

# **CHAPTER 1**

## **BACKGROUND**

### **1.1 Brief about Bishop Stuart University**

Bishop Stuart University (BSU) is a private, not-for-profit educational institution founded by the Ankole Diocese of the Church of Uganda. Its humble beginning is traced from Bishop Tucker Theological College, Mukono, which was founded in 1913 as a Normal School and over the years, evolved into the Uganda Christian University (UCU) in 1992.

The Normal school was transferred to Ruharo, next to Mbarara High School, in 1952 under Rev. Hugh F. Hodge who founded a Grade II Co-educational Teacher training College known as Bishop Stuart College at Kakoba where Grade II and Grade III teachers were trained. In 1982, the College transferred to Kibingo, giving way to the National Teacher's College Kakoba to train diploma teachers for primary and secondary schools.

In March 2002, the Ankole Diocesan synod resolved to establish a University at Kakoba Hill, named Bishop Stuart University (BSU). In April 2004, after obtaining an Interim authority letter from NCHE, BSU was affiliated to UCU. The University academic programmes were regulated by UCU which awarded UCU Certificates, Diplomas and Degrees.

In June 2006, BSU was granted a provisional license by the National Council for Higher Education to award Degrees, diplomas and certificates as an autonomous university. The university was chartered by the Government of the Republic of Uganda on 25th October 2014 thus attaining national and international status in higher learning.

### **1.2 Internal Audit**

#### **1.2.1 Definition**

Internal auditing is defined as *“an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations”* IAA (2015). 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 Internal Audit department mandate**

The authority of the internal audit department is derived from the University Council. Its functions, activities and operations are defined in an internal audit charter. The University Council by policy establishes and supports the Internal Audit function.

### **1.3 Purpose and use of Internal Audit manual**

The Internal Audit manual has been customized to the university's policies and guidelines with regard to: financial, operational and compliance aspects as a one stop centre for all internal audit activity. The different policies, procedures and guidelines that have been encompassed into this manual include; Internal Audit Charter, Audit Committee charter, Code of ethics, Audit standards and a step by step process of undertaking audits from risk assessment to production of an audit report. Diagrams and process flow charts have been included to make it easier to follow. In developing the audit manual, consultations were made within the university structures, other universities within Uganda and abroad and reference was made to best internal audit practices.

### **1.4 Objective of internal audit**

The overall objective of the Internal Audit is to provide to management and those charged with governance with an independent assessment of the quality of the University's internal controls, administrative processes and make recommendations and suggestions for continuous improvements.

### **1.5 Independence of internal audit**

Independence is essential to the effectiveness of the Internal Audit department. To enhance independence, the Head of Internal audit shall report administratively to the Vice Chancellor and functionally to the University Council through the Audit Committee.

### **1.6 Scope of audit work**

Internal audit shall have authorized full, free and unrestricted access to information including records, computer files, property and personnel of the University in accordance with the authority granted by the Council's approval and other applicable University policies, rules and regulations.

### **1.7 Interpretation and review of Internal Audit manual**

The Head of 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 Head of Internal Audit.

The manual shall be review as and when need arises in order to keep at par with updates/changes by the institute of Internal Auditors (IIA) and best practice. Such changes shall be communicated to University Council for Approval through the Audit Committee by the Head of Internal Audit.

## CHAPTER 2

### AUTHORITY AND ORGANIZATION

#### 2.0 Authority

##### 2.0.1 Internal Audit Department

The internal audit manual shall guide the University's internal audit department in undertaking its mandate.

##### 2.0.2 The Head of Internal Audit

The Head of Internal Audit and the Internal Audit staff shall be authorized to:

- Have full and unrestricted access to any and all University records, physical properties, and personnel at all times, all through audit.
- Maintain the independence from influence by auditee when developing the audit program, scope, carrying out procedures, determining the frequency, time and report content.
- Have free and unlimited access to the Vice Chancellor and Audit Committee.

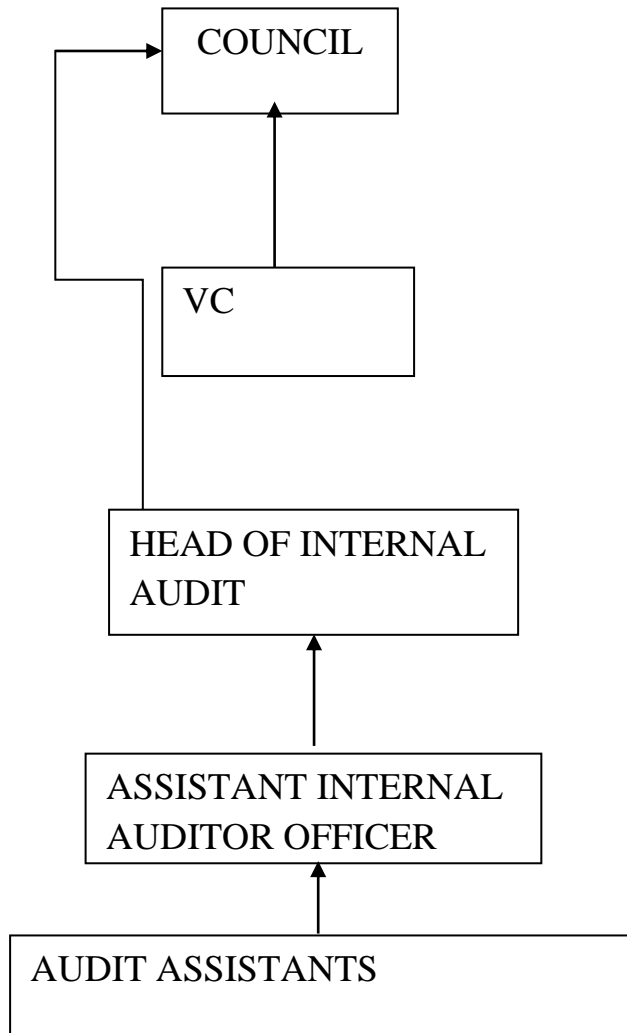
#### 2.1 Organization

It is the policy of the Council to establish and maintain an internal audit unit. Internal audit is a management control that functions by assessing the effectiveness of other managerial controls. Internal audit examines and evaluates the University's business and administrative activities in order to assist management and the Council in the effective discharge of their responsibilities. Internal audit furnishes them with analysis, recommendations, counsel and information concerning the activities and records reviewed.

Internal audit is headed by an internal auditor who reports functionally to the Council, and administratively to the VC. The head of internal is appointed by the Council on recommendation of the appointments board. The internal audit head prepares an audit annual work plan that defines the audit activities for the year and submits it to management and the audit committee for approval.

### CHAPTER 3

### DEPARTMENTAL ORGANIZATION CHART



Source: Human Resource Department

## CHAPTER 4

### CHARTERS GUIDING INTERNAL EFFORT

#### 4.0 Introduction

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

#### 4.1 INTERNAL AUDIT CHARTER

The Internal Audit Charter defines the purpose, authority and responsibility of internal audit activities in BS 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 quality education and teaching, research and novelty which are sustainable for the University and the Country by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of BS University’s risk management, control and governance processes.

##### **Vision Statement**

To provide a purposeful assurance and consulting services intended to add value and develop processes to guarantee the efficiency and accomplishments of BS University.

##### **Mission Statement**

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

##### **4.1.1 Authority**

The Head of Internal Audit reports administratively to the Vice Chancellor and functionally to the Audit Committee of BS University Council. In discharging the audit mandate, the Head Internal Audit and Audit Staff shall be authorised to;

- a. Have full, free and unrestricted access at all reasonable times to all BS University activities, records, property, personnel and the Audit Committee.
- b. Prepare the annual audit plan for approval by the audit committee and consequently the university council
- c. Select auditable areas, set frequencies, determine scopes of work, allocate resources and apply techniques required to accomplish audit objectives.
- d. Obtain the necessary cooperation and assistance of personnel in units where audit shall take place.

##### **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 Department.

#### **4.1.2 Accountability**

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

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

#### **4.1.3 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.

#### **4.1.4 Responsibility**

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

- a. Develop an annual audit plan using appropriate risk-based methodology, including any risks 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 and 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 Internal Audit assures the operations of internal auditing activities.
- e. Perform consulting services, beyond internal auditing assurance services such as processes design, training, and advisory services, to assist management.
- f. Evaluate and assess changes in services, control processes, operations, and coincident with their development, implementation, and/or expansion.
- g. Issue periodic audit 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.
- j. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the University at a reasonable overall cost.

#### **4.1.5 Investigations**

Internal audit shall undertake investigations basing on the information provided or suspected fraud, irregularities or areas of doubt and concern. These areas may include financial or operating irregularities. The whistle shall be kept confidential for protection from victimization.

#### **4.1.6 Reporting**

##### **To Management and Audit Client**

A written report will be prepared by the Head of Internal Audit following the conclusion of each audit and will be distributed as appropriate. The audit report shall include amongst, 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 report shall be prepared to the Audit Committee on a quarterly basis and provide performance report on annual basis.

#### 4.1.7 Liaison with External Auditor

The Internal Audit will liaise with the External Auditors to:

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

#### 4.1.8 Audit Standards

The internal audit function 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 apply the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (IIA). Where applicable internal audit shall also have regard to standards National standards, laws and internal national bodies and regulators. All audit staff shall abide by the Institute of Internal Auditors Code of Ethics.

#### 4.1.9 Quality Assurance

In order to ensure that the quality of the internal audit work is consistently at a best standard, the Head 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.

#### 4.1.10 Review of Internal Audit Charter

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

Signed by

**Head of Internal Audit** \_\_\_\_\_

**Vice Chancellor** \_\_\_\_\_

**Audit Committee Chairperson** \_\_\_\_\_

**Chairperson of University Council** \_\_\_\_\_

**Dated** \_\_\_\_\_



## **4.2 THE AUDIT COMMITTEE CHARTER**

### **4.2.1 Purpose**

This charter provides guidance on how 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.

### **4.2.2 Authority**

The Audit Committee derives its mandate from the University Council. The Audit Committee has authority to authorize 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 assess services of professional counsel and seek advice or information from relevant organs.

### **4.2.3 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

### **4.2.4 Meetings**

Members of the Audit Committee will meet at least once quarterly, with power 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 whenever need arises to 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.

### **4.2.5 Responsibility**

#### **4.2.5.1 Financial Statements**

- a. To review accounting and reporting matters, for example unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- b. To review annual financial statements for completeness, accuracy, consistency.
- c. To understand how management develops interim financial information and the nature and extent of internal and external auditors' involvement.

- d. To 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.
- e. To review with management and external auditors the results of the audit, including any challenges encountered.
- f. To review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.

#### **4.2.5.2 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 reports from Management, Internal Audit and external Audit to ascertain 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.

#### **4.2.5.3 Internal Audit**

- a. Review with management and the Head 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 to information access.
- c. To ensure right appointment, replacement, or dismissal of the Head Internal Audit.
- d. Review the effectiveness of the Internal Audit activity, including compliance with The Institute of Internal Auditors' International Standards for professional Practice of Internal Auditing.
- e. On a regular basis meet with the Head Internal Audit to discuss any matters that the committee or internal audit believes should be discussed privately.

#### **4.2.5.4 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.
- 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.

#### **4.2.5.5 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.

#### **4.2.5.6 Reporting Responsibilities**

- a. Regularly report to the University Council about committee activities 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 stakeholders, 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.

#### **4.2.5.7 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.

**4.2.6 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.

**4.2.7 Review of Terms of Reference**

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

Signed on this day.....of....., 2016

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**VICE CHANCELOR**

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**Chair Person Audit Committee**

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**Chairperson University Council**

## CHAPTER 5

### PROFESSIONAL ETHICS

#### 5.0 Introduction

The internal auditing profession is guided by a code of ethics. These are meant to protect the interest of those served by internal auditors. BSU internal auditing function has adopted the code of ethics, prescribed by the Institute of Internal Auditors (IIA) and this shall be complied with.

#### 5.1 Code of Ethics

The code of ethics states the principles and expectations governing the behavior of internal auditors in the conduct of internal auditing. They provide guidance to staff in the conduct of their profession and elicit the trust and confidence of those for whom services are rendered. Internal auditors are expected to subscribe, apply and uphold the principles and rules of conduct prescribed by the Institute of Internal Auditors (IIA) as hereby given below.

##### 5.3.1a Integrity

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

**Rule of conduct.** In fulfillment of the above principle, the internal auditors

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

##### 5.3.1b Objectivity

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

**Rule of conduct.** In fulfillment of the above principle, the internal auditors;

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

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

### **5.3.1c 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.

**Rule of conduct.** In fulfillment of the above principle, the internal auditors:

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

### **5.3.1d Competency**

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

**Rule of conduct.** In fulfillment of the above principle, the internal auditors:

1. Shall engage only in those services for which they have the necessary knowledge, skills and experience
2. Shall perform internal auditing services in accordance with international standards for the professional practice of internal auditing.
3. Shall continually improve their proficiency and the effectiveness and quality of their services.

## CHAPTER 6

### RISK ASSESSMENT

#### 6.0 Introduction

This chapter guides on risk assessment.

#### 6.1 Definition of Risk Assessment

According to IIA 2015, risk is defined as 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. The institute of risk management define risk management as “*understanding, analysing and addressing risk to make organisations achieve their objectives*”. The roles undertaken by risk managers include; insurance, business continuity, health and safety, corporate governance, engineering, planning and financial services.

Risk assessment is a responsibility of management. Internal Audit may work with management to in consultation to identify audit areas with high risks. It is critical that risk assessment framework, risk management process, risk assessment methodology and risk management plan is well documented.

#### 6.2 Objective of Risk Assessment

A key objective of risk assessment is to identify the risks that are faced by the University before problems occur so that risk-handling activities may be planned and invoked. Upon identification, risks will be ranked as low, medium or high. This assessment helps internal audit to identify auditable areas to be incorporated in the annual audit plan.

#### 6.3 Steps for conducting risk assessment

The following procedures shall be followed when conducting a risk assessment.

- (i) Risk profiling; develop an inventory of all activities, processes and systems that account for risks. These are obtained from; University policy documents, manuals, reports, rules and regulations, department managers and other staff, students, and relevant laws, regulations.
- (ii) Develop an audit universe using the risks.
- (iii) Rate the risks 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.
- (iv) Rank the risks using risk index 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. Risk Index (RI) =  $\frac{\sum (\text{Likelihood} \times \text{impact})}{\text{Number of questions}}$

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

<b>Risk Index</b>	<b>Risk rating</b>
1-3	Low
4- 6	Medium
7-9	High

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 appetite is the amount and type of risk that an organization is willing to take in order to meet their strategic objectives. Risk assessment report and register should guide in developing the annual audit plan. Priority should be given to high risk areas, then medium and low risk areas.



# CHAPTER 7

## AUDIT PLANNING

### 7.0 Introduction

Audit planning establishes feasibility of the assignment and direction of the review. It helps define the extent of fieldwork necessary to achieve the objectives, ensures the department's compliance with IIA standards and ensures systematic audit assignment execution.

There are three levels of audit planning namely;

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

### 7.1 The Strategic audit plan

The strategic audit plan is a long term plan that contains the entire audit universe. It highlights audit activities that will be carried out frequently like twice a year, once a year and so on. The head of internal audit is responsible for ensuring that the strategic audit plan is developed and operationalized.

#### 7.2 Procedures for developing strategic plan.

Conduct baseline assessment of university operations. This shall be conducted by the University management in order to determine the level of risk exposure. Key risky areas shall be indentified and prioritized for audit. Subsequently, management shall determine the risk appetite for the University.

Baseline assessment is conducted to;

- a. The Head 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. Identify and document internal control components of control environment, risk assessment, control activities, information and communication and monitoring.

### 7.3 Internal control environment

#### a. 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 form the control environment. Others may include; 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.

**b. Risk assessment**

Risk assessment is a process of identifying, analyzing and evaluating relevant risks to the achievement of University control objectives.

**c. Control activities**

Control activities refer to laws, policies, procedures and guidelines put in place to ensure the University achieves its objectives. A review of whether these are regularly updated, incorporating identified gaps as well as new and emerging issues among others is necessary.

**d. Information and communication**

The manner in which information is communicated throughout the University, its agencies and stakeholders influence university's achievement of control objectives. It is important that there is a communication policy with clear communication channels and feedback mechanisms.

**e. Monitoring and evaluation**

The internal control system requires monitoring and evaluating by Council and management. An understanding on how management ensures that internal controls continue to be applied at all levels and across the university is a fundamental component of the control environment. The areas to consider include compliance to performance measurement reports, Internal Audit and external audit reports all provide insights into the strength and weakness in the monitoring and evaluation control systems.

**f. Review key control processes and relevant support systems**

Based practice requires every entity to have its key control processes reviewed as their failure significantly affects entities operations. Factors to consider include value involved, magnitude of effect of failure, past performance etc.

**g. Gather sufficient information on potential audit universe.**

Before developing internal Audit strategic plan, the Head of Internal Audit shall verify and validate that the entire university audit universe has been taken into account. This step is important to collaborate information gathered from (a) to (c) above to give assurance that university wide concerns have been taken into account in the strategic plan. The final outcome shall be a list of all auditable areas for consideration in the development of the strategic plan which will later be prioritized for the formulation of annual work plan.

## **7.4 Control significance and materiality**

Once a list of all auditable areas has been developed, the Department of Internal Audit shall consider control significance and materiality of the audit areas, key processes and support systems. The level of significance shall be considered mainly taking into account qualitative factors such as effects of errors, legal and regulatory requirements while materiality levels shall be based mainly on

quantitative factors where omission or misstatement will greatly affect the achievement of objectives.

## **7.5 Assessment of internal audit risks**

Audit risks are factors which may affect the conduct of audits and may have impact on achievement of strategic plan results. These include sudden change in political leadership or administration, strikes, natural calamities, resource constraints, skill constraints etc. These risks require mitigation measures and each strategic plan shall have strategies to minimize the impact of these risks.

### **Formulation of strategic plan**

The strategic plan shall take into account results from the baseline survey results, control significance and materiality levels and assessed internal audit risks.

## **7.6 Components of the strategic plan (Strategic plan format Appendix 4)**

### **(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 covered in sections 6.2 - 6.5 above. 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 Department 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.

## **7.7 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 30<sup>th</sup> 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.

## **7.8 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 Head of internal audit shall constitute audit teams. Each team shall have a team leader and team members. The team shall be responsible for;

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

## 7.9 Steps involved in 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. .

**ii) Audit Scope**

Audit scope is the limit of the audit. It is normally defined by stating what the audit intends to cover and the relevant timeframes.

**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 Head of 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.

### 8.2 Preliminary Review/survey

A preliminary review assists 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:

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

As part of the preliminary survey, the Department 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 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 Head of Internal Audit before communication is made to the Unit Head being audited.

### **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 Head 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, validation, 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.

## **8.7. Exit Conference**

A formal communication by the Head of 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 Head of Internal Audit to the Unit head (Auditee). The Unit head is required to provide management responses required. The responses are reviewed and any changes incorporated into the draft audit report.

The Head of 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 PROGRAM**

### **9.0. INTRODUCTION**

An audit program is a step by step procedure laid down by internal audit to review the universities financial and non-financial processes. An audit program is designed to define general objectives, specific objectives and audit tests for auditable areas such as; payroll, teaching and learning, quality assurance, financial reporting compliance with university policies, or operational standards.

### **9.1 The objectives of audit programs**

- a. They standardize the data collection and evaluation process.
- b. Information collected can be used to make useful comparisons between businesses processes, 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 enable supervision of work of members of staff.
- f. It facilitates the budgeting of the audit department.
- g. It facilitates the reassignment of audit work to new members of staff.
- h. It's 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)

### **9.5 Sample Audit Programs**

The sample audit programs are on Appendix 5

# **CHAPTER 10**

## **AUDIT WORKING PAPERS**

### **10.0. Introduction**

Working papers are documents where all audit evidence obtained during the audit process is recorded. These may 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 through the objectives and tests by the 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:**

- Complete.
- Concise.
- Uniform.
- Neat.
- Retention.

Working papers shall be retained for 12 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.**

Audit tick marks are abbreviated notations used on audit work papers to denote auditing actions taken. These tick marks are useful from the audit manager's

perspective, to see which activities have been completed, they show which audit steps were completed to support the audit opinion given to the financial statements of a client and tick marks compresses the space required to describe audit actions taken, which improves the usability of the audit documentation.

**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.

**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.

**b) Documents**

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.

**c) 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.

**d) 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.

**e) 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.

**f) 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

### **11.1 Notice of the audit**

Unless the audit involves a spot check or surprise visit, the audit client management should be informed of the audit in advance (for example two weeks before fieldwork is planned to start). 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. The Head of internal audit or any person delegated person shall issue the notification letter. Any objections from the audit client over the proposed timing should be referred to the audit manager / Head of Internal Audit for resolution.

### **11.2 Engagement/Entry Meeting**

Entry meeting is one where matters that will relate to the audit engagement are discussed. Its aimed at discussing the audit program, understanding of each other's responsibilities and creating 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.

### **11.3 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 / Head of 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 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.

### **11.4 Issues to be discussed in the engagement meeting**

The engagement meeting should cover the following items;



- i. Terms of reference for the audit
- ii. Timetable for completion of the audit
- iii. Arrangements for discussing findings during the course of the audit
- iv. How any disagreements between auditors and audit client will be handled
- v. Proposed date for the Exit Meeting
- vi. Formal reporting arrangements
- vii. Space for audit staff and welfare issues.

## 11.5 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 or a scan 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

- a) **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 being performed to confirm that the key controls are effective.
  - The auditor should make a written note of these observations as soon as possible. Delays can affect the auditor's recollection of events.
  - Where necessary, two auditors may be required to observe a procedure, task or activity, to increase the objectivity of the process.
- b) **Inspection;** the auditor must verify physical assets by inspection. Documentary evidence of such assets is not sufficient proof of existence.
- c) Interviews of audit client can be formal or informal. Informal interviews or discussions may be conducted by a single auditor.
  - 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.
  - Occasionally a formal interview will be needed. This should involve two at least auditors.
  - 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.
  - 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.

- The original note also be signed by the two auditors present and placed on the audit file.
- d) **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.
- 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.
- e) **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.
- f) External confirmation may be required when confirming bank balances, for example. A letter from the Head of Internal Audit to the Bank in question, authorized by the responsible officer shall be needed.

### **11.6 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.

### **11.7 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.

### **11.8 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 Head of 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.

### **11.9 Exiting 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 viz a viz 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
  - 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.
  - The audit client shall keep a copy of the minutes

### **11.10 Reporting Audit Findings**

- i. Only the Head of Internal Audit may issue a Final Report of an audit.
- ii. Audit team leaders should submit draft reports to the Head of Internal Audit for review in accordance with an agreed timetable for the work.
- iii. Audit team leaders should report anything which might cause delays in the production of the draft report, where a revised timetable must be agreed in advance by the Senior Auditor or Internal Auditors.

The reporting phase begins upon completion of the closing meeting and ends when the Final Audit Report is issued. The activities completed during this phase include:

- Preparing a Draft Audit Report;
- Discussing proposed changes with appropriate level of management.
- Preparing a final Audit Report; and
- Distributing the Final Audit Report to the Audit committee, the Vice-chancellor, the appropriate head, Dean, Head or appropriate members of senior management and/or department management.

# **CHAPTER 12**

## **AUDIT REPORTING**

### **12.0 Introduction**

The Head of Internal Audit shall 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. 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;

#### **1. Background**

The background section introduce to the reader information about the area/function reviewed to captivate reader's understanding and appreciation of the responsibilities of the area/function, and to make the report more user-friendly for the reader.

#### **2. Audit objectives and scope**

The objective and scope state the area that was reviewed, the type of review performed, the objectives of the review and 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. Findings and Recommendations**

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

with evidence supporting the issues raised and recommendations made. Under this area, Provision shall be made for management response and action plan to be received from the audit client.

#### **5. Conclusion**

This section 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 Head of 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 Head of 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 Head of 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 Head of 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 Sample audit report**

# **CHAPTER 13**

## **AUDIT FOLLOWUP**

### **13.0 Introduction**

Follow-up is defined as a process by which internal auditors determine the adequacy, effectiveness and timeliness of actions taken by management on earlier reported findings and recommendations. Internal Audit will determine if corrective action has been taken by management.

*Standards 2500 for the Professional Practice of Internal Auditing (Monitoring Progress)* require the Head of 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* states that when the Head of Internal Audit believes that senior management has accepted a level of residual risk that is unacceptable to the organization, he/she should discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Head of Internal Audit and Senior Management should report the matter to the university council for further resolution.

### **13.1 Follow up guidelines**

#### **13.1.1 Scheduling Follow-up Activities**

The Head of Internal Audit is responsible for scheduling follow-up activities as part of the Annual Audit Plan.

#### **13.1.2 Steps for 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 report. A spreadsheet showing the “Status of implementation of the Audit Recommendations” shall be prepared and 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) Request for an opening conference
  - (b) Explain the objective of the review,
  - (b) Schedule a time for follow-up fieldwork
  - (c) Outlining the current status of the actions agreed upon in the earlier audit report

- (d) Audit review of the recommendations and responses
- (e) Report preparation
- (f) Exit Conference

### **13.1.3 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.

### **13.1.4 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.

### **13.1.5 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.

### **13.1.6 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.

### **13.1.7 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.

### **13.1.8 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.

### **13.1.9 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.

#### **13.1.10 Conditions Still Exist**

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



# **CHAPTER 14**

## **AUDIT OF PROJECTS**

### **14.0 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 unique audit arrangements.

This chapter is intended to guide the University Audit staff and other staff who run and manage projects.

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

### **14.1 Considerations in auditing of projects**

Internal audit shall develop audit programs for auditing individual projects. These aspects shall act as a guide;

- a. Compliance with donor Contracts or Memorandum of understanding and other terms and conditions as specified.
- b. Compliance with University policies, procedures and guidelines
- c. Donor fund management framework
- d.** Project opening, closure and handovers procedures

# CHAPTER 15

## AUDIT REQUESTS/INQUIRIES

### 15.0 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.

### 15.1 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 16**

## **PRE-AUDITING SERVICES**

### **16.0 Introduction**

Pre auditing activities cover review of payments, verifications of deliveries, accountabilities, witnessing hand-overs, attending construction site meetings among others.

Best practice recommends that internal audit carries out risk based audits however, both risk based audits and pre-audit activities should be carried out until such a time when capacity has been full built to undertake only risk based audit.

Pre-audit activities include;

### **16.1 Payments review.**

Internal audit reviews payments to crosscheck accuracy and conformance with established guidelines.

### **16.2 Accountability review**

Internal audit reviews accountabilities based on procedures approved by the University Council. In the review of accountabilities, internal audit follows other university policies and procedures.

### **16.3 Verification of deliveries**

Internal audit verifies deliveries to confirm authenticity, physical existence of delivered items, amounts ordered/quantity and quality.

### **16.4 Salary pay change review**

Internal audit reviews changes from time to time in liaison with human resources.

### **16.5 Handovers**

Internal audit witnesses handovers for staff with financial and management responsibilities. The supervisor of the staff handing over and the person handing over are responsible for completeness and accuracy of the handover.

# **CHAPTER 17**

## **INVESTIGATIONS**

### **17.0. 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) 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.

### **17.1 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).

### **17.2 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 Head of Internal Audit at the completion of an investigation.

## **CHAPTER 18**

### **RELATIONSHIP WITH EXTERNAL AUDITORS AND OTHER MANDATED AGENCIES**

#### **18.0. 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.

#### **18.1 External Auditors**

The 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 findings.
- 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.

## **18.2 Other mandated agencies**

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

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

# **CHAPTER 19**

## **SECURITY OF AUDIT DOCUMENTS AND DATA, RETENTION AND DISPOSAL**

### **19.0 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.

### **19.1 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.

### **19.2 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.

### **19.3 Disclosure of audit information**

All audit information should be accessed through written request to the Head of 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



## **APPENDCIES**

### **Appendix 1: 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 Head of 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 Head of 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 Head of Internal Audit must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities. The Head of 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 Head of 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 Head of 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 Head of 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 Head of 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 Head of 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 Head of 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 Head of 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 Head of 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 Head of 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 Head of Internal Audit must effectively manage the internal audit activity to ensure it adds value to the organization.

#### **2010 – Planning**

The Head of 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 Head of 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 Head of 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 Head of 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 Head of Internal Audit must also communicate the impact of resource limitations.

### **2030 – Resource Management**

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

### **2040 – Policies and Procedures**

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

### **2050 – Coordination**

The Head of 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 Head of 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 Head of Internal Audit must control access to engagement records. The Head of 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 Head of 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 Head of 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 staffs are developed

**APPENDIX 2. LIST OF INTERNAL AUDIT REPORTS ISSUED**

<b>SN</b>	<b>Report Name/Description</b>	<b>Audit reference</b>	<b>Date issued</b>
1	Report on Audit follow-up		
2	Financial management and Administration		
3			

**APPENDIX 3. AUDIT FILE INDEXING FORMAT**

<b><u>WP</u></b>		<b><u>CURRENT FILE</u></b>
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
		<b><u>PERMANENT FILE</u></b>
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

#### **APPENDIX 4. INTERNAL AUDIT REPORT FORMAT**

##### **Executive Summary**

##### **Introduction**

##### **Objectives of the audit**

##### **Main objective**

##### **Detailed Objectives;**

##### **Scope of the Audit**

##### **Audit methodology**

5.0	<b>Findings:</b> Test objective, Condition, Criteria, Cause, Consequence and corrective action	
5.1	E.g Procurement planning process	Comments
5.1.1	Overall test objective	
A.	Test objective	
	Condition	
	Criteria	
	Cause	
	Consequence	
	Corrective action	
	Mgt comments	

**Follow up:** Audit follows occur before the commencement of next audit of a similar activity. It can be regular and annual depending on the magnitude of the risk areas.

## **APPENDIX 5. INTERNAL AUDIT ENGAGEMENT LETTER**

Date :

Address of Auditee

Dear [Auditee]

Title of Audit.

The Internal Audit Team is planning its audit for (Audit Process, i.e enrolment). The objectives of this audit will be:

(List actual objectives here)

For example:

- Reliability and Integrity of Financial and Operational Information,
- Compliance with Laws, Regulations, and Contracts,
- Safeguarding of Assets, and
- Effectiveness and Efficiency of Operations of the [AUDIT AREA], and
- To follow-up on recommendations included in prior audit reports.

The proposed timetable for this year's audit is as follows:

Start date in the field: (DATE), Estimated weeks to complete:(Number of weeks)

The audit team will include the following members:

Team Leader: Names                      Title

Other Staff:

Define date for opening conference..... To discuss our audit objectives and solicit your input. Our goal is to perform an effective and efficient audit. We will need your staff to provide us the following documents and schedules on:

1. (DATE)
2. (DATE)

Before the audit team leaves the client site at the end of the fieldwork phase, a meeting will be held with you to discuss preliminary findings raised, any outstanding information and the next steps to the audit. The draft audit report will be completed by the audit staff and reviewed by Bushishi in the next three weeks. You are then expected to provide a response to the draft report within two weeks. The report will be finalized and presented to the audit committee at their next meeting.

Our mission is to help you achieve (DEPARTMENTS) objectives by providing you information about the effectiveness of internal control and by recommending courses of actions which improve performance.

If you have any questions about this year's audit, please do not hesitate to call at xxx-xxxxxx or email us at .....

Sincerely,

**Appendix 6**

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**Risk identification template**

<b>Reference</b>	<b>Risk</b>	<b>Source</b> <b>(How can the risk occur)</b>	<b>Impact</b> <b>(What is the impact of the risk occurring)</b>
1			
2			
3			



## Appendix 7

### Risk register as at (date)

**Project name:**

**Report for:**

**Project manager:**

**Project scope:**

Rating for likelihood and seriousness for each risk			
L	Rated as low	E	Rated as extreme (used for seriousness only)
M	Rated as medium	NA	Not assessed
H	Rated as high		

Grade: Combined effect of likelihood/seriousness					
		Seriousness			
		low	medium	high	EXTREME
Likelihood	low	E	D	C	A
	medium	D	C	B	A
	high	C	B	A	A

Recommended actions for grades of risk	
Grade	Risk actions
A	Actions to reduce the likelihood and seriousness to be identified and implemented as soon as the project commences.
B	Actions to reduce the likelihood and seriousness to be identified and appropriate actions implemented during project execution.
C	Actions to reduce the likelihood and seriousness to be identified and costed for possible action if funds permit.
D	To be noted - no action is needed unless grading increases over time.
E	To be noted - no action is needed unless grading increases over time.

Change to grade since last assessment			
NEW	New risk	↓	Grading decreased
—	No change to grade	↑	Grading increased

Ref:	Description of risk	Likelihood	Seriousness	Grade	Change	Actions	Responsible officer
1	Inadequate funding to complete the project	M	M	B	NEW	Re-scope project, focusing on time and resourcing	Project Manager
2	Lack of technical skills in staff	H	H	A	↑	Develop training plan	Consultant

**Appendix 8**

**SCHEDULE AND TIMING OF AUDIT ACTIVITIES**

	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Apr	May	June
<b>1. Follow up implementation of Audit recommendations</b>												
a) Internal and external audit recommendations												
b) Budget control issues, utilities, advances, payables and cash controls												
<b>2. Information systems/Technology processes</b>												
Review systems, controls, infrastructure and risks within ICT framework												
<b>3. Financial Management</b>												
a) Income Management												
b) Cash and bank												
c) Financial reporting												
d) Stores and Consumables and pre/post audit of payment and taxation /statutory obligations												
e) Assets management												
<b>4. Review of accountabilities</b>												

<b>5. Payables</b>												
<b>6. Projects</b>												
<b>7. Procurements</b>												
<b>8. Human Resources</b>												
<b>11. Admissions</b>												
<b>13. Special Audits/Investigations</b>												
<b>14. Health and Safety/environment</b>												
<b>15. University Units</b>												
a) Academic Registrar												

**APPENDIX 9.            AUDIT PROCEDURES FOR PETTY CASH IMPREST MANAGEMENT**

- Check and agree the petty cash imprest received to the cheque amount
- Check and ensure that petty cash payments are made through properly written petty cash payment voucher
- Check and ensure that petty cash payments are authorized by the responsible officials
- Check and ensure that petty cash payment vouchers are adequately supported by supporting document such as receipts and invoices
- Check to ensure that supporting documents attached are cancelled to avoid them being used for payment again.
- Check to ensure that petty cash voucher sequential numbers are complete without any gaps in the sequential numbering
- Check and ensure that petty cash payments are posted to the correct cost center in the system.
- Check and agree the petty cash balance on petty cash account on the system to the physical account certificate at the end of the month or financial year

**APPENDIX 10.            AUDIT PROCEDURES FOR SALARY AND WAGES**

- ✓ Check and agree the names on the pay roll.
- ✓ Check and ensure that the names of absentees are not included on the pay roll.
- ✓ Check overtime sheets and agree the rate of pay for overtime on the wage sheet to the financial rate.
- ✓ Check casts and cross casts on the wage sheet and payroll for accuracy
- ✓ Check for consistency of the signatures of the beneficiaries on the pay roll.
- ✓ Check and ensure that expenditure incurred is posted to the correct cost Centre on the system.
- ✓ Check and ensure that there is proper segregation of duties between persons preparing job cards with persons preparing the masters roll.
- ✓ Check and ensure that bonuses, and any other allowances are paid as per the University's policy and that they approved by the authorized person(s).
- ✓ Check and confirm that salaries are paid against payroll approved by responsible officer.
- ✓ Check and agree the amount paid to the personal files to ensure that it is the correct amount paid.
- ✓ Check the net amount paid to the payment voucher
- ✓ Check and agree the amount on the payroll to the salary journals
- ✓ Check the posting of the salary journal on system and ensure the amounts are posted to the correct cost Centre.

**APPENDIX 11.    AUDIT PROCEDURE TO DETECT GHOST WORKERS**

Compare the payroll list with a sample of employees and cross-check this with their personal record in personnel file. Look at their letters of engagement to see:

- Terms of employment
- Rate of pay
- Increment and when due
- Scale and grade of the employee
- Terms of termination or promotion
- Check the new and old list of employees and verify any changes

#### **APPENDIX 12. AUDIT PROCEDURE FOR CORPORATION TAX/WITHHOLDING TAX**

Check and confirm that accurate provisional returns are made by the due date to avoid under declarations and failure to file a provisional return that may result into penalties.

Check and confirm that payment of the provisional tax is made by the due date that is six months after commencement of the year of income to avoid interest charges.

Check and confirm that final returns are made and payment of the final tax effected by the due date that is six months after the end of the year of income to avoid interest charges.

- Compute the tax payable using the appropriate tax rate on the taxable profits and agree the tax computed to the amount on the final return.
- Check and confirm that receipts for tax paid are collected from Uganda Revenue Authority.
- Check to confirm that withholding tax certificates for the tax withheld are obtained from withholding tax agents.
- Obtain the previous year/s/period tax schedule and compare this with the current year's tax schedule for reasonableness.
- Ensure that management has got the previous assessment certificate and if there has been a dispute, a provision equal to the difference in favor of the Revenue Authority should be made.

#### **Audit procedures for cash and cheque payment**

- Check the date on the payment voucher and ensure that it's within the financial year under review.
- Check the name of the payee on the payment voucher and agree this to the name on the supporting document.
- Check and ensure that the amount in words on the payment voucher agree to the amount in figures.

- Check to confirm whether total of the supporting documents agree to the amount on the voucher.
- Check to confirm whether supporting documents are authentic and have been approved by the responsible officers.
- Check to confirm whether the supporting documents have been cancelled to avoid them being used to claim for payment again.
- Check to confirm whether the expenditure is within the limits of budgeted expenditure.
- Check and ensure that the expenditure is posted to correct cost Centre on the system.

#### **Audit of statutory deductions (P.A.Y.E & N.S.S.F)**

- Check the payroll to confirm that statutory deductions such as PAYE & NSSF are deducted from the employees.
- Check the rate at which the deductions are calculated and confirm whether the rate is correct.
- Check to confirm whether returns for statutory deductions are made before the 15<sup>th</sup> day of the following month.
- Check the returns to confirm that deductions on the payroll agree to the amount on the return.
- Check to confirm deductions on the payroll together with the company contribution are included on the month return for NSSF.
- Check to confirm that the amount returned is paid to the statutory bodies within the required time frame.
- Check to confirm that receipts are issued as acknowledgement of receipt for the amount paid.

#### **Audit of value added tax (VAT)**

- Check to confirm whether the University is VAT registered and verify the certificate issued by URA.
- Check to confirm whether monthly returns are submitted at least by the 15<sup>th</sup> day of the following month.
- Check and ensure that VAT is charged is made by the University at the correct rate.
- Check to confirm that VAT charged is posted on the VAT account on system.
- Check to confirm that VAT on supplier's tax invoices is posted to the VAT account on system.
- Check to confirm that VAT payable is paid to URA within the required time frame.
- Check to confirm that receipts are issued by URA as acknowledgement of receipts of the amount paid.

**Audit procedure of lease and long term financing.**

- ✓ Check to confirm whether the Council authorized the borrowing of the loan.
- ✓ Check to confirm collateral security offered by the University to secure the loan.
- ✓ Check the loan agreement to establish the terms and conditions of the loan.
- ✓ Check to confirm whether the loan was disbursed and credited on the University bank account.
- ✓ Check the interest charges and agree the rate to the rate on the loan agreement
- ✓ Check the posting of the interest charges on system.
- ✓ Circularize the bank to confirm the loan balance and agree the balance on confirmation to the loan on system. Check to confirm whether the balance on the loan statement and the loan balances on system are regularly reconciled.

**Audit of prepayments**

- ✓ Check all the entries on this control to ensure that the postings which are there are correct.
- ✓ Verify whether prepayment expenses e.g. insurance, rent, etc, which are supposed to be reduced periodically, have been reduced.
- ✓ Verify whether pre-paid purchases have actually not been delivered. And if so, seek an explanation for this.
- ✓ Obtain the order documents and find out what where the terms and delivery time.
- ✓ Cross-check with stores stock cards whether such goods have been delivered.
- ✓ Communicate with the supplier or the other party on the transaction whether the amount or cheque was received by him and/or how much was received by him.

**Audit of creditors and accruals****Interest on Loan**

- Obtain the loan agreement and ascertain;
- The rate of interest
- The date due
- Check the recording of this item in the books.
- Re-compute the interest accrued to ascertain whether it is genuine.
- Obtain correspondences between the bank and the University to this effect.
- Obtain correspondences between the bank and the University as to when this interest will be settled.
- Check the previous payment of this interest to ensure that there are no other accruals.
- Obtain a bank statement and ensure that it has been properly reflected and reconciliation made.

**Electricity Bills**

- ✓ Obtain electricity bills and inspect them for;
- ✓ The date when due
- ✓ The amount on the bills
- ✓ The party on the bills i.e. ensures they are for the University
- ✓ Obtains the accrual statements/schedule and ensure that this bill is reflected therein.
- ✓ Compare this bill with the previous bills for reasonableness and if there is any material difference, it should be investigated.
- ✓ Ensure that the bills have been authorized for this reason by communicating to the electricity
- ✓ Check the previous bills to ensure that such bills have not passed previously.

**Rent**

- ✓ Obtain an agreement between the tenant and the landlord and ascertain;
- ✓ The rent due
- ✓ The date when it is supposed to be settled
- ✓ Any penalties for failure to pay it
- ✓ Obtain communication between the landlord and tenant for postponement of this (rent) payment.
- ✓ Obtain the rent payable account and ensure that this entry is properly recorded there.
- ✓ Check the recording of this in the schedule of accruals list.
- ✓ Ensure that the amount accrued is reasonable and for this reason compare with the previous prepaid.
- ✓ Check the recording of these items and ensure that they are properly recorded in the current financial period.
- ✓ Obtain the previous periods schedule and compare with the current period schedule for reasonableness.

**Telephone Bills**

- Obtain the bills and check them for:
- The amount
- The date when due
- The party which (University's telephone number) must be on the bills
- Obtain a policy statement as to which parties apart from the University can qualify to have their telephone bills paid by the company.
- Ensure that these bills are reasonable by comparing them with the previous period's bills.



- Ensure that these bills have been properly recorded and disclosed in the schedule of accruals.

#### **Audit of Fleet Management**

- Check and ensure that authorization for use of University vehicles is always signed by a responsible officer.
  - Check and ensure that duly signed gate pass is always used.
  - Check and ensure that necessary measures are taken to protect University vehicles from theft.
  - Check and ensure that 3D tracking system is installed to control vehicle movement
- **Audit of Budgeting and Costing system**
  - Check and audit the budget procedures.
    - Check and analyze actual and budgeted for the previous for the period to confirm attainability.
    - Check and analyze causes of negative variances
    - Check and confirm whether budgeting and costing system achieve University's objectives cost control and direction.

#### **Audit of staff recruitment procedures**

- ✓ Check to confirm whether there was need for manpower recruitment i.e. refer to manpower audit report if any.
- ✓ Check and audit the recruitment procedures as per HRM manual.
- ✓ Check to confirm the nature of appointment to be filled, permanent, contract or temporary appointment.
- ✓ Check to confirm the suitability of the method of recruitment i.e. internal or external recruitment.
- ✓ Check to confirm whether internal or external advertisements were made for the post.
- ✓ Check to confirm whether a list of all applicants for the post was prepared indicating reasons for shortlisting or not.
- ✓ Check to confirm that the list was presented to the interview panel before the interview date.
- ✓ Check to confirm whether score rating sheets prepared during the interview were reviewed by the interview panel and management before approval of the best candidate(s).

- ✓ Check to confirm whether a medical examination was carried out on the best candidate(s) to determine his/her fitness before appointment.
- ✓ Check to confirm whether the appointee was notified of the appointment in writing by giving the appointment letter stating the terms and conditions of service.
- ✓ Check to confirm whether the appointee signified acceptance of appointment in writing before assumption of duty.
- ✓ Check to confirm whether confirmation of appointment of staff on permanent establishment is done after satisfactory completion of the probation and recommended by head of department or University secretary.
- ✓ Check and confirm that officers appointed take oath of secrecy.

#### **Audit of investigation, disciplinary and enforcement procedures**

- ✓ Check to confirm the offence committed by the employee.
- ✓ Check and agree details of the offence committed to the regulations and the union agreement
- ✓ Check and confirm whether the employee was given the opportunity to have a defense on the offences committed.
- ✓ Check to confirm whether investigations were carried out to establish whether the employee is guilty before subjecting him to disciplinary measures.
- ✓ Check the composition of the disciplinary committee and review the minutes of the committee.
- ✓ Check disciplinary measures or action taken against the employee and confirm whether the measures taken are in line with the regulations and the union agreement.
- ✓ Check and confirm that disciplinary measures taken are documented and filled in the personal file of the employee
- ✓ Check to confirm whether confidential reports about the employee by the supervisors and staff appraisal show any improvement.

#### **Audit of promotion, transfer and reward procedures**

- Check to confirm whether the promotion was as a result of a recommendation by the head of department or Council.
- Check to confirm whether the employee was interviewed before promotion.
- Check for staff appraisals and confidential reports by the head of department in the personal file to establish whether the employee exhibited good performance.
- Check to confirm whether the reward to the employee was as a result of good performance exhibited by the employee or superior performance at a public examination.

- Check to confirm whether the reward was as a result of initiatives and exceptional contributions by the employee to the University regulations.
- Check to confirm whether the transfer of the employee was in writing by the University secretary.

**Audit procedures for distribution of staff welfare items.**

- ✓ Check and ensure that the payment vouchers in respect of purchases for staff welfare items are certified by the responsible official.
- ✓ Check and ensure that the payment vouchers are authorized by all the responsible officials.
- ✓ Check and ensure that the payment vouchers are supported by supplier's invoices, receipts and delivery notes.
- ✓ Check and ensure that delivery notes and invoice are certified by the store keeper as evidence of delivery.
- ✓ Check and ensure that welfare items delivered are acknowledged as received by the responsible officer.
- ✓ Check and ensure that the beneficiaries' sign on the distribution lists for the welfare items receive.
- ✓ Check and agree the names of the recipients' of the staff welfare items to the pay roll.
- ✓ Check to ensure that staff welfare items not taken by the beneficiaries are declared.
- ✓ Check and ensure that the expenditure incurred is posted to the correct cost Centre.

**Audit procedure for clinic operations**

- ✓ Check the list of registered beneficiaries both students and employees' to be treated at the clinic.
- ✓ Check the names of the list against personnel files to confirm that the beneficiaries are genuine.
- ✓ Check suppliers invoices for drugs supplied and confirm postings to the stock cards.
- ✓ Check the drugs issued on the stock cards against the patients register.
- ✓ Check and agree the names on the patients register to the list of registered beneficiaries.
- ✓ Check to confirm that huge movements of drugs issued on the stock card are received by the beneficiaries by interviewing them separately.
- ✓ Check to confirm whether drugs donated are recorded in the stock cards.
- ✓ Check and agree quantities of drugs donated to delivery documents.
- ✓ Check to confirm whether the donor is advised or acknowledgement of receipt of drugs sent to the donor.

- ✓ Check the names on invoices from referral hospitals to confirm whether the patients were referred by the University clinic doctor/nurse.
- ✓ Check the names on invoices from referral hospitals and agree the names to list of registered beneficiaries.
- ✓ Check to confirm invoices from referral hospitals are in University name and relate to the financial period under review.

**Audit procedure for staff training and development**

- Check to confirm whether there was a training needs assessment carried out. (Refer to filled training needs assessment forms.)
- Check to confirm whether the training was in line with the University's training policy and Human Resource Manual.
- Check to establish whether the nature of training needed external or internal facilitation and review the list of approved facilitators.
- Check on the register of participants and the training modules to establish whether the modules satisfy the training needs and whether the targeted participants are on the register.
- Check to confirm whether evaluation was carried out to establish the effectiveness of the training and whether the training needs were achieved.
- Check to confirm whether record of training is kept on personal file of the employee.
- Check on personal file for the appraisal to confirm whether there is improvement of employee's performance.

**Audit of retirement, Pension Scheme and Gratuity scheme.**

- ✓ Check to confirm whether there is a provident pension fund operated by the University for permanent employees of the University.
- ✓ Check to confirm whether the trustees of the pension fund were appointed by the employees of the University.
- ✓ Check to confirm whether the trustees appointed the investment managers and administrators of the fund.
- ✓ Check to confirm whether the employee and University contributions are calculated at the correct rates.
- ✓ Check to ensure that monthly returns for total contribution both employee and University are made to the custodians of the fund not later than the 15<sup>th</sup> day of the following month.
- ✓ Check for acknowledgement of receipt for the amount remitted to the fund/custodians.

- ✓ Check to ensure that the amount deducted from the employees on the payroll together with the University contribution is included on the monthly returns.
- ✓ Check and agree the names on the payroll to the names on the monthly returns to the pension fund.
- ✓ Check to confirm whether statements are sent to the individual members and ensure that interest earned is posted on the individual accounts of the members.
- ✓ Check to confirm whether the investment manager or fund managers give quarterly investment advice to the board of trustees.
- ✓ Check to confirm whether the fund is audited annually and the audit report presented to the members.
- ✓ Check to confirm that refunds to members is effectively handled by the fund administrators when refund is due.

**Audit procedures for marketing process**

- ✓ Check and examine criteria used to identify market needs.
- ✓ Check to confirm that refunds to members is effectively handled by the fund administrators when refund is due.
- ✓ Check and ensure accuracy in invoicing and receipts.
- ✓ Compare the price on invoice with price list for any error.
- ✓ Check for written authorization for any commission or discount given.

**Audit of agents operations**

- Check for compliance with terms in the commercial Agency Agreement.
- Check to find whether the agents operations meet the general University ethics principles.

**Audit procedures for marketing trips**

- ✓ Check and ensure that the marketing trips undertaken are within the approved itineraries and in line with the overall approved marketing plan.
- ✓ Check and ensure that the payment vouchers for the marketing trips undertaken are certified by the head of department.
- ✓ Check and ensure that the payment vouchers are authorized by all the responsible officials.
- ✓ Check and ensure that the rate of pay of night and day safari allowance on the payment voucher is in agreement to the rate of pay in the regulations.
- ✓ Check and ensure that reports are prepared for each marketing trip undertaken as a way of accountability for the resources utilized.

- ✓ Check and ensure that the marketing report prepared for each trip clearly show the areas and distances covered, the cost/benefit analysis for the trip.
- ✓ Check and agree the distance covered to the previous mileage readings in the vehicle logbooks.
- ✓ Check and ensure that the expenditure incurred is posted to the correct cost Centre.

**Tender and contract award procedures**

- Check and ensure that tender and contract award procedures are in line with public procurement and disposal of public asset act.
- Check and ensure that standard pre-qualification.

**Procurement and supplies operations**

- ✓ Check and ensure that authorization and approval is done by a responsible officer.
- ✓ Check and ensure that request for qualification from listed suppliers is made for comparison.
- ✓ Check and ensure that prices, quality and quantity meet expectation.
- ✓ Check and ensure that supplies are made after local purchase order has been issued

**Advance purchase**

- Check and ensure that proper accountability is done for money advanced for purchase.
- Check and ensure that the accountability is done within the required period.
- Check and ensure that University policies relating to money not accounted for is enforced.

**Maintenance of computer backup system and test controls**

- ✓ Check and confirm the reliability of the back system in place.
- ✓ Check for any violation of system rule by users.
- ✓ Check to ensure that the control in place for data accessibility is fully functioning.

**Management responsibility**

- Check and confirm existence of risk management system in the organization.
- Check to ensure that management monitors University risks on an ongoing basis.

**Resource management**

- ✓ Check to ensure that University policy regarding resource management is being followed

**Realization of target**

- Check to ensure that the target set is achievable and are in line with the goals and objective of the University.

**Inspection program**

- ✓ Check and ensure the policy for inspection is designed and enforced by a responsible officer.
- ✓ Check and ensure that the inspection programs meet the desired effect in as far as the University objective is concerned.

**Measurement analysis and improvement**

- Check ensure that University policy relating to performance measurement is consistently applied and analysis made for decision making purpose.

**NEMA environmental Audit requirements**

- Check whether University's activities comply/conform to NEMA environmental requirements/specifications.
- Check whether the University's environmental objectives and policies conform to NEMA environmental requirements
- Check to confirm whether University environmental policies or objectives are implemented and maintained.
- Check to confirm whether there is a potential improvement in the University's environmental practices.
- Check whether there is an internal environmental review system to ensure continuing suitability and effectiveness in the University's environmental practices.
- Check and evaluate the University's internal environmental management system to establish it effectiveness.
- Check to confirm whether there is proper documentation of all environmental documents.

**Appendix.....Audit Procedures For Petty Cash Imprest Management**

<b>Ref</b>	<b>Audit Programme tasks</b>
<b>1</b>	<b>Check and agree the petty cash imprest received to the cheque amount</b>
<b>2</b>	<b>Check and ensure that petty cash payments are made through properly written petty cash payment voucher</b>
<b>3</b>	<b>Check and ensure that petty cash payments are authorized by the responsible officials</b>
<b>4</b>	<b>Check and ensure that petty cash payment vouchers are adequately supported by supporting document such as receipts and invoices</b>
<b>5</b>	<b>Check to ensure that supporting documents attached are cancelled to avoid them being used for payment again.</b>
<b>6</b>	<b>Check to ensure that petty cash voucher sequential numbers are complete without any gaps in the sequential numbering</b>
<b>7</b>	<b>Check and ensure that petty cash payments are posted to the correct cost center in the system.</b>
<b>8</b>	<b>Check and agree the petty cash balance on petty cash account on the system to the physical account certificate at the end of the month or financial year</b>

**Appendix...Audit Procedures For Salary And Wages**



1	Check and agree the names on the pay roll.
2	Check and ensure that the names of absentees are not included on the pay roll.
3	Check overtime sheets and agree the rate of pay for overtime on the wage sheet to the financial rate.
4	Check casts and cross casts on the wage sheet and payroll for accuracy
5	Check for consistency of the signatures of the beneficiaries on the pay roll.
6	Check and ensure that expenditure incurred is posted to the correct cost Centre on the system.
7	Check and ensure that there is proper segregation of duties between persons preparing job cards with persons preparing the masters roll.
8	Check and ensure that bonuses, and any other allowances are paid as per the University's policy and that they approved by the authorized person(s).
9	Check and confirm that salaries are paid against payroll approved by responsible officer.
10	Check and agree the amount paid to the personal files to ensure that it is the correct amount paid.
11	Check the net amount paid to the payment voucher
12	Check and agree the amount on the payroll to the salary journals
13	Check the posting of the salary journal on system and ensure the amounts are posted to the correct cost Centre.

**Appendix... Audit Procedure To Detect Ghost Workers**

1	Compare the payroll list with a sample of employees and cross-check this with their personal record in personnel file. Look at their letters of engagement to see:
2	Terms of employment
3	Rate of pay
4	Increment and when due
5	Scale and grade of the employee
6	Terms of termination or promotion
7	Check the new and old list of employees and verify any changes

**Appendix...Audit Procedure For Corporation Tax/Withholding Tax**

1	Check and confirm that accurate provisional returns are made by the due date to avoid under declarations and failure to file a provisional return that may result into penalties.
2	Check and confirm that payment of the provisional tax is made by the due date that is six months after commencement of the year of income to avoid interest charges.
3	Check and confirm that final returns are made and payment of the final tax effected by the due date that is six months after the end of the year of income to avoid interest charges.
4	Compute the tax payable using the appropriate tax rate on the taxable profits and agree the tax computed to the amount on the final return.
5	Check and confirm that receipts for tax paid are collected from Uganda Revenue Authority.
6	Check to confirm that withholding tax certificates for the tax withheld are obtained from withholding tax agents.
7	Obtain the previous year/s/period tax schedule and compare this with the current year's tax schedule for reasonableness.
8	Ensure that management has got the previous assessment certificate and if there has been a dispute, a provision equal to the difference in favor of the Revenue Authority should be made.

**Appendix...Audit procedures for cash and cheque payment**

1	Check the date on the payment voucher and ensure that it's within the financial year under review.
2	Check the name of the payee on the payment voucher and agree this to the name on the supporting document.
3	Check and ensure that the amount in words on the payment voucher agree to the amount in figures.
4	Check to confirm whether total of the supporting documents agree to the amount on the voucher.
5	Check to confirm whether supporting documents are authentic and have been approved by the responsible officers.
6	Check to confirm whether the supporting documents have been cancelled to avoid them being used to claim for payment again.

7	Check to confirm whether the expenditure is within the limits of budgeted expenditure.
8	Check and ensure that the expenditure is posted to correct cost Centre on the system.

#### **Appendix...Audit of statutory deductions (P.A.Y.E & N.S.S.F)**

1	Check the payroll to confirm that statutory deductions such as PAYE & NSSF are deducted from the employees.
2	Check the rate at which the deductions are calculated and confirm whether the rate is correct.
3	Check to confirm whether returns for statutory deductions are made before the 15 <sup>th</sup> day of the following month.
4	Check the returns to confirm that deductions on the payroll agree to the amount on the return.
5	Check to confirm deductions on the payroll together with the company contribution are included on the month return for NSSF.
6	Check to confirm that the amount returned is paid to the statutory bodies within the required time frame.
7	Check to confirm that receipts are issued as acknowledgement of receipt for the amount paid.

#### **Appendix...Audit of value added tax (VAT)**

1	Check to confirm whether the University is VAT registered and verify the certificate issued by URA.
2	Check to confirm whether monthly returns are submitted at least by the 15 <sup>th</sup> day of the following month.
3	Check and ensure that VAT is charged is made by the University at the correct rate.
4	Check to confirm that VAT charged is posted on the VAT account on system.
5	Check to confirm that VAT on supplier's tax invoices is posted to the VAT account on system.
6	Check to confirm that VAT payable is paid to URA within the required time frame.

7	Check to confirm that receipts are issued by URA as acknowledgement of receipts of the amount paid.
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**Appendix...Audit procedure of lease and long term financing.**

1	Check to confirm whether the Council authorized the borrowing of the loan.
2	Check to confirm collateral security offered by the University to secure the loan.
3	Check the loan agreement to establish the terms and conditions of the loan.
4	Check to confirm whether the loan was disbursed and credited on the University bank account.
5	Check the interest charges and agree the rate to the rate on the loan agreement
6	Check the posting of the interest charges on system.
7	Circularize the bank to confirm the loan balance and agree the balance on confirmation to the loan on system. Check to confirm whether the balance on the loan statement and the loan balances on system are regularly reconciled.

**Appendix...Audit of prepayments**

1	Check all the entries on this control to ensure that the postings which are there are correct.
2	Verify whether prepayment expenses e.g. insurance, rent, etc, which are supposed to be reduced periodically, have been reduced
3	Verify whether pre-paid purchases have actually not been delivered. And if so, seek an explanation for this.
4	Obtain the order documents and find out what where the terms and delivery time.
5	Cross-check with stores stock cards whether such goods have been delivered.
6	Communicate with the supplier or the other party on the transaction whether the amount or cheque was received by him and/or how much was received by him.

**Appendix...Audit of creditors and accruals**

**Appendix...Interest on Loan**

1	Obtain the loan agreement and ascertain:
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2	The rate of interest
3	The date due
4	Check the recording of this item in the books.
5	Re-compute the interest accrued to ascertain whether it is genuine.
6	Obtain correspondences between the bank and the University to this effect.
7	Obtain correspondences between the bank and the University as to when this interest will be settled.
8	Check the previous payment of this interest to ensure that there are no other accruals.
9	Obtain a bank statement and ensure that it has been properly reflected and reconciliation made.

#### Appendix...vElectricity Bills

1	Obtain electricity bills and inspect them for;
2	The date when due
3	The amount on the bills
4	The party on the bills i.e. ensures they are for the University
5	Obtains the accrual statements/schedule and ensure that this bill is reflected therein.
6	Compare this bill with the previous bills for reasonableness and if there is any material difference, it should be investigated.
7	Ensure that the bills have been authorized for this reason by communicating to the electricity
8	Check the previous bills to ensure that such bills have not passed previously.

#### Appendix...Rent

1	Obtain an agreement between the tenant and the landlord and ascertain;
2	The rent due
3	The date when it is supposed to be settled

4	Any penalties for failure to pay it
5	Obtain communication between the landlord and tenant for postponement of this (rent) payment.
6	Obtain the rent payable account and ensure that this entry is properly recorded there.
7	Check the recording of this in the schedule of accruals list.
8	Ensure that the amount accrued is reasonable and for this reason compare with the previous prepaid.
9	Check the recording of these items and ensure that they are properly recorded in the current financial period.
10	Obtain the previous periods schedule and compare with the current period schedule for reasonableness.

#### **Appendix...Telephone Bills**

1	Obtain the bills and check them for:
2	The amount
3	The date when due
4	The party which (University's telephone number) must be on the bills
5	Obtain a policy statement as to which parties apart from the University can qualify to have their telephone bills paid by the company.
6	Ensure that these bills are reasonable by comparing them with the previous period's bills.
7	Ensure that these bills have been properly recorded and disclosed in the schedule of accruals

#### **Appendix...Audit of Fleet Management**

1	Check and ensure that authorization for use of University vehicles is always signed by a responsible officer.
2	Check and ensure that duly signed gate pass is always used.
3	Check and ensure that necessary measures are taken to protect University vehicles from

	theft.
4	Check and ensure that 3D tracking system is installed to control vehicle movement

#### **Appendix...Audit of Budgeting and Costing system**

	Check and audit the budget procedures.
	Check and analyze actual and budgeted for the previous for the period to confirm attainability.
	Check and analyze causes of negative variances
	Check and confirm whether budgeting and costing system achieve University's objectives cost control and direction.

#### **Appendix...Audit of staff recruitment procedures**

1	Check to confirm whether there was need for manpower recruitment i.e. refer to manpower audit report if any.
2	Check and audit the recruitment procedures as per HRM manual.
3	Check to confirm the nature of appointment to be filled, permanent, contract or temporary appointment.
4	Check to confirm the suitability of the method of recruitment i.e. internal or external recruitment.
5	Check to confirm whether internal or external advertisements were made for the post.
6	Check to confirm whether a list of all applicants for the post was prepared indicating reasons for shortlisting or not.
7	Check to confirm that the list was presented to the interview panel before the interview date.
8	Check to confirm whether score rating sheets prepared during the interview were reviewed by the interview panel and management before approval of the best candidate(s).
9	Check to confirm whether a medical examination was carried out on the best candidate(s) to determine his/her fitness before appointment.
10	Check to confirm whether the appointee was notified of the appointment in writing by

	giving the appointment letter stating the terms and conditions of service.
11	Check to confirm whether the appointee signified acceptance of appointment in writing before assumption of duty.
12	Check to confirm whether confirmation of appointment of staff on permanent establishment is done after satisfactory completion of the probation and recommended by head of department or University secretary.
13	Check and confirm that officers appointed take oath of secrecy.

#### **Appendix...Audit of investigation, disciplinary and enforcement procedures**

1	Check to confirm the offence committed by the employee.
2	Check and agree details of the offence committed to the regulations and the union agreement
3	Check and confirm whether the employee was given the opportunity to have a defense on the offences committed.
4	Check to confirm whether investigations were carried out to establish whether the employee is guilty before subjecting him to disciplinary measures.
5	Check the composition of the disciplinary committee and review the minutes of the committee.
6	Check disciplinary measures or action taken against the employee and confirm whether the measures taken are in line with the regulations and the union agreement.
7	Check and confirm that disciplinary measures taken are documented and filled in the personal file of the employee
8	Check to confirm whether confidential reports about the employee by the supervisors and staff appraisal show any improvement.

#### **Appendix...Audit of promotion, transfer and reward procedures**

1	Check to confirm whether the promotion was as a result of a recommendation by the head of department or Council.
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2	Check to confirm whether the employee was interviewed before promotion.
3	Check for staff appraisals and confidential reports by the head of department in the personal file to establish whether the employee exhibited good performance.
4	Check to confirm whether the reward to the employee was as a result of good performance exhibited by the employee or superior performance at a public examination.
5	Check to confirm whether the reward was as a result of initiatives and exceptional contributions by the employee to the University regulations.
6	Check to confirm whether the transfer of the employee was in writing by the University secretary.

#### Appendix...Audit procedures for distribution of staff welfare items.

1	Check and ensure that the payment vouchers in respect of purchases for staff welfare items are certified by the responsible official.
2	Check and ensure that the payment vouchers are authorized by all the responsible officials.
3	Check and ensure that the payment vouchers are supported by supplier's invoices, receipts and delivery notes.
4	Check and ensure that delivery notes and invoice are certified by the store keeper as evidence of delivery.
5	Check and ensure that welfare items delivered are acknowledged as received by the responsible officer.
6	Check and ensure that the beneficiaries' sign on the distribution lists for the welfare items receive.
7	Check and agree the names of the recipients' of the staff welfare items to the pay roll.
8	Check to ensure that staff welfare items not taken by the beneficiaries are declared.
9	Check and ensure that the expenditure incurred is posted to the correct cost Centre.

#### Appendix...Audit procedure for clinic operations

1	Check the list of registered beneficiaries both students and employees' to be treated at the
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	clinic.
2	Check the names of the list against personnel files to confirm that the beneficiaries are genuine.
3	Check suppliers invoices for drugs supplied and confirm postings to the stock cards.
4	Check the drugs issued on the stock cards against the patients register.
5	Check and agree the names on the patients register to the list of registered beneficiaries.
6	Check to confirm that huge movements of drugs issued on the stock card are received by the beneficiaries by interviewing them separately.
7	Check to confirm whether drugs donated are recorded in the stock cards.
8	Check and agree quantities of drugs donated to delivery documents.
9	Check to confirm whether the donor is advised or acknowledgement of receipt of drugs sent to the donor.
10	Check the names on invoices from referral hospitals to confirm whether the patients were referred by the University clinic doctor/nurse.
11	Check the names on invoices from referral hospitals and agree the names to list of registered beneficiaries.
12	Check to confirm invoices from referral hospitals are in University name and relate to the financial period under review.

#### **Appendix...Audit procedure for staff training and development**

1	Check to confirm whether there was a training needs assessment carried out. (Refer to filled training needs assessment forms.)
2	Check to confirm whether the training was in line with the University's training policy and Human Resource Manual.
3	Check to establish whether the nature of training needed external or internal facilitation and review the list of approved facilitators.
4	Check on the register of participants and the training modules to establish whether the modules satisfy the training needs and whether the targeted participants are on the register.

5	Check to confirm whether evaluation was carried out to establish the effectiveness of the training and whether the training needs were achieved.
6	Check to confirm whether record of training is kept on personal file of the employee.
7	Check on personal file for the appraisal to confirm whether there is improvement of employee's performance.

**Appendi...Audit of retirement, Pension Scheme and Gratuity scheme.**

1	Check to confirm whether there is a provident pension fund operated by the University for permanent employees of the University.
2	Check to confirm whether the trustees of the pension fund were appointed by the employees of the University.
3	Check to confirm whether the trustees appointed the investment managers and administrators of the fund.
4	Check to confirm whether the employee and University contributions are calculated at the correct rates.
5	Check to ensure that monthly returns for total contribution both employee and University are made to the custodians of the fund not later than the 15 <sup>th</sup> day of the following month.
6	Check for acknowledgement of receipt for the amount remitted to the fund/custodians.
7	Check to ensure that the amount deducted from the employees on the payroll together with the University contribution is included on the monthly returns.
8	Check and agree the names on the payroll to the names on the monthly returns to the pension fund.
9	Check to confirm whether statements are sent to the individual members and ensure that interest earned is posted on the individual accounts of the members.
10	Check to confirm whether the investment manager or fund managers give quarterly investment advice to the board of trustees.
11	Check to confirm whether the fund is audited annually and the audit report presented to the members.
12	Check to confirm that refunds to members is effectively handled by the fund administrators

	when refund is due.
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**Appendix...Audit procedures for marketing process**

1	Check and examine criteria used to identify market needs.
2	Check to confirm that refunds to members is effectively handled by the fund administrators when refund is due.
3	Check and ensure accuracy in invoicing and receipts.
4	Compare the price on invoice with price list for any error.
5	Check for written authorization for any commission or discount given.

**Appendix...Audit of agents operations**

1	Check for compliance with terms in the commercial Agency Agreement.
2	Check to find whether the agents operations meet the general University ethics principles.

**Appendix...Audit procedures for marketing trips**

1	Check and ensure that the marketing trips undertaken are within the approved itineraries and in line with the overall approved marketing plan.
2	Check and ensure that the payment vouchers for the marketing trips undertaken are certified by the head of department.
3	Check and ensure that the payment vouchers are authorized by all the responsible officials.
4	Check and ensure that the rate of pay of night and day safari allowance on the payment voucher is in agreement to the rate of pay in the regulations.
5	Check and ensure that reports are prepared for each marketing trip undertaken as a way of accountability for the resources utilized.
6	Check and ensure that the marketing report prepared for each trip clearly show the areas and distances covered, the cost/benefit analysis for the trip.
7	Check and agree the distance covered to the previous mileage readings in the vehicle logbooks.
8	Check and ensure that the expenditure incurred is posted to the correct cost Centre.

**Appendix...Tender and contract award procedures**

1	Check and ensure that tender and contract award procedures are in line with public procurement and disposal of public asset act.
2	Check and ensure that standard pre-qualification.

**Appendix...Procurement and supplies operations**

1	Check and ensure that authorization and approval is done by a responsible officer.
2	Check and ensure that request for qualification from listed suppliers are made for comparison.
3	Check and ensure that prices, quality and quantity meet expectation.
4	Check and ensure that supplies are made after local purchase order has been issued

**Appendix...Advance purchase**

1	Check and ensure that proper accountability is done for money advanced for purchase.
2	Check and ensure that the accountability is done within the required period.
3	Check and ensure that University policies relating to money not accounted for is enforced.

**Appendix...Maintenance of computer backup system and test controls**

1	Check and confirm the reliability of the back system in place.
2	Check for any violation of system rule by users.
3	Check to ensure that the control in place for data accessibility is fully functioning.

**Appendix...Management responsibility**

1	Check and confirm existence of risk management system in the organization.
2	Check to ensure that management monitors University risks on an ongoing basis.

**Appendix...Resource management**

1	Check to ensure that University policy regarding resource management is being followed
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**Appendix...Realization of target**

1	Check to ensure that the target set is achievable and are in line with the goals and objective of the University.
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**Appendix...Inspection program**

1	Check and ensure the policy for inspection is designed and enforced by a responsible officer.
2	Check and ensure that the inspection programs meet the desired effect in as far as the University objective is concerned.

**Appendix...Measurement analysis and improvement**

1	Check ensure that University policy relating to performance measurement is consistently applied and analysis made for decision making purpose.
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**Appendix...NEMA environmental Audit requirements**

1	Check whether University's activities comply/conform to NEMA environmental requirements/specifications.
2	Check whether the University's environmental objectives and policies conform to NEMA environmental requirements
3	Check to confirm whether University environmental policies or objectives are implemented and maintained.
4	Check to confirm whether there is a potential improvement in the University's environmental practices.
5	Check whether there is an internal environmental review system to ensure continuing suitability and effectiveness in the University's environmental practices.
6	Check and evaluate the University's internal environmental management system to establish it effectiveness.
7	Check to confirm whether there is proper documentation of all environmental documents.

