

Audit Manual for Metropolitan, Municipal and District Assemblies



Internal Audit Agency

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LIST OF ABBREVIATIONS

No.	Abbreviations	Description
1.	ARIC	Audit Report Implementation Committee
2.	CAGD	Controller and Accountant General's Department
3.	CFE	Certified Fraud Examiner
4.	CIA	Certified Internal Auditor
5.	CISA	Certified Information Systems Auditor
6.	CPA	Certified Public Accountant
7.	HIAU	Head, Internal Audit Unit
8.	HoD	Head of Department
9.	HR	Human Resource
10.	IAA	Internal Audit Agency
11.	IAM	Internal Audit Manual
12.	IAP	Internal Audit Plan
13.	IAU	Internal Audit Unit/Directorate/Department
14.	IGF	Internally Generated Funds
15.	IIA	Institute of Internal Auditors
16.	IPPF	International Professional Practices Framework
17.	MDAs	Ministries, Departments and Agencies
18.	MMDAs	Metropolitan, Municipal and District Assemblies
19.	MoFEP	Ministry of Finance and Economic Planning
20.	OP	Operational Procedures
21.	PUFMARP	Public Financial Management Reform Program
22.	PV	Payment Voucher
23.	QAIP	Quality Assurance and Improvement Programme
24.	RMP	Risk Management Panel
25.	SAS	Statements of Auditing Standards
26.	VAT / NHIL	Value Added Tax / National Health Insurance Levy

1

Introduction

Section 16(1) of the Internal Audit Agency (IAA) Act, 2003 (Act 658), provides that each MDA and MMDA shall have an Internal Audit Unit (IAU) which shall constitute part of the MDA or MMDA. The responsibilities of the IAU are provided in Act 658 and the Internal Audit Manual (IAM) for Metropolitan, Municipal and District Assemblies (MMDAs). The IAM has been developed in conformity with Act 658 and requirements of the Professional Practice Framework issued by the Institute of Internal Auditors.

The Internal Audit Unit/Directorate/Department (IAU) supports the MMDA as an independent appraisal function to examine and evaluate their financial and operational activities. The IAU also monitors compliance of rules, regulations, systems, policies, and procedures prescribed by the MMDA and / or by regulatory authorities. The IAU is an integral part of the governance framework of the MMDA, 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, appraisal, observations, and recommendations.

The Internal Audit Manual documents the policies and procedures for managing an IAU and their 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 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 MMDA.
- Serve as a useful guide for the internal audit staff, detailing their responsibilities, approach, and authorities to conduct effective internal audits of the MMDA and communicate audit results to management and related parties.
- Provide a consistent basis for the delivery of internal audit services in all the MMDAs.
- A basis for improving systems and internal control procedures.

1.2 Content of the Manual

This IAM prescribes the structure, policies, procedures, formats, checklists, guidelines, and reference documents to be used by the IAU to carry out its responsibilities. The IAM also describes the responsibilities of the IAU on communicating audit results, its approach, authorities, and strategies to achieve its objectives.

The procedures have been described in narrative language and are supported by specimen operational procedures papers 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 staff of the MMDA.

1.3 Maintenance / Revisions

The IAA may need to update the IAM to reflect changes in policies or procedures as decided from time to time, driven by either changing business requirements, changes in MMDAs' activities, or amendments in the applicable laws, regulations, or internal auditing Standards.

Requests for clarifications of or explanations on the contents of this manual should be addressed to the Director-General of the IAA.

The Agency will, from time to time, issue circulars and notices amending or adding to the policies and procedures to keep pace with the changing business environment.

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

- Responsibility for arranging revisions should be assigned to the Director-General of the IAA
- Any changes proposed should be drafted by the manual holders and forwarded to the Director-General with a copy of the section/sub-section proposed for modification
- The Director-General should review the proposals; invite comments from the relevant heads and senior management of MMDAs, whenever necessary.
- Based on comments received, Director-General should approve and prepare a revised manual of the related procedure(s)
- Following the above approval process, the Director-General should perform the following:
 - Arrange preparation of copies containing revised procedure(s) for circulation
 - Arrange for circulation of the revised section(s) to all manual-holders 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.
 - Recall all superseded pages and destroy them.
 - Retain his superseded copies as master record.

➤ See Operational Procedure OP 27 – Revision to the IA Manual

1.4 Distribution List

Copies of the Internal Audit Manual 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
- Placed on central server for staff information (where applicable)
- Heads of Internal Audit Units in MMDAs

Extracts of the relevant portions of 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 reproduced without requisite authorisation.

All individuals in possession of the manual are required to return the manual 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 two main 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 explains audit principles, documentation and quality assurance and ethical requirements.

Appendices: This section of 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

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 MMDA's structure.

Using the knowledge, experience and professional judgment, the IAU facilitates the strengthening of the internal control environment in the MMDAs by furnishing management with the following:

- On-going risk assessments;
- Constructive analysis and recommendations;
- Reliable opinions; and
- Reports to management and the ARIC on 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 Internal Audit reports functionally to the Presiding Member and the Audit Report Implementation Committee and administratively to the Coordinating Director and the Chief Executive of the MMDA. Internal Audit reports are covered by a transmittal letter.

☛ See Operational Procedure OP 22 (Annex 24) – Transmission Letter to ARIC

2.3.1.1 Role of the Head of Internal Audit

The Head of the IAU should manage the IAU in accordance with the requirements of the IAA which includes 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 MMDA.
- 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 the MMDA.

- 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 in efficiently and in accordance with the requirements of the IAA.
- Adopt and maintain a Quality Assurance and Improvement Programme (QAIP) that is in accordance with the requirements of the IAA.
- Manage the extent and process to which IAUs coordinate external units (external audit, compliance function, board and other) 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 DG of IAA, Management, ARIC, Coordinating Director, etc.
- Review to find out the working papers 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 Report Implementation Committee (ARIC)

This section provides guidance on the roles, composition 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 Auditor General, including Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) to set up an 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 and effective utilisation of public resources in line with the objectives of the Public Financial Management Reform Programs (PUFMARP).

2.3.2.1 Access to Information

An ARIC shall have unrestricted access to all information, documents, personnel and adequate resources in order to fulfil its responsibilities. It is therefore important that the Governing Board of the Assembly supports and endorses the ARIC so that its operations are independent of management.

2.3.2.2 Composition of the ARIC

Section 30(1) of the Audit Service act, 2000 (584) requires an institution, body or organisation which is

subject to auditing by the Auditor-General to establish an ARIC, comprising:

- The Governing Board or council of that institution, department, body or organisation where such council or board exists by law, or
- A ministerial committee for Ministries, Departments and Agencies of the Central Government, or
- A Special Committee of the District Assembly.

It is envisaged that members shall be given induction and guiding principles on their roles, responsibilities and participation in the work of ARIC. Members are expected to be independent and diligent in their work.

The composition of the membership of the ARIC at the Metropolitan, Municipal and District Assembly level the ARIC is five members as follows:

1. The Presiding Member or representative of the Presiding Member from among members of the Assembly (Chair).
2. A member of the Finance and Administration Sub-Committee of the Assembly.
3. The MMDA chief executive.
4. The District Coordinating Director.
5. One external representative with a minimum of four years' experience in accounting or auditing nominated by the internal audit agency.

Co-opted Members

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

2.3.2.3 Responsibility of Management

The primary responsibilities for the establishment of Internal Controls, ensuring compliance with laws, regulations and ethical standards within the entity lies with the management of the Assembly.

2.3.2.4 Roles and Responsibilities of ARIC

An ARIC is mandated to;

- a) Ensure the implementation of the recommendation in all audit reports of every Assembly.
- b) Follow-up Auditor-General and Public Accounts Committee's recommendations as well as recommendations in internal audit reports

An ARIC may provide advice to management on the following:

- a) Risk Management.
- b) Internal Controls.
- c) Compliance with laws, regulations and ethical standards.

It shall be the duty of the Audit Report Implementation Committee to ensure that the Head of an Assembly:

- a. Pursues the review and implementation of matters in all 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 the implementation of recommendations made in all audit reports as well as the Auditor-General's reports which have been accepted by parliament.

Any other related directives of parliament.

- 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.

- The statement referred to above shall be endorsed by the relevant minister and forwarded to parliament, Office of the President; the Director-General of Internal Audit Agency (IAA) and the Auditor- General within six months after parliamentary decisions on the Auditor General’s reports.

With regard to internal audit, the ARIC shall:

- Review and advise on strategic and annual internal audit plans.
- Monitor the performance of Internal Audit Units against its annual internal audit plans and strategic plans.
- Monitor the implementation of agreed audit recommendations.

2.3.2.5 Meetings of the ARIC

For the effective discharge of its responsibilities, the ARIC should meet at least once every quarter of the financial year.

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

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

2.3.2.6 Tenure of ARIC Members

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

2.3.2.7 Remuneration and Administrative Support for ARIC

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. Sitting allowances applicable to Board members or senior management staff (whichever is higher and prevails) shall be paid to members of ARIC for its meetings.

2.3.2.8 Evaluation of ARIC

The Auditor-General shall evaluate the performance of an ARIC annually to ensure that they perform effectively and that the Assemblies benefit from the work of the ARICs.

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.

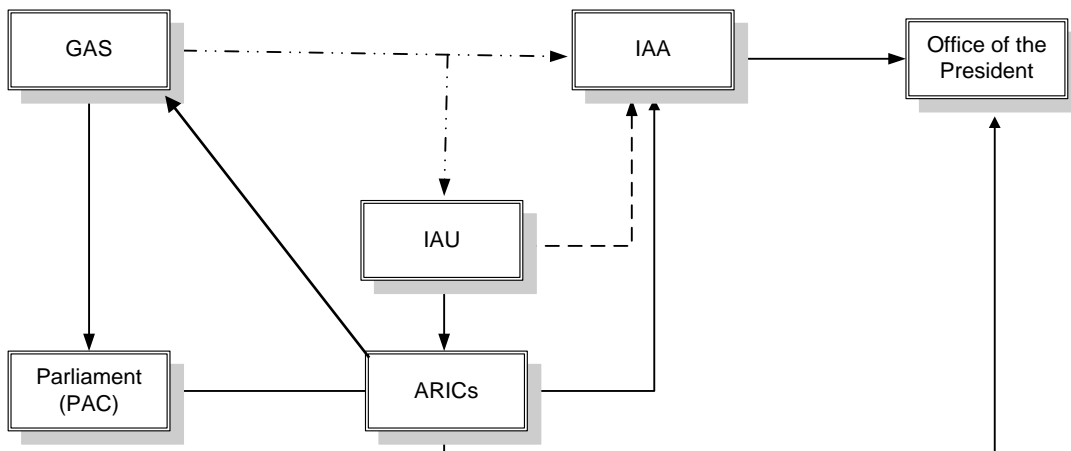
The PAC of Parliament's primary function (Order 165(2)) is to examine the audited accounts of government showing sums granted by Parliament to meet public expenditure and of such other accounts laid before Parliament. The PAC interrogates public officers on the findings of the AG and makes various recommendations 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:



Legend

- Reporting relationship
- - - - - Administrative relationship
- . - . - Consultative relationship

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 (IAU) in MMDAs

The mandate of the IAUs in the MMDAs is defined by the Internal Audit Charter and the responsibilities imposed on the audit function by legal framework of Internal Audit Agency Act, 2003(Act 658) and the Local Government System.

3.1.1 Scope of 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 MMDA, is adequate and functioning in a manner to verify the following:

- 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.
- 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 protected adequately.
- Projects, programmes, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the MMDA and are recognised and addressed appropriately and,
- Opportunities for improving management control and the MMDA's 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 MMDA in the following areas:

- Provide an annual assessment on the adequacy and effectiveness of the processes for controlling the activities of the MMDA and managing its risks in the areas set forth under the scope of IAU's annual audit plan.
- Audit and provide assurance on the validation of monthly financial statements submitted to the Minister of Local Government and Rural Development, Regional Co-ordinating Council, the Controller and Accountant-General and the Auditor-General.
- Report significant issues related to the processes for controlling the activities of the MMDA and its affiliates, where applicable, 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 assist Management in the effective discharge of their responsibilities. In order to carry out this responsibility, the IAU shall perform the following:

- Develop a yearly strategic plan 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 the Management of the MMDA 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 MMDA.
- 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 MMDA, 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 results of audit activities and
- Investigate significant fraudulent activities within the MMDA and brought to the notice of the IAU and other stakeholders.

3.1.4 Authority

The IAU has the authority to audit all parts of MMDA 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 staff normally accountable for them.

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 MMDA where they perform audits.

3.1.5 Limitations

The IAU should 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.

3.2 Internal Audit Policies

The objectives of audit policies include the following:

- a. Verify that audit assignments are based on risk assessment 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 Assembly. The IAU should support line management in developing and running of their business within defined controls without being involved in operations.
- c. Determine the extent of compliance on the established policies, procedures and regulations based on the risk 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 MMDA are safeguarded and deployed gainfully.
- f. Appraise the reliability of information generated by the MMDA.
- g. Test and evaluate performance and adequacy of controls through critical reviews for effectiveness, integrity of transaction processing and safeguarding the interest of the MMDA.
- h. Where the IAU has identified potential issues, it should raise 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 MMDAs' policies, procedures and regulations.
- j. Review organisational and procedural changes introduced by the MMDA and assess availability of controls therein and that these are feasible for the Assembly.
- k. Evaluate policies and procedures before their finalisation to assess whether adequate built-in controls are in place and
- l. 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 Internal Audit Agency adopts the Code of Ethics and Standards of the Institute of Internal Auditors, and other guidelines set by the Internal Audit Agency.

In all of its activities, the IAU adheres to the 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.

A code of ethics is necessary and appropriate for the profession of internal auditing, as trust is 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 Institute 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.

3.3.2 Principles

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

3.3.2.1 Integrity

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

3.3.2.2 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.

3.3.2.3 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.

3.3.2.4 Competency

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

3.3.3 Rules of Conduct

3.3.3.1 Integrity

Internal auditors shall perform the following:

- 1 Work with honesty, diligence, and responsibility.
- 2 Not knowingly be a party to any illegal activities or engage in acts that discredit the work of internal auditing or the Assembly.
- 3 Make disclosures required by law and the standards and procedures as established under section by the Internal Audit Agency.
- 4 Respect and contribute to the legitimate and ethical objectives of the organisation.

3.3.3.2 Objectivity

Internal auditors shall:

- 1 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 organisation.
- 2 Not accept anything that may impair or be presumed to impair their professional judgment.
- 3 Disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3.3.3.3 Confidentiality

Internal auditors shall:

- 1 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.
- 2 Be prudent in the use and protection of information acquired in the course of their duties.
- 3 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/or the MMDA.

3.3.3.4 Competency

Internal auditors shall:

- 1 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.
- 2 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.
- 3 In the performance of their work to 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.
- 4 Continually improve their proficiency and the effectiveness and quality of their services.

3.3.4 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.

3.3.5 Escalation Procedures

Where members of management of an MMDA 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 MMDA to the Head of the Local Government Service Secretariat and the DG of the IAA in writing, with all and any supporting evidence; and
- 3 Request for the intervention of the Head of the Local Government Service Secretariat and the DG of the IAA

4 Resourcing Internal Audit Unit

4.1 Competence

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

- A Head of the IAU
- Staff in the IAU

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

In particular, the Head of Internal Audit is to:

- Verify staff possess appropriate professional skills, qualifications and experience and
- Provide opportunities to facilitate the continuing professional development of staff and to obtain IIA Certification (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 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 audit.

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



See – Ad Hoc Internal Consultancy Services – OP 28

4.3 Training and Professional Development

Internal Auditors should be trained and should interact with other professional auditors and bodies to keep informed about developments in the 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.

In developing the training plan, the Head of the IAU should identify the training needs of each audit staff. The audit staff should be involved in identifying and mapping out his training needs.

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

- Training courses attended by the IAU staff.
- Audits carried out and methodology applied.
- Professional qualifications acquired and
- Training in MIS and other software.

4.3.2 Professional Certification and Continuing Education

To increase the professionalism and credibility of the audit staff, the IAU supports staff's efforts in achieving certification through obtaining study aids etc. depending on the needs of the MMDA. Professional certification is a factor used in the Unit's annual employee performance appraisal.

Professional development through certification, membership, and participation in professional organisations is encouraged. Furthermore, training in other areas as needed by the MMDA and required to perform the assigned duties, may also be arranged for the IAU staff. IAU funds may be made available and budgeted to support this activity.

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

- Possess a body of knowledge necessary for the conduct of internal audit.
- Pursue a recognised, continuous process of education in order to sustain continuous professional growth in the field of Internal Auditing. To this end, 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)
- 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 MMDA 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 professional certifications held.

The internal auditors will 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 MMDA 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 internal auditor. These should include details of skills requirements for all posts and those held by the audits 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 members will receive an introductory session on to orient them on the following:

- Role of the Assembly (functions, structures, environment, etc.).
- Relevant legislation.
- The procedures manual including Internal Audit Manual of the Assembly.
- HR Manual.
- Risk assessment procedures of the Assembly.
- Reporting procedures.
- Filing system.
- ICT systems (Information and Computer Technology).

5 Performance Assessment and Quality Assurance

The Head of IAU establishes and maintains a quality assurance program to evaluate the operations of the IAU.

5.1 General Auditing Quality Criteria

Quality in the internal audit function is achieved when:

- ❖ There is stakeholder satisfaction.

The Head of the IAU should identify all relevant stakeholders and the products and services that are important, or should be important to each stakeholder. The audit function should perform an assessment of the current level of satisfaction of the stakeholders, through interviews, facilitated workshops and/or questionnaires (See Audit Performance Evaluation Form – Appendix B, B27). Any gaps identified should be included in an action plan for resolution in subsequent periods.

Customers of the audit function should also be encouraged to contribute to the audit process by submitting their inputs prior the development of audit plans (See Management Input Memo – Appendix B, B2)

- ❖ Internal audit processes performance are measured

The audit function should undertake to measure the following:

- Risk Assessment/Audit Planning

The internal audit function should assess the extent that key risk areas are being addressed and obtain feedback from key stakeholders (including the ARIC, senior management, external auditors, etc.) on whether the audit function has effectively addressed concerns of risk.

- Planning and Performing the Audit Assignment

The internal audit function should perform all audits in accordance with established audit methodologies and working practices and ensure that, for each assignment, audit plans are established to include consideration of the scope, objectives, timing and resource allocations.

- Communication and Reporting

The audit function should also obtain feedback from stakeholders on the quality level of detail, and frequency of audit communications. It should also measure the degree to which key recommendations are implemented.

- ❖ Innovation and Capability

Each internal audit function should continuously strive to achieve high standards in the following areas:

- Training:

Establish measures to ensure audit staff receive sufficient training.

- Technology:

Staff should be trained in the use of technology to effectively support audit testing and analysis.

- Industry Knowledge:

The Head of IAU should ensure that staff have sufficient knowledge of the industry, business, operations and key function in the Assembly (this could be achieved through orientation programs, working in the operational areas, audit projects in key areas among others).

5.2 Quality Assurance and Improvement Programme (QA&IP)

The purpose of this programme is to provide reasonable assurance that audit work conforms to the

Internal Auditing Charter, and applicable policies and standards. In addition, the QA&IP should provide reasonable assurance that the IAU is being managed in an effective and efficient manner.

The Quality Assurance Programme includes the following elements:

- Internal Reviews (made up of Ongoing Internal Reviews and Periodic Internal Reviews).
- Periodic External Reviews.

5.2.1 Ongoing Internal Review

Supervision of the work of the internal auditors is carried out continually to assure compliance with applicable internal auditing standards, the Assembly's policies, and audit programs.

Each assignment of the IAU is covered by documented reviews as established in operational procedures.

☞ See Operational Procedure OP16 (Annex 20) and OP21 (Annex 21) – Review Sheets

5.2.2 Periodic Internal Reviews

Staff of the IAU shall participate in a staff development review. To provide feedback to the audit staff regarding their performance during the audit and to help the individual employee work closer to his or her potential, at the completion of each audit, the Head of IAU should complete a Staff Performance Evaluation Form – for each member of the audit staff.

☞ See Operational Procedure OP25 (Annex 28) – Staff Audit Performance Evaluation

In addition, at the conclusion of each audit review, written audit effectiveness feedback shall be sought from the client utilising the standard Audit Performance Evaluation Form.

☞ See Operational Procedure OP25 (Annex 27) – Audit Performance Evaluation

Such feedback shall be reviewed on a regular basis as a means of maintaining and/or improving internal practices and processes, and as a basis for necessary staff development.

Periodic self-reviews for compliance with the IIA Standards for the Professional Practice of Internal Auditing shall be undertaken by the IAU.

5.2.3 Periodic External Reviews

By Independent Auditors

The Assembly may use independent auditors (preferably from the Internal Audit Agency) to perform appraisals of the quality of the IAU operations. These reviews should be performed by qualified persons who are independent of the Assembly and who do not have either a real or an apparent conflict of interest.

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

5.3 Annual Performance Reporting on IAU's Activities

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

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

- Deficiencies detected in the Assembly's internal control system.
- The implementation of an annual IAU activity plan indicating the number of planned audits and the number of implemented audits.
- Cases of audit scope limitation (if any) indicating the causes and potential risks.
- Audits carried out which were not scheduled in the annual IAU audit plan or other assignments of Coordinating Director.
- Principal findings and recommendations.
- Indication whether all suggested audit recommendations were implemented.
- Review of the status on implementation of audit recommendations and deficiency elimination.
- Unimplemented recommendations which auditor considers important and 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 Assembly.

Copies of this report are also issued to the Presiding Member, the ARIC, the Director- General of the Internal Audit Agency, the Minister of the Ministry of Local Government and Rural Development, and the Head of the Local Government Service.

6 Managing Internal Audit Activity

The Head of IAU must effectively manage the internal audit activity to ensure it adds value to the MMDA. The IAU adds value to the MMDA 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 Assignments of Audit Work

It is the responsibility of the Head of the IAU to allocate the audit tasks taking into consideration the factors which influence the 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, experience and availability of internal audit staff.
- Availability of logistical resources.

6.2 Personnel Management and Professional Development

The Head of IAU establishes 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 IAU ensures that the internal auditors of the Assembly 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).
- The National laws and other regulations on internal audit in Ghana.

The Head of 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 ensure that the planned timetable is met and the time allocated for the audit is used effectively. Audit quality 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 IAU to ensure the quality and adequacy of work performed.

6.4 On-the-Spot Examination and Testing of Management and Control Systems

On site, the Internal auditor must aim to obtain sufficient convincing, appropriate and reliable evidence that the management and control systems in place are operating as described and that they are adequate to ensure the regularity of expenditures and the accuracy and completeness of financial and other information. In carrying out audits, internal auditors should check that the system described actually exists in practice, and that appropriate mechanisms exist to keep the documentation of the system up to date.

Testing to be carried out involves the documentation of systems through reviews of files, supplemented where necessary by interviews with relevant staff, together with the testing of the operation of those systems.

Testing of the operation of systems is carried out through examination of a sample of transactions. Sufficient testing should be carried out to enable sound conclusions to be reached on the efficiency of the systems under examination.

7 Nature of Work of Internal Audit

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.
- Must 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;

- Advocate proactively to 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 organisational 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.

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, 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.

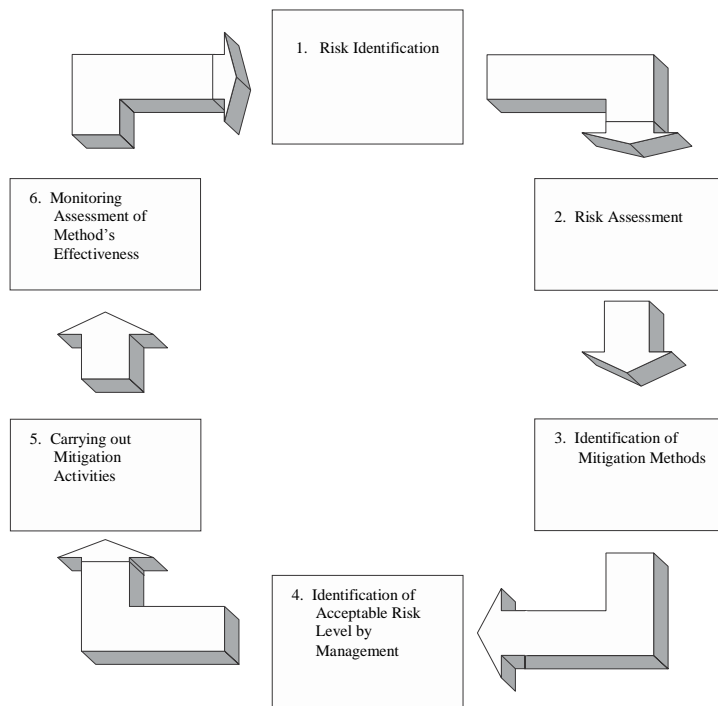
7.2.1.1 Objectives

The objective of risk management is to bring the risks of organisation to an acceptable level by the management, carrying out activities that would mitigate the likelihood of risk occurrence, impact of risk realisation or both at the same time. For doing this we must first acknowledge, that risks are a natural part of our everyday activities and cannot be avoided, but can be managed.

The task of management is to manage risks in a way that ensures the achievement of the organisation's objectives. As the resources are always limited, we are not able to talk about total risk mitigation or risk prevention (total risk mitigation would demand excessive resources), but only about risk mitigation to the acceptable level by the management. Risk assessment has to be carried out in order to know which risks are higher and which risks need to be mitigated.

7.2.1.2 Risk Management Cycle

Risk Management is a cyclical, ongoing process which includes the following steps: identifying, assessing, prioritising risks, planning, implementation and review of mitigating or corrective actions.



Activities 1-4 can be called risk assessment phases, activities 5-6 risk mitigation phases.

The present guidelines deal mainly with risk assessment, assuming that risk assessment is followed by agreed risk mitigation activities.

7.2.1.3 *Risk Assessment*

The rationale for conducting a risk assessment is that auditors can limit testing (i.e. avoid 100% re-performance of operations).

Risk assessment is divided into four important components:

- Identification of existing risks.
- Identification of the magnitude of risk and its possibility of occurrence - score and risk level (low, medium or high).
- Planning activities to mitigate risks to an acceptable level.
- Identification of acceptable risk level by management and identification of risks that exceed this level from assessed risks.

Several possibilities exist for risk assessment – for example, a structural unit can identify and assess risks related to their field of activity by themselves. At the same time, it is possible that the structural units identify risks and the management of the organisation assesses the risks. An alternative would be that a Risk Management Panel (RMP) is formed, which comprises members of the organisation’s management, internal auditors (as advisors only) and representatives of all the structural units. This RMP identifies and assesses the risks involved with the activities of the organisation.

The methodology, which is described by the present manual, emphasises that activities involved with risk assessment and risk mitigation are carried out in structural units (for example in departments). Only in case of small organisations, which don’t have a complicated structure, can the whole organisation be seen as “one structural unit”.

The RMP, which includes employees of structural units, identifies risks, assesses risks, brings out internal control measures, which are already used for risk mitigation, and describes further measures for risk mitigation.

The Purpose of Risk Assessment includes:

- To identify the threats facing Assembly.
- To identify the controls or procedures the Assembly has in place to prevent, eliminate or minimise the threats.
- To assess the internal control structure / process of the Assembly.
- To develop audit programs to see if the controls or procedures the Assembly has in place to prevent, eliminate, or minimise identified threats are working.

The Auditor should obtain and analyse the following information prior to assessing risk. This list is not exhaustive:

- Period since last audit
- Results of last audit
- Assembly's Budget
- Changes to the working environment (competition, new products)
- Changes to IT systems utilised
- Level / changes of national and other regulations
- Management concerns and needs
- Management team: changes and evaluation (competence and integrity). Auditors should develop a Risk Matrix – (Appendix B, B14).

Risk Identification

Risks can be identified by several complementary approaches:

- Through screening of Assembly, processes, or control and decision-making points
- Consideration of previous fact-finding and audit missions, detection of irregularities, malfunctioning and weaknesses warnings
- Brainstorming/paper-storming performed with different levels of staff and management
- Audits like systematic, exhaustive and comprehensive risk assessment performed by internal auditors

Risks are to be identified on two levels:

- On the level of the institution (based on the organisational structure) and
- On the level of activity (based on functions).

In risk identification, regard should be given to:

- Internal factors (such as the quality and motivation of the staff, etc.) and
- External factors (such as amendment of legislation, technological developments, force majeure, etc.)

Risk identification should be based on intimate knowledge of:

- the processes and activities of an organisation and
- The environment in which it operates.

The risk management process should begin therefore with a detailed inventory of the MMDA's processes, phases and activities, broken down to task level. The inventory should also include the transactions with, and dependences on, other organisations. This inventory should be prepared by the RMP.

The next step is to draw an audit trail for each activity/area of the Assembly's work, showing who does what in the organisation, what inputs are used for each activity/task and what outputs are to be expected.

The purpose of developing the inventory and the audit trail is to enable the RMP to acquire a comprehensive view of the organisation and thus to identify all potential threats (risks) from within and outside the Assembly.

Staff at all levels, both managerial (including the members of the RMP) and operational staff should notify potential threats they perceive in relation to the systems they operate by submitting Risk Alert Forms (Appendix B, B14) to their heads of unit/department.

Risk Category Determination

The task of the RMP is to group the identified risks into 3 main risk categories in order to have an overview of the processes, which hold the most important risks. The following classification can be the minimum:

Strategic risk – risk that could result in a failure to achieve the strategic objectives of the organisation.

Operational risk – risk that comes from insufficient or missing processes or activities inside the organisation (divided into more detailed categories).

The operational risks include:

- Human resources – risks that are involved with employees (recruitment, rewarding, quality of management).
- IT – information technological risks.
- 3rd party – risks that are caused by external factors, organisations, institutions.
- Legal/regulatory – risks proceeding from legal framework.
- Physical security – risk for the preservation of assets (destruction, loss).
- Documentation/records – risks that are in relationship with the movement and retaining documentation and procedures specifying these activities.
- Communication – all risks that are involved with the internal and external communication of the organisation and that could impact negatively upon the external view/reputation of the organisation.
- Health and safety – all risks that are involved with work environment and health protection demands.

Financial risk – risk that could result in a failure to maintain effective financial management and accountability arrangements in all the organisation’s activities.

Risk Impact Assessment

Impact is the Assembly’s assets and performance sensitivity to realisation of the future events.

In order to assess the impact of risks identified by the structural units, the structural units and all members of RMP assess individually the losses that may emerge in case the risk appears.

Score	Assessment	Agreed Meaning
1	No significant impact	In case the risk appears, works in progress 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	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.
5	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 Controls 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 internal control measures that currently help to mitigate risks are brought out.

All RMP members should understand that risk impact and likelihood are assessed without taking into account the existing mitigation measures. The existing measures are taken into account by adding the third factor – the efficiency of internal control measures.

Internal control measures are assessed according to the following criteria:

Score	Assessment	Agreed Meaning
1	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
3	Inadequate	Internal control measures are missing or immediate improvement of existing internal control measures is necessary

The RMP assesses the risks that have been submitted in the risk alert forms as follows:

- If relevant, the risk will be assessed by the RMP
- If irrelevant, the warning is filed but disregarded and the originator is notified of the decision
- If more information is needed to decide as to the relevance of the risk alert, the RMP will assign an investigation into the issue.

Based on the three ratings (likelihood, impact and effectiveness of controls) a composite risk value (R) is calculated with the formula:

$$R = I \times L / C$$

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.

Management and the internal auditor have to pay their attention foremost to risks that are ranked high (overall score at least 17 points) and the heads of structural units should focus on medium level risks.

Determination of Mitigation Activities, Deadlines and Responsible Officials

After risk assessment, the structural units add mitigation activities to the list of risks in the risk register and action plan (Appendix B, B16), which the RMP has thought to be important to implement in order to mitigate the risks that were brought out. Also a deadline is set to mitigation activities, which is optimal according to

the opinion of the RMP, and a responsible person is selected, who is responsible for the fulfilment of certain mitigation activity.

One should understand that there are several possible strategies for mitigating risks and all of these strategies can be used:

1. **Avoiding** – by rearranging the process so that a certain risk is avoided, Risks can be avoided by changing the scope, design and/or the technology. In extreme cases, substituting for or abandoning an investment for example, may be the only way a risk can be avoided.
2. **Sharing or pooling risk** – when two or more parties are each able to exercise partial control over the incident and impact of risk, agreeing to share any adverse consequences can be an effective approach to mitigation.
3. **Transferring risk to third parties** – Risks can be reassigned to third parties best able to control them or (if different) who will carry the risk at lowest cost, e.g. to government, contractors, concessionaires, operators, bankers, and other parties through contracts, financial agreements, franchise agreements, bonds and guarantees and other financial instruments. This strategy includes insuring risks;
4. **Reducing uncertainty** – Better information can be obtained on the probability distribution defining the risk and its potential impact, through feasibility studies or specific research;
5. **Controlling** – Creating actions/controls to anticipate/discover events that lead to risks, favour positive solutions;
6. **Diversifying** – Scatter the risk on different processes;
7. **Accepting** – In case the cost of reducing the risk is higher than potential damage

Determination of Acceptable Risk Level

While identifying an acceptable risk level, management focuses on two considerations:

1. Which risks are within acceptable levels and additional mitigation activities are not necessary to be carried out and
2. Which risks need to be mitigated (additional mitigation activities need to be carried out).

Management may decide that in some fields high risks are accepted, but in others mitigation activities need to be carried out even in case of medium or low risk levels.

While identifying acceptable risk levels, management has the possibility to add risks and possible measures of mitigation. In this case, risks and mitigation measures are added in course of work and assessment is organised during the same negotiations.

Management also resolves the final differences between responsible persons by determining the ultimate responsible person.

Management decides the final deadlines for the implementation of mitigation activities on the bases of the recommendations and mutual discussions with the RMC.

7.2.1.4 Risk Action Planning

During the RMP session, the participants identify and analyse the root causes of the risks examined, which forms the basis for formulating risk mitigating actions. Risk mitigating actions are activities or tasks that need to be completed in order to strengthen internal controls and thus reduce the vulnerability of risk areas. The RMP establishes deadlines and assigns responsibilities for risk actions and this information is duly recorded in the Risk Register and in the Risk Action Plan.

7.2.2 Responsibility for Risk Management

It is the duty of management to ensure that risk is adequately managed in the MMDA. 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 MMDA 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 MMDA 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.

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 MMDA. 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 MMDAs 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. Internal auditors should develop and record a plan for each engagement (Standard 2200 – Engagement Planning).

The audit plan developed by the IAU of the Assembly is structured on three levels:

- Yearly strategic audit plan.
- One year plan, annual planning.
- Assignment Planning.

8.1 Strategic Audit Plan

The long term planning or the strategic audit plan of the IAU of the Assembly must identify all the auditable areas propose to be covered by the IAU during the subsequent year. 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 the following:

- An assessment of risk pertaining to the achievement of the Assembly’s objectives considering audit area and the degree of risk.
- The audit cycle process.
- Human resources and competency of IAU.
- Discussions with Coordinating Director 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 Assembly activities on a cyclical basis and allow flexibility to accommodate special tasks and audits requested by the ARIC/Coordinating Director. The Strategic Audit Plan should include:

- Risk assessment methodology.
- Frequency with which each auditable area requires a review (based on the risk analysis).
- The nature of the reviews.
- The audit work for the current fiscal year in a schedule of audit coverage resources allocated to the completion.

Each Strategic Audit Plan shall be prepared and submitted by the Head of Internal Audit Unit and approved ARIC and the Coordinating Director after review by the ARIC.

The Strategic Audit Plan can be corrected following the suggestions of the ARIC and/or the Coordinating Director, determined priorities and important changes in the Assembly’s activities.

Any change must be approved by the Coordinating Director.

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 AU for each year. The Annual Audit Plan is primarily an extract/subset of 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, and approved by the Coordinating Director.

The annual plan includes:

- Objectives/purpose of the audit.
- Types of audits to be performed during the current year.
- Program.
- 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 the Assembly's internal 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, like the training and seminars for auditors, preparation of IAU activity report.

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

8.2.2 Request for Audit Services

Interested parties may take the initiative of requesting audit services. To ensure that any audit needs are expressed, a Management Input Memo is sent to the Assembly Departments to inform them that the IAU is preparing an annual audit plan. The Assembly Departments are invited to express their needs for audit services. Any request must be considered and treated by the IAU. The decision to carry out or not the requested services is taken by the Head of Internal Audit in corroboration with the Coordinating Director.

☛ See Operational Procedure OP 01 (Annex 4) – Annual Audit Plan

☛ See Operational Procedure OP 01 (Annex 2) – Management Input Memo

8.2.3 Request for Internal Audit Services

The Annual Audit Plan can be revised following suggestions from the ARIC/Coordinating Director and other senior managers' suggestions, determined priorities and important changes in the Assembly's

activities. Any change must be approved by the Coordinating Director.

In formulating the annual audit plan, the IAU will consult with senior management, including the Coordinating Director of the Assembly and the ARIC.

The management input memo will be used to obtain suggestion, determined priorities and important changes in activities from management and the ARIC.

☛ **See Operational Procedure OP01 (Annex 2) – Management Input Memo**

8.2.4 Amendment to Approved Plans

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

- consult with the Coordinating Director
- submit a revised annual audit work plan, along with an explanation for the change, to the ARIC and the Coordinating Director for approval

☛ **See Operational Procedure OP01 (Annex 4) – Annual Audit Plan**

8.2.5 Audit Resources

Not more than 15% of each auditor's annual working time should be left undistributed in an annual plan to allow for flexibility and ensure the applicable execution of IAU activities (e.g. for possible illnesses, execution of unplanned audit and other important circumstances). This 15% can be broken down as follows:

- 5% Ad hoc investigations
- 5% Consulting activities
- 5% Flexibility

☛ **See Operational Procedure OP28 – Ad Hoc Internal Audit Consulting Services**

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 the initiation of the assignment through to quality review.

The flowchart gives a global vision of the audit process.

- Left part of the chart indicates each step of the process with a reference to the relating operational procedure.
- 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 their position within the working papers files.

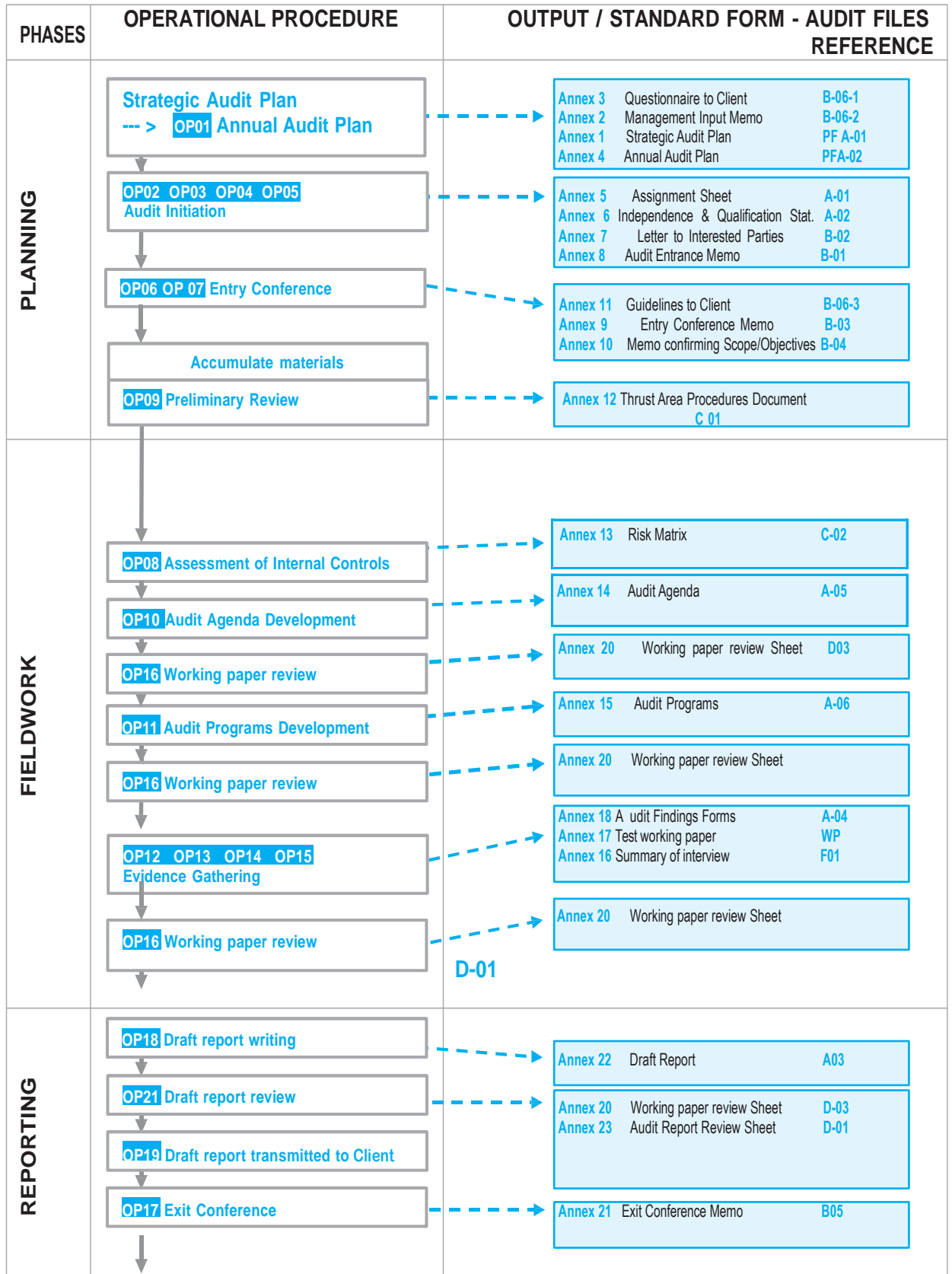
9.1 The Audit Process

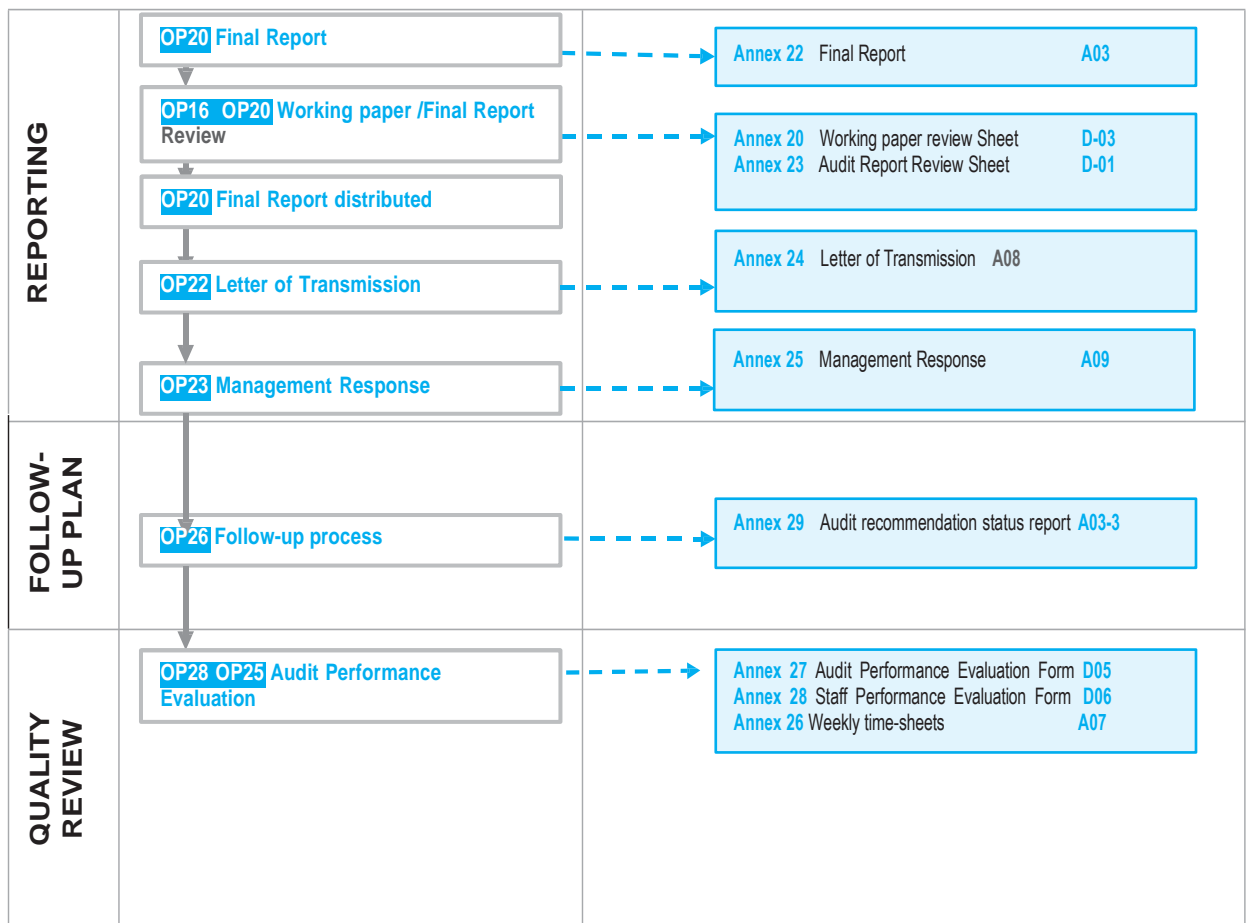
The audit process is similar for most engagements and normally consists of four main stages:

- Planning
- Fieldwork
- Reporting
- Follow-up Review

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

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





9.1.1 Planning of the Audit Engagement

Internal auditors should develop and record a plan for each engagement, including the scope, objectives, timing and resource allocation. In planning each audit assignment, 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 risk management and controls systems.

9.1.1.1 *Confirmation of Auditors' Independence*

Independence and qualification of the selected auditor(s) must be established and documented. To document the independence and the qualification of the auditor(s) assigned, an Independence and Qualification statement is issued.

➡ See Operational Procedure OP03 (Annex 6) – Qualifications and Independence of Staff

9.1.1.2 *Auditors Assignment*

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

➡ See Operational Procedure OP02 (Annex 5) – Assignment Sheet

9.1.1.3 *Client Notification*

The IAU shall notify the Client via a letter (Audit Entrance Memo) that an audit has been scheduled.

➡ See Operational Procedure OP05 (Annex 8) – Audit Entrance Memo

9.1.1.4 *Notification to the Interested Parties*

A letter (Letter to interested parties) is sent to any interested parties to inform them that the Internal Audit is initiating an audit of the Department/Branch. Its purpose is to organise a meeting with the client in order to discuss the purpose, objectives and the working arrangements of the audit.

➡ See Operational Procedure OP04 (Annex 7) – Notification to Interested Parties

Such items may include possible requests for delaying the audit due to poor timing or unusual

circumstances, special concerns of the Assembly, etc. Such delays must however be justified to the Assembly's Management and in the event of such delays conflicting with best professional internal audit practice and good governance, notify the Coordinating Director.

9.1.1.5 Entry Conference (Initial Meeting)

An Entry conference should be held to gather information about the mission, critical processes, and control procedures of the client operations to be used in the preliminary review 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 senior manager and any staff members s/he wishes to include identify issues or areas of special concern that should be addressed. At this stage it is advisable to provide the clients with the explanation or written guidelines to expedite the audit process while minimising disruptions to day-to-day departmental operations (Employee guidelines for managing an audit – Annex 11).

➡ See OP 07 (Annex 11) – Guidelines to Client for Handling an Audit

➡ See Appendix B, B.3 – Questionnaire to Client

9.1.1.6 Entry Conference Memo

The Entry Conference's date, attendees, and substantive items discussed which are directly related to audit scope, objectives, timing, or confidentiality should be documented using an Entry Conference Memo – Annex 9. Interviews with clients must be carried out by two auditors.

➡ See Appendix B.9 – Entry Conference Memo

9.1.1.7 Memorandum of Audit Scope and Objectives

Further to the Entry Conference, a Memorandum confirming Audit Scope and Objectives – Appendix B, B.11 is sent by the IAU to the Client to confirm the mutual understanding of the audit objectives and scope.

➡ See Operational Procedure OP06 (Annex 10) – Confirmation of Audit Scope and Objectives

9.1.1.8 Preliminary Review

The Preliminary Review is the identification and analysis of risk for the audit. It should lead to the elaboration of the Audit Agenda. During the preliminary review the auditor gathers relevant information about the audited department in order to obtain a general overview of operations. The preliminary review, if done correctly, will provide a clear picture of operations and internal control points such as division of duties, reconciliation and review of procedures, etc.

Objectives of the Preliminary Review

The Preliminary Review has two main objectives:

1. Using professional judgement and available information to determine the most appropriate audit objective(s) and scope (i.e. statement of audit boundaries). The audit objective(s), scope, and time budget should be constantly reassessed throughout the audit process to ensure efficient use of

audit resources (e.g., should the remaining audit procedures be eliminated, should the objective or scope be limited or expanded, have more efficient procedures been identified, or should additional hours be allocated). If, through this constant reassessment, significant changes are made to the objective and/or scope initially agreed with the Coordinating Director and other Management Staff, they should be communicated accordingly.

2. Prepare the Audit Agenda and determine the Audit Programs needed to gather sufficient, competent, relevant, and useful evidence to accomplish the established objective(s).

Sources of Information and Key Concepts

The following are standard procedures for the preliminary review.

- a. Review of the Assembly: Organisation charts and information on interfacing functions / Divisions / Departments / Branches should be obtained. Also, policy statements, directives, statements of function and responsibility and delegation of duties should provide the auditor with an overview of Assembly's operations. It should be determined whether all of the documents reviewed are proper and responsive to the current situation and time. If none exists, this would be an audit finding.
- b. Review of applicable rules, laws and regulations,
- c. Financial Profile: the auditor should know the magnitude of funds involved and the Assembly's exposure to risk. A review of the budget and general ledger would be useful in this pursuit.
- d. Internal Control Review. The auditor will review the Departments/Branches internal control structure, a process which is usually time-consuming. The review of internal controls helps the auditor determine the areas of highest risk and can then design tests to be performed in the audit fieldwork.
- e. Interviews and operating instructions: employee interviews and important written instructions and procedures along with each transaction walk-through will form the basis for the preliminary review narratives/flow charts and evaluation of internal controls. In addition to obtaining a good understanding of operations, the auditor must render it on paper to evidence that the auditor has a suitable understanding.

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.

Documentation on the Preliminary Review

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

9.1.1.9 *Audit Programme Guide*

Preparation of the Audit Program Guide concludes the preliminary review phase. The Audit Agenda 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 line and study of non-important issues may be prevented.

An Audit Agenda is to be prepared following the standard Audit Agenda form (Annex 14). It includes information under the following headings:

Basis

At the beginning of the audit programme, a supervision of the clients' operations is carried out: location, authority, personnel and main duties and responsibilities.

Planning

The programme planning must be written down before presenting the project.

Audit scope

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

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.

It also indicates resources requirements.

Regarding the audit programme guide and the internal control status, the auditor develops audit programmes to be approved and supplemented by the Head of IAU.

See Operational Procedure OP10 (Annex 14) – Audit Agenda Development

Purpose of the Audit Program Guide

The Audit Program Guide is a task plan prepared as a framework for the conduct of the audit assignment and guidance to the auditors undertaking the review. The purpose of an Audit Program Guide is to provide audit procedures to be performed during the audit that will achieve the specific audit objectives.

The Audit Program Guide is also a record of supervisory approval of work to be performed. It provides a basis upon which to budget and control the audit. Following an approved and detailed Audit Program Guide will prevent the auditor from getting off the track and pursuing irrelevant items.

In conjunction with the Audit Program Guide and the internal control rating, the auditor develops Audit programs to be approved by the Head of IAU and completed.

Administration and Wrap-up

This includes all procedures not related to planning and testing, i.e. completing forms, report writing, etc.

9.1.1.10 Audit Programme

Audit programs are the detailed procedures to use 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, documents, compliance with laws and regulations, and 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 Debtor 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 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 OP11 (Annex 15) – Audit Program Development

Content of the Audit Program

The Audit Operative Programme includes information under the following headings:

i. Background

At the beginning of the audit, provide a general overview of the client's operations.

ii. Planning

The planning program must be written before any time is incurred on the audit. 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 should mention which period / area / operation are to be covered by the audit.

iv. Audit Objectives

Objectives should fit within the overall scope of the audit. Every audit procedure should help answer one of the objectives and every objective should be addressed in the procedures. All stated objectives must be answered and supported by test work, referring to Audit programs developed by the Auditors.



See Operational Procedure OP11 (Annex 15) – Audit Program Development

Auditors must use imagination, ingenuity and intelligence in creating audit procedures responsive to objectives.

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

9.1.2.1 Objectives of the Fieldwork

The purpose of fieldwork is to complete the audit procedures identified in the audit agenda in response to the audit objectives and in support of the audit conclusions. These procedures usually test the major internal controls and the accuracy and propriety of the transactions.

Throughout fieldwork, professional judgement should be used to:

- determine whether evidence gathered is sufficient, relevant, competent, and useful to conclude on the established objectives, and
- Based on the information available, reassess the audit objectives, scope, and procedures to ensure efficient use of audit resources (e.g., should the remaining audit procedures be eliminated, should the objective or scope be modified, have more efficient procedures been identified, or should additional hours be allocated to achieve an expanded audit objective).

As the fieldwork progresses, the auditor discusses any significant findings with the client. Hopefully, the 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 client and the auditor

9.1.2.2 Documentation of the Fieldwork

All audit work performed should be supported by documented evidence of the work performed.

Each audit program should be supported by cross-referenced working papers (schedules, memos, spreadsheets) on which testing performed and results achieved are documented. Audit finding are developed on an Audit Finding Forms – (Annex 18)

- ☉ See Operational Procedure OP12 (Annex 16) – Evidence Gathering
- ☉ See Operational Procedure OP13 (Annex 17) – Test Working Paper
- ☉ See Operational Procedure OP14 (Annex 18) – Audit Findings Forms
- ☉ See Operational Procedure OP15 (Annex 19) – Findings of Illegal Acts

9.1.2.3 Audit Findings Form

The purpose of the Audit Finding Forms is to gather, in one location, the auditor's opinion regarding all of the findings made during the audit.

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.

The Audit Finding Forms document 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 the following questions:

1. Did we understand the situation?
2. Does the client agree that a problem exists?
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?

☞ See Operational Procedure OP14 (Annex 18) – Audit Findings

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) related to the finding. Audit finding information should not be elsewhere in the working papers. 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 client.

9.1.2.4 *Findings of Illegal Acts*

An illegal act is a violation of a law and or a regulation. When auditors conclude, based on evidence obtained, that an illegal act has occurred or is likely to have occurred, they should promptly report relevant information to Coordinating Director and the relevant senior Management staff.

☞ See Operational Procedure OP15 (Annex 18) – Finding of Illegal Acts

☞ See Operational Procedure OP15 (Annex 19) – Suspected Activities Reporting Form

9.1.2.5 *Internal Audit Report*

- The purpose of the internal audit report is to provide the only acceptable means of communicating all of the auditor's work to the client.
- 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 materially reduce 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. Auditor beliefs, without proper documentation, will not be carried to the report.

9.1.2.6 *Working Papers Review*

Before beginning the process of issuing a draft report, it must be ensured that working papers are properly prepared and provide adequate support of the work performed and the audit evidence gathered during the audit. A review is performed by the Head of Internal Audit

☞ See Operational Procedure OP16 (Annex 20) – Working Paper Review

9.1.2.7 **Reporting Responsibilities**

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

The Head of 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 23) – Audit Report Review

9.1.2.8 **Draft Assignment Report Format**

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

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



See Operational Procedure OP18 & OP20 (Annex 22) – Audit Report

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 **Exit Conference (Closing Meeting)**

Internal audit meets with the client to discuss the findings, recommendations, and text of the draft report. At this meeting, management comments on the draft audit report and the group works to reach an understanding and agreement on the audit findings. An Exit Conference Memo should be used to document the minutes of the meeting.



See Operational Procedure OP17 (Annex 21) – Audit Exit Conference

9.1.3 **Audit Documentation**

The audit staff documents the work performed in working papers. The working papers 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 those conclusions were reached. 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 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
- the audit procedures employed, the information obtained and the conclusions reached
- review
- reporting and
- follow-up

As each audit step in the Audit Agenda 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

An access to the IAU working papers for non IAU staff can only be granted by the Head of IAU after written or oral reconciliation of such permission with the Coordinating Director. In all cases where other than IAU employees wish to use the internal audit working papers the Head of IAU's written permission is required.

9.1.3.1 Characteristics of Working Papers

All audits 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 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. The working papers should not need any supplementary information and should stand alone. 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 included serves a purpose that relates to an audit procedure.

Working papers should mention:

- A Heading (Title) and a reference number (identification of the form)
- The Name of the MMDA being audited
- The period covered by the audit

- The trust area being audited
- The date of creation
- The date of review
- The signatures of the auditor(s) and reviewers.

9.1.3.2 Cross-Referencing

Working papers should be prepared using an appropriate cross-referencing system. 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.

Cross-referencing should be used to reference information useful in more than one place or to other relevant information including the source of information, composition of summary totals, or other documents or examples of transactions.

Documents/information should be in the working papers only once.

9.1.3.3 Retention Policy

All working papers are to be retained by the Internal Audit Unit 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.
- All audit working papers should be retained for six years.

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 a file with description of all audit related working papers.

The files will consist of current Files and Permanent Files.

Current Audit Files

Current 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 in relation to the audit, including 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 Assembly and the auditors who shall 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 examination has been

made of the areas audited.

Permanent Audit Files

The purpose of a permanent file is to provide auditors with a source of background information about the sections being audited thus allowing them to obtain a greater understanding of their systems.

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

(See section below for detailed contents of audit files)

File Structure, Identification and Traceability

CURRENT FILES

Section A - Report Section

- Assignment Sheet	A01
- Independence and Qualification Statement	A02
- Reports	A03
- Final report	A03 – 1
- Draft report	A03 – 2
- Audit recommendation status report	A03 – 3
- Audit Finding Forms	A04-1
- Summary of Audit Findings	A04-2
- Suspected Activities Reporting Form	A04B
- Audit Agenda (Audit Program Guide)	A05
- Audit Programs	A06
- Weekly Time Sheets	A07
- Transmission Letter to ARIC	A08
- Management Responses Letter	A09

Section B - Administrative Section

- Audit Entrance Memo B01
- Letter to interested parties B02
- Entry Conference Memo B03
- Memorandum Confirming Audit Scopes and Objectives B04
- Exit Conference Memo B05
- Other Correspondence with Client B06
- Questionnaire to the Client (Self-assessment questionnaire) B06 – 1
- Management Input Memo B06 – 2
- Guidelines to Client for handling an Audit B06 – 3

Section C – Preliminary Review Section

- Thrust Area Procedures Document C01
- Risk Matrix C02
- The risk analysis documentation C03

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
- Staff Performance Evaluation Form D06

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 – etc. – Working Paper File

- The working paper file(s) are used to document the evidence used to support the audit's conclusions. They are 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 Agenda. There is no standard plan or indexing scheme. The only requirement is that it should be simple and easy to follow.
- Summaries of interviews

F01

FILES SECTIONS / Working paper descriptions	Working Paper	Reference
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
- Quarterly Internal Audit Reports		PF A03 – 1
Section PF – B: Environment		
- Applicable rules, laws and regulations		PF B01
- Material on the Assembly - division of duties and responsibilities, number of employees, job descriptions, organisation chart, nature and location of accounting records		
- Financial Information		PF B03
- 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 (Files structure, Identification and traceability).
- Each working paper shall be uniquely traceable to the audit.
- 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. 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.

- IA 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 Transmission of the Draft Report to the Client

The client 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 19 – Draft Report Transmitted to Client

9.1.5 Audit Opinion

This section of the report should be normally expressed in terms of negative assurance, in case the work performed or any other information gathered did not disclose any significant weaknesses in the control process that have a pervasive effect. If the control weaknesses are significant and pervasive, this section may express a qualified or an adverse opinion, depending on the projected increase in the level of residual risk and its impact on the organisation's objectives.

9.1.6 Assignment Report

The auditor then prepares a formal draft report, taking into account any revisions resulting from the Closing Meeting. When the changes have been reviewed by audit management and the client, the final report is issued.

See Operating Procedure OP20 (Annex 22) – Final Report

9.1.6.1 Preparation of the Final Report

A written report is to be prepared and approved by the Head of IAU at the conclusion of each audit utilising standard Internal Audit Report (Annex 22).

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

Audit reports are to be clear, concise, objective, constructive, balanced 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 operation, deficiencies and limitations
- action agreed upon of otherwise
- audit findings and recommendations, and
- management's responses to the audit recommendations
- limitation on the distribution and use of audit reports



See Operational Procedure OP20 (Annex 22) – Final Report

9.1.6.2 Distribution of the Final Report

The approval of the Head of Internal Audit is required for release of the final audit report. Internal Audit Unit prints and issue out reports to the Coordinating Director. Copies of this report are also given to the Client and the ARIC.

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 Head of Internal Audit this note is to be distributed to all the recipients of the final report.

9.1.6.3 Client Response

The client has the opportunity to respond to the audit findings prior to issuance of the final report (See Draft Report Transmitted to the Client).

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

In the response, the client should explain how report findings will be resolved and include an implementation timetable. In some cases, managers may choose to respond with a decision not to implement an audit recommendation and to accept the risks associated with an audit finding.

The client should copy the response to all recipients of the final report if s/he decides not to have their response included/attached to Internal Audit's final report.



See Operational Procedure OP23 (Annex 25) – Management Responses Letter

9.2 Audi Performance Evaluation

As part of IAU's self-evaluation program, an audit performance evaluation form is sent by the Head of the IAU to management. This gives management an opportunity to comment on internal audit's performance so that auditors can make changes in their procedures as a result of clients' suggestions.

9.3 Monitoring the Implementation of Recommendations

9.3.1 Follow-Up Process

The objective of the follow-up process is to determine whether the audit concern has 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 on reported

audit findings. Internal auditors should ascertain that actions taken on audit findings remedy the underlying conditions.

On a quarterly basis, the Internal Audit Unit will perform a follow-up review to verify the resolution of the report findings.

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 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 Recommendations Status Report

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

☐ **See Operational Procedure OP26 (Annex 29) – Audit Recommendation Follow-up Report**

Follow-up results should be communicated by the auditor to the client. If the concerns have not been adequately addressed, a meeting may be required. Follow-up and discussions with the client will continue until the corrective action is resolved.

If at any time the auditors doubt that the audit concern will be addressed, they should document their opinion in the working papers and discuss the matter with the Coordinating Director and the ARIC rather than simply noting the concern as in progress.

9.4 Pre-Audit of Transactions

Pre-audit of Transactions are the verification of transactions before payment is done. Pre-audits of transactions should be classified as a thrust area, when preparing strategic and annual audit plans. Staff should therefore be assigned to pre-audit transactions as part of their schedule of activities.

9.4.1 Establishment of a Voucher Register

The internal Audit Unit of the Assembly will maintain a voucher register to record, monitor and track vouchers that it has received, examined and passed for payment. The register is a complementary control over expenditures made. It enables the Internal Auditor to determine which vouchers it has actually worked on in circumstances where the Auditor's signature has been forged.

☐ **See – Register formats for Pre-Audits – Annex 32**

9.4.2 Verification of Transactions

The internal audit function in every Assembly is required to verify that all transactions are proper in all respects including signature authority, arithmetical accuracy, proper accounts coding, budget authority and physical verification of items.

9.4.3 Reports of Pre-Audit Transactions

The pre-audit of transaction activities that is carried on by the Internal Audit Unit is considered as a “thrust or auditable area”. Any findings that are identified in the cause of these activities should be compiled in the summary of audit findings form, developed in the audit finding form and included in the quarterly reports.



See – Summary of Audit Finding Forms – Annex 18



See – Audit Finding Form – Annex 18-1

9.5 Quarterly Report

The Head of the IAU of a Metropolitan, Municipal or District Assembly shall at intervals of three months, prepare a report on the internal audit work carried out by his/her Unit during the period of three months immediately preceding the preparation of the report and submit the report to the Presiding Member of the Assembly.

The Head of the IAU in the district shall make in each report such observations as appear to him necessary as to the conduct of the financial affairs of the Assembly during the period to which the report relates.

The Head of the IAU of the Metropolitan, Municipal or District Assembly shall send a copy of each quarterly report prepared by him to the Minister of the Ministry of Local Government and Rural Development, the Chief Executive of the Metropolitan, Municipal or District Assembly, the Regional Coordinating Council, the Director-General of the IAA, the ARIC and the Auditor-General.

9.6 Administrative Procedures

These include all the procedures that are not related to planning and testing (such as: filling in forms, written reports and others).

9.6.1 Time Budget

A time budget provides overall guidelines for the performance of the audit. It is approved by the Head of IAU and enables the IAU to control the audit work in process.

9.6.2 Reviews and Meetings

The Head of IAU may provide to the ARIC and/or the Coordinating Director with periodic oral or written interim reports on progress in terms of the strategic and annual audit plans.

Interim reports on significant matters and matters of concern and immediate attention, changes in audit scope and other relevant issues have to be provided in written form.

The audit process will be covered by regular reviews and staff meetings. A weekly staff meeting will take place.

Head of Internal Audit 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.

All performed reviews shall be registered in the summary document on preparation and implementation of audit stages and enclosed to the audit file, which provides evidence to management about the completed work.

Head of IAU shall also sign all examined documents in the audit file.

9.6.3 Auditor Timekeeping

The Internal Audit Unit should record time spent by audit 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 Unit at the weekly meetings.



See Operational Procedure OP24 (Annex 26) - Timekeeping

9.7 General Principles

The following are guidelines and suggestions to consider when performing audits.

9.7.1 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 will help.

- 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.
- Consider carefully those items that are worthy of being brought to management's attention. Relegate items of small consequence to their proper place.
- Return files and records promptly and in neat condition. Set a good example in housekeeping.
- Use good feedback in your interview/discussion with the client. Restate to the client what you think the client said to you. The client confirms it or further clarifies the matter.

9.7.2 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.

9.7.2.1 Time Management

Keep the time schedule flexible 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 client's timeframes and work

schedule.

9.7.2.2 *Obtaining Information*

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

- Interviewing appropriate personnel of the MMDA
- Reviewing procedure manuals, policies if available
- Reviewing job descriptions, if available
- Reviewing or preparing flowcharts
- Tracing one or more transactions through related documents (also known as transaction walkthroughs)
- Completing internal control questionnaires
- Observing operations

9.7.2.3 *Documenting Information*

The auditor's analysis of the internal control system should be documented.

1. Auditing Procedures - Identify the activities for testing effectiveness of internal controls identified in the auditor's analysis of the control system. Each procedure should tie directly to an audit objective and supporting working papers documenting the test and the test results.
2. Supporting Working papers - Schedules and memos 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.
3. Conclusion - The auditor should give an overall conclusion for each of the Audit Procedures completed. The control strengths and weaknesses should be identified in the working papers.

9.7.2.4 *Nature of Compliance Test and Substantive Test*

Audit testing is broadly divided into two areas as follows:

- Compliance testing is the testing of an operation or task against predetermined criteria to measure its compliance.
- Substantive testing provides evidence that the procedures and controls are adequate and sufficient to ensure accurate results.

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).

Compliance tests are concerned with:

- Were the necessary procedures performed?
- How were they performed?
- Who performed them?

- Were the procedures performed consistently?

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 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. They consist of test of details of classes of transactions and account balances and analytical procedures. In other words, auditors gather evidence of the extent to which each material account balance is materially complete, valid and accurate. It is perhaps the most critical evidence gathered during the audit.

Substantive Procedures:

- test of details, including
 - physical examination
 - inspection
 - vouching
 - recalculation
 - confirmation inquiry
- analytical procedures includes
 - reasonableness tests
 - scanning
 - review
 - regression analysis
 - ratio analysis

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 investigate particular types of transaction, audit programmes will need to be developed to meet each eventuality using the criteria set out below. Analytical review is an important part of substantive testing, and appropriate techniques should be used wherever relevant. 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.

Examples of a substantive test

b) 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) Reality 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 used by the Assembly. For example, a substantive test may involve checking that the Assembly has 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 were suitably qualified. For outputs, we could check that those trained were able to carry out their duties effectively.

9.7.2.5 *Extent of Testing*

The extent of compliance 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 accounting 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.

9.7.2.6 *Effectiveness of Systems of Control*

Although the internal auditor's efforts may be directed more toward the internal controls of the Assembly than to the resulting financial statements that are of prime concern to the external auditor, the fundamental approach for both is the same - reliance upon an effective system of internal 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 accounting 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, conversely, of errors or irregularities therein.

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.

9.7.2.7 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.

9.7.2.8 Timing

Internal control procedures that leave an audit trail of documentary evidence of compliance should be compliance tested. The general sampling concept includes selecting items from the entire set of data executed throughout the period under audit.

Internal control procedures that depend on segregation of duties and do not leave an audit trail should be compliance tested differently.

- Inquiries should relate to the entire audit period
- Observations are confined to the periods that the auditor is present and conducting other parts of the audit.

9.7.2.9 Sampling Techniques

The objective of sampling is to obtain information about a population characteristic. When compliance and substantive tests involve inspection procedures, sampling is likely to be the most cost-effective means.

Sampling requires that the auditor use professional judgement in planning performing and evaluating a sample and in relating the evidential matter produced by the sample to other evidential matter when forming a conclusion about the related account balance or class of transactions.

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
- 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

Selecting items for sample – the preferred method is to provide a sample that is representative of the whole population.

Sampling Methods

- 1) Random Selection

- 2) Systematic (interval) selection
- 3) Block selection
- 4) Stratified Selection
- 5) Cumulative Monetary Amount selection

9.7.2.10 *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, it is 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' on information should be considered. Current Internal Audit Unit policy and compliance is expected.

- **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 Internal Audit Unit. 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 (manual or electronic) kept by the IAU should pertain to the Assembly 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 has created them. All files, whether paper, electronic, etc., may need to be accessed from time to time. It is the policy of the Internal Audit Unit that such information will be freely accessible to those who are entitled to.

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 00: Strategic Audit Planning

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
STRATEGIC AUDIT PLANNING

OP 00

Purpose

The primary function of Internal Audit should be that of adding value to the Assembly's overall efficiency and effectiveness and ultimately its capacity to achieve its objectives.

Background

At the planning stage the Internal Audit Unit will achieve this function through:

- Adopting a far reaching vision and a strategic focus on the risks and opportunities of the environment in which the organisation works.
- Ensuring an auditor-client participative approach to internal audit planning by involving the organisations senior decision makers in the strategic planning exercise.

The client should expect the IAU to add value by acting as a consultant helping to improve business performance rather than as an internal controller.

Procedure

<i>Action by:</i>	<i>Action:</i>
Internal Audit Team	<ol style="list-style-type: none"> 1 Review the Organisation's Mission Statement, values and objectives. 2 Identify all auditable areas. 3 Calculate the average budget expenditure for each auditable area for the past year. 4 Prepare a Summary - 1 Year Internal Audit Strategic Plan. 5 Identify major risks and opportunities and prepare for a SWOT¹ Analysis Meeting with Senior Management.
Head of Internal Audit	<ol style="list-style-type: none"> 6 Host a SWOT Analysis Meeting with Senior Management Panel.
Head of Internal Audit	<ol style="list-style-type: none"> 7. Calculate the number of auditor days available over the coming year. 8. Allocate the total auditor days. 9. Prepare and submit the Strategic Audit Plan for approval by the ARIC and the Coordinating Director.

¹ Strengths, Weaknesses, Opportunities, Threat

A.2 OP 01: Annual Audit Plan

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
ANNUAL AUDIT PLAN

OP 01

<i>Action by:</i>	<i>Action:</i>
Head of Internal Audit	<ol style="list-style-type: none"> 1. Creates a memorandum notifying other units that the Internal Audit Unit is establishing the Annual Audit Plan for the succeeding year (Management Input Memo – Annex 2). This memo solicits the Assembly’s Management suggestions for audit services. 2. Sends Management Input Memo to the Assembly’s departments/ units. 3. Performs a risk assessment of the Assembly’s programs and department activities and reviews 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/auditable area, the complexity of operations, organisation/operational changes done in the last year, previous significant audit findings in the thrust/auditable area (if any) among others. 4. Creates a list of audit priorities from step#3.
Senior management	<ol style="list-style-type: none"> 5. Calls, Writes or E-mails the Head of Unit to notify him/her of their request(s) for audit services. 6. Meets with or phone Head of Internal Audit to discuss specific request for audit services, if necessary.
Head of Internal Audit	<ol style="list-style-type: none"> 7. Documents Senior Management’s audit requests by issuing a Substantiating Memo. 8. Compiles all audit requests for discussion with the Assembly’s ARIC. 9. Meets with the Assembly’s ARIC and discusses management and Internal Auditor’s lists of audit priorities. 10. Obtains the Assembly’s ARIC’s audit priorities. 11. Creates the Annual Audit Plan.
Audit Committee	<ol style="list-style-type: none"> 12. Reviews and advices the Head of the Internal Audit Unit and Management on the Annual Plan
Senior management	<ol style="list-style-type: none"> 13. Approves the Annual Audit Plan
Auditor	<ol style="list-style-type: none"> 14. Files the Annual Plan

A.3 OP 02: Assignment Sheet

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
ASSIGNMENT SHEET

OP 02

Purpose

To establish procedures for selecting the auditors designated to audit the Assembly's operations.

Background

The personnel are designated to carry out the audit mission based on the available time budget, particular skills and the experience required to perform the work. On designation, a registration number is assigned to each audit mission

Procedures

<u>Action by:</u>	<u>Action:</u>
Head of Internal Audit	<ol style="list-style-type: none">1. Select the auditors and makes sure they are available.2. Prepares the Assignment Sheet – Ref. Annex 5. The Assignment Sheet must include the reference number, project title, auditors' names, budget, deadline and any other instructions.
Head of Internal Audit	<ol style="list-style-type: none">3. Assigns a number to the Assignment Sheet.4. Provides each member of the approved sheet to the auditor team member5. Files the original Assignment Sheet. Each member of the audit team is provided with copies; the secretary will also keep one copy.
Auditor	<ol style="list-style-type: none">6. Open the audit files7. Files the copy of the Assignment Sheet in the audit file

A.4 OP 03: Qualification and Independent of Staff

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
QUALIFICATION AND
INDEPENDENT OF STAFF

OP 03

Purpose

To justify the auditors' qualifications and independence regarding the Assembly's operations audit.

Background

The auditors assigned to audit must cumulate the adequate professional competences for the required tasks. The auditors are assigned to audit according to their availability, personal skills and the necessary experience to fulfil the task.

Personal incompatibilities, meaning personal relationships, previous management experience, preferences etc., are to be taken into consideration as well. An auditor will not be assigned where there are personal incompatibilities, unless his assignment is unavoidable and justified. If a real or only suspected incompatibility occurs during the audit mission, the auditors have the responsibility to immediately inform management.

Action by:	Action:
Auditors	1. Fill in the Independence and Qualification Statement - Ref Annex 6.
Head of Internal Audit	2. Reviews the Independence and Qualification Statement. 3. Examines the list of pertinent qualifications. Describes any reported incompatibility and explains how it can be mitigated. 4. Endorses the Independence and Qualification Statement.
Auditors	5. File the Statement in the audit file. 6. Should an actual or perceived conflict of interest arise during the mission, immediately notify management.

A.5 OP 04: Notification of Interested Parties

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
NOTIFICATION OF INTERESTED
PARTIES

OP 04

Purpose

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

Background

The opening session is a preliminary meeting of the audit mission. 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.

Procedure

Action by:	Action:
Auditor	1. Prepare the Letter to interested parties - Ref Annex 7.
Senior Internal Auditor/Auditor	2. Review the Letter to interested parties
Head of Internal Audit	3. Signs the Letter to interested parties
Senior Internal Auditor/Auditor	4. Include areas of interest (if any is expressed) to Audit Program Guide
	5. File the letter and response in the working papers – Ref Annex 7.

A.6 OP 05: Audit Entrance Memo

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT ENTRANCE MEMO

OP 05

Purpose

To inform the relevant parties that the internal audit will initiate an audit mission on the operations of the Assembly.

Background

These measures are adopted in order to make sure that the audit meets all the requirements

Procedure

<u>Action by:</u>	<u>Action:</u>
Auditor	<p>1. Prepare the Audit Entrance Memo – Ref Annex 8.</p> <p><u>Note</u> : the information requested from the Client may include :</p> <ul style="list-style-type: none"> • 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.
Head of Internal Audit	2. Reviews and signs the Audit Entrance Memo
Auditor	<p>3. Files a copy of the Audit Entrance Memo in the Temporary File working papers – Ref Annex 8.</p> <p>4. Follow up with the client to make sure that the information requested is provided.</p>

A.7 OP 06: Confirmation of Audit Scope and Objectives

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
CONFIRMATION OF AUDIT
SCOPE AND OBJECTIVES

OP 06

<i>Action by:</i>	<i>Action:</i>
Auditor	3. 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. Transmits 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 working papers – Annex 10. 6. Prepare an Audit Agenda (See procedure OP 09)

A.8 OP 07: Entry Conference

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
ENTRY CONFERENCE

OP 07

Purpose

To organise a presentation meeting with the Assembly's Client Department in order to discuss the purpose, objectives and working arrangements of the audit.

Background

The opening session is a preliminary meeting of the audit mission. 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.

Procedure

Action By	Action
Auditor	1. Contact the client (telephone) to schedule the Entry Conference.
Senior Internal Auditor	2. Conduct the audit Entry Conference.
Auditor	3. IAU provide the clients with : <ul style="list-style-type: none"> -Explanations regarding; -Presentation of auditors; -Presentation of the Internal Audit Unit's objectives; -Establishment of deadline for presentation of deliverables; -Detailed presentation of the content -Agreement on the meeting calendar; -Presentation of the internal public auditor's Charter, for acknowledgement; -Assurance of physical resources needed for the performance of the internal audit mission; Provide the following documents to Client: <ul style="list-style-type: none"> - Employee guidelines for managing an audit – Ref. Annex 11 - Questionnaire to Client (Self-assessment questionnaire) – Ref Annex 3; - Internal Audit Charter.
Auditor	4. Prepare an Entry Conference Memo – Annex 9.
	5. Make sure that each Entry Conference participant is listed in the attendance list, including title, department, and contact data.
	6. Complete the Entry Conference Memo by summarising the discussions which took place during the Entry Conference.
Senior Internal Auditor	7. Review Entry Conference Memo

Action By	Action
Auditor	8. File Entry Conference Memo in the audit working papers – Ref Annex 9

A.9 OP 08-1: Trust/Auditable Area

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
TRUST/AUDITABLE AREA
PROCEDURES DOCUMENT

OP 08 - 1

Action by:	Action
Auditors	<p>Complete the thrust/auditable area procedures document.</p> <p>Completion Procedure</p> <ol style="list-style-type: none"> 1. Under the thrust/auditable area objective(s): By talking to management of the thrust/auditable area, reviewing documents, etc., identify why the thrust/auditable area is part of the Assembly and what their activities (if carried out correctly) will enable the Assembly to achieve. These are the objectives of the thrust/auditable area. Also identify how they plan to conduct their activities to achieve their aims. These will be strategies and their implementation. 2. Determine, by asking Management of the Thrust/auditable area and verifying from the monthly and annual accounts, whether transactions that occur in the thrust/auditable area are captured in the accounts. If they are captured, under what headings are they captured? The headings are the Significant Classes of Transactions (SCOTS). Identify them for this thrust/auditable 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? This is the preliminary audit objective. 3. Determine if there are any triggers to the start of the processes in the thrust/auditable 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/auditable 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 <i>activities</i> in the documentation template.

Action by:	Action
	<p>Confirm what you are told with walkthrough test.</p> <p>If at the end of the process, some outputs are processed (e.g. fuel purchased, or signed payment vouchers) this is put under the section, outputs in the documentation template</p> <p>4. In part II of the document, identify what can go wrong in the activities that you have documented. These are the thrust/auditable area level risks.</p> <p>Determine which of the objectives that was identified in part I will not be achieved, if what you have identified actually goes wrong.</p> <p>Determine if management of the Assembly or the thrust/auditable 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 controls.</p> <p>Assess whether if the staff actually apply the measures that have been put in place by management, things can still go wrong. This is the test of design. 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.</p> <p>You will need to state the audit objective that covers the risk you have identified. If there is none, you will need to revise your audit program to include one.</p>
Head of Internal Audit	5. Review the completed Thrust/Auditable Area Procedures Document.
Auditors	6. File the Thrust/auditable Area Procedures Document.

A.10 OP 8-2: Assessment of Internal

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
ASSESSMENT OF INTERNAL
RISK ASSESSMENT

OP 08 - 2

Purpose

To centralise the threats and pertinent controls of (your organisation).

Background

The risk matrix shows the relationship between threats and control by identifying the specific controls that could mitigate specific threats.

Procedure

The following steps are to be taken when performing risk assessment:

Action by:	Action:
Auditor	1. From the work performed during the Preliminary Survey, the thrust/auditable area procedures document and from professional judgment, prepare a list of risks
Head of Internal Audit	2. Prepare a Risk Matrix – Ref Annex 13 showing the likelihood, impact and the controls that mitigate each risk. 3. Rate and prioritise the risks 4. Submit the Risk Matrix and Audit Finding Forms on risk to the Assembly's Co-ordinating Director
The Assembly's Client	5. Review and approve the Risk Matrix
Audit Staff	6. File the Risk Matrix – Ref Annex 13 and the audit finding forms – Ref Annex 18 in the audit working papers.

Example - Annex 13

A.11 OP-09: Preliminary Audit Activities

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
PRELIMINARY AUDIT
ACTIVITIES
Preliminary Survey

OP 09

Purpose

To collect information about the history, organisation and financial background, which will help the auditor, become familiar with the Assembly's operations, supplying general data for the audit report and subsequently facilitating the risk analysis and survey procedures.

Background

The preliminary survey is in fact planning for the risk analysis and for the stages of the audit mission.

During the preliminary survey, the auditors must:

1. Consider the signification and needs of the potential users of the Audit Report.
2. Reach a satisfying level of understanding of the Assembly's operations and the operations to be audited.
3. Consider the legal framework.
4. Identify the criteria necessary to assess the audited matters.
5. Identify the significant findings and recommendations from the previous audit reports which could affect the current objectives of the audit.
6. Identify potential sources of information which could be used as evidence of the audit and consider the validity and credibility of this information.
7. Decide whether the activity of other auditors and experts could be used in order to achieve some of the audit objectives.
8. Familiarise with internal procedures and regulations, in order to facilitate risk assessment stage.

Procedure

Action by	Action:
Auditors	<ol style="list-style-type: none"> 1. Interview the client management in order to obtain general, basic information regarding the programme; 2. Obtain or draw up the organisation chart, identify the personnel who is responsible for the programme and describe their duties in administrating or monitoring the programme; 3. Based on interviews with the personnel from various compartments and by noticing the activities on location, they get familiar with (1) how the programme works; and (2) the information system; 4. Describe and flowchart the processes affecting the programme. Get a copy of the written procedures; 5. Identify the relevant forms, management files and reports; review the content, organisation and purpose of the files. Establish the number of reports and penalty policy, as well as the organisation of the reports which could be subsequently verified and determined the control logs availability, indexes/tables of content which could be used to centralise information and

Action by	Action:
	<p>select samples. They obtain examples of internal and external reports;</p> <ol style="list-style-type: none"> 6. Obtain copies of the budgets for the last 3 to 5 years. Identify the funding sources of the programme and the restrictions regarding the use of those funds. Review the budget justifications and write down any budget cut or raise affecting the programme; 7. Collect statistical data on the programme performance in order to support it during the risk analysis stage (for example, the number of performed operations, the value of the operations in different currencies, etc.); 8. Obtain and review the copies of important meetings, if appropriate. 9. Determine the legal authority for the programme; 10. Identify laws and regulations applicable to the programme; 11. Obtain and review contracts/ conventions/ agreements included in the programme;
Auditors	<ol style="list-style-type: none"> 12. Prepare a Preliminary Survey Memorandum, including: <ol style="list-style-type: none"> a. information on the legal authority for the audited programme; b. brief background or profile of the programme, including the goal and objectives of the audit; c. a summary of the important matters, responsible persons, contracts, endowment, computer network or data bases, processes, applicable laws and regulations; d. a definition of terms;
Auditors	<ol style="list-style-type: none"> 13. Must draw up the Findings Audit Sheet -Ref. Annex 18 (see Procedure OP14) – if anything was found during that stage. 14. Finalise the numbering, labelling, cross-reference and checking of the filed documents and other audit documents; 15. Establish a review of the documents by the Head of Internal Audit;
Head of Internal Audit	<ol style="list-style-type: none"> 16. Reviews the documentation;
Auditor	<ol style="list-style-type: none"> 17. Answer the observations regarding the revision;
Head of Internal Audit	<ol style="list-style-type: none"> 18. Reviews and approves the Preliminary Survey Memorandum; 19. Reviews and approves the Audit finding Forms;
Head of Internal Audit	<ol style="list-style-type: none"> 20. Establishes the necessity to use a specialist in order to provide technical assistance in specific fields. Determines the need to hire a consultant or a consulting company;
Head of Internal Audit	<ol style="list-style-type: none"> 21. Organises a meeting to identify the audit objectives and risk analysis matters. Re- evaluates the way in which the audit objectives, goal and methodology were established, as it is necessary; 22. Informs the Assembly's client and management of any changes;

Action by	Action:
Auditors	23. File the working papers in Section C; 24. File the Preliminary Survey Memorandum with the documents of the audit file – Annex 3. 25. File the Audit Findings Form - ref Annex 18.
Auditors	26. Complete the Audit Program Development – Ref Annex 14

A.12 OP 10: Audit Agenda Development

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT AGENDA DEVELOPMENT

OP 10

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.

Background

This procedure guides the preparation of the Audit Agenda.

Procedure

Action by:	Action:
Auditor	1. Prepare draft Audit Agenda Ref. Annex 14 after the preliminary survey and before any test work is performed. 2. Number Audit Agenda steps consecutively from beginning to end.
Head of Internal Audit	3. Review and approve the Audit Agenda
Auditor	4. Review and up-date the Audit Agenda all along the audit work
Auditor	5. File the Audit Agenda – Ref Annex 14 in the Current File working papers

Example – Annex 14

A.13 OP 11: Audit Programs Development

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT PROGRAM
DEVELOPMENT

OP 11

Purpose

To elaborate an audit programme in order to establish whether the Assembly's controls or procedures in place are operational

Background

This procedure is a guide in preparing the audit programmes. An audit program is required for each audit objective.

Procedure

<i>Action by:</i>	<i>Action:</i>
Auditors	<ol style="list-style-type: none"> 1. Prepare the audit programmes Ref Annex 15, including the following elements: <ul style="list-style-type: none"> - audit objectives; - tests to be carried out; - other necessary audit procedures and tests; 2. Prepare a Memo with the following annexes: <ul style="list-style-type: none"> - Preliminary Survey; - Risk Matrix; - Audit Agenda; - The proposed audit programmes to be.
Head of IAU Auditors	<ol style="list-style-type: none"> 3. Organise the meeting; 4. Revise the Memo and annexes; 5. Discuss and make changes accordingly;
Head of Unit	<ol style="list-style-type: none"> 6. Approves the Memo and annexes;
Auditors	<ol style="list-style-type: none"> 7. File the audit programme - Ref Annex 15; 8. Use the audit programme to carry out the activity;

A.14 OP 12: Evidence Gathering

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
EVIDENCE GATHERING

OP 12

Purpose

To ensure that sufficient, competent and relevant records are kept in order to ensure a reasonable basis for the auditors' findings and conclusions.

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.

Procedure

Action by:	Action:
Auditors	1 Conduct the audit tests and procedures determined in the audit programs.
Head of Unit	2 Ascertain that the evidence obtained is sufficient, relevant, competent, and useful.
Auditors	3 Document all audit work in Test Working Paper (Annex 17) and Audit Finding Forms – Ref Annex 18. 4 Label and number all working papers 5 File all documents pertaining to the audit in the working paper files

A.15 OP 13: Test Working Paper

INTERNAL AUDIT
UNIT

OPERATIONAL PROCEDURE
TEST WORKING PAPER

OP 13

Purpose

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

Background

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

Procedure

Action by:	Action:
Auditors	1. Perform the tests approved in the audit programmes; 2. Document the tests using Test Working Papers – Annex 17
Head of Internal Audit	3. Revises/discusses/approves the documents.
Auditors	4. File the working papers in the files.

Example Annex 17

A.16 OP 14: Audit Finding

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT FINDING

OP 14

Purpose

To ensure that the findings of the audit mission 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.

Background

The following elements of the audit findings must be included:

1. Findings (Condition);
2. Causes,
3. Consequences,
4. Recommendations.

Procedure

Action by:	Action:
Auditors	<ol style="list-style-type: none">1. As the audit is carried out, draw up the Audit Finding Sheets; Ref Annex 18.2. 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;<ul style="list-style-type: none">- Findings (Condition)- Causes and Consequences- Recommendations3. Forward the Audit Finding Sheets to the Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none">4. Revises and approves the Audit Finding Sheets.
Auditors	<ol style="list-style-type: none">5. Label, number and file the Audit Finding Sheets (Annex 18) in the working file

Example – Annex 18

A.17 OP 15: Finding of Illegal Acts

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
FINDING OF ILLEGAL ACTS

OP 15

Purpose

To provide guidance in case irregularities are found.

Background

When the auditors reach the conclusion, based on the obtained evidence, that an irregularity was committed, they must promptly report to the Head of Internal Audit Unit.

An irregularity means a violation of a law and/or a regulation. The auditors should prove professional care in following the clues for potential irregularities, so that they should not interfere with the legal procedures.

Procedure

Action by:	Action:
Auditors	<p>1. An illegal act is a violation of a law and/or a regulation. When auditors conclude based on evidence obtained, that an illegal act (irregularities, fraud etc.) has occurred, they should report within 24 hours relevant information to the Head of Internal Audit. 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</p> <p>Detailed description of the irregularity(ies), exception(s), or other potential violation(s) of law</p> <ul style="list-style-type: none"> - 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

Action by:	Action:
	<ul style="list-style-type: none"> - The name of the auditor. <p>The auditor must receive a written answer from the Assembly's Client.</p>
Head of Internal Audit	<ol style="list-style-type: none"> 2 Determine whether additional work needs to be performed or whether audit procedures should be suspended as a result of the finding. 3. Informs the ARIC and the Coordinating Director.

A.18 OP 16: Working Papers Review

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
WORKING PAPERS REVIEW

OP 16

Purpose

To ensure the works are prepared appropriately and to ensure proper support of the performed activity and of the evidence collected during the audit.

Background

The Head of Internal Audit revises the work from the point of view of their format and content, ensuring that the audit evidence presented in the file documents can pass the evidence test. In order to pass the test, the evidence should be:

- sufficient: if it is enough to support the auditor's findings
- competent: it is consistent with the facts
- relevant: it has a logical relation with the finding

Procedure

<i>Action by:</i>	<i>Action:</i>
Auditors	<ol style="list-style-type: none"> 1. As the audit is carried out, label, cross-reference and number all working papers. 2. Ascertain that the working papers provide appropriate support to the audit work and to the audit evidence collected during the audit. 3. Plan a session for the revision of works with the Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none"> 4. Review the working papers and content and ascertain that the audit evidence reflected in the audit working papers is fully supported. 5. Provides auditors with a list of the works revision, containing all comments and questions related to the audit works.
Senior Internal Auditor	<ol style="list-style-type: none"> 6. Answer in writing the questions and comments of the Head of Internal Audit. 7. Make the necessary changes in the documents. 8. Plan a continuation meeting with the Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none"> 9. Revises the auditors' answers to the list of revised comments. Checks all solved comments and questions.
Auditors	<ol style="list-style-type: none"> 10. File the revised list of the works in the temporary audit file and audit staff responses – Annex 20.

A.19 OP 17: Audit Exit Conference

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT EXIT CONFERENCE

OP 17

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.

Background

To ensure that the Head of Internal Audit can provide client with a draft audit report completed in a fair and objective manner, which will enable the client representatives to request an exit conference where they could express their opinions on the findings, conclusions and recommendations. In this meeting, the client representatives will also explain the corrections they intent to make in reply to the findings and recommendations of the audit.

Action by	Action:
Auditor	1. Plans the exit conference.
Head of Internal Audit Auditors/Clients	2. Hold the closing session. The Assembly's representatives present their opinions regarding the auditors' findings, conclusions and recommendations, as well as the planned corrections.
Auditors	3. Make a summary of the discussions held during the exit conference in an Exit Conference Memo (no standard format)
Head of Internal Audit	4. Agree upon the modifications to be operated on the audit report, if necessary.
Auditors	5. Prepare additional documents needed to justify the modifications operated on the audit report. 6. File all the approved modifications to the audit report, the Exit Conference Memo Ref-Annex 21 and revised audit report in the audit working papers.
Auditors	7. File the notes taken on the Audit Exit Conference in the Current Audit file

A.20 OP 18: Audit Report - Draft

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT REPORT - DRAFT

OP 18

Purpose

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

Background

In writing the report, the auditor uses the audit evidence reported in the Finding Sheets. The discussions should contain all relevant elements of the audit findings (i.e. conditions, causes, effects and recommendations).

In planning/performing the audit assignment, audit tasks should be divided between the auditors and the supervisor for the engagement. In case of the supervisor, the review for the work papers will be done by the Head of Internal Audit, as presented below.

Procedure

Action by:	Action:
Auditors	<ol style="list-style-type: none">1. Draw up the draft audit report by using the format indicated in Annex 22.2. Indicate the working papers on the margin of the of the draft audit report.3. Forward the final draft of the audit report, with references, to the Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none">4. Reviews the draft audit report Annex 23, OP215. Establishes whether the entire draft or parts thereof should be transmitted to the legal department with a view to being legally revised.6. Schedule a follow-up meeting with the Auditors to clear outstanding queries.
Auditors	<ol style="list-style-type: none">7. Make the necessary changes, approved by the reviewer.8. File the draft audit report, including the corrections approved by the Head of Internal Audit.

A.21 OP 19: Draft Report Transmitted to the Client

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
DRAFT REPORT TRANSMITTED
TO THE CLIENT

OP 19

Purpose

To provide client with the opportunity to revise the draft audit report and to prepare a response to the findings and recommendations of the audit.

Background

The draft report forwarded to the Client should be as complete as possible, including all evidence related to the facts, opinions, and conclusions referred to, which should be verified.

Procedure

Action by:	Action:
Head of Internal Audit	1. Forwards the draft report to the Client.
Client	2. Reviews the draft report. 3. Requests, if necessary, a closing session. 4. Transmits the answers to questions in writing to IAU.
Auditors Head of Internal Audit	5. Review the answers provided by Client. 6. Discuss the preparation of a closing session.
Auditors	7. File the written answer

A.22 OP 20: Final Report

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
FINAL REPORT

OP 20

Purpose

To process the audit report for the final revision and final drafting.

To find that the audit report is complete, including the clients answers, and is distributed to all relevant persons.

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 will be transmitted according to an established distribution policy.

Procedure

<i>Action by:</i>	<i>Action:</i>
Auditor	<ol style="list-style-type: none">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 report6. Transmit to Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none">7. Review and transmit final report to the Client and addresses (see in distribution list)
Auditor	<ol style="list-style-type: none">8. File the Final Report – Annex 22

A.23 OP 21: Draft Report Review

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
DRAFT REPORT REVIEW

OP 21

Purpose

To appreciate that each mention of the facts contained in the report is supported by justifying documents from the audit documents and that the opinions and conclusions are logical and consistent.

Background

The revision of the draft report is a critical control element in the drawing up of the report. It is done by the Head of Internal Audit/supervisor of the assignment, who must logically examine the report from the point of view of facts. He must check each situation or operation by following justifying documents. These documents must reflect the details and reveal what was found.

Procedure

Action by:	Action:
Head of Internal Audit	<ol style="list-style-type: none"> 1. Review the conceptual structure of the report, correcting the grammatical mistakes. Verifies whether the facts logically lead to conclusions and recommendations. 2. Trace that every statement of fact is supported by documents, including data, numbers, percentages, titles, names correctly written, and excerpts from law. 3. If the statement of fact, opinions or conclusions is acceptable, place a tick above them. 4. Writes all questions and comments in audit report review sheets – Annex 23. Assigns a comment number to each questioned item.
Auditors	<ol style="list-style-type: none"> 5. Respond in writing to the comments and questions of the reviewer. 6. Make the required modifications in the documents. 7. Plan a follow-up meeting with the Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none"> 8. Revises the auditors' answers 9. Clear with a tick all comments and questions that have been solved. 10. Discuss and approves the draft report.
Auditors	<ol style="list-style-type: none"> 11. File the report review sheets in the working papers file – Annex 23

A.24 OP 22: Transmission Letter

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
TRANSMISSION LETTER

OP 22

Purpose

To send the Audit Report with the Management Letter to the Audit Report Implementation Committee and the Coordinating Director and Senior Management.

Background

It is important that the audit report is circulated to the ARIC, the Coordinating Director and Senior Management of the Assembly to ensure that areas of weakness are identified and that Management take the necessary measures to remedy the weaknesses within a given timeframe. The ARIC and Internal Audit Unit will monitor the implementation of the necessary controls by Management.

Procedure

Action by:	Action:
Head Of Internal Audit	1. Transmits report to the ARIC, the Coordinating Director and Senior Management
Internal Audit Unit	2. Monitor the implementation of the recommendations made in the audit report by Management.
ARIC	3. Ensure that the audit recommendations are monitored by the Internal Audit Unit and that they are implemented by Management
Auditors	4. Files the Transmission Letter

A.25 OP 23: Management Response Letter

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
MANAGEMENT RESPONSE
LETTER

OP 23

Purpose

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

Background

It is important that management accept and understand the audit recommendations and specify deadlines for their implementation. In the event of a disagreement then the Coordinating Director and the Audit Report Implementation Committee can intervene to settle the matter.

Procedure

Action by:	Action:
Head of Internal Audit	1. Receives the Responses of Management and includes them as an annex to the Internal Audit Report. 2. If there is a disagreement on any of the recommendations raised, the HIAU will meet with management and the ARIC in order to find a solution.
ARIC Chairmen, Coordinating Director	3. In the event of a disagreement will meet with the relevant Management, the Head of Internal Audit in order to remedy the situation.
ARIC	4. Ensure that the audit recommendations are monitored by the Internal Audit Unit and that they are implemented by Management
Auditors	5. File the Management Responses Letter

A.26 OP 24: Timekeeping

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
TIMEKEEPING

OP 24

Purpose

To ensure a standard format for time management.

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 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.

Procedure

Action by:	Action:
Auditors	1. When preparing the audit agenda, the auditors should estimate the time required to carry out its stages. The total stages should be lower than the time budget approved in the annual plan. The time budget is approved when the Audit Agenda is approved.
Head of Internal Audit/Auditors	2. Hold a meeting on a regular basis and whenever necessary.
Auditors	3. Prepare a weekly time sheet based on the Weekly Time Sheet Form Ref – Annex 26
Head of Internal Audit	4. Reviews and approves the Time Sheets
Head of Internal Audit/Auditors	5. During the meeting, discuss the evolution of the audit mission. 6. If a stage does not take place as budgeted, the auditor must inform the Head of Internal Audit of the problems that occurred, of the non-realistic approaches etc. and suggest alternative ways to carry out the audit mission, in order to prevent deadlines from being exceeded.
Head of Internal Audit	7. Prepares a 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. 8. Forwards a copy of the note to the auditors and supervisors.
Auditors	9. File the Note - Annex 26 in the audit file.

A.27 OP 25: Audit Performance Evaluation

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AUDIT PERFORMANCE
EVALUATION

OP 25

Purpose

To ensure the auditors' feed-back with regard to their own performance during the audit and help each employee to work closer to their potential.

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.

Procedure

Evaluation of the Audit by the Client

Action by:	Action:
Head of Internal Audit	1. Transmits to Client an Audit Performance Evaluation Form – Annex 27
Client: Heads of Departments/ Assembly's Sub-structures	2. Complete the Audit Performance Evaluation Form and return it to IAU
Head of Internal Audit	3. Review the Audit Performance Evaluation Form 4. Discuss with the Client 5. Use the results of the evaluation for proposing improvement of the IAU services and for the preparation of the annual report on IAU activities
Auditor	6. File the Audit Performance Evaluation Form in temporary file – Annex 27

Evaluation of the Staff

Action by:	Action:
Head of Internal Audit	1. Meet separately with each member of the audit team to discuss the employee's performance during the audit. 2. Complete a Staff Evaluation Form Ref – Annex 28 for each member of the Audit Staff 3. Give a copy of the Staff Evaluation Form to the employee
Auditors	4. File the Staff Evaluation Form in the temporary Audit files – Annex 28

Example

PROJECT EVALUATION SHEET – Annex 27, – Annex 28

A.28 OP 26: Follow Up Process

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
FOLLOW UP PROCESS

OP 26

Purpose

To establish the procedures to be followed for the implementation of the IAU recommendations.

Background

In order to ensure that the recommendations included in the audit report are implemented periodically, Head of Internal Audit must carry out a quarterly follow up of special recommendations.

Procedure

Action by:	Action:
Auditors	<ol style="list-style-type: none">1. Check the implementation of recommendations by the established deadlines.2. Draft a report on the stage of audit recommendations – extracted from Annex 22.3. Forward the Report to the Head of Internal Audit
Head of Internal Audit	<ol style="list-style-type: none">4. Reviews the Report regarding the standing of audit recommendations.5. If the deadlines for implementation are not respected, discuss with Head of Department and take action accordingly.6. Sends to Coordinating Director and ARIC the report on status of implementation of recommendations.
Auditors	<ol style="list-style-type: none">7. File the Audit Recommendation Status Report – Ref - Annex 29

A.29 OP 27: Revisions to IA Manual

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
REVISIONS TO IA MANUAL

OP 27

Purpose

To ensure that the Internal Audit Manual is continually updated

Background

As with everything there will be changes in the organisation in order to improve efficiency. Therefore, the Internal Audit Manual will also make improvements to ensure that the audits keep up with technology.

Procedure

Action by:	Action:	Deadline:
The Assembly's Internal Auditors	1. Submit revision proposals using Annex 2 forms to the Head of the Assembly's IAU	At any time of the year
Head of the Assembly's IAU	2. Compile and circulate the revision proposals received among all the Assembly's Internal Auditors 3. Receive comments and suggestions from the Assembly's Internal Auditors 4. Incorporate revision proposals after consultation with the Assembly's Internal Auditors 5. Submit new version to Assemblies ARIC for further review	Based on communication protocols to be arranged internally.
ARIC	6. Review the new version of the IA Manual for compliance with the legal framework 7. Reply in writing to the Head of the Assembly's IAU	Within 60 days from the submission of the new version.

Action by:	Action:	Deadline:
Head of the Assembly's IAU	8. Submit the new version of the IA Manual to the Director-General of the Internal Audit Agency for approval	Immediately after approval by ARIC & Coordinating Director
Director-General of the Internal Audit Agency	9. Approve the new version of the IA Manual for Distribution to all MMDAs 10. Distribute the approved new version of the IA Manual to all the Heads of IAUs in all MMDAs and the relevant parties as detailed in the Internal Audit Procedures Manual Ref: 1.6	Immediately after approval by the Director-General of the Internal Audit Agency

A.30 OP 28: Ad Hoc Internal Audit Consulting Services

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
AD HOC INTERNAL AUDIT
CONSULTING SERVICES

OP 28

Purpose

To ensure that there is sufficient resources to undertake the audit.

Background

The audit team may lack personnel or the expertise in certain areas, therefore, the expertise needed will be contracted as deemed necessary to ensure that the audit is completed to the required standards.

Action by:	Action:
Head of Internal Audit	<ol style="list-style-type: none"> 1. Send requests to the Coordinating Director for ad- hoc advisory services to be provided to Internal Audit. 2. Includes the Terms of Reference with the Request.
Coordinating Director	<ol style="list-style-type: none"> 3. Review requests received as per above and identify other requirements for special internal audit advisory assignments that are not included in the annual audit plan. 4. Approves the Request for Internal Audit Consulting Services 5. Transmit the approved Request for Internal Audit Consulting Services to the Head of Internal Audit.
Head of Internal Audit	<ol style="list-style-type: none"> 6. If the Coordinating Director fails to approve the request then the Head of the Internal Audit Unit will send the request to the ARIC who will decide on whether the request should be approved or not.
External Consultant	<ol style="list-style-type: none"> 7. Review the requirements of the consulting task assigned, carry out research as required to fulfil the assignment (all work will be duly documented in Working papers). 8. Write an Internal Audit Consultancy Report, giving the Auditor's professional opinion / recommendations on the issue.
Head of Internal Audit	<ol style="list-style-type: none"> 9. Assign the external consultant to the required consultancy tasks. 10. Prepare an Internal Audit Consulting Work plan in

Action by:	Action:
	<p>line with the Terms of Reference</p> <ol style="list-style-type: none"> 11. Reviews and Approves/Signs off the reports of the consultant 12. Forward the Internal Audit Consultancy Reports to the ARIC, Coordinating Director and Client at or before the deadlines required.

A.31 OP 29: Suspecting Activities Reporting Form

INTERNAL AUDIT UNIT

OPERATIONAL PROCEDURE
SUSPECTING ACTIVITIES
REPORTING FORM

OP 29

Purpose

To provide guidance in case suspected activities are reported to Internal Audit or Management.

Background

Staff members, the banks clients and other third parties by the nature of their involvement with the Assembly's operations are often in a better position to observe acts of fraud or suspected acts of fraud. Also, in the course of their activities they may be offered passive or impassive bribes or other irregular material benefits.

Procedure

Action by:	Action:
Head of Internal Audit	<ol style="list-style-type: none"> 1. Reviews complaint and decides whether it is genuine or a hoax. 2. Carries out a preliminary investigation to establish if there is substance to the complaint. 3. Launches a full investigation. 4. Determine whether additional work needs to be performed or whether audit procedures should be suspended as a result of the finding. 5. Reports findings to the ARIC and the Coordinating Director and makes recommendations.
Overriding Considerations	<ol style="list-style-type: none"> 6. 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 : <ul style="list-style-type: none"> - 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:

Action by:	Action:
	<ul style="list-style-type: none"> - 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
	<ul style="list-style-type: none"> - The identity of the natural and legal persons involved or suspected to be involved, save in cases where such information is of no relevance in combating irregularities on account of the character of the irregularity.
Auditors	7. Files the Expected Activities Reporting Form

B Templates / Annexes /Forms

B.1 Strategic Audit Plan

ANNEX 1

INTERNAL AUDIT UNIT

STRATEGIC AUDIT PLAN

PF-A01



STRATEGIC AUDIT PLAN 20xx/20xx

	Risk score						
I							
					1	7	
						3	
System Review							

2.

Other Important Issues (IF ANY)

4.1 ...

...

3. Conclusion

SENIOR INTERNAL AUDITOR:

(NAME, SIGNATURE, DATE)

CONTACTS:

AT THE ASSEMBLY, 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
B06-2**

THE ASSEMBLY'S LETTER HEAD

MANAGEMENT INPUT MEMO

Request from the Client for preparation of Annual Audit Plans

TO: [Head of the Assembly's department/unit/division] **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 Assembly's 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, these specific requests will be prioritised and considered for specific incorporation 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 Self-Assessment Questionnaire

**INTERNAL AUDIT
UNIT**

**QUESTIONNAIRE TO
CLIENT
(Self-Assessment
Questionnaire)**

**ANNEX 3
B06-1**

Purpose:

As a management team member of the Assembly, it is your responsibility to design, adhere to and monitor the significant operating and financial controls of our organisation. This short self-assessment has been designed to obtain input from you so that Internal Audit can effectively determine the correct level and areas of focus of their activity in the upcoming review of your area.

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?)

Please describe the key internal controls that you believe 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 Internal Audit to specifically review (i.e. areas of immediate control concern or inefficient process)?

B.4 Annual Audit Plan

**INTERNAL AUDIT
UNIT**

ANNUAL AUDIT PLAN

**ANNEX 4
PF-A02**

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>

Annual Audit Plan



ANNUAL AUDIT PLAN TEMPLATE

(YOUR ORGANISATION)

ANNUAL AUDIT PLAN

Date :

INTERNAL AUDIT UNIT



(YOUR ORGANISATION'S)
Logo



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							

1. Goals, Objectives and Strategies

2. Rationale for changes (AS FORESEEN IN THE STRATEGIC PLAN)

3. Planning and effectiveness (**HIGHLIGHTING PRIORITIES**)

4. Resources

Total work days required -
Total work days available -
Shortfall -

OTHER ACTIVITIES

... **TRAINING**

... **SEMINARS**

5. 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 MMDA _____
(NAME, TITLE, CONTACT INFO)

3. THE DIRECTOR-GENERAL, IAA _____
(NAME, TITLE, CONTACT INFO)

B.5 Assignment Sheet

**INTERNAL AUDIT
UNIT**

ASSIGNMENT SHEET

**ANNEX 5
A01**

ASSIGNMENT SHEET No _____

APPROVED Date _____

Title Department/Branch/Sub-structure
Auditors _____

Allotted time _____

Mission closing date _____

I would like to inform you that
----- and ----- have been assigned -----
----- for the 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 Independence and Qualification Statement

**INTERNAL AUDIT
UNIT**

**INDEPENDENCE AND
QUALIFICATION
STATEMENT**

**ANNEX 6
A02-1**

Model

Independence and Qualification Statement

INDEPENDENCE AND QUALIFICATION 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 entity to be audited?		
6. Have you previously maintained the books of account for the entity to be audited?		
7. Have you any direct or indirect financial interest regarding the audited entity or programme?		

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 IAU immediately.

Signature.....

B.7 Independence and Qualification Statement

**INTERNAL AUDIT
UNIT**

**INDEPENDENCE AND
QUALIFICATION
STATEMENT**

**ANNEX 6
A02-2**

To be filled in by the Head of Internal Audit

1. Pertinent qualifications of the auditor

2 Personal incompatibilities (to be copied from the previous page)

3. Can the incompatibilities be negotiated/ mitigated?
If yes, explain how.

Date and Signature

B.8 Notification of Interested Parties

**INTERNAL AUDIT
UNIT**

**NOTIFICATION OF
INTERESTED PARTIES**

**ANNEX 7
A02-2**

Date

To All relevant parties
From Head of IA
Ref. Name of the audit

Dear Mr /Mrs

According to the Annual Audit Plan for..... we will audit your Department/Branch.

The audit will examine the responsibilities assumed by management administration and determine whether it fulfils its obligations in an effective, efficient manner.

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.

In order to make sure that we understand your actions correctly, we would appreciate if you would provide us with the appropriate documentation.

..... (Name of the auditor), member of our team, will audit, 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 Unit

Date

B.9 Audit Entrance Memo

INTERNAL AUDIT UNIT

NOTIFICATION OF AUDIT ENTRANCE MEMO

ANNEX 8 PFA01

THE ASSEMBLY'S LETTER HEAD

AUDIT ENTRANCE MEMO

TO:

FROM:

DATE:

SUBJECT: Internal Audit of [Name of Audit]

The Internal Audit Unit (IAU) is 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 the 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 distribute the copies of our final report to [the ARIC] and [the Coordinating Director] and [the Client].

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]

We will contact you in order to arrange an Opening Meeting to discuss the various aspects of our audit; 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

B.10 Entry Conference Memo

**INTERNAL AUDIT
UNIT**

**ENTRY CONFERENCE
MEMO**

**ANNEX 09
B03**

Name of the audit:		Audit..... Audited period	
Prepared by		Date	
Reviewed by		Date	
Objective: Opening session minutes			
Participants			
Name	Position	Department/ Service	Phone no.
Summary of the issues discussed			

B.11 Memorandum of Confirmation of Audit Scope and Objectives

**INTERNAL AUDIT
UNIT**

**MEMORANDUM OF
CONFIRMATION OF AUDIT
SCOPE AND OBJECTIVES**

**ANNEX 10
B04**

THE ASSEMBLY'S LETTER HEAD

No _____ :

Subject: Audit of _____

Date _____

Dear Mr. /Mrs _____

Client _____

This letter is to confirm our understanding of scope and objectives of the audit. The scope and objectives of the audit are as follows:

<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, and 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.

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

Signature

Name of Client

Date

B.12 Guideline to Client for Handling

INTERNAL AUDIT UNIT

GUIDELINE TO CLIENT FOR HANDLING AN AUDIT **ANNEX 11 B06-3**

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 Assembly's interest, notify department management and the Senior Internal Auditor (for external audits) of the issue.

During the Audit Fieldwork

The Audit Liaison Person should perform the following:

- 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 (Assembly).

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 Assembly.
- 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 INTERNAL AUDIT UNIT and the Senior Financial Officer.

Responding to the Audit Report

- Ask to review the draft report.
- Provide management response which should include:
 - a. Whether you agree or disagree with the finding
 - b. Corrective action plan
 - c. 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.13 Trust Area Document

**INTERNAL AUDIT
UNIT**

**TRUST AREA NAME
PROCEDURES
DOCUMENT**

**ANNEX 12
C01**

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 our understanding of how the Assembly 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 our 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:
 - I Thrust area Activities
 - II Risks Which Threaten Objectives
 - III Thrust area Activities

I **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]

Objectives	Strategy and method of implementing strategy
[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	Description	Preliminary Audit Objective
	[Enter description here]	

Document thrust area activities

Document our understanding of the thrust area activities, relevant computer information systems, and controls over the initiation, recording, processing and reporting of significant classes of transactions.

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

Input

[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

[In this section input the outputs 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 (Annex 13).

Thrust area Level Risk(s)

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 ledger¹, 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

¹ If a separate financial reporting process is not audited, each key process includes the process through to inclusion in the **financial statements**.

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	Audit objective
[Yes/No]					

¹ Including controls over journal entries.

B.14 Risk Assessment

INTERNAL AUDIT UNIT

RISK ASSESSMENT

ANNEX 13 C02

Audit Name:

Audit ID:

Period under review: _____

Prepared by:

Date:

Reviewed by:

- Table A -
RISK MATRIX

Risk Size Assessment

In addition to the identification of risks, it is necessary to prioritise them so that management could focus on the removal or reduction of the highest risks by means of appropriate control measures.

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 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 ²
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 objective
5	Extremely detrimental	

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

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 help to mitigate risks are brought out.

Internal control measures are assessed according to the following criteria:

2 Additional resources comprise finances, time and knowledge.

Score	Assessment	Agreed Meaning
1	Inadequate	Internal control measures are missing or immediate improvement of existing internal control measures is necessary
2	Need to be improved	Internal control measures exist at the moment, but they need to be overviewed and renewed
3	Highly Effective	Addition/improvement of internal control measures is not necessary at the moment

Based on the three ratings (likelihood, impact and effectiveness of controls) a composite risk value (R) is calculated with the formula:

$$R = I \times L / C$$

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.

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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	LOW

B.15 Risk Alert Form

**INTERNAL AUDIT
UNIT**

RISK ALERT FORM

**ANNEX 13
C03**

Audit Name: _____ Prepared by: _____

Audit ID: _____ Date: _____

Period under review: _____ Reviewed By: _____

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/organisation (e.g. scope, resources, deliverables, timescale and/or budgets)																			
Risk Assessment:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Risk Likelihood</th> <th colspan="5" style="text-align: center;">Risk Impact</th> </tr> <tr> <td style="width: 60%;">Describe the likelihood of the risk occurring</td> <td colspan="5" style="text-align: center;">Describe the impact of the risk if it occurs</td> </tr> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> </thead> </table> <p style="text-align: center;">Key: 1. Very Low; 2. Low; 3. Medium; 4. High; 5. Extremely High</p>	Risk Likelihood		Risk Impact					Describe the likelihood of the risk occurring	Describe the impact of the risk if it occurs						1	2	3	4	5
Risk Likelihood		Risk Impact																		
Describe the likelihood of the risk occurring	Describe the impact of the risk if it occurs																			
	1	2	3	4	5															
RISK MITIGATION																				
Recommended Preventative Actions:	Add a brief description of any actions that should be taken to prevent the risk from happening																			
Recommended Contingent Actions: _____	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 _____																			
SUPPORTING DOCUMENTATION																				
Reference any supporting documentation used to substantiate this risk																				
Name:	Signature: _____																			
	Date: _____																			

RISK ID ASSIGNED	DATE RECEIVED	FILING DECISION
		FILE AS IRRELEVANT
		INVESTIGATE FURTHER
		FILE TO RMP FOLDER

B.16 Risk Register & Action Plan

**INTERNAL AUDIT
UNIT**

**RISK REGISTER &
ACTION PLAN**

**ANNEX 13
C04**

Audit Name: _____

Prepared by: _____

Audit ID: _____

Date: _____

Period under review:

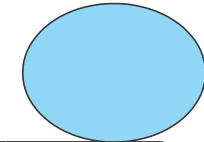
Reviewed by: _____

Date: _____



UPDATED
15-Apr-08

ANNEX IV - R04 - RISK REGISTER & ACTION PLAN



DATE RAISED												

B.17 Audit Agenda Development

**INTERNAL AUDIT
UNIT**

**AUDIT AGENDA
DEVELOPMENT**

**ANNEX 14
A05**

Audit Name

Audited time-frame

Prepared by....

Date

Audit No.....

Reviewed by.....

Date

Budget				
Details	Budget	Actual	Variance/	Comments
1) Number of Days				
2) Money budget				

Background (this is where the understanding of the Assembly's operations are documented, based on the activity during the Preliminary Survey period)	WP Ref
Planning	
1. Print and process the Assignment Orders for the auditors;	
2. Print and process the Independence and Qualification Statements;	
3. Prepare and forward the Notification to the relevant parties;	
4. Prepare a work plan and include a time budget for the preliminary survey;	
5. Plan and organise the Presentation meeting with the Client. Obtain the name of the contact person and find a location for the audit;	
6. Write the presentation Memorandum;	
7. Begin the Preliminary Survey;	
8. Draw-up the Preliminary Survey Memorandum;	
9. Plan a document revision;	

10. Revise and document the internal control system. Elaborate the risk matrix and the assessment of the internal control system;	
11. Prepare the audit programmes;	
12. Obtain approval for the Audit Agenda and programmes, including the allotted time budget and the deadline.	
Beginning the mission	
Purpose of the Audit Based on the activity carried out during the preliminary survey and risk analysis, the audit will include a review of the operations of (Name of Client Department) of the	
Audit Objectives 1. To assess the efficiency and effectiveness of internal controls on the operations of the Assembly;	
2. To assess the compliance of the Assembly with International and national legislation;	
3. To revise the information system;	
4. To revise the ability of the Assembly to protect its assets and processes;	

Objective 1 To assess the efficiency and effectiveness of internal controls regarding the operations of the Assembly;	WP ref.
1.1. Identify the audit track;	
1.2. Identify the operation cycles;	
1.3. Prepare an audit programme to review each cycle;	
1.4. Obtain the audit programme, revised and approved by the Head of IAU;	
1.5. Tests performance;	
1.6. Discuss the findings with the Head of IAU;	
1.7. After approval, discuss the findings with the Client;	
1.8. Conclusions;	
Objective 2 To assess the compliance of the Assembly with International and national legislation;	
2.1. Prepare an audit programme;	
2.2. Obtain the programme, revised and approved by the Head of Service;	
2.3. Carry out tests;	

2.4. Discuss the findings with the Head of Service;	
2.5. After approval, discuss the audit findings with the Client;	
2.6. Conclusions.	
Objective 3 To revise the information system	
3.1. Prepare an audit programme to revise the information system;	
3.2. Obtain the audit programme, revised and approved by the Head of Service;	
3.3. Carry out tests;	
3.4. Discuss the findings with the Head of Service;	
3.5. After approval, discuss the findings with the Client;	
3.6 Conclusions.	
Objective 4 To revise the ability of the Assembly to protect its assets and processes.	
4.1. Prepare an audit programme to revise the funds administration by the Assembly;	
4.2. Obtain the audit programme, revised and approved by the Head of Service;	
4.3. Carry out tests;	
4.4. Discuss the findings with the Head of Service;	
4.5. After approval, discuss the findings with the Client;	
4.6. Conclusions.	

Administrative matters and conclusion	WP ref.
Conclude and classify the working documents; Plan a document revision. <ul style="list-style-type: none"> - Prepare a preliminary project of the audit report; - Revise the Draft report; - Check the solved points; - Obtain the approved Draft report; - Forward the report to the Client and ask for an answer within 10 working days; - Plan and organise a closing session, if requested by the Client; - Include the Client's answers in the final audit report; - Conclude the report; - Obtain the approved report; - Forward the report; - Initiate the follow-up process; 	

B.18 Example of Audit Program Development

**INTERNAL AUDIT
UNIT**

**EXAMPLE OF AUDIT
PROGRAMME
DEVELOPMENT**

**ANNEX 15
A06-01**

AUDIT PROGRAMME FOR INTERNALLY GENERATED FUNDS (IGF)

Audit Name.....	Audited time-frame	
	Prepared by	Date
Audit No.....	Reviewed by.....	Date

Objectives: To verify that amounts charged for rates, fines, fees or any other charges are assessed, collected, are reconciled regularly and promptly posted to bank and accounting records in accordance with applicable policies, procedures, laws and regulations.

No.	Description	Done by	Date	W/P Ref
1	Obtain the IGF accounting procedures. If there is none then this is a finding. Also, if there is no written procedures document the procedures as they exist and recommend improvements where necessary.			
2	Carry out a walk through test and document the test for each type of IGF			
3	Establish a listing of IGF			
4	Obtain a copy of the Annual Estimations (Budget and Cash Receipts)			
5	Obtain and document the reasons for material variance from budget (> 10%)			

No.	Description	Done by	Date	W/P Ref
6	Examine 10% (both value and amount) of the receipts at (2)			
7	Examine 5% (both value and amount) of all other receipts			
8	Do a comparison of revenue collected by permanent staff and commissioned staff			
9	Do an analysis of the results Vs. cost of permanent staff and commissioned staff			
10	Record the date of receipt of money Vs. date of lodgement. Take note and record the reasons why was not lodged within 24 hours. Make recommendations to solve this issue.			
11	Review the Annual Estimations and ascertain if it has been adequately prepared			
12	Review the assumptions underlying it's preparation and ascertain if they are fair and reasonable			
13	Ascertain that proper books of account are maintained at the collection points			
14	Ensure that lodgements are made on a timely basis			
15	Ensure that banks accounts are reconciled on a monthly basis			
16	Ensure that the bank balances are reconciled with the book value			
17	Review the procedures for the transfer of funds from transit accounts to the consolidated fund account and ensure they are adequate			
18	Ensure that the different sources of revenue are posted to the correct account			
19	Count the cash on hand and agree with un-lodged receipts			
20	Ascertain if the procedure for the control of receipts books is adequate and is being complied with			
21	Review the receipt books for alternations, cancellations or removals			
22	Ascertain that the receipts received are in accordance with the relevant legislation (Section 96 of the Local Government Act, guidelines issued by the minister for making and levelling rates)			
23	Peruse the cash receipts book for 12 months to ensure that there is nothing of an unusual nature therein			

AUDIT PROGRAMME FOR DONOR FUNDS (GRANTS)

Audit Name

Audited time-frame

Prepared by Date

Audit No.....

Reviewed by..... Date

Objectives: To determine if management is operating under sound business principles, has complied with applicable laws and regulations and terms and conditions set forth in the grant award and if there are any funds due to or from the Assembly under the grant (donor arrangements).

No.	Description	Done by	Date	W/P Ref
1.	Interview management to gain an understanding of the grant system. An understanding of this system should be gained from grant application to receiving the grant award to expending the grant award.			
2.	Prepare a summary of the interview(s) conducted with management.			
3.	Prepare or obtain organisational charts, flow charts, procedure documentation, records, and reports that establish the flow of data and responsibilities relating to grant funds.			
4.	Conduct tests of controls relating to grant revenue. Tests include verification of receipt, authorisations, timeliness, and recorded accuracy.			
5.	Conduct tests of controls relating to expenses. Tests include allowability, authorisation, accuracy and timeliness. NOTE: Depending on size of universe surrounding expenses, a sample may have to be determined to conduct control tests.			
6.	Prepare analysis of expenses per line item or modality. Examples: Payroll, Equipment of Supplies Analysis.			
No.	Description	Done by	Date	W/P Ref

7.	Review the grant award to get an awareness of the laws and regulations applicable to the grant. Also note any specified terms and conditions that will need to be specifically audited			
8.	Prepare work paper summarising management's compliance to laws and regulations and terms and conditions of the grant award based upon the analysis of the grant award.			
9.	Analyse the over or under budget amounts for the determination of any amount of funds due to or from the Assembly			
10.	Prepare Final Settlement spreadsheet analysing the amount of grant funds either due to or from the Assembly to close the grant out. This work paper should be completed using information obtained from previously prepared spreadsheets and the grant award.			

AUDIT PROGRAMME FOR PAYROLL

Audit Name.....

Audited time-frame

Prepared by Date

Audit No.....

Reviewed by..... Date

Objectives:

1. To confirm that the payroll function is properly controlled and operating efficiently.
2. To ensure that authority for all pay entitlement is clearly defined and effectively exercised.
3. To ensure that employees on the payroll are valid and that leavers do not remain on the payroll.
4. That payroll deductions are correctly applied.

No.	Description	Done by	Date	W/P Ref
1	Enquire into preparation of monthly payroll and pay attention to adequacy of segregation of duties over preparation, review and authorisation.			
2	Review compliance with authorisation procedures for payment of payroll costs.			
3	Review for compliance over procedures of adding or deleting staff list on payroll systems.			
4	Determine if all relevant forms are completed for additions to the staff list in the Assembly over the period under review.			
5	For all leavers during the period under review determine if all relevant forms have been completed and submitted to the Controller and Accountant-General for processing.			
6	Compare payroll cost to budget and prior period and seek explanation for significant variations.			

No.	Description	Done by	Date	W/P Ref
7	Review payment vouchers issued by the Controller and Accountant-General to the Assembly and determine if management apprise these vouchers and provide relevant, adequate and sufficient feedback to the Controller and Accountant General			
8	Perform reasonableness test on Management remuneration using salary /per month and number of Management members as a basis. Also perform similar test on salaries of other staff.			
9	Recompute staff wages (for staff who are on wages) using time and rate and determine accuracy in the computation.			
10	Obtain PAYE calculations per month and trace payments to IRS receipts.			
11	Obtain SSF calculations per month and trace payments to IRS receipts.			
12	Obtain the composition of other staff cost and agree resulting figure to the client ledger balance. Enquire into significant variations.			

AUDIT PROGRAMME FOR TRANSPORT MANAGEMENT

Audit Name.....	Audited time-frame	
	Prepared by	Date
Audit No.....	Reviewed by.....	Date

Objectives: Ensure that the Assembly’s vehicular fleet is properly maintained, and the usage is authorised for the discharging the Assembly’s business.

No.	Description	Done by	Date	W/P Ref
1	Determine various preventative maintenance programs established by The Transport Unit.			
2	Determine how often vehicles are recommended to get oil changes, tune-ups, tire rotations, balance and replacements etc.			
3	Determine if The Transport Unit tracks maintenance of vehicles to ensure that maintenance is being performed on a car by car basis at regular intervals.			
4	Review contracts with vendors to identify terms and prices. Review invoices to determine if terms of agreement are being adhered.			
5	Determine if those who have been assigned cars are allowed to use vendors other than approved vendors. If not, how does The Transport Unit monitor this?			
6	Consider contacting other vendors to determine if pricing and terms are reasonable.			
7	Select a sample of preferred vendor payments and contact vendors in city where service performed to determine if price was reasonable. This should be done through an anonymous phone call, stating a similar fault.			
8	Contact Purchasing. Determine their involvement in selecting vendors.			
9	Determine how The Transport Unit ensures that work being charged to the Assembly is only for Assembly cars.			

No.	Description	Done by	Date	W/P Ref
10	Identify various methods in which maintenance and repair charges are paid.			
11	Consider expense reports, direct billings by vendor, etc.			
12	Determine how The Transport Unit captures this data and what they do with it.			
13	Determine if The Transport Unit analyses expenses by category (brakes, tires, etc.), by individual car, by type of car etc.			
14	Investigate how The Transport Unit manages maintenance costs to ensure unnecessary costs are not incurred.			
15	Determine if charges are recouped via warranty refunds.			
16	How does The Transport Unit ensure that all work done under warranty is recouped? Determine potential for duplicate payments made through various systems. Note that duplicates have been identified during the expense reports review performed by audit.			
17	Review Vendor Master File to identify all vendors that appear to be automotive or lease related.			
18	Get report that identifies payments to these vendors in the period under review.			
19	Review invoices of larger vendors and unusual vendors to determine if any work looks unusual or not within The Transport Unit's policies			
20	Determine potential for duplicate payments or unauthorised work.			
21	Identify vendors that do body work on the Assembly cars.			
22	Determine process used by The Transport Unit in selecting these vendors.			
23	Determine if The Transport Unit gets quotes from other vendors before having body work done.			
24	Select sample of recent accidents from The Transport Units accident reports.			
25	Ensure that The Transport Unit reports all accidents on their accident reports - determine if officers' accidents			
26	Identify where body works was performed			
27	Determine if quotes were obtained and kept in file.			

AUDIT PROGRAMME FOR DISTRICT ASSEMBLIES COMMON FUND

Audit Name.....	Audited time-frame	
	Prepared by	Date
Audit No.....	Reviewed by.....	Date

Objectives: To determine if management is operating under sound business principles, has complied with applicable laws and regulations and terms and conditions set forth in the grant award and if there are any funds due to or from the Assembly under the grant (donor arrangements).

No.	Description	Done by	Date	W/P Ref
1	Interview management to gain an understanding of the Common Fund system.			
2	Prepare a summary of the interview(s) conducted with management.			
3	Conduct tests of controls relating to the District Assemblies Common Fund. Tests include verification of receipt, authorisations, timeliness, and recorded accuracy.			
4	Conduct tests of controls relating to expenses. Tests include allowability, authorisation, accuracy and timeliness. NOTE: Depending on size of universe surrounding expenses, a sample may have to be determined to conduct control tests.			
5	Prepare analysis of expenses per line item or modality.			
6	Review the Fund revenue to get an awareness of the laws and regulations applicable to the Fund. Also note any specified terms and conditions that will need to be specifically audited			
7	Prepare work paper summarising management's compliance to laws and regulations and terms and conditions of the Fund award based upon the analysis of the grant award.			

B.19 Summary of Interview

**INTERNAL
AUDIT UNIT**

**SUMMARY OF
INTERVIEW**

**ANNEX 16
F01**

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.20 Test Working Paper

**INTERNAL
AUDIT UNIT**

**TEST WORKING PAPER ANNEX 17
WP##**

INTERNAL AUDIT UNIT OF XXX ASSEMBLY		Page : /
Audit title – Audit #	Period under review :	
	Prepared by:	Date: .
	Reviewed by:	Date:
Actual Control:		
Objective of test :		
Description of test (Methodology) :		
Test Results :		
Conclusion :		

B.21 Summary of Audit Findings

**INTERNAL
AUDIT UNIT**

**TEST WORKING PAPER ANNEX 18
A04**

#	Observations	Recommendations	Responses	FFF Ref.
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

B.22 Audit Finding Form

INTERNAL AUDIT UNIT

TEST WORKING PAPER ANNEX 18 A04

Finding No. _

Date:		
Audit ID and Title:		
Auditor(s):		
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	
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	
WP reference or method of identification of the		
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	
	Deferred for future development	
	Included in draft report	
	Included in final report	

B.23 Suspected Activities Reporting Form

**INTERNAL
AUDIT UNIT**

**SUSPECTED
ACTIVITIES
REPORTING FORM**

**ANNEX 19
A04B**

SUSPECTED ACTIVITIES REPORTING FORM

To be completed by Staff Members, the Assembly’s Clients or other interested parties
GUIDE TO COMPLETE THE FORM

Being involved with the Assembly, it is your moral duty to inform the Internal Audit Unit and higher management of any fraud or suspected fraud activities. Please fill in the easy to complete form and forward it to the Internal Audit Unit.

--

Details	Yes	No
1. <u>Can you be contacted if needed? (if yes, please provide contact details):</u> _____ _____		
2. <u>Can you provide documentation supporting your claims/allegations? (if yes, please give details):</u> _____ _____ _____		
3. <u>Summary of complaint (attach Annex if required):</u> _____ _____ _____ _____		
4. <u>Controls circumvented:</u> _____		

Name (Optional)

Signature (Optional)

Date:

B.24 Working Paper Review Sheet – Audit Stages

**INTERNAL AUDIT
UNIT**

**WORKING PAPER REVIEW
SHEET – AUDIT STAGES**

**ANNEX 20
D03**

Prepared By: _____

Date: _____

Reviewed by: _____

Date: _____

WORKPAPER REVIEW SHEET - AUDIT STAGES – FIRST REVIEW

Name of audit:		Audit ID				
		Approved by				
		Date				
Stage	Planned Budget	Actual Budget	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				
Developing Final Report	Days	Days				
	Date	Date				
Audit File Closure	Days	Days				
	Date	Date				

B.25 Audit Exit Conference

INTERNAL AUDIT
UNIT

AUDIT EXIT CONFERENCE

ANNEX 21
B05

THE ASSEMBLY'S LETTER HEAD

AUDIT EXIT CONFERENCE

SUBJECT: Internal Audit of [Name of Audit]

The Internal Audit Unit (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 review and once you have had the opportunity to review it we would like to have an audit exit conference in order to verify that the audit recommendations are correctly stated, 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.

Please contact me at your earliest convenience 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 #]

The Assembly's Logo
Address
Phone Numbers

Assembly's Name

B.26 Audit Report

**INTERNAL AUDIT
UNIT**

AUDIT REPORT

**ANNEX 22
A03**

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 Internal Audit Unit.

3. Introduction

It 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 depth 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. Established 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

The Assembly's Logo

The Assembly's Name
Address
Phone Numbers

INTERNAL AUDIT REPORT

NAME OF AUDIT

MONTH YEAR

AUDIT NAME

AUDIT REPORT

TABLE OF CONTENTS

PAGE

EXECUTIVE SUMMARY

INTRODUCTION Background
Audit Perspective
Scope & Objectives

INTERNAL AUDIT OPINION

DETAIL REPORT INCLUDING

CLIENT RESPONSES APPENDIX

EXHIBITS

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 (e.g. 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

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 (detail of inadequacies to follow the word inadequate) to be adequate, or inadequate

We have identified opportunities to improve the controls of The Assembly's department(s) involved in the... as discussed in this report.

DETAIL AUDIT FINDINGS

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

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

_____	_____
AUDITOR-IN-CHARGE	DATE
_____	_____
SENIOR INTERNAL AUDITOR	DATE

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 Assembly's policy and procedure, State, & -indicate others- Regulations etc.)

We have identified the areas of noncompliance to be corrected in this report.

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.27 Audit Report 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 papers, including dates, numbers, percentages, computations, titles, proper names, quotes, and legal citations?						

Comments / Instructions :

B.28 Transmission Letter to ARIC

**YOUR ORGANISATION
INTERNAL AUDIT
UNIT**

**TRANSMISSION LETTER TO
ARIC**

**ANNEX 24
A08**

Your Organisation's Logo	Organisation's Name
	Address
	Phone Numbers

(Date)

Mr /Mrs, XXXXX

(YOUR ASSEMBLY) ARIC Chairman,
(NAME OF AUDIT) – (Account No. /if applicable).

Dear Mr /Mrs, XXXX,

The Internal Audit Unit has completed an Audit of the ----- (Account No. - if applicable) of the (Department/Branch/Location) of the Assembly on the (Date).

The objective of the audit 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 that funds are 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 Assembly) in order to enable them to implement concurrently the recommendations of this report. The views of the Coordinating Director/Department Manager 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.29 Management Responses Letter

**INTERNAL AUDIT
UNIT**

**MANAGEMENT RESPONSES
LETTER**

**ANNEX 25
A09**

The Assembly's Logo

The Assembly's Name

Address
Phone Numbers

TO: XXXX, HIAU, FROM:

DATE:

SUBJECT: Response to (NAME) Audit Findings

This is 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. Recommendation - Management's Response –

2. 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.30 Weekly Timesheet Form

**INTERNAL AUDIT
UNIT**

WEEKLY TIME SHEET FORM

**ANNEX 26
A07**

INTERNAL AUDIT UNIT									
									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 leave days (DESCRIBE BELOW)	H								
Miscellaneous (DESCRIBE BELOW)	I								
TOTAL HOURS									

INTERNAL AUDIT UNIT

Folio : /

WEEKLY TIME-SHEET FORM

Descriptions

Administration	A	
Other leave days	H	
Miscellaneous	I	

Guidelines per rubric

- A. Administration: Time spent in timekeeping, personnel matters, and other matters related to the operation of the Unit.
- B. Time spent on preliminary audit activities and audit.
- 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.31 Audit Performance Evaluation Form

**INTERNAL AUDIT
UNIT**

**AUDIT PERFORMANCE
EVALUATION FORM**

**ANNEX 27
D05**

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): _____

	Strongly Agree	Agree	Disagree	Strongly Disagree	Did Not Observe
<u>Audit Process</u>					
1. The audit process and timeline were clearly explained at the start of the audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. The audit objectives and scope were discussed prior to the start of the audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Management's concerns and suggestions were obtained and incorporated or considered throughout the audit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Management was kept informed throughout the audit regarding the audit status and potential audit issues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. The audit resulted in minimal disruption of operations to the department.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. The audit was completed within a reasonable time frame. Any delays in completing the audit were explained to management.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Audit Completion</u>					
7. Audit issues noted were relevant to my operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Audit recommendations were constructive and	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

reasonable.

Audit number and Title: _____

Auditor(s): _____

Strongly Agree
Agree
Disagree
Strongly Disagree
Did Not Observe

Audit Staff

10. The auditor was knowledgeable of (YOUR ORGANISATION) and other related policies and requirements affecting our operations.

11. 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.32 Staff Performance Evaluation Form

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
In the preliminary survey, 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

INTERNAL AUDIT ————— **AUDIT RECOMMENDATION** **ANNEX 29**
UNIT ————— **FOLLOW-UP PROCESS** **A03-3**

B.33 Audit Recommendation Follow-Up Process

Audit Name:

Prepared by:

Type equation here.

Audit ID:

Review by:

XXX ASSEMBLY – INTERNAL AUDIT UNIT		Department / Unit / Division :			Quarter Ending:
AUDIT RECOMMENDATION STATUS REPORT		Audit Report No.			
Rec.No.	RECOMMENDATION/RESPONSE Print/Type Recommendation, if response is required, place directly below applicable recommendation Enter audit recommendations number as shown in the audit report	STATUS Check appropriate column			IMPLEMENT. OR TARGET DATE Enter date Implemented or the Target date for implementation
		Implemented	Partly Implemented	Not Implemented.	

**INTERNAL AUDIT
UNIT**

**QUARTERLY INTERNAL AUDIT
REPORT**

**ANNEX 30
PFA03-1**

SIGNATURES					

B.34 Quarterly Internal Audit Report

The Assembly's Logo

The Assembly's Name
Address
Phone Numbers

Client : Date and Signature	Auditor : Date and Signature
--------------------------------	---------------------------------



FOR THE QUARTER ENDED XXXXXXXX

INTERNAL AUDIT REPORT #1/20XX

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EXECUTIVE SUMMARY

Purpose & Limitations

The Executive Summary is intended to provide an 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.

INTRODUCTION

2.1 Background

Provide background information about the Assembly and the Internal Audit Unit (IAU) – This should include a brief history, and purpose of both the Assembly and the IAU. This should be followed by the purpose of the report. 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 Assembly. 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)

Indicate whether the Internal Audit Unit was not given cooperation in the course of conducting any assignment in the course 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 Assembly, etc.)

2.2 Detail Audit Findings

2.2.1 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 exist in the cash receipts, procurement, asset management, etc., functions.)

2.2.2 Methodology

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 Assembly.

2.2.3 Overview

Pages X through XX outline the **specific findings** resulting from our 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.

Primary Findings

I. TITLE OF COMMENT Criteria

Condition

Cause

Effects

Recommendation(s)

Client's Response

Other Matters

II. TITLE OF COMMENT

Criteria

Condition

Cause

Effects

Recommendation(s)

Client's Response

REVIEW OF STATUS OF IMPLEMENTATION OF AUDIT FINDINGS Under this section, please indicate previous recommendations that have not yet been implemented in the current period. (Details should include the condition, effects and recommendation.)

No	Conditions	Implications /Risks	Recommendations	Timeline	Action Taken	Responsible Officer

1.						
2.						

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.35 Annual Internal Audit Report

**INTERNAL AUDIT
UNIT**

**ANNUAL INTERNAL AUDIT
REPORT**

**ANNEX 31
PFA03-2**

The Assembly's Logo

The Assembly's Name

Address
Phone Numbers

ANNUAL INTERNAL AUDIT REPORT

FOR THE YEAR ENDED 31 DECEMBER 20XX

INTERNAL AUDIT REPORT #1/20XX

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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 Assembly and the Internal Audit Unit (IAU) – This should include a brief history, and purpose of both the Assembly and the IAU. This should be followed by the purpose of the report (for ex. 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 Assembly. 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 Assembly but which not in the audit plan. Indicate whether conducting the assignment requested by the Assembly 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 Assembly, 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 exist in the cash receipts, procurement, asset management, etc., functions.)

Methodology

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 Assembly.

OVERVIEW OF AUDIT FINDINGS

Pages X through XX outline the **specific findings** resulting from the audit testing.

I. TITLE OF COMMENT

Criteria

Condition

Cause

Effects

Recommendation(s)

Client's Response

II. TITLE OF COMMENT

Criteria

Condition

Cause

Effects

Recommendation(s)

Client's Response

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	Recommendations	Timeline	Action Taken	Responsible
.		/Risks				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.36 Suggested Revision to IA Manual

**YOUR ASSEMBLY
INTERNAL AUDIT
UNIT**

**SUGGESTED REVISION TO IA
MANUAL**

**ANNEX 32
PFD01**

Prepared By: _____ Date: _____
 Reviewed by: _____
 Date: _____

(THIS FORM TO BE USED IN CONJUNCTION WITH OP 27 VERSION OF IA MANUAL UNDER REVISION:

MANUAL SECTION NUMBER:

PAGE. #	PARA#	LINE(S) #3	REVISED / ADDED TEXT PROPOSED

3 COUNTING FROM THE BEGINNING OF THE PARAGRAPH

B.37 Pre-Audit Registers

**YOUR ORGANISATION
INTERNAL AUDIT
UNIT**

PRE-AUDIT REGISTERS

**ANNEX 32
A01**

Payment Vouchers Register

Date	PV #	Preparer	IA #	Payee	Purpose	Amount	Taxes	Gross Amount	Internal Auditor	PV Recipient
Date (on which PV is worked on by the Internal Auditors)		Name of PV preparer	(a serial number generated by the Internal Auditors)	Name of Payee	Purpose of payment	Net Amount	VAT NHI L Tax (composite figure)		Name (signature or initials) of Internal Auditor who works on PV	(treasury or accounts officer who collects PV from IA) Receiving staff are not allowed to sign here if the voucher is queried

Query Register

Date	PV #	IA #	Payee	Reasons	Amount	Gross Amount	Internal Auditor	Recipient
Date (on which PV is worked on by the Internal Auditors)		(a serial number generated by the Internal Auditors)	Name of Payee	Reasons for Query	Net Amount		Name (signature or initials) of Internal Auditor who works on PV	Recipient of PV (treasury or accounts officer who collects PV from IA)

Purchase Order Register

Date	LPO #	Supplier	Requisitioning dep't	Item being purchased	Quantity	Purpose	Unit Price	Amount
Date (on which PV is worked on by the Internal Auditors)		Name of Supplier	Dep't for which LPO was raised (requisitioning department)			Purpose of purchase		Gross Amount

Goods Received Register

Date	Supplier	Internal Auditor	User dep't	Items supplied	Quantity
Date of Inspection	Name of Supplier	Name (or initials) of auditor who conducted inspections	Requisitioning (user) department		Quantity Supplied

Contracts Works Register

Date	Contractor	Issuing Dep't	Purpose	Sum	Amount	Recipient
Date of Examination	Name of Contractor	Contract Issuing Department	Purpose of contract	Contract Sum	Gross Amount per Certificate	

ROLES AND RESPONSIBILITIES OF ARIC

- a. An ARIC is mandated to:
 - i. Ensure the implementation of the recommendations in all audit reports of every MMDA.
 - 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:

- 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.

1.2 With regard to Internal Audit, the ARIC shall:

- 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 MMDA
- 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

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

B.38 Audit Programmes

**INTERNAL AUDIT
UNIT**

AUDIT PROGRAMMES

**ANNEX 34
F**

Date :

INTRODUCTION

These Audit Program 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 MMDA'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.

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					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Confirm that there is a separate bank account for donor transfers					
	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)					

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	Ensure that payments were made only in relation to approved expenditure relating to the project by examining payment vouchers and supporting documents.					
	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					

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			Y	N	
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 <ul style="list-style-type: none"> - 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 MMDA					
	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					

REF	Audit Program Tasks	Done By	Date	Exception Noted?	W/P Ref
	Overtime payment has been received by employee.				
	Unclaimed wages				
	Confirm that a register for unclaimed wages is maintained. Note: The register should detail the following; <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> - 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 				

REF	Audit Program Tasks	Done By	Date	Exception Noted?		W/P Ref
	<ul style="list-style-type: none"> - 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					
	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					

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
				Y	N	
	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					

REF	Audit Program Tasks	Done By	Date	Exception Noted	W/P Ref
	Confirm that decisions relating to disinvestments of non-performing investments are made to secure the interest of the entity				
	Purchase of investment				
	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.38.1 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 authorised 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					

REF	Audit Program Tasks	Done By	Date	Exception Noted	W/P Ref
	Obtain reasons for slow moving/obsolete stock				
	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				

REF	Audit Program Tasks	Done By	Date	Exception Noted	W/P Ref
	A waybill signed by the appropriate official was raised				
	The stores records have been updated				
	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				

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	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.38.2 Audit Program for Non Tax Revenue (NTR)

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 MMDA 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					

REF	Audit Program Tasks	Done By	Date	Exception Noted	W/P Ref
	Confirm that a register of receipt books for issue and receipt of receipt books is maintained				
	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)				
	<i>Receipting</i>				
	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				
	<i>Banking</i>				
	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				

Audit Program for Government Funding

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				

REF	Audit Program Tasks	Done By	Date	Exception Noted		W/P Ref
	From accounting records, confirm recording of correct amount in the appropriate account					
	Conditional transfers					
	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					

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.	<p>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:</p> <ul style="list-style-type: none"> • 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

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						<p>of new or customised responsibilities</p> <ul style="list-style-type: none"> • 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 <p>Review documentation to determine if it has been duly approved by management</p> <p>Select sample provisions in the documentation and verify if they have been implemented</p>
AD2	Access to Data	Authorisation Design	Generic user accounts are not used by personnel.	<p>Users might abuse seeded generic user accounts (such as, 'SYSADMIN') for personal gain.</p> <p>When abuse of the generic user account is</p>	All seeded generic user accounts have their password changed and are end-dated.	<p>Check that the password is changed and an end-date is applied to the following seeded user accounts:</p> <ul style="list-style-type: none"> - ANONYMOUS - APPSMGR - ASGADM - ASGUEST

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
				detected, identification of the person abusing this account may not be possible.		<ul style="list-style-type: none"> - AUTOINSTALL - CONCURRENT - MANAGER - 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. <p>Verify that the following accounts have their passwords changed, but has not be disabled:</p> <ul style="list-style-type: none"> - 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.	Review the naming conventions of all user accounts and identify any accounts that deviate from the established user ID naming

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
					<p>The entity may have defined a naming convention for user 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.</p>	<p>convention defined by the organisation.</p> <p>Determine if any deviations found in user accounts were generic accounts which were inappropriately created.</p> <p>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</p>
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.	<p>Responsibilities that grant access to the user form are provided to authorised personnel only.</p> <p>Responsibilities that grant access to the responsibilities, menus, and function forms are provided to authorised personnel only.</p>	<p>Determine user accounts that belong to personnel involved in system administration and establish the following:</p> <ul style="list-style-type: none"> • Users who have access to assign responsibility menus and function forms • These users have adequate authority <p>Identify all user accounts with the System Administrator</p>

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						responsibility and determine the appropriateness
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.

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
AD8	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 setup to cover-up information on transactions.	Custom created responsibilities do not include the combined access to operational transactions and the setup menu paths.	Determine which responsibilities include setup 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	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.	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.

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
				themselves and perform transactions.	No user account exists that combines the mentioned forms.	Perform a test on identify if any user account combines these two roles
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.	<p>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.</p> <p>Perform CAATs on database users that have not change their password and enquire on the reason</p> <p>CAATs GITC/PW/01</p>
AD12	Access to Data	Password	Password settings are in line with entity regulations.	Inadequate password settings might provide easy access to the application.	<p>The following system profile options may be set:</p> <ul style="list-style-type: none"> • Sign on Password Failure Limit • Sign-on Password Hard to Guess • Sign-on Password Length 	<p>Evaluate the following system profile options to determine whether the recommended setting have been configured:</p> <ul style="list-style-type: none"> • 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
					<ul style="list-style-type: none"> Sign-on Password No Reuse. 	
AD13	Access to Data	Security Audit	Security audit functionality is used to monitor security-related events.	<p>User access security events are not traced, logged, or monitored appropriately.</p> <p>Breaches in security are, therefore, not analysed for trends and no preventative action is taken.</p>	Security events are logged and reviewed on a regular basis.	<p>Determine that procedures have been established to regularly review security events logged</p> <p>Determine that procedures have been established to regularly follow-up on issues resulting from the security event logging reviews</p> <p>Determine the level the profile option 'Sign-on: Audit Level' is set at.</p>
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.	<p>Validate whether management periodically reviews the 'Sign-on Audit Unsuccessful Logins Report.'</p> <p>Run the 'Sign-on Audit Unsuccessful Logins Report' to identify potential abnormalities.</p>
AD15	Access to Data	Security Audit	Security audit functionality is used to monitor users who have never signed on to help	Dormant user accounts remain available on the system; and, if undetected, may be	Users IDs that have never signed on and/or changed their passwords are	Determine that procedures have been established to regularly review accounts that have never

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
			ensure compliance with security policies.	used for unauthorised access into the system.	identified and investigated.	signed on or still use their default passwords. Obtain sample evidence to verify that reviews are performed on user accounts
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; <ul style="list-style-type: none"> • 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

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
						<p>if a key contact in the plan is aware of his/her role in the event of a disaster.</p> <p>Obtain and review the details of the DRP test schedule for adequacy. Also review relevant documentation to ascertain that management performs periodic testing of the DRP and document their findings.</p> <p>For exceptions /new risks identified during the testing of the DRP obtain evidence confirming that these have been addressed and the DRP updated.</p> <p>Review the practice of taking backup and storage devices to ascertain its adequacy and verify if backup tapes / drives are properly labelled.</p>

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
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	<p>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.</p> <p>Check a sample workstation and a server system to ascertain the implementation of the latest anti-virus update.</p> <p>Review randomly selected workstations and determine if they are automatically and promptly updated with latest anti-virus definitions from the anti-virus server</p>
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,	Obtain and review the helpdesk procedures for adequacy. Also ascertain the existence of a helpdesk tool for managing user problems and incidents.

CONTROL ID	PROCESS	SUB-PROCESS	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	CONTROL SUMMARY	TEST OF CONTROL
					problems and errors etc. are recorded, analysed and resolved in a timely manner.	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 user requirements and support the financial reporting objectives	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 communicated to IT and user personnel	<p>Inquire as to the entity's process for making changes to systems and applications</p> <p>Inspect relevant policies, procedures and related documentation for change management and determine whether the process for making changes to systems and applications is appropriate.</p> <p>Select a sample of changes made and determine whether the changes were authorised by an appropriate level of business and IT management</p>

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		<p>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.</p> <p>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.</p> <p><i>(If there was more than one change to the systems and applications, select an appropriate sample.)</i></p> <p>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</p>

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.	<p>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</p> <p>Inspect relevant documentation to determine whether changes are recorded.</p> <p>Observe a change to determine that the change is logged.</p> <p><i>(If there was more than one change to the systems and applications, select an appropriate sample)</i></p> <p>Inspect relevant documentation for each selected change to determine whether changes were recorded and properly authorised prior to migration to production.</p>

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	<ol style="list-style-type: none">1 Through inquiry and inspection of documentation obtain management approved list of personnel who can authorise warrants application2 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	<ol style="list-style-type: none">1 Obtain and review the management approved list with supporting documentations of users who can create application letters2 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 authorised personnel	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's at the GIFMIS secretariat. Unauthorised users cannot get access to the system	<ol style="list-style-type: none"> 1 Generate a system list of users having access to create or maintain purchase requisitions 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)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 3 Using CAATs, perform tests to identify whether there were any purchase requisitions that were processed without completing the required fields (PP/PR/02)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
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.	<ol style="list-style-type: none"> 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 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.	<ol style="list-style-type: none"> 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 unauthorised requisition that is within the new approval limit. This could result in unnecessary or inappropriate	Setting up of limits is not part of the privileges given to the users. All these controls are put in place at the setting up of the approval hierarchy submitted by the MDA.	<ol style="list-style-type: none"> 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 3 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 ACTIVITY	TEST OF CONTROL
			procurement of goods and/or services.		

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	<ol style="list-style-type: none"> 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 (in accordance	Goods and services may not be purchased at the best value and purchasing	Registration of vendors are done in accordance	<ol style="list-style-type: none"> 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
		with the Procurement Act) by an appropriate personnel	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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
				Tender Committee for approval before purchase	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.	<ol style="list-style-type: none"> 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 supplier to be set up in the system	<ol style="list-style-type: none"> 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)
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.	<ol style="list-style-type: none"> 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

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					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
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).	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
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, purchase orders may be deleted resulting in a diminished ability to detect inappropriate purchase orders that have previously been processed.	GIFMIS prevents the creation of duplicate purchase orders from the same approved requisition line. Purchase orders are uniquely numbered within GIFMIS	1 Generate a system list of purchase orders for the period under review 2 Using CAATs ascertain whether purchase orders are uniquely numbered 3 Using CAATs ascertain whether the same purchase order number has been used for multiple purchases (PP/PO/01)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	
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.	<ol style="list-style-type: none"> 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

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
					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 authorised by appropriate personnel.	Services may be procured without proper authorisation.	Purchase orders are created and approved for all purchases of services.	1 Obtain a listing of all purchases procured for the period 2 Using CAATs ascertain whether they have been approved by the appropriate personnel
PO15	Accuracy	Releases against blanket purchase orders are	Unauthorised personnel may create releases against blanket purchase orders	The ability to create releases against blanket purchase orders is	1 Identify users having access to release blanket purchase orders

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		authorised by appropriate personnel.	causing inappropriate procurement of goods or services.	restricted to authorised personnel.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 of purchase order creation.	<ol style="list-style-type: none"> 1 Through inquiry of management and inspection of process documentation, determine whether VAT rates are applied at the time a purchase order is created. 2 Generate a system list of purchase orders to ascertain whether applicable VAT rates were applied during processing.
PO20	Accuracy	Payment terms are accurately	Incorrect payment terms may be included on a purchase order. This may	Correct payment terms are applied to each	<ol style="list-style-type: none"> 1 Through inquiry of management and inspection of documentation, determine the process that is followed

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		captured on the purchase order.	result in payment of the related invoice based on terms that are unfavourable to the company.	purchase order at the time of creation.	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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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)
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.	<ol style="list-style-type: none"> 1 Perform an inquiry of management to determine whether management periodically reviews vendor data (TIN Number, Address, Name, Bank Account and other relevant fields)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITIES	TEST OF CONTROL
					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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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 suppliers, i.e. less than optimal price, quantity unreliability, and delivery record poor.	The tender committee board evaluates vendors' performance regularly.	<ol style="list-style-type: none"> 1 Obtain and review documentation (tender committee meeting minutes etc.) on the vendor appraisal process from management 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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

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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 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	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

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				been disabled for all End users. There are system holds that 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.

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					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 payment by appropriate personnel.	Invoices and credit memos may be unintentionally and inappropriately posted by users. This may result in inappropriate payments to suppliers and misstatements of liabilities.	The ability to post invoices and credit memos or release invoices from hold is restricted to appropriate users.	<ol style="list-style-type: none"> 1 Generate system list of users having access to post and release invoices and credit memos 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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

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 invoices processed without completing the required fields (PP/IP/02)
IP16	Accuracy	Invoices are processed only with proper authorisation.	Allowing users to perform incompatible duties may result in unauthorised payments being processed without detection.	Access to process supplier invoices is segregated from access to perform purchasing and receiving functions.	<ol style="list-style-type: none"> 1 Through system query, identify users having access to process invoices, purchase orders, and goods receipts. 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	Access to release supplier invoices from hold is segregated from access to enter goods receipts.	<ol style="list-style-type: none"> 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
			assets and disbursement of funds for inventory the company did not receive.		
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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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

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IP24	Accuracy	Invoices are processed only with proper authorisation.	Allowing users to modify configuration settings related to invoice processing and 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.	The ability to create or modify invoices is restricted to properly authorised personnel.	<ol style="list-style-type: none"> 1 Generate a system list to identify users having access to process supplier invoices and access to configuration settings 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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

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					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 inability to track late payments.	The system is configured to prevent pre-dating of payments.	<ol style="list-style-type: none"> 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 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG(WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
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.	<ol style="list-style-type: none"> 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).
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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	Allowing users to modify configuration settings related to payment processing and enter payments may result in the modification of payment	Access to process payments is segregated from access to modify configuration settings related to payment	<ol style="list-style-type: none"> 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

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		proper authorisation.	defaulting rules and the subsequent processing of inappropriate payments. This could lead to unauthorised disbursement of cash.	processing. Only authorised personnel's can modify configurations	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).
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)

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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.	<ol style="list-style-type: none"> 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)
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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.

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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.	<p>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:</p> <ul style="list-style-type: none"> • 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 Centre 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.	<p>Perform system query to identify user with access to the FAXASSET function, "Asset Workbench" form.</p> <p>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.</p>

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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.

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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.

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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.

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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.

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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: <ul style="list-style-type: none"> • 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.	<p>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:</p> <ul style="list-style-type: none"> • 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 Centre 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.	<p>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.</p>

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

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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.	<p>Asset gain and loss accounts are set for each Asset Book on the "Book Controls" form.</p> <p>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.</p>
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 realized 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).	<p>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)</p> <p>Determine if management utilises the following reports to manually reconcile the Accounts Receivable (AR) sub-ledger to the general ledger:</p> <ul style="list-style-type: none"> • 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. <p>Check that the Receivables receipts balance by running the Receipt Journal report and the Receipt Register are for the same GL Date range.</p>
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	<p>Access consideration: Review access to the following functions:</p> <ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.	<p>Review the aging configuration and validate the setup for Receivables using the following menu path: (OM) Set Up > Collections > Aging Buckets and Interest Tiers</p> <p>Determine if the aging of receivables is appropriately configured as per business requirements.</p> <p>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.</p> <p>Use Invoice Exception Report to list all transactions where 'Open Receivables' option is set to 'No.'</p>
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.	<p>Review access to the following functions: Define Payment Terms (AR_RAXSUTRM)</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Invoice: Delete (AR_ARXTWMAI_INVOICES_DELETE) • Invoice: Update (AR_ARXTWMAI_INVOICES_UPDATE) • Invoice: Enter (AR_ARXTWMAI_INVOICES_ENTER) Invoice Copy and Completion: <ul style="list-style-type: none"> • Transactions: Copy (AR_ARXTWMAI_COPY)

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
					<ul style="list-style-type: none"> • 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.	<p>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.</p> <p>Also consider completing a review of the Commercial Invoice Report.</p>
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.	<p>Review access to the following functions: Transactions: Print AR_ARXTWMAI_PRINT.</p> <p>Review the control and approval mechanism adopted by the client to complete an invoice before it becomes ready for printing.</p> <p>Additionally, review the client’s use of the preview facility before printing the invoice.</p> <p>Check the setting for check box named: “Allow Change to Printed Transactions.” If this is unchecked, then the invoices once printed cannot be changed.</p> <p>Review the use of the following reports:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Print Adjustment Report <input type="checkbox"/> Transactions Register.

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
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.	<p>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.</p> <p>Review the appropriateness of the accounting values set up for the following:</p> <ul style="list-style-type: none"> • Cash • Unapplied Receipts • Unidentified Receipts • On Account Receipts • Unearned Discounts • Earned Discounts

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK/WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROLS
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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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
					<ul style="list-style-type: none"> 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.	<p>Provide that access to the following functions are granted only to authorised users:</p> <ul style="list-style-type: none"> 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.	<p>Access Controls to price lists in the order system:</p> <ul style="list-style-type: none"> 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_QXPRAII).

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 <ul style="list-style-type: none"> • 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.	<p>Ensure that access to the following functions are granted only to authorised users:</p> <ul style="list-style-type: none"> • 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.	<p>Help ensure that access to the following functions are granted only to authorised users:</p> <ul style="list-style-type: none"> • 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.	<p>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.</p> <p>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.</p>
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.	<p>Only authorised users have access to the following functions:</p> <ul style="list-style-type: none"> • 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.	<p>Help ensure that access to the following functions are granted only to authorised users:</p> <ul style="list-style-type: none"> • Sales Orders: (ONT_OEXOORD) • Sales Order: Enter (OE_OEXOEMOE) • Copy Orders: (OE_OEXOECOR) • Sales Orders: Cancel Order (ONT_OEXOORD_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.	<p>Help ensure that access to the following functions are granted only to authorised users:</p> <ul style="list-style-type: none"> • 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.	<p>Help ensure that shipping tolerances configured within the profile option OM: Under Shipment Tolerance are configured appropriately.</p> <p>Help ensure that access to Setup Shipping Tolerances function (ONT_OEXSSDTF) is restricted to authorised personnel.</p>
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.	<p>Help ensure that access to the following functions are granted only to authorised users:</p> <ul style="list-style-type: none"> • 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.	<p>Review the access to item master creation programs.</p> <ul style="list-style-type: none"> Item Master Function: (ICITMED_F) Master items: (INV_INVIDITM). <p>The system allows for creation of holds. The transactions are put on hold if specific conditions are not satisfied or the order incomplete.</p>
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 incompleteness 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.	<p>Review the Balance Forward Billing configuration through the menu path: Setup: Print > Balance Forward Billing Cycles.</p> <p>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.</p>
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.	<p>Review the following SoD scenarios and note whether users exist with access to both functions:</p> <ul style="list-style-type: none"> • ‘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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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
					<p>procedure is in place for reviewing and investigating delays</p> <p>3 Using CAATs, identify bank accounts that were not processed within the approved or agreed period (CM/BA/01)</p> <p>4 Ascertain whether management reviewed and investigated the cause of the delays in accordance with the policy</p>
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	<p>1 Perform a walk through to verify whether bank account IDs are numbered sequentially during processing</p> <p>2 Generate a system list of bank accounts for the period under review</p> <p>3 Verify whether there is an audit trail of deleted bank accounts</p> <p>4 Using CAATs, ascertain whether bank accounts were numbered sequentially (CM/BA/02)</p>
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	<p>1 Through inquiry, verify whether the system has been configured for mandatory completion of required fields when creating bank accounts</p> <p>2 Perform a walk through to verify that bank accounts can only be created after completing the required fields</p>

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 result 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.

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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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1 Generate a system list of users who have access to reconcile journal lines 2 Obtain and review 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 1 Generate a system list of users who have access to archive data

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1 Generate a list of users from the system who can make changes to posted journal entries

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
			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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1 Obtain journal postings for the period under review. 2 Ascertain whether they were made within the originating source systems

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
			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.)	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1 Through inquiry of management and inspection of documentation ascertain whether there is a procedure in place for changing or reversing posted journals

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		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

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1 Through inquiry and inspection of documentation ascertain whether account analysis is performed to validate transactions

CONTROL ID	CONTROL ASSERTION	CONTROL OBJECTIVE	RISK / WHAT COULD GO WRONG (WCGW)	GIFMIS CONTROL ACTIVITY	TEST OF CONTROL
		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