



# **INTERNAL AUDIT MANUAL**

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## **1.0.OVERVIEW OF THE INTERNAL AUDIT MANUAL**

### **1.1.Purpose of the Internal Audit Manual**

This manual outlines the authority and scope of the internal audit function within SALT University College and delineates the policies, standards, and procedures that will generally govern the Internal Audit Function.

The purpose of the Internal Audit Manual is to:

- Provide all levels of University management and the Board of Directors of SALT University College with an independent assessment of the quality of the University's internal controls and administrative processes and provide recommendations and suggestions for continuous improvement.
- Provide employees of SALT University College with a source of reference for internal audit procedures and routines.
- Outline the principles that guide the practice of internal auditing at SALT University College
- Provide a framework for performing and promoting risk-based and value-added internal auditing
- Establish the basis for evaluating internal audit performance and foster the continuous improvement of organizational processes and operations.

### **1.2.Scope of the Internal Audit Manual**

The Internal Audit Manual applies to SALT University College as a whole, including all controlled entities. It addresses both the assurance services and advisory services provided by the Internal Audit function.

An internal audit manual will encompass the evaluation of operational efficiency, financial reporting reliability, compliance with laws and regulations, asset safeguarding, fraud detection and prevention, and overall assessment of internal controls across various business processes. It aims to provide reasonable assurance to management regarding the effectiveness of risk mitigation strategies and control systems within SALT University College.

### 1.3.Job Descriptions

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

3. Compile draft audit findings
4. File all audit working papers

## 1.4. Internal Audit Charter

The Internal Audit Charter is a policy document that defines the purpose, authority and responsibility of internal audit activities in SALT University College. 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 organization’s operations”. It assists the University College in accomplishing its objectives of provision of world-class teaching, research and innovations, relevant to sustainable development, by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of SALT University College’s risk management, control and governance processes.

### 1.4.1. Mission

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

### 1.4.2. Authority

#### *Governing Council*

The Governing Council is responsible for the strategic direction and governance of the University College. In relation to internal audit, the Governing Council ensures that:

- The right control environment is created.
- The Internal Audit Directorate is well resourced.
- The Internal Audit Directorate has a Director and the right leadership.
- The internal audit activity is carried out in compliance with relevant laws, standards or code of best practices.
- The Internal Audit Directorate receives the necessary support.
- The Audit Committee is established and functioning effectively.

#### *The President*

The President is responsible for

- Establishing an effective system of risk management, internal control and internal audit in respect of the resources and transactions of the University College.

### *The Audit Committee*

The Audit Committee is responsible for ensuring that the President pursues the implementation of any recommendation contained in:

- The internal audit reports of the Internal Audit Directorate.
- External auditor's Management Letter.
- The report of any other internal monitoring unit of the University concerned particularly with financial matters raised.

### *Director of Internal Audit*

The Director of Internal Audit is the Chief Audit Executive of the University College. The Director of Internal Audit reports administratively to the President and functionally to the Governing Council. The Director of Internal Audit is responsible for:

- Conducting skills gap assessment covering all aspects of the operations of the Directorate to design, develop and implement a capacity building programme.
- Improving the existing structure of the Directorate and enhancing the ability of the staff to perform assignments in line with best practice.
- Designing, developing and implementing an Internal Audit Charter for the University College including standard working papers, tools and templates to help improve the quality of the Directorate's activities and deliverables.
- Collaborating with the Audit Committee, the President and Senior Management to determine and agree on the University College's key strategic risks, and develop a risk-based plan for the Directorate, as well as an operational plan for the next financial year.
- Effectively executing the approved internal audit plan in line with the timelines in the approved operational plan and submit regular status updates to the Audit Committee.
- Presenting the results of internal audit reviews conducted during the period to the Audit Committee and other relevant committees.
- Attending other Senior Management Administrative meetings where appropriate to discuss internal audit plans and activities, including significant weaknesses, recommendations and status of corrective actions.
- Supervising the day-to-day activities of the Directorate.
- Overseeing closure of audit findings and monitor implementation of key initiatives arising from outcome of internal audit reviews. Implementing a programme to enable an evaluation of the internal audit function's conformance with the IIA Standards, application of the Code of Ethics, assessing the efficiency and effectiveness of the internal audit function and identifying opportunities for improvement.

- Conducting special investigations as necessary.
- Regularly evaluating the adequacy and effectiveness of the University College's internal control framework.
- Assisting the President and the Governing Council to establish effective fraud prevention measures and provide initial or full investigation of suspected fraud.
- Collaborating with other relevant units such as Finance to provide audit support during the financial audit period and ensure that the findings from the financial audit are regularly monitored and resolved.
- Reporting suspected fraud committed to the Governing Council

#### 1.4.3. Reporting

- 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, management's response and corrective action taken or to be taken in regard to specific findings and recommendations. Management's response should include a time frame for anticipated completion of action to be taken and an explanation for any recommendations not addressed. The Audit Committee shall review the Charter at least on an annual basis.
- A written report shall be made to the Audit Committee quarterly and provide performance reports on annual basis.

#### 1.4.4. Liaison with External Auditors

The Internal Audit will liaise with the External Auditor to

- Foster a cooperative working relationship
- Reduce the incidence of duplication of effort
- Ensure appropriate sharing of information
- Ensure coordination of the overall audit effort

#### 1.4.5. Approval & Amendments

- The Governing Council shall approve the Charter on the recommendation of the University's Audit Committee.
- The Audit Committee shall review the Charter at least on an annual basis.
- The Audit Committee shall be consulted on amendments to the Charter.

#### 1.4.6. Audit Committee Charter

##### *Purpose*

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

##### *Authority*

The Audit Committee derives its mandate from the University College's Governing Council. The Audit Committee has authority to authorize audits and investigations on all University College matters.

In discharge of its responsibilities, it has powers to seek information from any Officer as circumstances may deem fit. It also has powers to assess services of professional counsel and seek advice or information from relevant organs.

##### *Membership Composition*

The Audit Committee shall consist of

- At least three management members nominated and approved by the Governing Council
- An external member with a Chartered Accountancy status
- Governing Council shall nominate a Chairperson from members of management and at least (2) members shall be financially literate.
- At least one employee from the Internal Audit Directorate.

##### *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 online. The Committee may 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.

## *Responsibilities*

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

- 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.
- Review audit reports at least quarterly and summarize significant findings, recommendations and rely them to the University Council.
- Review adequacy of accounting and financial resources of the University College.
- Ensure there are adequate procedures for the receipt, retention and treatment of complaints received by the University College regarding accounting, internal controls or Auditing matters.

- Ensure compliance with laws, regulations, standards and best practices guidelines.
- Internal Audit
  - Review with management and the Director Internal Audit the audit charter, annual audit work plans, activities staffing and organizational structure of the Internal Audit function.
  - Ensure that there are no unjustified restrictions or limitations, and reviews concur in the appointment, replacement, or dismissal of the Director Internal Audit.
  - Review the effectiveness of the Internal Audit activity.
  - On a regular basis meet with the Director of Internal Audit to discuss any matters that the committee or internal audit believes should be discussed privately.
- External Audit
  - Review the external auditors' proposed scope and approach, including coordination of audit effort with internal audits.
  - Review the performance of the external auditors and exercise approval on the appointment or discharge of their audits.
  - Review and confirm the independence of the external auditors by obtaining statements from auditors on relationships between the auditors and the University College, including non-audit services and discussing the relationships with the auditors.
  - On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Compliance
  - 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 non-compliance.
  - Review the process for communicating the code of conduct to University College personnel and for monitoring compliance therewith.
  - Obtain regular updates from management and the University College legal counsel regarding compliance matters.

- Responsibilities
  - Regularly report to the University College’s Governing Council about committee activities, issues, and related recommendations.
  - Provide an open avenue of communication between internal audit, the external auditors, and the University College’s Governing Council.
  - Report to the Governing Council, describing the committee’s composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
  - Review any other reports about the University College issues that relate to committee responsibilities.
  - Perform other activities related to this charter as requested by the University College’s Governing Council.
  - Institute and oversee special investigations as needed.
  - Review and assess the adequacy of the committee charter annually, requesting Governing Council approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
  - Confirm annually that all responsibilities outlined in this charter have been carried out.
  - Evaluate the committee’s and individual members’ performance on a regular basis.

### **1.5.Types of Audits to be conducted**

- Departmental Audits
 

Departmental audits are designed to review and evaluate the activities and operations of a particular University College function, activity, department, or unit under review. Departmental audits will evaluate accounting controls, ensure compliance with University College policies and procedures, applicable laws and regulations, and validate the records of the auditee. Departmental audits may utilize a complete battery of audit tests and procedures, including, but not limited to, functional tests, transaction reviews, substantive tests, and analytical reviews.
- Financial Audits
 

Financial audits are designed to validate the accuracy and completeness of records and account balances. Financial audits may utilize substantive tests, analytical reviews, and other validation procedures which may or may not include functional tests or transaction reviews. Financial audits determine whether the financial information of the University College function, activity,

department, or unit under audit fairly represents the financial position, results of operations, and cash flows or changes in financial position of the auditee in accordance with IFRS.

- **Operational Audits**

Operational audits are designed to evaluate procedures and controls which impact the attainment of the University College's organizational goals and objectives. Operational audits also measure compliance with University College policies and procedures as well as applicable laws and regulations. During operational audits, functional tests and transaction reviews may be utilized.

- **Fraud & Financial Irregularity Audits**

Fraud and financial irregularity audits are designed to verify the existence and magnitude of suspected fraud and financial irregularities. Fraud and financial irregularity audits may be conducted at the request of the Audit Committee of the Governing Council, the President, or other senior members of University management; as a result of a tip from the University College's whistleblower hotline; or at the discretion of the Director. The Director shall utilize the highest level of discretion when undertaking a fraud or financial irregularity audit. The Director shall promptly notify the Audit Committee of the Governing Council (including the Chair of the Audit Committee), the President, and any other member of senior management which may be appropriate, of any significant findings which result from a fraud or financial irregularity audit.

- **Follow-Up Audits**

Follow-up audits are designed to determine whether corrective action has been taken on previous audit recommendations. These audits may be conducted at the direction of the Audit Committee of the Governing Council at least six months after a Final Audit Report was issued and usually include only the deficiencies reported in the Final Audit Report. The follow-up audit may include such functional or substantive tests that are necessary to verify that logical and appropriate corrective actions have been taken.

## **2.0.INTERNAL AUDIT FRAMEWORK**

### **2.1 Mission, Vision & Core Values of the Internal Audit Function**

#### *Mission & Vision*

The Internal Audit Function seeks to provide an independent objective assurance and consulting services to the University College, designed to add value, improve risk management, governance, control processes and operations, through systematic, proficient, disciplined and appropriate audit approaches. It operates with a vision to become a-must-use internal audit unit, for the University College and other institutions in Ghana and beyond, for assurance, consulting and mentoring services.

#### *Core Values*

The Directorate shall be guided by core values which are consistent with the requirements of the Institute of Internal Auditors and relevant Acts in Ghana. The core values expected of every staff are:

- Independence - The Directorate shall be independent, unbiased and objective in performing its work.
- Integrity - The Directorate shall demand the highest professional standards of staff to earn the respect of others.
- Professionalism and Competence - The Directorate shall perform work for which it has the knowledge, skills and competencies.
- Confidentiality - The Directorate shall respect the value and ownership of information and not disclose information without authority unless there is a legal or professional obligation to do so.

### **2.2 Code of Ethics**

The Directorate shall adhere to all the fundamental principles proposed by the Institute of Internal Auditors (International and Local). All staff of the Directorate are required to abide by the underlisted code of ethics.

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

- Objectivity - An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work output and that no quality compromises are made. Objectivity requires that staff do not subordinate their judgment on audit matters to others.
- Proficiency & Due Professional Care - Engagements must be performed with proficiency and due professional care. Staff must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The Directorate collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities. Staff must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility. In exercising due professional care, staff must consider the use of technology-based audits and other data analysis techniques.
- Confidentiality - Staff shall respect the value and ownership of information they receive and shall not disclose information without authority unless there is a legal or professional obligation to do so. Staff shall be prudent in the use and protection of information acquired in the course of their duties. Staff shall not use information for any personal gain or in any manner that would be contrary to any Act or Standard.
- Continuing Professional Development - Staff must enhance their knowledge, skills, and other competencies through continuing professional development.
- Conflict of Interest - Staff must not participate in any activity or relationship that may impair or is likely to be taken to impair unbiased assessment, including an activity or a relationship that may conflict with the interests of the Directorate.
- Gifts and Hospitality - Staff should not accept any gifts, rewards or hospitality (or have them given to members of their families) from any organization or individual with whom they have contact in the course of their work, that would cause them to reach a position whereby they might be or might be deemed by others to have been influenced in making a professional decision as a consequence of accepting such hospitality. Staff shall not accept anything or any favour that may impair or might be taken to affect their professional judgment.

- Courtesy and Consideration - Staff shall be respectful and regard the privacy and interest of others in the course of their work. As far as it is possible, staff should respect each other and endeavor to work in peace and harmony.
- Reputation - Staff shall not knowingly be a party to any illegal activities or engage in acts that discredit the work of the Directorate. Staff shall not demand or take a bribe, gratuity, recompense or reward for neglect, omission, commission or performance of duty. Staff shall not willfully fail to report any abuse or irregularity that comes to their notice during the performance of their duties or willfully suppress any information or explanation. Disciplinary action shall be instituted against any staff for breach of this.
- Continuous Improvement- The Directorate shall employ an ongoing and periodic internal and external assessment approach to assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

### **2.3. Internal Audit Strategy**

The Directorate will use the risk-based audit approach in all engagements from the development of annual audit plans to audit execution and reporting. The Directorate will use a decentralized audit strategy where audit officers will be assigned to the units, departments and Central Administration of the University College. Separate audit reports would be issued to the auditee and then a consolidated audit report would be issued for the attention of the Head of Department, Dean or Director. The reports would be consolidated to develop the audit report for the entire University College for all related audit areas.

The Directorate would work to achieve the strategic priorities, objectives and key actions set in its strategic plan. A revised strategic plan would be drawn up for subsequent years any time a prior strategic plan expires and requires a major revision.

### **2.4. Policies & Regulations**

#### **2.4.1 Purpose**

The purpose of the policies and regulations are to document the standards, guidelines, and procedures to assist staff of the Directorate to provide the University College with an independent and objective assessment. In addition, the policies and regulations will help staff to provide assurance to the Governing Council, Senior Management and

Audit Committee of the quality of the University College's internal control, risk assessment, governance processes, and make appropriate recommendations and suggestions for continuous improvement.

#### 2.4.2 Management of the Internal Audit Function

The Director of Internal Audit must effectively manage the internal audit activity to ensure it adds value to the University College. The internal audit activity adds value to the University College and its stakeholders when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management, and control processes; and objectively provides relevant assurance. The internal audit activity is effectively managed when

- It achieves the purpose and responsibility included in the internal audit Charter.
- It conforms to the Standards.
- Individual staff members conform to the Code of Ethics and the Core Values.
- It considers trends and emerging issues that could impact the organization.

#### 2.4.3 Orientation & Mentoring

##### *Purpose*

This policy will ensure newly appointed staff and interns are given adequate orientation and all staff are effectively mentored to promote succession planning and the current concerns of the Directorate.

##### *Policies*

- All newly appointed staff shall undergo an orientation; its duration to be determined per the discretion of the Director
- Audit leads and supervisors shall mentor team members and provide appropriate leadership, review and supervision.
- Newly appointed Audit Leads and Supervisors shall undergo orientation and be mentored by existing staff in those roles.
- The Senior Management Team may include the orientation and mentoring needs of the Directorate on their agenda at least once every quarter.

#### 2.4.4 Training & Development

##### *Purpose*

This provides the nature, extent and activities required to train and develop the competencies of staff to deliver professional and quality service.

##### *Policies*

- Staff with tendencies to be trained and developed would be engaged.
- Staff would be promptly and fairly promoted once they meet the criteria contained in the conditions and scheme of service.
- Staff would be rotated on assignments at least every two years.
- Staff appraisal will be effectively executed, training needs identified, and training planned and budgeted for adequately.
- The Directorate shall host an in-house training for all staff bimonthly at the least.
- The Directorate shall sponsor at least four staff to attend external training and conferences held by the Internal Audit Agency, Institute of Internal Auditors (Ghana) and the Institute of Chartered Accountants (Ghana).
- Staff would be motivated with reduced workload and study leaves to pursue relevant professional and higher qualifications (subject to the University's Training and Development Policy).
- Staff would be required to write reports, make available materials and teach other staff on their return from trainings, conferences and exchanges.
- The Directorate would procure the necessary software, equipment and resources required to facilitate work and develop staff.

### **2.5. Risk Assessment & Management**

#### 2.5.1 Purpose

This provides guidelines on risk assessment and management, and procedures to evaluate effectiveness and to contribute to the improvement of risk management processes of the University College.

#### 2.5.2 Policies

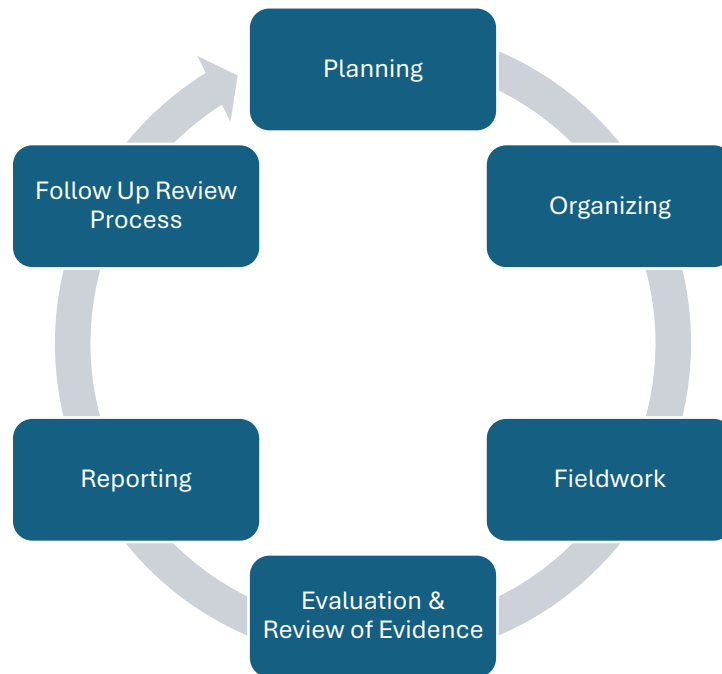
- Staff must assess the effectiveness of risk management by units of the University by considering how the unit:
  - Aligns its organizational objectives with and, supports the University College's mission.

- Identifies and assesses significant risks.
- Selects appropriate risk responses and aligns risks with the University College's risk appetite.
- Captures and communicates relevant risk information in a timely manner across the University, enabling staff, Senior Management, and the Council to carry out their responsibilities.
- Staff must request and inspect the risk register of the auditee and inquire about the risk management practices.
- Staff must liaise with the Chief Risk Officer if necessary to appreciate risk management issues likely to affect the audit.
- Staff must evaluate risk exposures relating to the University College's governance, operations, and information systems regarding the:
  - Achievement of the University's strategic objectives.
  - Reliability and integrity of financial and operational information.
  - Effectiveness and efficiency of operations and programmes.
  - Safeguarding of assets.
  - Compliance with laws, regulations, policies, procedures, and contracts.
- In every audit, staff must evaluate the potential for the occurrence of fraud and how the University College manages fraud risk.
- During consulting engagements, staff must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.
- Staff must incorporate knowledge of risks gained from consulting engagements into their evaluation of the University College's risk management processes.
- When assisting management in establishing or improving risk management processes, the Directorate must refrain from assuming any management responsibility by actually managing risks.

### **3.0.INTERNAL AUDIT CYCLE**

The Internal Audit Cycle of the University College is a systematic process of planning, executing, and reporting on audits to evaluate and improve an organization's governance, risk management, and internal controls. It typically involves planning (including risk assessment), preparation, fieldwork/execution, reporting, and follow-up to ensure management's corrective actions are implemented.

The following are the stages of the Internal Audit Cycle



### **3.1 Planning Phase**

#### **3.1.1 Purpose**

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 audit standards and the review performed is of the highest possible quality.

The planning phase begins when the Director begins an internal audit engagement. During this phase, audit objectives and scope are developed, and appropriate members of management are notified of the planned audit. The deliverables of the planning phase include the initial audit objectives and notification of appropriate members of management.

### 3.1.2 Steps Involved

- **Determine the Audit Objectives**

The 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.
- **Determine the Audit Scope**

Audit scopes are the framework or limits of the audit. It is normally defined by stating what the audit intends to cover and the relevant timeframes.
- **Determine the 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 officer must:

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

Identify and document pieces of audit evidence required to support information that will be required.
- **Determine the resources required for the audit such as human, financial, tools, techniques and the target 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 dates for the completion or accomplishment of critical elements of the audit engagement and the quality of output.
- **Auditee Notification**

A notice should be given to the auditee of the audit, except in circumstances where fraud and/or irregularities may be suspected. In notifying the auditee of a pending audit, the Director will generally communicate the following information:

  - The activity name or a brief description of the function, activity, department, or unit of the University to be audited
  - The type of audit to be conducted and the audit objectives and scope
  - The dates of the planned audit

- A request of any required documentation if need be

### 3.1.3 Policy

- Staff must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.
- Staff, in planning the engagement, must consider:
  - The strategies and objectives of the activity being reviewed and the means by which the activity controls the unit's performance.
  - The significant risks to the activity's 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 governance, risk management, and control processes compared to a relevant framework or model.
  - The opportunities for making significant improvements to the activity's governance, risk management, and control processes.
- Staff must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.
- Staff must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.
- Staff must establish the scope of the audit at the planning stage.
- The established scope must be sufficient to achieve the objectives of the engagement.
- Staff 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.
- The constitution of the audit team for the engagement must be finalized at this stage.
- Staff must develop and document work programmes that achieve the engagement objectives.
- Work programmes must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement.
- The work programme must be approved prior to its implementation, and any adjustments approved promptly.

## 3.2 Organizing Phase

### 3.2.1 Purpose

The organizing phase begins when the audit notification letter has been issued to auditees and ends when the Opening Conference is held. During the organizing phase,

the Director organizes the audit and prepares detailed audit plans. Moreover, during this phase the Director will have developed a preliminary audit program, prepare any necessary administrative documentation, prepare an agenda for the Opening Conference, and conduct the Opening Conference, where appropriate.

### 3.2.2 Open Conference

#### *Purpose*

This provides guidelines on procedures required for an open conference for an engagement, to promote an effective cooperation from the unit/auditee and achieve a value-added audit outcome.

#### *Policies*

- An open conference must be held for all engagements to gather information about the mission, vision, critical processes, and control procedures of the unit.
- The Audit Team must notify the unit/auditee about the entry conference via email or memo and the notice must specify the purpose, agenda, date, time, venue and the persons to be present for the meeting.
- The following issues, at least, must be discussed and/or included during the entry conference meeting:
  - The Terms of Reference of the engagement.
  - The audit focus.
  - The purpose of the audit and how audits help improve the University College's controls and operations.
  - Review of the objective(s) and scope of the audit by encouraging management of the unit to discuss any aspect of the audit.
  - Ask for suggestions of potential auditee problem areas within the audit scope. This communicates an intention of being helpful rather than critical.
  - Determine what assistance from personnel other than those attending the opening conference is needed to answer detailed questions concerning the functions to be performed. Contact should be made via the "Chain of Command" until an understanding with the appropriate person is established.
  - Explain how audit concerns (observations) are handled. Explain that concerns will be reviewed with the designated auditee at the time they arise and identify who will be responsible for reviewing the audit concerns.

- Explain that the purpose of discussing each audit concern is to verify that both the facts defined in the concern and the impact of the concern are accurate. Some findings may be resolved verbally.
- Establish how frequently the head of the unit/auditee wants to be updated on audit progress and findings.
- Explain that they will review the draft audit report in detail at the exit conference.
- Explain that a copy of the final audit report will be sent to their reporting line up to and including Senior Management, Audit Committee and other relevant persons.
- Discuss working hours, working area, access to records, and any other information that details the office routines. This information may have considerable influence on the cooperation extended to the audit staff.
- Identify information needed to complete the audit procedures.
- Establish a tentative schedule for the audit process.
- Ask if there are any questions concerning anything discussed at the opening conference or any questions in general about the auditor or audit approach that will assist the auditees in their understanding of the engagement.
- Inquire of any areas within their operations that they feel are more susceptible to fraud or over which they have concerns
- Minutes must be taken, included as part of the working papers and circulated to those present at least a week after the meeting

### 3.3 Fieldwork

#### 3.3.1 Purpose

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.

### 3.3.2 Policy

- Staff must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.
- Staff must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.
- Staff must base conclusions and engagement results on appropriate analyses and evaluations of evidence.
- Staff must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions. v. Engagements must be properly supervised at each stage to ensure objectives are achieved, quality is assured, and staff is developed.
- Each staff must be assigned specific tasks for each stage of the engagement, they must be notified and briefed accordingly, and this must be documented.
- The Audit Observation Form must be used to document all audit observations or issues.
- A separate sheet or page must be used for each of the observations or issues and included in the working papers with copies of the supporting documents.
- The Audit Observation Form should be used whenever there is a possible:
  - opportunity for operational improvement
  - discrepancy
  - error
  - irregularity
  - weakness
  - deviation from best practice internal control standards, regulations, or laws.
- The main sections to be indicated on the Audit Observation Form are:
  - The Criteria
  - The Condition
  - The Cause
  - The Implications
  - Recommendations
  - Initial Response of the auditee (if any).
- During the course of the audit, conditions may arise which warrant revising the audit procedures, scope, or budgeted hours. The staff should evaluate the situation, make timely recommendations to the audit lead, and obtain approval before incorporating any changes.

- Staff may use any or combination of the following audit procedures for an engagement:
  - Inspection of records or assets
  - Inquiry
  - Observation
  - Analytical procedures
  - Recalculation
  - Reperformance
  - External confirmations
  - Walkthrough test
  - Management response

### 3.3.3 Procedures

The following procedures may be employed for audit engagement

- Gaining an understanding of the activity, system, or process under review and the prescribed policies and procedures; supplementing and continuing to build upon the information already obtained in the risk assessment process.
- Observing conditions or operations.
- Interviewing people.
- Examining assets and other operational records. e) Analyzing data and information.
- Reviewing systems of internal control and identifying internal control points.
- Evaluating and concluding on the adequacy (effectiveness and efficiency) of internal controls.
- Conducting compliance, substantive testing.
- Determining if appropriate action has been taken regarding significant audit concerns and corrective actions reported in prior audits.

## 3.4 Evaluation & Review of Evidence

### 3.4.1 Purpose

This provides guidelines for reviewing evidence to promote audit quality.

### 3.4.2 Policy

- The terms of reference for each engagement shall be reviewed and approved by the Director of Internal Audit.
- The engagement plan shall be reviewed by the Director of Internal Audit.
- Audit leads shall review and evaluate the evidence gathered by their team members.
- The Director of Internal Audit shall review and evaluate evidence contained in the working papers before the draft audit report is issued.
- The adequacy and sufficiency of working papers and audit documentation shall be reviewed by the Director of Internal Audit.

## 3.5 Reporting

### 3.5.1 Purpose

To provide an independent opinion on an organization's financial accuracy, regulatory compliance, and internal controls, thereby enhancing transparency and accountability. This report informs stakeholders like the Governing Council and management, helping them make decisions, identify risks, and ensure the organization meets its obligations and standards. The following are key reasons for reporting in the audit cycle

- **Provide an independent opinion**  
The report gives an opinion on the fairness and accuracy of financial statements, offering an independent assessment that instills confidence.
- **Ensure accuracy and integrity**  
It verifies that financial statements are accurate and complete, reflecting the company's financial performance in accordance with accounting standards like IFRS
- **Identify areas for improvement**  
The report highlights weaknesses or issues found during the audit, such as material misstatements or control gaps, providing management with a roadmap for improvement.

### 3.5.2 Steps in Reporting

- Conduct an exit conference with the auditee to discuss the findings and draft report.
- Prepare and issue a formal audit report that details the findings, risks, and recommendations.
- Provide the report to relevant stakeholders, such as the Governing Council, management and the audit committee.

### 3.5.3 Exit Conference

#### *Purpose*

This provides guidelines for the conduct of exit conference to improve cooperation and create appropriate control environment to implement audit recommendations.

#### *Policy*

- The audit team must use an exit conference to avoid any misunderstandings or misinterpretations of fact by providing the opportunity for the auditee to clarify specific items and to express views on the corrective action and other information presented in the draft report.
- The invitees should include the audit participants and the Head of the Unit.
- The Audit Lead should contact audit participants to determine a suitable time and location for the exit conference.
- At a minimum, the audit team should be prepared to discuss the audit including what they did (objective, scope, procedures), what risks were perceived, how they anticipate the corrective action will address the associated risk, and other concerns identified in the audit supported by the Audit Observation Forms.
- Changes suggested by the auditee at the exit conference require review by the audit lead.
- If additional wording changes are needed, a revised draft will be provided to the auditee.
- If the auditee is in agreement with the wording and recommendations, the audit lead should obtain the auditee's signature on the draft report at the exit conference.
- If the auditee is not in agreement with the findings and/or recommendation, the audit would continue to seek an agreement through the unit's reporting line up to the Director of Internal Audit.

- If the auditee, to whom the report is being directed, does not accept the recommendation or is unwilling to accept the risk of implementing the recommendation, the audit lead must report the finding and the related risk within the final report.
- If revisions are made to the draft report after the exit conference, the revised draft should be sent to the auditee.

### 3.5.4 Preparing and Distributing Final Audit Report

#### *Purpose*

This provides guidelines for audit reporting to promote quality assurance and audit impact.

#### *Policy*

- The Director of Internal Audit is responsible for issuing the final audit report to parties who can ensure that the results are given due consideration.
- All audit reports must conform in all material respect to the audit report template.
- Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans.
- The opinion should be clearly stated.
- Audit reports must be accurate, objective, clear, concise, constructive, complete, and timely.
- If a final audit report contains a significant error or omission, the Director of Internal Audit must communicate corrected information to all parties who received the original report.
- The Governing Council, President and the Audit Committee must be issued copies of all audit reports except in exceptional request audits.
- The Director of Internal Audit shall speak to audit reports in any meeting if required.

## 3.6 Follow Up Review Process

### 3.6.1 Purpose

Follow-up in the audit cycle is a process to verify that management has implemented corrective actions for previous audit findings and recommendations. This critical stage ensures that the organization has adequately addressed the underlying issues, strengthened its controls, and managed risks effectively, thereby confirming the audit's impact and contributing to continuous improvement. It typically involves reviewing management's action plans, assessing progress, and verifying that the actions taken have successfully resolved the problems identified.

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 recommendations have not been implemented. The Unit head shall be required to present an action plan on implementing those recommendations. This shall also be communicated to the Audit Committee

### 3.6.2. Process

- **Desk review:** The follow-up can begin with a desk review where auditors review documentation and may send questionnaires to management.
- **Action plan assessment:** Auditors assess the organization's action plan to see how it progresses towards implementing the recommendations.
- **Validation:** The auditor validates the reports on actions taken and may use various techniques like surveys, interviews, and system analysis to confirm the changes' effectiveness.
- **Reporting:** A follow-up report is generated after the review, documenting the actions taken by the client to resolve the original issues.
- **Stakeholder communication:** Findings from the follow-up should be communicated to relevant stakeholders to ensure awareness and support for any necessary further actions.

