



MAKERERE UNIVERSITY



INTERNAL AUDIT DIRECTORATE

INTERNAL AUDIT MANUAL

2014





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List of Acronyms

ACFE	Association of Certified Fraud Examiners
CAATs	Computer-assisted audit techniques
CPE	Continuing Professional Education
DIA	Director Internal Audit
DVC (F&A)	Deputy Vice Chancellor Finance and Administration
ICT	Information and Communications Technology
IIA	Institute of Internal Auditors
IPPF	International Professional Practices Framework
KPIs	Key Performance Indicators
Mak	Makerere University
MOU	Memorandum of understanding
RBIA	Risk based Internal Audit
RI	Risk Index
VC	Vice Chancellor

Foreword

Makerere University has an obligation and commitment of ensuring systems, processes and controls are effective and efficient. The Directorate of internal Audit is a key component of the internal control system that is strategically positioned to contribute to the effective functioning of the University. The internal Control system is part of the performance management framework where audit reviews and assesses the level of performance and compliance against agreed measures, targets and objectives.

The Internal Audit Manual Provides a stop centre for internal audit guidance which will go a long way in assisting Management, Audit Committee and University Council in ensuring effective, efficient, economical and ethical university operations. The reviews and assessments carried out are preventative, corrective and deterrent measures aimed at ensuring University objectives are achieved

The Internal Audit Manual was put in place with support from IDRC as part of the change management process aimed at improving University systems and processes. I would like to sincerely thank IDRC for supporting this vital process which will no doubt result in improvement in delivery of audit services

I sincerely thank the Change Management Committee, Quality Assurance Directorate, Audit Committee and Audit Team for their tireless efforts and energies to have the Internal Audit Manual produce.

I thank The Royal Government of Sweden through the Makerere - Sida Bilateral Research Program for Financial support for printing of the manuals.

Lastly i implore you to use this manual for improving the delivery of audit services in the University

Yours in Service

Prof. John Ddumba Ssentamu
Vice Chancellor
Makerere University

CHAPTER 1

BACKGROUND

1.1 Brief about Makerere University

Makerere University was established in 1922 as technical College, became a University College affiliated to the University College of London in 1949. In 1963, it became a Constituent College of East Africa and 1970 became an independent University. The University Council is the supreme decision making organ. The Council works through Committees and the Directorate of Internal Audit reports to Council through the Audit Committee. In 2011, Makerere University transitioned from Faculty based system to collegiate system. The University carries out teaching, learning, research, outreach and support services. These services are provided by the Colleges, through schools, institutes, centres supported by administrative units.

1.2 Internal Audit

1.2.1 Definition

Internal Auditing is “*an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations*” (IIA). It assists the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.2.2 Mandate

The authority of the internal audit function is enshrined in the Public Finance and Accountability Act 2003 and the regulations. The Directorate of Internal Audit derives its mandate and authority from the University Council. Its functions, activities and operations are defined in an internal audit charter. The University Council by policy establishes and supports Internal Audit as an independent appraisal function to examine and evaluate University activities/operations as a service to management and Council of Makerere University.

1.2.3 Audit activities

Best practice recommends that internal audit carries out risk based audits. Risk based Internal Audit (RBIA) is an internal methodology which is primarily focused on the inherent risk involved in the activities or system and provide assurance that risk is being managed by the management within the defined risk appetite level. RBIA allows internal audit to provide assurance to Management and University Council that management processes are managing risks effectively, in relation to the risk appetite.

A risk-based audit approach is designed to be used throughout the audit to efficiently and effectively focus the nature, timing and extent of audit procedures to those areas that have significant impact on the performance of the entity.

Pre-audit activities on other hand involve review of transactions prior to prior to their conclusion. Pre audit activities cover review of payments, verifications of deliveries, pay change reports, accountabilities, witnessing hand-overs, attending construction site meetings among others.

To enable internal audit concentrate on risk based audits, the University Council approved a gradual partial phase-out from Pre-Auditing activities. The process of phasing out is ongoing and

council regularly evaluates and considers areas for exit. The guidelines for carrying out pre- audit activities not yet phased out from are shown in **Appendix1**.

1.3 Purpose and use of Internal Audit manual

The Internal Audit manual has been carefully made as a one stop centre for all internal audit guidance by consolidating all key separate policies and guidelines into one solid manual. The separate policies, procedures and guidelines that have been consolidated into this manual include; Internal Audit Charter, Audit Committee charter, Code of ethics, Audit standards among others. The manual has been beefed up with illustrations and demonstrations to make it easier to follow. In developing the audit manual, consultations were made within the University structures, other public universities within Uganda and abroad and made reference to best internal audit practices.

The Internal Audit manual shall apply to all staff, students and agents of the University, who conduct, manage or oversee University resources.

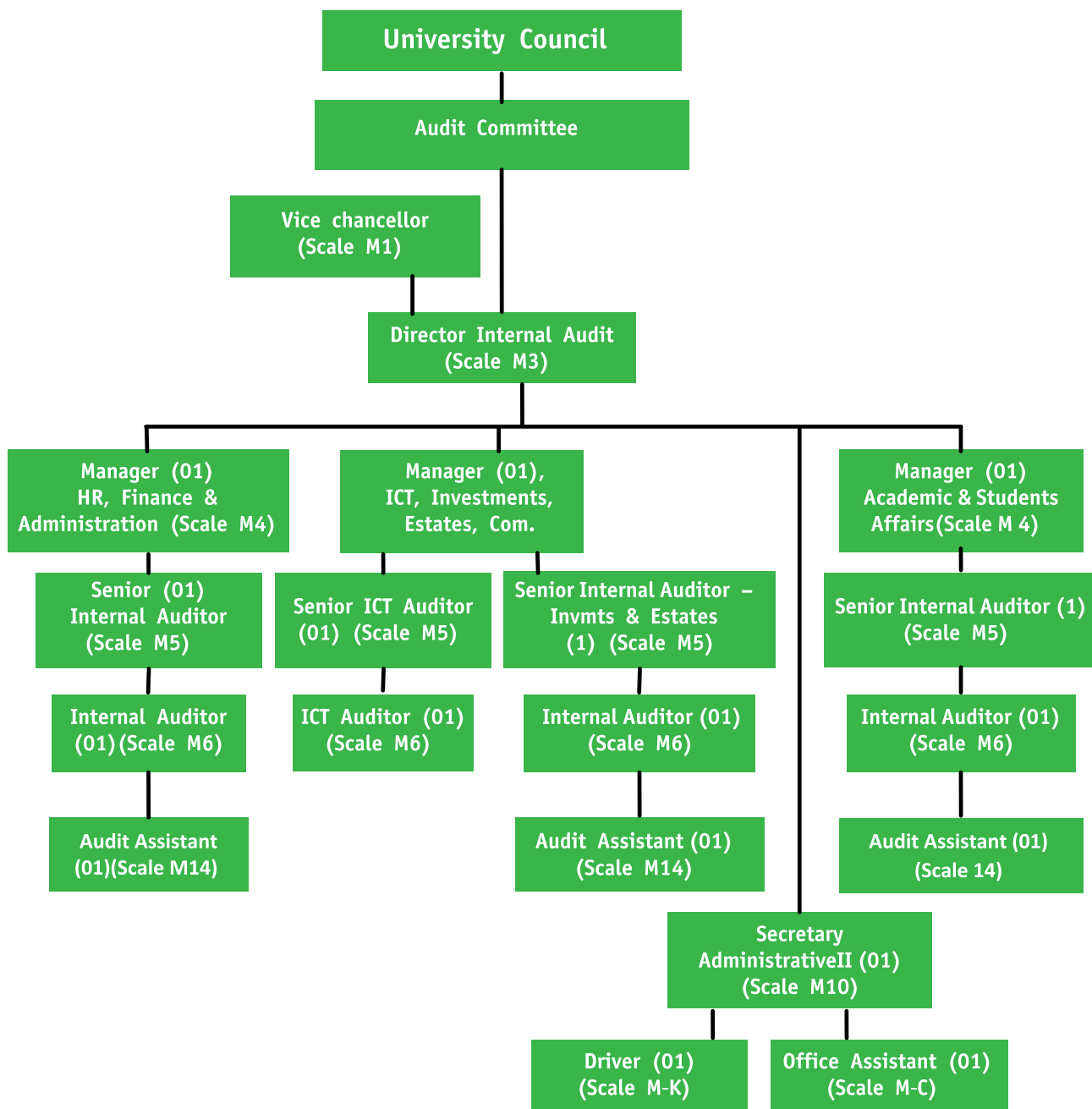
1.4 Interpretation and review of Internal Audit Manual

The Director Internal Audit shall be the contact person for interpretation and /or when additional guidance is required. Any audit related issues not addressed by this manual shall be referred to the Director Internal Audit or handled in consultation with the Director Internal Audit.

Review of the manual shall be as and when need arises and any suggested amendments shall be communicated to the Director Internal Audit who shall through the Audit Committee of Council present the amendments to University Council for Approval.

CHAPTER 2

AUDIT STRUCTURE



Source: Council meeting of December 2010

Appendix 2; summary of Job descriptions of audit staff

CHAPTER 3

INTERNAL AUDIT AND AUDIT COMMITTEE CHARTERS

3.0 Introduction

This chapter covers the Internal Audit Charter and the Audit Committee Charter

3.1 Internal Audit Charter

The Internal Audit Charter is a policy document that defines the purpose, authority and responsibility of internal audit activities in Makerere University. Internal Auditing as defined by the Institute of Internal Auditors (IIA) is “*an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations*”. It assists the University in accomplishing its objectives of provision of world-class teaching, research and innovations, relevant to sustainable development for Uganda, by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Makerere University’s risk management, control and governance processes.

Mission Statement

To add value to overall organisational performance by providing quality auditing, assurance and consulting services that result in improved effectiveness of risk management, controls and governance processes.

3.1.1 Authority

The Director Internal Audit reports administratively to the Vice Chancellor of Makerere University and functionally to the Audit Committee of Makerere University Council. In discharging the audit mandate, the Director Internal Audit and Audit Staff are authorised to;

- a. Have full, free and unrestricted access at all reasonable times to all Makerere University activities, records, property and personnel.
- b. Have full and free access to the Audit Committee.
- c. Allocate resources, set frequencies and select auditable areas, determine scopes of work and apply techniques required to accomplish audit objectives.
- d. Obtain the necessary assistance of personnel in units of the organisation where perform audits, as well as other specialised services from within or outside the organisation.

Audit staffs are prohibited from;

- a. Performing any operational duties for the University or its affiliates.
- b. Initiate or approve accounting transactions external to internal Audit Directorate.
- c. Direct the activities of the any organisation employee(s) not employed in the Directorate of Internal audit, except to the extent such employee(s) have been assigned to auditing teams or to otherwise assist internal auditors.

3.1.2 Accountability

The Director Internal Audit (DIA), in the discharge of his/her duties, shall be accountable to Management and the Audit Committee to:

- a. Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- b. Report significant issues related to the processes for controlling the activities of the University and its affiliates, including potential improvements to those processes, and provide information concerning such issues.
- c. Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
- d. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, quality assurance, security, legal, ethics, external audit).

3.1.3 Scope of Internal Audit Activities

The scope of work of the internal audit shall involve determining whether the organization's risk management, control, and governance processes, as designed and as represented by management, is adequate and functioning in a manner to ensure:

- a. Risks are appropriately identified and managed.
- b. Significant financial, managerial, and operating information is accurate, reliable, and timely.
- c. Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- d. Resources are acquired economically, used efficiently and protected.
- e. Programs, plans, and objectives are achieved.
- f. Quality and continuous improvement are fostered in the University's control processes.
- g. Significant legislative or regulatory issues impacting the university are recognized and addressed properly.
- h. Identify opportunities for improving management control and the organization's image communicate to the appropriate level of management.

3.1.4 Responsibility

The Director Internal Audit and staff of the internal auditing department have responsibility to:

- a. Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval every year.
- b. Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the audit committee.
- c. Maintain professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- d. Establish a quality assurance program by which the Director Internal Audit assures the operations of internal auditing activities.

- e. Perform consulting services, beyond internal auditing assurance services, to assist management in meeting its objectives. Examples may include processes design, training, and advisory services.
- f. Evaluate and assess changes in services, control processes, operations, and coincident with their development, implementation, and/or expansion.
- g. Issue periodic reports to the audit committee and management summarizing results of audit activities.
- h. Keep the audit committee informed of emerging trends and successful practices in internal auditing.
- i. Assist in the investigation of significant suspected fraudulent activities within the University and notify management and the audit committee of the results.

3.1.5 Reporting

To Management and Audit Client

A written report will be prepared by the Director Internal Audit following the conclusion of each audit and will be distributed as appropriate. The Director shall include in the audit report, the audit client's response and corrective action taken or to be taken in regard to specific finding and recommendation. Management's response should include a time frame for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

To Audit Committee

A written report shall be made to the Audit Committee quarterly and provide performance report on annual basis.

3.1.6 Liaison with External Auditor

The Internal Audit will liaise with the Auditor General (External Auditor) to:-

- a) Foster a cooperative working relationship;
- b) Reduce the incidence of duplication of effort;
- c) Ensure appropriate sharing of information; and
- d) Ensure coordination of the overall audit effort;

3.1.7 Audit Standards

Internal auditing standards shall be consistent with the standards for the professional practice of internal auditing issued by the Institute of Internal Auditors. The internal auditing staff shall meet or exceed the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors. Where applicable internal audit shall also have regard to standards and statements issued by Government of Uganda, National and International Accounting and Auditing Organisations. All audit staff shall abide by the Institute of Internal Auditors Code of Ethics.

3.1.8 Quality Assurance

In order to ensure that the quality of the internal audit work is consistently at a high standard, the Director Internal Audit in conjunction with Audit Committee shall:

- a) Develop and maintain comprehensive work reporting systems,
- b) Maintain a regular review of audit plans, reports and working papers, and,
- c) Provide for staff training as appropriate.

3.1.9 Review of Internal Audit Charter

The Director Internal Audit shall ensure that the Internal Audit Charter shall be kept updated from time to time.

3.2.1 AUDIT COMMITTEE CHARTER

3.2.1 Purpose

To assist the Council in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the University's process for monitoring compliance with laws and regulations and the code of conduct.

3.2.2 Authority

The Audit Committee derives its mandate from the University Council and its rights and obligations are enshrined in the Public Finance and accountability Act 2003, Accounting regulations 2003 and the Standards for professional practice of Internal Auditing.

The Audit Committee has authority to authorise audits and investigations on all University matters. In discharge of its responsibilities it has powers to seek information from any University Officer as circumstances may deem fit. It also has powers to assesses services of professional counsel and seek advice or information from relevant organs.

3.2.3 Composition

The Audit Committee shall consist of

- (i) Three non executive Council members nominated and approved by Council
 - (ii) Two members from Professional accountancy and auditing bodies (Institute of Internal Auditors and Institute of Certified Public accountants of Uganda
 - (iii) Council shall nominate a Chairperson from (1) above
- At least (2) members shall be financially literate

3.2.4 Meetings

Members of the Audit Committee will meet at least once quarterly, with authority to convene additional meetings as circumstances require. All committee members are expected to attend each meeting in person or via a Tele or Video conference. The Committee will invite members of Management, Auditors or others to attend meetings and provide information as necessary. Meeting agendas will be prepared and submitted in advance to members along with appropriate briefing materials. The committee quorum at all meetings shall be three members. Internal Audit shall provide secretarial service for all meetings of the Audit Committee.

3.2.5 Responsibility

3.2.5.1 Financial Statements

- a. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- b. Review annual financial statements and consider whether they are complete, accurate, consistent with information known to committee members, and reflect appropriate accounting policies.
- c. Understand how management develops interim financial information and the nature and extent of internal and external auditor's involvement.
- d. Review interim financial reports with management and the external auditors before filling with regulators, and consider whether they are complete and consistent with the information known to committee members.
- e. Review with management and external auditors the results of the audit, including any difficulties encountered.
- f. Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.

3.2.5.2 Internal Control

The Audit Committee will review and obtain reasonable assurance that the internal control and information system are operating effectively to produce accurate, appropriate and timely management and financial information and that they are incorporating the risks identified in the Enterprise Risk Management framework.

In this regard the Audit Committee will;

- a. Obtain reasonable assurance by discussing with and reports from Management, Internal Audit and external Audit that the information systems, security and recovery plans are reliable; and the Internal Controls and procedures are properly designed and effectively implemented.
- b. Review audit reports, at least quarterly and summarise significant findings, recommendations and rely them to the University Council.
- c. Review adequacy of accounting and financial resources of the University.
- d. Ensure there are adequate procedures for the receipt, retention and treatment of complaints received by the University regarding accounting, internal controls or Auditing matters.
- e. Ensure compliance with laws, regulations, standards and best practices guidelines.

3.2.5.3 Internal Audit:-

- a. Review with management and the Director Internal Audit the audit charter, annual audit work plans, activities staffing and organisational structure of the Internal Audit function.
- b. Ensure that there are no unjustified restrictions or limitations, and reviews concur in the appointment, replacement, or dismissal of the Director Internal Audit.
- c. Review the effectiveness of the Internal Audit activity, including compliance with The Institute of Internal Auditors' International Standards for professional Practice of Internal Auditing.

- d. On a regular basis meet with the Director Internal Audit to discuss any matters that the committee or internal audit believes should be discussed privately.

3.2.5.4 External Audit:

- a. Review the external auditors' proposed scope and approach, including coordination of audit effort with internal audit.
- b. Review the performance of the external auditors and exercise final approval on the appointment or discharge of their audits.
- c. Review and confirm the independence of the external auditors by obtaining statements from auditors on relationships between the auditors and the University, including non-audit services and discussing the relationships with the auditors.
- d. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

3.2.5.5 Compliance

- a. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- b. Review the process for communicating the code of conduct to University personnel and for monitoring compliance therewith.
- c. Obtain regular updates from management and University legal counsel regarding compliance matters.

3.2.5.6 Reporting Responsibilities

- a. Regularly report to the University Council about committee activities, issues, and related recommendations.
- b. Provide an open avenue of communication between internal audit, the external auditors, and the University Council.
- c. Report annually to the shareholders, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- d. Review any other reports the University issues that relate to committee responsibilities.

3.2.5.7 Other Responsibilities

- a. Perform other activities related to this charter as requested by the University Council.
- b. Institute and oversee special investigations as needed.
- c. Review and assess the adequacy of the committee charter annually, requesting Council approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- d. Confirm annually that all responsibilities outlined in this charter have been carried out.
- e. Evaluate the committee's and individual members' performance on a regular basis.

3.2.6 Fees and Expenses

The Audit Committee members shall be paid a sitting allowance and reimburse expenses incurred as shall be provided by the rates established by the University Council.

3.2.7 Review of Terms of Reference

This Audit Committee Charter shall be reviewed and/or updated at least once in every four years.

CHAPTER 4

CODE OF ETHICS

4.0 Introduction

The Institute of Internal Auditors (IIA) is an international association dedicated to the continuing professional development of the individual internal auditor and the internal auditing profession. In the view of the Board of Trustees and Management, these pronouncements represent the practice of internal auditing as it should be.

It is management's intent that the internal audit function at the University be conducted in a manner consistent with these pronouncements. As such, the Code of Ethics included on the following pages of this section has been extracted from The Institute of Internal Auditors Professional Practices framework. These shall be complied with by all University audit staff.

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

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

A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.

The Institute's Code of Ethics extends beyond the definition of Internal Auditing to include two essential components:-

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

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

“Internal auditors” refers to Institute members, recipients of or candidates for IIA professional certifications, and those who perform internal audit services within the Definition of Internal Auditing.

Applicability and Enforcement of the Code of Ethics

This Code of Ethics applies to both entities and individuals that perform internal audit services. For IIA members and recipients of or candidates for IIA professional certifications, breach of the Code of Ethics will be evaluated and administered according to The Institute's by laws and Administrative Directives. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

4.1 Principles of Ethics:-

Internal auditors are expected to apply and uphold the following principles

Integrity

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

Objectivity

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

Confidentiality

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

Competency

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

4.2 Rules of Conduct:**1. Integrity****Internal auditors**

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. 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 relationships that may be in conflict with the interests of the organization.

- 2.1. Shall not accept anything that may impair or be presumed to impair their professional Judgment.
- 2.2. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality**Internal auditors**

- 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

Internal auditors

- 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2. Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
- 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.

CHAPTER 5

INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING (THE STANDARDS)

5.0 Introduction to the International Standards

The International Standards for the Professional Practice of Internal Auditing Standards has been adopted from The Institute of Internal Auditor's International Professional Practices Framework (IPPF). Internal auditing is conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity. ***These standards have been extracted from the IPPF.***

If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the *Standards*, conformance with all other parts of the *Standards* and appropriate disclosures are needed.

If the *Standards* are used in conjunction with standards issued by other authoritative bodies, internal audit communications may also cite the use of other standards, as appropriate. In such a case, if inconsistencies exist between the *Standards* and other standards, internal auditors and the internal audit activity must conform to the *Standards*, and may conform with the other standards if they are more restrictive.

The purpose of the *Standards* is to

1. Delineate basic principles that represent the practice of internal auditing.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

The *Standards* are principles-focused, mandatory requirements consisting of:-

- Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance, which are internationally applicable at organizational and individual levels.
- Interpretations, which clarify terms or concepts within the Statements.

The review and development of the *Standards* is an ongoing process. The International Internal Audit Standards Board engages in extensive consultation and discussion prior to issuing the *Standards*. This includes worldwide solicitation for public comment through the exposure draft process. All exposure drafts are posted on the IIA's Web site as well as being distributed to all IIA institutes.

5.1 Attribute Standards

Standard Description of the standard

1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the *Standards*. The director internal audit must periodically review the internal audit charter and present it to senior management and the board for approval.

1000. A1 – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.

1000. C1 – The nature of consulting services must be defined in the internal audit charter.

1010 – Recognition of the Definition of Internal Auditing, the Code of Ethics, and the *Standards* in the Internal Audit Charter

The mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the *Standards* must be recognized in the internal audit charter. The director internal audit should discuss the Definition of Internal Auditing, the Code of Ethics, and the *Standards* with senior management and the board.

1100 – Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

1110 – Organizational Independence

The director internal audit must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities. The director internal audit must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1110. A1 – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

1111 – Direct Interaction with the Board

The director internal audit must communicate and interact directly with the board.

1120 – Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

1130 – Impairment to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

1130. A1 – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

1130. A2 – Assurance engagements for functions over which the director internal audit has responsibility must be overseen by a party outside the internal audit activity.

1130. C1 – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.

1130. C2 – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.

1200 – Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

1210 – Proficiency

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

1210. A1 – The Director Internal Audit 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.

1210.A2 – Internal Auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

1210. A3 – 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.

1210. C1 – The Director Internal Audit 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.

1220 – Due Professional Care

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

1220. A1 – Internal Auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the 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.

1220. A2 – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.

1220. A3 – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

1220. C1 – Internal auditors must exercise due professional care during a consulting engagement by considering the:

- Needs and expectations of clients, including the nature, timing, and communication of engagement results;
- Relative complexity and extent of work needed to achieve the engagement’s objectives; and
- Cost of the consulting engagement in relation to potential benefits.

1230 – Continuing Professional Development

Internal Auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

1300 – Quality Assurance and Improvement Program

The Director Internal Audit shall develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.

1311 – Internal Assessments

Internal assessments must include:-

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic reviews performed through self-assessment or by other persons within the organization with sufficient knowledge of internal audit practices.

1312 – External Assessments

External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The director internal audit must discuss with the board:

- The need for more frequent external assessments; and
- The qualifications and independence of the external reviewer or review team, including any potential conflict of interest.

1320 – Reporting on the Quality Assurance and Improvement Program

The Director Internal Audit must communicate the results of the quality assurance and improvement program to senior management and the board.

1321 – Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*”

The Director Internal Audit may state that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* only if the results of the quality assurance and improvement program support this statement.

1322 – Disclosure of Non-conformance

When non-conformance with the Definition of Internal Auditing, the Code of Ethics, or the *Standards* impacts the overall scope or operation of the internal audit activity, the director internal audit must disclose the non-conformance and the impact to senior management and the board.

5.2 Performance Standards

Standard Description of the standard

2000 – Managing the Internal Audit Activity

The Director Internal Audit must effectively manage the internal audit activity to ensure it adds value to the organization.

2010 – Planning:-

The Director Internal Audit must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization’s goals.

2010. A1 – The internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

2010. A2 – The Director Internal Audit must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.

2010. C1 – The director internal audit should consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add

value, and improve the organization's operations. Accepted engagements must be included in the plan.

2020 – Communication and Approval

The Director Internal Audit must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The director internal audit must also communicate the impact of resource limitations.

2030 – Resource Management:-

The Director Internal Audit must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

2040 – Policies and Procedures

The Director Internal Audit must establish policies and procedures to guide the internal audit activity.

2050 – Coordination:-

The Director Internal Audit should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

2060 – Reporting to Senior Management and the Board

The Director Internal Audit must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.

2070 – External Service Provider and Organizational Responsibility for Internal Auditing:-

When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.

2100 – Nature of Work

The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.

2110 – Governance

The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization;
 - Ensuring effective organizational performance management and accountability;
 - Communicating risk and control information to appropriate areas of the organization;
- and

- Coordinating the activities of and communicating information among the board, external and internal auditors, and management.

2110. A1 – The internal audit activity must evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities.

2110. A2 – The internal audit activity must assess whether the information technology governance of the organization supports the organization’s strategies and objectives.

2120 – Risk Management

The Internal Audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

2120. A1 – The internal audit activity must evaluate risk exposures relating to the organization’s governance, operations, and information systems regarding the:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

2120. A2 – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.

2120. C1 – During consulting engagements, internal auditors must address risk consistent with the engagement’s objectives and be alert to the existence of other significant risks.

2120. C2 – Internal Auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization’s risk management processes.

2120. C3 – When assisting management in establishing or improving risk management processes, Internal Auditors must refrain from assuming any management responsibility by actually managing risks.

2130 – Control

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

2130. A1 – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

- 2130. C1** – Internal Auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization’s control processes.

2200 – Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations.

2201 – Planning Considerations:-

In planning the engagement, internal auditors must consider:

- The objectives of the activity being reviewed and the means by which the activity controls its performance;
- The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level;
- The adequacy and effectiveness of the activity’s risk management and control processes compared to a relevant control framework or model; and
- The opportunities for making significant improvements to the activity’s risk management and control processes.

- 2201. A1** – When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.

- 2201. C1** – Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.

2210 – Engagement Objectives

Objectives must be established for each engagement.

- 2210. A1** – Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.

- 2210. A2** – Internal Auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

- 2210. A3** – Adequate criteria are needed to evaluate controls. Internal auditors must ascertain the extent to which management has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management to develop appropriate evaluation criteria.

- 2210. C1** – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.

2210. C2 – Consulting engagement objectives must be consistent with the organization's values, strategies, and objectives.

2220 – Engagement Scope

The established scope must be sufficient to satisfy the objectives of the engagement.

2220. A1 – The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.

2220. A2 – If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.

2220. C1 – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

2220. C2 – During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.

2230 – Engagement Resource Allocation

Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

2240 – Engagement Work Program

Internal auditors must develop and document work programs that achieve the engagement objectives.

2240. A1 – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

2240. C1 – Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.

2300 – Performing the Engagement

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

2310 – Identifying Information

Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

2320 – Analysis and Evaluation:-

Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.

2330 – Documenting Information

Internal auditors must document relevant information to support the conclusions and engagement results.

2330. A1 – The director internal audit must control access to engagement records. The director internal audit must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.

2330. A2 – The director internal audit must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.

2330. C1 – The director internal audit must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.

2340 – Engagement Supervision

Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

2400 – Communicating Results

Internal auditors must communicate the results of engagements.

2410 – Criteria for Communicating

Communications must include the engagement’s objectives and scope as well as applicable conclusions, recommendations, and action plans.

2410. A1 - Final communication of engagement results must, where appropriate, contain the internal auditors’ opinion and/or conclusions. When issued, an opinion or conclusion must take account of the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

2410. A2 – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.

2410. A3 – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.

2410. C1 – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

2420 – Quality of Communications

Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

2421 – Errors and Omissions

If a final communication contains a significant error or omission, the director internal audit must communicate corrected information to all parties who received the original communication.

2430 – Use of “Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*”

Internal auditors may report that their engagements are “conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*”, only if the results of the quality assurance and improvement program support the statement.

2431 – Engagement Disclosure of Non-conformance

When non-conformance with the Definition of Internal Auditing, the Code of Ethics or the *Standards* impacts a specific engagement, communication of the results must disclose the:

- Principle or rule of conduct of the Code of Ethics or *Standard(s)* with which full conformance was not achieved;
- Reason(s) for non-conformance; and
- Impact of non-conformance on the engagement and the communicated engagement results.

2440 – Disseminating Results

The Director Internal Audit must communicate results to the appropriate parties.

2440. A1 – The director internal audit is responsible for communicating the final results to parties who can ensure that the results are given due consideration.

2440. A2 – If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization the director internal audit must:

- Assess the potential risk to the organization;
- Consult with senior management and/or legal counsel as appropriate; and
- Control dissemination by restricting the use of the results.

2440. C1 – The director internal audit is responsible for communicating the final results of consulting engagements to clients.

2440. C2 – During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.

2450 – Overall Opinions

When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

2500 – Monitoring Progress

The director internal audit must establish and maintain a system to monitor the disposition of results communicated to management.

2500. A1 – The director internal audit must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

2500. C1 – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

2600 – Resolution of Senior Management’s Acceptance of Risks

When the director internal audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the director internal audit must discuss the matter with senior management. If the decision regarding residual risk is not resolved, the director internal audit must report the matter to the board for resolution.

CHAPTER 6

RISK ASSESSMENT

6.1 Introduction

Definition

Risk Assessment is a process of identifying, analysing and evaluating relevant risks associated with the achievement of control objectives of the University. Risk assessment is a responsibility of management and assists Internal Audit in the development of strategic and annual plans. Risk assessment helps in the development of audit universe, identification of strategic and operational risks and guiding in developing audit plans.

Risk is the possibility of an event occurring that will have an impact on the achievement of the entity's intended objectives. Risk is measured in terms of likelihood and impact. Types of risks include; inherent and a residual risks. Inherent risk refers to the underlying risk before any controls are applied to mitigate the risk where as residual risk are the risks that remain after management has taken action to reduce the impact and likelihood of risk occurring.

6.2 Objectives of Risk Assessment

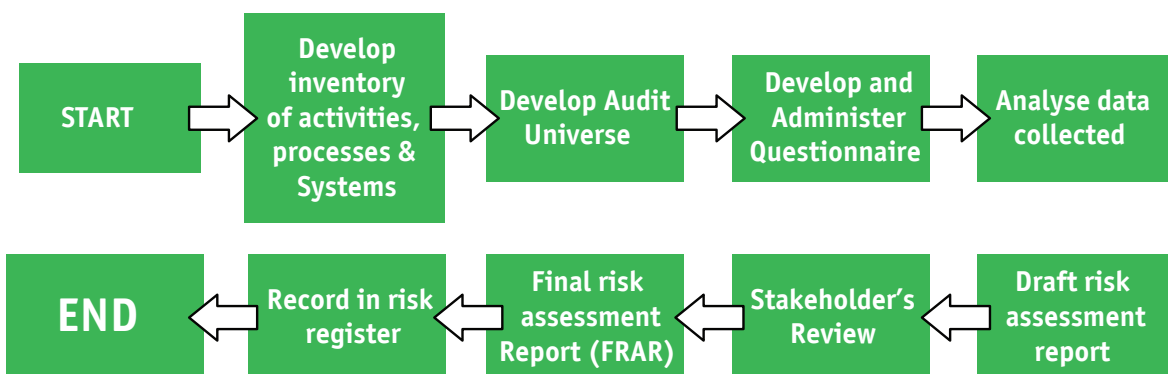
A primary **objective of risk** assessment is to identify the risks that are faced by the University. Upon identification, risks will be ranked as low, medium or high. This assessment helps internal audit to prioritize auditable areas to be incorporated in the annual audit plan.

6.3 Responsibilities of risk assessment

Risk assessment is a responsibility of management and not internal audit. However, internal audit may collaborate with management efforts in conducting risk assessment or where risk assessment is not done by management; internal audit may carry out the assessment as a basis to develop its strategic and annual audit plans.

6.4 Risk assessment audit process

Where Internal Audit is to carry out the risk assessment, the following procedures shall be followed.



1. Developing inventory of all University activities, processes and systems that account for the risks. These shall be obtained from University policy documents, manuals, reports, rules and regulations etc.
2. Use information obtained from (1) above to develop an audit universe. **Appendix 2; format of audit universe**
3. Develop and administer risk assessment questionnaire to all key university stakeholders; these may include members of Council, Audit Committee, Management and Audit Staff etc.
4. Analysis of data collected

The questionnaire shall cover all key areas or activity or processes or systems of the University with each area having sub –areas to rate on the likely hood of occurrence and impact scaled as “H =3, M=2, and L=1 where H shall stand for high, M for medium and L for low. **Appendix 3; Format of risk assessment questionnaire**

The risk index shall be computed by getting the sum of the product of likelihood and impact by attribute row and by section column and dividing by the product by the number of questions in the area and questionnaires entered.

$$\text{Risk Index (RI)} = \frac{\sum \sum (\text{Likelihood} \times \text{impact})}{(\text{Section questions} \times \text{questionnaires entered})}$$

The risks shall be graded in the three categories as below;

Risk Index	Risk rating
1.00-3.00	Low
3.01- 6.00	Medium
6.01-9.00	High

5. Develop draft risk assessment report.
6. Present report for stakeholders review and in put
7. Produce final risk assessment report
8. Record all risks in the risk register

All the risks will be recorded in a risk register. A risk register is a record of all risks that have been identified and ranked. A risk register should be regularly updated with new and emerging assessed risks. The risk register should guide management on setting the University risk appetite.

Risk assessment report and register should guide in the developing of the strategic and annual audit plan. Priority should be given to high risk areas, then medium and then low risk areas.

CHAPTER 5

AUDIT PLANNING

7.0 Introduction

Planning establishes feasibility of the assignment and direction of the review, and helps define the extent of fieldwork necessary to complete review objectives. Proper planning also helps to ensure the department's compliance with IIA standards and the review performed is of the highest possible quality.

Standards in relation to audit planning

IIA standard 2000 - Managing the Internal Audit Activity require the Director Internal Audit to effectively manage the internal audit activity to ensure it adds value to the organization.

IIA standard 2010 – Planning, requires the Director Internal Audit to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the University's goals.

IIA standard 2010.A1-The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually.

There are three levels of audit planning namely;

1. Strategic planning
2. Annual planning
3. Engagement (Activity) planning.

7.1 The Strategic audit plan

This is long term in nature and will be done every five years. The strategic audit plan shall contain the entire audit universe highlighting audit activities that will be carried out frequently like twice a year, once a year, once in two years, once in five years and so on. The director internal audit is responsible for ensuring that the strategic audit plan is developed and operationalized. ***Strategic plan format is shown in Appendix 4***

7.2 Procedures for developing strategic plan

- a. Get familiar with University operations
The Directorate of Internal Audit shall gather and analyze information on University's mandate, objectives, strategies, relevant laws, university policies and procedures and other support systems. This is documented to inform strategic planning process.
- b. Control environment
The control environment is the foundation for internal control system. The understanding of control environment helps to assess whether or not controls in place are adequate to achieve university objectives. Governance structure such as Council, Senate, Council committees, Management structures, collegiate system, up country and distance centres equally form the key parts of the control environment. Coordination and measurement systems, budgeting system, accounting system, administrative systems, human resource

systems, procurement systems, and quality assurance systems etc also form part of the control environment.

The Understanding of the university operations and the control environment helps to carry risk assessment (covered in Chapter 6) that lead to gathering information on the entire audit universe.

7.3 Components of the strategic plan

(i) Strategic plan audit objectives

This section shall provide broad audit objectives and directions for audit focus in the next five years including limitations.

(ii) Methodology for developing strategic plan

This section covers approach in developing the strategic plan. Consultations with key stakeholders will be held during strategic plan development process.

(iii) Summary of control environment

This section summarizes issues and trends in strategic control environment and may cover key considerations:-

- a. Key drivers and trends impacting on university objectives.
- b. Effectiveness of Governance structures
- c. Policies, procedures and strategies in place to achieve university objectives
- d. Existing regulatory and policy framework
- e. Vision, mission, core values of the university
- f. Perceptions of stakeholders
- g. Fraud and errors reported

(iv) Internal Audit Management strategies

This section documents strategies to address short term and long term audit needs of the Directorate and describes the current audit capabilities and resources.

(v) Audit work implementation and coverage

This area documents major audit focus areas for the period and ways to deal with any emerging issues to ensure the planned activities remain relevant for the strategic direction of University.

(vi) Allocation of audit resources

This section details the relative allocation of financial, human and other resources between technical auditing, audit support and any audit related activity over the life of the strategic plan including the provision for outsourcing where necessary.

(vii) Audit performance measures

This section lists the performance measures that shall be used to measure the performance towards the achievement of strategic plan and any change in measures or targets over time.

(viii) Review of the strategic plan:-

This section describes the timeframe and arrangements for the review and update of the plan. The plan covers a five -year period and will be evaluated at the beginning of year three.

7.4 Annual planning

The Annual Audit Work Plan shall operationalize audit areas of the Strategic Plan for one financial year. As part of Annual audit planning, review shall be made of the control components for any changes, new systems and processes, and the results obtained shall be given attention among the top key audit issues and the university's priorities. The annual audit plan shall be approved by the Audit Committee not later than 30th June each year.

Components of the annual plan

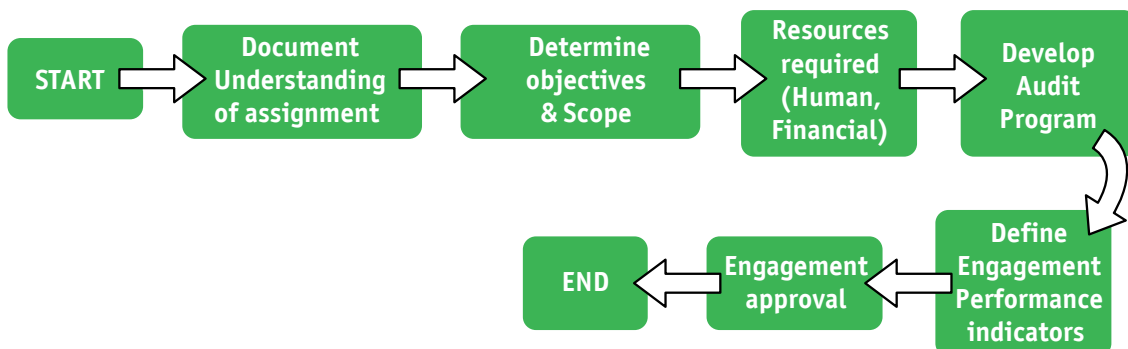
The annual audit plan shall take any format but at minimum shall cover the following aspects; audit area, audit description, expected benefit, priority of the audit area, audit duration, available resources (staff and financial) and reporting.

7.5 Engagement (activity) planning

Audit engagement planning is the third stage of planning, after strategic planning and annual planning. It involves focusing on guiding how a particular audit activity based on the annual work plan will be carried out. The aim of engagement planning is to ensure that the audit engagement is completed timely, systematically without compromising its quality. It is therefore important that at engagement planning audit efforts and resources are directed to the key issues that matter most. Audit engagement planning is the most important part of the audit as the success of an audit depends on how well it has been planned. The director internal audit shall constitute audit teams. Each team shall have a team leader and team members. The team shall be responsible for;

- Understanding the control environment and the organization in relation to the area to be audited.
- Establishing the objectives and scope of the audit
- Establishing the basis for budgeting (time, cost, personnel)
- Identifying the evidence required to develop the audit findings
- Assisting in choosing/determining the audit procedures (nature, extent and timing)
- Establishing the basis for coordinating with the audit team and the client staff.
- Facilitating the Audit team to carry-out the assignment.

Steps involved in planning an audit engagement



a. Document understanding of the audit of the assignment

The section contains preliminary review or survey detailing the understanding of internal control system, management structure, general operations, support systems and processes in regard to the area to be audited.

b. Determine the audit objective, scope, criteria and type of audit evidence required

i. Audit Objective

An audit objective is what an audit engagement aims to achieve. It can also relate to why the audit is being conducted. It is normally expressed in terms of milestones the audit is expected to achieve about the activity under review. E.g. validate reported achievements of a program like (revenue) or evaluate internal control effectiveness in fuel management.

ii. Audit Scope

Audit scopes are the frameworks or limits of the audit. It is normally defined by stating what the audit intends to cover and the relevant timeframes. E.g. define the period the audit will cover (Validate revenue collections in the last financial year) and time estimated to complete the audit assignment (3weeks).

iii. Audit criteria

Audit criteria are reasonable standards against which existing conditions are assessed. They reflect a normative condition for the subject of the audit. These are expectations of the program or project as to what should be. It includes statutory and/or managerial requirements; process requirements; and best practices.

To be able to come up with sound criteria, the auditor must:

- Gather/Identify the standards (laws, regulatory policies) for audit evaluation
- Set reasonable and attainable standards of performance, statutory or managerial policies for evaluation

iv. Audit evidence

Identify and document pieces of audit evidence required to support information that will be required e.g. for verification of ownership of asset, document of titles is required and checked against specifications of the asset.

c. Determine the resources required for the audit such as human, financial, tools, techniques and the target milestones/dates.

This involves the determination of the overall resource requirements to accomplish the planned audit, assessing the current staff capability/capacity; technological resources (e.g. computers, software); financial resources (budget requirements), among others. Keep track of target milestones/dates for the completion or accomplishment of critical elements of the audit engagement and the quality of output.

d. Develop the audit programs

e. Determine the Key Performance Indicators (KPIs) of the audit assignment

KPIs are determined during audit engagement stage to help in ensuring that;

- Audit findings and recommendations are in line with audit objectives

- Findings and recommendations are based on facts and substantial evidence
 - The audit is conducted in compliance with International Professional Practices Framework (IPPF),
 - Any ethical considerations of employees are being observed.
- f. Approval of the audit engagement plan.
- The Director Internal Audit shall approve the audit engagement plan.

CHAPTER 8

THE AUDIT PROCESS

8.1 Introduction

The audit process includes steps to guide audit staff to systematically execute their audit assignments. The process involves; preliminary reviews/survey, audit program development, communication to the Unit Head of the intended audit, opening conference, fieldwork, exit conference, report writing and follow-up issues.

This process is in line with the International Standards for the Professional Practice of Internal Auditing, issued by (IIA).

The Audit Process



8.2 Preliminary Review

Every audit will include a preliminary survey to gather information on the activity being examined and assess risks. The focus of the survey will vary depending upon the nature of the engagement.

A survey may involve use of the following procedures:

- Discussions with the audit client.
- Interviews with individuals affected by the activity, e.g., users of the activity's output.
- On-site observations.
- Review of management reports.
- Analytical auditing procedures.
- Flowcharting.
- Functional "walk-through" (tests of specific work activities from beginning to end).
- Documenting key control processes, activities and weaknesses.
- Consideration of the probability of significant errors, irregularities, noncompliance, and other exposures.
- Assessing risks relevant to the activity under review.

As part of the preliminary survey, the Directorate of Internal Audit will obtain background information for the activity to be audited. This may include reviewing and documenting such items as the following:-

- a. Vision, mission, objectives, and goals of the audited activity.
- b. Policies, plans, procedures, laws, regulations, and contracts which could have a significant impact on operations and reports.
- c. Unit/area information, e.g., services provided, number and names of employees, key employees, job descriptions, and details about recent changes in the organization, including major system changes and number of students.
- d. Budget information, operating results, and financial data of the activity to be audited.
- e. Prior audit working papers.
- f. Results of other audits, including the work of external auditors, completed or in process.
- g. Correspondence files to determine potential significant audit issues.
- h. Authoritative and technical literature appropriate to the activity.

8.3 Audit Program Development

The Audit Team Leader shall develop audit program, detailing each of the engagement steps to be performed during the course of the audit review. Audit programs may vary in form and content depending on the nature of engagement. The audit program will include; the audit objectives, scope, timing, resources, respective responsibilities and other audit client's expectations.

Each of the steps in the program will be cross-referenced to the corresponding working paper to show evidence of the work performed. The audit program is a key document and should be located in the working paper file.

The audit program shall be reviewed by the Director Internal Audit before communication is made to the Unit Head.

8.4 Engagement Letter

An engagement letter is a defining document setting out the responsibilities and obligations of the auditor and the Unit Head. The head of the unit/area to be audited (the 'auditee') is contacted by the Director of Internal Audit in writing before the audit is scheduled to start. The letter specifies the proposed date for the entry conference and the audit program. The time of the notice will be a minimum of five days.

8.5 Entrance Conference

An entrance conference is a meeting of the Audit Team and the Unit Management of the Unit scheduled for audit. The Unit Head shall invite key personnel of the unit for the conference. The following may be discussed in the entrance conference.

- a) The purpose of the audit.
- b) Planned audit objectives.
- c) Key contact persons to provide information for the audit.
- d) The process of communicating throughout the audit
 - Methods.

- Time frames.
 - Key contact persons during the audit.
 - Working arrangements
 - Required documents and other information
- e) Input from the unit management is welcomed at this stage, particularly with reference to any known concerns or areas of potential internal control weakness.
- f) Minutes of the conference will be prepared and retained in the audit working paper's file.

8.6 Field Work

Field work addresses the objectives of the audit and is carried out by the audit team headed by a Team Leader. Primarily, the audit is executed in line with the audit program developed. Field work activities involve; data collection, recording, testing, evaluation & analysis, making conclusions and recommendations. The engagement team is not expected to address all information that may exist as they may use sampling approaches and other means of selecting items for testing. The team may find it necessary to rely on evidence that is persuasive rather than conclusive.

Interaction with the unit management will be undertaken continuously to obtain all the necessary documents and clarifications. Audit progress shall be discussed amongst the team to ensure that the objectives are achieved, challenges are addressed and work is finished in the stipulated time frame.

It further establishes the procedures for identifying, analyzing, evaluating, and recording information during the engagement.

8.7. Exit Conference

A formal communication by the Director Internal Audit of the exit meeting will be sent to the Unit Head. An exit conference shall be held to discuss a draft document summarizing preliminary findings/results of the audit and any concerns that may have arisen. Those attending the conference will include; a team from Internal Audit and a team from the audited unit.

The exit conference provides an opportunity to resolve any questions the audit client may have about the concerns raised and to address any other issues before the audit report is finalized.

Minutes shall be captured for this meeting to form part of the working paper documents.

8.8. Audit Report

The initial draft audit report summarizing the audit work done shall be prepared by the Team Leader, reviewed and issued by the Director Internal Audit to the Unit head. The Unit head is required to provide management responses required. The responses are reviewed and any changes incorporated into the draft audit report.

The Director Internal Audit shall issue the final draft audit report to the Accounting Officer, copied to the Vice Chancellor, DVC F&A, Unit head and others as appropriate.

Quarterly, internal Audit shall report to the Audit Committee and the University Council.

8.9. The Follow-Up Review Process

All audits with concerns and recommendations are required to have a follow-up review. The follow-up review is intended to ensure that management has addressed all audit recommendations included in the audit report. Follow-up review takes place soon after the agreed implementation deadline to which management committed in the management response. During the review, Internal Audit shall test the effectiveness of implementation of each audit recommendation. If recommendations have been addressed those issues are closed and reported to the Audit Committee. For issues not implemented, the Unit head shall provide an explanation as to why the agreed upon recommendations have not been implemented. The Unit head shall be required to present an action plan on implementing those recommendations. This shall as well be communicated to the Audit Committee.

CHAPTER 9

AUDIT PROGRAMS

9.0. INTRODUCTION

An audit program is a set of procedures used to review a company's financial and non information or operational processes. Audit programs are typically designed to test specific functions, such as accounts receivable, accounts payable, general accounting, compliance with company policies, or operational standards.

9.1 The objectives of audit program:-

- a. Audit programs are important because they standardize the data collection and evaluation process.
- b. Keeping the process standardized also means that all the data collected can be used to make useful comparisons between businesses, departments, and previous years' inspections, since the same set of data is collected each time.
- c. To communicate instructions to staff i.e. telling them what work they have to carry out.
- d. To record the work completed namely what, how much, by whom and when the work has been completed.
- e. To control and supervise the work of members of staff.
- f. It facilitates the budgeting of the audit Department.
- g. It facilitates the transfer of audit work to new members of staff.
- h. It is of great value as a source of evidence of the quality, type and quantity of the audit work conducted on a particular audit.

9.2 Components of the audit program

- i. Audit client
- ii. Period and subject matter of the audit program
- iii. Person preparing and reviewing the audit program
- iv. Audit program reference number
- v. Audit risk assessment
- vi. Audit scope and objectives
- vii. Tests to be performed and assertions tested,
- viii. Working paper reference,
- ix. Person performing the audit tests (initials)

9.3 Audit Programs

Appendix 5; sample audit programs

CHAPTER 10

AUDIT WORKING PAPERS

10.0. Introduction

Working papers are documents which record all the audit evidence obtained by the auditor in the course of executing an audit assignment. They are the connecting link between the objectives and the auditor's report. The working papers document various aspects of the engagement process to include planning, risk assessment, evaluation of the system of internal control, engagement procedures performed, information obtained, conclusions reached, supervisory review and communication of results.

All pertinent information obtained by internal audit must be documented.

Purpose of working papers:

- Provide a systematic record of work performed following the audit objectives;
- Provide a record of the information and evidence obtained and developed to support findings, conclusions, and recommendations;
- Provide information for supervision and monitoring of audit engagement.
- Provide information for review of the audit engagement.
- Provide a record of information for future use in planning and carrying out subsequent audit assignments.

10.1 AUDIT FILES AND WORKING PAPERS

The purpose of this section is to explain how typical audit files should be structured and what they should contain. Depending on the size of the audit assignment, it is recommended that two types of files be maintained.

Types of Audit Files

a. Permanent Audit File

This contains information of continuing importance which may be required at each audit. Such Information could include;

- Background/history on the Unit to be audited.
- Vision, Mission, aims and objectives of the audit area,
- The Annual Audit Plan.
- Terms of engagement of the audit assignment.
- Internal control and accounting systems notes,
- Other documents of historical record which are unlikely to be directly relevant to the audit e.g. signed copies of; Contracts, Leases, Financial Statements for prior years, Council minutes, University policies, Procedures, Monitoring reports, Management reports, Department budget, Laws, regulations and Applicable statutes, Organisational structure.

Data contained in the permanent file should be updated whenever a new engagement of the unit is started. An index should be maintained of the data/material contained in the permanent file.

b. Current Audit File

This contains information and audit evidence relating to the area under review, the purpose of this file is to support the findings, conclusions and recommendations made in the audit report. Working papers will be filed to support audit findings. Particular information resident in this file may include; photocopied documents as evidence to support audit findings, schedules, analyses, flow charts, narratives e.tc. Anyone using the working papers should be able to readily determine their source, purpose, procedures performed, findings, conclusions and the auditor's recommendations.

The current audit file should guide the supervisors of the audit assignment to review the audit work.

Characteristics of working papers:-**i. Complete.**

Working papers shall adequately support the findings and conclusions and cross referenced as appropriate.

Concise.

Working papers shall be brief containing all relevant information.

ii. Uniform.

All working papers should be of uniform size and appearance. Smaller papers should be fastened to standard working papers, and larger papers should be folded to conform to size restrictions of the binder.

iii. Neat.

Working papers should not be crowded. Enough space should be allowed on each schedule so that all pertinent information can be included in a logical and orderly manner. At the same time, keep working papers economical. Forms and procedures should be included only when relevant to the audit or to an audit recommendation. Also, try to avoid unnecessary listings and scheduling. All schedules should have a purpose, which relates to the audit procedures or recommendations.

iv. Retention.

Working papers shall be retained for eight years from the date of issue of the audit report. The most recent set of working papers for each assignment will be maintained in a file for each audit assignment. All prior working papers will be filed in a safe and secure Internal Audit archive.

10.2 Working paper Techniques**a) Descriptive Headings/Footers:-**

All working papers should include the University name, the unit being audited and the title or brief description of the assignment. Below the title will be details that may include; the auditor's initials, the initials of the reviewer, space for findings and conclusions, comments of the reviewer, the date the working paper was completed, the date the review was made, and working paper reference number as appropriate. **Appendix 6; shows format of working paper**

b) Tick marks:-

The auditor makes frequent use of a variety of symbols normally referred to as tick marks. An explanation of each tick mark should be made on the schedule on which it appears. If necessary, a separate tick mark sheet can be prepared and attached to the applicable schedule.

c) Indexing and Cross-Referencing:-

Working paper indexing and cross-referencing should coincide with the audit objectives and program. It should be complete and accurate.

All working papers prepared for each assignment should be indexed, and include a table of contents listing working paper titles and index numbers. The standard index for all working papers will be broken down into two categories: general working papers and permanent file working papers. Working papers indexed as permanent file working papers will be retained for future use. The first working paper in each file will be an index for the remaining working papers.

The general index of working papers follows. This method of indexing is to be used as a guide and strict adherence to this method of indexing is not required and every assignment is not expected to have all of these working papers.

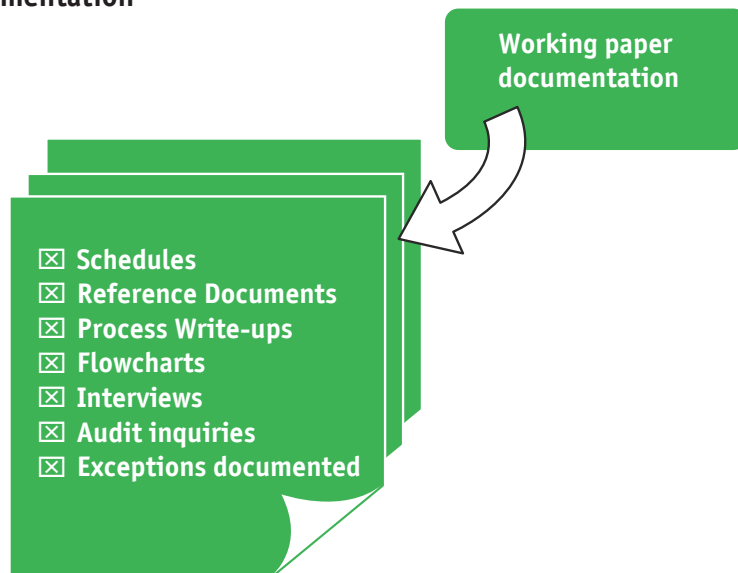
<u>WP</u>	<u>Current File</u>
1	Internal Auditor's Report
2	Exit Conference & Findings
3	Entrance Conference/Engagement Letter
4	Preliminary Survey
4a	Internal Control Questionnaire
5	Review & Supervision Notes
5a	Time Budget
6	Audit Program
7 and Up	Evidence working papers
	<u>Permanent File</u>
PF 1	Organizational chart
PF 2	Vision, Mission and Objectives
PF 3	Annual audit plan
PF 4	Applicable laws, University policies and regulations
PF 5	Internal control information - narratives, flowcharts, questionnaires, etc
PF 6	Description of the accounting records, description of the funds,

		basis of accounting, etc.
PF 7		Unit Mission Statement
PF 8		Unit Budget

a) Carry Forward

The auditor should make full use of the working papers developed in the prior audit. Flowcharts, system descriptions, and other data may still be valid. Those papers, which remain useful, should be made a part of the current working papers. They should be updated with current information, renumbered, referenced, and initialled and dated by the current auditor.

10.3 Working paper Documentation



a) Schedules and Analyses:-

Schedules and analyses are useful for identifying statistical trends and comparisons, verifying the accuracy of data, developing projections or estimations, and determining if tasks or records have been properly completed.

a) Documents collected:-

Copies or actual samples of various documents can be used as examples, for clarification, and as physical evidence to support a conclusion or prove the existence of a problem. These documents can be memos, reports, computer printouts procedures, forms, invoices, vouchers, Local Purchase Orders, Receipts, contracts, minutes, flow charts, or any of numerous other items. Any copied document should serve a useful audit purpose. Copy and insert only that portion of the document that is needed for purposes of explanation or as documentation of a potential finding. Do not include the entire document in the working papers unless absolutely necessary.

b) Process Write-ups and Flowcharts

In many audits, it is necessary to describe systems or process followed by the audit client. Describe such procedures or processes through the use of write-ups or flowchart or some combination of the two. The choice of which methods to use will depend on the relative efficiency of the method in relation to the complexities of the system being described.

c) Interviews

Most verbal information is obtained through formal interviews conducted either in person or by telephone. Formal interviews are most desirable because the interviews or even casual discussions can often provide important information. Any verbal information, which is likely to support a conclusion in the audit working papers, should be documented or recorded. Interviews are useful in identifying problem areas, obtaining general knowledge of the audit subject, collecting data not in a documented form, and documenting the audit customer's opinions, assessments, or rationale for actions. Interview notes should contain only the facts presented by the person interviewed, and not include any of the auditor's opinion.

d) Audit Inquiries and Requests for Documentation:-

Audit inquiries are used to request verbal or preferably written response to a written question provided. Requests for specific documents should be made on the items needed as enumerated in the audit program.

e) Exceptions:-

Exceptions should be noted and all supporting documentation should be copied and attached to the working paper. Each exception should be numbered and reference the exception explanation.

CHAPTER 11

AUDIT FIELDWORK

11.0. Introduction

Once the audit has been planned, a systematic approach for the engagement should be followed to its conclusion. Notice of the audit, entry/engagement meeting, communication, evidence collection and documentation, supervision and reviews, exit meetings and report production should be well managed

Audit fieldwork Process



11.1 Notice to the audit client

- i. Once the engagement plan is approved, the next step is to notify the client of the planned audit. Unless the audit involves a spot check or surprise visit, the audit client management should be informed of the audit in advance (normally two weeks before fieldwork is planned to start). The Accounting Officer, Sub-Accounting Officer and other relevant officials may be copied to the notice.
- ii. The client management will in the notice to come with the relevant staff for the engagement meeting. The notice should also indicate the objectives and scope of the audit and the required information and document.
- iii. The director of internal audit or any person delegated person shall issue the notification letter.
- iv. Any objections from the audit client over the proposed timing should be referred to the audit manager / Director Internal Audit for resolution.

11.2 Engagement/Entry Meeting

This is aimed at discussing the matters that will relate to the audit engagement and create cooperation between the audit team and audit client. All systems based reviews, and some other major audits will commence on site (start of fieldwork) with a pre – arranged engagement meeting with audit client management.

Attendance of the engagement meeting

The following parties shall attend the engagement meeting;-

- i. The auditor (s) who will undertake the fieldwork, plus the Audit Manager / Director Internal Audit as appropriate should attend engagement meeting.
- ii. The Head of the system or activity under review should be invited to attend, and bring any staff he wishes to attend with him.
- iii. The Accounting Officer and Sub Accounting Officers will normally attend or send a representative to most audit engagement meetings or attend in person if the audit is a major one involving their department.

Issues to be discussed in the engagement meeting

The engagement meeting should cover the following items;

- ☒ Terms of reference for the audit.
- ☒ Timetable for audit completion.
- ☒ Arrangements for discussing findings during the course of the audit.
- ☒ Procedure for handling any disagreements between auditors and audit client.
- ☒ Proposed date for the exit meeting.
- ☒ Formal reporting arrangements.
- ☒ Sitting arrangements and welfare issues.

Audit execution covers all activities covered in the field aimed at gathering relevant and supported information for audit report purposes. These include audit evidence, documentation required and management of audit work.

11.3.1 Audit Evidence

The audit findings should be supported by sufficient, relevant and appropriate evidence. Normally when collecting evidence for the audit working paper file, the auditor will take a photocopy of the original document.

Where auditors suspect fraud or mismanagement they should take possession of the original prime documents and keep these in the audit file until the matter has been fully investigated.

Techniques of collecting audit evidence

- i. Observation; some procedures may not be documented by management. Also, the auditor may wish to observe a procedure and note down the main activities. Auditors will find it necessary to observe a procedure in operation to confirm that the key controls are effective.
 - a. The auditor should make a written note of these observations as soon as possible. Delays can affect the auditor's recollection of events.
 - b. Where necessary, two auditors may be required to observe a procedure, task or activity, to increase the objectivity of the process.
- ii. Inspection; the auditor must verify physical assets by inspection. Documentary evidence of such assets is not sufficient proof of existence.
- iii. Interviews of audit client can be formal or informal. Informal interviews or discussions may be conducted by a single auditor.
 - a. The auditor should place a note of the discussion on file when the interview is over. The note should indicate date, time, location, subjects discussed and key points raised, and any further action required.
 - b. Occasionally a formal interview will be needed. This should involve two auditors.
 - c. One auditor should ask the questions. A list of questions should be prepared in advance of the meeting, but other questions may be asked during the interview. The other auditor should take notes and make a written record of proceedings.
 - d. When the note of the interview has been written, a copy should be given to the audit client (s), and they should sign the original to show that they agree that it is correct.
 - e. The original note also be signed by the two auditors present and placed on the audit file.
- iv. Computation; In order to confirm the correctness of transactions it may be necessary for the auditor to re-perform a calculation, such as checking a control total.
 - a. Auditors should take care to ensure the accuracy of these checks. Auditors should indicate that checks have been made by placing a tick in green ink on the original. Where it is necessary to correct a mistake, green ink should also be used, and the auditor should initial the corrected entry.

- v. Analytical reviews; It may also be necessary for auditors to analyze a set of data, to provide insight and information. All calculations and original data should be carefully checked, as inaccurate analyzes can lead to false conclusions and subsequent embarrassment to the Internal Audit Department.
- vi. External confirmation may be required when confirming bank balances, for example.

A letter from the Director Internal Audit to the Bank in question, authorized by the responsible officer shall be needed.

11.3.2 Audit Documentation

- i. Evidence collected as part of the audit must be recorded appropriately and form part of the audit working papers.
- ii. All relevant documentation must be kept on a Working Paper File, opened at the start of the audit.
- iii. Auditors must take care to complete the documentation and place items on file in a logical order. All documents must be numbered and working papers must be signed and dated by the auditor who did the work. Working papers must be reviewed by the audit manager, who should sign and date the document.
- iv. The working papers may contain a conclusion of the tests carried out.
- v. The Audit Working Paper File should contain an index to show the contents of the file.

Use of Sampling Techniques

A sample is less than 100% of the items in the population. In most cases audit testing will involve the selection and use of sample data as it is economical, time saving and increases accuracy.

The size and type of sample used can affect the results obtained. Before selecting a sample for audit testing, auditors should discuss the proposed methods with the audit manager.

The sample size and method should take into account the size, nature and assessed risk with the desired precision required by the auditor.

11.3.3 Management of Audit Work

- i. All audit work will be subject to proper supervision and control.
- ii. Audit Assistants will work under the direction of an auditor, or Senior Auditor, who will be referred to as the audit manager for the assignment.
- iii. The audit senior will report progress at key stages to the manager auditor, or Director Internal Audit as appropriate.
- iv. Audit managers shall review all audit documentation by initialing and date every page to show that a check has been made.

11.4 Exit an audit engagement

On completion of the field work; the audit team should meet the audit client to discuss matters relating to the audit.

- i. The composition of the exit meeting should be as in the entry meeting.

- ii. The following matters should be discussed in the exit meeting/conference;
- Work covered and not covered compared with the audit scope
 - Areas visited during the audit
 - Cooperation from the client staff
 - Preliminary findings on controls, substantive tests and proposed improvements
 - Client response and action plan

Note;

- i. Attendance and minutes of the exit conference should be taken and draft copy signed by the manager of the audit engagement and a responsible person from the audit client side.
- ii. The audit client shall keep a copy of the minutes

CHAPTER 12

AUDIT REPORTING

12.0 Introduction

IIA Performance Standards 2400 -2440 require the Director Internal Audit to communicate the audit results promptly, in an objective, clear, concise and constructive manner.

The report should inform the reader the extent of the auditor's analysis, and the conclusions or results of that analysis. For many readers, this document will be the only point of contact made on the audit. Therefore, it is essential that the audit report sets the proper tone and that the content is clear, concise and accurate.

At audit Field work, all information gathered and analyzed are summary in a report form.

12.1 Contents of audit report

The report shall include at minimum the following;

- ☒ The background section
- ☒ Audit objectives and scope
- ☒ Audit methodology
- ☒ Executive Summary
- ☒ Finding(s)/Observations and implications
- ☒ Recommendations
- ☒ Management response/Comments/Action plan
- ☒ Conclusion

1. Background/introduction

The background section provides the reader with information about the area/function reviewed. This is done in order to enhance the reader's understanding and appreciation of the responsibilities of the area/function, and to make the report more user-friendly for the reader. There may be occasions when the background section is not necessary in the draft.

This section will also be used to recognize any areas that management addressed/improved during the course of the audit. It will also recognize the audit team and all persons who supported in the audit process.

2. Audit objectives and scope

The objective and scope should state the area/function that was reviewed, the type of review performed (i.e. operational, functional, financial), and the primary objectives of the review. The time frame the audit covered and the period under reviewed.

3. Methodology

Each audit engagement is unique and shall have a different audit methodology however the following shall provide general guidance.

- i. Documentary review
- ii. Inquiries/ Interviews
- iii. Observation
- iv. Inspections and verifications
- v. Validation of information

4. Executive Summary

This provides a brief overview of the findings and recommendations. It is a snap shot of the entire report and should not be more than 2 pages.

5. Detailed report

a. Finding (s)/ Observations and implications

The fourth section is the issues and implications section. This section shall be used to record the observations, risks, cause and effect concerns, issues. This is the most important section of the report, thus must be very clear, concise and well backed with evidence supporting the issues raised.

b. Recommendations

Records what actions management should take to improve or address the risk or challenges observed. These shall include;

- Ways of dealing with the challenge or risk identified,
- Improvements required
- Accountability required
- Controls setting and strengthening required etc
- Legal action etc

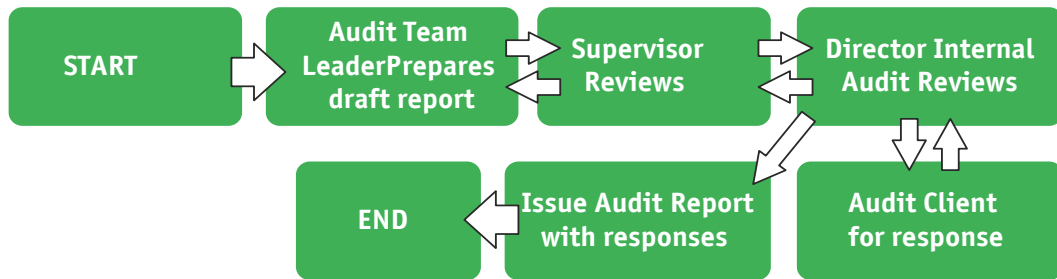
c. Management response/Comments/Action plan

Under this area, provision shall be made for management response or comments and action plan to be received from the audit client.

d. Conclusion

The fifth and last section of the audit report is the conclusion. This section of the audit report is used to express any overall matters for management consideration. Additionally, this section should always express Internal Audit's gratitude to the client area management and staff for their involvement and support of the audit process.

12.2 Audit report review process



1. The Assignment Team Leader shall submit a draft audit report cross-referenced to the work papers along with the working papers, to the supervisor for review. The supervisor will review the report to ensure that it is accurate and that there is adequate documentation in the working papers to support the issues and recommendations in the report. The Supervisor will also review the report for completeness, tone, grammar and other standard reporting requirements.
2. The Supervisor will return the draft report and discuss any changes with the Assignment Team Leader. Once the necessary changes are made, the Assignment Team Leader will resubmit the draft report for review.
3. The Supervisor should submit the report to the Director Internal Audit for final review. Any necessary changes shall be made and /or required information sought to enable conclusion of the draft report.
4. The report shall be provided to the Unit and seek responses within a specified period.
5. Once the responses to the draft report are received, they should be dated, stamped, and given to the Director internal audit. A review of the responses shall be made to ensure that issues have been appropriately responded to. If there appears to be a misunderstanding by the client on the content of the report or the recommendation, the Director Internal Audit should contact the client (preferably in writing) and clearly communicate the intent of the report/recommendation. If necessary, the Director should seek for a new response.
6. If no response is received after the period given in (4) above, written reminder shall be made. If no response is received, the report shall be issued without further reminder.
7. The completed report should be signed by the Director Internal Audit and circulated as appropriate.
8. The Audit Team Leader shall follow up with agreed action areas and dates and report accordingly.

Appendix 7; Format of audit report

CHAPTER 13

AUDIT REQUESTS/INQUIRIES

13.0 Introduction

As the Auditor plans and performs his/her duties, information required and used comes from the client/auditee. This chapter provides a framework within which the auditor requests or seeks inquiry from the client or auditee. Its objective is to ensure that the overall timing for the audit is achieved with information and clarifications required for the audit provided and supported.

An audit inquiry refers to a written request to an audit client seeking information or clarifications regarding a matter related to an audit assignment being undertaken. This can take place during field audit or after but also extends to providing management responses to issues raised during the audit.

13.1 Qualities of requests/inquiries

- a. All requests shall be documented
- b. All requests shall be on an official audit document either headed paper or audit working paper or standard audit request form.
- c. The request shall be signed off and shall bear the full names of the Auditor and Title/position.
- d. The request shall relate to the assignment being undertaken.
- e. The request shall be clear and specific on information/clarification requirements
- f. The request shall state timelines within which feedback shall be provided
- g. The request shall define the responsible person to respond to the inquiry either head of unit/responsible officer in the unit.
- h. The head of unit or responsible officer to whom requests have been sent or directed to, are responsible for ensuring responses are timely provided.
- i. Where more time is required than has been provided, then a request for extension shall be made and agreed upon with the auditor.
- j. Where the responsible person is unable or declines to respond to the request or inquiry, a written statement to that effect shall be provided with justification for non response within the time provided.
- k. Lack of timely response to an inquiry or to requests shall be communicated to more senior levels of management including up to the University Council level. All unsuccessful attempts to secure a response at each level shall be documented and kept as part of the working papers.

CHAPTER 15

AUDITING OF PROJECTS

15.0 Introduction

Projects refer to funding from development partners or donors. The funding from Development Partners support and supplement the University operations. The University financial and accounting policies ordinarily apply to all sources of funding including funds from Government of Uganda, Internally generated funds and development partner support funds. However, due to the uniqueness of project activities created through contracts and MOUs signed between the University and Partners, the review of the management of these funds require separate audit arrangements.

This chapter is intended to guide the University Audit staff and other staff who run and manage projects to be fully aware of project audit arrangements to ensure that University utilizes and accounts for all development partner funds in an effective and efficient manner.

The audit procedures contained in this chapter shall be read in conjunction with other auditing procedures of the University and best practices issued from time to time.

15.1 Procedures for auditing projects

In auditing grants and/projects, auditors are expected to perform their work to achieve an audit assurance level consistent with auditing standards requirements. This chapter is intended to help auditors in identifying important areas, functions or aspects to be considered in developing audit programs specific to the grant or grants in general.

The assurance required for each grant or project is determined in the context of risk assessed at the project or grant level or overall project control environment and the extent of testing required to attain the desired level of assurance and the overall entity control environment responsible for implementing the project.

The main objective of auditing grants and projects is to determine whether project objectives have been achieved and financial control has been exercised.

At audit planning level, the auditor(s) are expected to gather as much information about the project as possible to ensure project audit objectives are achieved. Full understanding and contextualization is fundamental. Audit team's knowledge of the relevant policies, history of the project, the project expected outputs, project critical success factors, project risks, project implementation known weaknesses, as well as any other matters specific to the project under review.

15.2 Project audit focus areas

Project audits will test and validate the following;

- a. Evidence of achievement of desired project /grant objectives
- b. Support for appropriate decision-making at all levels
- c. Availability of timely, relevant and reliable management information, both financial and non-financial
- d. Management framework of project risks
- e. Evidence of efficient, effective and economical use of resources
- f. Accountability for the use of resources
- g. Supportive control environment
- h. Compliance with contract/MoU terms and conditions, policies, procedures and statutory requirements.
- i. Effective monitoring and reporting framework for planned and actual results.
- j. Project opening, closure and handovers procedures

Appendix 8; Audit program for auditing of projects

CHAPTER 16

AUDIT FOLLOWUP

16.0. Introduction

Follow-up is defined as a process by which internal auditors determine the adequacy, effectiveness and timeliness of actions taken by management on reported findings and recommendations made. Internal Audit will determine if corrective action taken is achieving the desired results, or that management has assumed the risk of not taking corrective action on reported findings.

- **Performance Standard 2500 – Monitoring Progress**

Standards for the Professional Practice of Internal Auditing require the Director Internal Audit (Director Internal Audit) to establish and maintain a system to monitor the disposition of results communicated to management. Implementation Standard 2500.A1 requires a follow-up process to monitor and ensure that management actions have been effectively implemented or that management has accepted the risk of not taking action

Performance Standard 2600 – Management’s Acceptance of Risk

When the Director Internal Audit believes that senior management has accepted a level of residual risk that is unacceptable to the organization, the director internal audit (director internal audit) should discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Director Internal Audit and senior management should report the matter to the university council for further resolution.

16.1 Follow up procedures

16.1.1 Scheduling Follow-up Activities

The Director Internal Audit is responsible for scheduling follow-up activities as part of the Annual Audit Plan and the current audit schedule. The budget hours allocated to follow-up will be estimated and included in the audit planning process.

16.1.2 Planning and Scheduling a Follow-up Review

The following steps shall be taken in planning and scheduling a follow-up review:

1. The auditor should note the recommendations and corresponding management responses from the original audit. The “Status of Audit Recommendations” spreadsheet from the original audit shall be used as the basis for planning the follow-up review.
2. A follow-up review engagement letter shall be sent to the Unit Head to;
 - (a) Explain the objective of the review,
 - (b) Schedule a time for follow-up fieldwork, as applicable and

(c) Request a report, or appropriate document outlining the current status of the actions agreed upon in response to the original audit report recommendations (along with supporting documentation).

3. Follow-up reviews will include an opening and closing conference, and the scope should be limited to the findings included in the original audit report and any non-reportable conditions resulting from the original audit.

16.1.3 Management Responsibility

Management is responsible for deciding the appropriate action to be taken in response to reported audit findings. Management has an ethical responsibility to address the recommendations agreed upon in the management response section of the original audit report. Internal Audit is responsible for assessing management action for timely resolution of the issues reported.

16.1.4 Factors that should be considered in determining appropriate follow-up

Factors to consider include:

1. The significance and overall impact of the reported condition.
2. The degree of effort and resources needed to correct the reported condition.
3. The risk that may occur should the corrective action fail.
4. The complexity of the corrective action and the time needed for implementation.

16.1.5 The Extent of Follow-up Testing

The scope of the follow-up review should be based on the nature of the audit issues, the complexity of the corrective action and the level of confidence needed to verify management's commitment to implementing corrective action. Unless extenuating circumstances are present, the review should be limited to evaluation of the specific actions taken on the audit recommendations reported in the initial report.

16.1.6 Informal Follow-up Review

This is the most basic form of follow-up and may be satisfied by examining the status report, reviewing auditee/management's procedures, or with a formal telephone conversation or memo correspondence. This type of follow-up is usually applicable to the less critical conditions.

16.1.7 Detailed Follow-up Review

Detailed follow-up is usually more time-consuming and can include substantial involvement with the auditee. Verifying procedures and audit trails, as well as validating balances, records, etc. are examples. More critical audit conditions may require detailed follow-up.

16.1.8 Follow-up Report

A formal follow-up report or memorandum will be issued in draft form and distributed to the original audit report recipients, as applicable. The status of corrective action or management's waiver of resolution (and the corresponding acceptance of risk) will be

included in the report. Once the draft report, or memorandum is issued, procedures outlined for issuing audit reports should be followed.

16.1.9 Non-reportable Matters (Observations)

During the follow-up, the auditor will also perform procedures to determine if any non-reportable items that existed during the original audit have been satisfactorily resolved. If these matters have not been resolved, a reportable condition may be included in the follow-up audit report.

16.1.10 Conditions Still Exist

If the conditions still exist as a result of the follow-up review, the Director Internal Audit will escalate the concerns to Vice Chancellor, Audit Committee and/or the University Council, as applicable.

CHAPTER 17

AUDIT CONSULTING WORK

17.0. Introduction

The IIA standard 2010.C1 require the Director Internal Audit to consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. The engagements may be accepted or rejected.

Consulting services refer to non audit services which are requested by management to support university's operations. Considerations for accepting or rejecting a consulting activity may include;

1. Time availability for carrying out the consultancy engagement which may not materially affect the annual planned activities.
2. Independence considerations that may include being free from personal, external and organisational impairment factors.
3. Knowledge and skill requirements to deliver the assignment
4. Consider consulting the Audit Committee or Council in certain engagement requests
5. Any other factors considered necessary

17.1. Steps to guide in handling consulting engagements

1. All requests for engagement consulting shall be to the Director Internal Audit
2. The Director internal Audit shall subject the request to the criteria above and shall make a decision to accept or reject the consulting activity.
3. Where consulting activity is accepted, consideration shall be made based on the nature, complexity, auditor's availability and experience, allocate an auditor or team to handle the consultancy.
4. Full understanding of assignment shall be established with the client covering assignment objectives, scope, respective responsibilities and expectations
5. Audit work engagement planning and execution shall then follow.
6. During planning and execution, the Director Internal Audit and client shall be timely updated on all material issues including any need to review and adjust scope, objectives etc as may be necessary.
7. All relevant issues shall be documented; this documentation may consist of items such as transcripts from interviews, questionnaires, analysis carried out etc.
8. The Director Internal Audit shall periodically meet with the client management for clarifications and any additional wrap-up discussion prior to preparing a report. This gives a chance to highlight progress noted during the engagement, and to discuss and seek client buy-in on opportunities noted. The client should be allowed sufficient time to consider the engagement results, and to document an action plan that can be included in the consulting report.
9. The Director shall ensure that a consulting report is prepared at the completion of the project. The report should follow the basic format suggested below
 - i. background,
 - ii. objective(s),
 - iii. scope,

- iv. Methodology,
 - v. Findings,
 - vi. Conclusions/opportunities for improvement,
 - vii. Action plan developed together with the Client
10. The Director Internal Audit shall provide direction on disseminating results on the engagement, concerning what level of management will be included in the distribution of a report.
11. To the extent agreed upon with the client, the Director shall monitor the disposition of results of the engagement by performing a follow-up process.

The following are examples of consulting engagements that may be accepted;

- 1. Services that involve developing solutions to control challenges
- 2. Advisory and review services
- 3. Process improvement projects
- 4. Systems, processes and internal controls education and training

The following are examples of consulting engagements that may be declined;

- 1. Pre- investment or feasibility studies
- 2. Project design and supervision engagements

CHAPTER 18

STAFF CONTINUOUS PROFESSIONAL TRAINING AND CAPACITY DEVELOPMENT

18.0. Introduction

Auditing standard 1230 require internal auditors to enhance their knowledge, skills, and other competencies through continuing professional development.

Continuous professional development refers to the means by which people maintain and improve their knowledge and skills related to professional work.

The University encourages all staff to participate in activities that enhance professional enhancement.

Professional capacity development shall be in the following forms

18.1 Local and international Professional Organizations

- i. The University shall support (where funds available) in payment for membership in the Institute of Internal Auditors (IIA), Association of Chartered Certified Accountants and the Association of Certified Fraud Examiners (ACFE) among others.
- ii. Auditors shall be cost conscious, and take full advantage of the (Continuing Professional Education (CPE) hours available through the local institute branch chapters.
- iii. Attendance of periodic seminars held locally.
- iv. Opportunities exist through the Institute of Internal Auditors, Association of Chartered Certified Accountants etc.
- v. Take advantage of various companies and organizations that offer training opportunities to auditors, through conferences, seminars and workshops.

When the auditor finds a course suitable for professional development, he/she shall submit a request to attend to the Director Internal Audit through their respective supervisor. Details of the course and the benefits for professional development shall be detailed in the request.

18.2 Specific technical/skill Training

The Director Internal Audit (funds available) may recommend or receive specific requests from Heads of sections for recommendation of staff to attend a specific seminar or conference. These may be cases where the training is required or recommended for a particular project.

18.3 In-House Training

The University management/ Directorate of Internal Audit may arrange several in-house training opportunities. The opportunities may include training offered through Staff Development, training in specific on job tasks etc.

18.4 Personally supported professional development

Each auditor through his/her own initiation may fund relevant professional development. In this case the Director Internal Audit/ Human Resource shall be notified in writing about intended training showing how it will be handled.

CHAPTER 19

INVESTIGATIONS

19.0. Introduction

An investigation is a special purpose type of audit that require finding out unique facts to prove existence of fraud, suspected fraud or other malpractice. The primary purpose is to gather, develop, examine and /or evaluate evidence to determine the authenticity of suspected, improper/ fraudulent activity committed by an individual or group of individuals intended for the detriment of the University. Investigation issues may surface as a result of a routine audit, management requests and from a whistle-blower.

Such matters may include;

- a) Matters involving the misuse of University resources
- b) Matters of significant internal control or policy deficiency that is likely to exist at other units within the institution or across the University system;
- c) Matters that are likely to receive media or other public attention;
- d) Matters which involve significant threat to the health and safety of employees and/or the public;
- e) Allegations of improper activities by members of staff.

19.1 Why carryout audit investigations?

- a) An examination for the purpose of improvement of internal controls involved in an allegation of an improper act.
- b) Auditing for fraud in the absence of an allegation or reasonable suspicion.
- c) Developing fraud prevention or detection programs
- d) May assist in determining the techniques used in committing the improper act, the extent of damage caused by the improper act, and that causal factors permitting or contributing to the improper act (including internal control policy violations or deficiencies).

19.2 Procedures employed by audit in carrying out investigation

1. Interviews

Interviews shall be made for the purpose of gathering information. A formal record of the interview shall be generated for the interviews of all material witnesses. At least two persons should conduct interviews for material witnesses. Interview record should have; Substance of the interview, interview location, names of the interviewers and interviewees, time and date. In cases where an interview is recorded electronically (Tape, video, DVD) clear permission should be given by the witness.

Interviews should be conducted by seasoned interviewers. Consideration should be given to arranging a police officer to be visible but near the room the interview is being conducted. In cases in which admission is made, a signed statement should be obtained from the interviewer acknowledging authorship. Legible handwritten statements shall be acceptable. Such statements prepared by witnesses should be maintained without the

auditor's editing or corrections. If the subject refuses to make a formal statement, note the refusal in the record of the interview.

Auditors may consider the following information in determining of credible information;

- a. Is there corroborating evidence that would tend to support or contradict the interviewee's statement(s)?
- b. What is the interviewee's bias and motive to lie?
- c. Interviewee's appearance and demeanour; that is, whether the person appears to be telling the truth during the interview.
- d. Consistency of memory and evasive responses.
- e. Interviewee's character and opportunity to observe relevant actions or events

2. **Review of existing documentation;** all investigations must be properly authorised; relevant information properly documented; secrecy and confidentiality must be maintained, original documentation, material to the investigation, should be secured by the auditor and reviewed. Laws, regulations, policies and procedures. This will be intended to find out gaps that can be exploited by those involved in fraud.

At some stage - initially, or during the investigation, suspension of the suspect may need to be considered. This will ensure that evidence is not tampered with, and will also prevent any undue influence by the suspect on the course of the investigation. The suspension is, of course, without prejudice to the outcome of the investigation. The investigation will involve gathering of evidence, and its evaluation. If there is a high volume of detail and documentary evidence, it is preferable to take the strongest cases for full and detailed appraisal, for example where a successful prosecution is most likely to be secured.

All final investigation reports should be distributed to the Director Internal Audit at the completion of an investigation.

CHAPTER 20

RELATIONSHIP WITH EXTERNAL AUDITORS AND OTHER MANDATED AGENCIES

20.0. Introduction

Internal Audit shall coordinate activities with other review agencies like; external auditors, consultants, and providers of assurance services, so as to ensure proper audit coverage and limit duplication of efforts.

20.1 External Auditors

The Directorate of Internal Audit shall work with the External Auditors in the coordination and scheduling of audit efforts. Once the level of assistance to be provided is determined, the Director may designate an Audit Staff to assist with the coordination. The audit's staff duties when assisting with the coordination effort may include:

- a) Arranging liaison meetings to discuss matters of mutual interest. At such meetings, the internal auditor should:
 - Invite externals to discuss, the reason for the audit, the objectives, scope, timeframe to be covered by the audit, and the expected duration of the audit.
 - Perform introductions between external Auditors and the other management representatives in attendance.
 - Register attendance of members to include; Name, designation, Unit/department.
 - Inform externals auditors of location of their workspace.
- b) Making the necessary arrangements for adequate working space and relevant facilities.
- c) Making necessary arrangements for access to each other's plans, working papers, system notes and finding
- d) Arranging for consultation on plans and proposed visits
- e) Reviewing training proposals to arrange joint training sessions where possible
- f) Dissemination of literature for discussion to promote understanding of techniques, methods and terminology.

The Audit Staff assigned may be asked to perform portions of the externals' audit programs. If so, the Audit Staff should complete the assignment with the same level of objectivity as they would on all assignments, and will still report to the Director during this period. The Director will discuss with the Audit Staff the guidelines of the assignment, including the level of assistance that the Audit Staff is expected to provide. The Audit Staff should ensure that the work they perform throughout the assignment falls within those guidelines for audit assistance.

20.2 Other mandated agencies

The other mandated agencies shall include but not limited to Uganda Police, Inspector General of Government and other Regulatory bodies.

The Directorate of Internal Audit shall work with the mandated agencies as and when requested. The involvement of audit in these assignments shall be on request from mandated agencies. The request shall be to the Vice Chancellor / Accounting Officer requesting for audit involvement and

support. The Director Internal Audit shall assign as deemed fit staff(s) to support in this kind of assignment.

CHAPTER 21

QUALITY ASSURANCE MECHANISMS

21.0. Introduction

Quality assurance is designed to enable an evaluation of internal audit activity's conformance auditing standards and code of ethics. Standard 1300 – Quality Assurance and Improvement Program requires *“The Director Internal Audit to develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity”*. A quality assurance and improvement program is designed to;

- Enable an evaluation of the internal audit activity's conformance to the definition of internal auditing, standards and an evaluation of whether internal auditors apply the code of ethics.
- Assess the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

21.1 Requirements of the Quality Assurance and Improvement Program (1310)

The quality assurance and improvement program must include both internal and external assessments.

21.1.1 Internal Assessments

Internal assessments must include:

- a) **Ongoing monitoring of the performance of the internal audit activity;** Internal reviews should be performed by Senior Internal Audit staff as an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. This should be incorporated into the routine policies and practices used to manage the internal audit activity. Tools considered necessary for evaluation shall be developed to enable appraisal of the quality of the Internal Audit work.
- b) Periodic reviews should perform through self-assessment or by other persons within the organization with sufficient knowledge of internal audit practices.

21.1.2 External Assessments

External assessments shall be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The Director Internal Audit will discuss with University Council:

- a) The need for more frequent external assessments; and
- b) The qualifications and independence of the external reviewer or review team, including any potential conflict of interest.

21.2 Reporting on the Quality Assurance and Improvement Program (Standard-1320)

On completion of review works, reports of the results should issued to University Management and the Council through the Audit Committee. These reports should express an opinion on Internal Audit's compliance with these *Internal Auditing Guidelines* and, where necessary, should include recommendations for improvement.

Key contents in the communication shall include;

Demonstration of conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards with regard to the conduct of internal audit activity, quality of reports produced, reviewer's or review team's assessment with respect to the degree of conformance is required.

CHAPTER 22

SECURITY, RETENTION AND DISPOSAL OF AUDIT DOCUMENTS AND DATA

22.0 Introduction

This chapter is aimed providing guidance on controlling access to audit information for purposes of confidentiality, prevention from destruction, alteration, misuse of information of information. It is also aimed at defining responsibility for granting and controlling access to audit information.

22.1 Audit Information

Audit information includes working papers (Permanent and current files), Audit reports and other audit documents. Electronic information in form data files kept on all audit computers.

22.2 Securing of audit information

The audit documents should be kept in accordance retention and with disposal requirements of government documents. All documents shall be kept in secure and lockable locations with restricted access.

For electronic data, backups shall be maintained and kept off site.

22.3 Disclosure of audit information

All audit information should be accessed through written request to the Director Internal Audit specifying the nature or document and purpose for which document or information is required.

All Internal audit staff shall respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Staffs who do not comply with these ethical requirements shall be reported to the disciplinary committee of Council

Glossary

Add Value

The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Adequate Control

Present if management has planned and organized (designed) in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.

Assurance Services

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Board/ Council

A board is an organization's governing body, such as a board of directors, supervisory board, head of an agency or legislative body, board of governors or trustees of a non-profit organization, or any other designated body of the organization, including the audit committee to whom the chief audit executive may functionally report.

Charter

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Code of Ethics

The Code of Ethics of The Institute of Internal Auditors (IIA) are Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Consulting Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the Council and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

Control Processes

The policies, procedures, and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.

Engagement

A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Engagement Objectives

Broad statements developed by internal auditors that define intended engagement accomplishments.

Engagement Work Program

A document that lists the procedures to be followed during an engagement, designed to achieve the engagement plan.

External Service Provider

A person or firm outside of the organization that has special knowledge, skill, and experience in a particular discipline.

Fraud

Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance

The combination of processes and structures implemented by the Council to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

Impairment

Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations (funding).

Independence

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Information Technology Controls

Controls that support business management and governance as well as provide general and technical controls over information technology infrastructures such as applications, information, infrastructure, and people.

Information Technology Governance

Consists of the leadership, organizational structures, and processes that ensure that the enterprise's information technology supports the organization's strategies and objectives.

Internal Audit Activity

A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization's operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by The IIA. Authoritative Guidance is comprised of two categories – (1) mandatory and (2) strongly recommended.

Objectivity

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Residual Risk

The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite

The level of risk that an organization is willing to accept.

Risk Management

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Standard

A professional pronouncement promulgated by the Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities, and for evaluating internal audit performance.

Technology-based Audit Techniques

Any automated audit tool, such as generalized audit software, test data generators, computerized audit programs, specialized audit utilities, and computer-assisted audit techniques (CAATs).

APPENDICES

Appendix 1; Pre-audit procedures

Appendix 1.1 Review of payments

Objective

To enable internal check on the completeness and relevance of payments made in relation to achieving university objectives.

Process flow in internal audit

Units originate payments a document above threshold handled at respective units and forwards them to the Directorate of Internal Audit for review. Upon receipt of the payments, they are stamped received, recorded an approved review criteria. The review is dual with the first reviewer a subordinate and the second reviewer a superior.

Tests for payments

- a. Check that requests are duly passed and authorized.
- b. Check for compliance with statutory obligations e.g. WHT, PAYE, NSSF, VAT, Local Service Tax etc
- c. Check for compliance with Makerere policies e.g. rates of allowances, salary scales, approval procedures etc.
- d. Check for compliance with procurement and disposal regulations, policies and procedures
- e. Check for compliance with public service standing orders and accounting regulations e.g. accountability period and formats.
- f. Check for arithmetic accuracy and completeness.
- g. Check whether the previous advances have been accounted for

Appendix 1.2 Review of accountabilities

Objective

- a. To establish whether the funds advanced were used for the intended purpose.
- b. To establish whether all documentation relating to the accountability was presented for review.

Accountability process flow internal audit office

Staffs are advanced money after review by Accountant and approval by the Unit of the head. For accountability the accountant should review accountability first before submitting it to Internal Audit. The staff accounting should ensure the accountant of Unit has reviewed the accountability. The accountability is then sent to the Directorate of Internal audit and the accountability should be delivered to Secretary directorate of internal Audit, who shall ensure it is stamped received, recorded in the Register. The accountability shall thereafter be distributed for review following review criteria.

After review the accountability is then sent back to the front desk where it's again recorded as cleared and placed in a pigeonhole for collection by the responsible person from the Unit where the accountability originated from.

Content of accountability

- a) Statement that it is accountability
- b) Name of the accounting unit
- c) Name of the person accounting and telephone contact
- d) Amount advanced
- e) Amount of the accountability being submitted
- f) Performance detail showing budget expenditure, actual expenditure, variance and comments on variance. Please reference your supporting documents
- g) Supporting documents should be arranged in the order of expenditure report.
- h) Small size receipts should be fixed on A4 paper and well referenced

Tests for accountabilities

- Check for Accountants review and comments before submission to Audit
- Check to confirm that budget is the basis of the advance and advance payment slip/voucher is attached.
- Check to confirm that expenditure is in line with the budget used to advance.
- Check the time duration for the advance against what is acceptable and notify the person.
- Check that every expenditure value/amount is adequately supported by original expenditure documents (invoices, receipts, pay vouchers, attendance lists, payment schedule duly signed by recipient, Visa/passport page, report copy as appropriate, pictorial evidence as appropriate)

Note that:

- Plain receipts are not good expenditure evidence
- All receiptable items should be supported with valid receipts and it is the duty of the person accounting to make sure a receipt is provided.
- Pay acknowledgement forms should indicate recipient name, contact, amount, purpose of pay, how the amount was arrived at and signature of payee and payer/approval.
- Signed receipt of allowance is matched with attendance register and rates are in line with the approved one.
- Invoices and receipts for supply of goods and services are authentic. For example; hotel, fuel, car hire e.t.c
- Procurements are made in accordance with the procurement and disposal regulations.
- Agree the accountability amount to the accountability ledger.

Appendix 1.3 Verification of deliveries

A. Objectives

1. To witness and confirm that the delivery has been made and received with appropriate documentation completed
2. To confirm that the delivery is in compliance with specifications (description, quality & quantity) and in good condition

B. Initiation of the verification

1. The receiving department writes in advance to the Director internal Audit requesting for an audit to verify the deliveries. The request letter should contain the following:
 - a) Date and time of delivery
 - b) Place of delivery
 - c) Estimated value of delivery
2. The letter requesting for verification is delivered to the secretary directorate of internal Audit with the recipient acknowledging receipt by signing the delivery book.
- 2) The request is then recorded and assigned and assigned according to the allocation schedule.

C. Requirements for verifying the delivery will include;

1. Local purchase order
2. Detailed specification of requirements
3. Packing list /delivery advise note
4. Delivery note
5. Documents of title for property and automobiles

D. Tests for Deliveries

1. Test for specifications as in LPO and detailed specification of requirements
2. Check the conditions of the delivery
3. Check for registration details in documents of title for consistency and rights/obligations
4. Check for operating manuals and toolkits in case of plant, machinery and equipment
5. Ensure delivery note and goods receive notes are signed and copies issued according.
6. Witness should attest by signing into the delivery note and GRN.

Brief report can be made using review feedback report form (appendix 1.5) or written report

Appendix 1.4 Pay change reports**Objectives:**

1. All additions to the payroll are genuine, supported and correctly captured and authorized
2. All payroll deletions and adjustments are supported and authorized

Initiation

1. The salaries section of the University completes and delivers pay change forms to the secretarial desk of internal audit.
2. Secretariat delivers the pay change forms to the predetermined audit manager

Requirements

1. Pay change forms
2. Batch control forms
3. Copies of appointment letters (for payroll additions and promotions)
4. Copies of resignation letters/evidence of expired employment contract/ disciplinary committee resolutions (for removals, indictments and downward salary adjustments)

Tests for pay changes

1. Each pay change form is checked against appointment/ promotion letter for accuracy in terms of scale, start date and arrears computations.
2. Removals and downward salary adjustments are checked against expiring employment contracts, disciplinary committee resolutions, evidence of abscondment from duty or evidence of death as determined by the circumstances provided for removal/downward adjustments.

Appendix 1.5 site inspections

This involves physical site visits for contracts of works or equipment installation

Objectives

1. To evaluate on the progress of work against work plan and contract of works
2. To witness quality of work and materials used against contract document (work plan and BOQ)
3. Witness on the procedures on all matters of variation and note explanations to significant deviations

Initiation

1. The Director Estates and Works or such officer delegated shall write to the Director Internal Audit requesting for an audit for the site inspection.
 - a) The letter of request shall indicate;
 - b) Date and time of the site inspection
 - c) Meeting point of the inspection team
 - d) Location of the site to be inspected
 - e) A copy of the relevant documents to the inspection (may be provided while on site)
2. The request letter is delivered to the director internal audit through the secretarial desk and manager is signed to oversee the execution of the request.

Tests during site inspection

1. Check the progress of the work against work plan and note any signs of delays and explanations given for such delays.
2. Check that the site manager is assigned to the project and has proper record of work progression.
3. See to it that proposed variations are well supported and document.
4. Note on the quality of work and seek explanations from the technical team on the event of questionable quality
5. Take note of any significant issues discussed at the site inspection.
6. Report to the Director Internal Audit on matters of the site inspection

Appendix 1.6 handovers of office

Hand over of office is a requirement for public officers leaving office temporarily or permanently.

Objectives

1. To ensure a smooth transition of office
2. To provide assurance and guidance to the incoming officer

Procedure and Requirement of the Handover

A. Handover initiation

1. The officer handing over office or such officer directly or indirectly supervising the officer handing over writes to the Director Internal Audit requesting for an Auditor to attend and witness the handover.

The letter should indicate the following:

- a) The level of the handover (guides the Director Internal Audit in assigning the auditor)
 - b) The date and time of the handover
 - c) The venue of the handover
2. The above letter is delivered to the Internal Audit Secretarial desk.
 - a) On receipt of the letter, the recipient shall stamp on the letter as “received by Internal Audit” with the receiving date indicated
 - b) The recipient shall then sign the delivery book if any.
 - c) The letter requesting the for the auditor is forwarded to the Director Internal Audit who by writing normally on the same letter assigns to the Audit manager who will oversee the execution of the handover exercise

B. During the handover

1. The incoming officer, outgoing officer and third party to witness must be present at the handover
2. There must be a hand over report with the following contents as may be appropriate
 - a) Major policy issues that the officer shall be involved with
 - b) Property under the custody of the officer
 - c) Specific assignments to be handled and pending issues
 - d) Clients the officer has been involved with in the course of performing official duties
 - e) List of files of major importance
 - f) List of employees and their areas of responsibility
 - g) Statement of bank balances and reconciliations for all listed accounts
3. The actual and physical handover of all items listed above including:
 - a) Office keys
 - b) Motor vehicle keys if any
 - c) Security password if any
4. The handover report to be signed in at least triplicate by the two parties and witnessing officer above with a copy of the signed report retained by either party and the third copy retained for official use and delivered to the appropriate office.

Appendix 1.7 Format of review feedback report

MAKERERE UNIVERSITY- DIRECTORATE OF INTERNAL AUDIT

REVIEW – FEED BACK REPORT

1.0 Section I: Background Information:

- a. Responsible person: _____
- b. Transaction Ref: _____ Date: _____
- c. Dept/Directorate/Hall of res./Faculty/School/College: _____
- d. Nature of transaction: _____ Total Amount _____

2.0 Section II – Feedback on issues identified (*attach a separate sheet where necessary*)

3.0 Section III: Conclusion:

1st Reviewer: _____ 2nd Reviewer: _____

4.0 Section IV: Response from client:

Appendix 2: Summary of Job Descriptions for technical Audit Staff

	JOB TITLE	SCALE	ROLES AND RESPONSIBILITIES
1.	Director Internal Audit	M3	<ol style="list-style-type: none"> 1. Provide overall leadership to the Internal Audit Directorate 2. Develop, implement and provide oversight of internal audit strategy, plans and approaches 3. Review internal control framework with in the university 4. Review risk management processes, plans and monitoring mechanisms in place. 5. Oversee the utilisation, accountability and reporting over internal audit resources. 6. Ensure the implementation of Makerere University Internal Audit charter and Audit Committee Charter and other policies and regulations on internal auditing 7. Represent the Internal Audit Directorate in strategic fora within Makerere University and beyond. 8. Secretary to the Audit Committee of Council
2.	Audit Manager	M4	<ol style="list-style-type: none"> 1. To provide professional and technical support to the Director in policy and strategy formulation. 2. Develop audit plans and framework for conducting audit assignments in various technical areas. 3. Review risks and control framework 4. Review and monitor work performed as per plans. 5. Prepare and review reports for assignments conducted.
3.	Senior Internal Auditors	M5	<ol style="list-style-type: none"> 1. Designing audit programmes for carrying out particular audit assignments. 2. Coordinating planning of Audit assignments 3. Drawing audit objectives, developing working papers and carrying out preliminary review 4. Evaluate changes and modifications to systems or internal controls 5. Lead teams in holding entry and exit meetings for various assignments 6. Review working papers for work carried out by Internal Auditors Review reports of audits carried out
4.	Internal Auditor	M6	<ol style="list-style-type: none"> 1. Develop audit programs for audit assignments 2. Gather and develop working papers 3. Conduct audit exercises 4. Evaluate changes and modifications to systems or internal controls 5. Compile Audit Reports 6. File all audit working papers 7. Assist in carrying out investigations as and when required.
5.	Audit Assistants		<ol style="list-style-type: none"> 1. Gather and develop working papers 2. Conduct audit exercises 3. Compile draft audit findings 4. File all audit working papers

Appendix 3: Format of Audit Universe

Identification of Broad categories of entities/areas	Detailed break down of Entities/Areas	Specific auditable systems/processes/activities
<p>Shall include</p> <ul style="list-style-type: none"> • Central Administration/ Admin Units, • Colleges & Independent Schools nits, • Projects • Distance Centres/Campuses • Halls of residence 	<ul style="list-style-type: none"> • Revenue or expenditure • Procurement and disposals • ICT services • Projects operations 	<ul style="list-style-type: none"> • Revenue collections • Financial Reporting • Governance processes and systems • Legal and Litigation • Human resource systems • Payroll

Appendix 4: Format of Risk assessment Questionnaire

[illegible]

Appendix 5: Format of the Strategic audit plan

[illegible]

Appendix 6: Sample Audit programs

Appendix 6A: Audit Program for Salaries, Pensions and Gratuities

From a month payroll selected, conduct the following checks

Ref	Audit Programme Tasks
1	From the approved Salary structure confirm that all posts are paid at the correct salary grade and at the correct rate of pay.
2	Review the deductions to ensure they are of correct rates. Investigate any unusually large deductions and obtain justification.
3	For any advances, inspect the relevant authorisation. Check the amount is entered in the advances register.
4	Check 100% of net amounts per the payroll to the Bank Transfer Instruction
5	Check the casting on the Bank Transfer Instruction to ensure the total is correct.
6	Check the total amount on the Bank Transfer Instruction has been reflected on the bank statement
7	Carry out a review of the gross monthly payroll amount and investigate significant fluctuations, validating the reasons given.
	Payroll Deductions
8	Check the casting of the deduction columns on the payroll , to ensure the total is correct
9	Ensure that the total amounts have been paid to the respective creditors [URA, NSSF etc] ie check that the payment is reflected in the cash book [and bank statement].
10	For recovery of advances, ensure the recovery has been entered into the advances register.
11	Confirm that the salary grade contained in each person's staff record file is the same as that on the Establishment Register.
12	Confirm that a permanent record is kept of all service of every individual for pension and redundancy purposes.
13	Ascertain which members of staff have left in past 12 months and check that the Establishment register and Payroll have been updated.
14	Confirm that new staff are entered in the Payroll in the right period and with right amounts
15	Review the amounts of Payroll and pension arrears
	Pension & Gratuity Payments
16	Inspect Pensions General Ledger Account to determine whether any pensions have been paid.
17	If the balance is significant, vouch the Pensions Expenditure, by locating the appropriate payment vouchers, ensuring that all approval procedures have been carried out.
18	Vouch the amount paid, and the name of the Pensioner to the Pension Register

Appendix 6B: Audit Programme for Fixed and Non Produced Assets**For the selected sample conduct the following checks**

Ref	Audit Programme Tasks Acquisition of Assets
1	Confirm that: (a) the University's Acquisition policy have been followed, (i.e. procurement and contracts Committee procedures), and vouch the expenditure accordingly. (b) the University's hiring/leasing policies have been followed (c) the Asset is recorded in the General Ledger
2	Vouch the asset cost reflected in the ledger back to the payment voucher. Note that under the expenditure audit programme [C2], the majority of the larger asset purchases will have already been vouched. This test is to vouch the remaining assets.
3	For acquisitions ensure that the appropriate asset registers have been updated correctly with: (a) asset details (b) asset costs (c) acquisition and ownership details (d) appropriate depreciation/amortisation charge
4	Obtain and review a schedule of the asset balances per the fixed assets register, add it up, and ensure it balances, or has been formally reconciled with the related GL account. Investigate discrepancies.
5	Verify the existence of a sample [say 80% by value] of the assets on the register by physical inspection. [Simultaneously note the physical condition of the asset]
6	Establish existence/ ownership of legitimate title deeds, registration books etc in Entity Name.
	Maintenance
7	Confirm that the University has in place a policy for the repair and maintenance of the sampled assets. Where applicable ensure that the policy is based on time and usage of the asset [e.g. vehicles, equipment etc]. Confirm that asset registers/ records/ job cards record the usage and maintenance costs for the individual assets.
8	Review the maintenance costs and charges made to the ledger accounts for the selected assets for reasonableness.
9	For any assets noted as being in unsatisfactory state of repair [test 4], determine whether a maintenance budget exists. If not discuss the matter with the Accounting Officer, and determine what action must be taken
	Operations and Usage – General
10	Confirm that assets are being used for the appropriate task, (i.e. for Entity operations and revenue generating activities. Investigate assets not being used for such activities.
11	Confirm that adequate security arrangements exist for the storage and custody of assets [particularly vehicles and plant and equipment] such that it is unlikely assets can go missing, or be utilised for “ private purposes”
12	Confirm that where assets are leased out or used by third parties or other departments that this is

	properly approved and adequate charges are made [according to an approved tariff] and that related revenue has been received and banked.
	Operations and Usage – Vehicles
13	Confirm from stock records for petrol, diesel, oil, tyres and other “consumable items” and check these to the related records of issues of the same to vehicles maintenance cards.
14	Check that the stock and maintenance records accurately reflect the operational use of both consumable items and the use of the vehicle and vice versa.
15	Examine the log books for sample vehicles and investigate reasons for low or excessive use.
16	Examine the record of kilometres per litre for each vehicle, as well as the overall cost running cost per kilometre, and ensure that obvious anomalies have been acted upon.
17	Examine the record for tyre issues and ensure that obvious anomalies have been acted upon.
18	Examine the record for spare parts and ensure that obvious anomalies have been acted upon.
19	Confirm that vehicles are being used for the appropriate task, (i.e. is a 4X4 being used when a normal car could do the same job at less cost).
20	Confirm that careful consideration been given for routing vehicles, delivery/collection routes.
21	Confirm that adequate security arrangements exist for the garaging of vehicles.
22	Confirm that adequate security arrangements exist for the custody of vehicle spares and tools etc.
23	Confirm that there is a system for recording all expenditure and costs relating to individual vehicles, as well as in total
	Asset Disposals
24	For all disposals recorded in the asset register, carry out the tests listed in the procurement and disposal regulations.

Appendix 6C: Audit Programme for Cash and Bank Balances

For the selected sample conduct the following checks

Ref	Audit Programme Tasks
	Bank Accounts
1	Obtain details of all bank accounts with full titles, account numbers and authorised signatories.
2	Authenticate this list by requesting the Bank(s) concerned to confirm in writing all accounts in operation [and any dormant].
3	Confirm that the number and nature of bank accounts conforms to the University regulations
4	Obtain a copy of the contract and correspondence with the University's bankers ,and confirm that the University has taken appropriate steps to negotiate favourable conditions of service, and favourable bank charge rates
5	Confirm instructions have been issued that money can only be released from the main Collection Accounts to expenditure account out of which payments are made.
6	Confirm that all subsidiary bank accounts are operated properly and reconciled monthly.
	Cheque Control
7	Confirm that cheques are stored in safe custody and subject to control via a cheque register, which covers the operation of all bank accounts.
8	Review the payment register and confirm that all cheques/payment instructions are issued to approved and identifiable personnel and acknowledged in writing. Authenticate the signature.
9	Confirm that the stock balance of cheques is verified at least monthly
10	From the payment register, select one used cheque book/payment instructions for every bank account, obtain the cheque book and the returned cheques from the bank [if available], and account for the entire sequence of cheques in the related cash book
11	Inspect the returned cheque to confirm that are "open" cheques are never used, and all cheques have been signed by the stipulated number of designated signatories.
12	If any cheques are spoiled or cancelled inspect the cheque to ensure it has been properly cancelled.
13	Confirm that cheques returned as "unpaid" have been cancelled, and a new cheque issued, and the payment voucher annotated [and approved] accordingly.
	Reconciliation of Cash Books with Bank Statements
14	Confirm that the person(s) responsible for bank reconciliations are independent of the preparation and despatch of cheques/payment instructions.
15	Confirm that bank reconciliations are made monthly.
16	For each bank account check one bank reconciliation as follows: (a) Verify the arithmetic accuracy of the reconciliation ; (b) Verify the " cash book balance" and the "bank statement balance" with their respective sources (c) Trace all outstanding cheques and deposits through to the bank statement in the next

	<p>accounting period and verify their validity;</p> <p>(d) Scan the cashbook/bank statements for any unusual items (e.g. contra entries, dishonoured cheques) and investigate;</p> <p>(e) For any cheques that are still outstanding :</p> <p>i) examine the nature of the item not cleared;</p> <p>ii) examine the supporting documentation and authorisations to determine whether they were of a routine nature;</p>
17	Obtain direct confirmation of account balances from the bank and compare these with the cash book balances and ensure that this agrees with the Board of Survey Report.
18	Check the arithmetical accuracy of all cash books and check every cash book balance back to its respective GL account
19	Examine security arrangements and adequacy of insurance cover, including for cash in transit
	YEAR END BALANCES
20	Confirm that full bank reconciliations have been prepared for all bank accounts, and scrutinise reconciliations for reasonableness. Obtain explanations for unusual reconciling items, and validate as necessary.
21	Agree balances per cash book to the respective general ledger account
	Imprest Balances
22	Check that the imprest balances at the end of the year, agree with the Board of Survey cash counts.

Appendix 6 D: Audit Programme - Stores

For the selected sample conduct the following checks:

Ref	Audit Programme Tasks
	Security
1	Confirm that when you arrived at the stores, you were asked to show your identification prior to access
2	Confirm that there is a controlled access point into the stores.
3	Confirm that the premises are secure against intruders.
5	List the key-holders
6	Confirm that the storekeeper is the only person allowed to receive and issue stocks.
	Ordering
7	Confirm that the ordering function is audited under the Procurement and disposal regulations.
8	Check that all details were correctly and promptly entered onto the stock records [GRN No, date, description, quantity, cost, LPO No etc]
9	Confirm that any bulk materials were weighed before being accepted. Check the last five bulk deliveries.
10	For a sample of say 10 -30 high value / desirable items from the stores ledgers/ records carry out a physical stock verification and investigate any missing items /discrepancies
	Issues From the Stores Issues Notes select all issues made in the preceding month and test as follows:
	<ul style="list-style-type: none"> • Check the details on the issue note to the requisition note, which must be prepared by persons who are not storekeepers. • Check that all details were correctly and promptly entered onto the stock records
	Stock Cards
11	Validate the authenticity of all entries on the stock cards for the preceding month by scrutinising all stock cards to ensure that all entries relating to stores received, and stores issued, have been correctly entered.
	Stock Counts
13	Select at least 50% by number of the stock cards and physically count the stock, comparing the count amount to the balance on the card. Note all differences, [including the unit cost of the item]
14	Request storekeepers to explain the discrepancy and investigate the authenticity of their explanation
16	Confirm through enquiry and inspection of stock sheets that stocks have been comprehensively physically counted at least quarterly, by persons independent of the store men
17	Verify that a Board of Survey was convened in accordance with the Financial and Accounting Regulations, and appropriate action taken on any subsequent report.
	Write-offs
18	Confirm that all differences / shortfalls were reported and dealt with through the official 'write off' procedure
19	Confirm that obsolescent and damaged items are properly approved for write off and that the stock ledger/ records are updated correctly and contain appropriate reference to the write-off approval.
20	Scrutinize all write offs that have been made and ensure that they have been appropriately reported, approved and accounted for.
21	Confirm existence and compliance with procedures for identifying slow moving, expired and obsolete stocks

Appendix 7; Working paper format

Ref:

DIRECTORATE OF INTERNAL AUDIT – AUDIT WORKING PAPER DOCUMENT

Name of Client:Prepared by: Title:

Date:.....

Period of Audit: Reviewed by: Title:

Date:

Reviewed by: Title:

Date:.....

Subject:

.....

[illegible]

Please include or attach any analysis, computation & comments done separately to the working paper

Appendix: 8 Audit Report Format

- 1 Back ground
- 2 Objectives and scope
- 3 Audit Methodology
- 4 Executive summary
- 5 Detailed report
- 6 Conclusion(s)

5.1	Finding (s)/Observation(s) and the implications Put detailed findings which should cover the such aspects <ul style="list-style-type: none"> • Non compliance, challenges with the aspects you are reviewing, lack of procedure or guidelines • Lack of documentation, discrepancies etc • You can use several appendices and refer to both permanent and temporary working papers
	Recommendations <ul style="list-style-type: none"> • Ways of dealing with the challenge or risk, • Improvements required • Accountability required • Controls setting and strengthening required etc • Legal action etc
	Management response/Comments/Action

Appendix 9; Audit program for audit of projects/Grants

For each project/grant check the following;

Ref	Audit Programme Tasks
	Project contractual and policy framework
1	Check contract /MoU existence and test compliance with terms and conditions their in
2	Check existence and compliance with policies and procedures in place
	Project control environment
3	Check and review project governance structures and reporting framework
4	Review project staff responsibilities and reporting relationships and check whether they are clear and supportive to the program objectives
5	Check and review project work plans and budgets

Star Core Values

1. A globalist and activist
2. Growth of ideas, creativity and innovation is always
3. Individualism, innovation
4. Excellence and customer improvement
5. Transparency and accountability and mutual communication in the organization
6. The high standards and ethical standards and,
7. The values of honesty and integrity with nothing hidden as University is an institutionally regulated and self-disciplined, research intensive, learning, culture, quality management and leadership, the University remains an optimal environment for high performance and all dimensions of sustainable development.

Star selection

As people with different capabilities
including sensory and cognitive abilities
but the same need for standards of quality of
service, quality learning and
educational delivery, strategy.



Quality Assurance, Accreditation
Review, Self-Audit, External
Review, External
Peer Review, External, Internal
Internal, External, Internal
Internal, External, Internal
Internal, External, Internal
Internal, External, Internal