to only those who create the purchase orders.	1 Generate a system list of personnel authorised to create and maintain create purchase orders 2 Obtain and review the management approved list with supporting documentations of personnel authorised to create and maintain purchase orders 3 Verify the users do not have access to others conflicting functions like access to assign buyers and access to modify approval limits (segregation of duties).
PO10	Accuracy	Purchase orders are created by appropriate personnel.	An individual may increase their approval limit without authorisation and subsequently enter and approve a purchase order that exceeds their original approval limit. This could lead to the acquisition of unnecessary items or to fraudulent activities.	Approval hierarchy is defined on the system by authorised personnel's only. Approval limits are hence defined in the approval hierarchy by authorised personnel	

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
PO11	Existence	Purchase orders can only be generated from approved requisitions.	Unauthorised creation of purchase orders may result in increased expenditures and the acquisition of unapproved items.	The auto creates functionality within GIFMIS only processes Purchase Orders from Approved Requisitions.	1 Generate a system list of unapproved purchase requisitions. 2 Using the "Auto Create function", generate a purchase order from a sample of the unapproved purchase requisitions to ascertain whether purchase orders can be processed from unapproved purchase requisitions 3 Generate a system list of purchase requisitions and purchase orders for the period under review. 4 Using CAATs, match them to ascertain whether the purchase orders were created from approved requisitions (PP/PO/04)
PO12	Accuracy	Purchase Orders are created based on approved budgets.	Raising Purchase Orders without defining budgets could result in the incurring of unexpected high expenses.	GIFMIS is configured to prevent the creation of purchase orders in excess of defined budgets.	1 Obtain and review the budgetary allocation for the period under review 2 Perform walkthrough to verify if a purchase order can be generated in excess of defined budgets 3 Generate a system list of purchase orders for the period under review 4 Using CAATs compare the total budgetary allocation to the total purchase orders approved for the period.
PO13	Accuracy	Purchase orders are authorised by appropriate personnel.	Purchase orders may not be properly authorised according to company policy resulting in unauthorised acquisition of goods.	Purchase order approval limits are configured within the system.	1 Generate a system list of users from the system having access to approve purchase orders 2 Through inquiry of management and inspection of documentation obtain and review approval hierarchies for purchase orders 3 Using CAATs generate a list of approved purchase orders and verify whether they were approved by an authorised person 4 Note any purchase orders that were approved by unauthorised personnel
PO14	Accuracy	Purchase orders for services are	Services may be procured without proper authorisation.	Purchase orders are created and approved	1 Obtain a listing of all purchases procured for the period

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		authorised by appropriate personnel.		for all purchases of services.	2 Using CAATs ascertain whether they have been approved by the appropriate personnel
PO15	Accuracy	Releases against blanket purchase orders are authorised by appropriate personnel.	Unauthorised personnel may create releases against blanket purchase orders causing inappropriate procurement of goods or services.	The ability to create releases against blanket purchase orders is restricted to authorised personnel.	1 Identify users having access to release blanket purchase orders 2 Through inquiry of management and inspection of documentation obtain and review a list of authorised personnel who can release blanket purchase orders 3 Perform a walk through to verify whether blanket purchase orders can be released by an unauthorised person
PO16	Completeness	Purchase orders are recorded completely.	Incomplete recording of Purchase Orders can result in inappropriate procurement, incorrect accounting, and incorrect printing of the purchase order.	Only complete and approved purchase orders can be processed.	1 Through edit and validation checks verify whether the system has been configured for mandatory completion of required fields when processing purchase orders 2 Using CAATs, perform tests to identify whether there were any purchase order that were processed without completing the required fields (PP/PO/05)
PO18	Accuracy	Purchases are recorded to correct expense accounts.	Incorrect coding of purchase orders could lead to inaccurate recording of expenses on the general ledger.	The correct expense accounts are debited for purchase orders created in GIFMIS as each transaction is matched to the warrant which contains the expense account	1 Through inquiry of management and inspection of process documentation, determine the process for recording purchases to the correct expense account. 2 Ascertain whether recording of purchases to expense accounts are reviewed and approved by authorised individual 3 Select a sample of purchase orders and ascertain whether they were coded correctly to the relevant expense account
PO19	Completeness	All applicable taxes are captured on purchase orders.	Improper recording of taxes may result in statutory penalties.	Appropriate VAT rates are available for application at the time	1 Through inquiry of management and inspection of process documentation, determine whether VAT rates are applied at the time a purchase order is created.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
				of purchase order creation.	2 Generate a system list of purchase orders to ascertain whether applicable VAT rates were applied during processing.
PO20	Accuracy	Payment terms are accurately captured on the purchase order.	Incorrect payment terms may be included on a purchase order. This may result in payment of the related invoice based on terms that are unfavourable to the company.	Correct payment terms are applied to each purchase order at the time of creation.	1 Through inquiry of management and inspection of documentation, determine the process that is followed for assigning payment terms when creating a purchase order 2 Generate a system list of purchase orders to ascertain whether payment terms were applied during processing.
PO21	Completeness	Only purchase orders that have been approved within Oracle Purchasing are issued.	Unapproved purchase orders could be printed from Oracle or manual purchase orders could be created outside the system resulting in procurement of unnecessary items and incomplete recording of financial commitments.	Only approved purchase orders can be processed. Purchase orders are only issued from GIFMIS	1 Through inquiry of management and inspection of documentation, determine whether management limits the "Printed Purchase Order" report (or equivalent) to printing only approved purchase orders 2 Additionally, determine whether any manual purchase orders are prepared outside Oracle Purchasing 3 Generate a list of purchase orders issued and match them to approved requisitions, stores receipt advice and invoice to ascertain whether the purchase orders was created and approved in the system(Three Way Match)
PO22	Completeness	All project related expenses are attributed to the correct project.	Expenses may not be recorded against the correct project, resulting in an inaccurate representation of project profitability.	Currently within the Chart of Account there is a project segment where all projects would be coded.	1 Through inquiry of management and inspection of process documentation, determine the process for associating purchase orders for project related expenditures with the relevant project 2 Ascertain whether responsibilities assigned to approvers for purchase orders includes ensuring that project-related purchases are coded correctly to the project. 3 Select a sample of purchase orders and ascertain whether they were coded correctly to the relevant project

C.2.5 Vendor Management

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
VM1	Accuracy	Active vendor list is accurate.	Active vendors deleted from the system may result in an incomplete audit trail.	The system is configured to make vendors inactive in the system.	1 Obtain and review management policy on inactive Vendors 2 Obtain the listing of Vendors with recent trade activity and ascertain the appropriate application of the policy
VM2	Accuracy	Changes to vendor master data are authorised	Inaccurate or inappropriate vendor information may be modified in the vendor files causing funds to be distributed to incorrectly.	Modifications to vendor information are approved by management and can be configured only by authorised personnel	1 Generate a system list of vendors that have been created or modified within the period under review 2 Perform inquiry of management to determine whether procedures are in place to approve modifications to vendor information 3 Obtain and review documentation evidencing management review of changes for the period under review
VM3	Accuracy	Changes to vendor master data are authorised	Inappropriate or inaccurate changes are not detected in a timely manner by management	Reports for changes to vendor master data are reviewed by management regularly to identify unusual or improper modifications.	1 Obtain reports on changes to vendor master data for the period and ascertain whether they are regularly reviewed by management
VM4	Accuracy	Vendor master data is accurate and complete.	Duplicate vendors may result in a duplicate payment of an invoice thus overstating expenses.	The system provides a warning message if a potentially duplicate vendor is identified.	1 Inquire from management whether procedures are in place to periodically review duplicate vendors 2 Perform edit and validation checks to ascertain whether the system allows the existence of duplicate vendors 3 Using CAATs ascertain whether there are duplicate vendors (address fields, telephone numbers, bank accounts and other relevant fields) in the vendor master file (PP/VM/01)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
VM5	Completeness	Vendor master data is accurate and complete.	Incomplete data may result in delayed processing or incorrect invoicing.	A periodic review of vendor master data is conducted by appropriate personnel.	1 Perform an inquiry of management to determine whether management periodically reviews vendor data (TIN Number, Address, Name, Bank Account and other relevant fields) 2 Select sample of vendor documentation to ascertain whether management periodically reviews vendor data
VM6	Completeness	Vendor master data is accurate and complete	Incomplete data may result in delayed processing or incorrect invoicing.	Required vendor fields are completed in the system.	1 Perform edit and validation checks to ascertain whether the system has been configured for mandatory completion of required fields when creating a vendor master file 2 Perform a walk through to verify that a vendor master file can only be created after completing the required fields 3 Using CAATs, perform tests to identify whether required fields are missing for any vendors (PP/VM/02)
VM7	Accuracy	Vendor payment terms are appropriate.	Inappropriate payment terms may not comply with the organisations policy, jeopardising the ability to maximise cash flow and maintain vendor relationships.	Payment terms are assigned to each vendor.	1 Generate a system list of vendors for the period under review and verify whether each vendor has payment terms assigned to them 2 Obtain and review the approved vendor payment terms for the period under review from management 3 Review payment terms for appropriateness
VM8	Accuracy	Vendor remittance is directed to the appropriate payee.	Payments may not be applied to the vendor(s) account timely, resulting in additional follow up to resolve the matter with the vendor.	Payments to an alternate payee are reviewed and approved by management.	1 Generate a system list of payments for the period under review 2 Through inquiry verify whether there are policies and procedures for timely and accurate payments to vendors 3 Using CAATs ascertain whether payments were applied timely and appropriate payee
VM9	Accuracy	Vendors are evaluated periodically.	The business may be procuring goods and/ or services from substandard	The tender committee board evaluates	1 Obtain and review documentation (tender committee meeting minutes etc.) on the vendor appraisal process from management

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
			suppliers, i.e. less than optimal price, quantity unreliability, and delivery record poor.	vendors' performance regularly.	2 Obtain and review documentation evidencing the vendor appraisal process for sample of vendors

C.2.6 Receiving

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
RC1	Accuracy	Goods receipts are properly authorised.	An unauthorised individual may process a receipt of goods inappropriately. This may lead to an overstatement of inventory and A/P liabilities.	Only properly authorised individuals have access to the Receipts responsibility	1 Generate a system list of users having access to the receipts function 2 Obtain and review management approved list with supporting documentation (organisation charts, job description etc.) of users having access to the receipts function 3 Verify that access is appropriate according to job function and users do not have access to others conflicting functions (segregation of duties)
RC2	Accuracy	Goods receipts are properly authorised.	An individual may modify a receiving configuration in order to allow inappropriate receipts and then process an inappropriate receipt. This could lead to overstatement of on-hand inventory and liabilities.	Access to functions allowing modification of receiving configurations and entry of receipts is segregated.	1 Generate a system list of users having access to functions allowing them to modify receiving configurations and entry of receipts 2 Obtain and review management approved list with supporting documentation of users having access to functions allowing them to modify receiving configurations and entry of receipts 3 Through inspection of the query results, verify whether any individual has access to functions in both groups
RC3	Accuracy	Goods are safeguarded following receipt.	An individual may process a receipt, misappropriate items, and process a cycle count or physical inventory adjustment to conceal the theft.	Stores receipt advice can only be performed by authorised personnel's only. Only properly authorised individuals have access to the responsibility.	1 Generate a system list of users having access to functions allowing them to enter receipts 2 Obtain and review management approved list with supporting documentation of users having access to functions allowing them to enter receipts 3 Through inspection of the query results, verify whether any individual has access to functions in both groups.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
RC4	Accuracy	Goods receipts are properly authorised.	An individual may process both a purchase order and a receipt for fictitious items from themselves or a vendor they are colluding with. This may lead to a payment being issued for goods that were not received.	Access to functions allowing the processing of purchase orders and receipts is segregated.	1 Generate a system list of users having access to functions allowing them to enter purchase orders and receipts 2 Obtain and review management approved list with supporting documentation of users having access to functions allowing them to enter purchase orders and receipts 3 Through inspection of the query results, verify whether any individual has access to functions in both groups
RC5	Accuracy	Goods are received in a timely manner.	Goods may be received after the requested date, resulting in an inability to meet sales order deadlines committed to customers or an inability to meet manufacturing requirements.	GIFMIS has the control mechanism to prevent the receipt of late arrival of goods and services within the specified days.	1 Through inquiry and inspection of documentation, determine whether the system has been configured to reject and accept goods received within a period defined by management 2 Generate a system list of goods received for the period under review 3 Perform a walkthrough to verify whether the system has been configured to reject and accept goods within a defined period 4 Using CAATs, identify goods that were not received within the approved period
RC6	Accuracy	Late shipments are detected in a timely manner.	Late shipments may remain undetected, resulting in the inability to resolve issues and the unavailability of required items. In addition, the organisation may fail to take advantage of applicable penalty clauses for delayed shipment that are included in the contracts with vendors.	Management performs periodic reviews of the "Overdue Vendor Shipments Report" to identify any overdue shipments.	1 Generate a system list of overdue shipment records reports 2 Obtain and review approved shipment records with supporting documentation 3 Through inspection of the overdue shipment reports verify evidence of review by management

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
RC7	Completeness	Services rendered are recorded accurately and in a timely manner.	Improper or untimely receipt of services rendered may result in an understatement of liabilities related to services rendered.	Receipts for services rendered are recorded within GIFMIS in a timely manner.	1 Through inquiry and inspection of policies, procedures and process documentation, determine whether there is a policy requiring that goods receipts are recorded in the system at the same time the goods are physically received 2 Generate a system list of goods receipts for the period under review 3 Ascertain whether management performs cycle counts or physical inventory counts to provide that actual on-hand inventory balances match system on-hand balances 4 Through inspection of the overdue vendors shipping report which highlights purchase orders for which items have not been received beyond the expected receipt date verify evidence of review by management
RC8	Completeness	Goods received are supported by proper documentation.	Insufficient documentation may lead to difficulties when attempting to resolve issues related to a receipt or to a return of goods to the vendor.	All deliveries are supported by signed goods received notes which identify the vendor, date, description, and quantity of goods delivered.	1 Obtain and review approved policies, procedures, and process documentation of the goods receipt process 2 Generate a system list of deliveries for the period under review 3 Select a sample of deliveries to verify whether a delivery is supported by signed goods received note which identify the vendor, date, description, and quantity of goods delivered
RC9	Accuracy	Goods received quantities accurately match the quantities of goods ordered.	Goods received in excess of the ordered quantity could result in the over booking of liabilities, fraudulent activities, and improper accounting for expenses.	System is configured to only accept quantity ordered.	1 Through inquiry and inspection of documentation determine whether the system has been configured to reject goods that exceed defined tolerance levels 2 Generate a system list of deliveries for the period under review 3 Perform a walkthrough to verify whether the system has been configured to reject goods that exceed defined tolerance levels

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
					4 Using CAATs ascertain whether the system accepts goods that exceed defined tolerance levels (PP/RC/03)
RC10	Accuracy	The quality of goods received should match the specifications stated in the Purchase Order.	Defective goods may be received into inventory and paid for. This may lead to an overstatement of the value of on-hand inventory.	Four-Way matching functionality in GIFMIS is used to provide that goods are paid for only after being received, inspected and delivered to stores to help ensure they are of an appropriate level of quality.	1 Generate a system list of goods receipts for the period under review 2 Obtain and review approved documentation to verify that goods received are inspected, delivered to the appropriate personnel and adequately signed off. 3 Perform a work through to verify whether goods receipt are inspected, delivered to the appropriate personnel and are adequately signed off 4 Using CAATs, ascertain whether goods paid for have been received.
RC11	Accuracy	Goods receipt quantities are entered accurately within Oracle purchasing.	Goods receipt quantities may not be entered accurately. This may lead to an overstatement of the value of on-hand inventory as well as payment for goods that were not actually received	Since receipts are done from related purchase orders, quantities come up by default once the purchase order number is entered	1 Generate a system list of goods receipts for the period under review 2 Perform a walk through to verify whether the individual entering a receipt cannot view the quantity indicated on the purchase order 3 Using CAATs, verify that goods receipts quantities on the purchase order match with goods receipts quantities on the goods receipt note (PP/RC/04)
RC12	Completeness	Goods receipts are completely recorded within Oracle.	Incomplete recording of Purchase Orders may result in understatement of goods receipts; and, therefore, on-hand inventory quantities and A/P liabilities.	Required fields must be completed when entering a goods receipt in GIFMIS	1 Perform edit and validation checks to verify whether the system has been configured for mandatory completion of required fields when processing goods receipts 2 Perform a walk through to verify that a goods receipt can only be processed after completing the required fields 3 Using CAATs, perform tests to identify whether there were any goods received that were processed without completing the required fields

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
RC13	Accuracy	Damaged Goods are returned in a timely manner.	Damaged goods may not be returned to the supplier in a timely manner. This may lead to failure to return the items within the timeline established with the vendor. In addition, damaged items may be sold or utilised in manufacturing processes.	Damaged items are identified and returned to the vendor in a timely manner.	1 Generate a system list of damaged goods returned to vendors 2 Obtain and review process documentation on how damaged goods are managed and whether they are segregated from usable goods and returned promptly 3 Perform a walk through to verify whether damaged goods are segregated from usable goods and are returned promptly to vendors. Obtain evidence of receipt from vendors
RC14	Completeness	Receipts are completely recorded within Oracle.	Goods receipts may be deleted from the system. This could lead to an inability to detect inappropriate or fraudulent receipts.	Goods receipt documents are assigned consecutive and unique document numbers.	1 Perform a walk through to verify whether goods receipts are assigned consecutive and unique numbers during processing 2 Generate a system list of goods receipts for the period under review 3 Using CAATs verify whether goods receipt documents are assigned consecutive and unique numbers and there are no gaps in numbering. (PP/RC/01)
RC15	Existence	Duplicate entry of receipts is prevented.	Goods receipts may be entered multiple times, resulting in an overstatement of inventory value.	Duplicate entry of receipts is prevented. Purchase orders received once are closed for other receipts.	1 Perform a walk through to verify whether a goods receipt number can be used more than once 2 Generate a system list of goods receipts for the period under review 3 Using CAATs verify whether a goods receipt number has been used more than once in the system (PP/RC/02)
RC16	Accuracy	Adjustments to goods received are correctly recorded.	Inappropriate or inaccurate adjustments to goods receipts may be recorded within Oracle, leading to misstatement of inventory balances.	Only authorised users have access to modify goods receipts.	1 Generate a system list of users having access to modify goods receipts 2 Obtain and review management approved list with supporting documentation of users having access to functions allowing them to modify goods receipts in the system 3 Perform a walkthrough to verify whether goods receipts can be modified by an unauthorised person

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
					4 Using CAATs generate a list of goods receipts that were modified during the period and verify whether they were modified by authorised personnel
RC17	Accuracy	Goods received are accurately recorded.	Consignment inventory may be valued inaccurately.	GIFMIS is configured to appropriately value consignment inventory.	1 Through inquiry and inspection of documentation determine whether the system has been configured to value consignment inventory automatically 2 Generate a system list of goods received for the period under review 3 Perform a walkthrough to verify whether the system has been configured to value consignment inventory automatically
RC18	Accuracy	Goods received are accurately recorded.	Accruals for uninvoiced receipts may be posted to incorrect general ledger accounts resulting in a misstatement of accounts payable liabilities.	Accruals for uninvoiced receipts are recorded to appropriate general ledger accounts.	1 Perform a walk through to verify whether accruals for un invoiced receipts are recorded to appropriate general ledger accounts 2 Generate a system list of un invoiced receipts for the period under review 3 Using CAATs, extract all un invoiced receipts and verify that they been posted to the appropriate general ledger codes

C.2.7   Invoice Processing

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
IP1	Accuracy	Goods receipts and invoices are appropriately accounted for in the system.	Goods receipts and accounts payable accruals may be incompletely or inaccurately accounted for. This may lead to a misstatement of accounts payable liabilities.	Account mapping controls are configured to post goods receipts and accounts payable accruals to appropriate accounts.	1 Inspect system configuration to verify that goods receipts and accounts payables accruals are posted to their correct accounts 2 Ascertain management periodic review of goods receipt and accounts payable accruals postings into appropriate accounts
IP2	Accuracy	Foreign currency Invoices are accurately posted to the correct accounts in the general ledger.	Exchange rate and rounding differences for payments in a foreign currency may be posted inaccurately to the general ledger.	Exchange rate and rounding differences for payments are configured appropriately to post to correct GL accounts.	1 Using CAATs, extract exchange rate rounding differences for payments during the period and ascertain that they were posted to the appropriate general ledger accounts
IP3	Accuracy	Intercompany payable transactions are recorded accurately and completely.	Intercompany payable transactions may not be completely or accurately posted to the general ledger resulting in a financial misstatement.	Affiliated company (intercompany) transaction reconciliations are reviewed and approved by management.	1 Through inquiry of management and inspection of documentation, determine whether management has a policy that determines how affiliated entities transactions reconciliations are reviewed and approved 2 Generate a system report for reconciliations of each affiliated entity account 3 Ascertain whether management reviews and approves affiliated entities transaction reconciliations
IP4	Accuracy	The Accounts Payable sub-ledger is complete and accurate.	Accounts payable transactions may not be recorded completely and accurately resulting in a misstatement of the accounts payable balance.	Incomplete Accounts payable transactions are taken care of during the Period End Process.	1 Through inquiry of management determine whether management reconciles supplier statements to the accounts payable sub-ledger

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					2 Inspect documented evidence that supplier statements are received and reconciled to the accounts payable sub-ledger
IP5	Accuracy	Invoices are posted completely and accurately.	Inappropriate or inaccurate invoices may not be identified prior to posting. This could lead to a misstatement of accounts payable liabilities.	Management reviews invoice batches to provide appropriateness prior to posting.	1 Through inquiry and inspection of documentation, determine whether the invoices batches are reviewed by management before they are posted
IP6	Accuracy	Invoices are accurately matched to purchase orders.	Payments may be processed for goods that have not yet been received or that are priced inappropriately given the purchase order price.	The system has been configured to perform automatic matching of the invoice, receipt, and purchase order.	1 Inspect system configuration to verify that automatic matching of invoices, receipt and purchase order is performed.
IP7	Completeness	Invoices are entered into the system completely.	Liabilities may be understated due to failure to key all invoices into the system.	Invoice register report provides management data about complete, incomplete, cancelled, approved, rejected invoices	1 Through inquiry of management and inspection of documentation, ascertain whether management periodically reviews the invoice register for propriety
IP8	Accuracy	Invoices are entered into the system accurately.	Management may fail to detect invoices that have been inappropriately released from hold, leading to inappropriate payments to suppliers.	Holds can be released by authorised personnel. Budgetary related holds can't be released even by the administrator. Releasing holds have been disabled for all End users. There are system holds that	1 Through inquiry of management and inspection of documentation, determine whether management reviews invoices that have been released from hold 2 Using CAATs, verify that invoices that were released during the period were released by authorised personnel

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
				comes automatically and releases once the correct thing has been done.	
IP9	Accuracy	Invoices are entered into the system accurately.	Invoice amounts may be inaccurately entered, resulting in overpayment or underpayment of suppliers.	System is configured to accept amounts tallying with the purchase orders. Functionality exists in oracle but yet to be utilised.	1 Using CAATs, match invoice amounts to purchase order amounts to ascertain that there are no deviations or deviations are within the tolerance limits (PP/IP/03)
IP10	Accuracy	Invoices are entered into the system accurately and only once.	Invoices may be paid by the company multiple times.	Controls prevent the invoice being entered more than once within the system.	1 Through inquiry of management and inspection of documentation, determine whether management has established procedures for numbering invoices entered into the system 2 Using CAATs, verify that there are no duplicate invoices that has been processed with the same supplier number and invoice number (PP/IP/01)
IP11	Accuracy	Invoices are authorised for payment by appropriate personnel.	Expenditures may occur without proper authorisation.	Only authorised personnel defined in the approval hierarchy can approve invoices for payment	1 Generate a system list of personnel authorised to approve invoices for payment. 2 Through inquiry of management and inspection of documentation obtain and review approval hierarchies for approving invoice for payment. 3 Perform a walkthrough to determine whether invoice can be approved for payment by an unauthorised person. 4 Using CAATs generate a list of approved invoices for payment and verify whether they were approved by an authorised person.
IP12	Accuracy	Invoices are authorised for	Invoices and credit memos may be unintentionally and	The ability to post invoices and credit	1 Generate system list of users having access to post and release invoices and credit memos

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		payment by appropriate personnel.	inappropriately posted by users. This may result in inappropriate payments to suppliers and misstatements of liabilities.	memos or release invoices from hold is restricted to appropriate users.	2 Obtain and review the management approved list with supporting documentations of users who can post and release invoices and credit memos 3 Perform a walkthrough to determine whether other users can post and release invoices and credit memos 4 Using CAATs generate a list of posted invoices and verify whether they were posted by an authorised person
IP13	Completeness	Items received are appropriately paid for in a timely manner.	Items may be received without a corresponding invoice. Without appropriate invoices, receipts may not be paid for in a timely manner. This may lead to penalties or interest charges.	Management monitors un-invoiced receipts to provide resolution in a timely manner.	1 Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Uninvoiced Receipts Report" to identify receipts that have been entered and have not been matched to invoices. 2 Using CAATs, generate a list of entered receipts and ascertain whether they have not been matched with invoices 3 Not any exceptions
IP14	Completeness	Items received are appropriately paid for in a timely manner.	Invoice holds may not be reviewed in a timely manner resulting in delayed payment of invoices. This may lead to penalties or interest charges.	Management monitors invoices that are on-hold to provide resolution in a timely manner.	1 Through inquiry of management and inspection of documentation, determine whether management monitors invoices that are on-hold to help ensure resolution of conditions causing holds in a timely manner.
IP15	Completeness	Required invoice data is entered into the system.	Incomplete invoice entry may lead to a misstatement of liabilities and a failure to pay invoices in accordance with the payment terms.	Required fields provide that invoice data is keyed completely.	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when invoice data is entered into the system 2 Perform a walk through to verify that an invoice can be processed after completing the required fields 3 Using CAATs, perform tests to identify whether there were any invoices processed without completing the required fields (PP/IP/02)
IP16	Accuracy	Invoices are processed only	Allowing users to perform incompatible duties may result	Access to process supplier invoices is	1 Through system query, identify users having access to process invoices, purchase orders, and goods receipts.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		with proper authorisation.	in unauthorised payments being processed without detection.	segregated from access to perform purchasing and receiving functions.	2 Through inspection of the query results, determine whether any users that have access to process invoices also have access to enter purchase orders or receipts.
IP17	Accuracy	Invoices are processed only with proper authorisation.	Allowing users to add or modify suppliers and enter invoices may result in unauthorised disbursements of cash to suppliers.	Access to process supplier invoices is segregated from access to add or modify suppliers.	1 Through system query, identify users having access to process invoices, and add or modify suppliers, and/or supplier bank account details. 2 Through inspection of the query results, determine whether any users that have access to process invoices also have access to add or modify suppliers or supplier bank account detail
IP18	Accuracy	Invoices are processed only with proper authorisation.	Allowing users to add or modify suppliers and release invoices from hold could lead to payment of unauthorised invoices in exchange for kick-backs or other inappropriate considerations from the supplier.	Only authorised personnel have access to modify suppliers	1 Through system query, identify users having access to release invoices from hold and add or modify suppliers and/or supplier bank account details. 2 Through inspection of the query results, determine whether any users have access to functions in both groups
IP19	Accuracy	Invoices are processed only with proper authorisation.	An unauthorised individual may conceal misappropriation of inventory by entering a receipt of goods inaccurately and then releasing a hold on the related invoice. This may lead to misappropriation of assets and disbursement of funds for inventory the company did not receive.	Access to release supplier invoices from hold is segregated from access to enter goods receipts.	1 Through system query, identify users having access to enter receipts and release invoices from hold. 2 Through inspection of the query results, determine whether any users have access to functions in both groups

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
IP20	Accuracy	Invoices are processed only with proper authorisation.	An unauthorised individual may create a purchase order that does not match the related invoice. They may then release the invoice from hold in exchange for kick-backs or other inappropriate considerations from the supplier.	Only authorised personnel have access to modify suppliers	1 Through system query, identify users having access to enter purchase orders and release invoices from hold. 2 Through inspection of the query results, determine whether any users have access to functions in both groups.
IP21	Accuracy	Invoices are processed only with proper authorisation.	Allowing users to enter invoices and release invoices from hold may result in unauthorised disbursements of cash to suppliers.	system is configured to prevent hold releases by users	1 Generate a system list of users having access to process invoices and release invoices from hold 2 Through inspection of the query results, determine whether any users that have access to functions in both groups
IP22	Accuracy	Invoices are processed only with proper authorisation.	Invoices may be processed without authorisation leading to overstatement of liabilities and misappropriation of assets.	The ability to create or modify invoices is restricted to properly authorised personnel.	1 Generate a system list of users having access to create or modify invoices 2 Obtain and review the management approved list with supporting documentation of users who can create and modify invoices 3 Verify appropriateness of the approval and reasonableness of the access
IP23	Accuracy	Invoices are processed accurately.	Unauthorised changes to configurations related to invoice processing may occur leading to inaccurate processing of invoices and misstated liabilities and expenses.	The ability to create or modify invoices is restricted to properly authorised personnel.	1 Generate a system list to identify users having access to configuration settings of invoice processing 2 Through inspection of the query results, assess whether other users have access to this functions
IP24	Accuracy	Invoices are processed only	Allowing users to modify configuration settings related to invoice processing and	The ability to create or modify invoices is	1 Generate a system list to identify users having access to process supplier invoices and access to configuration settings

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		with proper authorisation.	enter invoices may result in the modification of invoice defaulting rules and the subsequent processing of inappropriate invoices. This could lead to a misstatement of accounts payable liabilities.	restricted to properly authorised personnel.	2 Through inspection of the query results, assess whether any individual has access to functions in both groups
IP25	Accuracy	Invoices are processed only with proper authorisation.	Invoices without a Purchase Order reference are recorded in the system.	All invoices should be backed with an approved purchase order. Some invoices don't require purchase orders though. To be discussed during the testing process. For example payments of allowances do not require purchase orders.	1. Using CAATs generate list of invoices without an approved purchase orders

C.2.8   Disbursement

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
DB1	Accuracy	Cash disbursements are accurate and valid.	Unauthorised or inappropriate payments may be processed and remain undetected. This could result in misappropriation of company assets.	Only approved payment vouchers can be processed for payments	1 Through inquiry and inspection of documentation, determine whether management has procedures in place to review payment registers for any payments above a specified amount. 2 Select a sample of payments from the payment register and verify management's review of large or unusual amounts prior to issuance of the payments.
DB2	Accuracy	Cash disbursements are accurate and valid.	Automatic payments may be inaccurately generated.	Only approved payment vouchers can be processed for payments	1 Through inquiry of management and inspection of documentation, determine whether management reviews payments generated using the pay-on-receipt functionality prior to processing 2 Generate a system list of invoices that are automatically generated for the period under review 3 Verify that they have been reviewed by the appropriate level of approvals
DB3	Accuracy	Cash discounts policy is enforced.	Opportunities to obtain discounts for prompt payment of invoices may be lost.	Periodic reviews of paid invoices are performed to identify instances where discounts were not taken. Lost discounts are appropriately followed up on.	1 Review the payments terms configured in GIFMIS to determine whether discounted payments terms are configured appropriately 2 Obtain and review the management approved list of discounted payments with supporting documentations and verify they have been implemented on the system 3 Verify that payments terms are assigned to suppliers 4 Identify the discounts available and ascertain whether all available discounts were taken
DB4	Accuracy	Payments are generated with accurate cheque dates.	An invoice may be generated with a payment date prior to the system date resulting in an	The system is configured to prevent pre-dating of payments.	1 Ascertain that the configuration setting to allow pre-dating is not enabled. If it enabled, the setting would allow a user to date a payment prior to the system date

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
			inability to track late payments.		2 Perform a walk through to verify that the system does not allow pre-dating of payments
DB5	Accuracy	Invoices are authorised for payment by appropriate personnel	Improper or unauthorised payments may be processed.	Management reviews all payments to one-time suppliers.	1 Perform a system query to ascertain whether the standard functionality to classify a supplier as a one-time supplier is enabled. 2 Through inquiry and inspection of documentations verify that appropriate procedures were followed in setting one-time suppliers in the system 3 Determine through inquiry of management and inspection of documentation if management has procedures in place to identify and review payments made to one-time suppliers. 4 Generate a report to assess the volume of payments to one-time suppliers and ascertain whether management reviews the report.
DB6	Accuracy	Invoices are paid in a timely manner.	Invoices may not be paid in accordance with the assigned payment terms, leading to interest charges and penalties. Liabilities may not be recorded in the appropriate periods.	Invoices on hold are reviewed and investigated by management regularly to provide that invoices are processed in a timely manner.	1 Generate "Invoice on hold" report for the period under review 2 Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Invoice on Hold" report from GIFMIS Payables 3 Ascertain whether management reviewed and investigated the cause of the "hold" in accordance with the policy
DB7	Accuracy	Payments are processed only with proper authorisation.	Unauthorised payments may be processed leading to misappropriation of company assets.	Access to modify payment programs is restricted to properly authorised personnel.	1 Generate a system listing of users having access to process payments and enter or modify supplier master records 2 Through inquiry of management and inspection of documentation, confirm whether the users having access to any of these functions are appropriate according to their job roles

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					3 Verify that access is reasonable and users do not have access to both functions (segregation of duties).
DB8	Accuracy	Payments are processed only with proper authorisation.	Unauthorised payments may be processed leading to misappropriation of company assets.	Access to modify payment programs is restricted to properly authorised personnel.	1 Generate a system listing of users having access to process payments and enter or modify supplier master records 2 Through inquiry of management and inspection of documentation, confirm whether the users having access to any of these functions are appropriate according to their job roles 3 Verify that access is reasonable and users do not have access to both functions (segregation of duties).
DB9	Accuracy	Payments are processed only with proper authorisation.	Unauthorised payments may be processed by an individual who then reconciles the payments to the bank statement. This may lead to misappropriation of company assets without detection.	Access to enter and modify payments is segregated from access to reconcile bank statements.	1 Generate a system listing of users having access to enter and modify payments and reconcile bank statements 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to job function 3 Verify that access is reasonable and users do not have access to both functions (segregation of duties)
DB10	Accuracy	Payments are processed only when accompanied by proper authorisation.	Allowing users to modify configuration settings related to payment processing and enter payments may result in the modification of payment defaulting rules and the subsequent processing of inappropriate payments. This could lead to unauthorised disbursement of cash.	Access to process payments is segregated from access to modify configuration settings related to payment processing. Only authorised personnel's can modify configurations	1 Generate a system listing of users having access to process payments and modify configuration settings related to payment processing. 2 Through inquiry of management and inspection of documentation, confirm whether the users having access to any of these functions are appropriate according to their job roles 3 Verify that access is reasonable and users do not have access to both functions (segregation of duties).

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
DB11	Accuracy	Payments are processed accurately.	Unauthorised changes to configurations related to payment processing may occur, leading to inappropriate and unauthorised cash disbursements.	The ability to modify configuration settings related to payment processing is restricted to properly authorised personnel.	1 Generate a system list of users having access to modify configuration settings related to payment processing 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to their job functions 3 Verify that access is reasonable and users do not have access to other conflicting functions (segregation of duties).
DB12	Accuracy	Payments are processed in a timely manner.	Unauthorised changes to payment terms may result in payments being processed early or late. This could result in lost opportunities to invest in short-term funds or penalties for late payment of invoices.	The ability to modify configuration settings related to payment processing is restricted to properly authorised personnel.	1 Through system query, identify users having access to the "Payment Terms" function 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to their job function 3 Verify that access is reasonable and users do not have access to other conflicting functions (segregation of duties)
DB13	Accuracy	Unclaimed payments are returned to the appropriate regulatory authorities after an appropriate period of time.	Unclaimed payments may not be to the appropriate regulatory authorities in a timely manner resulting in non-compliance with applicable laws and regulations.	Management reviews payment register reports to help ensure that unclaimed payments are returned to the appropriate regulatory authority within the timetables defined by applicable laws and regulations.	1 Through system query, identify users having access to the "Payment Terms" function 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to their job function 3 Verify that access is reasonable and users do not have access to other conflicting functions (segregation of duties)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
DB14	Accuracy	Payments that have been voided in Oracle Payables are not cleared by banks.	Voided payments may be cleared by the banks leading to unintended disbursements of cash.	Management periodically reviews system-generated reports to help ensure that voided payments are not cleared by banks. System is configured to prevent clearing of voided cheques	1 Generate a report in GIFMIS which lists all payments that have been voided 2 Through inquiry of management and inspection of documentation, determine whether management has implemented procedures to ensure that banks are notified to stop payment on cheques that have been voided after issuance in GIFMIS 3 Ascertain whether management reconciles voided payments to bank statements to help ensure that they have not been cleared

C.3   Fixed Assets

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA1	Completeness	Capital assets are recorded in the appropriate accounting period.	Fixed assets are created in the incorrect accounting period, resulting in misstatement of the fixed assets balance and depreciation expense reported.	Invoice cut-off is appropriately used to identify and record capital asset invoices in the correct period. System configuration results in the automatic creation of the asset upon posting of a fixed asset invoice.	1. Through inquiry of management and inspection of documentation, determine whether management allows the automatic creation of assets and whether these assets are reviewed by management prior to being created. 2. The creation of an asset from an accounts payable invoice is performed using the "Mass Additions" process. Fixed asset invoices are queried from the Payables module using the "Prepare Mass Additions" function. The "Post Mass Additions" function is then used to post the assets to the Asset books.
FA2	Completeness	Capital asset balances are accumulated in appropriate fixed asset accounts.	Capital assets are inappropriately expensed in the period purchased.	Capital asset invoice coding is reviewed/ verified by individuals knowledgeable of the company's capitalisation policy.	1. Through inquiry of management and inspection of documentation, determine whether management periodically reviews the coding of invoices to determine whether appropriate invoices are coded as capital invoices. 2. Review invoices for distribution to "Asset Clearing" that interfaces the new Fixed Assets during mass addition. 3. Review process to assign assets to an asset category and the process used to assign assets to an expense category.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA3	Accuracy	Fixed asset additions are authorised.	Transactions are erroneously recorded to fixed asset GL accounts, resulting in improper creation of fixed assets and resulting depreciation calculations.	Management review fixed asset additions for accuracy and reasonableness.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews one or more of the following reports to determine whether asset additions during the period were appropriate: • Additions by Date Placed in Service Report • Additions by Period Report • Additions by Responsibility Report • Additions by Source Report • Annual Additions Report • Annual Additions by Cost Center Report • Asset Additions Report • Asset Additions Responsibility Report • Conversion Assets Report
FA4	Accuracy	Fixed asset additions are authorised.	Transactions are erroneously posted to fixed asset GL accounts, resulting in improper creation of fixed assets and associated depreciation calculations.	System configuration settings restrict access to posting to fixed asset GL accounts.	Perform system query to identify user with access to the FAXASSET function, "Asset Workbench" form. With the list of those with access, verify by selecting users that are not on the list, and see if they have access to the FAXASSET function, which is the "Asset Workbench" Form.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA5	Completeness	Fixed asset additions are authorised.	Assets may be inappropriately requisitioned and unnecessary assets may be purchased.	Appropriate management approval, by members of management with the authority to approve purchases within the financial threshold, is required for the requisition of assets.	Review the configuration of the "Use Approval Hierarchies" parameter on the "Human Resources" tab of the "Financials system Options" form (Setup > Organisations > Financials system Options) to determine whether purchase requisitions are approved using the approval hierarchy method.
FA6	Accuracy	Fixed asset additions are authorised.	Assets may be inappropriately requisitioned and unnecessary assets may be purchased.	Only authorised users have access to place requisition requests or orders for assets.	Review the configuration of the "Use Approval Hierarchies" parameter on the "Human Resources" tab of the "Financial System Options" form (Setup > Organisations > Financial Options) to determine whether purchase requisitions are approved using the approval hierarchy method.
FA7	Accuracy	The value of fixed assets is recorded accurately.	Discrepancies between the asset sub-ledger and the GL balance may result in misstatement of asset valuation, depreciation expense, and accumulated depreciation.	Asset accounting balances and GL accounting balances are reconciled periodically.	Through inquiry of management and inspection of documentation, determine whether the fixed asset sub-ledger is periodically reconciled to the general ledger. Inquire if reconciliation process is manual or automated. For automated process, verify the configuration. Review Cost Detail and Cost Summary report, also Reserve Detail and Reverse Summary report for reconciliation of Fixed Asset sub-ledger to GL accounts.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA8	Accuracy	Fixed assets are recorded accurately.	Inaccurate asset cost and asset clearing account configurations may result in the misstatement of asset values.	Asset cost and asset clearing accounts are appropriately configured.	Asset cost and asset clearing accounts are set for each Asset Category on the "Asset Categories" form. Navigate to the "Asset Categories" form (Setup > Asset System > Asset Categories). Query for the desired category, and determine the configuration of the "Asset Cost" and "Asset Clearing" settings in the "General Ledger Accounts" region. Alternatively, obtain the "Asset Category Listing" report and review the GL accounts assigned to the "Asset Cost" and "Asset Clearing" settings.
FA9	Existence	Leased assets are recorded accurately.	Leased assets may not be appropriately accounted for in the GL and the related depreciation calculations may be inaccurate.	Management reviews asset master data for leased assets on a regular basis.	Through inquiry of management and inspection of documentation, determine whether management has procedures that are in place to periodically review the "Leased Assets Report."
FA10	Accuracy	Fixed assets are recorded accurately.	The posting of fixed asset accounting transactions to inappropriate accounts may result in misstatement of asset valuation and depreciation expense data.	Each asset master record is assigned to an asset category, which is configured to post asset transactions to GL accounts.	Based on standard functionality of Oracle Financials, Asset Category is a required field when entering an asset. For each Asset Category, "Asset Cost," "Depreciation Expense Segment," "Accumulated Depreciation," and "Asset Clearing" are optional fields that indicate accounts on the GL to which asset transactions are posted. However, in some cases, these optional fields, "Asset Cost," "Depreciation Expense Segment," "Accumulated Depreciation," and "Asset Clearing" can be configured as required fields using forms personalisation. This is based on client's configuration request.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA11	Completeness	All authorised asset transfers are recorded within the GL and are transferred in the correct period.	Assets are not properly transferred and/or are incorrectly reported in the financials.	Management verifies all requested asset transfers are recorded in the period of the transfer.	Through inquiry of management and inspection of documentation, determine whether management reviews the "Asset Transfers report" during each period to determine whether asset transfers are recorded in the appropriate accounting period. "Asset Transfer report" can be verified by running a single request. (Navigate to: Other > Requests > Run.) A request ID is generated, which can be viewed using the following navigation: Other > Concurrent.
FA12	Ownership	Asset transfers are authorised.	Assets are inappropriately transferred between companies.	Only authorised users have the ability to transfer assets.	Perform system query to identify users with access to the "Mass Transfers" function.With the list of those with access to the "Mass Transfers" function, verify by selecting users that are not on the list, and see if they have access to the "Asset Workbench" Function.
FA13	Accuracy	Asset transfers are recorded completely and accurately.	Assets are not properly transferred and are incorrectly reported in the financials.	Management reviews asset transfer journal entries and verifies the entry was posted completely and accurately.	Perform inquiry of management and inspection of documentation to determine whether management reviews the "Asset Transfer Reconciliation Report" to determine whether the accounting impact of asset transfers is accurately recorded.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA14	Ownership	Fixed asset revaluations are recorded accurately in the GL.	Unauthorised revaluation of assets may result in inaccurate asset valuation and depreciation expense calculations.	Only authorised users are able to revalue assets or otherwise record asset impairment.	Perform system query to identify users with access to the "Assets: Unit Adjustments" function to determine which users can perform adjustments to the number of units of an asset on-hand. Perform system query to identify users with access to the "Mass Revaluations" function to determine which users can perform adjustments to the values of fixed assets. Additionally, through inquiry and inspection of documentation, determine whether management periodically reviews the "Cost Adjustments Report."
FA15	Accuracy	Fixed asset reversals and corrections are recorded accurately.	Asset postings are inaccurate and require reversal or correction.	The volume of asset document reversal activity is monitored and excessive reversals are investigated and followed up on a timely basis.	Through inquiry of management and review of documentation, determine whether management has procedures in place for periodically reviewing the volume of asset document reversals. Run "Cost and Detail" report to review activity. Navigation: Other > Requests > Run.
FA16	Accuracy	Assets under construction are capitalised appropriately.	Assets under construction are built and placed into service without the creation of relevant fixed asset records.	Assets under construction are monitored, using forecasted completion dates, to determine in-service period for the creation of resulting fixed asset records.	Through inquiry of management and review of documentation, determine whether management periodically reviews the "CIP Assets Report" and the "CIP Capitalisation report" to monitor whether Construction in Process (CIP) assets are placed in accordance with the established schedule. "CIP Assets report" and "CIP Capitalisation report" can be verified by running a single request for each report. (Navigate to Other > Requests > Run.) This will generate a request ID, which can be viewed by navigating to: Other > Concurrent.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA17	Completeness	Assets under construction are capitalised appropriately.	Capitalisation of assets does not occur at the appropriate time. Depreciation for these assets may be under- or over-calculated due to the use of an incorrect in-service date.	Accounting rules for assets under construction are appropriately configured.	Review the accounting rule to ensure it is appropriately setup. Navigation: Setup > Asset System > Book Controls > Query Book > Accounting Rule tab.
FA18	Existence	Assets under construction are appropriately capitalised.	Inappropriate creation or modification of construction-in-process (CIP) asset master records and categories may result in inaccurate accounting for fixed assets and depreciation expense.	Management approval is required for the creation or modifications of CIP asset master records.	Through inquiry of management and inspection of documentation, determine whether management approves capitalisation of CIP assets. Also ensure that the approved capitalisation of CIP asset meet the CIP rules before approval by selecting the approved capitalised asset and verifying the appropriate rules are associated with these assets.
FA19	Ownership	Assets under construction are capitalised appropriately.	Inappropriate creation or modification of construction-in-process (CIP) asset master records and categories may result in inaccurate accounting for fixed assets and depreciation expense.	Only authorised users have the ability to enter and maintain construction-in-process (CIP) asset master records and asset categories.	Access to enter CIP assets is granted using the "Asset Workbench" function Access to capitalise. Navigation: Assets > Asset workbench.CIP Assets is granted using the "Capitalise CIP Assets" function. Navigation: Asset > Capitalise CIP Assets.
FA20	Ownership	Assets under construction are appropriately capitalised.	Inappropriate or inaccurate settlements of assets under construction are executed by users who are not authorised by the business to perform this task; this may result in inaccurate or inappropriate postings to the assets ledger.	Only authorised users have the ability to settle assets under construction.	Run a system query to review the users that have access to the "Capitalise CIP Assets" form. Navigation: Setup > Capitalise CIP Assets.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA21	Completeness	Depreciation expense calculations and journal entries are appropriately authorised.	Unauthorised depreciation journals are captured, resulting in incorrect financial reporting.	Depreciation journal entries require management approval.	Through inquiry of management and inspection of documentation, determine whether depreciation journal entries require approval prior to posting. Management may utilise one or more of the following reports: • Reserve Detail Report • Reserve Summary Report • Depreciation Rate Listing.
FA22	Ownership	Depreciation expense calculations and journal entries are appropriately authorised.	Unauthorised individuals may execute the depreciation calculation program resulting in inaccurate and untimely posting of fixed asset and depreciation accounting entries.	Only authorised users have access to run the depreciation calculation program.	Perform system query to identify users having access to the "Run Depreciation" function. Navigation: Depreciation > Run Depreciation. After obtaining the list of those with access through the system query, verify to make sure that there are no additional users with that access.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA23	Accuracy	Fixed asset additions are accurately valued.	Fixed asset balances do not include all costs required to place the asset in service or are otherwise incorrectly valued.	Fixed asset additions are reviewed by management for completeness and accuracy prior to placing an asset into service.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews one or more of the following reports to determine whether asset additions during the period were appropriate: • Additions by Date Placed in Service Report • Additions by Period Report • Additions by Responsibility Report • Additions by Source Report • Annual Additions Report • Annual Additions by Cost Center Report • Asset Additions Report • Asset Additions Responsibility Report • Conversion Assets Report.
FA24	Accuracy	Fixed asset depreciation amounts are calculated accurately.	Depreciation expenses may be misstated due to inappropriate configuration of asset in-service dates.	Appropriate in-service dates are assigned to fixed assets to ensure that depreciation expenses are calculated and posted appropriately.	Through inquiry of management and inspection of documentation, determine whether management reviews the "Capitalisations Report" to determine whether assets were placed into service during the appropriate periods.Through inquiry of management and inspection of documentation, determine whether management reviews the "CIP Assets Report" at the end of each period to determine whether any additional CIP assets should be capitalised.Verify dates placed in the service and asset category life assignments.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA25	Accuracy	Fixed asset depreciation is calculated accurately.	Depreciation is not calculated in accordance with company policy and generally accepted accounting principles (GAAP).	Asset types, defined as capital asset GL accounts include the appropriate asset life and method which the system uses to calculate depreciation expense.	Determine what category an asset is assigned to by navigating to the "Asset Workbench" form (Assets > Asset Workbench). Query the desired asset, click the "Open" button and determine the setting of the "Category" field. Alternatively, request the "Assets by Category Report" to identify the category assigned to each asset. Request the "Asset Category Listing" report to identify the depreciation rules assigned to each asset category. Lastly, request the "Depreciation Rate Listing" to determine how the depreciation rules are configured.
FA26	Accuracy	Fixed asset depreciation is calculated accurately.	Inaccurate or inappropriate depreciation expense transactions may result in misstatements of cost centre depreciation expense in the GL.	Management reviews the Asset GL accounts assigned to each cost centre.	Through inquiry of management and inspection of documentation determine whether management periodically reviews the assignment of GL accounts to asset categories within Oracle.Depreciation expense accounts are set for each Asset Category on the "Asset Categories" form.Navigate to the "Asset Categories" form: (Setup > Asset System > Asset Categories). Query for the desired asset and determine the configuration of the "Depreciation Expense Segment" and "Accumulated Depreciation" settings in the "General Ledger Accounts" region.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA27	Accuracy	Fixed asset depreciation is calculated accurately.	Inaccurate or inappropriate depreciation postings transactions may be processed by the business, resulting in misstatements of depreciation expense and accumulated depreciation.	Automatically generated depreciation calculations should be periodically verified to ensure reasonableness and accuracy.	Through inquiry of management and inspection of documentation. Determine whether management periodically reviews the "Asset Category Listing" or other reports to determine whether appropriate depreciation rules and useful lives are assigned to asset categories. Navigate to the "Asset Categories" form (Setup > Asset System > Asset Categories). Query for the desired asset and click on the "Default Rules" button. The setting of the "Method" option determines the method used to depreciate an asset and the "Life Years" and "Months" options determine the useful life utilised. Depreciation rules are assigned for each Asset Category on the "Asset Categories" form.
FA28	Ownership	Fixed asset depreciation is calculated accurately.	Inappropriate or inaccurate maintenance of depreciation methods may result in misstatement of depreciation expense and accumulated depreciation.	Only authorised users are able to create and maintain depreciation methods.	Perform system query to identify users having access to the FAXSUMET function, the "Depreciation Methods" form. Navigation: "Depreciation Method" form: setup > Depreciation > Methods.
FA29	Accuracy	Fixed asset depreciation is calculated accurately.	Inappropriately configured depreciation methods results in inaccurate accounting for depreciation expense.	Depreciation methods are appropriately configured.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the assignment of GL accounts to asset categories within Oracle. Depreciation expense accounts are set for each Asset Category on the "Asset Categories" form. Navigate to the "Asset Categories" form (Setup > Asset System > Asset Categories). Query the desired asset and determine the configuration of the "Depreciation Expense Segment" and "Accumulated Depreciation" settings in the "General Ledger Accounts" region.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA30	Accuracy	Fixed asset depreciation is recorded accurately in the GL.	Asset depreciation expenses are posted inaccurately, leading to inaccuracies in the financial statements.	Management compares the depreciation expense in the sub-ledger to the depreciation expense posted in the GL.	Through inquiry of management and inspection of documentation, determine whether the fixed asset sub-ledger is periodically reconciled to the GL.
FA31	Accuracy	Fixed asset depreciation is recorded accurately in the GL.	Inaccurate or inappropriate accumulated depreciation account mappings may result in a financial misstatement.	Accumulated depreciation account mappings are appropriately configured.	Accumulated depreciation accounts are set for each Asset Category on the "Asset Categories" form.Navigate to the "Asset Categories" form: Setup > Asset System > Asset Category). Query the desired asset and determine the configuration of the "Accumulated Depreciation" settings in the "General Ledger Accounts" region. Alternatively, obtain the "Asset Category Listing" report and review the GL accounts assigned to the "Accumulated Depreciation" setting.
FA32	Ownership	The ability to execute a depreciation calculation run is limited to appropriate personnel.	Depreciation postings may be initiated by inappropriate personnel and postings may be inaccurate.	Only authorised users have access to run the depreciation calculation program.	Perform a system query to identify users having access to the "Run Depreciation" function. Navigation: Depreciation > Run Depreciation.
FA33	Ownership	Access to change acquisition and production costs of an asset already capitalised is restricted.	Asset balances may be misstated.	Only authorised users have the ability to adjust assets that have already been placed in service.	Perform a system query to identify users having access to the "Asset Workbench" or "Mass Reclassifications" functions. Navigation: Assets > Assets Workbench; or, Navigation: Mass Transactions > Reclassifications.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA34	Ownership	Access to change or reverse asset documents is restricted.	Asset balances may be misstated.	Only authorised users have the ability to reverse asset documents.	Perform a system query to identify users having access to the "Rollback Depreciation" function. Navigation: Depreciation> Rollback Depreciation.
FA35	Ownership	Access to close the current asset accounting fiscal year is restricted.	Year-end closing for assets may be completed prematurely by unauthorised personnel and asset balances therefore may be based on incomplete data.	Only authorised users have the ability to close asset accounting fiscal years.	Perform a system query to identify users having access to the "Asset Calendars" function. Determine whether these users are appropriate via inquiry with management.Navigation: Setup> Asset System> Calendars.
FA36	Ownership	Access to create and maintain asset under construction classes and asset under construction master records is restricted.	Assets under construction may be misstated.	Only authorised users have the ability to enter and maintain construction-in-process (CIP) asset master records and asset categories.	Perform a system query to identify users having access to the "enter and maintain construction-in-process (CIP)" function. Navigation: Assets > Capitalise CIP Assets.
FA37	Ownership	Access to create asset classes is restricted.	Assets may be misstated.	Only authorised users have the ability to create and modify asset classes.	Perform a system query to identify users having access to the "Asset Categories" function. Navigation: Setup > Asset System > Asset Categories.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA38	Ownership	Access to create, maintain, and delete asset master data is appropriately restricted.	Assets may be misstated.	Only authorised users have the ability to maintain asset master data in the sub-ledger.	Perform a system query to identify users having access to the "Asset Categories" function. Navigation: Setup> Asset System> Asset Categories.
FA39	Ownership	Access to maintain the chart of depreciation and manually adjust the value of assets is restricted.	Depreciation postings are inaccurate.	Only authorised users have the ability to maintain the chart of depreciation and manually adjust the value of assets.	Perform a system query to identify users having access to the "Depreciation Methods" function. Navigation: Setup> Depreciation> Methods.
FA40	Ownership	Access to perform asset fiscal year changes is restricted.	Year-end closing for assets may be completed prematurely by unauthorised personnel and may therefore be based on incomplete data.	Only authorised users have the ability to create and change asset fiscal years.	Perform a system query to identify users having access to the "Asset Calendars" function. Navigation: Setup> Asset System> Calendars.
FA41	Ownership	Access to perform periodic asset postings is restricted.	Asset balances may be misstated.	Only authorised users have the ability to perform periodic asset posting.	Perform a system query to identify users having access to the "Create Journal Entries" function. Navigation: Journal Entries> Journal Entries.
FA42	Ownership	Access to initiate and process asset requisitions is restricted.	Assets may be inappropriately requisitioned and unnecessary assets may be purchased.	Only authorised users have the ability to place requisition requests or purchase orders for assets.	Perform a system query to identify users having access to the XLA_MJE_SEARCH function, "Create Journal Entries" form. Navigation: Inquiry > Sub-ledger Accounting > Journal Entries.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA43	Ownership	Access to retire assets is restricted.	Assets are prematurely retired.	Only authorised users have the ability to retire assets.	Perform a system query to identify users having access to the FAXASSET function, the "Asset Workbench" form. Navigation: Assets > Asset Workbench.
FA44	Accuracy	Account determination for asset postings is defined accurately.	Assets account postings may be inaccurate.	Asset posting account determination is appropriately configured.	Perform a system query to identify users having access to the table FA_CATEGORIES_VL, the "Asset Categories" form. Navigate: Setup> Assets System> Asset Categories.
FA45	Presentation	Account determination for asset postings is defined accurately.	Assets may be misstated.	Each asset record should be assigned to a category.	Perform a system query to identify users having access to the table FA_ADDITIONS_V, the "Asset Workbench" function.
FA46	Ownership	All posted asset accounting transactions are valid.	Asset balances may be misstated.	Only users with access to the "Asset Workbench" function can post asset accounting documents in the sub-ledger.	Perform a system query to identify users having access to the FA_ADDITIONS_V table, which is the "Asset Workbench" function. Navigation: Assets > Asset Workbench.
FA47	Accuracy	Asset acquisitions are recorded completely and accurately.	Asset balances may be misstated.	Field settings and general ledger account assignment for asset acquisitions are appropriately configured.	Perform a system query on the "Asset Categories" form (Setup > Asset System > Asset Categories) and inspect the configurations in the "General Ledger Accounts" region for appropriateness

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA48	Accuracy	Asset configuration is consistent with company policy regarding depreciating assets.	Incomplete asset configuration may impact asset postings such as depreciation.	Asset types are configured with the appropriate asset life and method.	Perform system query on the FAXSUCAT function, the "Asset Categories" form (Setup > Asset System > Asset Categories) and inspect the configurations in the "General Ledger Accounts" region for appropriateness.
FA49	Accuracy	Asset depreciation expense is accumulated correctly.	Depreciation expense may be misstated.	Cost centres assigned to GL asset accounts are validated.	The "Assets not Assigned to Any Cost Centres" report can be reviewed by management periodically to determine whether there are any assets that have been created and not assigned to a cost centre. Asset cost and asset clearing accounts are set for each Asset Category on the "Asset Categories" form
FA50	Completeness	Asset history sheet is complete.	Incomplete asset history sheets may impact the audit trail supporting of assets.	Asset history sheet is periodically reviewed for completeness.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Transaction History Report" for completeness. Review the "Cost detail" and "Cost reserve" reports.
FA51	Accuracy	Asset master data is complete.	Asset master data is incomplete; asset details and bases used for depreciation calculations may be inaccurate.	Regular management reviews of asset master data identifies incomplete assets that require further master data maintenance.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Transaction History Report" for completeness.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA52	Accuracy	Asset master data is complete.	Inaccurate configuration of GL account assignments for asset master records may result in inappropriate or inaccurate accounting for asset and depreciation expense data.	Field settings and GL Account assignment for asset acquisitions/additions are appropriately configured to create related asset records.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Transaction History Report" for completeness.
FA53	Accuracy	Asset valuation schedules are complete.	Asset valuation schedules are not assigned to a company.	Asset valuation schedules are appropriately configured.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Transaction History Report" for completeness. Also ensure that the company and balancing segment are accurate.
FA54	Presentation	All changes to asset master data are authorised.	Inappropriate definitions of asset categories may result in misstatement of asset values and depreciation expense.	Definition of asset categories is approved by management.	Through inquiry of management and inspection of documentation, determine whether management approves the current definition of asset categories.
FA55	Ownership	Changes to asset master data are authorised.	Inappropriate definitions of asset categories may result in misstatement of asset values and depreciation expense.	Only authorised users have access to create and modify asset categories.	Through inquiry of management and inspection of documentation, determine whether management approves the current definition of asset categories.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA56	Ownership	Changes to asset master data are authorised.	Inappropriate or inaccurate mass changes may be processed for asset master data.	Only authorised users have the ability to post mass change rules to the assets in the sub-ledger.	Perform system query to identify users having access to the FAXMAMCH function, which is the "Mass Changes" form.
FA57	Existence	Changes to asset master data are authorised.	Inappropriate or inaccurate mass changes may be processed for asset master data.	Standard reports exist for management to review and approve mass changes to asset master data.	Perform system query to identify approved mass changes to the "Mass Changes" function.
FA58	Ownership	Changes to asset master data are authorised.	Modifications to assets in the sub-ledger by unauthorised users may result in misstatements on the financial statements.	Only authorised users have the ability to maintain assets in the sub-ledger.	Perform system query to identify users having access to the FAXMAMCH function, which is the "Mass Changes" form.
FA59	Existence	Changes to asset master data are authorised.	Modifications to assets in the sub-ledger by unauthorised users may result in misstatements on the financial statements.	Standard reports exist for management to review and approve modifications to asset master data.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Transaction History Report" to determine whether asset transactions are appropriate.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA60	Existence	Changes to asset master data are authorised.	Unauthorised revaluation of assets that have been placed in service may result in inaccurate asset valuation and depreciation expense calculations.	Revaluation of assets is authorised by management.	Perform system query to identify users having access to the "Mass Revaluations" function.
FA61	Accuracy	Asset gain and loss calculations are accurate.	Asset values may be misstated.	Asset gain and loss calculations are appropriately configured to calculate accurately.	Asset gain and loss accounts are set for each Asset Book on the "Book Controls" form. Navigate to the "Book Controls" form (Setup > Asset System > Book Controls). Query for the desired Book and determine the configuration of the "Proceeds of Sale Gain," "Proceeds of Sale Loss," and "Proceeds of Sale Clearing" accounts in the "Retirement Accounts" region of the "Natural Accounts" tab.
FA62	Accuracy	Depreciation is calculated correctly.	Depreciation postings are inaccurate.	Depreciation keys, calculation methods are appropriately configured.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Depreciation configuration" to determine whether depreciations are appropriately configured.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA63	Accuracy	Fixed asset master data is accurate.	Duplicate asset master data may cause the value of assets in the balance sheet being overstated.	Duplicate asset numbering is prevented.	Standard functionality of Oracle Assets prevents the use of the same Asset Number for multiple assets via an automatic generation of asset numbers by the system. In some cases, companies customise the functionality, allowing assets to be manually numbered. Verify whether standard Oracle functionality is in use.
FA64	Accuracy	Fixed asset master data is accurate.	Inappropriate changes to master data may not be identified and/or investigated on a timely basis.	Management periodically reviews changes to asset master data to ensure that each change is approved and recorded accurately.	Through inquiry of management and inspection of documentation, determine whether management periodically review changes to asset master data to determine the accuracy of these changes.
FA65	Accuracy	Fixed asset master data is accurate.	Non-existent assets may be included on the balance sheet.	Physical counts of fixed assets are periodically performed and discrepancies are investigated and corrected.	Through inquiry of management and inspection of documentation, determine whether management periodically performs physical counts to determine the accuracy of fixed asset data.The "Asset Inventory Report," which can be run based on Asset Book and Department, is useful to management in performing a fixed asset count to confirm the existence and accuracy of fixed assets as recorded in Oracle.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA66	Accuracy	Gains or losses on asset disposals are appropriately recorded.	Gains or losses realised upon the disposal of an asset are inaccurate.	The account assignment for asset retirement transaction types is appropriately configured.	Asset gain and loss accounts are set for each Asset Book on the "Book Controls" form.
					Navigate to the "Book Controls" form (Setup > Asset System > Book Controls). Query for the desired Book and determine the configuration of the "Proceeds of Sale Gain," "Proceeds of Sale Loss," and "Proceeds of Sale Clearing" accounts in the "Retirement Accounts" region of the "Natural Accounts" tab.
FA67	Valuation	Inactive asset master records are isolated and investigated.	Inactive assets may be inappropriately included in the value of fixed assets and the calculation of depreciation expense.	Asset master records that are not posted are not identified on a timely basis.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Non-Depreciating Property Report" to identify assets for which depreciation is not being posted.
FA68	Valuation	Adjustment/ reversal transactions and reposting occur.	Assets may be misstated.	The volume of asset document reversal activity is monitored and excessive reversals is investigated and followed up on a timely basis.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Asset Document Reversal Activity" report.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA69	Presentation	All retired assets are removed from the fixed asset listing.	Fixed asset balances include assets that have been disposed or otherwise retired.	Assets are tagged with unique inventory numbers and are audited periodically to help ensure existence and to verify the asset is still in service.	Asset numbers are required to be unique based on standard functionality of Oracle. Asset numbers can be assigned manually or generated sequentially at the discretion of the individual entering the asset. The "Asset Register Report" can be reviewed periodically by management to obtain a list of assets ordered by Asset Number in order to confirm existence of assets. Also review "Cost detail" and "Cost Summary" reports.
FA70	Accuracy	Asset retirements and the associated gains/losses are recorded accurately.	Gains or losses realised upon the disposal of an asset may not appropriately be recorded on the financial statements.	Asset gain and loss calculation configuration is appropriate and results in proper recording to the GL.	The account assignment for asset retirement transaction types is appropriately configured. Asset gain and loss accounts are set for each Asset Book on the "Book Controls" form. Navigate to the "Book Controls" form (Setup > Asset System > Book Controls). Query for the desired Book and determine the configuration of the "Proceeds of Sale Gain," "Proceeds of Sale Loss," and "Proceeds of Sale Clearing" accounts in the "Retirement Accounts" region of the "Natural Accounts" tab.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA71	Accuracy	Asset retirements are valid and authorised.	Assets may be prematurely or inappropriately disposed of, requiring the acquisition of replacement assets to fulfil the interim needs of the business.	Management reviews fixed asset retirements or disposals to ensure all were authorised.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Asset Retirements Report" to determine whether asset retirements were appropriate.
FA72	Ownership	Asset retirements are valid and authorised.	Retirement of assets by unauthorised users may result in premature retirement of assets and/ or inaccurate postings to the general ledger.	Only authorised users have access to retire assets.	Perform system query to identify user with access to the FAXASSET function the "Asset Workbench" form. Navigation: Asset> Asset Workbench.
FA73	Accuracy	Time-dependent asset transactions are calculated correctly.	System-generated depreciation calculations are inaccurate, based on asset master data.	Asset value dates are appropriate and adhere to accounting requirements.	Through inquiry of management and inspection of documentation, determine whether management periodically reviews the "Capitalisations Report" to determine whether assets are placed into service at the appropriate dates.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVES	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
FA74	Accuracy	Assets are configured such that transaction postings are made to the correct GL accounts (account assignment).	Accounting for asset transactions are posted to an incorrect GL account. The value of assets in the balance sheet may be misstated.	Each asset master record is linked to an account allocation that controls all automatic postings.	Perform system query on the "Asset Categories" form. Navigation: Setup > Asset System > Asset Categories), and inspect the configurations in the "General Ledger Accounts" region for appropriateness.
FA75	Existence	The total amount of the asset sub-ledger agrees with the Asset GL account.	The asset sub-ledger is not regularly reconciled with the GL. Reconciling corrections to the sub-ledger are required to correct the error and prevent misstatements of the GL.	Asset accounting balances and general ledger accounting balances are reconciled periodically.	Through inquiry of management and inspection of documentation, determine whether management reconciles the assets sub-ledger to the GL. Also review "Cost detail" and "Cost Summary" reports.
FA76	Ownership	The ability to correct acquisition and production costs of an asset already capitalised are appropriately restricted.	Inappropriate or inaccurate asset post-capitalisation adjustments are made by users who are not authorised by the business to perform this task. This may result in inaccurate postings to the assets sub-ledger and the GL.	Only authorised users have access to make post-capitalisation adjustments to assets.	Perform system query to identify users having access to the FAXMAMCH function which is "Mass Changes." Navigation: Mass Transaction > Changes. Additionally, perform a system query to identify users having access to the FAXMAREV function, which is "Mass Revaluations" function. Navigation: Mass Transaction > Revaluations.

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FA77	Ownership	The ability to make manual value adjustments to assets is appropriately restricted.	Inappropriate or inaccurate period-end manual adjustments to asset values are made by users who are not authorised by the business to perform this task. This may result in inaccurate asset master data and subsequent inaccurate depreciation calculations.	Only authorised users are able to make manual value adjustments to assets.	Perform system query to identify users having access to the FAXMAMCH function which is "Mass Changes." Navigation: Mass Transaction > Changes.Additionally, perform a system query to identify users having access to the FAXMAREV function which is "Mass Revaluations" function. Navigation: Mass Transaction > Revaluations.

C.4 Accounts Receivable

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR1	Accuracy	The Accounts Receivable sub-ledger is reconciled to the general ledger.	Receivables are not accounted for within the general ledger, which may negatively impact the accuracy of the financial statements.	Appropriate controls are in place to help ensure that sub-ledger accounts are mapped to the control account in General Ledger (GL).	Review the AutoAccounting setup by navigating through the following menu path: (R11: Setup >Transaction > Transaction Type Setup > AutoAccounting (R12: Setup >Subledger Accounting Setups > Transaction Account Builder >Transaction Account Types) Determine if management utilises the following reports to manually reconcile the Accounts Receivable (AR) sub-ledger to the general ledger: • AR Reconciliation report (used to reconcile customer, receipt, transaction, and account balances) • Journal Entries Report in conjunction with the Account Analysis Report in Oracle General Ledger provides information needed to reconcile AR module with the GL. Check that the Receivables receipts balance by running the Receipt Journal report and the Receipt Register are for the same GL Date range.
AR2	Accuracy	The Accounts Receivable sub ledger is reconciled to the general ledger.	Receivables are not accounted for within the general ledger, which may impact the financial statements.	Access consideration: The ability to override automated reconciliation or to force the statements to balance is limited to	Access consideration: Review access to the following functions: • Receivables Transaction Type: (PN_RAXSUCTT) • AutoAccounting: (AR_RAXSUAGL) • SoD consideration: Review access to the function:

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
				appropriately authorised personnel. Segregation of Duties (SoD) consideration: The ability to perform a reconciliation adjustment is segregated from the ability to approve an adjustment.	• Enter/Reconcile Bank Statements (CEXCABMR) And, note if the user has access to any of the following functions: • Receipt (AR_ARXRWMAI_HEADER).
AR3	Accuracy	Accounts receivable aging reports are developed and provided to management.	Management does not periodically review cash receipt activity. Cash receipt activity is not monitored for accuracy or reasonableness.	Periodic review of variances from forecasts, standards or related metrics (sales volume) is conducted by management.	Review the aging configuration and validate the setup for Receivables using the following menu path: (OM) Set Up > Collections > Aging Buckets and Interest Tiers Determine if the aging of receivables is appropriately configured as per business requirements. Determine if the transaction types defined have the 'Open Receivable' option set to 'NO.' If this is the case, then the transaction will not be included within the aging. Use Invoice Exception Report to list all transactions where 'Open Receivables' option is set to 'No.'
AR4	Accuracy	Accounts receivable aging reports are developed and provided to management.	Management does not periodically review cash receipt activity. Cash receipt activity is not monitored for accuracy or reasonable-ness.	The ability to modify payment terms is limited to appropriately authorised personnel.	Review access to the following functions: Define Payment Terms (AR_RAXSUTRM) • AR: Approve Adjustments (AR_ARXADAPP) • Adjustment Approval Limits (AR_ARXADLMT).

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR5	Accuracy	All billing transactions are recorded in the GL correctly and completely.	Billing transactions are not recorded completely and/or accurately in the GL.	The Accounts Receivable (AR) sub-ledger accounting entries are transferred completely and accurately to the GL.	Review the transfer of accounting entries from the AR sub-ledger to the general ledger. Specifically, review the access and control over the 'Transfer Journal Entries to GL' batch program.
AR6	Accuracy	Numbering conventions for billing documents are appropriately enforced by the system using internal number assignment.	Billing documents are not numbered consecutively or uniquely. The ability to trace a sales transaction through the system may be limited.	Billing documents are assigned consecutive, unique numbers.	Determine whether numbering/sequencing for the manually created transactions is appropriate. Review and assess if the 'Sequential Numbering' profile option is properly configured. The possible values are: • Not Used; • Always Used – Does not allow manual numbering; or, • Partially Used – Manual numbering is allowed but a warning will be generated.
AR7	Accuracy	Payment terms reflect the company's relationship with their customers.	Discounts are calculated incorrectly and/or the discount is not posted to the correct GL account.	Payment terms are setup in the system according to business requirements.	Review the Payment Terms definition by navigating to the following menu path: Setup >Transactions > Payment Terms. Review the Transactions Check or equivalent report to determine whether invoices include the appropriate payment term.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR8	Accuracy	Customer invoice amounts are calculated and recorded accurately.	Customer invoices may be inaccurate based on the prices calculated by the system. Customers may be over-or-under billed.	Access to pricing data is appropriately configured in the system.	Review access to the following functions: • Define Price Lists (OE_OEXPRDPL) • Copy Price List (OE_OEXPRCPL) • Adjust Price Lists (OE_OEXPRMPL).
AR9	Accuracy	Discounts on invoices are calculated correctly.	Invoice discounts are calculated incorrectly.	Discounts are properly applied and posted to the appropriate account.	Review the control set up in the System Parameter window for Unearned Discount. If the parameter is set to "NO," the customers cannot take discounts after the discount period has passed. Review the qualifier groups and associated price modifiers in Advance Pricing to determine whether each qualifier is assigned to the correct modifier based on business requirements.
AR10	Accuracy	Only authorised users can perform billing.	Unauthorised users perform billing, resulting in the creation of inappropriate invoices.	Periodic review of users with authorisation to create billing document.	Review access to the following functions: Manual creation of invoices: • Invoice: Delete (AR_ARXTWMAI_INVOICES_DELETE) • Invoice: Update AR_ARXTWMAI_INVOICES_UPDATE) • Invoice: Enter (AR_ARXTWMAI_INVOICES_ENTER) Invoice Copy and Completion: • Transactions: Copy (AR_ARXTWMAI_COPY)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
					• Transactions: Complete (AR_ARXTWMAI_COMPLETE) AutoInvoicing: • AutoInvoice Interface Lines (AR_ARXAIEXP_LINES) • AutoInvoice Interface Exceptions (AR_ARXAIEXP_ERRORS).
AR11	Accuracy	Shipped orders are invoiced in a timely manner.	Shipments that have not been invoiced will result in understated revenue.	Logs and records of shipments are maintained and reconciled to invoices.	Review the Order/Invoice Detail Report for all order groups. Compare this with the Commercial Invoice Report for these orders to determine whether there are any unbilled sales orders. Also consider completing a review of the Commercial Invoice Report.
AR12	Accuracy	The ability to execute billing transactions is limited to appropriate personnel.	Billing transactions may be unintentionally and/or inappropriately executed by users; billing transactions executed by unauthorised users may result in the issuance of invalid invoices to customers.	Only authorised users have the ability to perform billing transactions.	Review access to the following functions: Transactions: Print AR_ARXTWMAI_PRINT. Review the control and approval mechanism adopted by the client to complete an invoice before it becomes ready for printing. Additionally, review the client's use of the preview facility before printing the invoice. Check the setting for check box named: "Allow Change to Printed Transactions." If this is unchecked, then the invoices once printed cannot be changed. Review the use of the following reports: ☐ Print Adjustment Report ☐ Transactions Register.

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AR13	Accuracy	Unusual or sensitive documents are subject to further management review prior to posting.	Management does not review blocked sales transactions before further processing.	Periodic review of invoices held in posting block is conducted on a regular basis.	Review the approval hierarchy set up to approve blocked sales transactions: Setup > Transactions > Approval Limits.
					Examine the list of users granted with the various authorisations over the adjustment, credit memo, and receipt write-off to see if it's in line with the company policy.
AR14	Accuracy	All methods of payment are processed in the system.	Payments are not completely recorded. The cash balance and accounts receivable balance (as well as the individual customer balances) may be misstated in the general ledger.	Payment advice types are configured for all types of incoming payments.	Review the Receipt Classes and Payment Methods set up to receive payments for the goods sold to the customers through the following menu path: Setup > Receipts > Receipt Classes. Review the appropriateness of the accounting values set up for the following: • Cash • Unapplied Receipts • Unidentified Receipts • On Account Receipts • Unearned Discounts • Earned Discounts

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AR15	Accuracy	The ability to record and apply cash receipts is limited to appropriate personnel.	Cash receipts may be unintentionally and inappropriately recorded and/or applied by users; cash receipts that are recorded or applied by unauthorised users may result in applying cash receipts inappropriately or inaccurately.	Only authorised users have the ability to record and apply cash receipts.	Review access to the following receipt functions: • Receipt: Enter (AR_ARXRWMAI_CASH_ENTER) • Receipt: (AR_ARXRWMAI_HEADER) • Miscellaneous Receipt: View (AR_ARXRWMAI_MISC) • Miscellaneous Receipt: Delete (AR_ARXRWMAI_MISC_DELETE) • Miscellaneous Receipt: Update (AR_ARXRWMAI_MISC_UPDATE) • Miscellaneous Receipt: Enter (AR_ARXRWMAI_MISC_ENTER) • Receipt: View (AR_ARXRWMAI_CASH) • Receipt: Update (AR_ARXRWMAI_CASH_UPDATE).
AR16	Accuracy	The ability to remove credit blocks and reset credit limits is restricted to appropriate personnel.	Credit blocks may be unintentionally and inappropriately removed or credit limits reset by users; this may result in customer transactions which are inappropriate based on the customer(s) payment history.	The ability to remove credit blocks and reset credit limits is restricted to appropriate personnel.	To review credit check holds on a customer, navigate to the Order Management or Receivables Responsibility, and select Customers > Standard. Identify an existing customer from the sample and select the Profile: Transactions Tab and review whether the Credit Check is included as well as the credit holds boxes. Additionally, review the credit limits for the customer in the Profile: Amounts Tab of the Customer form. Review access over the following functions: • Customers Standard Form (HZ_ARXCUDCI_STD) • Customers Quick (HZ_ARXCUDCI_QUICK) • Customers: Quick (HZ_ARXCUDCW_QUICK) • Customer Profile Classes (AR_ARXMACPC)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
					• Customer Workbench: Sub-function (AR_ARXCWMAI_CUST) • Credit Hold: Sub-function (AR_ARXCWMAI_CRED_HOLD)
AR17	Accuracy	Payments received via the lock box are appropriately accounted for.	Lockbox data may be unintentionally and inappropriately processed by users; lockbox data processed by unauthorised users may result in inaccurate or inappropriate application of cash receipts.	Only authorised users have access to process lockbox data.	Provide that access to the following functions are granted only to authorised users: • Submit Lockbox Processing: (AR_ARXLBSUB) • Lockboxes: (AR_ARXLOBOX).
AR18	Accuracy	Management conducts a review of cash receipt data on a regular basis.	Payments that are not matched to invoices increase unapplied cash and understate revenue.	Cash receipt data is entered into the system based on associated information which is automatically applied to the correct invoice.	Use the Receipts window to query existing receipts. For each receipt, determine whether the receipt is identified and what specific portion of the receipt has been applied, placed on-account, and left un-applied.
AR19	Accuracy	Price lists are accurate and complete.	Price lists and discounts granted are inappropriate for the customer. The customer may be charged an inappropriate amount for goods or services purchased from the business.	Only authorised users have the ability to maintain prices.	Access Controls to price lists in the order system: • Copy Price List: (OE_OEXPRCPL) • Define Price Lists: (OE_OEXPRDPL) • Create Price Lists: (QP_QPXPRDPL) • Adjust Prices in Price Lists: (QP_QPXPRMPL) • Update Prices using Formulas: (QP_QPXPRURP) • Duplicate Price List: (QP_QPXPRCPL) • Attach Items to Price Lists: • (QP_QPXPRAII).

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR20	Accuracy	Orders are completed using valid pricing information.	Customers may be assigned inappropriate prices. The sales amounts recognised in the financial statements may be misstated.	Appropriate pricing configuration is in place.	Validate that Price List cannot be overridden unless the profile option OM: Discounting Privilege is set at the appropriate level. Ensure that OM: Negative Pricing profile is configured appropriately. The system may be configured as 'Yes' or 'No.' Validate the OM: GSA Discount Violation Action profile option. The system may be configured to 'Yes' or 'No.'
AR21	Accuracy	Credit held documents are subject to appropriate review.	Customer documents which have been held for credit reasons are not regularly reviewed and followed-up.	Management procedures for releasing holds and periodic review.	Review the Hold Source Activity report which reviews holds placed and removed under a hold source during the time period you specify. This report indicates the date and the type of activity for each transaction on hold.
AR22	Accuracy	Customer credit limits are checked during sales transactions.	Customer credit limits are not checked during sales transactions. Therefore, the customer may not have the ability to pay for goods received or services provided based on their past history.	Appropriate customer credit controls have been configured on the system.	For a selection of customers, note whether the Credit Check is configured for Order Entry to check customer's credit before creating a new order using the menu path: Order Management > Setup > Orders > Payment Terms Credit Check (check box). Additionally, help ensure Management review of customer and periodic risk and credit evaluation using the following reports • Customer Profile • Customer Listing Details/Summary.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR23	Accuracy	The ability to create and unblock credit notes is limited to appropriate personnel.	Credit notes may be unintentionally and/or inappropriately created or maintained by users; credit notes maintained by unauthorised users may result in an inappropriate reduction in the customer(s) account balance.	Only authorised users have the ability to create and/or unblock credit notes.	Ensure that access to the following functions are granted only to authorised users: • Define Sales Credits: (OKS_OKSSLCRD) • Credit Transactions: • (AR_ARXTWMAI_CREDIT_MEMO).
AR24	Accuracy	Changes or deletions to Customer Master data are approved.	Customer master records changed by unauthorised users may result in inaccurate master data.	Only authorised users have the ability to create or modify customer master data.	Help ensure that access to the following functions are granted only to authorised users: • Add Customer: (ONT_OEXOEINL) • Customers Quick: OE (OE_ARXCUDCI_QUICK) • Customer Quick: PA (PA_ARXCUDCI_QUICK) • Customer Workbench: Sub-function (AR_ARXCWMAI_CUST) • Customer Merge: (AR_ARXCUMRG).

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR25	Accuracy	Changes or deletions to Customer Master data are approved.	Outstanding balances against the customer account may be lost if the customer master is deleted.	The changes in customer master data records is only made on the basis of a pro-forma creation form which has been reviewed and approved by an appropriate official.	Help ensure that the "OM: Add Customer (Order Import)" profile option is configured to prevent users from adding customers to the master file during importing of orders from the order management open interface tables. Possible settings are: All, None, or Address and Contact only. Help ensure that the "AR: Change Customer on Transaction" profile option is configured which determines whether a customer name can be updated in the Transaction windows. If this option is Yes, the bill–to and ship–to names of customers on the transactions may be updated.
AR26	Completeness	Sales Orders are complete.	Inaccurate order data which is electronically transmitted from a third-party via an interface may not be recorded as a complete or accurate sales order.	Orders are monitored for complete sales order posting.	Only authorised users have access to the following functions: • Order Import Request: (ONT_ORDER_IMPORT_REQUEST) • Error Corrections: (ONT_ORDER_IMPORT_FORM).
AR27	Accuracy	Changes to orders cannot be made once a delivery has commenced.	Changes to orders subsequent to delivery may result in inconsistency in customer invoices and delivery.	A change to sales orders after the commencement of delivery is restricted.	Help ensure that access to the following functions are granted only to authorised users: • Sales Orders: (ONT_OEXOEORD) • Sales Order: Enter (OE_OEXOEMOE) • Copy Orders: (OE_OEXOECOR) • Sales Orders: Cancel Order (ONT_OEXOEORD_CANCEL_ORDER) • Fast Order Entry: OE_OECUSTOM.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR28	Accuracy	The ability to process an order return/ rejection is limited to appropriately authorised personnel.	Returns may be unintentionally and/or inappropriately created or maintained by users.	Only authorised users have the ability to process a return/rejection.	Help ensure that access to the following functions are granted only to authorised users: • Credit Memo: Enter (AR_ARXTWMAI_REG_CM_ENTER) • Credit Memo: Delete (AR_ARXTWMAI_REG_CM_DELETE) • Credit Memo: Update (AR_ARXTWMAI_REG_CM_UPDATE).
AR29	Accuracy	All orders are dispatched.	Orders that are placed are not dispatched.	Shipping tolerances are configured appropriately to determine whether each order can be dispatched.	Help ensure that shipping tolerances configured within the profile option OM: Under Shipment Tolerance are configured appropriately. Help ensure that access to Setup Shipping Tolerances function (ONT_OEXSSDTF) is restricted to authorised personnel.
AR30	Accuracy	Only authorised staff may process a shipment of goods.	Unauthorised users may post a shipment of goods.	Only authorised users have the ability to process shipments.	Help ensure that access to the following functions are granted only to authorised users: • Shipping: (OPSHPED1_F).
AR31	Accuracy	Periodic review is conducted to verify the complete and timely shipment of goods to customers.	Management does not monitor complete and timely shipment of goods to customers.	Orders not dispatched are reviewed on a timely basis.	Review the Shipping Exception report to determine whether there are many shipping exceptions listed. The report may be accessed via either SRS or during Pick Release processing.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR32	Accuracy	Only active materials may be used to fulfil sales orders.	Inactive or other unavailable materials may be inappropriately promised to customers. Customer orders may therefore be delayed as a substitute product is located to fill the order.	Only materials that have been completely maintained may be included in sales orders.	Review the access to item master creation programs. • Item Master Function: (ICITMED_F) • Master items: (INV_INVIDITM). The system allows for creation of holds. The transactions are put on hold if specific conditions are not satisfied or the order incomplete.
AR33	Accuracy	All relevant and required sales order information is captured before an order is processed.	Sales orders entered into the system are incomplete and inaccurate, and require follow-up before further processing can occur.	Sales order incompletion procedures have been specified.	Review the Outstanding Holds report and assess whether the holds in place are appropriate.
AR34	Accuracy	Billing cycles are associated with the appropriate corresponding payment terms.	Customers may be billed inaccurately.	Billing cycles are setup within the system and associated with the correct customer payment terms.	Review the Balance Forward Billing configuration through the menu path: Setup: Print > Balance Forward Billing Cycles. Note whether the billing cycles defined within the 'Balance Forward Billing Cycles' form correspond with the appropriate payment terms through the following menu path: Setup: Transactions > Payment Terms.
AR35	Accuracy	Revenue is recognised according to business requirement.	Revenue may be recognised in an incorrect period.	Revenue policy is configured as per business requirement.	Review the revenue policy in the Revenue Management form and any associated revenue contingencies to determine if revenue is recognised according to the requirements set forth by the business.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
AR36	Accuracy	Segregation of Duties (SoD) is maintained within the Order to Cash process.	Inappropriate segregation of duties may lead to unauthorised actions.	Segregation of Duties is maintained within the Order to Cash process.	Review the following SoD scenarios and note whether users exist with access to both functions: • 'Create Maintain Customer Master Record' and 'Changing Customer Profile Classes' • 'Enter Journal Entries' and 'Customer Incoming Payments' • 'Maintain Price Lists' and 'Process Sales Orders' • 'Customer Maintenance' and 'Sales Agreements' • 'Define User Adjustment Limits' and 'Approve Adjustments' • 'Process Sales Orders' and 'Create or Update Pricing Modifiers or Pricing Formulas' • 'Process Sales Orders' and 'Release Order Holds' • 'Manage Customer Credit' and 'Process Sales Orders'.

C.5 Cash Management

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
CM1	Accuracy	Bank accounts are created/deleted/modified only by properly authorised personnel	Bank accounts created/maintained by unauthorised personnel may result in the creation of fictitious accounts leading to loss of revenue	Assess to maintain configurations related to creation of bank accounts in Oracle is restricted to authorised individuals	1 Generate a system list of personnel authorised to set up users in the system for the creation of bank accounts 2 Obtain and review the management approved list with supporting documentations of personnel authorised to set up users 3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)
CM2	Accuracy	Bank accounts creations are processed accurately	Closed bank accounts may be utilised inappropriately leading to loss of revenue	Closed Bank Account are end dated. Hence Users will not see it for transactions	1 Generate a system list of deleted/archived bank accounts in the system 2 Through inquiry verify whether there are procedures/policies for deleting/archiving bank accounts 3 Obtain and review management approved list with supporting documentation of deleted/archived bank accounts
CM3	Accuracy	All approved bank accounts are processed	Non creation of approved bank accounts may result in incomplete processing of transactions causing delays in delivery of goods or services	Bank Accounts are created immediately upon approval by management	1 Generate a system list of bank accounts for the period under review 2 Through inquiry of management and inspection of documentation, determine whether management has a policy that determines the duration for processing/creating of bank accounts and if a

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					procedure is in place for reviewing and investigating delays 3 Using CAATs, identify bank accounts that were not processed within the approved or agreed period (CM/BA/01) 4 Ascertain whether management reviewed and investigated the cause of the delays in accordance with the policy
CM4	Completeness	A complete record of bank accounts is maintained within the system	Bank accounts may be deleted from the system in order to conceal inappropriate activity	Bank Account ID is generated at the back end sequentially and hence any deletion will keep an audit trail	1 Perform a walk through to verify whether bank account IDs are numbered sequentially during processing 2 Generate a system list of bank accounts for the period under review 3 Verify whether there is an audit trail of deleted bank accounts 4 Using CAATs, ascertain whether bank accounts were numbered sequentially (CM/BA/02)
CM5	Completeness	Bank accounts creations are recorded completely and accurately	Incomplete account creation may result in additional investigation or follow-up during the payment process	Required fields are populated when a bank account creation generated in Oracle Cash module. The steps cannot be completed without	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when creating bank accounts 2 Perform a walk through to verify that bank accounts can only be created after completing the required fields

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
				completing the required fields	3 Using CAATs, perform tests to identify whether there were any bank accounts that were created without completing the required fields (CM/BA/03)
CM6	Existence, Accuracy	Duplicate bank accounts are not created	Duplicate bank accounts may results in difficulty in tracking the use of funds and loss of revenue	Oracle® prevents the creation of duplicate bank accounts	1 Generate a system list of bank accounts for the period under review 2 Using CAATs ascertain whether the same bank account number has been used for multiple bank accounts (CM/BA/04)
CM7	Accuracy	Bank transfers are created/deleted/modified only by properly authorised personnel	Bank transfers created/deleted and modified by unauthorised personnel may result in the creation of fictitious transfers leading to loss of revenue	Assess to maintain configurations related to bank transfers in Oracle is restricted to authorised individuals. Privileges are given to only authorised users	1 Generate a system list of users having access to create or maintain bank transfers 2 Obtain and review the management approved list with supporting documentations of users who can create and maintain bank transfers 3 Verify appropriateness of the approval and reasonableness of the access (segregation of duties)
CM8	Accuracy	Bank transfers are authorised by appropriate personnel	Bank transfers may not be properly authorised according to policy resulting in unauthorised payments	Bank transfers approval limits are configured within the system and assigned to various approvers	1 Generate a list of users from the system who have access to approve bank transfers 2 Through inquiry of management and inspection of documentation obtain and review approval hierarchies for bank transfers 3 Using CAATs generate a list of approved bank transfers and verify whether they were approved by an individual with the appropriate level of authority (CM/BT/01)
CM9	Accuracy	Bank transfers can only be generated from	Unauthorised creation of bank transfers may result in increased expenditures and the	All bank transfers are supported by an	1 Generate a system list of bank transfers for the period under review

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		approved transactions	acquisition of unnecessary items	approved transactions and documentation	2 Through inquiry of management and inspection of sample bank transfers, determine whether supporting documentation related to each bank transfer is approved
CM10	Completeness	Bank transfers are recorded completely and accurately	Incomplete bank transfers may result in additional investigation or follow-up during the payment process	Required fields are populated when a bank transfer is generated in Oracle Cash module.	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when bank transfers are processed 2 Perform a walk through to verify that bank transfers can only be processed after completing the required fields 3 Using CAATs, perform tests to identify whether there were any bank transfers created without completing the required fields (CM/BT/02)
CM11	Existence, Accuracy	Duplicate bank transfers are not processed	Duplicate bank transfers may result in double payments (loss of funds).	Oracle prevents the creation of duplicate bank transfer from the same approved transactions and documentation.	1 Generate a system list of bank transfers for the period under review 2 Using CAATs ascertain whether the same bank transfer ID, amount, name e.tc. has been used for multiple bank transfers (CM/BT/03)
CM12	Accuracy	Bank transfers are processed accurately	A large volume of cancelled bank transfers may indicate that bank transfer authorisation controls require strengthening	Cancellation of bank transfer can only be done by authorised personnel. Privileges are given to only authorised person	1 Through inquiry of management and inspection of documentation, determine whether management reviews the volume of cancelled bank transfers and whether transfers were completed by authorised personnel 2 Generate a system list of cancelled bank transfers for the period under review 3 Ascertain whether the cancelled bank transfers were done by authorised personnel and management investigated the reason for the cancellation

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
CM13	Accuracy	Transfers are processed in a timely manner.	Delays in bank transfers could result in penalties for late payment of invoices.	Timelines can be assigned to bank transfers and ability to modify the timeline is restricted to properly authorised personnel.	1 Through inquiry and inspection of policies, procedures and process documentation, determine whether there is a policy requiring that bank transfers are processed within a defined period 2 Generate a system list of bank transfers for the period under review 3 Through inspection of reports which highlights bank transfers that have not been processed within the defined period verify evidence of review by management 4 Ascertain whether management investigated the cause of the delays in accordance with the policy
CM14	Accuracy	Bank statements are created/deleted/modified only by properly authorised personnel	Bank statements created/maintained/approved by unauthorised personnel may result in the divulging of confidential information	Assess to maintain configurations related to creation of bank statements in Oracle is restricted to authorised individuals	1 Generate a system list of personnel authorised to set up users in the system for creating bank statements 2 Obtain and review the management approved list with supporting documentations of personnel authorised to set up users 3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)
CM15	Accuracy	Bank statements can only be generated from approved bank accounts	Unauthorised creation of bank statements may result in fraudulent activities and difficulty in preparing bank reconciliations	Bank Account statements are not generated but are loaded or sent through EFT for only approved Banks setup on the system	1 Through inquiry obtain a list of bank account statements that were loaded or sent through EFT for the period under review banks 2 Ascertain whether the bank statements were for approved banks set up in GIFMIS system and whether they were sent or loaded through EFT

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
CM16	Completeness	A complete record of bank statement is maintained within the system	Bank statements may be deleted from the system in order to conceal inappropriate activity	Oracle Cash module is configured to number bank statements sequentially	1 Perform a walk through to verify whether bank statements are numbered sequentially during processing 2 Generate a system list of bank statements for the period under review 3 Using CAATs, ascertain whether bank statements were numbered sequentially (CM/BS/01)
CM17	Accuracy	Approved bank statements are processed in a timely manner	Bank statements are not processed in a timely manner resulting in an inability to forecast accurately. In addition, existence of incorrect bank statements may result in incorrect bank reconciliations	Timelines can be assigned to bank statements and ability to modify the timeline is restricted to properly authorised personnel	1 Through inquiry and inspection of policies, procedures and process documentation, determine whether there is a policy requiring bank statements to be processed within a defined period 2 Generate a system list of bank statements for the period under review 3 Through inspection of reports which highlights bank statements that have been processed beyond the expected period, verify evidence of review by management 4 Ascertain whether management investigated the cause of the delays in accordance with the policy
CM18	Accuracy	Bank statements are recorded completely and accurately	Incomplete bank statements may result in additional investigation or follow-up during the bank reconciliation process	Required fields are populated when a bank statement is generated in Oracle Cash module	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when bank statements are generated in the system 2 Perform a walk through to verify that bank statements can only be generated after completing the required fields

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					3 Using CAATs, perform tests to identify whether there were any bank statements that were generated without completing the required fields (CM/BS/02)
CM19	Accuracy	Bank reconciliations are created/deleted/modified only by properly authorised personnel	Bank reconciliation are created/maintained by unauthorised personnel may result in the creation of fictitious accounts leading to loss of revenue	Access to maintain configurations related to creation of bank reconciliations in Oracle is restricted to authorised individuals	1 Generate a system list of personnel authorised to set up users in the system for bank reconciliation 2 Obtain and review the management approved list with supporting documentations of personnel authorised to set up users 3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)
CM20	Accuracy	Bank reconciliations are prepared completely, timely and accurately	Incomplete bank reconciliations may result in poor treasury management.	Required fields are populated when bank reconciliations are generated in Oracle Cash module	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when bank reconciliations are generated in the system 2 Perform a walk through to verify that bank reconciliations can only be generated after completing the required fields 3 Using CAATs, perform tests to identify whether there were any bank reconciliations that were generated without completing the required fields(CM/BR/01)
CM21	Accuracy	Approved bank reconciliations are processed in a timely manner	Bank reconciliations are not processed in a timely manner resulting in an inability to follow up any outstanding	There is no concept of delay once loaded, system performs automatic reconciliation	1 Through inquiry and inspection of policies, procedures and process documentation, determine whether there is a policy requiring bank reconciliations to be processed within a defined period

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL	
			item and delay periodic reporting		2	Ascertain whether the automatic reconciliation occurred during the defined period
CM22	Completeness	A complete record of bank reconciliations is maintained within the system	Bank reconciliations may be deleted from the system in order to conceal inappropriate activity	Oracle® Cash module is configured to number bank reconciliations sequentially	1	Perform a walk through to verify whether the system is configured to number bank reconciliations sequentially during processing
					2	Generate a system list of bank reconciliations for the period under review and ascertain whether bank reconciliations were deleted from the system during the period under review
					3	Using CAATs, ascertain whether bank reconciliations were numbered sequentially (CM/BR/02)
CM23	Accuracy	Bank reconciliations are reviewed and approved by an authorised personnel	Mistakes/errors cannot be detected and corrected in a timely manner	Review and approve all bank reconciliations by authorised personnel before archiving	1	Generate a system list of users from the system having access to approve bank reconciliations
					2	Through inquiry of management and inspection of documentation obtain and review approval hierarchies for bank reconciliations
					3	Using CAATs generate a list of approved bank reconciliations and verify whether they were approved by an authorised person (CM/BR/03)
CM24	Accuracy	Bank statement import are created/deleted/ modified only by properly authorised personnel	Bank statement import created/maintained/approved by unauthorised personnel may result in the divulging of confidential information	Access to maintain configurations related to creation of bank statement import in Oracle is restricted to authorised individuals	1	Generate a system list of personnel authorised to set up users in the system for bank statement import
					2	Obtain and review the management approved list with supporting documentations of personnel authorised to set up users

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)
CM25	Accuracy	Cash forecasting are created/deleted/modified only by properly authorised personnel	Cash forecasting created/maintained by unauthorised personnel may result in an inability to project cash needs and evaluate liquidity position	Access to maintain configurations related to cash forecasting in Oracle is restricted to authorised individuals	1 Generate a system list of personnel authorised to set up users in the system for cash forecasting 2 Obtain and review the management approved list with supporting documentations of personnel authorised to set up users 3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)
CM26	Accuracy	Cash forecasting is prepared completely and accurately	Inaccurate cash forecasting may result in an inability to project cash needs and evaluate liquidity position	Required fields are populated when cash forecasting are generated in Oracle Cash module	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when cash forecasting is generated in the system 2 Perform a walk through to verify that cash forecasting can only be generated after completing the required fields 3 Using CAATs, perform tests to identify whether there were any cash forecasting that were generated without completing the required fields (CM/CF/01)
CM27	Accuracy	Approval of cash forecasting is processed in a timely manner	Cash forecasting is not processed in a timely manner resulting in an inability to project may result in an inability to project liquidity position	Timelines is assigned to cash forecasting and ability to modify the timeline is restricted to properly authorised personnel	1 Through inquiry and inspection of policies, procedures and process documentation, determine whether there is a policy requiring cash forecasting to be processed within a defined period

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					2 Generate a system list of cash forecasting for the period under review
					3 Through inspection of reports which highlights cash forecasting that have been processed beyond the defined period, verify evidence of review by management
CM28	Accuracy	Cash forecasts are reviewed and approved by an authorised personnel	Mistakes/errors cannot be detected and corrected in a timely manner	Review and approve all cash forecasts by authorised personnel before archiving	1 Generate a system list of users from the system having access to approve cash forecasts 2 Through inquiry of management and inspection of documentation obtain and review approval hierarchies for cash forecasts 3 Using CAATs generate a list of approved cash forecasts and verify whether they were approved by an authorised person (CM/CF/02)
CM29	Accuracy	Cash pooling is created/deleted/modified only by properly authorised personnel	Cash pooling created/maintained by unauthorised personnel may result in an inability to optimise GoG bank accounts	Access to maintain configurations related to cash pooling in Oracle is restricted to authorised individuals	1 Generate a system list of personnel authorised to create/delete/modify cash pooling 2 Obtain and review the management approved list with supporting documentations of personnel authorised who are can create/delete/ modify cash pooling 3 Verify appropriateness of the approval and reasonableness of the access (segregation of duties)
CM30	Accuracy	Cash pooling is captured completely and accurately.	Inaccurate cash pooling may result in an inability to optimise GoG bank accounts	Required fields are populated when cash pooling is generated in Oracle Cash module.	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when undertaking cash pooling 2 Perform a walk through to verify whether cash pooling can only be processed after completing the required fields

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					3 Using CAATs, perform tests to identify whether any cash pooling were processed without completing the required fields (CM/CP/01)
CM31	Accuracy	Cash pooling are reviewed and approved by an authorised personnel	Mistakes/errors cannot be detected and corrected in a timely manner.	Authorised personnel review and approve all cash pooling before archiving.	1 Through inquiry of management and inspection of documentation ascertain whether management reviews and approves cash pooling 2 Generate a system list of cash pooling for the period under review and verify whether they were reviewed and approved 3 Ascertain whether they were reviewed and approved by authorised personnel.
CM32	Accuracy	Cancellation of transfers and payments are created/deleted/modified only by properly authorised personnel	Cancellation of transfers and payments created/maintained by unauthorised personnel may result in unauthorised activities	Access to maintain configurations related to cancellation of transfers and payments in Oracle is restricted to authorised individuals	1 Generate a system list of personnel authorised to set up users in the system for cancellation of transfers and payments 2 Obtain and review the management approved list with supporting documentations of personnel authorised to set up users 3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)
CM33	Accuracy	Cancellation of transfers and payments is recorded completely and accurately	Inappropriate cancellation of transfers and payments may result in late payments leading to interest charges and penalties. Liabilities may not be recorded in the appropriate periods	Cancellation of transfers and payments is recorded completely and accurately.	1 Through inquiry of management and inspection of documentation ascertain whether management reviews and approves cancellation of transfers and payments 2 Perform a walk through to verify the adequacy of cancellation support and approval of cancellation of transfers and payments fields 3 Using CAATs, perform tests to identify whether cancellation of transfers and payments were processed without approval from management (CM/TP/01)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
CM34	Accuracy	Approval of cancellation of transfers and payments is processed in a timely manner	Cancellation of transfers and payments is not processed in a timely manner resulting in late payments leading to interest charges and penalties. Liabilities may not be recorded in the appropriate periods	Approval of cancellation of transfers and payments is processed in a timely manner	1. Generate a system list of transfers and payments that have been cancelled for the period under review 2. Through inquiry of management and inspection of documentation, determine whether management has a policy that determines the period for processing cancellation of transfers and payments and a procedure in place for reviewing and investigating delays 3. Using CAATs, identify cancellation of transfers and payments that were not processed within the approved or agreed period (CM/TP/02) 4. Ascertain whether management reviewed and investigated the cause of the delays in accordance with the policy
CM35	Accuracy	Cancellation of transfers and payments are reviewed and approved by an authorised personnel	Inappropriate cancellations cannot be detected and corrected in a timely manner.	Cancellation are done by authorised person	1 Generate a system list to identify users having access to configuration settings of cancellation of transfers and payments 2 Obtain and review the management approved list with supporting documentations of personnel authorised to cancel transfers and payments 3 Verify appropriateness of the approval and reasonableness of the access (Segregation of duties)

C.6 General Ledger

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
GL1	Completeness	Confirm Segregation of Duties (SoD) controls exist.	User may have the ability to perform unauthorised transactions and processes resulting in inaccurate financial statements and reports.	Enter Journals and Post Journals - functions are not assigned to same Responsibility or User. The User who creates JV cannot post. The JV goes through approval Hierarchy. Once it's approved. The Person Who has been assigned to post can only post	1 Generate a system listing of users having access to enter and post journals 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to their job function 3 Verify that access is reasonable and users do not have access to both functions (segregation of duties).
GL2	Completeness	Confirm Segregation of Duties controls exist.	User may have the ability to perform unauthorised transactions and processes resulting in inaccurate financial statements and reports.	Journal Authorisation Limits and Enter Journals - functions are not assigned to same Responsibility or User. The Authorisation limit is set for final Approvers of JV	1 Generate a system listing of users having access to enter and approve journals 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to job function 3 Verify that access is reasonable and users do not have access to both functions (segregation of duties).
GL3	Completeness	Confirm Segregation of Duties controls exist.	User may have the ability to perform unauthorised transactions and processes resulting in inaccurate	Open and Close Periods and Enter Journals - functions are not assigned to same User. Open and close	1 Generate a system listing of users having access to enter and general ledger open and close periods 2 Through inquiry of management and inspection of documentation, confirm whether the users having access are appropriate according to their job function

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
			financial statements and reports.	periods are the sole responsibility of head of Public Accounts Section. It's a one Person activity.	3 Verify that access is reasonable and users do not have access to both functions (segregation of duties).
GL4	Completeness	External reporting functionality meets the business needs of the client.	External reporting does not meet the needs of the business. Information is extracted from the system, downloaded to another application, and (appropriately or inappropriately) manipulated further to produce reports.	Disclosure information is based on standard reports wherever possible. Extracted information is not downloaded into another application. The Reports are assigned to Specific Users to run report. Not everybody can the report.	1 Obtain and review the process of running external reports 2 Determine that information is not downloaded into other application to produce the external report 3 Determine that reports are only run by authorised users
GL5	Accuracy	Business area balance sheets are accurately designed.	Business Area balance sheets that are not designed appropriately can impact the presentation of financial reports. Miscategorised accounts can result in inappropriate financial representation.	Balance sheets (Accounts) are appropriately configured in the Chart of Accounts while defining the reports. No user can change the account ranges in FSG Reports (Financial Statement Generator) Reports. Only authorised users who can design the report are allowed to change the mappings	1 Generate a system list of personnel authorised to configure chart of accounts in the system 2 Obtain and review the management approved list with supporting documentations of personnel authorised to configure chart of account settings in the system 3 Verify appropriateness of the approval and reasonableness of the access.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
GL6	Completeness	Internal reporting functionality meets the business needs of the client.	Internal reporting does not meet the needs of the business. Information is extracted from the system, downloaded to another application, and (appropriately or inappropriately) manipulated further to produce reports.	Internal financial reporting utilises standard reports like MDA Receipts and Payments Report. MDA Expenditure wherever possible.	1 Through inquiry and inspection of documentation verify whether management use standard reports for internal financial reporting
GL7	Presentation and Disclosure	Only authorised individuals receive financial report information.	Internal reporting does not meet the needs of the business. Information is extracted from the system, downloaded to another application, and (appropriately or inappropriately) manipulated further to produce reports.	Critical reports are reviewed and approved by appropriate individuals. The Access for Critical Reports is restricted only to few users and Data Partition by MDA is maintained	1 Verify whether the system is appropriately configured to send reports to appropriate individuals. 2 Generate a system list of individuals authorised to review reports 3 Verify appropriateness of the approval and reasonableness of the access and confirm whether the reports are reviewed
GL8	Presentation and Disclosure	Only appropriate users can change defined organisational structures.	Financial accounting and reporting organisational structures may be unintentionally and inappropriately changed by users. Financial accounting and reporting organisational structures changes by unauthorised users may result in inaccurate reporting of financial transactions.	Only authorised users have access to update or modify the Chart of Accounts hierarchy. The Profile Option is set to NO.	1 Through inquiry of management and inspection of documentation confirm whether management has a policy for updating/modifying chart of accounts hierarchy. 2 Confirm the system is configured to allow authorised users to update or modify the chart of accounts hierarchy and is in agreement with the system configuration documentation and/or management approved policies.
GL9	Presentation and Disclosure	Only appropriate users can change defined	Financial accounting and reporting organisational structures may be unintentionally and	Functional Security and Profile security is in place. Functional security for restricting	1 Through inquiry and inspection of documentation ascertain whether functional and profile security is in place for restricting access on Menus and Functions

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		organisational structures.	inappropriately changed by users. Financial accounting and reporting organisational structure changes by unauthorised users may result in inaccurate reporting of financial transactions.	access on Menus/Functions. Profile security is for restricting the user to respective MDA	2 Perform walkthrough to verify whether unauthorised user can change defined organisational structure (Financial accounting and reporting organisational structure)
GL10	Presentation and Disclosure	Only appropriate users can change defined organisational structures.	Financial accounting and reporting organisational structures may be unintentionally and inappropriately changed by users. Financial accounting and reporting organisational structures changes by unauthorised users may result in inaccurate reporting of financial transactions.	Access to modify the Account Structure Hierarchies is restricted. Only Authorised User can modify the Hierarchy	1 Generate a system list of users who have access to modify account structure hierarchies 2 Verify appropriateness and reasonableness of the access 3 Perform system walkthrough to verify whether unauthorised personnel can modify account structure hierarchies
GL11	Presentation and Disclosure	Changes to the Chart of Accounts are authorised.	Entity or business unit Chart of Accounts changes are unauthorised resulting in inaccurate financial consolidation/reporting.	The ability to maintain the General Ledger is restricted to appropriate users.	1 Generate a system list of users authorised change chart of accounts 2 Determine if access to functions to change chart of accounts are restricted to appropriate personnel
GL12	Completeness	All Period- Close processes are performed in the proper order.	Period-end processes are missed or incompletely performed.	PAS drives the Period-end processes for close the P2P Cycle so that the accounting entries are posted Periodic wise which paves the way for Final Accounts Preparations.	1 Through inquiry and inspection determine whether management has a policy for period end process. 2 Generate list of period end processes for the period under review and verify whether process was in accordance with the policy

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
GL13	Occurrence	Accounting records are closed and reconciled in a timely manner.	Accounting records are not closed and/or reconciled in a timely manner. Transactions may be posted to an inappropriate period thus misstating the financial records.	Only authorised user's open and close periods. There is no way the transactions are posted to wrong period. Before closing the period the reconciliation takes place to match the sub ledgers with GL	1 Generate a system list of users who are authorised to open and close accounting periods in the system. 2 Verify that the GL is reconciled to the sub ledgers before closing
GL14	Occurrence	Accounting records are posted to the correct period.	Accounting records are not closed and/or reconciled in a timely manner. Transactions may be posted to an inappropriate period thus misstating the financial records in the interim.	The Accounting Periods are closed in timely manner and thereby it ensures Transaction Processing and posting to prior periods is prevented.	1 Through inquiry and inspection of documentation ascertain how the Accounting Periods are closed and posting to prior periods is prevented.
GL15	Occurrence	Closing activities are complete.	Unspecified closing activities may result in inaccurate financial reports.	There is a standard Operation Procedure for Period Closing. Un Specified closing activity can never take place. The Application and system controls ensures that unspecified closing does not take place	1 Verify whether financial closing policies and procedures are documented and maintained by management 2 Perform a walkthrough to ascertain if financial closing policies and procedures are in agreement with the management approved policies.
GL16	Occurrence	Ensure that accounting periods are closed in a timely manner and that	Unspecified closing activities may result in inaccurate financial reports.	There is a standard Operation Procedure for Period Closing. The Application and system controls ensure	1 Through inquiry and inspection of documentation verify whether there is a standard operation procedure for period closing 2 Verify whether there is a checklist in place for period end process

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		posting to prior periods is prevented.		that unspecified closing does not take place. More so there is a checklist in Place for Period end Process	3 Perform walkthrough to verify whether unspecified closing can take place
GL17	Occurrence	General ledger entries are reconciled to posting documents during the period-end process.	GL entries are not periodically reconciled to posting documents during or after the period-end process.	The Journal Entries coming from Sub Ledger Modules are Posted. Only Authorised Users can query/Reconcile the Journal Lines	1 Generate a system list of users who have access to reconcile journal lines 2 Obtain and review the management approved list with supporting documentation of users who have access to reconcile journal lines 3 Verify appropriateness and reasonableness of the access (segregation of duties) 4 Perform system walkthrough to verify whether unauthorised personnel can reconcile journal lines.
GL18	Occurrence	General ledger postings are complete.	Incomplete general ledger postings, due to terminated postings, may impact financial reports.	Only authorised Users can review unposted journal entries. The authorised users may advice the preparer or approver to take necessary action on the pending journal.	1 Through inquiry and inspection of documentation verify how management manage unposted journals 2 Obtain list of unposted journals and verify whether they have been reviewed by authorised users 3 Ascertain whether appropriate action has been taken on pending journals
GL19	Presentation and Disclosure	Period-end journals are processed completely and accurately and in the appropriate period.	Inappropriate or inaccurate periodic journals are made by users who are not authorised by the business to perform this task which may result in inaccurate postings to the general ledger.	When the first period of the new fiscal year is opened the surplus/deficit of revenues with that of expenditure is posted to correct retained earnings account	1 Generate list of period end journals and verify whether they were posted to the correct accounts 2 Ascertain whether they were posted in the correct accounts
GL20	Presentation and Disclosure	The ability to archive	GL document archiving is executed by users who are not	Archiving the data is inbuilt in the system.	1 Generate a system list of users who have access to archive data

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		documents at period- end is appropriately restricted.	authorised by the business to perform this task which may result in premature archiving of data.	The access to archive data is restricted only to authorised users	2 Obtain and review the management approved list with supporting documentations of users who have access to archive data 3 Verify appropriateness and reasonableness of the access (segregation of duties) 4 Perform system walkthrough to verify whether unauthorised personnel can archive data
GL21	Occurrence	Adequate audit trails are retained for processed transactions.	An adequate audit trail does not exist for processed journal entries.	Access to document sequences is highly restricted only GL Super User with help of System admin will set up doc sequences	1 Through inquiry of management and inspection of documentation obtain and review a list of authorised users having access to document sequences and ascertain whether access is appropriately restricted
GL22	Occurrence	Each GL journal entry is assigned a sequential, unique number according to its document type.	GL journal entries are not assigned a unique, sequential number and may lead to duplication of journal entries	GL journal entries are assigned a unique, sequential number according to Journal Category and Source Combination. The system would restrict the duplicate numbers	1 Perform a walk through to verify whether GL journal entries are numbered sequentially 2 Generate a system list of GL journal entries for the period under review 3 Using CAATs, ascertain whether GL journal entries were numbered sequentially (GL/JE/01)
GL23	Completeness	Automatic Posting is maintained by appropriate users.	Inappropriate or inaccurate changes to automatic postings are made by users who are not authorised to perform this task that may result in inaccurate postings to the General Ledger.	To post the entries and to Automate the Journal Posting the access is restricted to only to authorised users	1 Generate a system list of users who can automate journal posting 2 Through inquiry of management and inspection of documentation obtain and review a list of authorised users who can undertake automatic posting of journals Ascertain if an unauthorised user can undertake automatic posting of journals
GL24	Completeness	Changes to posted journal entries are authorised.	Changes and reversals of posted journal entries are not reviewed by management and	Only authorised users have the ability to perform changes to	1 Generate a list of users from the system who can make changes to posted journal entries

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			are not subject to access controls are made by users who are not authorised to perform this task that may result in inappropriate postings to the General Ledger.	posted journal entries. But Currently in the GIFMIS Solution. As journal Processing is in Approvals. The Approver cannot modify. He would reject the Journal and let the preparer modify it	2 Through inquiry of management and inspection of documentation obtain and review list of users who can make changes to journal entries 3 Using inquiry function generate a list of changed journal entries verify and whether they were changed by an authorised personnel 4 Perform walkthrough to verify whether unauthorised personnel can make changes to posted journal entries
GL25	Completeness	Journal entries are accurate and authorised.	Invalid manual journal entries are posted to the general ledger.	Only authorised users have the ability to post manual G/L entries.	1 Generate a system list of personnel authorised to post manual G/L entries 2 Obtain and review the management approved list with supporting documentations of personnel authorised to post manual G/L entries 3 Perform a walk through to verify whether a manual G/L entries can be posted by an unauthorised personnel
GL26	Completeness	Journal entries are accurate and authorised.	Invalid or inaccurate journal entries are posted.	Journal entries are reviewed and approved by an individual separate from the preparer prior to posting. Management review is documented.	1 Through inquiry of management and inspection of documentation, determine whether there is procedure in place for reviewing and approving journals prior to posting 2 Obtain a list journals posted for the period under review and ascertain whether they were reviewed and approved prior to posting 3 Ascertain whether they were reviewed and approved by an authorised personnel different from the preparer
GL27	Completeness	Journal entries are recorded completely and accurately.	A large number of journal entries within the reporting application may indicate that financial records are not being	The Journal Postings show the Source Systems in Journal Category	1 Obtain journal postings for the period under review. 2 Ascertain whether they were made within the originating source systems

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			recorded properly in the originating systems.		
GL28	Completeness	Journal entries are recorded completely and accurately.	GL master data is not maintained completely and/or accurately which may affect general ledger transactional postings.	No Reconciliation Accounts are configured. There are control Accounts in the system (Like Purchase Control Account etc.)	1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when completing/processing key accounts 2 Using CAATs, perform tests to identify whether all journals are approved and passed appropriately. (GL/JE/02)
GL29	Completeness	Journal entries are recorded completely and accurately.	GL master data is not maintained completely and/or accurately which may affect general ledger transactional postings.	System does not allow if debits and credits do not match	1 Through inquiry of management and inspection of documentation ascertain whether the system prevents entries for which debits do not equal credits. 2 Perform a walkthrough to verify if the prevents entries for which debits do not equal credits. 3 Generate a system list of posted journal entries and verify whether debits equal credits
GL30	Completeness	Journal entries are recorded completely and accurately.	GL master data is not maintained completely and/or accurately, which may affect general ledger transactional postings.	The Master Data is readily available for Transaction Processing	1 Through inquiry of management verify whether the master data is readily available for transaction processing 2 Obtain, review, and access the availability of the master data for transaction processing
GL31	Completeness	Journal entries are recorded in the proper period.	Unposted documents are not reviewed and/ or cleared on a periodic basis.	Unposted journal entries are regularly reviewed to help ensure the transaction is posted to the appropriate period or deleted.	1 Ascertain from management whether there is a procedure in place for reviewing unposted journals 2 Obtain and review a list of unposted journals and verify whether they have been reviewed and posted or deleted.
GL32	Completeness	Management monitors any changes made to	Documents changed after posting are not reviewed by management for reasonableness.	Once a Journal is Posted No changes can be made to the Journal. The only way to make	1 Through inquiry of management and inspection of documentation ascertain whether there is a procedure in place for changing or reversing posted journals

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		documents after posting.		change is reverse the journal which only final approver can reverse	2 Using the inquiry function generate a system list of changed or reversed journals and verify whether they were changed or reversed by authorised personnel. 3 Perform a walkthrough to ascertain whether a posted journal can be changed or reversed by unauthorised personnel
GL33	Completeness	Journal entries are accurate and authorised.	Journals may be entered and posted without appropriate approval	The Journal Notification reassignment list of values restricts to valid application user. There is no way journal can move to inappropriate approval hierarchy	1 Through inquiry and inspection of documentation ascertain whether journal notification reassignment list is restricted to authorised users. 2 Perform walkthrough to verify whether a journal can move to inappropriate approval hierarchy 3 Obtain a list of posted journals and verify whether they were appropriately approved
GL34	Completeness	Account Hierarchy is accurate for data processing and reporting.	Inaccurate reporting may result from unauthorised edits to General Ledger definitions.	Relevant Profile Options are set for each responsibility	1 Through inquiry and inspection of documentation ascertain how relevant profile options are set for each responsibility 2 Review profile options that allows changes to the account hierarchy 3 Perform system walkthrough to verify whether unauthorised edits can be undertaken
GL35	Completeness	Access is authorised and approved.	Improper transactions may be made that violate access privileges.	Definition Access set is in Place for Access restriction (E.g.: FSG reports)	1 Generate a system list of users having access to GL system 2 Obtain and review the management approved list with supporting documentations of users who have access to the GL system 3 Verify appropriateness and reasonableness of the access 4 Perform walkthrough to verify if unauthorised personnel can access the GL system

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GL36	Completeness	System configuration values are consistent with policies and documentation.	Improper processing could occur in violation of management approved policies.	The system is configured in line with Management Approved Policies	1 Through inquiry of management and inspection of approved policies and documentation, obtain an understanding of how the system is configured 2 Ascertain whether the configuration of the system is in line with the approved policies and documentation
GL37	Accuracy	Changes to the Chart of Accounts are authorised.	Entity or business unit Charts of Accounts changes are unauthorised, resulting in inaccurate financial consolidation/ reporting.	Changes to the Chart of Accounts are accurate, complete, and regularly reviewed by the client. The Changes are done in line with Management Policy	1 Through inquiry of management and inspection of policies and documentation obtain an understanding of how changes to Charts of Accounts are done 2 Perform a walk through to verify whether Charts of Accounts be modified by an unauthorised person 3 Generate a list of all modifications to Charts of Accounts for the period under review and ascertain whether they were done in accordance with management policies
GL38	Occurrence	G/L entries are reconciled to Journal Entry support documents during the period-end process.	G/L entries are not periodically reconciled to posting documents during or after the period end process.	Consistency checks are executed between the general ledger accounts balances and the supporting accounting documents as part of the closing process. Every Journal passed as part of closing process passes through Internal Audit Stamp after which the Journal is posted	1 Through inquiry and inspection of documentation ascertain whether G/L entries are periodically reconciled to posting documents 2 Obtain a system list G/L accounts balances and verify whether they have been reconciled to their supporting accounting documentation
GL39	Completeness	Verify that account analysis is performed to	Incorrect financial reporting.	Account Analysis Report is run	1 Through inquiry and inspection of documentation ascertain whether account analysis is performed to validate transactions

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		validate transactions.			2 Generate a list of Account Analysis Report and verify whether the transactions have been validated
GL40	Completeness	Verify that calendar periods have been correctly generated.	Incorrect period reporting will occur.	Not Applicable	1 Through inquiry of management and inspection of documentation, verify whether management review account analysis report 2 Obtain accounts analysis reports for the period under review and ascertain whether they were reviewed by an authorised personnel
GL41	Completeness	Verify that all journal entries have been imported to the general ledger.	Incomplete reporting will result in incorrect financial reporting.	Trial Balance is run on Periodic basis	1 Generate a system list of all journal entries for the period under review 2 Generate journal entry reports for the period and ascertain whether management review the reports 3 Reconcile the journal entries to the reports to ascertain whether all the entries have been posted to the G/L