



**REPUBLIC OF THE GAMBIA
DIRECTORATE OF INTERNAL AUDIT
MINISTRY OF FINANCE AND ECONOMIC
AFFAIRS**

**DIA INTERNAL AUDIT
INTERNAL AUDIT MANUAL**

December 2022

Foreword by the Minister of Finance

Signed:

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Minister of Finance

December 2022

Statement from the Director General, Directorate of Internal Audit

Signed:

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List of Abbreviations

CAAT	Computer Assisted Audit Techniques
CISA	Certified Information Systems Auditor
CPD	Continuous Professional Development
DIA	Directorate of Internal Audit
GOTG	Government of the Gambia
IIA	Institute of Internal Auditors
IFMIS	Integrated Financial Management Information System
MDAs	Ministries, Departments, Agencies
MOFEA	Ministry of Finance and Economic Affairs
WB	World Bank
WP	Working Papers

1. Introduction

1.1 Purpose and contents of this manual

The Directorate of Internal Audit (DIA) has been using a manual that was last reviewed and updated in 2016. With the changing environment within the Government of the Gambia (GOTG) and the various changes to the International Professional Practices Framework (IPPF) that governs the activities and operations of internal audit functions, there was a need to review the DIA Manual and revise it to ensure that it is in line with best practices and the internal audit standards.

To ensure uniformity and improve the quality of internal audit engagements, this revised DIA Internal Audit Manual has been developed. The manual is to be used by all the internal auditors at the DIA Headquarters and in the sectors. By following the guidelines in the Manual, it is expected that there will be improved quality assurance and professionalism in the audit process. This will in turn ensure that the internal audit function is effective and efficient in executing its oversight mandate.

The revision and updating of this manual is part of the Ministry of Finance and Economic Affairs' (MOFEA) focus on strengthening the professional capacity of the DIA so that it is well equipped to efficiently and effectively undertake its mandate of providing oversight services to the various GoTG ministries.

This Manual provides guides to the Internal Auditors across the whole audit cycle. It should however be noted that the Manual is only a guide and auditors are expected to use their professional judgement during the course of their work.

1.2 Objective of this Manual

The key objective of this manual is to ensure that there is a standard methodology being used by all DIA internal auditors in conducting of internal audit engagements. Compliance with this manual will also ensure that the Internal Auditors are complying with the Institute of Internal Auditors' (IIA) Definition of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (Standards). It should be noted that the core of this manual is primarily based on the Standards published by the Institute of Internal Auditors.

This manual should be used in conjunction with all other applicable literature, e.g. the, IIA Practice Advisories, IIA Position Papers, the DIA Internal Audit Charter, applicable legislation and regulations within the Government of the Gambia.

Although the scope and nature of the system(s) being audited may differ substantially from one audit to the next, this manual must be applied for the auditing of all the Ministries' systems of Governance, Risk Management and Internal control (GRC) for adequacy and effectiveness.

The manual is a working document and will be amended and adjusted as per the changes within the various GOTG regulations, laws and frameworks.

1.3 Responsibility for the manual

The Director General of DIA has overall responsibility for this manual.

1.4 Clarifications

Requests for clarifications of or explanations on the contents of this Manual should be addressed to the Director General of the DIA at the Ministry of Finance and Economic Affairs.

The Director General of DIA, will from time to time, issue circulars and notices amending or adding to the policies and procedures to keep pace with the changing GoTG requirements and modifications in the applicable laws, regulations, and Internal Auditing Standards.

2. Purpose, authority and responsibility of the Directorate of Internal Audit

2.1 Introduction

The Directorate of Internal Audit provides an independent and objective review and advisory service to provide assurance to the Audit Committee and Management that the GOTG's financial and operational controls;

- Are designed to manage risks and achieve objectives;
- Are operating in an efficient, effective, and ethical manner; and
- Assist management to improve performance of the Government and its entities.

The purpose, authority and responsibility of the DIA are all enshrined within the DIA Internal Audit Charter. All internal auditors are required to have a thorough understanding of the contents of the DIA Internal Audit Charter.

Below is a summary of some of the key components of the DIA charter;

2.2 Role of the DIA

The role of the Directorate of Internal Audit is to determine whether the respective Government Ministries, Agencies or Departments' risk management, control and governance processes, as designed and operated by management, are adequate and functioning effectively in a manner that supports the achievement of defined goals and objectives.

2.3 Reporting Procedures

The Director General shall report administratively to the Permanent Secretary Ministry of Finance and Economic Affairs (MOFEA) but shall be professionally and functionally accountable to The Audit Committee appointed by the Hon. Minister of Finance. For its operational activities, the Directorate of Internal Audit shall be independent within the MOFEA.

Reporting

At the end of each quarter, the Director General of DIA is required to submit a Quarterly Report of the work done, and key issues identified and any key challenges being encountered. This report will include all the work done by the Internal Audit teams in all the MoF Regions.

At the end of each financial year, the Director General of DIA is required to submit an Annual Report showing the activities of the MoF Internal Audit Department, progress achieved against the Annual Plan and a summary of the significant audit findings for the previous financial year.

The Quarterly Reports and Annual Report will be submitted to the Minister of Finance, the MoF Director General and the MoF Internal Audit Committee.

2.4 Responsibility

The Director General and Internal Audit staff shall have the responsibility to:

- Develop flexible annual audit plans using appropriate risk-based methodology, considering any risks or control concerns identified by management, as detailed in the Internal Audit Manual and GOTG risk matrix. The flexible annual plan shall be reviewed and adjusted as necessary in response to changes in the Government's operations, risks, programs, systems, and controls;
- Implement the approved annual audit plan including any special tasks, or any internal management consulting service requested by management and the Audit Committee. Significant changes to the approved plan and their impact on the quality of assurance provided shall be

communicated to management and the Audit Committee including any significant matters regarding staffing, training, or other resources;

- Perform assurance and any consulting audit services in accordance with the relevant rules, regulations, and laws of the GOTG, Internal Audit Professional Standards, Code of Ethics, and the Internal Audit Manual. This shall include coordination with other assurance providers such as the NAO;
- Issue quarterly reports to the Audit Committee and management summarising the results of audit activities;
- Establish and maintain mechanisms to follow up on the resolution of audit finding and implementation of corrective actions, and report periodically to management and the Audit Committee on the status of implementation of agreed actions;
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish and ensure adherence to policies and procedures designed to guide the activities of the Directorate of Internal Audit including the GOTG's relevant policies and procedures;
- Establish a quality assurance and improvement programme that covers all aspects of the DIA's activities, continuously monitor its effectiveness and assure conformity with the application Standards and Guiding principles.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;
- Ensure that trends and emerging issues that could impact the GOTG are considered and communicated to management and the Audit Committee as appropriate; and
- Ensure emerging trends and successful practices in internal audit are considered for continuous improvement of the Directorate.
- Provide advisory services, within the DIA capacities and areas of expertise, to assist management in meeting its objectives.

2.5 Authority of the DIA

The Director General or his/her authorised representatives in performance of his/her duties shall have authority, on production of identification, to:

- Have free and unrestricted access to and ability to communicate and interact with the Audit Committee and Management including private meetings with the Audit Committee without Management present.
- Have unrestricted access to all systems, functions, personnel, and records at all reasonable times to any GOTG premises or property;
- Have access to all Information Technology hardware running systems on behalf of the GOTG including hardware owned by third party service providers;
- Require and receive such explanations as are necessary concerning any matter under examination;
- Require any employee of GOTG to produce cash, stores or any other GOTG property under his/her control;
- Have full and free access from top management to the bottom;
- Obtain the necessary assistance from all staff in units where the audit is performed, as well as other specialised services from within or outside the entity.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.

Documents and information given to Internal Auditors during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them

2.6 DIA Audit Scope and Universe

Audit Universe

The entities within the scope of work of the Directorate of Internal Audit include all MDAs' and their regional operating centres as well as Local Government Authorities.

Audit Scope

The DIA has the mandate to conduct;

a) Assurance services

These include:

- a) **Financial Audit:** To provide assurance on the correctness, entirety, legitimacy, and regularity of financial reports and transactions as well as the soundness of underlying internal controls and accounting records;
- b) **Compliance Audit:** To verify adherence to laws, regulations, policies, standards, and prescribed processes;
- c) **Performance or Operational Audit:** To assess the degree of economy, effectiveness, and efficiency of the entity, The emphasis here is on both the entity's inputs and outputs;
- d) **Systems Audit:** To evaluate the design and operation of systems including internal controls, financial controls, accounting systems, IT systems e.t.c;
- e) **IT Audit:** This involves the review of computer- based systems by assessing the likes of data security, disaster recovery, and effective use of resources;
- f) **Value for money Audit:** To provide assurance on the use of funds or resources against the intended objectives, purpose, vision and mission of projects and entities;
- g) **Forensic Audits:** This considers specific cases of suspected irregularities like fraud, embezzlement, or mismanagement of public funds.

b) Advisory Services

The Directorate of Internal Audit also provides advisory services to assist management in meeting its objectives. Examples of such services include pre-disbursement reviews, training, due diligence reviews and research and analytics services and special review requests on issues facing the relevant MDA that may support improvements in its risk management, internal controls and governance structures. The nature of services must be agreed with the relevant MDA management.

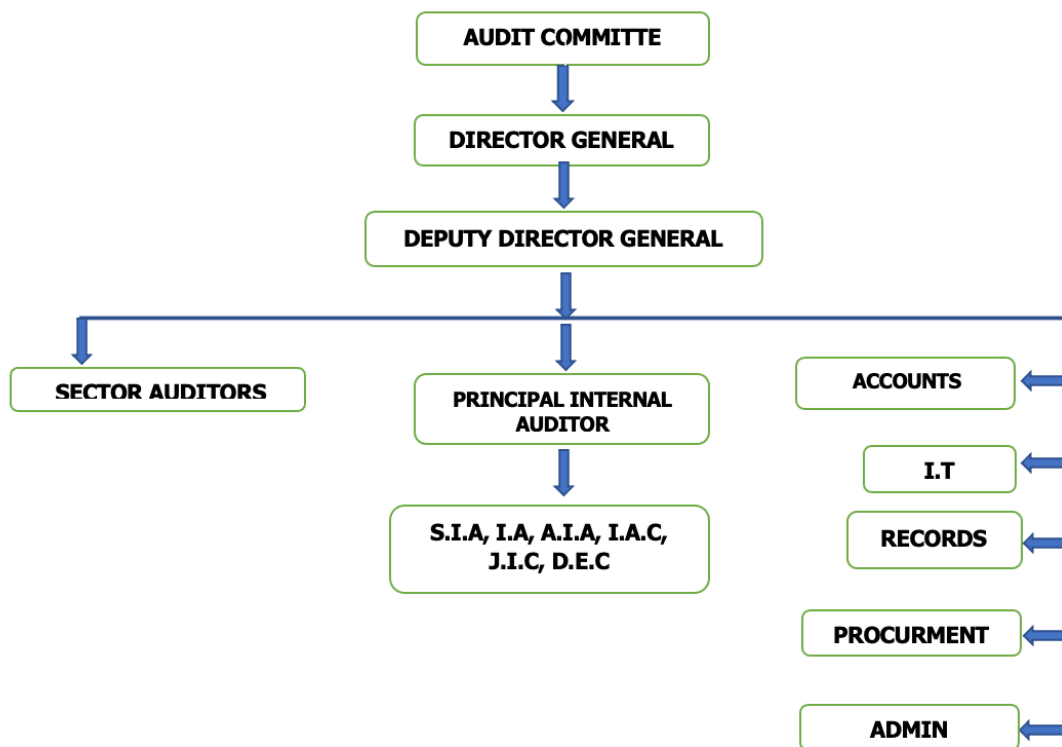
2.8 Organizational Structure of the MoF Internal Audit Department

To reasonably resource the Directorate of Internal Audit to progressively meet the audit requirements of the Government, ensure sustainability, meet technology and specialist services required and guard against the risk of staff attrition, it is proposed that the Internal Audit Unit structure should be revised to an agency through an act of Parliament.

The DIA is responsible for regulating, capacity building and coordinating internal audit units in MDAs. It currently has 77 internal auditors and is headed by the Director General who reports administratively to the Permanent Secretary and functionally to the Audit Committee.

Below is the current structure of the DIA ;

Current Structure



3. Application of Professional Standards

3.1 Introduction

This chapter provides an overview of the professional internal audit standards that are most applicable to the work of the DIA Internal Auditors.

It also describes the responsibilities and professional standards that DIA internal auditors have to maintain both in their work and in their continuing professional development.

3.2 The IIA Standards and definition of internal auditing

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

The DIA activities aim at ensuring that the internal audit functions are in line with the IIA definition. This is clearly stipulated in the DIA Internal Audit Charter that is in accordance with the IIA standards.

3.3 Independence and objectivity

As per the DIA Internal Audit Charter, The DIA shall be sufficiently independent of the activities it audits to enable auditors to perform their duties in a manner that facilitates impartial and effective professional judgment and make recommendations for improvement. DIA Internal Auditors will have no operational responsibilities. In the event that an internal auditor performs an operational function, he/she cannot and shall not be entitled/ allowed to audit that/those transaction(s).

3.4 Standards and due professional care

All DIA internal auditors shall ensure that they conduct their audit assignments with due professional care and in accordance with the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA) and the approved Code of Ethics of the IIA and that of the DIA and the GOTG General Orders.

Due professional care is the care and skill that prudent and competent internal auditors shall apply in performing their duties and these are:

- Working with competence and diligence;
- Use of audit skills, knowledge and judgment based on appropriate experience, training, ability, integrity and objectivity;

Due professional care will be appropriate to the objectives, complexity, nature and materiality of the audit being performed.

DIA internal auditors must treat as confidential any information they receive in carrying out their duties. There must not be any unauthorised disclosure of information unless there is a legal or professional justification to do so. Confidential information gained in the course of the audit must not be used for personal gain.

3.5 Ethical standards

DIA internal auditors are expected to ensure that they behave in a way that reflects the highest level of ethical values and behaviours. They should at all times apply the care and skill expected of reasonably prudent and competent internal auditors.

The auditors are expected to comply with the Government's code of conduct for civil servants and the relevant GOTG laws and regulations. Furthermore, the auditors should also adhere to the IIA Code of Ethics and the DIA Code of Conduct.

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

IIA Principles

According to the IIA, Internal auditors are expected to apply and uphold the following principles:

Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on the internal audit professional's judgment.

Objectivity

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

Confidentially

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

Competency

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

IIA Rules of Conduct

The IIA also expects all auditors to adhere to the following rules of conduct;

1. Integrity

Internal auditors:

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

2. Objectivity

Internal auditors:

- a. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationship that may be in conflict with the interests of the organization.
- b. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- c. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Internal auditors:

- a. Shall be prudent in the use and protection of information acquired in the course of their duties.
- b. Shall not use information for any personal gain nor in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. Competency

Internal auditors:

- a. Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- b. Shall perform internal auditing services in accordance with the Standards for the Professional Practice of Internal Auditing.

Shall continually improve their proficiency and the effectiveness and quality of their services.

3.6 Continuing Professional Development

Training of DIA internal Auditors should be a planned and continuous process at all levels and should be designed to cover:

- a) Basic training providing the minimum level of skills and knowledge which all DIA Internal Auditors should possess;
- b) Development training in Audit skills, techniques and behavioral aspects to improve the effectiveness of those staff currently engaged as Internal Auditors;
- c) Management training for those Auditors with responsibility for managing and directing Audit teams, together with those staff members who show the potential for management positions;
- d) Specialist training for those Auditors responsible for a special field of Audit work which requires specialist skills and knowledge, for example, computer auditing or performance auditing.

The DIA Internal Auditors, as responsible Government officers, should be responsible for continuing their education in order that they maintain their knowledge, skills and proficiency. They should keep themselves informed on changes and developments within the GOTG ministries and activities. The Internal Auditors also need to be aware of developments across the Internal Auditing profession.

Annually, all internal auditors are expected to maintain a minimum of 40 hours of Continuing Professional Education

As part of the DIA Annual Training Plan, DIA internal auditors should be encouraged and assisted in obtaining professional certifications likes Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE).

The DIA management support to the auditors will include giving them opportunities to attend trainings as workshops, organizing in-house trainings, as well as funding professional courses of the auditors.

3.7 Quality Assurance

The Director General of DIA has to ensure that there is a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the DIA's assurance and advisory services across all the GoTG sectors. The QAIP is designed to periodically assess and take action to ensure that the DIA operates in an efficient and effective manner, and is consistently complying with the IIA Standards, the IIA definition of internal auditing, the Core Principles for the Professional Practice of Internal Auditing and the IIA Code of Ethics through the conduct of periodic and ongoing internal assessments.

The Director General of DIA and all the Sector Heads of Internal Audit should ensure that quality assurance is a fundamental part of the internal audit process in all the sectors and ministries. This is because quality assurance helps ensure that the DIA is effective in conducting its work and that quality is maintained. The Quality Assurance Unit at the DIA Headquarters has the responsibility of ensuring that all engagements undertake reasonable quality assurance.

All DIA Internal auditors have a role and a responsibility for implementing the quality assurance activities and responding to the queries of the Quality Assurance Unit.

The DIA Quality Assurance Unit will under quality assurance through any of the following ways;

- a) Internal Assessments-** These involve the hot reviews and cold reviews during the audit planning, field work, and the reporting;
- b) External Assessments-** This is done by external qualified people who are not part of the DIA. It will be done every after five years. The team will review the DIA operations and make recommendations aimed at helping improve the operations.

4. Relationships with stakeholders

4.1 Introduction

The DIA has a number of key stakeholders. These stakeholders play a key role in the DIA's ability to achieve its mandate as enshrined in the DIA Internal Audit Charter. Based on this, it is therefore important that the DIA Internal auditors treat the stakeholders with respect, and also give the stakeholders the opportunity to be listened to.

Below are some of the key stakeholders of the DIA;

4.2 Key stakeholders

4.2.1 Clients

All the GOTG ministries/ sectors and all the Directorates, Departments and Units are clients of the DIA. On an annual basis, after a risk assessment has been done, the DIA will come up with a Risk Based Audit Plan for the audit of identified high risk areas across the various sectors.

The DIA audits are also aimed at helping the various GoTG Ministries improve and further strengthen the efficiency and effectiveness of its internal controls, risk management and governance processes.

The management of the various ministries can also request the DIA to conduct various advisory services as and when the need arises.

4.2.2 The MOFEA Minister of Finance, Permanent Secretary and GOTG Internal Audit Committee

The DIA has a responsibility of reporting to the Minister of Finance, the Permanent Secretary and the GOTG Internal Audit Committee.

The Director General of DIA is expected to make consolidated Quarterly Reports and Annual Reports of the internal audit activities across the sectors and submit them to the Honourable Minister of Finance, MOFEA Permanent Secretary and the GOTG Internal Audit Committee. This report highlights key issues found by the internal auditors, and the status of implementation of the audit recommendations by the relevant sectors.

4.2.3 The National Audit Office (NAO)

The National Audit Office (NAO) is established by an Act as an autonomous institution. Auditors from the AGO may rely on the work done by the DIA internal auditors across the various GOTG sectors with regard to the assessment of internal control systems.

The NAO can also use the work of the DIA internal auditors to obtain audit evidence for the audits being conducted by the NAO.

5. Process for DIA Risk Assessment and Work Planning

5.1 Introduction

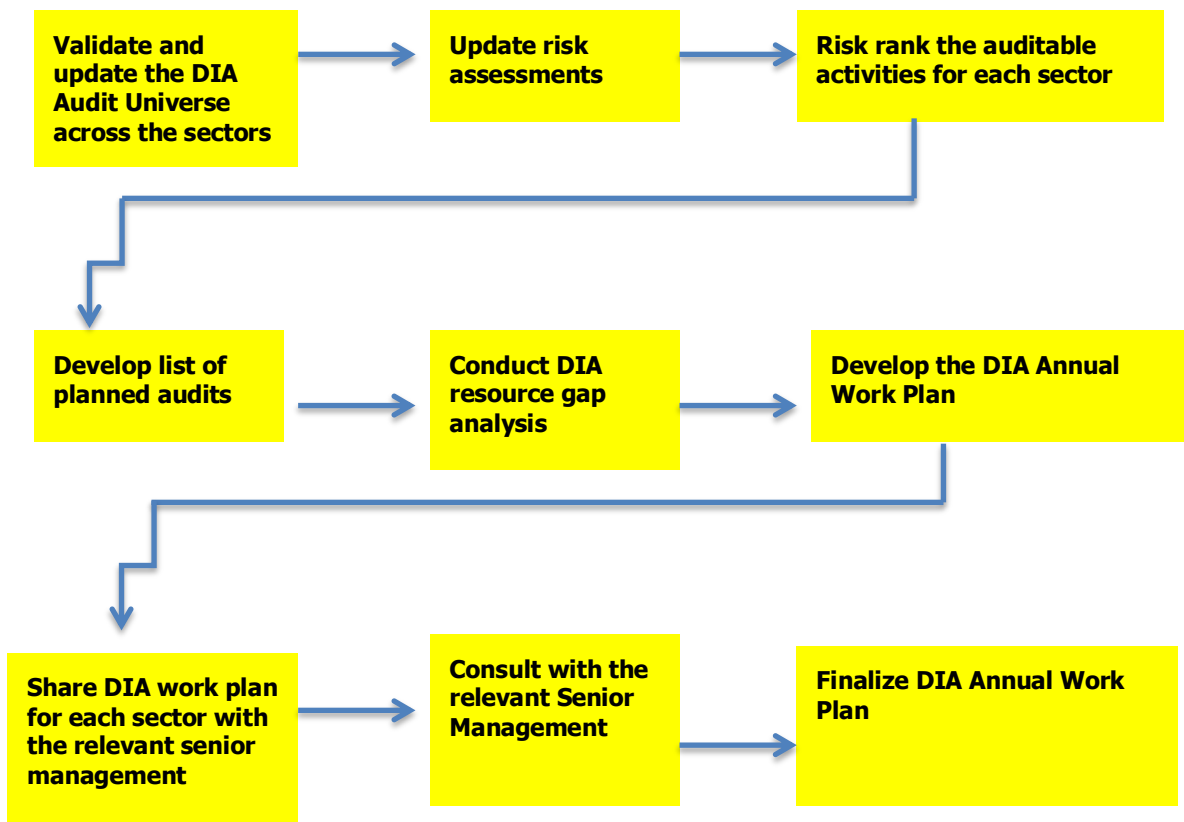
The DIA Internal Audit Annual Audit Plan is based on a Risk-Based Approach. With a risk-based plan, the DIA is able to ensure that priority is given to those areas/ activities within the various GOTG sectors where the achievement of each sector's objectives is at a high risk.

In coming up with its Annual Plan, the DIA consults with and gets input from the key stakeholders within the sectors. These stakeholders include the ministers, Permanent Secretaries and senior management in each of the sectors.

This section highlights the key steps that the DIA follows in coming up with its Annual Work Plan.

5.2 DIA Work Plan Development Process

The following are the key steps followed by the DIA in its risk assessment and work planning process;



5.3 Validation

and updating of the DIA Audit Universe across the sectors

Annually, the DIA is expected to validate and update its audit universe. The DIA's audit universe includes all the potential areas that the DIA can audit within each of the GoTG sectors. These include all the Directorates, Departments, Units, Projects and regional offices of each sector.

The Director General of DIA has the responsibility of validating and updating the DIA's Audit universe across all the sectors by gathering the needed information. The DG-Internal Audit has oversight over the entire process. Each Sector Head of Internal Audit has to ensure that any new activities/ programmes/ directorates within their respective sectors are also included in the Sector's and the

DIA's audit universe.

The Sector Heads of Internal Audit also have the responsibility of ensuring that the audit universe in their sectors is up-to-date, and any changes accordingly communicated to the Director General of DIA.

Some potential information that can be included for each audit area within each sector

In the DIA's audit universe, the following is some of the information that should be included for each audit area;

- Mandate, objectives and priorities of the audit area;
- Information on any major developments and initiatives that have been undertaken in the audit area;
- Key information received from interactions with the relevant sector staff handling/ involved in the audit area.

5.4 Risk Assessments

The DIA's Annual Audit Plan is based on the analysis of the risks in its audit universe. It is the responsibility of the Director General of Internal Audit to ensure that any new risk assessments are undertaken and to also update the existing risks. Each sector Head of Internal Audit has a responsibility of updating their sector risks and accordingly reporting these updates to the Director General for consolidation into the DIA Universe.

The Sector Heads and the Internal auditors can identify any new or emerging risks through discussions and meetings with the auditees, and the review of auditee documents and risk registers. The Sector Heads have the responsibility of ensuring that any significant changes to the Sector's risks from the previous year are accordingly taken into account.

Sources of information for performing/ updating Risk Assessments

The following are the sources of information that the DIA can use in performing/ updating risk assessments;

- Ministerial decrees and instructions from the Minister;
- Sector Strategic Plans;
- Annual Work Plans of the relevant GOTG Sectors;
- Quarterly Reports;
- Sector Organizational charts;
- Manuals and operating policies and procedures of the sectors;
- Results of the previous financial audits;
- Sector Budgets.

Fraud considerations when conducting risk assessments

During the annual risk assessment, the Director General and the Sector Heads of Internal Audit should consider the potential for occurrence of fraud. The Director General and the Sector Heads also have to understand how the auditees in the various sectors manage fraud risks.

The Director General and the Sector Heads of Internal Audit should identify specific fraud schemes and risks and assess their likelihood of occurring and the significance.

Some of the key risks addressed in fraud risk assessment include the risks of;

- Asset misappropriation;
- Illegal acts (including corruption);
- Fraudulent financial reporting;
- Fraudulent non-financial reporting.

All collected information should be documented in the relevant Sector's Internal Audit Risk Assessment Templates.

5.5 Risk Ranking the Auditable Activities for each sector

Every year, as part of the annual planning, DIA should analyse the auditable activities and processes within the various GOTG sectors.

Auditable activities/ processes can include any of the following;

- Activities of a Directorate/ Division within the Sector/ Ministry;
- A subject area. E.g. Procurement, logistics, recruitment.

The Director General of Internal Audit and the Sector Heads of Internal Audit have the responsibility of identifying the auditable areas within the various GOTG Sectors. Focus should be put on the activities or processes that can be susceptible to fraud. The Director General of DIA has the responsibility of providing oversight and quality assurance for all internal audit activities across the GOTG Sectors.

Once all auditable activities have been identified, the risk factors associated with these activities are analyzed in terms of their likelihood and impact. This process enables the DIA to develop a risk score for each identified auditable activity.

From the risk scoring, the DIA will then classify the GoTG's auditable activities are then classified into any of the following three categories: **high, medium or low.**

5.6 Developing a list of DIA's Planned Audits

The DIA uses the list of auditable activities to identify the highest risk areas within each GoTG sector. This process and the ability to decide on which areas to consider as high risk is based on the auditors' understanding of the internal controls and governance processes of the identified activities within the relevant sector. From this list of highest risk areas, the DIA conducts a resource gap assessment.

5.7 Conducting of a Resources Gap Analysis

To identify the resource gaps, the Director General of DIA and the Sector Heads of Internal Audit compare the available audit resources against the planned audits to be conducted in the coming year. The Director General of DIA and the Sector Heads of Internal Audit also have to take into consideration the experience and skills of the available auditors. This is important because the skills and experience determine the number of audits that can be conducted, the types of audits to be conducted as well as whether outside experts may be needed to support the auditors in some audit engagements.

If the analysis indicates that the DIA needs additional resources, a request for additional resources should be made by the Director General of DIA to the Permanent Secretary of the MOFEA and to the Personnel Management Office (PMO). The PS will assess the needs and engage with the MoF Director General. In the event that additional resources cannot readily be provided, the Director General of DIA and the Sector Heads of Internal Audit should reduce the number of planned audits, so as to be able to fully maximize the use of the available auditors.

5.8 Developing the DIA Annual Work Plan

The Director General of DIA is expected to submit a list of preliminary audits to be conducted by the DIA across the GOTG sectors. This list of proposed audits is based on the available audit resources within the DIA.

The Director General of DIA has the responsibility of reviewing the proposed work plans and timings made by the Sector Heads and making any recommendations for any areas that may need to be adjusted or included.

The DIA Annual Plan should also include allocated time for planned reviews as well as advisory services. Advisory services are those audit engagements that may come directly from the various Sector Ministers, Permanent Secretaries, Directors and Heads requesting DIA to conduct certain reviews or assessments.

The Director General of DIA should ensure the consolidation of the annual work plans and for ensuring that the plans are as per the set guidelines within the Ministry of Finance. The Director

General of DIA also has responsibility for conducting quality assurance of the Annual Audit Plans being executed by the various sectors.

5.9 Submission of the Annual Work Plans to the Minister of Finance, MOFEA

Permanent Secretary, Internal Audit Committee and Sector Management

The consolidated DIA Annual work plan, covering all the sectors will be submitted by the Director General of DIA to the Minister of Finance, Permanent Secretary and the GOTG Internal Audit Committee for approval. Once approved, the Director General of DIA will share the approved plan with all the Sector Heads of Internal Audit.

After review and approval by the Director General of DIA, each Sector Head of Internal Audit will also be expected to submit their Annual Work Plan to their relevant Sector Ministers and Permanent Secretaries.

5.10 Sharing of Annual Plans with the Key Directorates within each sector

The Heads of Internal Audit should share their Annual Audit Plans with the key directorates of their sectors that will be audited during the year. This enables the relevant directorate heads to know in advance the audit coverage and the planned audit timings. Any recommendations or any issues that the Heads of Directorates have about the plans should be addressed to the Director General of DIA.

5.11 Finalizing of the DIA Work Plan

The Minister of Finance and the Permanent Secretary will approve the DIA budgets and work plans as part of the Ministry of Finance's annual budget. Once the resources have been allocated to the DIA, the internal audit teams can then be able to commence with their activities as per the approved work plans.

During the year, each Sector Head of Internal Audit has the responsibility of scheduling and communicating timing of the planned audits to the auditees.

5.12 Changes to the DIA Work Plan

During the year, the Sector Heads of Internal Audit can adjust the work plans based on any emerging risks identified. The planned timings of audits can also be adjusted. Any planned changes should first be discussed with the Director General of DIA.

The relevant Sector Ministers, Permanent Secretaries and Senior management may also identify new risks during the year and may request the DIA to conduct certain audits or provide advisory services. On receipt of such requests, the Director General of DIA should assess the request against the planned audits. If the request is deemed more important, the planned audits can be halted, and the resources immediately diverted to the request.

Any changes to the originally approved Work Plan have to be tracked and periodically reported to the Minister of Finance the Permanent Secretary MOFEA and the GOTG Internal Audit Committee.

5.13 Advisory assignments conducted by the DIA

The relevant Sector Ministers, Permanent Secretaries and Senior management and other heads of Directorates within the sectors can request the DIA to conduct advisory assignments.

The DIA can conduct advisory assignments that include advising the relevant Ministry's management on;

- Control designs of certain processes and activities in the ministry;
- Improving governance mechanisms and processes;
- Conducting certain risk assessments.

In considering the request, the Director General of DIA has to also take into account the available resources of the DIA, the identified risks of the activity, as well as any risk that this request may affect the independence of the auditors.

In conducting such assignments, the DIA should apply the IIA Attribute and Performance standards on consulting engagements. For such engagements, the DIA should agree with the clients on the nature and scope of work to be done.

Advisory engagements also have to follow the cycle of Planning, Fieldwork and Reporting. The Director General of DIA should ensure that adequate time is assigned for each of these stages.

6. DIA Internal Audit Engagement Planning

6.1 Introduction

The DIA internal auditors conduct engagement planning in order to;

- Get a more detailed understanding of the process/ activity to be audited;
- Conduct an activity-level risk assessment aimed at identifying the key risks within the process/ activity that could prevent the achievement of the objectives of that activity/ process;
- Develop audit tests of controls aimed at getting reasonable assurance that the identified risks within the process/ activities are effectively managed.

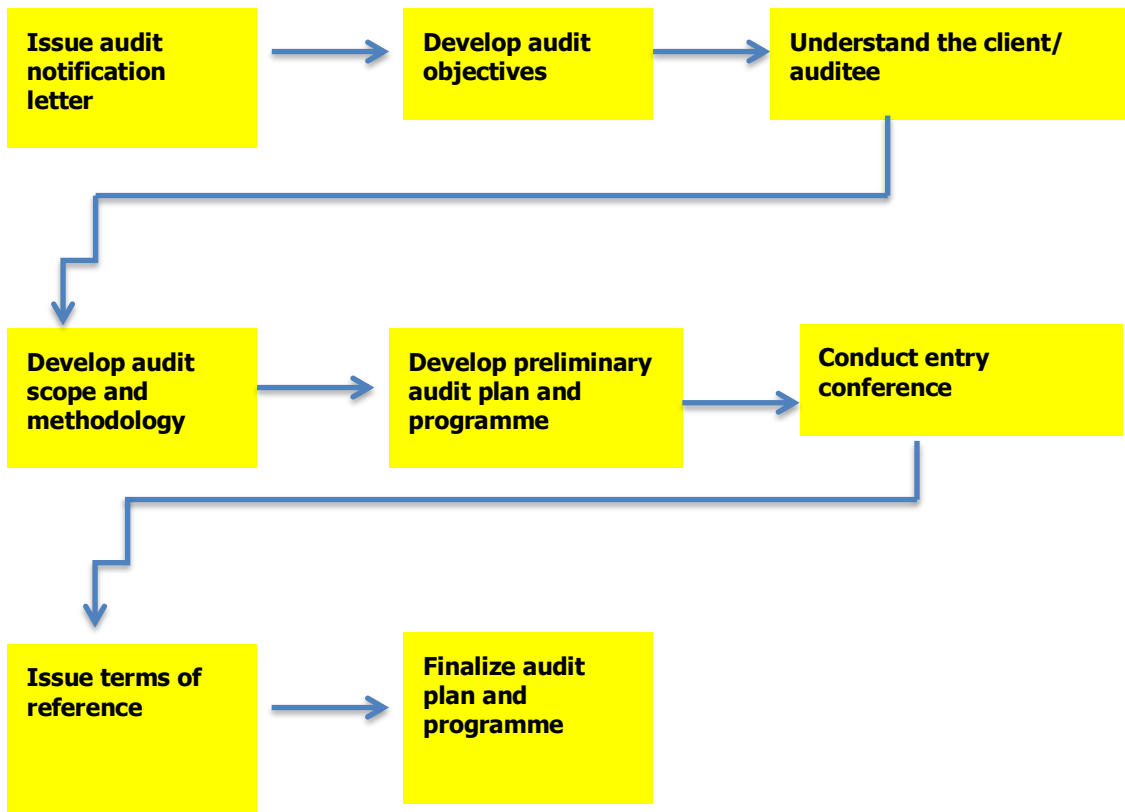
Other activities conducted during the planning phase include the following;

1. Selecting and providing resources for the audit;
2. Notifying of the auditee about the upcoming audit engagement;
3. Collecting preliminary information and conducting preliminary testing as part of the assignment risk assessment;
4. Defining the audit objectives, scope, criteria and methodology;
5. Conducting the entry conference;
6. Preparing and approving the audit plan and audit programme for the engagement.

For each audit engagement, the Director General of DIA/ Sector Head of Internal Audit should select the Team Leader. The Team Leader will be in charge of executing of the audit engagement. Quality assurance will be provided by Quality Assurance Unit of the DIA based at the Headquarters.

6.2 The Engagement Planning Process

Below is an overview of the engagement planning process used by the DIA Internal Auditors;



6.3 Issuing the audit notification memorandum

Issuing of the notification letter to the Head of the activity/ process to be audited is the first formal step of the DIA internal audit planning process. The Director General of DIA or his designated representative/ Sector Heads sign off the notification letters.

In the notification letter, the auditee is informed about the audit objectives, scope, timings as well as the audit team that will be conducting the audit.

A copy of the template is attached in ***Annex 1- Toolkit One- Audit Notification Letter***

The Director General of DIA/ Sector Head of Internal Audit is also expected to alert the relevant Sector Ministers and Permanent Secretaries about the upcoming audit. This is aimed at ensuring that there is better coordination within the DIA and also ensuring that top management support is received by the internal auditors.

The selected Team leader for the audit engagement should also collect all the relevant information about the audit area that may be useful in understanding the area to be audited and in the planning for the audit.

6.4 Developing Audit Objectives

The purpose of internal audit in the GoTG sectors is to evaluate and contribute to the improvement of the relevant sector's governance, risk management and control processes using a systematic, disciplined and risk-based approach.

Audit objectives are broad statements that define intended results. The audit objectives should clearly articulate what the audit engagement is trying to accomplish.

The audit objectives can include one or more of the following;

- a. Achievement of the Sector's strategic objectives;
- b. Reliability and integrity of financial and operational information;
- c. Effectiveness and efficiency of selected Sector operations and programmes;
- d. Safeguarding of Sector assets;
- e. Compliance with the mandate, regulations, policies, procedures and contracts.

It is the responsibility of the selected Engagement Audit Team Leader to develop the audit objectives that address the risks associated with the sector activity under review.

The Director General of DIA and the Sector Head of Internal Audit should also update the audit engagement team on the reasons as to why the area being audited was included in the DIA Annual Plan. This in turn helps the team to get a better appreciation of the key risks and importance of the area under review.

6.5 Understanding the client/ auditee

To get a better understanding of the area under review, the controls in place, the Engagement Audit Team Leader should collect and analyze information about the area to be audited. This process will help ensure that the audit methodology developed for the engagement is relevant.

Useful sources of information for the Audit Team Leader

To understand the auditee better, the following information can be used;

- Ministerial decrees;
- GOTG laws affecting the area under review;
- Ministry/ Sector Strategic Plans;
- Annual Work Plans and Reports;
- Organization charts and budget documents;
- Manuals and operating procedures;
- Data from the IFMIS and other relevant management information systems within the GOTG.

6.5.1 Documenting the system

The DIA Internal auditors are expected to show their understanding of the area to be audited, by documenting the process. The auditors should ensure that they clearly document the key steps in the processes. The process flow documentation is important because it will facilitate the supervisory review of the working papers.

Documenting can be done using;

- a) *Flow Charts*- Here, the auditor uses symbols to capture the process flow of the system under review;
- b) *Narrative descriptions*- This is where the auditor systematically notes down the process of the system being reviewed.

Documenting of a process enables the auditors to get a better understanding of the area under review. This is also helps the auditor to get a better feel on the adequacy of the process design.

The DIA Template used for this is attached in ***Annex 1- Toolkit Three: Entity/ Auditee Understanding.***

6.5.2 Conducting activity-level risk assessment

Having obtained a good understanding of the area under audit, the Audit Team Leader and the Team members are expected to conduct an activity-level risk assessment to identify the risks within the documented process that may affect the achievement of the objectives of the area under review.

The Audit Team Leader is required to get a better understanding and to conduct a high-level assessment of the adequacy of the internal controls in managing the identified risks in the area under review. This is done by conducting walk through exercises and limited test checks.

In conducting the activity level risk assessment, the following are done by the audit team;

- Identifying the risks within the business process;
- Understanding the control environment;
- Assessing the capacity of client/ auditee staff and management;
- Assessing the adequacy of the guidelines, directives, systems and procedures in place.

It should be noted that the sectors may have both manual and automated controls. Both of these controls should be assessed to determine whether the business risks are effectively managed.

An example of an Activity-Level risk assessment for the audit of a procurement activity is provided below;

Activity risk assessment to identify major risks to effective procurement activities

Objective of the activity/ process	To procure adequate goods and services to allow the MOF undertake the tasks necessary to meet the business objectives.
Risk	Procurement activity may not result in the acquisition of goods and services which are sufficient for the achievement of business objectives.
Activity Level Risk 1	The type, quantity and timing of goods and services necessary to meet the business objectives may not be identified in advance to meet those objectives.
Key control 1:	All sections/units must prepare annual acquisition plans in advance of the need for goods and services. These plans must be aligned with their operational plans.
Key control 2	Prior to the launch of the solicitation exercise, the requisitioning sections/units must determine minimum requirements (quantity, quality, timing etc.) necessary to meet the performance standards when developing specifications of goods and services to be acquired. These specifications must be documented clearly and unambiguously.

Key control 3	Proposals from vendors can only be considered if they pass the technical evaluation based on the clearly documented minimum criteria (quantity, quality, timing etc.).		
Assessment for Risk 1	Likelihood <i>Remote</i>	Impact <i>High</i>	Overall Risk <i>Medium Risk</i>
Activity Level Risk 2	The MOF may not be acquiring the required goods and services at the lowest possible cost.		
Key Control 1	Responsible procurement officers must take action to ensure that they have identified all vendors who meet the specified requirement at a competitive price.		
Key control 2	All identified potential vendors must be invited to submit offers to meet the requirement.		
Key control 3	All solicitation announcements should provide sufficient information to allow vendors to make an informed response. Information should include specification, contract requirements, deadlines etc.		
Key control 4	Financial evaluation should take into account all costs associated with offers which meet the requirement specification.		
Assessment for Risk 2	Likelihood <i>Possible</i>	Impact <i>High</i>	Overall Risk <i>Higher Risk</i>

6.5.3 Developing audit criteria

According to the IIA standards, "Adequate criteria are needed to evaluate controls". Internal auditors must ascertain the extent to which management has established adequate criteria to determine whether the set objectives have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must identify appropriate evaluation criteria through discussion with the Sector management or the relevant people handling the area under review.

The selected audit criteria should be reliable, objective, useful, and should provide complete standards of performance against which the achievement of control objectives can be assessed. Effective audit criteria are relevant, unambiguous and acceptable.

In the engagement audit plan, the Audit Team Leader is expected to set out the criteria to be used. It is recommended that the criteria be agreed upon with the client/ auditee.

6.6 Defining audit scope and methodology

Audit scope

The audit scope is determined after the audit objectives have been established. The scope helps set the boundaries for the audit.

Audit scope includes the following;

- The geographic locations to be considered for the audit;
- The time period;
- The major processes to be covered;

The scope should clearly highlight what is included and not included in the audit.

All the key controls should be included in the audit scope. Key controls are controls necessary to manage risks associated with a critical business objective. These controls that provide reasonable assurance that the risks identified are effectively managed.

Methodology

Methodologies are the steps/ activities that will be undertaken during the audit. The audit methodology includes the following;

- Interviews;
- Analytical reviews; and
- Tests of controls

6.7 Developing the preliminary audit plan and programme

For each audit engagement, the Audit Team Leader should develop and document an audit plan.

This audit plan;

- Summarizes the background information on the area to be audited;
- Analyses the key risks that threaten the achievement of the business objectives of the area being audited;
- Outlines the objectives, scope, criteria and methodology to be used;
- Shows the timing schedule of the various aspects of the audit (including the estimates of the audit team member's effort for a given area as well as the target dates for planning, field work, reporting and audit closure);
- Shows the audit resources to be used for the audit.

It is the responsibility of the Audit Team Leader to develop the relevant audit programmes for the areas to be audited. The audit programmes outline the detailed procedures for collecting, analyzing, interpreting and documenting information during the fieldwork.

The audit programmes should enable the auditors to reach a conclusion on each audit objective.

The audit programme should;

1. Outline the audit criteria and the steps to be undertaken to draw conclusions on each criteria;
2. Identify technical requirements, objectives, risks, processes and transactions that are to be audited;
3. State the nature and extent of testing required;
4. Document the procedures to be used for collecting, analyzing and interpreting information during the audit

6.8 Conducting the Entry Conference

Entrance meetings are held prior to commencing testing of the relevant area under audit. The Audit Engagement team holds meetings with the management teams that are directly responsible for the programs, activities or processes to be audited.

The entrance meeting with management is very important. It sets the tone for the entire audit and provides the opportunity to establish the proper atmosphere and to begin building effective working relationships.

At the opening meeting the DIA auditors should:

- Explain the role of internal audit (only if it is the first time an audit has been done), and to emphasize that the main objective is to provide constructive help and advice to the management
- Discuss and agree the scope and objectives of the audit – making it clear that you welcome any questions and also the views and suggestions of management
- Ask for the views of management on any problems, which may exist in the activities which fall within the scope of the audit. This helps to demonstrate that you welcome their input and that you are not just looking to be critical of what they are doing
- Discuss the timing of the audit – and any difficulties, which could arise from it (eg the absence of key personnel, new systems development etc). You need to beware of the danger of management raising timing difficulties as a way of having the audit postponed.
- Establish the main people you need to see at the start of the audit. It is also important to agree with management that you can make direct contact with staff, rather than clearing all meetings etc with the line manager
- Set out the procedures that will be adopted for:
 - o Confirming audit findings;
 - o Discussing the draft report;
 - o Issuing the previous and the final report.
- Explain that all information will be treated in confidence.
- Establish the normal working hours of staff in the department, where they are located (particularly if some work is done outside of the Ministry's offices) and any other office routines – to make it easier to arrange meetings, locate people etc

- Make it clear that you will need access to all relevant files and documents
- Ask for the use of an office/desk during the course of the audit – if necessary.

A well-conducted entrance meeting can ensure that the audit is conducted in a friendly and positive atmosphere. It can make the difference between active cooperation and open hostility.

A record of the opening meeting should be made and filed on the current audit file. The DIA Template for this is in ***Annex 1- Toolkit Two- Inception Meeting***.

An agenda, and the entry briefing paper, if applicable, should be sent to the client ahead of the scheduled date of the entrance conference. The briefing paper should include the following;

- Background to the selection of the area being audited;
- Risk assessment and status of previous audit recommendations;
- Preliminary audit objectives and scope;
- Audit methodology and criteria;
- Planned timings, milestones, and deliverables of the different audit phases.

6.9 Issuing the terms of reference

After the entrance conference, the Audit Team Leader should prepare Terms of reference (ToRs) for the audit. The purpose of the ToRs is to provide the management of the area being audited, with an accurate picture of the audit.

The ToRs is based on the Audit Plan and on the information from the entrance conference. The ToRs represent the DIA's commitment to deliver on the audit engagement.

The Director General of DIA/ Sector Head of Internal Audit should review and sign off the ToRs before being forwarded to the client management.

6.10 Finalizing the audit plan and programme

The Audit Team Leader should finalize the Audit Plan and programme after holding the entrance meeting with the client. The Final Plan and programme should incorporate the client's comments and concerns.

The Final Plan and Programme should be submitted to the Quality Assurance Unit for review before submission to the Director General of DIA and the Sector Head of Internal Audit for final approval.

A copy of the DIA Audit Plan Template is attached in ***Annex 1- Toolkit Five: Internal Audit Plan and Planning Template***

A copy of the DIA Audit Programme Template is attached in ***Annex 1- Toolkit Six: Audit Program***

7. Performing the Audit Engagement

7.1 Introduction

Performing of the audit engagement is done during the fieldwork phase of the audit. The audit fieldwork involves executing the developed audit plan and the audit programme.

During the fieldwork phase, the following are the key activities that the DIA Internal auditors have to undertake;

- Collecting and analyzing information;
- Documenting the system;
- Audit testing;
- Developing conclusions and recommendations;
- Discussing issues with the audit client; and
- Documenting evidence.

The audit fieldwork ends after the audit team has held the exit conference with the auditees.

7.2 Audit Testing

DIA Internal Auditors must base their conclusions and audit engagement results on appropriate analyses and evaluations.

Internal auditors must gather sufficient, reliable, and relevant audit evidence to reach conclusions regarding the achievement of the audit objectives.

Audit evidence can be gathered using any of the following methods;

- a) Observations;
- b) Interviews;
- c) Vouching;
- d) Re-performance;
- e) Analytical procedures;
- f) Inspection;
- g) Walk-throughs;
- h) Surveys; and
- i) Questionnaires.

7.2.1 Testing key controls and the absence of key controls

Aside from testing the controls that do exist, the DIA internal auditors should test the results of the transactions or processes to ascertain whether the absence of controls has affected the achievement of objectives. Auditors sometimes omit this second type of test, reporting just the risk of something going wrong because controls are absent, rather than going the extra step and identifying what has gone wrong because controls are absent.

The internal auditor must prepare the following two test plans;

- a) To test the consistent operation of the identified key controls and their effectiveness; and
- b) To determine the impact of (any) absent key controls.

7.2.2 Audit Sampling

Where testing the whole population is not feasible, the auditor must review a sample of the population. IIA Practice Advisory 2320-3 defines audit sampling as "the application of audit procedures to less than 100 per cent of items within a class of transactions or account balance such that all sampling units have a chance of selection". Population is defined as the entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions.

Audit sampling can use either a statistical or a non-statistical approach. Statistical sampling involves determining the sample size objectively, selecting the samples from the population randomly and evaluating the sample results mathematically to draw conclusion about the population. Statistical sampling approach must be used if the auditor wishes to extrapolate sample results to draw

conclusion about the entire population. On the other hand, non-statistical sampling approach relies solely on the auditor's professional judgment, and the auditor uses his or her own experience and knowledge to determine the sample size and the method for selecting the samples from the population. Non-statistical sampling (e.g. judgmental samples) may not be objective and the results of such sampling normally pertain only to the sampled items and cannot be mathematically extrapolated over the population.

Effective audit sampling procedures will increase the coverage, focus, and efficiency of audits and statistical sampling will allow the auditor to provide assurance on processes that impact the MOF's achievement of its objectives.

7.2.3 Analytical procedures

DIA Internal auditors can also use analytical procedures to obtain audit evidence. Analytical procedures involve studying and comparing relationships among both financial and non-financial information.

The application of analytical procedures is based on the assumption that, in the absence of known conditions to the contrary, relationships among information may reasonably be expected to exist and continue. Examples of contrary conditions include unusual or non-recurring transactions or events; accounting, organizational, operational, environmental and technological changes; inefficiencies; ineffectiveness; errors; fraud; or illegal acts.

Analytical procedures often provide the auditor with an efficient and effective means of obtaining evidence. The assessment results from comparing information with expectations identified or developed by the auditor.

When analytical audit procedures identify unexpected results or relationships, the auditor evaluates such results or relationships. This evaluation includes determining whether the difference from expectations could be a result of fraud, error, or a change in conditions. The auditor should ask client management about the reasons for the difference and obtain corroborating evidence.

Unexplained results or relationships from applying analytical procedures may be indicative of a significant problem (e.g., a potential error, fraud, or illegal act). If the results indicate the possibility of a fraud or misconduct, this should be brought to the immediate attention of the Director General of DIA, as explained in Section 6.8 Fraud and Misconduct of this Manual.

7.2.4 Root cause analysis

In Root cause analysis, the focus is on identifying why an issue occurred (versus only identifying or reporting on the issue itself). In this context, an issue is defined as a problem, error, instance of non-compliance, or missed opportunity. Examples of audit issues include ineffective operations, misuse of resources, inadequate safeguarding of assets and exceeding the delegated authority.

The key benefit of Root cause analysis is that it identifies the underlying cause(s) of an issue. As a result, the recommendations would aim at improving the business processes in the long term.

Without the performance of an effective root cause analysis and the appropriate remediation activities, an issue may have a higher probability to reoccur. It should however be noted that there can at times be multiple related or unrelated causes of an issue.

In certain circumstances, root cause analysis may be as simple as asking "five whys." For example: *The Procurement Division received a limited number of responses to a solicitation exercise.*

- *Why?* Limited number of vendors was invited to participate in the solicitation.
 - *Why?* Only few new vendors were added to the vendor roster in the recent period.
 - *Why?* Vendor registration process was lengthy and cumbersome.
 - *Why?* Management did not establish targets and timelines for the vendor registration process and did not monitor the process against these timelines.
- By the fifth "why," the auditor should have identified or be close to identifying the true root cause.

More complex issues, however, may require a greater investment of resources and more rigorous analysis. The resources spent on root cause analysis should be commensurate with the impact of the issue or potential future issues and risks. Auditors may not have all the skill sets necessary to conduct the specific root cause analysis under consideration. When the anticipated time commitment or necessary skill levels exceed what is available within the DIA, the Audit Team Leader should develop recommendations that address the underlying issue and, as appropriate, include a recommendation for management to conduct a root cause analysis.

7.3 Recording information during the audit

At the moment, internal audit management in the DIA is done manually. Therefore, the Audit Team Leader should ensure that all information on the engagement planning meetings, risk assessment procedures, the audit work plan and audit programme, meetings with client management or staff, the testing methodology, test results and all relevant information to support the conclusions and engagement results, and recommendations are well documented and kept on file.

The Auditors should develop working papers as the audit progresses. The contents of the file should clearly support the basis of the observations and recommendations to be reported to the client and provide evidence that the audit was performed in accordance with the IIA Standards and this Manual. The working papers should also explain why any deviation was made from the audit programme. The audit working papers should include sufficient detail to describe clearly the sampling objective and the sampling process used. The working papers should include a description of the source of the population, the sampling method used and sampling parameters, items selected, and details of audit tests performed, and conclusions reached.

The Audit Team Leader should review everything being put on file. Auditors should be careful not to include anything in the working paper file for an assignment that they have not read and considered in full. This is important because the information in the document may affect the direction of the audit. Hence, the need for a review of the documents by at least one of the team members.

In the long term, the DIA will be able to automate and have an audit management system. When this is rolled out, the entire audit process will be documented electronically.

7.4 Evaluating the results of audit testing

In evaluating the results of the audit testing, the DIA Internal auditors aim at determining whether:

- The objectives of key controls have or have not been met;
- The criteria have or have not been satisfied; and
- The risks are adequately managed.

When doing control analysis, the key objective of the auditors is: to produce a report incorporating the following elements in relation to each audit criteria:

- **Criteria:** The "what should be". The standard used to assess compliance, efficiency, effectiveness, etc.;
- **Condition:** The "what is". What the audit activities identified in relation to the criteria; and
- **Conclusion:** The auditor's assessment that the criterion has been met, or that there is a gap between the criterion and the condition.

For those criteria that the auditor concludes as not met, the auditor has to further give the following information:

- **Cause:** The "**why?**". The reason why there is a gap between the criterion and the condition;
- **Consequence:** The "**so what?**". The actual or potential negative impact of the criterion not being met; and
- **Corrective action:** The "**recommendation**". The action that will deal with the problem and ensure that the criteria and the condition are in alignment.

7.5 Supervising the audit

The DIA Quality Assurance Unit, the Director General of DIA, the Sector Heads of Internal Audit and the Audit Team Leaders have supervision roles at various phases of the audit. Both the Quality Assurance Unit, the Director, Sector Heads and the Audit Team Leader are required to review and approve specific documents and working papers and to provide general guidance, based on the competency and experience of the auditors.

The Director General of DIA and the Sector Heads of Internal Audit are also required to ensure that adequate measures are in place to ensure that the agreed upon timelines in the audit plan are met. The DIA Quality Assurance Unit has the responsibilities of checking that the engagement is as per the timelines and providing the needed guidance to ensure that the engagement objective are met.

The Audit Team Leaders should review each working paper as soon as possible after it is completed by the audit team members.

In conducting the review of working papers, the reviewers (Quality Assurance Unit and Team Leaders) should ensure that;

- The approved engagement programme is carried out unless changes are both justified and authorized;
- Engagement working papers adequately support the engagement observations, conclusions and recommendations;
- Engagement communications are accurate, objective, clear, concise, constructive and timely; and
- Engagement objectives are met.

Prior to the submission of the draft report to the Director General of DIA, the Sector Head of Internal Audit should ensure that the Quality Assurance Unit has reviewed all the working papers submitted by the audit team.

The Audit Team Leader should ensure that all audit queries from the review of the working papers by the Quality Assurance Unit are fully addressed and resolved before the report is sent to the client.

Managing the audit includes managing the schedule and the resources used to complete the audit. The Director General of DIA, the Sector Heads of Internal Audit and the Audit Team Leader have the responsibility of ensuring that the deadlines set out in the audit plan are met as much as possible and that the budget for the total number of days for the audit is not exceeded.

It is also the responsibility of the Audit Team Leader to ensure that he trains and develops the audit team members under him. At the end of the audit, the Audit Team Leader is also expected to evaluate the performance of each of the team members and to provide feedback on their performance and areas for improvement.

The Director General of DIA has the responsibility of providing overall oversight and quality assurance of all audit engagements across all the GOTG sectors. Therefore, before the Sector Heads of Internal Audit submit draft and final reports to the relevant sector management, the reports have to first be submitted to the Quality Assurance Unit for quality assurance and review.

7.6 Staff Appraisals

At the end of the audit, the Audit Team Leader is also expected to evaluate the performance of each of the team members and to provide feedback on their performance and areas for improvement.

Their purpose is to record the performance of the audit team member while this is still fresh in the minds of the appraiser. Such appraisals should be used to provide input into the annual performance document of the DIA Internal auditors. This also helps ensure that the appraisal of the DIA auditors at the end of the year will be based on their performance throughout the year.

The appraisal at the end of the audit also enables the auditors to get immediate feedback on their performance and on the areas for improvement. This then gives them the opportunity to improve in upcoming audits.

Every Sector Head of Internal Audit has the responsibility of ensuring that staff appraisals are done and that records are meticulously kept. All assessments done should also be shared with the Director General of DIA and the Personnel Officer at the DIA Headquarters.

7.7 Communicating with the Internal Audit senior management during audit fieldwork

The Audit Team Leader should routinely keep the Director General of DIA/ Sector Heads of Internal Audit updated on the progress being made by the audit team. Any problems and challenges being faced should immediately be brought to the attention of the Sector Head of Internal Audit, who in turn updates the Director General of DIA.

Where the agreed upon milestones may not be met, the Audit Team Leader needs to inform the Sector Head of Internal of Internal Audit in advance and needs to give an explanation for the delay.

The Director General of DIA and the Sector Heads of Internal Audit should be on hand to assist in taking action and dealing with any challenges/ issues being faced by the teams in the field.

If faced with bigger challenges, the Director General of DIA should immediately inform the relevant Sector Minister of Permanent Secretary, who will ensure that the issues are solved at the highest level of the Ministry of Finance.

7.8 Fraud and misconduct

Depending on the nature and scope of the audit, the DIA internal auditors should determine the probability and impact of typical fraud schemes and scenarios as well as the adequacy of preventive and detective controls when performing the activity-level risk assessment.

The audit team should also design and perform audit procedures to test the effectiveness of relevant controls. When the circumstances warrant, the audit team should design and conduct effective procedures to detect red flags of potential fraud. The performance of such procedures and the conclusions reached should be documented in the working papers.

If at any time during the audit, it becomes apparent to any member of the audit team that fraud or misconduct may have actually occurred, it should be brought to the immediate attention of the Audit Team Leader, who should in turn immediately inform the Sector Head of Internal Audit for further transmission to the Director General of DIA.

The Director General of DIA will determine whether the issue needs to be further escalated to the relevant Sector Minister or Permanent Secretary for further investigation. The Director General of DIA can also decide to bring the issue formally to the attention of the client in the form of an interim written communication and/or expand the scope of the audit.

A database of all DIA fraud related referrals should be kept and regularly updated.

The Director General of DIA/ Sector Head of Internal Audit is required to also update the Sector Ministers and Permanent Secretaries of any suspected fraud in the relevant Sector Directorate/ Department/ Unit, and of the actions taken.

8. Communicating results

8.1 Introduction

It is the responsibility of the DIA to communicate its audit results, conclusions and recommendations. Communicating results is a key component of the audit assignment.

Audit results can be communicated verbally and in writing during the audit. The results can also be communicated formally through written communications. The written communications should be prepared by the audit team and should be reviewed by the Quality Assurance Team, Sector Heads of Internal Audit and the Director General of DIA before they are submitted to the auditees, the relevant Sector Ministers and Permanent Secretaries.

8.2 Communications during the engagement

During the audit, the audit teams should maintain regular contact with the focal point contacts of the area being audited. This communication can involve any of the following;

- Requesting for and collecting the needed information;
- Conduct audit tests and discussing any issues arising during the course of the audit;
- Sharing of audit results and proposed recommendations.

Any issues arising and discussed in these meetings should be documented in the audit working papers.

The team should keep updating the focal point on the status update and progress being made against the key milestones. E.g. entry and exit conferences, detailed audit results, draft report and final report, and seek appropriate assistance as needed.

8.3 Exit conference

The exit conference is organized by the Director General of DIA (depending on the importance), Sector Heads of Internal Audit and the Audit Team Leader and held with the relevant Sector senior management of the area being audited, at the end of the fieldwork. The aim of the exit conference is to advise the client/ audited on the audit observations and overall audit results.

The following are key objectives of conducting an exit conference;

- To inform the client of the audit results and whether the criteria have been met;
- To agree on the findings and recommendations;
- To communicate planned or corrective actions that need to be taken to address deficiencies disclosed by the audit; and
- To advise the client of the reporting process.

To facilitate discussion at the exit conference and as a matter of courtesy, the audit team should give client management a full brief of the issues and conclusions. Where the issues are complex, it may be worthwhile to prepare a presentation to be used to guide the exit conference discussion.

Similar meetings may be held at various locations where the fieldwork has been conducted, to apprise local management of the results of the audit work in that location.

However, the audit team will then hold a formal exit conference with the client management with overall responsibility for the activity within the scope of the audit.

The Audit Team Leader should ensure that notes of the points discussed during the exit conference are recorded. These notes should be included in the audit working papers.

Please refer to **Annex 1- Toolkit Eight: Audit Exit Meeting** for the DIA template used to record the exit conference.

8.4 Engagement reporting

The DIA can formally communicate audit results using the following methods;

- a. Detailed Audit Results (DAR);
- b. Draft Report; and
- c. Final Report.

Standard templates have been developed by the DIA for each of the above communication types.

It should be noted that before a report is finalized the client has to be given the opportunity to comment and respond to the contents of the report.

8.4.1 Detailed Audit Results

This is used by the DIA to communicate engagement observations to programme managers at the operational level. The Audit Team Leader is responsible for preparing DAR, which is a detailed document that combines both positive results and deficiencies in controls, determined against key operational and control objectives of the activities, processes or unit under review, including the cause and impact of reported deficiencies, if any, on achievement of such objectives.

The transmittal memorandum should contain a caption summarizing the overall conclusion on the assignment. The caption is a short, succinct sentence which encapsulates and conveys to readers the broad message emerging from the report. This message should address the audit objective. The memorandum should request the client to provide comments on DAR **within 10 calendar days** from issuance date.

The body of DAR includes the following elements:

- Summary description of the background;
- The objective, scope and methodology of the audit, and the rationale for conducting it;
- The overall conclusion section, (which in one paragraph, should include an overall summary of the audit results, including positive assessments, if any and significant);
- Detailed discussion of the audit results; and
- Recommendations for addressing issues identified (also itemized in an annex to DAR)

For each audit result discussed in the DAR, the auditor must have actively considered the following elements of the audit logic process:

- **Criteria:** The standards, measures, or expectations used in making an evaluation and/or verification (the correct state);
- **Condition:** The factual evidence that the internal auditor found in the course of the examination (the current state);
- **Cause:** The reason for the difference between the expected and actual conditions;
- **Consequence:** The risk or exposure the organization and/or others encounter because the condition is not consistent with the criteria (the impact of the differences); and
- **Corrective action:** The recommended action the auditor is suggesting to address the root cause of the condition. It should stand-alone, be specific, clear and concise, action-oriented, and doable.

Critical and important recommendations should be included in an annex; opportunities for improvement for discretionary implementation by management should be included in a separate annex.

If the DAR contains critical recommendations or pervasive deficiencies, it needs to first be reviewed by the Quality Assurance Unit, the relevant Sector Head of Internal Audit and the Director General of DIA.

The template for Recording of Audit findings is attached in **Annex 1- Toolkit Seven: Recording Audit Findings**.

8.4.2 The Draft Audit Report

DIA Auditors are expected to produce finished-quality writing for review. The draft report, in addition to the elements of DAR, includes an executive summary. The executive summary is a brief synopsis

of the audit report, and it should concisely capture the audit results, conclusions and recommendations. Any positive observations should also be presented to give a balanced view of the audit results. The executive summary should not exceed one page. The executive summary also replaces the overall conclusion section included in DAR.

The draft audit report is addressed to the client's senior management, the department head or equivalent. The transmittal memorandum to the department head should request a response within **10 calendar days**, including action plans to address recommendations, along with target dates and the title of the official responsible for implementation, and rationale for accepting the risk associated with unaccepted recommendations. The transmittal memorandum should advise senior management that their full response to the draft report will be appended to the final report. It should also indicate that unaccepted critical recommendations will be escalated as necessary up to the level of the relevant Sector Ministers and the Permanent Secretaries for reconsideration.

In the body of the draft report, the response from the client should be treated as follows:

- If a recommendation is accepted and being/will be implemented, state that the recommendation remains open pending the required action is taken;
- If recommendation is accepted but the DIA does not agree with the proposed action plan to address the situation satisfactorily, the DIA should provide a rebuttal statement and reiterate the recommendation and requests that the client develop a satisfactory action plan to implement the recommendation; and
- If the client does not agree with the audit results or recommendation(s) in DAR, the Audit Team Leader should reconsider whether the result or recommendation is still valid or whether it needs to be amended:
 - If the DIA considers that the result or recommendation is still valid (i.e., disagrees with the client), the DIA should clearly state its position and rebut the client's arguments; and
 - If the client provides adequate evidence and justification, DIA should amend or remove the corresponding result and recommendation.

Client comments should be summarized as succinctly as possible without omitting any important or relevant details and shown in italics, immediately

The draft report does not include opportunities for improvement; however, the issues could still be reported in the narrative of the relevant sections, or summarized at the end of the report, as appropriate.

The Quality Assurance Unit, the relevant Sector Head of Internal Audit the Director General of DIA should review the draft audit reports. If satisfied with the quality and contents of the report, the report can then be issued to the client.

Please refer to ***Annex 1- Took Kit Nine: Internal Audit Report*** for the Template of the DIA Audit Report.

8.4.3 The Final Report

The final audit report should incorporate the comments that were provided by the client to the draft report. The client's responses and comments should be attached as an Appendix to the final report.

The content of the final report is similar to that of the draft report. Comments received from the client on the draft report should also be treated similarly in the final report.

In case the client does not provide a target date for implementing an accepted recommendation, the Sector Head of Internal Audit and the Director General of DIA should establish a target date using the following criteria:

- **Critical recommendations:** since critical recommendations are followed up on a quarterly basis, the target date should be the last day of the quarter following the final report date.
- **Important recommendations:** since important recommendations are followed up on an annual basis, the target date should be the last day of the 12-month cycle following the final report date.
- **Recommendations claimed to have been implemented by the client but no supporting evidence provided:** since the client claims that the recommendation is already implemented, it should not take too long to provide the evidence of implementation, and therefore, the last day

of the quarter following the final report date will be the target date.

The Quality Assurance Unit, the relevant Sector Head of Internal Audit and the Director General of DIA should review the final audit report. Before the final report is submitted, all working papers in the working paper file should be reviewed and signed off. When the Director General of DIA is satisfied with the quality and contents of the report, s/he will sign and release it for issuance.

Please refer to **Annex 1- Took Kit Nine: Internal Audit Report** for the Template of the DIA Audit Report Audit Report

At the end of the audit, the Audit Team Leader is required to complete a report highlighting the team's performance against the approved plan. The template for this is in **Annex 1- Toolkit Ten: Internal Audit Completion Report**.

8.5 Rating of recommendations

For all its recommendations, the DIA has to rate each of them as either of the following:

- **Critical recommendations-** These address significant and/or pervasive deficiencies in governance, risk management or internal control processes, such that reasonable assurance cannot be provided with regard to the achievement of the control and/or business objectives under review;
- **Important recommendations-** These address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review; and
- **Opportunities for improvement-** These do not meet the criteria for either critical or important recommendations but rather present opportunities for improvement in governance, risk management or internal control processes. Implementation of these recommendations is at the discretion of client management.

8.6 Getting of Audit Client Feedback upon Completion of the Audit

Upon the completion of the audit, the Director General will select a sample of audit clients and send them a survey form to confidentially get their feedback.

The aim of this activity is to enable senior management understand audit client perception of internal audit so that measures can be taken to ensure that any areas of improvement are rectified and quickly addressed.

Audit Toolkit Form- Client Feedback Form is the one that the Director General of DIA sends to clients.

8.7 Reporting to the Minister of Finance, MOFEA Permanent Secretary, GoTG Internal Audit Committee and the Sector Ministers and Permanent Secretaries

Results of the audits conducted by the DIA are communicated to the Minister of Finance, MOFEA Permanent Secretary, the GOTG Internal Audit Committee on a quarterly and annual basis. As part of the DIA Quarterly Report, the key issues from the completed audits as well as the status of implementation of audit recommendations by management are reported.

The Director General of DIA has the responsibility of consolidating all the quarterly audit reports from the Sectors and sharing key cross-cutting issues with the Minister of Finance, the MOFEA Permanent Secretary and the GOTG Internal Audit Committee.

At the sector level, each Sector Head of Internal Audit is expected to submit a quarterly report and Annual Report to their relevant Sector Minister, Permanent Secretary and Senior management.

The Quality Assurance Unit has the responsibility of reviewing all sector quarterly and annual reports before they are submitted by the Sector Heads to their sectors.

Please refer to **Annex 1- Toolkit Twelve: DIA Quarterly/ Annual Report** for a copy of the

template used by DIA for reporting.

8.8 Ownership and retention of working papers

All working papers produced by the DIA are owned by the DIA.

Access to DIA working papers is restricted to authorized DIA staff members at all times. Requests for access to assignment working papers by the Sector management and officials of the GOTG shall be granted only after the approval of the Director General of DIA. Any requests from parties outside the GOTG may be granted after the approval of the Minister of Finance.

Management and staff of DIA must respect the confidentiality of information acquired during the audit and not disclose information without appropriate authority, unless there is a legal or professional obligation to do so.

All DIA working papers shall be retained in accordance with the GOTG Guidelines on retention of records.

Annex 1- Toolkit Eleven: Audit File Index shows the template used by DIA for its audit working papers.

9. Monitoring of audit recommendations and Follow-up

9.1 Introduction

Monitoring of recommendations involves the following steps;

- a) Recording of recommendations in the recommendations and follow up database;
- b) Following up with the client's management on the status of the implementation of the agreed upon recommendations
- c) Resolving of long- outstanding audit recommendations.

9.2 Recording recommendations

All audit recommendations should be maintained in the DIA Recommendations and Follow-Up Database. The DIA is currently using an excel sheet as its database. This database includes details of the impact, the focus area, the risk category and rating and the cause and financial implication of the recommendation as well as the agreed upon timelines for implementing the recommendation.

Within one week after the final audit report has been submitted, the Audit Team Leader should record all critical and important recommendations and submit them to the relevant DIA official delegated by the Director General of DIA for inclusion into the Database.

9.3 Following up on and closing recommendations

On a quarterly basis, the DIA should monitor the status of implementation of critical recommendations. Monitoring of implementation of important recommendations should be done annually.

Upon getting any information on the status of implementation, the Audit Team Leader should ensure that the Follow-Up database is accordingly updated to reflect the current status of implementation.

It is the responsibility of the Audit Team Leader that handled the audit engagement to follow up and review the audits' progress in implementation the agreed upon recommendations.

In order to determine whether a recommendation should be closed, auditors must review the evidence provided by the client, assess its credibility, and establish whether the action taken is valid and sustainable.

Long overdue recommendations (defined as overdue for more than 1 year past the target date for critical recommendations and 3 years past target date for important recommendations), shall be reviewed for potential closure, unless reasonable action plans for full implementation are provided. The original target dates for implementation (as provided when finalizing the report) shall remain unchanged. Those recommendations that are "closed without implementation" will be reported in DIA Quarterly Activities Report and Annual Reports.

ANNEX 1- AUDIT TOOL KITS



**REPUBLIC OF THE GAMBIA
DIRECTORATE OF INTERNAL AUDIT
MINISTRY OF FINANCE AND ECONOMIC
AFFAIRS**

**DIA AUDIT MANUAL TOOLKITS/
TEMPLATES**

ANNEX 1- AUDIT TOOL KITS

DIA Toolkit	Area Handled/ Template Name
Toolkit One	DIA Risk-Based Annual Audit Plan
Toolkit Two	Audit Notification Letter/ Engagement Letter
Toolkit Three	Inception Meeting Minutes
Toolkit Four	DIA Entity Understanding Template
Toolkit Five	Internal Audit Programme
Toolkit Six	Recording Audit Findings
Toolkit Seven	Audit Exit Meeting Minutes
Toolkit Eight:	Internal Audit Report
Toolkit Nine:	Internal Audit Completion Report
Toolkit Ten:	Audit File Index
Toolkit Eleven	DIA Quarterly/ Annual Report Template
Toolkit Twelve:	DIA Client Feedback Form

***** Please note that the relevant headed paper should be used for each of the above templates when being used.***

Directorate of Internal Audit

Government of the Gambia

Toolkit One- DIA Risk Based Annual Audit Plan



**REPUBLIC OF THE GAMBIA
DIRECTORATE OF INTERNAL AUDIT
MINISTRY OF FINANCE AND ECONOMIC
AFFAIRS**

**DIA INTERNAL AUDIT
RISK BASED PLAN FOR 2023**

January 2023

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1. Introduction

[This section should introduce and provide a rationale for the annual plan]

Example:

The DIA Internal Audit Annual Audit Plan is based on a Risk-Based Approach. With a risk-based plan, the DIA is able to ensure that priority is given to those areas/ activities within the various GOTG sectors where the achievement of each sector's objectives is at a high risk.

In coming up with its Annual Plan, the DIA consults with and gets input from the key stakeholders within the sectors. These stakeholders include the ministers, Permanent Secretaries, and senior management in each of the sectors.

The 2023 annual operational plan (the Plan) is guided by the International Professional Practices Framework (IPPF), and the Directorate of Internal Audit's (DIA)'s Strategic Vision and understanding of the risks across the various Government of the Gambia sectors. This plan focuses on the most significant risks to the GoTG sectors, and on the most critical areas related to the operations of the various ministries.

International Professional Practices Framework Standard 2010, requires Internal Audit functions to establish a more agile risk assessment that incorporates lessons learned from the previous year, a more accurate consideration of available resources, and enhancements to the audit universe recording and risk rating.

The Plan is the result of a comprehensive and continuous risk assessment conducted throughout the year that considers, among other sources, assigned risk ratings to auditable areas based on established quantitative and qualitative criteria, the results of previous audits, the status of management action plans addressing DIA observations, and areas that may not have been the subject of audit work in the past years.

For the first time, a comprehensive documenting of the audit universe in all the sectors was undertaken, and workshops conducted to discuss the audit universe and risk rating with the auditors in each of the sectors. From the audit universe, key areas of audit for this financial year were selected.

2. Role of Internal Audit in the Government of the Gambia

[This is a standard write up. You can use the write up below, but amend the wording to reflect the relevant sector]

Example:

The role of the Directorate of Internal Audit is to determine whether the respective Government Ministries, Agencies or Departments' risk management, control, and governance processes, as designed and operated by management, are adequate and functioning in a manner to confirm that;

1. Risks are appropriately identified and managed;
2. Significant financial, managerial, and operating information is accurate, reliable, and timely;
3. Employees' actions are in line with policies, procedures and the applicable laws and regulations of the Government of the Gambia (GOTG);
4. Resources are acquired economically, used efficiently, and protected adequately to achieve the intended objectives;
5. Programs, plans and objectives are achieved;
6. Staff adhere to established ethics and values system; and
7. Quality and continuous improvement are fostered in the MDAs' control processes.

3. Mission Statement of the Directorate of Internal Audit (DIA)

[Highlight the mission of the DIA or your relevant internal audit unit in the sector. You can use the standard write-up below]

The Directorate of Internal Audit aims to provide a high quality and effective audit service that is responsive to the needs of the GOTG Ministries, Departments and Agencies (MDAs); thus, adding value to the systems of GOTG by identifying risks, make recommendations for improvement and offer advice and assistance in order to ensure effectiveness of the systems of internal control. Internal Audit aims to assist GOTG mitigate risk; ensure effective control and governance procedures.

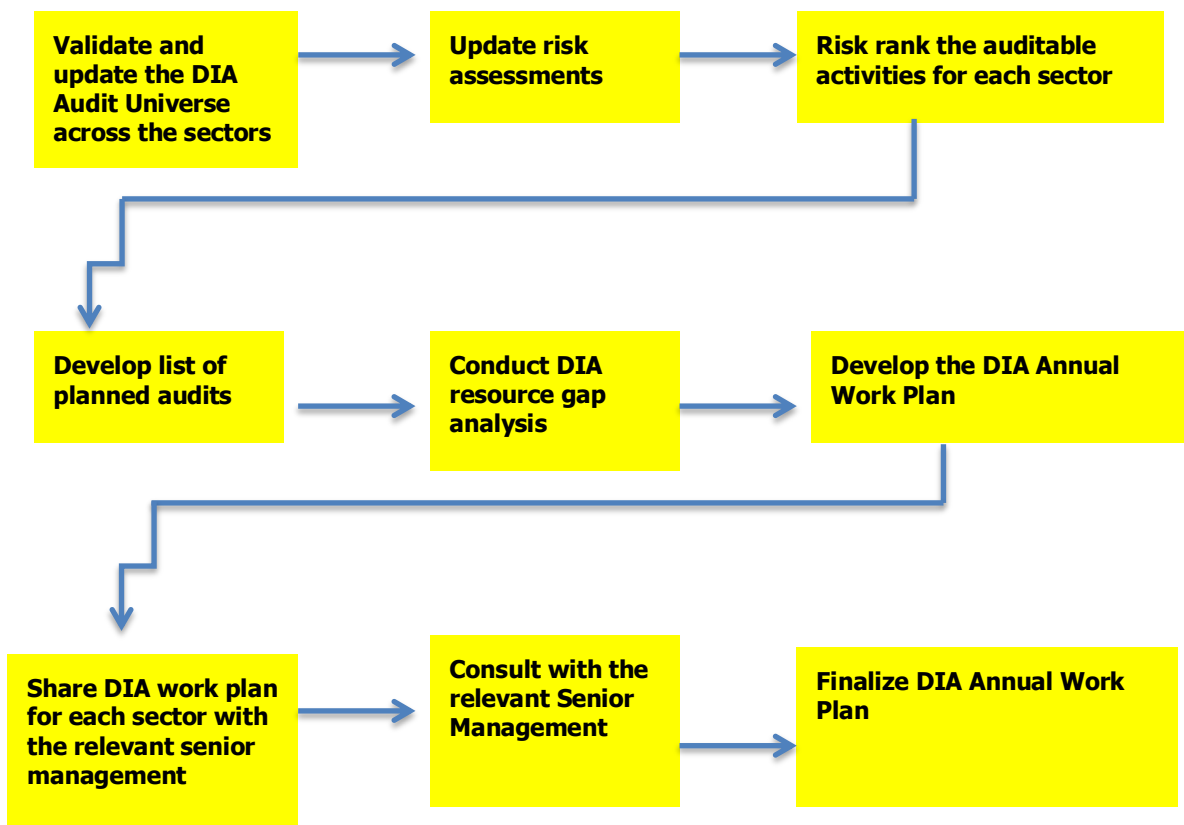
It also aims to operate in accordance with the standards contained in the International Professional Practices Framework of the Institute of Internal Auditors and in compliance with the Public Finance Act 2014.

4. The DIA Annual Plan development Process

[Explain the process you used in the development of your Annual Plan]

Example:

The following are the key steps followed by the DIA in its risk assessment and annual work planning development process;



5. DIA Strategy and Approach in developing the 2023 Audit Plan

[Explain the approach for developing the plan]

Example:

This Plan is a consolidation of all the Sector Plans for FY 2023. Between October and December 2023, the Sector Auditors were involved in documenting the audit universe for each sector and rating the identified risks. This comprehensive activity has enabled the auditors to identify the key risks in the operations and management of the various ministries.

From this universe, the internal auditors were able to come up with the planned quarterly audits for FY 2023. This Plan is the consolidated Plan that cuts across all sectors where internal auditors are posted.

In coming up with the plan, the following were also considered:

- a. Planned audit engagements- These will be undertaken during the year;
- b. Special audits- These are requests from management to undertake various audits as and when the need arises. It is expected that DIA will spend about 30% of time on special audits.

6. Planned Internal Audits for FY XX

[Mention the planned audits]

Example:

The following are the planned audits to be undertaken in FY 2023 across the selected GoTG sectors:

7. DIA Resourcing to implement the 2023 Plan

[In this section, explain the available resources going to be used in executing of the Audit Plan]

Example:

In implementing this 2023 Audit Plan, the DIA will use a combination of the internal auditors at the Headquarters and the auditors posted at the sectors.

It is also anticipated that the recruitment of 8 additional auditors will have been completed within the first quarter of 2023.

Below is the total DIA internal audit staffing that will support the execution of this Strategic Plan:

Sector/ Ministry	Number of internal auditors
1. DIA Headquarters	xx
2. Office of President	
3. Ministry Finance and Economic and Affairs	
4. Ministry of Health	
5. Ministry of Agriculture	
6. Ministry of Fisheries and Water Resources	
7. Ministry of Basic and Secondary Education	
8. Ministry of Higher Education Research Science and Technology	
9. Minister of Trade, Industry, Regional Integration and Employment	
10. Minister Environment, Forestry, Climate Change and Natural Resources	
11. Ministry of Interior	
12. Ministry of Gender, Children and Social Welfare	
13. Ministry of Land, Local Government and Religious Affairs /Youth and Sport	
14. Ministry of transport works and Infrastructure	
15. Gambia College	
16. Ministry of Foreign Affairs, International Relation and Gambians Abroad	
17. Ministry of Petroleum and Energy	
18. Judiciary	
Total	xx

Some Internal auditors at Headquarters will be used to support the sector auditors in the implementation of the relevant planned audits in the various sectors.

8. Planned Staff Capacity Building of Staff

[This section focusses on how continuous professional development is going to be undertaken]

Example:

The Internal Audit standards make Continuous Professional Development (CPD) of Internal Auditors mandatory. The DIA Code of Ethics as well as the Manual also emphasize the requirement for CPD of all internal auditors of the DIA.

During this financial year, it is planned that each internal auditor will undertake a minimum of **40** hours of CPD. The DIA will create opportunities for the internal auditors to attend various trainings (physically or virtually).

The DIA management support to the auditors will include giving them opportunities to attend trainings and workshops, organizing in-house trainings, as well as funding professional courses of the auditors for professional courses like Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information Systems Auditor (CISA) and ACCA.

9. Reporting and monitoring of the Plan

[In this section, explain how the reporting and monitoring of the plan will be done]

Example:

The DIA Charter requires the Director General to submit a Quarterly Report and Annual Report on the status of implementation of the DIA Audit Plan. In these Reports, the DIA will also provide a status update on the implementation of audit recommendations by the various audit clients.

On a quarterly basis, all Sector auditors will submit their quarterly reports to the Director General of Internal Audit for review and consolidation into one Report for the Government. Upon review and approval of the Quarterly Reports, each Sector Head of Internal Audit will also submit their quarterly and annual reports to their respective sector Ministers and Permanent Secretaries.

The Director General will also on a quarterly and annual basis submit reports to the Audit Committee, MOFEA Permanent Secretary and Minister as well as any identified relevant key stakeholders.

The Audit Committee will review and discuss the DIA Reports and hold discussions with the Minister of Finance to update him on key cross-cutting issues.

10. Conclusion

[Make a summary of expectations]

Example:

This is the first time that a sector-wide risk-based Audit Plan has been developed. With the deployment of the auditors in the sectors, the successful implementation of this plan will help ensure better audit coverage which will in turn help the various ministries improve on their Governance, Risk Management, and Internal Controls GRC) in place.

The DIA is confident that it will be able to successfully implement all the planned activities. Any changes or challenges to the Plan will be duly communicated to the Audit Committee, the Honorable Minister of Finance, the Permanent Secretary of the Ministry of Finance, and any relevant key stakeholders.

11. Request for adoption and approval

Designation

Signature

Date

Director General

Chairman of Audit Committee

Permanent Secretary of Ministry of
Finance

Directorate of Internal Audit
Government of the Gambia

**Toolkit Two- Audit Notification
/ Engagement Letter**

To: XXX
XXX, XXX Ministry
From: XXX
Director General of DIA, Ministry of XXX
Date: xxx
Subject: **Audit Notification Letter for upcoming audit of xx**

Mandate

As scheduled in the xxx MOF Internal Audit Annual Plan for the year xxx, approved by the Minister of Finance, the Internal Audit Department is planning to conduct the audit of xxx.

Audit Objectives

[In this section the auditors will state their objectives of this engagement, they will mainly mention the following points:

- Obtain an understanding of the area under audit.
- Obtain information about the objectives of the area under audit and ensure accomplishment of these objectives.
- Obtain information about the risks associated, and the adequacy and effectiveness of the internal controls to mitigate these risks.
- Criteria against which the audit will be conducted.]

Audit Team

The following auditors will be responsible for the management and execution of the audit:

Designation	Name	Contact Details
Team Leader		+ xxx xxx xxx example@MOF.org
Deputy Team Leader		+ xxx xxx xxx example@MOF.org
Team Member1		+ xxx xxx xxx example@MOF.org
Team Member2		+ xxx xxx xxx example@MOF.org
Team Member3		+93 xxx xxx xxx example@MOF.org

Tentative Schedule

Our team will commence this audit on xxx and will take xx **working days** to conduct this audit. This schedule is tentative and could be changed as and when required.

Closing

Should you need any additional information, please do not hesitate to contact me.

Our team looks forward to working with you and your team and thank you in advance for your cooperation.

Signature

Date

Directorate of Internal Audit
Government of the Gambia

Toolkit Three- Inception Meeting

Working Paper Ref:

Basic Information	
Office Name:	Prepared by:
Office Address:	Reviewed by:
Date of Meeting:	Date
Audit Team	
Team Leader:	
Deputy Team Leader:	
Team Member-1:	
Team Member-2:	
Officials of Auditee	
1.	
2.	
3.	
4.	
5.	
6.	
7. Others	
Agenda Item	Minutes
Audit Objectives	
Audit Scope	
Audit Duration	
Audit Methodologies (review, discussion, observation, verification)	
Logistical Needs (such as space)	

Recent Changes (any recent changes to the scope, objectives, and structure of the area audit)	
Auditee Management's Concerns, Recommendations, Suggestions	
Assigning Audit Coordinator/Focal Point	
Assigning Audit Coordinator/Focal Point	
Any other matter(s)	

Directorate of Internal Audit

Government of the Gambia

Toolkit Four- DIA Internal Audit Entity Understanding Template

Working Paper Ref:

Entity/ MDA:	<i>e.g, Ministry of Interior</i>
Annual plan reference:	<i>Name and reference of audit in annual audit plan</i>
Sub entity/ audit area/process:	<i>e.g procurement processes</i>
Key contacts from entity:	<i>e.g Permanent Secretary of Ministry Head of Internal Audit/ Posted Auditor</i>

This Template is used to document the Internal Audit Team's understanding of the entity/ auditee, the Team's assessment of the area's residual risk considering the inherent risks and information obtained about the control environment.

1. Understand engagement requirements, determine audit scope, determine the need for specialized skills and establish the team					
Services:	<i>Assurance/ consulting/ investigation etc.</i>				
Scope:	<i>Indicate scope of the audit e.g., process for review, review period, etc.</i>				
Audit Objective:					
Deliverables:	<input type="checkbox"/> Audit report	<input type="checkbox"/> Advisory note	<input type="checkbox"/> Other (specify):		
End date:	<i>Target completion date</i>				
Team:	Team leader: Other team members:				

2. Conclusions from preliminary activities	
Preliminary overall risk assessment:	<i>Document the preliminary risk assessment based on activities starting from 3 below e.g., high, medium, low</i>
Date of completion:	<i>Document date of completion of the risk assessment</i>
Issues identified/ Risk factors that caused a designation other than "low risk" and audit response to these risk factors:	<i>e.g., prior fraud incidents, special request information, whistle blower information, rating from previous audits etc.</i>
Audit response to issues identified:	<i>Document broad strategy/ planned procedures to</i>

	<i>obtain assurance over the risks identified e.g., test of controls, substantive testing etc.</i>
--	--

3. Understand the audit entity/ area	
<i>We obtain an understanding of the entity/ audit area and the environment in which it operates to enable us to identify risk factors that should be considered throughout the performance of the audit.</i>	
3.1 Audit area and its environment	
Sources of information:	<i>E.g., review of legal and regulatory framework, interviews with key stake holders, entity risk assessment documentation etc.</i>
Individual(s) interviewed:	<i>List persons interviewed/ consulted</i>
Description of audit entity, including its operations, ownership, and governance structures:	<i>Provide relevant description of the audit entity/ area/ process etc.</i>
Relevant sector, legal and regulatory framework, and other external factors:	<i>Document a general understanding of the sector, the legal and regulatory framework applicable, including how the entity complies with that framework, and other external factors.</i>
Entity's objectives and strategies:	<i>Document the entity's objectives and strategies</i>
Entity Risk assessment processes:	<p><i>Document observations of the entity's process for identifying, estimating, and assessing its risks, the results of these processes and actions decided to address those risks.</i></p> <p><i>Where the entity does not have a risk assessment process, inquire of management whether its risks have been identified and how they have been addressed.</i></p> <p><i>Document inquires of management, Board etc., as to whether they have knowledge of any actual or suspected fraud. Document any fraud risk factors identified.</i></p>
Understanding of the IT environment; impact of technology on the operations of the audit area:	<i>Document the nature and extent of use of IT including end user applications (spreadsheets, databases, etc.) Key consideration should be given to the potential risks that could arise from the use of such technologies such as manipulation of data and other data risks, impact of system down time on operations, system vulnerabilities that could expose the organization etc.</i>

4. Conclusions following opening meetings with the client		
Date:	Participants	
	DIA:	
	CLIENT:	
Agenda items:		Decisions reached:
1		
2		

Annexure One (to Entity Understanding Template)

List of reference documents to use for obtaining entity understanding

Sr. No	Source/Area/Document/Issues	Auditor
1	Study DIA documentation on the auditee and previous audit report(s) issued by DIA or any other Department under DIA.	
2	Obtain and Study external audit report- Report issued by National Audit Office	
3	Study relevant laws	
4	Study relevant Standard Operating Procedures and Manual(s).	
5	Obtain and Study relevant Policies.	
6	Obtain and study vision, mission, and objectives of the office.	
7	Obtain and Study relevant, executive orders.	
8	Review accounting system.	
9	Enquire about and review the methodology used to consolidate and prepare financial reports/statements.	
10	Conduct facility tour and site visits to gain general impression and observe the programme operations.	
11	Visit unit(s) to which the office is reporting to understand their concern(s) and Expectation(s) from audit.	
12	Visit web site of the relevant Sector/Ministry and other relevant web sites to gain understanding about operations of the auditee.	
13	Obtain and go through the letter dispatch and registration record	
14	Interview the service receiver(s) and discuss their needs and expectations and assess whether they are being met.	
15	Obtain and study financial and other periodic reports.	
16	Obtain annual and quarterly target –plan and progress.	
17	Obtain and study the Sector's organizational structure and related roles and responsibilities of various Sections.	
18	Discuss with organizational development and training programs.	
19	Obtain and review the turnover/transfer of key staff.	
20	Obtain and understand the geographical area for which the office is responsible.	
21	Enquire about the performance criteria and procedures used by office to monitor the performance.	
22	Enquire into and consider key factors if any behind past success or failure.	
23	Enquire about any case of corruption occurred during the period under audit	
24	Enquire if there is a practice of regular staff meeting and review decisions.	
25	Enquire about grievances and suggestions handling process.	
26	Enquire into the procedures by which the physical existence of tangible fixed assets is safeguarded and properly utilized.	

27	Discuss and consider cost saving and revenue increasing opportunities	
28	Enquire and study media coverage about the unit under audit and discuss it with management.	
29	Enquire about logistic arrangement and consider availability for efficient operation of the office.	

Directorate of Internal Audit
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**Toolkit Five- Internal Audit
Program**

Entity/ MDA:	<i>e.g, Ministry of Interior</i>
Annual plan reference:	<i>Name and reference of audit in annual audit plan</i>
Sub entity/ audit area/process:	<i>e.g procurement processes</i>
Key contacts from entity:	<i>e.g Permanent Secretary of Ministry Head of Internal Audit/ Posted Auditor</i>

1. Audit Program

1.1 Introduction

[This section should describe the nature of the audit engagement, where the requirement was determined, what the engagement is about, the appointment letter number, and the authority who has signed the letter]. Information about the area/unit under audit such as; unit objectives operations of the auditee, organisational set up, main targets and progress against the targets.

1.2 Audit objectives

This section should describe the agreed audit objectives in a clean and concise manner (Generally it is to evaluate the adequacy and effectiveness of the system in place. It will also examine Economy, Efficiency and Effectiveness (3Es) aspects along with compliance)

1.3 Audit Scope

This section defines the breadth and depth of work which will be carried, the audit period to be covered, main activities to focus on and specific scope if any.

1.4 Audit Methodology/ Approach

This section describes the work plan of the engagement. Specific methodologies of audit has to be mentioned here too, such as review, discussion and examination. Sample text for this section is as follows:

1.5 Risk Summary

This section provides the summary of risks for the audit area (from the audit planning template)

No	Risk/ descriptor	Risk rating
1	e.g xx/xx/2022	High
2		
3		
4		
5		
6		
7		
8		
9		
10		

1.6 Audit Costs

Below is the audit cost schedule:

No	Cost Item	Cost Per Head	Number	Total-AFA
1	Daily Allowance			
2	Travel Expense			
3	Other			
Total				

1.7 Audit Team

Audit Team

Designation	Name
Team Leader	
Deputy Team Leader	
Team Member1	
Team Member2	
Team Member3	

Auditee Management (Key personnel)

Name	Designation	Contact

1.8 Audit timetable/ time budget

Document the schedule of planned activities (see example below)

No	Date(s)	Activity	Responsible staff
1	e.g xx/xx/2022-xy/xx/2022	Planning	SIA, PIA, DIA
2	e.g xx/xx/2022-xy/xx/2022	Field work	IAAs, SIA
3	e.g xx/xx/2022-xy/xx/2022	Audit update meeting	IAAs, SIA, PIA
4	e.g xx/xx/2022-xy/xx/2022	Fact checking meeting	IAAs, SIA
5	e.g xx/xx/2022-xy/xx/2022	Draft report compilation	IAAs, SIA
6	e.g xx/xx/2022-xy/xx/2022	Review of Audit file by SIA, PIA	SIA, PIA
7	e.g xx/xx/2022-xy/xx/2022	Draft report submitted to PIA	SIA, PIA
8	e.g xx/xx/2022-xy/xx/2022	Draft report submitted to DIA	SIA, PIA, DIA
9	e.g xx/xx/2022-xy/xx/2022	Exit meeting	SIA, PIA, DIA
10	e.g xx/xx/2022-xy/xx/2022	Issue of final report	PIA, DIA

1.9 Resource allocation

Document the allocation of tests to audit team members as per schedule in section 5.3

Auditor	Area allocation/ Test	Test Refs	No. of Tests	Total No. of Tests
<i>e.g., SIA</i>	<i>Review Governance</i>	<i>1.1, 1.2, 1.3,</i>	<i>3</i>	6
	<i>Review of budget management</i>	<i>2.1, 2.2, 2.3</i>	<i>3</i>	
<i>e.g., IA</i>	<i>Review of documentation</i>			
	<i>Process documentation and walkthrough</i>			
TOTAL			38	

This supports quality assurance; confirmation of test mapping, adequate coverage and an audit conclusion check (to confirm whether all planned tests have been executed)

1.10 Risk, control, and planned procedures matrix

This details the risk matrix and audit procedures that will be executed to achieve the engagement objective

Process	Process objective	Inherent risk	Inherent risk rank	Controls	Residual Risk rank	Audit Tests	Test Ref
<i>e.g., Governance</i>	<i>Ensure proper management of the MDA to ensure the achievement of its strategic objectives.</i>	<i>Failure to fully achieve strategic objectives.</i>	<i>High</i>	<i>Periodic monitoring /review of progress in achievement of strategic objectives through quarterly and monthly reporting.</i>	<i>Medium</i>	<i>a) Obtain the entity's strategic plan and check for the extent of implementation of the planned activities. Review progress on new initiatives.</i> <i>b) Review project reports for FY 2021/2022 and Board reports for the same period. Check whether these covered all the key activities of the entity and review</i>	1.1 SIA

Process	Process objective	Inherent risk	Inherent risk rank	Controls	Residual Risk rank	Audit Tests	Test Ref
						<i>updates on earlier reported planned activities.</i>	
							1.2 SIA
							1.3 SIA
<i>e.g., budget management</i>							2.1 SIA
							2.2 SIA
							2.3 SIA

Review and approval:

Prepared by:IA/ SIA.....

Date:

Reviewed by:PIA.....

Date:

Approved by:DIA.....

Date:

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**Toolkit Six- Recording Audit
Findings**

Entity/ MDA:	<i>e.g, Ministry of Interior</i>
Annual plan reference:	<i>Name and number of audit in annual audit plan</i>
Sub entity/ audit area/process:	<i>e.g procurement processes</i>
Stakeholders consulted and evidence reviewed:	<i>e.g Permanent Secretary of Ministry Review of policy documents, stakeholder meeting minutes, organizational structures etc</i>
Prepared by:	
Reviewed by:	

A. Summary of work done and audit findings

This details the planned audit steps, tests executed, and results obtained

No	Audit program/ Test reference	Finding				
		Criteria	Condition	Cause	Risk / Consequence	Recommendation
1.	<i>E.g., 1.1.1 Review of entity strategic plan.</i>	<i>Then XXX Act requires entities of this nature to develop a strategic plan to guide their activities.</i>	<i>We established that the entity did not have an approved strategic plan in place to guide its activities. Refer to the summary of meeting minutes in the Appendix to this document.</i>	<i>Delays in engagement of key stakeholders to contribute to the strategic plan. Ref: Table of Key meetings not held during the period.</i>	<i>Failure of the entity to execute its mandate.</i>	<i>c) The entity should address the challenges noted and fast track the development of its strategy.</i>
				<i>Vacancies in key positions that drive strategic planning processes. Ref: Organogram showing vacant roles.</i>		

No	Audit program/ Test reference	Finding				
		Criteria	Condition	Cause	Risk / Consequence	Recommendation
				<i>Inadequate oversight mechanisms within the entity.</i>		
2						
3						
4						

Review and approval:

Prepared by:IA/ SIA.....

Date:

Reviewed by:PIA.....

Date:

Approved by:DIA.....

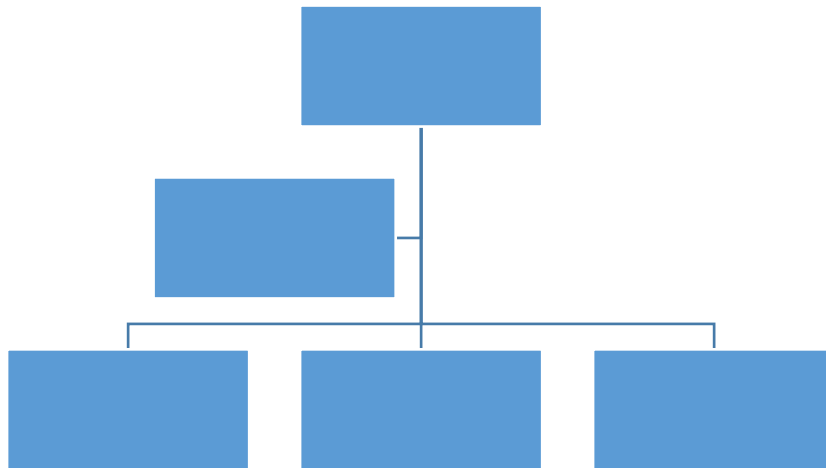
Date:

APPENDIX

Include here evidence collected to support the conclusions drawn above e.g., pictorial evidences, tables and graphs. The findings should be referenced to the audit evidence collected. Examples as below;

1. Table 1: Schedule of key meetings not held during the period XX-XY

2. MDA organogram highlighting vacancies in key roles



Directorate of Internal Audit
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Toolkit Seven- Audit Exit Meeting

Working Paper Ref:

Basic Information	
Office Name:	Prepared by:
Office Address:	Reviewed by:
Date of Meeting:	Date
Audit Team	
Team Leader:	
Deputy Team Leader:	
Team Member-1:	
Team Member-2:	
Officials of Auditee	
1.	
2.	
3.	
4.	
5.	
6.	
7. Others	
Agenda Item	Minutes
Auditee's positive and strong points.	
How audit report can help enhance the operations of the auditee and assist in achieving its objectives	
Brief discussions over the audit findings (including any follow up findings)	

Importance of the implementation of audit findings	
Thanking auditee management for their cooperation during audit, opinion, and suggestions of the auditee on audit work.	

Directorate of Internal Audit
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**Toolkit Eight- Internal Audit
Report**

Part One

Basic Information and Executive Summary

Basic Information

1	Name and Address of Auditee Office	
2	Audit Notification letter Number and Date	
3	Chief of the Auditee Organization Chief of Accounting Directorate	
4	Audit Duration	
5	Audit Period	
6	Main Areas Audited	
7	Report Status	
8	Date of Entry Conference	
9	Date of Exit Conference	
10	Team leader, Deputy Team leader Audit team Member-1 Audit team Member-2	
11	Report Issued by (Signature and Date)	

Executive Summary

An executive summary should be prepared, which will contain:

- Mandate of the audit, and
- Key audit findings/issues in bullet points

Part Two

Background Information

General Information about the Auditee

This section will contain information about the objectives of the auditee office, its main activities/functions/components, key processes, structure, and very brief note on the plan and progress.

Audit Objectives, Scope, Methods

This section will contain information about audit objectives, audit scope and audit methods used during audit.

Part Three

Detailed Audit Findings, Follow-up Status and Management Action Plan

Detailed Audit Findings

Each audit finding will have a Serial Number, Title, and Audit Area.

Each audit finding will further have the followings:

Criteria

This will contain the criterion against which the evaluation has been done.

Condition/Finding

Here the actual situation or status should be recorded, the deviation from the **Criteria** should be discussed here in details.

Cause

Here the reason for deviation from the **Criteria** should be mentioned.

Impact/Consequence

Here the negative impact as result of the deviation from the **Criteria** should be mentioned.

Recommendation/Corrective Action

Here the auditor should recommend the corrective action to be taken.

Management Comment and Commitment

This part will contain the management respond to the audit finding and their commitment to implementing the audit recommendation.

Follow-up Status

This section will be used to document assessment of audit recommendation(s) given in the previous audit(s)

No	Observation	Date/Year	Recommendation	Responsible	Status	WP Ref
1						
2						
3						
4						
5						
6						
7						
8						

Management Action Plan

This section will be used to document the Management Action Plan for the implementation of audit recommendation(s) given in the incumbent and previous audit(s)

No	Observation	Date/Year	Recommendation	Responsible	Implementation Date
1					
2					
3					
4					
5					
6					
7					
8					

Directorate of Internal Audit
Government of the Gambia

**Toolkit Nine- Internal Audit
Completion Report**

Working Paper Ref:

To,
Director General of DIA
Internal Audit Department(DIA)
Ministry of Finance

Date:-

Dear Sir,

As per the letter number (.....), dated (.....), signed by (.....), audit of (.....) was conducted for the period of (.....), this report serves as Audit Completion Report for your information.

Audit Team

S. No.	Designation	Name
1	Team Leader	
2	Deputy Team Leader	
3	Team member-1	
4	Team member-2	
5	Team member-3	

Auditee's Transaction(s) and Activity Level Subject to Audit

S No.	Unit/Volume	Amount
1	Revenue collection	
2	Expenditure	
3	Number of Transactions	
4	Staff members	
5	Other financial/non-financial Transactions ()	

Status of Audit Toolkits

S. No.	Particular	Status	Remarks
1	Audit Notification Letter (T1)		
2	Audit Inception Meeting (T2)		
3	Entity Understanding (T3)		
4	Risk Assessment (T4)		
5	Audit Plan (T5)		
6	Audit Program (T6)		
7	Recording Audit Finding (T7)		
8	Audit Exit Meeting (T8)		
9	Audit Report (T9)		
10	Audit Completion Report (T10)		
11	Audit File Index (T11)		
12	Follow-up (T12)		

Audit Completion - Planned vs Actual Analysis

Audit Phase	Planned		Actual		Reason(s) for Deviation
	From	To	From	To	
Planning	[Date]	[Date]	[Date]	[Date]	
Field work	[Date]	[Date]	[Date]	[Date]	
Reporting	[Date]	[Date]	[Date]	[Date]	

Audit Results

S. No.	Particular	Quantification
1	Number of new audit program(s) and compliance checklist(s) developed.	
2	Number of audit recommendation(s) given by auditors and accepted by Auditee Management	
3	Number of Audit Findings referred for further investigation	
4	Amount of loss identified and will be recovered as result of audit recommendation(s)	
5	Amount of loss identified but cannot be recovered as result of audit recommendation(s)	
6	Numbers of working days spent for audit	
7	Audit file submission date (for review)	
8	Total audit cost (travel, per diem, others)	
9	Others	

Logistical, auditee cooperation and other matters which adversely affected the audit work.

S. No.	Matters	Future Plan to Address
1		
2		
3		
4		
5		

We are very thankful to the DIA Management for assigning us to this audit, please let us know if any clarification is needed or if we could be of any further assistance.

Sincerely yours'

Name and Signature.

1
2
3
4

Annexure One (to Internal Audit Completion report)

1. Engagement conclusion review checklist			
Internal Audit Planning	Yes	No	Comment
1. Was the engagement included in the approved annual plan?			
2. Was a risk assessment carried out in developing the audit program (taking into effect any new information received after the annual planning period and before the audit engagement planning period)?			
3. Was the audit program reviewed, approved, and filed. Does the program, detail the audit objectives, scope, risk assessment, methodology, staffing and resource allocation?			
4. Have all engagement staff completed independence assertions?			
5. Was the audit client given due notice?			
6. Was the entry meeting held prior to commencement of the audit? Have the entry meeting minutes been filed and circulated?			
7. Have audit client concerns been documented and considered in the audit?			
8. Has the client feedback form been circulated, and client responses received?			
Audit performance and working papers			
9. Has the criteria for the audit area been determined and documented (policy, law/ regulation, best practice, practice etc.)?			
10. Have all processes in the audit area been documented and controls identified?			
11. Have all process and control deficiencies (significant or not) been communicated and or raised in the audit working papers and, in the report?			
12. Have process gaps been identified and documented?			
13. Have the auditors obtained and filed sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives? ****			
14. Have financial records referred to in the audit working papers been cross referenced and agreed to accounting information (ledgers, TB, budget etc.) and source documentation for samples selected?			
15. Have material inconsistencies identified been investigated, and communicated?			
16. Have results of analyses performed been corroborated with alternative sources (corresponding departmental information, market information, regulators etc.)?			

1. Engagement conclusion review checklist			
Internal Audit Planning	Yes	No	Comment
17. Have the findings been discussed with the respective process/ risk owners to obtain causes for the exceptions?			
18. Has the exit meeting been held, and management comments and action plans obtained?			
Audit Report			
19. Does the audit report include a description of the audit objectives, scope, and methodology used to address the audit objectives?			
20. Does the report include all reportable issues with corresponding management comments?			
21. Have you checked the formatting of the report? <ul style="list-style-type: none"> ▪ Heading and lettering consistency ▪ Consistent use of currency and unit ▪ Consistent spacing ▪ Consistent numbering sequence ▪ Correct references to specific pages in the report ▪ Correct spelling and grammar check ▪ Report is dated (date of final draft) ▪ Report serialized correctly (following from prior reports issued) 			
22. Has the report been distributed to all concerned stakeholders (management, Board etc.)?			
Audit file compilation and archive			
23. Was the approved audit plan and program signed off and filed?			
24. Has the audit file been compiled with required references been (to audit finding memos, audit evidence etc.)?			
25. Have all sections been documented appropriately and filed (planning, execution, conclusion)?			
26. Have all signoffs been done (preparer and reviewer) on all areas requiring signoff (audit program steps, audit evidence, audit issues etc.)?			
27. Have all review comments been addressed and closed			
28. Has the engagement been completed, the audit file closed, and engagement findings escalated to follow up status?			

Directorate of Internal Audit
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Toolkit Ten- Audit File Index

The Permanent Audit File

SECTION	TITLE	CONTENT
1	General background information	To include: <ul style="list-style-type: none"> • Regulation • Strategies and plans • Organization charts • Expenditure and budgets • Volume of transactions • Other data and documents – copies or references where is the information
2	Reports to management	Copies of executive summary and action plan from all audit reports (Correspondence and other documentation to be held on relevant current audit files)
3	Copies of other relevant reports	External audit reports Consultancy reports
4	Outline of policies and procedures in operation	
5	Relevant job descriptions and authority limits	
6	Sample documentation	Any relevant forms and extracts from office instructions etc.

The Current Audit File

SECTION	TITLE	CONTENT
1	Audit supervision and review papers	Completed Audit Review Record and check lists
2	Audit planning documents	Audit Assignment Plan, Letter of authorisation Notes of the initial discussions with the auditee Projected and actual time budgets
3	Previous audit report	Copies of the previous Internal Audit report, including relevant correspondence and action plans
4	Points forward from previous audit	List of points highlighted for future work by Internal Audit
5	Current audit report	Draft and final versions All related correspondence Action plan Minutes of exit and final meetings
6	Follow-up to last audit	Details of tests done to check implementation of recommendations made on previous audit Summary of implemented and not implemented recommendations
7	Systems and procedures in operation	To include flowcharts, narrative descriptions and sample documentation, as appropriate
8	Audit Findings Form	Evaluation of weaknesses, causes and effects
9,10, 11, 12 etc.	Working papers – divided into sections (E.g. by sub-system) as appropriate	To include: Audit Plan Audit Test Program Audit Test Record Details of tests carried out

Directorate of Internal Audit

Government of the Gambia

Toolkit Eleven- DIA Quarterly/ Annual Audit Report Template

Directorate of Internal Audit

Government of the Gambia

Quarterly Report for the XX Quarter of 202X

XX 20xx

[DIA Headed Paper]

Ref: XXXX

Date:

The Hon. Minister of xx
The Permanent Secretary
The GOTG Internal Audit Committee

Dear Sirs,

DIA Quarterly Report for the xxx Quarter of 201X.

Please find attached the report of the activities and initiatives that the Directorate of Internal Audit (DIA) has undertaken in the Quarter xxx of 201x.

This report summarizes the activities and initiatives that have been taking place within the DIA during Quarter xxx of 201X.

This report is divided into the following sections;

- a) Status update on the planned audits for this quarter;
- b) Key audit findings and recommendations from the completed audits;
- c) Status update on the implementation of audit recommendations;
- d) Staff Capacity building initiatives during this quarter; and
- e) Other issues

We are grateful for the continued support that the DIA is getting from the Ministry and its development partners.

We do look forward to your continued support as we continue to work towards strengthening the capacity of the DIA so that it can ably fulfill its mandate given in the Internal Audit Charter.

Yours sincerely,

XXX
Director General of DIA/ Sector Head of Internal audit

1. Executive Summary

Introduction

[This is an introduction of the contents and requirement for this report. Below is an introduction that can be used]

This report highlights the work of the DIA for the Quarter XXx of 20xx.

As per the Audit Charter, the DIA has the responsibility of submitting Quarterly Reports of its activities to the Minister, Permanent Secretary, and the GOTG.

This report highlights the progress against the approved annual plan; the status of implementation of the audit recommendations as well as other issues that are important for the DIA.

Director General of DIA/ Sector Head of Internal Audit Opinion on the Audited Directorates

[Include a summary on the key internal control issues found during the audits conducted.]

2. Status update on the planned audits for this quarter

[In this section, DIA should report on the progress being made in conducting the audits as per the approved annual plan. Therefore, this section gives an update on the planned audits.]

Below is the status update on the planned audits for this quarter as per the approved DIA Annual Plan;

	Directorate	Audit Area	Status of Audit	Comments
1	<i>[Put the name of the Directorate audited. E.g Immigration Directorate]</i>	<i>[Put the area audited. E.g. Passport Revenue Audit]</i>	<i>[This can include- Draft report ; Final Report; Fieldwork e.t.c]</i>	<i>[DIA should explain any issues/ give progress update on the status of the audit. E.g Draft report has been submitted to auditee for their response]</i>
2				
3				
4				
4				
5				
6				

3. Key Audit Findings and Recommendations from the completed audits

For the audits conducted and completed during this quarter, the following are the key issues noted, and the recommendations made to further strengthen the internal controls in place;

	Directorate	Audit conducted	Report Rating	Key Findings	Summary of Recommendations
1	[Put name of Directorate audited]	[Put the type of audit done E.g Procurement Audit]	1. [Rating can be either of the following- Critical, High, Medium Low);	1. [Input the key findings from the audit]	1. [Input the key recommendations made]
			2.	2.	2.
			3.	3.	3.
			4.	4.	4.
2			1.	1.	1.
			2.	2.	2.
			3.	3.	3.
			4.	4.	4.
3			1.	1.	1.
			2.	2.	2.
			3.	3.	3.
			4.	4.	4.
4			1.	1.	1.
			1.	2.	2.
			2.	3.	3.
			3.	4.	4.

A description of the Report ratings is shown as an Appendix.

4. Status update on the Implementation of Audit Recommendations (Results of Follow-Up)

As part of the audit plan, the DIA conducts Follow-ups to ascertain the status of implementation of the agreed upon audit recommendations by the auditees.

4.1 Results of the Follow-Up

During this quarter, a number of follow up audits were conducted. Details of the level of implementation of the agreed upon audit recommendations by the various auditees are provided below;

	Directorate Audited:	Audit Area	Number of Agreed Actions	Status of implementation of agreed actions			
				Implemented	Ongoing	Outstanding	Not yet due
1	[Put name of directorate]	[Put the area audited E.g Procurement Audit]	[Put the total number of agreed upon recommendations. E.g. 6]	[Put the number of audit recommendations that have been fully implemented E.g. 2]	[Put the number of recommendations that are in the process of being implemented E.g 1]	[Put the number of recommendations not yet implemented as agreed timelines. E.g 2]	[These are the actions whose deadlines are not yet due in the quarter under review E.g. 1]
2							
3							
4							

4.2 Proposed Recommendations for ensuring that the audited directorates implement the recommendations.

[DIA should highlight what needs to be done to make the concerned directorates to take action in implementing the audit recommendations]

5. DIA Staff Capacity Building Initiatives undertaken during the Quarter

[Please give an introduction on DIA's view on staff training and what is happening in this area]

We are committed to ensuring that the Internal auditors are well equipped to efficiently and effectively conduct their work as per the audit charters. It should be noted that currently, from the assessment done, the DIA's capacity to perform according to the international standards is still low. Therefore, there is a need to make training a priority for the auditors.

Below is the status update on the various trainings that DIA staff attended;

5.1 Short term trainings

[Please report on the training that staff attended]

Details are provided below;

	Course	Training Sponsor	Location	No. of staff that attended
1				
2				
3				
4				

5.2 Long term trainings

[Please report on the status of this. You can give a progress update on the American University Training]

6. Other activities undertaken by the DIA during this quarter

[Please report on all other activities that DIA has undertaken during the quarter. This can include any requests by the Minister or other directorates, as well as any Ministry-level activities. If there are no activities to report on, this section can be deleted.]

During this quarter, DIA was involved in the following activities;

	Activity	Comments
1		
2		
3		
4		

7. Key challenges being faced and recommended support needed from the Minister

[If there are any challenges that DIA is facing, these should be brought to the attention of IG. DIA should also give recommendations on how it can be supported to overcome this challenges. If there is nothing to report on, this section can be deleted.]





Appendix 1- Basis of Classifications of the DIA Individual Audit reports

Every completed audit report of the DIA has to be classified. The classification of the report is determined by the points allocated to each of the audit findings in the report. The Report can be classified as either- Critical, High, Medium or Low

Below are the recommended points to allocate to each audit finding rating in the audit report;

Finding Rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Having computed the total points from all the audit findings in the report, the Report can be classified as either- Critical, High, Medium, or Low- depending on the total number of points in the report. Below is the classification for the report based on the total points from the audit findings;

	Report Classification	Points
	Critical Risk	40 points and over
	High Risk	16– 39 points
	Medium Risk	7– 15 points
	Low Risk	6 points or less

Appendix 2- Basis of Classifications of the Individual Findings Ratings

Below is the recommended best practice for classification of individual audit findings;

Finding Rating	Assessment Rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> ▪ Critical impact on operational performance; or ▪ Critical monetary or financial statement impact; or ▪ Critical breach in laws and regulations that could result in material fines or consequences; or ▪ Critical impact on the reputation or brand of the directorate which could threaten its future viability.
High	A finding that could have a: <ul style="list-style-type: none"> ▪ Significant impact on operational performance; or ▪ Significant monetary or financial statement impact; or ▪ Significant breach in laws and regulations resulting in significant fines and consequences; or ▪ Significant impact on the reputation or brand of the directorate/ area being audited.
Medium	A finding that could have a: <ul style="list-style-type: none"> ▪ Moderate impact on operational performance; or ▪ Moderate monetary or financial statement impact; or ▪ Moderate breach in laws and regulations resulting in fines and consequences; or ▪ Moderate impact on the reputation or brand of the directorate/ area being audited.
Low	A finding that could have a: <ul style="list-style-type: none"> ▪ Minor impact on the organization's operational performance; or ▪ Minor monetary or financial statement impact; or ▪ Minor breach in laws and regulations with limited consequences; or ▪ Minor impact on the reputation of the directorate/ area being audited.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Toolkit Twelve- DIA Audit Client Feedback Form

[Put on Headed Paper]

DIRECTORATE OF INTERNAL AUDIT

AUDIT CLIENT FEEDBACK FORM

INTERNAL AUDIT CLIENT FEEDBACK FORM

We enclose for your attention our Audit Client Feedback Form, which we request that you complete at your earliest convenience.

We endeavor to measure our audit performance by comments from our customers, and the Audit Client Feedback Form is one of our most important tools to achieve continuous improvement. We would therefore be most grateful if you could give it your early attention.

In addition, please include any other comments under additional comments/suggestion. Where you deem it necessary, a meeting can be arranged for sensitive decisions in this respect.

Yours sincerely,

Director General

Directorate of Internal Audit

<Address>

<Telephone Number>

<E-mail address>

<Date>

AUDIT CLIENT FEEDBACK FORM

Description of Audit/Review:	<i>e.g, Ministry of Interior- Procurement processes</i>
Date:	
Completed by:	<i>Audit client</i>

CLIENT FEEDBACK

The purpose of this assignment evaluation form is to receive frank and constructive information. This will enable us to improve our services.

Your input is essential to our improvement and success. Please mark the box, which best describes the level at which we performed during the audit/review project. Please provide specific examples whenever possible in the space provided. Thank you!

Rating Definition: 1 = Not Met 2 = Partially Met 3 = Satisfactory 4 = Excellent			
AUDIT NOTIFICATION			
1. (a) You received a notification memo announcing the audit at least X working days in advance of the audit start date.			
1	2	3	4
(b) If you marked box 1 or 2 above, please suggest the number of days (in advance of the audit start date) which you would consider appropriate.			
OPENING MEETING			
2. The goals, objectives, purpose, and scope of the audit were agreed with you, included in the audit notification memo and the audit process explained during the opening meeting.			
1	2	3	4
UNDERSTANDING OF THE BUSINESS AND RISKS			
3. The audit team understands your business objectives, risks and controls, and policies.			
1	2	3	4
SUGGESTED AREAS FOR AUDIT EMPHASIS			

Rating Definition: 1 = Not Met 2 = Partially Met 3 = Satisfactory 4 = Excellent			
4. Your suggested areas for audit focus during the assignment were obtained during the opening meeting and addressed during the audit.			
1	2	3	4
PROFESSIONAL BEHAVIOUR			
5. The assigned auditor(s) demonstrated courtesy and professionalism in conducting the assignment and did not conduct themselves in any way that was discrediting to the audit profession or the image of the DIA.			
1	2	3	4
BUSINESS INTERRUPTION			
6.			
(a) The audit team made reasonable effort to minimize interruptions to your operations and schedule.			
1	2	3	4
(b) If you marked box 1 or 2 above, please suggest any appropriate way to minimize interruptions to your business operations.			
RELEVANCE			
7. Audit findings were relevant.			
1	2	3	4
ACCURATE			
8. Audit findings were accurate.			
1	2	3	4
RECOMMENDATIONS			
9. Suggested audit recommendations were actionable, practical, and achievable.			
1	2	3	4

Rating Definition: 1 = Not Met 2 = Partially Met 3 = Satisfactory 4 = Excellent			
TIMELINESS			
10. The draft report was received within X weeks from completion of fieldwork.			
1	2	3	4
FEED BACK			
11. You or your team were kept informed of issues, observations and had the opportunity to provide explanations or responses to audit findings as they developed during the audit process.			
1	2	3	4
CLARITY			
12. The audit report clearly communicated the audit results and action plans.			
1	2	3	4
REPORT			
13. The audit report reflected a holistic view of the state of the control of specific risk/s audited.			
1	2	3	4
EXIT MEETING			
14. During the exit conference, all findings were adequately discussed and amicably resolved.			
1	2	3	4
FUTURE EXPECTATIONS			
15. The process, whereby your implementation of action plans for findings raised by the auditors is tracked and followed-up, was explained to you.			
1	2	3	4

Rating Definition: 1 = Not Met 2 = Partially Met 3 = Satisfactory 4 = Excellent			
VALUE ADDITION			
16. The audit added value to your operations.			
1	2	3	4
Additional Comments/suggestions for improvement:			