

The background of the slide is a light gray gradient. It is decorated with numerous realistic water droplets of various sizes. Some droplets are large and prominent, while others are small and subtle. They are scattered across the slide, with a higher concentration in the top-left and bottom-right corners. Each droplet has a soft highlight and a subtle shadow, giving it a three-dimensional appearance.

INTERNAL AUDITOR'S INTERACTION WITH ROLE- PLAYERS

RELATIONSHIP WITH OTHER OFFICE BEARERS

Board of directors

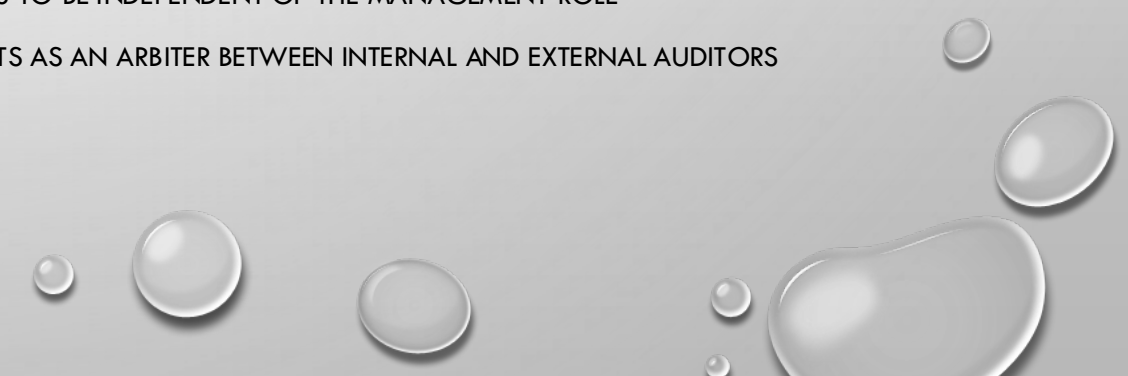
Audit committee



BOARD OF DIRECTORS

- THIS IS A GOVERNING BODY TO WHOM THE CAE FUNCTIONALLY REPORTS.
- THIS BODY IS RESPONSIBLE FOR APPROVING THE INTERNAL AUDIT CHARTER
- COMMUNICATING ON THE ENGAGEMENT RESULTS
- APPROVING THE APPOINTMENT OF A CAE
- REMUNERATION OF STAFF
- REPORTING THE SCOPE LIMITATIONS
- ANNUAL REPORTS

AUDIT COMMITTEE

- THIS IS THE SUBCOMMITTEE OF THE BOARD OF DIRECTORS AND IT IS PART OF THE HIGHEST AUTHORITY IN AN ORGANIZATION
 - IT STABILIZES AN INTERNAL AUDIT ACTIVITY
 - IT IS CHARGED WITH THE OVERSIGHT ROLE OVER THE CONTROLS, INTERNAL AND EXTERNAL AUDIT FUNCTIONS, AND THE QUALITY OF FINANCIAL REPORTING PRACTICES
 - IT IS RESPONSIBLE TO ENSURE THAT MANAGEMENT HAS PROPER PROCESSES FOR ACCOUNTABILITY
 - IT HAS TO BE INDEPENDENT OF THE MANAGEMENT ROLE
 - IT ACTS AS AN ARBITER BETWEEN INTERNAL AND EXTERNAL AUDITORS
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ROLE OF INTERNAL AUDITING TO SUPPORT AUDIT COMMITTEE

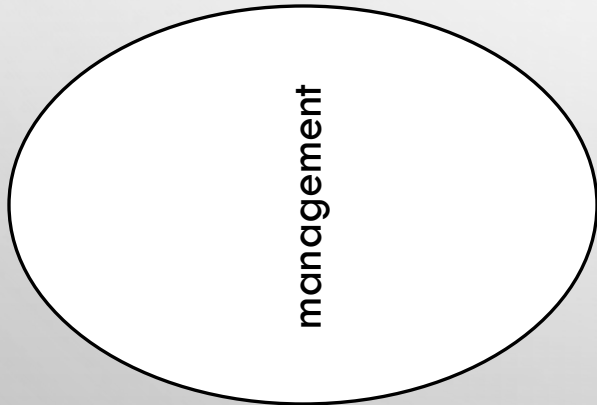
- THERE SHOULD BE CONTINUOUS COMMUNICATION BETWEEN THE INTERNAL AUDITING AND THE AUDIT COMMITTEE
- REVIEWING THE CHARTER TO ENSURE THAT IT ADDRESSES ALL THE RESPONSIBILITIES
- REVIEWING THE PLANS OF AN AUDIT COMMITTEE
- DRAFTING OF THE AUDIT COMMITTEE'S MEETING AGENDA
- ENCOURAGING THE AUDIT COMMITTEE TO CONDUCT PERIODIC REVIEWS
- MEETINGS REGULARLY TO DISCUSS IF THE INFORMATION AND MATERIALS SUPPLIED TO THE COMMITTEE ARE MEETING THEIR NEEDS
- ENQUIRING IF THERE IS A NEED FOR TRAINING OF ANY NEW MEMBERS ON RISK AND CONTROLS

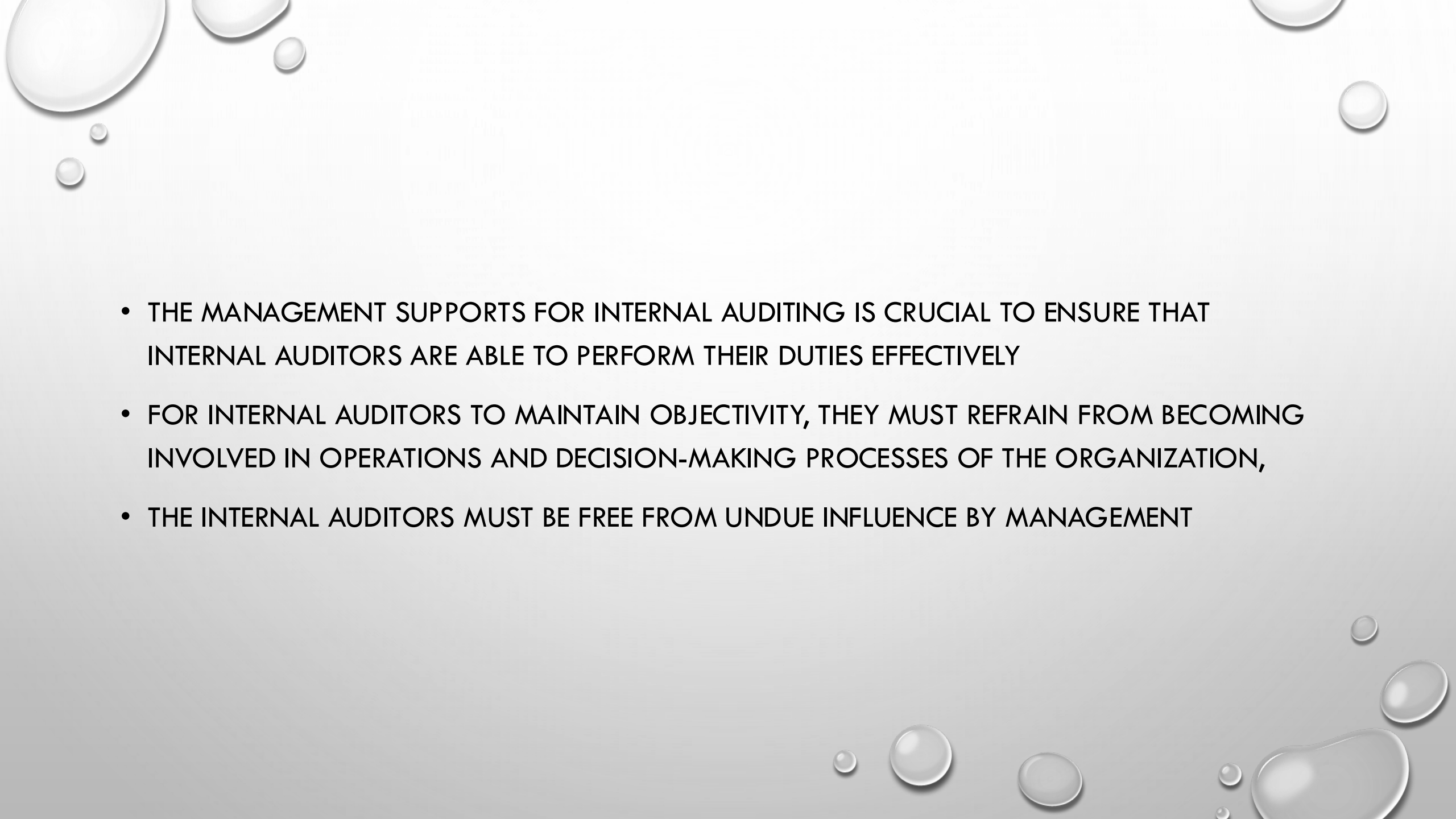
COMMUNICATION BETWEEN THE AUDIT COMMITTEE AND INTERNAL AUDITING

- ❖ THE AUDIT COMMITTEE SHOULD MEET PRIVATELY WITH THE CAE ON A REGULAR BASIS TO DISCUSS SENSITIVE ISSUES
- ❖ CAE MUST PROVIDE A SUMMARY OF ANNUAL REPORTS INDICATING THE ACTIVITIES RELATING TO THE MISSION AND SCOPE OF THE AUDIT WORK
- ❖ THE AUDIT COMMITTEE SHOULD BE INFORMED OF NEW TRENDS AND SUCCESSFUL PRACTICES PERFORMED BY THE INTERNAL AUDITING
- ❖ THE CAE TOGETHER WITH THE EXTERNAL AUDITORS SHOULD DISCUSS HOW TO FULFILL THE AUDIT COMMITTEE'S INFORMATION NEEDS.
- ❖ THE CAE SHOULD INFORM THE AUDIT COMMITTEE WHETHER THERE IS SUFFICIENT AND EFFECTIVE COORDINATION OF ACTIVITIES BETWEEN THE INTERNAL AND EXTERNAL AUDITORS.

RELATIONSHIP BETWEEN INTERNAL AUDITORS AND MANAGEMENT


- MANAGEMENT IS REFERRED TO AS THE OPERATING EXECUTIVES (LINE MANAGERS). THESE ARE RESPONSIBLE FOR THE DAY-TO-DAY OPERATIONS OF AN ORGANIZATION.
- INTERNAL AUDITORS WORK CLOSELY WITH MANAGEMENT



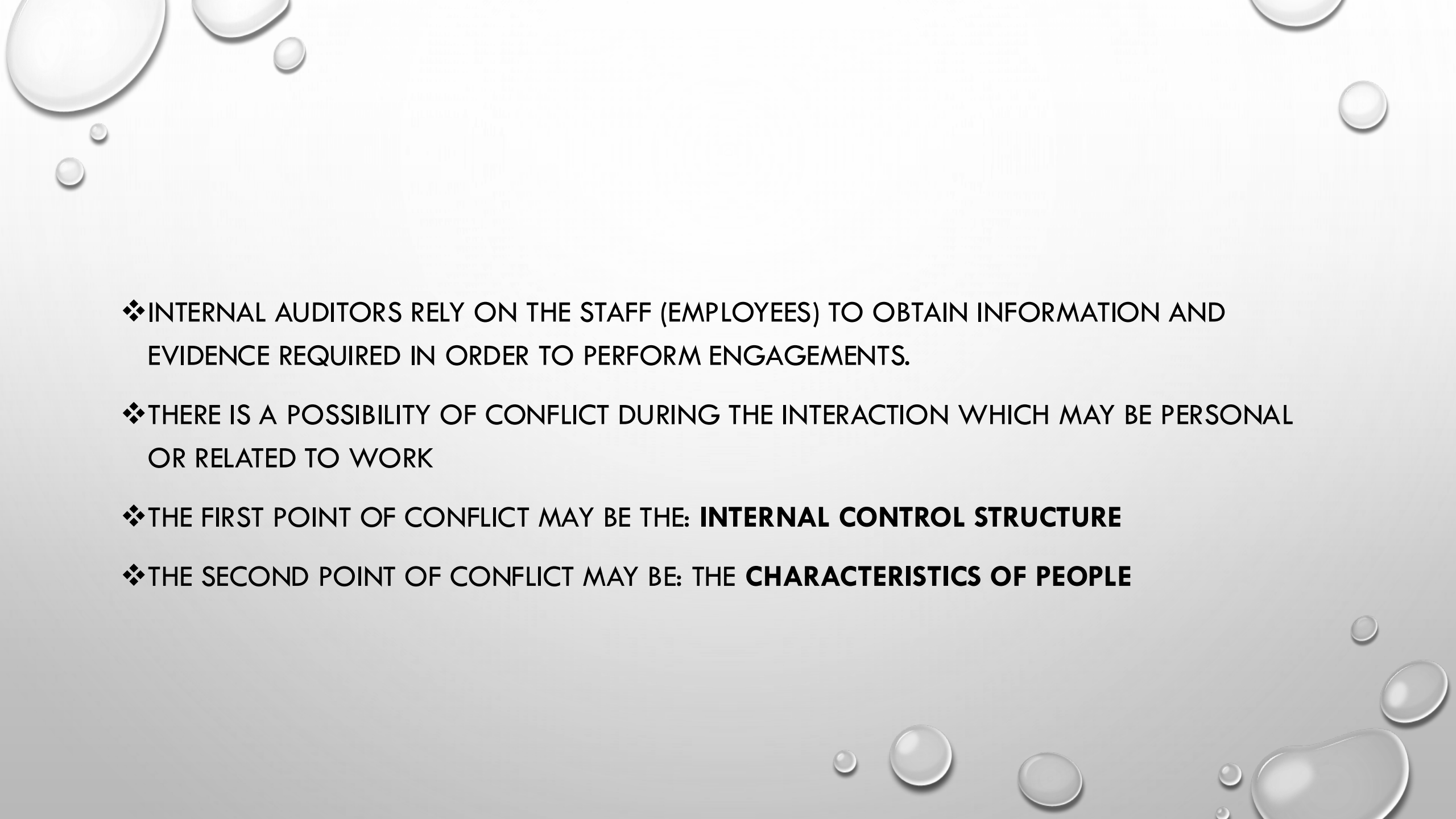
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- THE MANAGEMENT SUPPORTS FOR INTERNAL AUDITING IS CRUCIAL TO ENSURE THAT INTERNAL AUDITORS ARE ABLE TO PERFORM THEIR DUTIES EFFECTIVELY
 - FOR INTERNAL AUDITORS TO MAINTAIN OBJECTIVITY, THEY MUST REFRAIN FROM BECOMING INVOLVED IN OPERATIONS AND DECISION-MAKING PROCESSES OF THE ORGANIZATION,
 - THE INTERNAL AUDITORS MUST BE FREE FROM UNDUE INFLUENCE BY MANAGEMENT

INTERNAL AUDITORS AND THE ENGAGEMENT CLIENT STAFF

- STAFF REPORTS TO MANAGEMENT



Management
Staff within an
organization

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- ❖ INTERNAL AUDITORS RELY ON THE STAFF (EMPLOYEES) TO OBTAIN INFORMATION AND EVIDENCE REQUIRED IN ORDER TO PERFORM ENGAGEMENTS.
 - ❖ THERE IS A POSSIBILITY OF CONFLICT DURING THE INTERACTION WHICH MAY BE PERSONAL OR RELATED TO WORK
 - ❖ THE FIRST POINT OF CONFLICT MAY BE THE: **INTERNAL CONTROL STRUCTURE**
 - ❖ THE SECOND POINT OF CONFLICT MAY BE: THE **CHARACTERISTICS OF PEOPLE**

SOLUTIONS TO CONFLICT

- ❖ INTERNAL AUDITORS SHOULD START BY DEVELOPING GOOD LISTENING SKILLS AND ASSIST ENGAGEMENT CLIENTS TO THINK OF THE SOLUTIONS THEMSELVES
- ❖ INTERNAL AUDITORS MUST WORK TOWARDS BEING SEEN AS HELPFUL BUFFERS AND NOT THE POLICEMEN
- ❖ INTERNAL AUDITORS MUST ALLOW THE CLIENT'S STAFF TO SEE THE CHANGE NOT FORCE THE CHANGE

REFLECTION

- 1) WITH WHOM SHOULD THE INTERNAL AUDITING ESTABLISH RELATIONSHIPS?
- 2) HOW IS THE AUDIT COMMITTEE FORMED?
- 3) WHAT IS THE TASK OF AN AUDIT COMMITTEE?
- 4) WHO HAS MORE POWER BETWEEN THE BOARD OF DIRECTORS AND THE MANAGEMENT?
- 5) WHY THE ORGANIZATIONAL STAFF (EMPLOYEES) ARE THREATENED BY INTERNAL AUDITORS?