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INTERNAL AUDIT MANUAL

Final Copy

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ACRONYMS AND ABBREVIATIONS

Acronym/Abbreviation	Meaning
ABC	Assessment Based Certificate
AO	Accounting Officer
CCSA	Certification in Control Self-Assessment
CGAP	Certified Government Auditing Practitioner
CISA	Certified Information Systems Auditor
CIA	Certified Internal Auditor
CPE	Continuous Professional Education
CRMA	Certification in Risk Management Assurance
EQA	External Quality Assessment
HIA	Head of Internal Audit
IAG	Internal Auditor General
IG	Implementation Guidance
IIA	Institute of Internal Auditors
IPPF	International Professional Practices Framework
KPI	Key Performance Indicator
NBAA	The National Board of Accountants and Auditors
PI	Public Institution
QAIP	Quality Assurance and Improvement Program
QIAL	Qualification in Internal Audit Leadership
RCM	Risk and Control Matrix
SWOT	Strengths, Weaknesses, Opportunities and Threats

1 Purpose of the Manual

The Internal Audit manual has been developed to set out the audit framework and related practices that govern the conduct of all audit engagements within the Public Institutions (PI) in Zanzibar. The Manual describes the audit methodology, explaining in broad terms how audits should be selected, planned, conducted, reported and followed up.

The manual has been developed to ensure that internal auditors in the PI carry out audits in line with Government regulations, the Institute of Internal Auditors (IIA) mandatory guidance and acceptable best practices. They represent the minimum requirements that must be met in the conduct of audits. All internal auditors in the PI in Zanzibar are required to abide by the manual when conducting audit engagements.

The purpose of the Manual is to:

- Provide guidance and be a reference tool for PI internal auditors;
- Assist internal auditors in achieving the highest possible quality in all audit engagements;
- Promote the highest level of professional competence for internal auditors;
- Provide a basis for measuring internal audit performance; and
- Allow various stakeholders to understand practices and professionalism of PI internal auditors.

Internal Auditors will conduct its activities according to the mandatory guidance issued by the IIA which includes the Core Principles, the definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing. These constitute the fundamental guidance for the professional practice of Internal Auditing and principles against which to evaluate the effectiveness of the Internal audit activity's performance.

2 Definition and purpose of Internal Audit

In line with the definition of internal audit issued by the IIA, internal audit is an independent, objective assurance and consulting activity designed to add value and improve PI's operations. It

helps the PI accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The objective of the IA is to be a strategic partner and work co-operatively with Management and staff to improve the economy, efficiency, and effectiveness of operations. The scope of work of IA is to determine whether the systems of financial and risk management, internal control and governance processes, as designed and represented by management, are adequate and functioning in the manner that:

- Risks are appropriately identified and managed;
- Objectives are achieved in an efficient and effective manner;
- Reliable financial and operating information is provided to Management and staff for decision making and accountability;
- Legislative, regulatory or contractual requirements are recognized and met; and
- Resources are adequately protected, used economically and effectively applied against stated priorities.

IA does not relieve management of its primary responsibility for establishing and supporting an adequate control environment within their areas of responsibility. It is management's responsibility to plan, organize and direct the performance of sufficient controls to provide reasonable assurance that goals and objectives will be accomplished in the most effective, efficient and economic manner.

3 Services and Mandate

3.1 Vision of Internal Audit in PI in Zanzibar

To inspire accountability, trust and ethics in use of public resources through audit.

3.2 Mission of Internal Audit in PI in Zanzibar

To enhance and protect PUBLIC SECTOR value AND TRUST by providing risk-based and objective assurance, advice, and insight.

3.3 Mandate

The IAG is established by section 114 of the Public Finance Management Act No. 12 of 2016. He/She reports administratively to the to the Paymaster General of the Ministry of Finance and Planning and functionally to the President of the Revolutionary Government of Zanzibar. Internal Audit Units in PI shall report administratively to Accounting Officers and functionally to the IAG. The IAG is responsible for leading and managing internal audit services in the PIs in Zanzibar.

3.4 Audit Services provided

Internal Auditors in the PI in Zanzibar will provide the following services

3.4.1 Assurance

Assurance services refers to objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes in the PI. Examples may include financial, performance, value for money, compliance, system security, and operational audit engagements. The scope and objectives of the audit for assurance services is determined by the internal audit department.

3.4.1.1 Types of assurance audit engagements

The following are the types of assurance audit engagements that can be conducted at PI:

Compliance Audit	<p>A compliance audit is a type of audit that their performance or procedure is mainly focusing on whether the entity is complying with local law, regulation, and related rule.</p> <p>A compliance audit also reviews whether a PI is complying with internal rules, regulations, policies, decisions, and procedures.</p> <p>Non-compliance with law and regulations may expose the PI to penalties and reputation damage.</p>
Performance Audit	<p>Performance auditing also known as operational or value for money audit focuses in evaluating the economy, efficiency and effectiveness of the organizations' operations so as to assure management that its strategic objectives are being carried out and whether or not they can be improved on.</p> <p>The scope of the audit is expanded beyond the verification of financial controls or compliance with policies as it looks for the existence of management measures such as leadership, cost reduction, quality of service, management information, communication, resource allocation, productivity measurement, etc.</p> <p>Performance auditing therefore requires flexibility, imagination and analytical skills to provide organizations</p>

	with innovative solutions and new ideas. Other new E's relevant to PIs are Equity, Ethics and Environment.
Financial Statement Audit	This audit focuses on providing assurance about the fairness of financial statements as well as controls over financial reporting which is also the focus of external audit. In auditing this area internal auditors may also focus on the quality and usefulness of managerial accounting and internal controls.
Security audit	Security audits focus on governance, risk and controls relating to safeguarding of assets and reliability and integrity of information systems. Areas of focus may include risks relating to unauthorized physical access to or attack on PI facility and personnel, theft or willful damage of to assets, inventory or information systems and fraud by employee or third parties.

3.4.2 Advisory

Advisory and related client service activities, are those services in which the scope and objectives are agreed with the client. These are services that are intended to add value and improve a PI's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, special audit requests and training.

3.4.3 Investigation

Investigations are conducted to confirm presence or absence of alleged irregularities in the PI. Investigations are conducted at the request and approval of management. Scope and objectives of an investigation must be formally documented. In cases where the HIA has been informed

verbally about the allegations to be investigated, he/she should endeavor to formally document them and get consent of management requesting the investigation before commencing the work.

3.4.4 Follow up of audit issues

Follow up audits are engagements that are conducted to establish whether audit issues raised by internal audit, external auditors and other assurance and regulators bodies have been implemented timely in line with action plan committed by management or recommendation made by the auditor. Audit follow up are critical steps to ensure audits add value to PIs.

4 Code of Conduct and Professional Responsibilities of Auditors

Internal auditors in PI shall comply with the following code of conduct:

4.1 Code of Conduct for Public Sector Employees

Internal auditors shall comply with code of conduct for public servants as prescribed in the Public Service Act No 2 of 2011.

4.2 IIA Code of Ethics

Internal auditors shall comply with the Code of Ethics of the Institute of Internal Auditors.

The IIA's Code of Ethics states the principles and expectations governing the behavior of internal auditors in the conduct of internal auditing with the purpose of promoting an ethical culture in the profession of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.

The Code of Ethics includes two essential components

1. Principles that are relevant to the profession and practice of internal auditing.
2. Rules of Conduct that describe behavior norms expected of internal auditors.

Principles

Integrity	Objectivity	Confidentiality	Competency
<p>The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.</p>	<p>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. .</p>	<p>Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate written authority from either the HIA or the Accounting Officer unless there is a legal obligation to do so.</p>	<p>Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.</p>

Rules of Conduct

Integrity

- Internal auditors shall perform their work with honesty, diligence and responsibility;
- Internal auditors shall observe the law, PI's policies and procedures and make disclosures expected by law and the PI;
- Internal auditors shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the Internal Audit Function or to the PI; and
- Internal auditors shall respect and contribute to the legitimate and ethical objectives of the PI.

Objectivity

- Internal auditors shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationship that may be in conflict with the interest of the PI;
- Internal auditors shall neither accept nor offer gifts or entertainment which may be reasonably believed to have significant and improper influence on the professional judgment; and
- Internal auditors shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality

- Internal auditors shall be prudent in the use and protection of information acquired in the course of their duties;
- Internal auditors shall not use information for any personal gain or in any manner that would be contrary to operating procedures or detrimental to the legitimate and ethical objectives of the PI; and
- Internal auditors shall ensure that staff under his/her control observe and respect the principle of confidentiality.

Competency

- Internal auditors shall continually improve their proficiency and the effectiveness and quality of their services; shall perform internal auditing duties in accordance with the approved auditing procedures and programs of the PI, including this manual; and
- Internal auditors shall perform their duties in areas which they have the necessary knowledge, skills and experience and where there is lack of these qualities proper disclosure must be made before starting the assignment.

4.3 Professional Responsibilities of Internal Auditors

Impairment to objectivity

Standard/IG 1120

Where independence or objectivity has been impaired, the details of the impairment need to be disclosed. This may include but is not limited to personal conflict of interest, scope limitations (being instructed not to audit certain areas), reporting limitations (being instructed not to report certain audit observations), restrictions on access to records, personnel and resources, and resource limitations such as funding.

Assurance engagements for functions over which the HIA has responsibility must be overseen by a party outside the internal audit activity.

Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.

Internal auditors must observe the following to ensure that impairment to objectivity is mitigated:

- Internal auditors are required to annually declare that they have read, understood and will adhere to the Code of Ethics applicable to them.
- Internal Auditors are annually required to disclose areas within the PI where they have personal relationships with personnel in those areas.
- Internal Auditors are not assigned to perform assurance engagement in a business function they had worked on for at least one year.
- Internal auditors cannot audit an area more than three times consecutively. To enforce this IAG shall ensure auditors in PIs are rotated after every 3-5 years.
- The audit process is subject to supervision.

- If internal auditors have potential impairments to objectivity relating to proposed consulting services, disclosure must be made to the HIA prior to accepting the engagement.

Proficiency

Standard/IG 1210

The Internal Audit Function must collectively possess or obtain knowledge, skills and expertise required to perform assigned duties.

In ensuring that audit engagements are conducted with proficiency the following should be observed:

- The HIA must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.
- Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the PI, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.
- Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.
- The HIA must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor (CIA) designation and other designations offered by The Institute of Internal Auditors. Professional

certifications offered by other organizations such as Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA) and Certified Fraud Examiners (CFE). Others include International Public Sector Accounting Standards (IPSAs) Diploma and Assessment Based Certificates issued by IIA.

Internal auditors are encouraged to participate in continuing professional education in order to keep themselves abreast with current developments in internal audit and management. Internal auditors are also encouraged to emulate the spirit of learning. Learning involves identifying one's weaknesses in knowledge or skills and taking personal steps to develop by continuous professional education. Internal auditors shall obtain at least 40 CPE hours per annum.

Methods of supplementing audit skills

Where internal audit does not have requisite skills, the HIA can use the following ways to supplement skills:

- Find guest auditors from other PI with requisite skills. E.g., Pharmacist from government hospital can help the audit of pharmacy procurement in ministry of health.
- Co-sourcing where an expert from outside PI is used to conduct audit with the team in the PI and in the process transfer skills to PI .
- Outsourcing-where a firm from outside the PI is contracted to perform audit.

Co-sourcing is preferred over outsourcing because of its potential to transfer skills to auditors in the PI.

Due Professional Care

Standard/IG 1220

Due professional care is the care and skill that a reasonably prudent and competent internal auditor would apply in performing assigned duties.

It calls for alertness to significant risks that might affect objectives, operations or resources.

Due professional care is exercised when internal audit is performed in accordance with the IPPF. Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve engagement's objectives
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management and control processes;
- Probability of significant errors, fraud or noncompliance; and
- Cost of assurance in relation to potential benefits.

Due professional care calls for the application of the care and skills expected of a reasonably prudent and competent internal auditor in the same or similar circumstances. This includes:

- Proper planning of audit engagement
- Using leading practices and technology in the conduct of engagements
- Familiarity and mastery of skills and tools needed for engagements
- Providing well written, timely and accurate engagement reports

5 Internal Audit Strategy and Annual Risk Based Plan

5.1 Internal Audit Strategy

Each internal audit in the PI shall develop an internal audit strategy which shall be approved by the board audit committee or similar body that is aligned both with the PI and IAG strategy. The strategy shall provide direction and show how the internal audit will support the achievement of the objectives of the PI.

5.2 Risk Based Annual Audit Plan

Standard/IG 2010

Determining what to audit is one of the most important internal audit activities, as performing the annual audit plan will have a profound impact on the overall success of the internal audit

department. Consequently, the ultimate goal of the audit plan is to provide adequate coverage on the areas that have the greatest risk and where internal auditors can add the most value to the PI. The development of the annual risk-based audit plan shall involve the following steps:

5.2.1 Step one, understand management and board expectation

The first step in developing a risk-based plan is to ensure IA understands the expectation of the Audit Committee and management on the audit plan. This can be done by speaking to senior management and the audit committee on their expectation and ensuring that the plan incorporates them.

5.2.2 Step two, understand the PI and its objectives

The objective of this step is to obtain background information about the PI, its strategy, objectives and structure to achieve these objectives. Other items that must be understood are the risks and opportunities that may prevent or facilitate the achievement of these objectives and the processes that exist to monitor and manage the related risks.

To get this information the HIA can perform the following activities:

- Review key documents. The HIA can review key PI documents, such as the organization chart and the strategic plan. These documents can help the HIA to gain insight into the organization’s business processes and potential risks and control points.

The table below summarizes documents that can be reviewed and information that may be obtained:

Table 1: Type of information that may be reviewed to understand PI objectives

Document	Type of information that can be obtained
Strategic plan	PI main objectives, strategies and initiatives.
Organization structure	Key activities of the PI and the reporting relationship.

Annual report	PI main activities and departments.
Previous internal and external audit reports	Risk and controls issues in the PI.
Budget	Activities for the new year as well as new projects planned to be executed.
Management risk registers	Risks facing the PI as well as controls

- Consult key stakeholders

The HIA should consult key stakeholders to get information about the PI. Information that can be obtained from these meetings include: Risks that can affect the achievement of PI objectives, high fraud areas, strategic objectives etc. The stakeholders that may be consulted include the Audit Committee, regulatory bodies, management, people involved in key processes such as payments. Various ways can be used such as interview, face-to-face discussion and survey. The HIA and members of the IA also may increase their awareness of potentially emerging risks by researching industry news, trends, and regulatory changes; networking with other professionals and pursuing relevant continuing education.

5.2.3 Step three develop/review the audit universe

The objective of this step is either to develop an audit universe or review it, if one already exists. We define audit universe as a list of all possible areas that can be audited in the PI. These may include a topic, subject, project, department, process, entity, function, or other area that, due to the presence of risk, may be subject to audit.

The following steps should be followed in developing the universe:

- List all departments of the PI, within the departments identify and understand the key sub-units and processes e.g., a unit or recruitment process within HR. Include new areas that are planned to be established in the coming year.

- List all IT applications (systems), infrastructure and operations used in the PI e.g., payroll system, payment system.
- Consider key outsourced services. When the PI has outsourced key areas of the business the universe should include these areas.
- Consider regulatory requirements for audit. Some regulators put it mandatory for Internal Audit Departments to audit certain areas such as procurement.
- Obtain management input to ensure completeness of the universe. This can be done by interviewing management to understand new areas of businesses or changes in the organization structure.

IT Audit Universe

Since most of the PI processes are becoming automated or are planned to be automated it is important to consider the IT universe when developing the universe of the PI. The IT universe of the PI comprises of three elements namely, application, infrastructure and computer operations. The table below provides examples of these elements.

Table 2: IT universe elements

Applications	Infrastructure	Computer operations
Applications consist of the software used by the PI to process, store, and report business transactions.	The infrastructure consists of all computing components that support the flow and processing of information.	Computer operations consists of the processes and controls that manage the computing environment.
Examples include: <ul style="list-style-type: none"> • HR and Payroll System • Accounting system • Enterprise Resource Planning (ERP) 	Examples include: <ul style="list-style-type: none"> • Data center • Database security and Administration • Servers • Network Administration and Security 	Examples include: <ul style="list-style-type: none"> • Physical and Logical Access • Security • Business Continuity and disaster recovery planning • Service Level Agreements • IT Governance

In risk assessing the IT risk universe, three likelihood and impact risk factors are used namely, confidentiality of information, integrity of information and availability of information. Confidentiality refers to making sure the information in IT environment is confidential and its access is on need-to-know basis.

Integrity of information refers to the IT environment being protected from unauthorized modification of data. Availability refers to the IT platforms being available to deliver service.

Audit universe is a live document, it should be updated at least once per annum to take into account any changes that may have taken place in the audit universe of the PI.

A well-organized audit universe enhances the likelihood that internal audit’s risk assessment and audit plan are useful and valuable to the PI.

5.2.4 Step four conduct risk assessment of the universe

The objective of this step is to risk assess the audit universe in order to identify areas which have the highest impact on the objectives of the PI, which should be given priority in the audit plan.

The risk assessment is conducted using risk factors that will be applied to determine the impact and likelihood. The table below summarizes the risk factors for impact and likelihood and their definitions that will be used. Other risk factors can also be considered and used where appropriate.

Table 3: Risk factors for impact

Risk factor	Consideration/Criteria	Rating and definition
Financial	<ul style="list-style-type: none"> • Budget amount • Revenue amount • Expenditure amount • Loss amount sustained recently 	3=Significant amount involved (High risk) 2=Moderate amount involved (Medium risk) 1=Small amount involved (Low risk)
Citizens affected	<ul style="list-style-type: none"> • Number of citizens served • Geographical areas covered 	3=Many citizens affected (High Risk) 2=Moderate citizens affected (Medium risk) 1=Few citizens affected (Low risk)

Table 4: Risk factors for likelihood

Risk factor	Consideration/Criteria	Rating and definition
Stakeholders concerns.	Concerns received during interview with key stakeholders such as management, audit committee and other members of staff.	<p>3=Concerns are specific with reasons (High risk).</p> <p>2 =Concerns are general (Medium risk).</p> <p>1=Management is neutral or management has no specific concerns.</p>
Time since last audit.	Time since the last audit was conducted.	<p>3=Not audited in the last 3 years (High risk)</p> <p>2=Not audited in the last 2 years (Medium risk)</p> <p>1=Not audited in the last 1 year (Low risk)</p>
Quality of internal control.	<ul style="list-style-type: none"> • Number of control weaknesses noted during audits • Number of outstanding audit issues. 	<p>3=Many significant control issues raised or outstanding (High Risk)</p> <p>2=Moderate number of control issues raised or outstanding (Medium risk)</p> <p>1=Few control issues raised or outstanding (Low risk)</p>

The rating of the elements of the audit universe will be based on the following overall score. Since there are 5 factors the highest score possible is 15 (3x5). In terms of percentage above 85% or 12.75 is high risk, 60%-85% or 9-12.75 is medium risk and below 60% or 9 is low risk.

Table 5: Rating scale for audit universe

Total score	Rating
<12.75	High risk
9-12.75	Medium risk
9<	Low risk

5.2.5 Step five determine audits to be included in the audit plan

The objective of this step is to identify elements of the universe that will be included in the audit plan. The results of the risk assessment will be used to select audits to be included in the annual coverage plan. The focus should be on the auditable units with a high-risk rating. Auditable units should be grouped to ensure that related auditable units, with the required need, are incorporated into a single audit where possible and more feasible.

5.2.6 Step six other planning considerations

The objective of this step is to identify and incorporate Audit Committee and management requests as well as set audit frequency and timing.

Accommodating Audit Committee and management requests

The HIA should take into account management and audit committee requests for assurance and consulting engagements. Generally, 10% of the audit plan time will be allocated for adhoc and management requests.

Audit Frequency and Timing

Audit frequency and timing should be based on the results of risk assessment. The HIA should consider high frequency and early timing to engagements which are more likely to enhance the PI's ability to achieve its objectives and which have the potential to add the most value.

To ensure the internal audit plan covers all mandatory and risk-based engagements, internal auditors should consider:

- Engagements required by law or regulation.
- Mission-critical engagements.
- The time and resources required for compulsory engagements and risk-based priorities.
- Whether all significant risks have sufficient coverage by assurance providers.
- The percentage of the plan that should be reserved for special projects, consulting, or ad hoc requests.

5.2.7 Step seven estimating resources

The objective of this section is to ensure the HIA assesses and determines the availability of resources to execute the plan.

The HIA should ensure sufficient and competent (with appropriate skills) resources are available to execute high risk areas of the plan. If the resources are not available, arrangement must be made to borrow these resources from other PI or to request for support from the office of IAG.

The budget to execute the plan should also be included.

5.2.8 Coordination

To avoid duplication and to ensure audit activities are well coordinated, the execution of the audit plan should be coordinated with other assurance providers. Other providers of assurance must be identified and where appropriate IA should assess possibility of placing reliance on their work instead of repeating the work. For example, external auditors may make good coverage of the financial statement in which case IA may not allocate time to duplicate this effort.

To make the best use of the valuable resources, the HIA should coordinate activities, share information, and consider relying upon the work of other internal and external assurance and consulting service providers (Standard 2050 – Coordination and Reliance).

5.2.9 Drafting the plan, getting management responses and approval by the Audit Committee

The objective of this step is to draft the plan using the information gathered in this process. The plan may include the following information:

Table 6: Possible contents of the risk-based audit plan

Executive summary	This short overview of key points typically includes a one-page summary of the risk assessment approach, most significant risks, the planned engagements and basic schedule, and the staffing plan.
Approach in developing the plan	This overview gives the board an understanding of the due diligence and thoroughness of internal audit's planning policies and approach, with basic descriptions of the processes used to establish the audit universe, perform the risk assessment, coordinate assurance coverage, and staff the plan. Any changes in policies and procedures may be highlighted for discussion.
Risk assessment summary	A description of the risk assessment process and results enhances the board's understanding of internal audit's priorities. Information may include:

	<ul style="list-style-type: none"> • Organizational strategy, key areas of focus, key risks, and associated assurance strategies in the audit plan. • Summary of risks. • Analyses (or summary) of inherent and/or residual risk levels of auditable units. • Risk scores/ratings for auditable units. • Heat map for entire audit universe indicating priorities, inclusions, and exclusions.
Overview of the engagement plan	<ul style="list-style-type: none"> • A list of proposed audit engagements (and specification regarding whether the engagements are assurance or consulting in nature). • Tentative scopes and objectives of engagements. • Tentative timing and duration (timeline showing the quarter during which the engagement will be performed and how long it will take to complete).
Assurance coverage and exclusion	<p>This section may include an assurance map, summary, or other tool to communicate assurance coverage over significant risk areas. Exclusions acknowledge auditable units or risk areas that are not addressed, and if any high-risk areas are not covered (e.g., due to resource limitations), then this section may include recommendations to the board for obtaining assurance, such as via co-sourcing or outsourcing.</p>
Rationale for inclusion and exclusion	<p>This explanation is important, especially if risk ratings or frequency determinations are overridden. Reasons may include change in risk rating, length of time since last audit, change in management, and more.</p>
Resource plan	<p>This section identifies the type and quantity of resources that will be needed to execute the plan. The description may include the number of staff required to complete the audit plan (capacity), the number of support staff needed, a summary of the results of the</p>

	skills assessment, and a plan of action to address skill gaps.
Financial budgets requirements	The plan includes a financial budget to cover payroll of internal audit staff, as well as the cost of co-sourced and/or outsourced services, tools (i.e., technology), training, and other expenses.
IPPF and relevant standards	IPPF and relevant standards – References to conformance with relevant IPPF standards and guidance supports a discussion with senior management and the board about the importance of communication, coordination, and reliance).
Request for approval of the plan	This area will request the audit committee to approve the plan.

Once the plan has been drafted and finalized it will be presented to management for input and comments before it is submitted to the Audit committee for approval.

It is important to note that the plan is a living document and should be reviewed on regular basis to take into account changes in the risk profile of the PI as well as changes brought by regulations and other factors.

6 Audit Engagement Planning

6.1 Audit Engagement Planning

Standard/IG 2200

This area outlines our approach for conducting the internal audits and reviews that have been identified through the Annual Risk Based Audit Plan.

It is essential that there is an appropriate linkage between the Annual Risk Based Audit Plan and the audit work performed so that the risk factors that led to the selection of a particular audit project are effectively addressed in planning and executing the actual audit.

Engagement Planning entails familiarization with the objectives, processes, activities, risks and controls of the area subject to audit, and developing audit programs. It is the most important part of the engagement as the success of an audit depends on how well it has been planned.

During planning, the auditor should be thinking of how s/he expects the audit will contribute to adding value and improving the PI's operations. Planning also assists in the proper briefing and assignment of work to members of the audit team so that the audit is performed in an efficient and timely manner. The objectives of engagement planning are:

- To ensure that individual audit assignments are initiated in line with the approved annual audit plan and in accordance with established audit standards, policies and procedures;
- To ensure that the audit team obtains all the relevant information it requires to assist it in determining the audit's objectives, scope and methodology and the resources required to conduct the audit;
- To obtain a good understanding of the objectives of the area subject to audit and the risks that affect their achievement, the entity's organization structure, internal control environment and on-going issues; and
- Planning supports the disciplined approach in internal audit that is advocated in the definition of internal audit. It also supports the objectivity principle in the sense that it

provides information of what the audit wanted to achieve in performing the engagement, what was included and what possibly was excluded in the audit and the rationale.

6.2 Assigning resources for the engagement

Standard/IG 2230

The HIA, taking into consideration the nature of the assignment, the training and experience of available staff and staff developmental needs, decides on the most effective team composition. On notification, auditors identified to participate in an assignment should assess their relationship with the area subject to audit and its staff, and determine whether there are any circumstances that could potentially impair their objectivity.

Any concerns about potential conflicts of interest or objectivity should be reported to the HIA, who should identify the most appropriate way of addressing the issue. Resources for Audit engagement will include at least a Team leader/Supervisor and auditors with the following responsibilities:

Table 7: Responsibilities of audit team members

Position	Responsibilities
Team leader/supervisor	<ul style="list-style-type: none"> • Conducting risk assessment, developing RCM and audit program. • Determining scope and objectives of the audit. • Reviewing the work of auditors. • Drafting or reviewing the audit report.
Internal Auditors	<ul style="list-style-type: none"> • Conducting portion of the audit program or the whole of it.

To ensure quality it is important to ensure works are segregated within the internal audit engagement by ensuring “four eyes principles” in every aspect of audit process.

6.3 Audit notification letter

The HIA or his/her representative notifies the client of an impending scheduled audit engagement /project. Ideally, the audit notification letter should be addressed to the member of management responsible for the area under review.

The objectives of the notification of audit letter are:

- To provide advance notice to the audit client about the IA’s intentions to conduct a review of the client’s operations; and
- Request client information which will facilitate the understanding of the client’s operations and help ensure that the audits are performed as efficiently and effectively as possible.

The Internal Auditor should: Forward the notification letter to the client management a month before the scheduled start of the audit;

6.4 Preliminary Survey of areas subject to audit

The objective of this step is to obtain sufficient knowledge of how the area subject to audit plans, organizes, directs and controls its activities. Auditors gather information in order to fine-tune initial decisions about the scope, cost, timing and skills and to propose audit objectives, areas for in-depth review, criteria, and the examination approach.

In finalizing these decisions, the audit team designs an audit to reduce the risks of making erroneous observations, faulty conclusions or inappropriate recommendations. It should however be noted that gaining such knowledge is a continuous and cumulative process as the audit progresses and more information is gathered and assessed.

Preliminary survey involves the following steps:

6.4.1 Engagement client input

Engagement client input enable auditors to understand key risk areas of the area under review from the perspective of management. Areas of concerns will be obtained from respective Accounting Officer, Heads of departments and any other stakeholders.

The audit team can interview management to obtain their area of concern.

In addition to areas of concern, auditors should request information regarding any changes in the area subject to the audit, these may include:

- Changes in the structure
- Changes in key staff
- Changes in the business, processes or operations

6.4.2 Analytical review

Analytical reviews consist of the evaluation of financial and non-financial information. Auditors are required to develop expectations (that are reasonably expected to exist) of the relationship between different information under the review. The expectations should be based on the auditor's understanding of the area being audited. For example, there is a relationship between payroll costs and the number of employees.

Analytical review includes the analysis of significant ratios and trends from the information provided and comparing with expectations. The comparison is done to identify variances and inconsistencies from the expectations.

Analytical review involves:

- The review of performance variance analysis
- Reviewing Performance trend analysis
- Analysis of Key Performance indicator (KPI) such as percentage completion of the road construction, number of patients serviced in the hospital.

6.4.3 Prior audit reports

Preliminary survey will involve review of previous audit reports by internal audit and from other assurance providers to gain an understanding of the control environment by identifying key issues and areas of high risk reported in the reports. The reports that can be reviewed are external auditor's report, internal auditor's reports and those for regulatory authorities.

6.4.4 Documentation review

Review of other relevant documentation is done to obtain information related to the area subject to the audit.

These documentations include:

Table 8: Information that can be obtained from review of documents

Document	Why reviewed?
Strategic plans	Obtain information about objectives, strategies and key initiatives being pursued by the PI. Also, to understand key activities and processes being undertaken to achieve the objectives of the PI.
Organization chart and job descriptions	Identify any inefficiencies in the area as a result of duplications, overstaffing or understaffing. In addition, this will be reviewed to identify changes in key staff that have occurred in the area subject to the audit. Job descriptions will be reviewed to understand how duties are segregated among members of the department and to identify any conflicting responsibilities assigned to one person. The job descriptions will also help to

	understand key controls points and people responsible to executive those controls.
Policies and polices	Policies, procedures and manuals will be reviewed to gain an understanding of the processes, activities and key controls.
Performance reports	Reviewed to understand performance of the area as well as identify any deviations from expected performance. Area that is not performing well may be an indication of risk e.g., a building whose completion is lagging behind schedule.
Contracts	Understand key terms of the contract and how they affect the organization. The review of contract may also help to flag terms that are not in interest of the organization.
Risk registers developed by management	Understand key risks in the area subject to audit as per management perspective.

6.4.5 Map or Update Key process;

Process reviews must be done in order to understand the process, gaps in the process design (control adequacy) as well as to identify key risks and controls of a process subject to audit. Process documentation can be done using narratives notes or flow charts. After documenting a process, it is important that a walkthrough is carried out in order to validate/confirm the process documented or to identify and rectify any errors done during the documentation. Three types of walkthrough can be performed:

- **Process walkthrough:** A process walkthrough involves going over the process documentation step-by-step with the person who actually performs the activity.

- **Shadowing walkthrough:** A shadowing walkthrough involves observing an activity, comparing it to the process documentation, and inquiring about how the activity is being conducted.
- **Transaction walkthrough:** A transaction walkthrough involves taking one real, completed transaction and checking for evidence of controls applied to that transaction throughout the activity.

6.4.6 Performing benchmarking;

Benchmarking gauges the quality of the PI's key processes and similar processes from other PI or countries that are considered to have the best or leading practices in the particular area. Benchmarked processes will be those that have been identified to be inadequate or ineffective in meeting their objectives. Such processes can be identified as ones with numerous errors, inefficiencies and/or fraud incidences.

6.5 Preliminary Survey summary

Once the preliminary survey activities are completed an auditor responsible for planning will develop a summary of the issues noted during the preliminary survey. The summary may include the following information:

- Areas that controls are inadequately designed and pose risks to the PI
- Risks that the area is exposed
- Control issues
- Duties that are not properly segregated
- Areas of concern from management

6.6 Risk Assessment

Standard/IG 2201

The objective of this step is to identify key risks that can affect the achievement of business objectives of the area under review. It is one of the key activities undertaken during the planning stage of an audit engagement. The output of this step is a Risk and Control Matrix (RCM).

RCM is used to identify, organize, and assess the risks that may impact the business objectives of the area under review, as well as any mitigating controls. A Risk and Control Matrix can be created in a spreadsheet, word processing document, or via an audit software program. The significance of each risk can then be established.

The RCM contains the following:

Process objectives: These are business objectives that the process intends to achieve. The objectives can fall into these categories: operational, compliance, financial or strategic objectives.

Risk identified: Risk will be defined by incorporating three elements, what can go wrong? What causes it? and the consequences? Risk language will take any of the following forms:

Option one: Possibility of not getting value for money in procurement (what can go wrong) due to limited competition in the tender process (cause) resulting in financial loss (consequences).

Option two: The risk of not achieving value for money in procurement due to limited competition in the tender process resulting in financial loss.

Inherent Risk rating: rating of risk will be conducted using impact and likelihood in line with approach used in developing a risk-based audit plan.

Control: key controls that are in place to mitigate risk will be included. It is important that the existing controls (not what out to be) is included to allow a room to evaluate their control design.

Design adequacy of controls: This column will be used to comment on the auditor’s view about the design of controls. If the control is judged to be adequately designed, a mark of “Strong” will be indicated. If the design is judged as not adequately designed, a mark of “Weak” will be indicated. Controls that in the auditor’s opinion are adequately designed will be tested for effectiveness (whether they are being adhered to).

In cases where controls are identified as weak, this will require the weakness in design to be highlighted and included in findings. Where because of the inadequacy design of control auditors suspect fraud may have been committed, they will be required to test whether fraud actually took place because of the weaknesses by testing of a sample of transactions.

For instance, if the auditor determines that the design of controls in a payroll process creates a possibility of an employee to be added in the payroll list without approval, besides recommending improvement by including approval in the process, he/she may test a sample of employees that were recently added to determine whether they were genuine or not. This is in line with professional obligation of exercising due professional care.

Risk identification

The following methods will be used to identify risks:

Table 9: Methods used to identify risks

Interviewing	Interviewing management, process owners can be help to identify key risk facing the area.
Observation	Through observation, auditors identify risks points in the process.
Workshop	A workshop can be conducted to identify risks in a particular areas or process.

Process analysis	Through analysis of a process flow chart or narrative notes auditors can identify risks in a process.
Loss events/data tracking	Information about previous loss events such as frauds, errors and irregularities are another good source of risks.
Key indicators	Several indicators can be used to identify risks
Scenario planning	Scenario planning involves imagination of what risk can happen in the process.

Residual risk: Risk level that remains after taking into account controls in place.

Audit program: RCM will include audit steps (audit program) to test whether controls identified as adequately designed are operating as per design or in other words they are being adhered to.

6.7 Fraud Risk assessment

Since PIs are exposed to fraud risk, it will be useful to conduct fraud risk assessment for each area subject to audit. Fraud risk assessment will involve the following key steps:

Table 10: Steps in fraud risk assessment

Identify relevant fraud risk factors	Factors that may lead to fraud such as pressure, rationalization and opportunities (caused by weaknesses in controls) are identified.
Identify potential fraud schemes and scenarios and prioritize them based on risk	Using previous fraud cases and potential fraud that can occur, internal auditors are identified and ranked using impact and likelihood.
Map existing controls to potential fraud schemes and identify gaps	Existing controls are mapped to identified fraud risks. Design adequacy of controls will be identified.

Test operating effectiveness of fraud prevention and detection controls	Audit tests will be developed to test whether controls that are key to manage risks are being adhered to.
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6.8 Engagement objectives and scope

Standard/IG 2210,2220

The objective of this step is to develop engagement objectives and scope. Engagement objectives are set of questions that the audit is set to answer. Every audit engagement should have a set of objectives which will also be included in the report. The following verbs will be used to state engagement objectives:

- Determine...
- Assess...
- Evaluate....
- Ascertain

Objectives are identified from the key risk identified in the risk assessment stage. So, the first step in developing audit objectives is to list the key risks identified (key risks not all risks) and develop audit objectives from each. For instance, if one of the key risks identified in procurement process is “the risk of paying for goods or service not received due to not demanding receiving reports before effecting payment” the audit objective may be: To determine whether there are effective procedures to ensure payment are made for goods or services received by the ministry.

Audit objectives should be specific and should be able to be concluded against. As much as possible broad audit objectives such as “determine the adequacy and effectiveness of controls in procurement” should be avoided as it is difficult to conclude against.

Once the risk-based objectives have been established, the scope of the audit engagement can be determined, setting the boundaries under which the internal auditors will work. Scope is written using inclusion and—when necessary—exclusion.

- Inclusion tells what is within the bounds of the audit.
- Exclusion tells what the audit will not cover when the reader might otherwise expect such coverage.

Common reasons for exclusion are the following:

- The scope area was or is being covered by another audit.
- Some aspect of the area being audited—a sub-process or a system, for example—has recently changed or is about to change in a significant way.
- Some activity of the area being audited is newly implemented and thus no auditable records have yet been created.

Inclusion Audit scope is of the following types:

- Process-There can be several processes in the area under audit but to meet engagement objectives and based on risk assessment some processes may be included in scope.
- Geographical location-The scope can include certain geographical locations
- Time-The scope can be stated in terms of period which will be covered during the audit.

Objectives and scope for investigation or other consultancy work must address issues that have been agreed with clients. If no specific written terms of reference have been given to the auditors regarding consultancy work or investigation, the HIA should ensure he/she develops a written one in line with briefing received for approval by the person who requested the consultancy. Auditors should not start investigation or consultancy work before getting a go ahead of the scope and objectives from the responsible officer.

6.9 Audit program

Standard/IG 2240

To implement Standard 2240, internal auditors begin with a clear and thorough understanding of the engagement's objectives and scope, as well as the key risks and controls in the area or process under review.

Before developing the work program, internal auditors may find it useful to consider many aspects of the upcoming engagement, including:

- The appropriate sample size for testing and methodologies to be used.

- The risk register or risk matrix and how it applies to the development of the work program.
- The scope of the engagement.
- How engagement objectives will be achieved.
- Whether the necessary resources are available.
- Judgments and conclusions made during the engagement's planning phase.

When developing the work program, internal auditors generally consider the risks in the area or process under review. The work program is based on the engagement objectives and scope. It typically includes resource deployment plans and describes the techniques or methodologies that will be used to conduct the engagement (e.g., sampling techniques). It is important for internal auditors to determine which tests or audit steps are necessary to assess the risks in the area or process under review and to test the existing controls. Additionally, internal auditors should ensure that the tests are specific enough to avoid scope creep.

To develop an effective work program, internal auditors consider the nature, extent, and timing of the audit tests required to achieve the engagement objectives. Each engagement procedure in the work program should be designed to test a particular control that addresses risk. It is also important that the work program be developed and documented in such a way that ensures all members of the engagement team understand what they need to do and which tasks need to be performed.

The audit program will be included in the RCM in order to align risks, controls and the audit program developed. Audit programs shall also be used to communicate roles, responsibilities, and tasks to the members of the engagement team. They should include signoff for completed work, the names of the internal auditors who completed the work, and the date the work was completed.

Per Standard 2240.A1, work programs must be approved by the HIA before the commencement of audit fieldwork. However, with new information and knowledge gained during fieldwork, the audit program may be adjusted, subject to prompt approval by the HIA.

6.10 Coordinate engagement efforts

The HIA should be in constant communication with other assurance providers in the PI, such as external auditors. Through these communications the HIA is informed of the scope of work of other assurance providers which can be used to avoid duplication of efforts.

6.11 Criteria for engagement

Standard/IG 2210.A3

Criteria is the yard stick against which the area under audit will be evaluated. There are three types of criteria:

- Internal criteria-this refers to policies, procedures, circulars of the PI
- External criteria-this refers to requirement of regulatory and statutory authorities such as the revenue authority, social security funds.
- Best practice criteria-this refers to best or leading practices of managing risks for example segregation of duties.

During planning the HIA should establish whether the PI has developed adequate criteria to evaluate the area. If inadequate the HIA should identify appropriate evaluation criteria through discussion with management of the PI.

6.12 Audit team meeting

Audit team meeting is an important step in the planning of an engagement. This meeting is held to help the team understand in detail the objectives and scope of the audit, key risks of the areas, audit program and assigned responsibilities of the audit. Other matters that can be discussed are: complexity of the areas, specific information about the client and how to handle, previous notable issues with the client based on past experience.

6.13 Project plan and assigned responsibilities to members

All audits will be managed as projects. To that end, a project plan shall be developed for audit showing the following: the start and end date of the audit, assignment of responsibilities among the team members in line with the project schedule.

7 Audit field work

7.1 Audit Opening Meeting

Before the commencement of an audit engagement, an engagement opening meeting between the audit team and key members of the unit to be audited shall be held. The purpose of the meeting will be:

- To introduce the audit team to the audit client;
- Discuss the scope and objectives of the audit engagement;
- Discuss how audit engagement results shall be handled;
- Communicate engagement start and end dates;
- Request access to computer systems, tools, or areas specific to area subject to audit; and
- Create a good impression of the audit

Also, any client concerns and input to the audit process should be obtained during the meeting. The client should also be requested to provide a name of a person who will be responsible to provide documents and information requested by auditors.

This meeting is also an opportunity to market the Internal Audit Function; details of internal audit activities and their benefits to the PI in general and to the area being audited in particular should be highlighted to the audit client. An audit engagement opening meeting is a very important meeting as it provides for a foundation of a good working relationship with the audit client. Opening meeting minutes should always be documented and filed.

7.2 Executing the Audit Program

Standard/IG 2300

The purpose of the execution phase is to gather sufficient, relevant, reliable and useful evidence to conclude against test objectives and to support all statements made in the audit report.

The execution phase involves:

- Carrying out the audit procedures or tests to gather evidence;
- Analyzing evidence and drawing conclusions which may also involve evaluating performance against the audit criteria; and
- Making decisions about whether additional information is required and can be obtained, or whether appropriate and sufficient evidence exists.

Evidence provides grounds for believing that a particular thing is true or not by providing persuasive support for a fact or a point in question. Audit evidence is information that is collected and used to provide assurance about whether controls, risk management and governance processes of an area audited are adequate and effective. As such, it is evidence that must support the contents of an audit report, including any descriptive material and, more importantly, all observations and conclusions against audit objectives.

The desired properties of evidence gathered in an audit engagement are described below:

- Sufficient evidence: Information is factual, adequate and convincing so that a prudent, informed person would reach the same conclusions as the auditor.
- Relevant evidence: Information that supports engagement observations and recommendations and is consistent with the objectives for the engagement.
- Reliable evidence: The best attainable information through the use of appropriate engagement techniques.
- Useful evidence: Information that helps the organization meet its goals.

Auditors have to be alert to any signs that the evidence gathering process may not be achieving the level of assurance required for the audit assignment, and must take appropriate corrective

action. Audit observations, conclusions and recommendations included in the report must be able to withstand critical examination.

Therefore, they must be supported by appropriate and sufficient evidence. It is not unusual for audit programs to be redesigned during the execution phase as teams encounter unforeseen difficulties in gathering desired evidence of appropriate quality.

In determining whether the evidence gathered is sufficient, relevant, reliable and useful, auditors need to be satisfied that, in their professional judgment, there is a low-level risk of making erroneous observations, faulty conclusions, or inappropriate recommendations.

Sources and Forms of Evidence

There are three broad types of information that constitute audit evidence:

- Information gathered by the auditors (primary evidence): Auditors can gather information using interviews, surveys, and direct inspection or observation. In these cases, the auditors have control over the methods employed and the quality of the information gathered. However, the auditors must have the necessary skills and experience to apply the methods competently.
- Information gathered by the audited area (secondary evidence): Auditors can use information gathered by the area subject to the audit. Auditors should determine the quality of this information by evaluation and corroboration, as well as by tests of the effectiveness of the area's internal controls over the quality of information. Auditors can reduce tests of information quality if they find that the internal controls are effective.
- Information gathered from third parties (secondary evidence): Audit evidence can also include information gathered from third parties through confirmation. For instance, Internal Audit can get confirmation of balances held by the Bank with other Banks.

Audit evidence can take a variety of forms including:

- **Physical Evidence:** Typically obtained by the auditor’s direct inspection or observations, and supported by field notes, or photographs. An inherent risk of observation is that the observer’s presence may alter what occurs in the setting, and as a consequence the evidence collected can be less valid. The observer should disturb the setting as little as possible.
- **Testimonial Evidence:** Includes oral or written statements obtained in response to the auditor’s inquiries. Examples include interviews with staff of the area subject to the audit and surveys (either by telephone or mail). Inquiry has always been one of the significant audit techniques. Careful preparation and briefing beforehand and debriefing and documentation afterwards, improve the effectiveness of an interview. Wherever possible, evidence from individual interviews should be corroborated with evidence from other people or other sources.
- **Documentary Evidence:** Evidence obtained from such sources as files, performance reports, databases, minutes of meetings, organization charts and correspondence. Documentary evidence can be obtained from the area subject to the audit or from third-party sources, and includes both electronic and hard copy information. The table below show the level of reliability of different documents that can be used as evidence during an audit engagement.

Table 11: Reliability of audit evidence

Level of reliability	Description	Example of documents
High	<ul style="list-style-type: none"> • Documents prepared by the internal auditor • Documents sent directly from a third party to the internal auditor. 	<ul style="list-style-type: none"> -Inventory test counts -Verified Process maps -Risk and control matrices -Confirmation

		-Cut-off Bank statements -Letter from the outside lawyer
Medium	<ul style="list-style-type: none"> • Documents created by a third party, sent to the organization and requested from the organization by the internal auditor. • Documents created by the organization, sent to a third party, returned to the organization and requested from the organization by the internal auditor 	-Vendor invoices -Customer Local Purchase Orders -Bank statements -Remittance advices -Cancelled Cheques -Deposit slips
Low	<ul style="list-style-type: none"> • Documents created by the organization and requested from the organization by the internal auditor. 	-Written policy statements -Receiving reports

Analytical Evidence: Evidence obtained by manipulating other types of evidence using Analytical Techniques such as computations, comparisons, and trend analysis of data.

In determining the appropriate evidence to support a given fact or point the following should be taken into consideration.

- Documented evidence is more reliable than undocumented evidence;
- Audit evidence is more reliable when the auditor obtains consistent evidence from different sources or of a different nature (e.g., testimonial evidence that is corroborated by other sources is better than testimonial evidence alone);
- Original documents are more reliable than photocopies;

- Corroborated evidence is more sufficient than uncorroborated evidence or contradictory evidence;
- Evidence produced by a process or system with effective control activities is more reliable than evidence produced by a process or system with ineffective control activities;
- Evidence from credible third parties is more reliable than evidence generated within the audited area;
- Larger sample sizes produce more sufficient evidence than smaller samples; and
- Evidence generated through the auditor's direct observation, inspection and computation is more reliable than evidence obtained indirectly

Professional skepticism and reasonable assurance

Auditors should always apply a healthy level of professional skepticism when evaluating audit evidence.

Professional skepticism means that internal auditors take nothing for granted; they continuously question what they hear and see and critically assess audit evidence. They don't assume by default that auditee personnel are either honest or dishonest. Applying professional skepticism throughout the engagement helps internal auditors to remain unbiased and maintain an open mind to form judgments based on the preponderance of evidence gained during an engagement, and not just individual pieces of information.

Internal auditors provide reasonable and not absolute assurance about the truthfulness of management assertions regarding the system of internal controls and performance. Frequently internal auditors rely on evidence that is persuasive rather than absolutely convincing and audit decisions are rarely black and white. Moreover, auditor's conclusions and advice must be formed at a reasonable cost within a reasonable length of time to add economic value. Accordingly, internal auditors should strive to obtain sufficient, reliable, relevant and useful evidence to provide a reasonable assurance to provide for providing advice and conclusions.

7.3 Supervising the Audit

Standard/IG 2340

Supervision is an important activity in performing the audit. All audits conducted must have evidence of supervision. It involves directing audit staff and monitoring their work to ensure that the audit objectives are met. Supervision is an essential and continuous process that requires those with supervisory responsibilities to:

- Ensure that all team members fully understand the audit objectives;
- Delegate audit projects to team members with a clear outline of what is expected from the audit engagement;
- Provide appropriate counsel, advice and on-the-job training, based on the experience of the team members;
- Ensure that audit procedures are adequate and properly carried out;
- Ensure that Internal audit policies are followed;
- Ensure that audit evidence is sufficient, relevant reliable and useful and that it supports audit observations and conclusions; and
- Ensure that only necessary audit work is carried out and that budgets, timetables and schedules are met.

7.4 Communication with HIA during Fieldwork

Team members assigned to an engagement should communicate with HIA regularly as the audit progresses to update him/her on the progress and status of the engagement. This communication is primarily through email or telephone conversation.

In addition, team members should communicate with the HIA whenever they face unforeseen difficulties that might hinder achievement of engagement objectives.

This communication can include:

- Reporting scope limitation

- Modification of audit program
- Request for budgeted days' extension for an engagement

The audit team, at any time during the execution phase, may come across situations where immediate action is required. These situations should be brought to the attention of the HIA who will immediately draw the attention of management. The following are examples of cases which should be brought to the attention of the HIA, immediately they are observed:

- There is a possible fraudulent action, the PI Accounting Officer should be notified;
- A significant computer system failure which could result into huge financial loss to the PI; and
- There are significant errors and omission which exposes the PI to significant risks and corrective action needs to be taken immediately.

7.5 Communication with Auditee during Fieldwork

Team members are required and encouraged to constantly communicate with the Auditee during fieldwork. This includes sharing of the progress of the audit including preliminary observations prior to the exit conference so as to share understanding and reach an agreement on the action to be taken to address the issues with the auditee.

Moreover, team members are encouraged to communicate and share with the audited unit their knowledge and experience on risk and controls including fraud risks.

7.6 Recording Audit Issues and management letters

Issues raised during an audit engagement should be recorded in management letters on the basis of evidence obtained. Audit working papers and files are used to document audit work and key audit decisions. The documentation of evidence is a vital aspect of auditing, and it should be completed before the draft audit report is issued.

Good documentation of evidence helps to ensure that:

- An adequate and defensible basis exists for the audit observations, conclusions and recommendations;
- The observations, conclusions and recommendations can be explained in response to internal or external enquires;
- An effective link exists between successive audits; and
- An appropriate basis exists for quality control in carrying out an audit and for third-party reviews.

Auditors need to exercise professional judgment in documenting evidence. A guiding principle is that the audit files and working papers must include either the evidence or the description of the evidence examined, sufficient to allow the Audit Supervisor and others who examine all of the evidence to come to the same conclusions as the auditor.

Although the documentation will usually include most of the evidence itself, it is not always necessary to scan and file every document examined or to list detailed information from all such documents. For example, when evidence includes the audit department’s records, it may be enough to note that a particular document was examined and to provide the information required to identify and locate that document. However, copies of documents that support high risk observation shall always be taken and filed.

Complete, indexed and cross-referenced working papers are critically important when reviewing observations with management, answering subsequent queries from the audited area and others, and planning future assignments. Clear indexing and cross-referencing ensure the evidence is readily accessible.

Every finding raised should contain five elements (the 5 C’s)

Table 12: Five elements of audit (5C’s)

Condition	A condition is a deviation from what is expected, observed during the audit. Observations should present sufficient, relevant and appropriate analysis and
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	<p>information to ensure an understanding of the issue. As much as possible, the problem should be quantified for instance by providing data of cases noted out of the sample tested. Also, if practical some examples of cases of weaknesses noted should be given. The observation should be presented in a convincing but fair way.</p>
Criteria	<p>This is what is expected to be found based on a standard, policy or procedure, or best practices. It is against these criteria that an audited unit is compared against.</p>
Cause	<p>Identifies the underlying reasons for the finding and answers the question “why did it happen?” The Internal Audit Function will use the below categories to identify the root cause of observations raised in audit engagements. The subcategories are also provided to elaborate on the different kind of issues that may fall under each root cause category.</p> <p>Identification of the cause of an observation is a prerequisite to making meaningful recommendations for corrective action. However, failure to identify the cause in a finding may also mean the cause was not determined because of limitation or defects in audit work or was omitted to avoid direct confrontation with responsible officials.</p>
Consequence	<p>The impact of an activity being carried out without adhering to the standard, policy or procedure, or best practices. This addresses the question “So what?”</p> <p>The significance of a finding is usually judged by its effect (risk). In operational audits, reduction in efficiency</p>

	<p>and economy, or not attaining program objectives (effectiveness), are appropriate measures of effect. These are frequently expressed in quantitative terms; e.g., dollars, number of personnel, units of production, quantities of material, number of transactions, or elapsed time. If the quantitative effect cannot be determined, potential or intangible effects can sometimes be useful in showing the significance of the condition.</p>
<p>Corrective Action including action owner, responsible executive and due date.</p>	<p>This is the action intended to rectify the identified condition, this action should address the cause of the condition that has been identified. The audit team shall discuss with key members of the area subject to the audit and agree on the corrective action, this should include the office responsible for the action, the action owner and the proposed date upon which the corrective action should be implemented.</p>

In addition to the above, additional details that may be contained in a finding include

- Risk rating of the observation
- Whether the issue is repeat or not

Communicating Management Letter

While still at the field, the audit team will prepare management letters (summary of observations/findings) which summarizes the 5 C's of an observations. This shall be issued to management of the area subject to the audit. Management of the audited area shall provide action plans for the observations identified. The Internal auditors and the management should discuss and agree on the corrective action and the due dates for implementation of the agreed actions.

Management of the audited area will be responsible to provide action plans that will address the audit observation 14 days after receiving/discussing a copy of management letter. If the actions plans are not received within 14 days the HIA will inform the Head of Department responsible for the area audited to help get responses within a week. In the event that the responses are not received and there is undue delay Internal Audit may issue the report without management action plans.

After the audit team and audited unit management have agreed on the actions and the due dates for implementations of the actions for the audit observations. The information has to be recorded in the audit working papers.

Recommendations should be:

- Fully supported by, and flow from, the associated observations and conclusions;
- Related to the underlying root causes of the deficiency;
- Where applicable corrects the anomaly e.g., if fees were not collected it should recommend the collection of uncollected fees.
- Clear, brief, straightforward and sufficiently detailed to make sense on their own;
- Broadly stated (i.e., stating what needs to be done, while leaving the specifics of how to the management of the area being audited);
- Action-oriented (i.e., presented in the active voice and addressed to the area with the responsibility to act on them);
- Positive in tone and content;
- Practical (i.e., able to be implemented in a reasonable timeframe, taking into account legal and other constraints);
- Cost-effective (i.e., the costs of implementing them should not outweigh the benefits);
- Results-oriented (i.e., giving some indication of what the intended outcome is, ideally in measurable terms);
- Able to be followed up (i.e., able to determine whether it has been acted upon); and
- Coherent and consistent with the other recommendations in the audit report.

Recommendations raised in an engagement should include the following elements

- Agreed action: This is the course of action agreed between the audit team and the management of the audited unit in addressing the audit finding.
- Action owner: This is the officer who is expected to implement the agreed upon action.
- Responsible Department Head: This is the executive who heads the department in which the observation has been raised.
- Implementation Date: This is the expected date on which the agreed action would be completely implemented.

Table 5 Classification of Root Causes

The table below can help internal auditors to understand various types of root causes in an audit observation. It is not intended to be an exhaustive list but can be used as a guideline to auditors on possible root causes of audit issues.

Table 13: Classification of root causes

Category	Description	subcategories
People	Causes that are related to people's decisions and judgments which may be influenced by different factors identified in the sub categories.	<ul style="list-style-type: none"> -Training needs -Skills and expertise -Prioritization and resources -Communication -Dilemmas -Supervision -Capability -Motivation
System & Infrastructure	Causes that are related to physical and logical tools that are used for operations.	<ul style="list-style-type: none"> -System availability -Data security -System design -Facilities/tools -Network access -Hardware
Structure	Causes that are related to governance and administrative setup for the oversight and management of operations	<ul style="list-style-type: none"> -Oversight and governance -Segregation of duties -Management Style - Supervision -Accountability -Risk appetite

Process	Causes related to the current policies and procedures. Signifying a deficiency in the design or effectiveness, efficiency of the policy/procedure or guideline in addressing risk	-Inadequacies in design of policies and procedures -Compliance with policies and procedures
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7.7 Exit Conference

Upon completion of the field work an exit conference shall be held between the audit team and the audit client represented by departments or unit’s key members of staff. The objective of this meeting is to highlight and discuss the results of the audit engagement. The highlight should be balanced by showing areas that are working well and areas that need improvements. Internal audit should also take this opportunity to clear up any instances of misinterpretation or misunderstanding on internal audit observations, and recommendations made. Meeting of the exit meeting should be recorded.

8 Reporting Audit Results

Standard/IG 2400

8.1 Purpose of audit reports and expected quality

Audit reports communicate the results of audit to the Audit Committee and Management. It is important that the reports meet the highest attainable standards for content and presentation. The purpose of an audit report should be to provide assurance, as well as to achieve positive change. These purposes can be more easily achieved if the report:

- Is clear, precise and written in plain language to ensure that the reader will understand what the report is trying to communicate;

- Is convincing;
- Use visualization tools such as graphs, charts or heat maps to highlight the important areas for the reader;
- Is fair and presented in an unbiased tone, noting where management has taken actions to correct the deficiencies and pointing out satisfactory performance; and
- Deals with matters of significance

8.2 Structure of Audit Reports

To ensure the audit reports meet the requirements of all readers of the reports namely the Audit Committee, Accounting Officer, Management and auditee the structure of the audit reports shall include three sections namely, executive summary, detailed report and appendix.

Executive summary

The executive summary is intended for the Accounting Officer who may not have time to read the entire report. The executive summary should be able to stand alone meaning the officer who reads the report should be able to obtain key messages about the audited area by reading the executive summary. The executive summary shall include the following:

Table: 14 components of the executive summary

Background information	Basic Information regarding the audited unit is provided in the report to familiarize the reader of the report of the nature and operations of the unit. Where applicable quantitative information can be provided such as budget of the unit, monthly expenditure, number of people served etc.
Audit objectives and scope	<p>Audit objectives refers to what the audit engagement aimed to achieve. They help a reader to understand what the engagement wanted to achieve. These are the objectives that were developed during the planning phase of the audit.</p> <p>Scope refers to the coverage of the audit, this can be the time period that is the focus of the engagement, systems/applications that were</p>

	included in the engagement. If there have been any exclusions to the scope they have to be identified and the reasons for exclusion stated.
Audit approach/methodology	The Audit approach states the methods and tools that were used during the engagement in order to address the engagement objectives. This includes methods and tools used for data identification, data gathering and analysis, and documenting. Audit methodology may include interview, review of documents.
Significant findings	Summary of the Key observations that have been raised from the engagement are provided in this part. Brief descriptions highlighting the most important items of the observations must be included here while also providing the cause and effect of the finding.
Implementation status of previous audit issues	Provides the details of implementation of previously audit findings, implementation status will be categorized in three (3) categories Open, Implemented and Closed. This section also provides details of repeated issues from previously audit report
Management accomplishment	In line with audit standards that encourages auditors to recognize good performance, this section will be used to highlight the areas of the audit which controls were observed as satisfactory. Other aspects that can be included efforts made to address issues highlighted in the previous report.
Opinion	This is the overall opinion of the state of the audited unit based on the observations from the engagement. The opinions that are provided are divided into the categories described below.
Appreciation	This part addresses the management of the audited unit acknowledging their contribution to the completion of the audit engagement

Detailed Observations

Details of the finding are recorded in this part of the report. The details include the 5C's. The format of the detailed observation can take a form of a table, paragraph or bulleted form. A detailed observation should expressly show the 5Cs with a clear sub-heading.

Appendix

This part of the report provides details on the following:

- Audited unit progress in addressing observations from previous audits
- The extent of observations that are repeated from previous audits
- Descriptions of the ratings used in the audit engagement.
- Any other information that is necessary to support report observations such as photos, graphs, detailed tables etc.

8.3 Report Processing and Release Timelines

Before the engagement report is released, the HIA should review it using a checklist to ensure all key aspects of the audit have been concluded to his/her satisfaction. The HIA should ensure that:

- All conclusions and recommendations made in the report are supported in the audit working papers.
- Verify and correct any typographical or grammatical errors, spell check in Microsoft word should be used.
- Each finding is recorded with its relevant cause, effect and recommendations and management agreed actions address the identified cause.
- Each finding is rated accordingly and if it is a repeat issue, it should be identified as a repeating issue in the report. This should also be recorded in the audit working papers.

8.4 Final Audit Report

After the review of the report is completed and all comments have been addressed, the final engagement report is drafted. Audit reports are considered highly confidential. They can only be distributed to individuals within the PI that have a direct responsibility for the area reviewed, the Executive Management, and the Audit Committee; other individuals interested in the audit report may gain access by contacting the HIA.

8.5 Other matters for inclusion in the report

In line with IIA standard the following shall also be included in the audit report at appropriate time:

- Once per annum the HIA should confirm to the audit committee regarding independence and sufficiency of resources of internal audit. This is important in preserving the independence of internal audit. In confirming about independence, the HIA should report whether he/she believes the audit operated independently meaning there was no one who directed her what not to audit and what not to report but all these decisions were made by HIA.
- Once per annum the HIA should report on the quality assurance and improvement program that may include steps that were taken to improve the quality of internal auditors and processes used in internal audit as well as conformance with standards and code of ethics.
- Progress being made in the execution of the audit plan
- Management's response to risk that in the HIA's judgement may be not acceptable to the PI.

9 Audit Follow-up and Closure

Standard/IG 2500

9.1 Follow-up of Audit Recommendations

IA is responsible to follow up and ascertain whether management have implemented the agreed actions necessary to address the observations from internal audit, external and regulatory bodies. An audit engagement adds value and improves operations when appropriate actions are taken to reduce the risks identified by audits. The Internal Audit Function continuously monitors and follows up on the implementation of recommended actions until a finding is closed or management has accepted the risk.

A follow-up review is carried out on all High and Medium priority recommendations/ Findings that have been raised in audit reports. On all high-risk findings, the follow up must be performed within one month (30 days) of the date that the issue's action plan due date was reached.

Medium findings must be followed up within three months (90 days). No follow is performed on recommendations rated as Low.

In planning the testing work to be carried out, auditor responsible for follow up should develop an understanding of the risks that were in existence at the time that the observation was originally raised. Then, based upon implemented action, determine if effectively designed controls are sustainable and are now in place and operating effectively to mitigate these risks. Also, if so, gather evidence to support their effective operation.

High-level steps to be followed when performing such a review:

- Obtain a copy of the report that you will be following up
- If you were not involved with the full audit, familiarize yourself with key work papers such as the Engagement Planning Memo, those which include risks and controls reviewed and the process description. You may want to speak with the person who performed the review, to get an idea of management attitudes and the control environment.
- Discuss each of the findings with the relevant member of management, asking for comment on progress.
- Corroborate management's statements by performing relevant audit tests as would be done in a full audit.
- If recommendations have not been implemented, find out why.
- Draft findings and a report, if risk/s not yet mitigated by recommended controls.
- Discuss the findings/report with management.

When material exceptions are noted during follow up testing, this is an indication that the implementation of the control improvement has failed. In these cases, the HIA should be advised. Subsequently business management (at a minimum the Action Owner/Responsible Individual,

his/her immediate superior, the appropriate Executive) should be advised in writing. The distribution list of the original report should be reviewed to determine if other members of management should be notified.

9.2 Closing of Audit Recommendations

Audit recommendations can have status as described below

- Open: Audit recommendations whose agreed actions have not been implemented by the action owner.
- Partially implemented: Audit recommendations whose action owner has taken steps to close the audit observation put the actions are not fully completed.
- Implemented: Audit recommendations whose implementation of agreed action has been verified by the internal auditor to have been actioned upon satisfactorily.

10 Quality Assurance and Improvement Program

Standard/IG 1300

The HIA shall establish a quality assurance and improvement program intended to provide reasonable assurance that the IA:

- Performs its activities according to its mandate;
- Conforms to the IIA standards, code of ethics;
- Operates in an effective and efficient manner; and
- Is perceived as adding value and improving operations.

The quality assurance program includes the following activities,

10.1 Client Satisfaction Survey

After the exit conference, the engagement team leader is required to provide the audited area the IAF Quality of Service questionnaire that is intended to obtain feedback of the audit process from the audited unit. The feedback obtained from the audited unit is confidential and is provided by the auditee Head directly to the Chief Internal Auditor. There will be regular analysis

of the survey responses to identify areas working well and areas that need improvements and this shall be communicated to internal auditors for action.

10.2 Ongoing supervision

Supervision is an integral part of the quality assurance and improvement program. This includes the supervision of auditor's activities throughout all the phases of an engagement by supervisors.

This includes Ensuring that adequate engagement planning is performed before start of an engagement. The HIA shall communicate the objectives, risks and other relevant information to the audit team. The chief audit executive must communicate the results of the quality assurance and improvement program necessary to conduct a high-quality audit. The following include ongoing supervision:

- Ensuring that the approved engagement work program has been documented in the working papers and effectively carried out;
- Ensuring audit observations are adequately supported by reliable, relevant and sufficient evidence;
- Ensuring that conclusions and recommendations are accurate, objective, clear and concise and reports are issued timely;
- Monitoring adherence to the annual work plan and ensuring work is achieved within resource budgets and any variations are approved;
- Identifying staff developmental and training needs;
- Analyzing performance metrics such as completion of audit engagements within schedule and budget, days taken to issue audit reports from completion of fieldwork, staff meeting Continuing Professional Education (CPE) requirements, number of audits per staff.
- The Internal Audit Function will be conducting periodic quality assurance reviews, these are intended to assess the IAF conformance to the IIA Standards, Code of ethics and Core principles. It is also intended to assess the effectiveness and efficiency of the IAF in meeting the needs of its various stakeholders.

10.3 Internal assessments

Internal assessments can provide both quality assurances to audit management and training for the staff. The assessments can be done regularly or intermittently. The assessments are appraisals of how well auditors and supervisors have complied with the Standards and IA charter & procedures. They encompass the work of both staff and audit management and are an evaluation of a sample of audit working papers and reports. The assessments should also provide recommendations for improvement. The internal assessments should typically be performed by a senior auditor, audit management, or combination thereof.

10.4 External assessments

IA shall be subject to external quality assessment review after every five years or earlier if the situation so warrants. The review shall be carried out by an independent, competent and experienced reviewer or review team from outside the PI and IAG. The HIA shall present the report of the external reviewer to the Audit Committee and management. The HIA shall also be responsible for implementing recommendations made to improve the IA by the external reviewer and shall submit progress report to the Accounting Officer and Audit Committee.

11 Audit Techniques, Tools and Work Paper Administration

11.1 Audit Evidence Gathering Techniques

Choosing the appropriate set of techniques for gathering evidence is crucial to audit process. The subject of audit, audit objective and audit criteria determine the choice of methods. Often, more than one method is necessary. Documents of the auditee such as files, accounts, registers, evaluation reports, progress report etc. provide the prime source of evidence in audit. The other methods can supplement or provide reliability of the evidence from the auditee's documents.

11.1.1 Analytical review

Analytical review includes the studying of financial information through analysis of plausible relationship among both financial and non-financial data. They also encompass such investigation as necessary of identified fluctuations or relationships that are inconsistent with other relevant information or that differ from expected values by significant amount. A basic premise underlying the application of analytical procedures is that plausible relationships among data may be reasonably be expected to exist and continue in the absence of conditions to the contrary. Application of analytical review leads to identification of unexpected trends or variances that may be indicating risks. This technique can be employed at the planning, execution or follow up stage of an audit engagement.

Analytical reviews can be used for the following purposes

- To assist the auditor in planning the nature, timing, and extent of other auditing procedures.
 - As a substantive test to obtain audit evidence about particular assertions related to account balances or classes of transactions.
 - As an overall review of the financial information in the final review stage of the audit.
- Analytical reviews
- intend to determine variances, deviations from trends or performance against a set KPI or expectations.

11.1.2 Recalculation

This method is used by auditors to verify the arithmetical accuracy of accounting and other documents. It may check whether the addition, multiplication, division and subtraction operations were correctly done and the figures arrived at were correct.

11.1.3 Confirmation

An external confirmation represents audit evidence obtained by the auditor as a direct written response to the auditor from a third party (the confirming party), in paper form, or by electronic or other medium. External confirmation procedures frequently are relevant when addressing assertions associated with certain account balances and their elements. However, external confirmations need not be restricted to account balances only. For example, the auditor may request confirmation of the terms of agreements or transactions an entity has with third parties; the confirmation request may be designed to ask if any modifications have been made to the agreement and, if so, what the relevant details are.

11.1.4 Reperformance

Reperformance involves the auditor's independent execution of procedures or controls that were originally performed as part of the entity's internal control. For example, the auditor may decide to independently verify how a new employee is added in a PI payroll.

11.1.5 Inspection

Inspection involves examining records or documents, whether internal or external, in paper form, electronic form, or other media, or a physical examination of an asset. Inspection of records and documents provides audit evidence of varying degrees of reliability, depending on their nature and source and, in the case of internal records and documents, on the effectiveness of the controls over their production. An example of inspection used as a test of controls is inspection of records for evidence of authorization. The auditor may use inspection to:

- Get evidence that the payment was authorized by appropriate person
- Get evidence that money was paid to a particular account

- Inspection of some documents may confirm existence of some assets e.g., bond certificate, car registration card.

11.1.6 Observations

This is a method of obtaining evidence through auditor's direct inspection or observations, and supported by field notes, or photographs. An inherent risk of observation is that the observer's presence may alter what occurs in the setting, and as a consequence the evidence collected can be less valid. The observer should disturb the setting as little as possible. Observation can be used to:

- Help the auditor understand how the process works and be able to understand the weaknesses and strengths of a particular process.
- To verify the existence of tangible assets, tangible results or lack of results for government programs

11.1.7 Data Analytics

Data Analytics involves mining, extraction and analysis of the data based on engagement requirements with the purpose of drawing some conclusion about the information obtained from the data.

Data analytics is employed in analysis of entire population of data that is contained in a system according to some determined objective. For instance, data analytics may be used to check duplicate employee names in the payroll.

11.1.8 Sampling

When it is not possible to review an entire population, sampling techniques are employed in reviewing and arriving at a conclusion for the area audited. The sampling technique employed can be judgement sampling or statistical sampling.

- Judgment sampling: is used when it is not essential to have a precise determination of the

probable condition of the universe, or where it is not possible, practical, or necessary to use statistical sampling.

- Statistical or probability sampling: allows the auditor to stipulate, with a given level of confidence, the condition of a large population by reviewing only a percentage of the total items. Several sampling techniques are available to the auditor.

The following guidance on the minimum sample size to be selected for review by an auditor depending on the frequency and the risk of failure of a control activity has been developed.

Table 15: Sample size relative to frequency of controls

Frequency of control	Risk of failure	
	High	Low
Annually	1	1
Quarterly	2	2
Monthly	2	3
Weekly	5	8
Daily	15	25
Multiple times a day	25	40

11.1.9 Interviews and Questionnaires

Interviews and questionnaire can be used in the planning and execution phase of an engagement to obtain information as well as to obtain further clarification of information obtained during the engagement.

Questionnaires are also used in obtaining audit client feedback after an engagement is completed, which is part of the quality assurance program.

11.1.10 Process mapping/Narrative notes

Process mapping techniques or narrative notes are used in the understanding of key processes during engagement planning as well as during benchmarking in identifying gaps between PI's processes and another process' from an institution viewed as containing leading practices in that particular area. Narrative notes help the auditor understand how the process works end to end, key control activities and possible risk areas.

11.2 Work Papers Administration

Standard/IG 2330.A1

Working papers comprise all electronic and physical documents obtained or prepared during an audit engagement. Proper control of the working papers has to be exercised at all times.

11.2.1 Access and Ownership of working Papers

The HIA controls the ownership and access to all working papers associated with audit engagements. Access of working papers to internal parties can be provided by the HIA while access to external parties can be provided by the HIA after obtaining approval from the AO.

Internal auditors must respect the confidentiality of information acquired during audit engagements. Information should not be disclosed without appropriate authority, unless there is a legal or professional obligation to do so.

11.2.2 Retention of Working Papers

The Internal Audit Function work papers shall be retained for a period of at least five years after the audit engagement is concluded. This includes all working papers and any other documents that contain conclusions and opinions related to the audit engagement.

11.2.3 Confidentiality

All Internal auditors are responsible for the confidentiality of all audit related documents and information. Unauthorized disclosure of any information is prohibited, unethical and in violation of the Internal Auditor Code of Ethics.

11.3 Sample Audit Templates

- 11.3.1 Preliminary results summary template
- 11.3.2 Process Flow Charts and Narratives notes
- 11.3.3 Risk Control Matrix template
- 11.3.4 Project plan and assigned responsibilities template
- 11.3.5 Working papers template
- 11.3.6 Working paper cross referencing
- 11.3.7 Working paper files sections
- 11.3.8 Team meeting minutes template
- 11.3.9 Opening meeting minutes template
- 11.3.10 Closing meeting minutes template
- 11.3.11 Audit notification letter
- 11.3.12 Audit scope and objectives letter
- 11.3.13 Audit file checklist
- 11.3.14 Audit report issuance checklist