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# Internal Audit Manual

PEM-PAL IA COP

Bled

October 14-15, 2010

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# IIA Practice Advisory 2040-1: Policies and Procedures (Jan. 1, 2009) <sup>(1)</sup>

*The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.*





# IIA Practice Advisory 2040-1: Policies and Procedures (Jan. 1, 2009) <sup>(2)</sup>

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The chief audit executive develops policies and procedures. Formal administrative and technical audit manuals may not be needed by all internal audit activities. A small internal audit activity may be managed informally. Its audit staff may be directed and controlled through daily, close supervision and memoranda that state policies and procedures to be followed. In a large internal audit activity, more formal and comprehensive policies and procedures are essential to guide the internal audit staff in the execution of the internal audit plan.





# Suggested content <sup>(1)</sup>

- General items
  - Mission statement, charter, standards, reference to legal framework
  - Knowledge and skills, training
  - Interaction with others: management, audit committee, CHU, audit authority, supreme audit institution, other internal/external audit units
- Audit planning
  - Risk assessment model
  - Strategic planning, annual planning





# Suggested content (2)

- Audit execution
  - Planning
  - File organization
  - Working papers
- Audit reporting
  - Draft / final report
  - Follow-up process
  - Annual report

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# Suggested content <sup>(3)</sup>

- Fraud and irregularities
- Use of automated tools (CAATS)
- Sampling techniques
- Quality program
  - Internal assessment
  - External assessment

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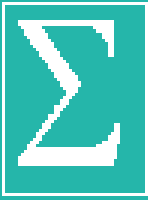
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# Our recommendation

- Sophistication of manual according to size and maturity of internal audit
- Role of CHU is to provide consistent general template / content and share examples
- Additional environment specific content filled in by internal audit of respective organizations
- Role of CHU is also to control adequacy of manual
  
- Be pragmatic! Keep it simple!





# Size and maturity have an impact

- Small and/or immature audit units do not need a very elaborated audit manual. Focus on audit process (how to do it).
- Large audit units need more formalism on working papers, supervision, training, etc.

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