**Audit Objective:** To adequately plan the audit and obtain background information for the activities to be audited including researching past reports, applicable laws, policies and standards as well as best practices.

**Audit Scope:** To set out the boundaries of the audit engagement and outline what will be included in or excluded from the review.

**Audit Team:** Olga V. team leader

Sergey W. senior auditor

Ljerka Z. junior auditor

**Audit Steps:**

**A. Initial planning**

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| # | **Description** | **Auditor** | **Date** | **WP ref** |
|  |  |  |  |  |
| 1. | Identify applicable laws, policies and standards affecting the process or system and related documentation such as the interconnectivity with other processes/systems, process/system risk assessment and process/system roles and responsibilities. |  |  |  |
| 2. | Identify previous reports of internal audit and other internal/external assurance providers and consultants related to the process/system under audit. |  |  |  |
| 3. | If technical support is needed, state what, when, who and estimated time/cost. |  |  |  |
| 4. | Prepare a time budget plan for the following phases of the audit engagement:   * Initial planning * Preliminary survey * Field work * Draft report * Final report * Administration * Supervision * Quality control |  |  |  |
| 5. | Identify the relevant frameworks for this audit engagement. |  |  |  |
| 6.. | Prepare an Engagement Memorandum that includes:   * Audit objectives and scope * Estimated starting and completion dates * Audit team * Logistics and access rights required * General questionnaire of background information needed |  |  |  |
| 7. | Schedule and conduct a kick-off meeting with the auditee. |  |  |  |

**B. Preliminary survey**

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| # | **Description** | **Auditor** | **Date** | **WP ref** |
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| 1. | Gain knowledge of the area being audited by reviewing related documents, conducting interviews and observing the processes and functions. |  |  |  |
| 2. | Obtain the organizational chart of the area being audited and the job descriptions of staff members. |  |  |  |
| 3. | List the major segments/processes of your review and reference to the detailed narratives or flowcharts for each. |  |  |  |
| 4. | Include completed samples of input and output documents, forms and reports. |  |  |  |
| 5. | Obtain or draft narratives and flowcharts of the processes being audited. |  |  |  |
| 6. | Obtain auditee sign off on narratives and flowcharts to ensure accurate representation. |  |  |  |
| 7. | Analyze the strengths and weaknesses of the major processes in the narratives and flowcharts. |  |  |  |
| 8. | Prepare a Risk Matrix that identifies the following for each preliminary audit objective:   * the risks and expected controls for each objective * actual practices that fulfill each element (strength) or the absence of such (weakness) with work paper reference to the flowchart or narrative |  |  |  |
| 9. | Prepare a summary of proposed modifications to the audit scope and objectives and prioritize the objectives in order of significance. |  |  |  |
| 10. | Develop the Detailed Fieldwork Program to include test steps for each objective as well as the sampling plans. |  |  |  |

**C. Field work**

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| # | **Description** | **Auditor** | **Date** | **WP ref** |
|  |  |  |  |  |
| 1. | Perform testing as specified on the Detailed Fieldwork Program |  |  |  |
| 2. | Ensure that testing results are discussed with affected personnel as encountered. |  |  |  |
| 3. | For each testing section prepare a Conclusion Summary stating objective, conclusion, procedures and summary of the prioritized results of testing which substantiate conclusions. |  |  |  |
| 4. | Review work to ensure that working papers are complete:   * Have a heading, state name of the function examined, description of the contents of the work paper, period of the audit, and detailed fieldwork program steps performed. * Have a page number, initial and date. * State purpose, source, scope and conclusion. |  |  |  |
| 5. | Submit working papers for review and clear subsequent review notes. |  |  |  |
| 6. | Discuss conclusions with operational managers and directors, document the results. |  |  |  |

**D. Reporting**

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| # | **Description** | **Auditor** | **Date** | **WP ref** |
|  |  |  |  |  |
| 1. | Prepare a draft report:   * Write report introduction, background and scope. * Consolidate conclusion summary into the report. * Write memo for less significant items. * Submit report for review and clear review notes. * Set up the Closing Meeting and distribute Draft Report. * Conduct Closing Meeting to brief on the audit results and request a date for completion of the corrective action plan. (Note: If any material changes to the audit report are identified, establish the date for revised report to be issued.) |  |  |  |
| 2. | Obtain a corrective action plan:   * Analyze the corrective action plan for adequacy and document. * Advise management of any apparent inadequacies in the corrective action plan and resolve. |  |  |  |
| 3. | Prepare a final report:   * Add the revised corrective action plan to the revised draft report and prepare the final report. * Submit the final report for review and clear review notes. * Distribute the final report. |  |  |  |