

## PROFILE OF AN AUDITABLE AREA OR UNIT

1. **Background:** The auditable unit and its structure, its goals, its products or services, its environment, and its stakeholders.
2. **Objectives:** The auditable unit's expected accomplishments or contributions.
3. **Activities:** The principal tasks that the auditable unit performs or administers to accomplish its objectives.
4. **Outputs:** The products, goods, or services that are produced or directly controlled by the auditable unit and distributed inside and outside the department.
5. **Expected Results:** The intended accomplishments or longer-term outcomes of the auditable unit, expressed in quantitative or qualitative terms.
6. **Resources:** The authorized operating, capital, transfer payment and salary expenses devoted to the auditable unit.
7. **Systems:** The major system(s) used by the auditable unit in support of its key inputs, processes, and outputs.
8. **Previous audits or reviews:** The summarized results, including follow-up action taken, of any previous internal audits or reviews conducted on the auditable unit.
9. **Major Changes:** The significant changes, made in prior years or anticipated, that have affected, or may affect, the auditable unit.
10. **Other Factors:** The constraints or other considerations that may have an influence on the outputs of the auditable unit or on the way it operates.
11. **Risk ranking:** The results of the internal audit activity's assessment of the auditable unit's risks

## AUDITEE RESPONSE AND ACTION PLAN ON RECOMMENDATIONS

Audit Recommendation	Auditee Comments and action plans	
<b>Recommendation 1:</b> Text of recommendation	Agreed / Not agreed with the recommendation  Not agreed with the recommendation because: 1. Reason 1 2. Reason 2 3. Reason 3 etc	
	<b>Plan of action</b> (if the action is dependent on any conditionality such as approval of higher authority or need for additional resources, state details under each step)	
	<b>Action steps</b>	<b>Completed by Date:</b>
	Step 1	
	Step 2	
<b>Recommendation 2:</b>		
<b>Completed by</b>  <b>Date:</b>		
<b>Signature:</b>		

**Note to the system developer:** Number of recommendations are not fixed. It depends on the audit finding; hence auditor should be able to add recommendation after recommendation in the system in the same format.



(Name of agency)

Address: .....

Reference No.: .....

Date:

Auditee address:

.....  
.....  
.....

Subject: Internal Audit Engagement Letter

Sir/Madam,

We are pleased to inform you that we will be conducting the annual internal audit work plan approved vide letter no (insert letter approval no.)..... Dated (insert the date of approval) .....of your (insert relevant name of department/sector/ programs etc). This letter is to provide you with the terms of our engagement and limitations of the services that we provide.

#### Title and Scope of the Audit

As per the approved annual internal audit work plan for the financial year (insert FY).....the Internal Audit Unit of this agency shall conduct audit on the following areas of (insert relevant name of department/sector/ programs etc):

1. ....,
2. ....
3. ....

#### Objectives of the audit:

The objectives of this audit are:

1. ....
2. ....
3. ....
4. ....
5. ....

#### Period of engagement:

This engagement will start from (insert date -DD/MM/YYYY) and completed by (insert date -DD/MM/YYYY); because of the inherent limitations of an audit, some material misstatement may not be detected even though the audit is properly planned and



(Name of agency)

Address: .....

performed. However, we will communicate to you in writing about any significant observations relevant to the audit that we identify during the audit.

**Responsibilities of the auditors:**

The audit shall be conducted in accordance with the Internal Audit Manual and International Standards for Professional Practice of Internal Auditing. Those standards require that we comply with ethical requirements. As part of an audit in accordance with these standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We will issue audit findings in form of Internal Audit Observations requiring additional information, proper explanation, and appropriate action from the management.

**Responsibilities of the management:**

The Audit will be conducted on the basis that the management, and those charged with governance acknowledge and understand that they have responsibility to provide us with:

- i. Access to all information of which management is aware that is relevant to the conduct of our internal audit such as records, documentations, and other matters;
- ii. Additional information that we may request from management; and
- iii. Unrestricted access to persons within the management from whom we determine it necessary to obtain audit evidence.

We look forward to full cooperation from your staff during our audit.

**Audit Entry Conference:**

The audit entry conference shall be conducted at the commencement of audit. Amongst others, the contents of this engagement letter will be discussed in the entry conference.

**Disclosure of Fraud and Corruption:**

If the management is aware of fraud and corruption that took place in the entity, they should disclose to the auditors the entry conference or in the course of audit. It is the responsibility of the management to institute adequate system of internal control to prevent and detect fraud and corruption.

**Custody and Control of Documents:**

The responsibility for custody and control of documents shall rest with the management. The internal auditor shall not remove documents from the entity's premises without management's consent. At the end of the audit, the internal auditor shall handover all the documents to the management.

**Audit Exit Meeting:**



Address: .....

### Reporting:

Audit Team Members:

1. Name of audit supervisor and designation (team leader)
2. Name of auditor and designation (team member)
3. Name of auditor and designation (team member)

We look forward to a pleasant association and opportunity to provide the services included in this engagement.

(Name of audit supervisor/team leader)

Copy to:

1. CC 1
2. CC 2
3. CC 3
4. CC 4
5. CC.5

**CONFIDENTIAL**

Date;

File: X-XX-XXX-XXX

(Type to whom the report is addressed here)

.....  
.....  
.....

**Audit Report: (Name of Report)**

**Audit Period: (Audit Period)**

---

**A. EXECUTIVE SUMMARY**

The executive summary should reiterate the objectives and scope of the engagement, key findings, key recommendations, and conclusion and opinion

**(Conclusion of the report)**

- normally about one page providing an overall message of the audit
- start with a positive message whenever possible
- issues that were identified but addressed by management during the audit may also be captured here
- this should summarize the key observations.
- The overall conclusion and opinion

## B. SCOPE AND OBJECTIVES

Scope

Objectives

The objective of the pilot audit project is:

(Type text here- Provide Scope and Objectives)

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

## C. BACKGROUND

(Type text here -Provide background information)

## **D. SUMMARY OF FINDINGS**

Type your text in here.

- address the objective identified in the “Scope & Objectives”
- issues identified and address by Management during the audit.

**E. ACKNOWLEDGEMENT**

We would like to thank the staff in the (Ministry) for their assistance and co-operation during the audit.

Name of Head of IAS

Title of Head of IAS

# Audit Observation Sheet

Name of agency: .....

Review of: .....

File No: .....

Audit Period: .....

Reviewed by	Prepared by	Index
Name:	Name:	BB
Date:	Date:	

Organization (name) Audit Working Paper

TOPIC SENTENCE		Ref.
Ref.	CRITERIA /FRAMEWORK	
	CONDITIONS / OBSERVATION / EVIDENCE	
	CAUSE	
	CONSEQUENCE / EFFECT / RISK	
	POTENTIAL CORRECTIVE ACTION / RECOMMENDATION	
	MANAGEMENT COMMENTS	
Discussed With:		
Date:		

**Internal Audit Services  
Audit Commencement and  
Control Record**

Reviewed by	Prepared by	Index
Name:	Name:	C
Date:	Date:	

<b>File Number:</b>	
<b>Name of Audit:</b>	
<b>Audit Period:</b>	
<b>Audit Manager:</b>	<b>Auditor in Charge:</b>
<b>Audit Staff:</b>	

<b>Authority for the Audit:</b>
<b>Audit Scope:</b>
<b>Audit Objectives:</b>
<b>Decision making entity:</b>
<b>Contact(s):</b>

**Internal Audit Services  
Audit Commencement and  
Control Record**

Reviewed by	Prepared by	Index
Name:	Name:	C
Date:	Date:	

**Why is this audit being done?**

**Other Special Requirements:**

Time Budget	
Planning	35%
Fieldwork	30%
Reporting	20%
Review	5%
Travel	0
Training	0
Others	0
Contingency	10%
<b>Totals</b>	<b>100.00%</b>

Prepared by:

Date:

Approved by:

Date: \_\_\_\_\_



## Conflict of Interest Disclosure Form

Reviewed by	Prepared by	Index
Name:	Name:	CC-1
Date:	Date:	

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Please describe below any relationships, transactions, positions you hold (volunteer or otherwise), or circumstances that you believe could contribute to a conflict of interest between your activities with the Internal Audit Services and your personal interests, financial or otherwise: (***Tick the relevant box***)

☐ I have no conflict of interest to report

☐ As per the IIA standards 1300 - Impairment to Independence or Objectivity, I have the following conflict of interest to report: (Identify if you were previously responsible for the activity under review, any family members which are responsible for the activity under review, should be identified)

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Institute of Internal Auditor standards and code of ethics adopted and endorsed by the Ministry of Finance of Royal Government of Bhutan as indicated in Internal Audit Manual.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Internal Audit Services  
Preliminary Survey**

Reviewed by / Date	Prepared by / Date	Index
		DD

**A. Vision.**

**B. Mission.**

**C. Function**

**D. Staff Strength**

Name of Agency: .....  
Name of IAS: .....  
File No: X-XX-XXX-XXX  
Audit Period: .....

Reviewed by /Date	Prepared by / Date	Index
		DD-2

## **Summary of the Knowledge of Business**

### **Summary of the Knowledge of Business:**

(The auditor will need to provide a summary of the activity/business identifying the key controls)

(This section must include a summary of the criteria that will be used to perform the assessment)

The information should be collected and summarized from the following documents:

- Prior Audit Information
- Internal Control Questionnaires
- Summary of discussions with client (concerns, etc.)
- Business plan
- Mission/vision/objectives
- Strategies
- Policies and procedures
- Budget and results
- System used
- Contracts / Contribution agreement/SLA
- Flowcharts

Name of agency: .....  
Review of: .....  
File No: .....

Reviewed by /Date	Prepared by / Date	Index
		EE-1

## Audit Project Risk Assessment

Organisation (name) ..... Internal Audit Working Paper

Project/Activity: 1.....						
The Risk What can happen and how it can happen		Existing risk mitigation plan or controls Capacity Level (Policy, procedures, supervision, monitoring, reconciliations, insurance, etc.)	Residual Risk: (after considering existing controls)			Testing of Internal Controls Required?
			Impact Rating	Likelihood Rating	Level of Risk	
Governance Framework						
1	Program/project objectives are not well defined					
2	Roles and responsibilities not well defined					
3	Plans are either not established or not communicated					
Information integrity						
1	Information cannot be accessed.					
2	The information incomplete.					
3	Confidentiality of information is not maintained.					
Compliance						
1	Procurement Rules and Regulation, Budget Manual, Financial Rules and Regulations					
2	Program specific legislation, regulation, directive and procedures not followed					
3	Management override					
Asset Safety						

**Name of agency:** .....  
**Review of:** .....  
**File No:** .....

Reviewed by /Date	Prepared by / Date	Index
		EE-1

## Audit Project Risk Assessment

*Organisation (name) .....Internal Audit Working Paper*

1	Loss of assets					
2	Assets not tracked					
<b>Efficiency and Effectiveness</b>						
1	Process/project has redundant steps					
2	No monitoring of process					
3	Technology not effectively leveraged in the processes					

### Note to IAMS developer:

*There should be a button to add same table at least up to 10 tables as number of tables required will be extended depending on auditable areas.*

Name of agency: .....

Review of: ... ..

File No. ....

Reviewed by	Prepared by	Index
Name:	Name:	EE-2
Date:	Date:	

### Fraud Risk Assessment

## Part I: Effectiveness of fraud control measures

Ref	Questionnaire	Yes	No
1.	Does the Management <b>periodically assess the risk</b> of financial statement fraud or fraud arising from misappropriation of assets?	<input type="checkbox"/>	<input type="checkbox"/>
2.	Has the management put in place controls and mechanisms such as a <b>widely publicized fraud control policy, code of ethics, code of conduct</b> , a strong internal audit etc. to prevent and detect fraud?	<input type="checkbox"/>	<input type="checkbox"/>
3.	Did the management or the internal auditors <b>in recent past discover any material errors in the financial statements either due to mistakes in accounting or fraud?</b>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Was there <b>any recent incident of fraud</b> that was discovered and which the management is investigating?	<input type="checkbox"/>	<input type="checkbox"/>
5.	In the past did the management take <b>adequate action to investigate known cases of fraud</b> and refer the case to concerned law and order authorities?	<input type="checkbox"/>	<input type="checkbox"/>
6.	Was appropriate disciplinary action taken against employees found guilty of financial misconduct or fraud?	<input type="checkbox"/>	<input type="checkbox"/>

Conclusion and audit response:

Name of agency: .....

Review of: .....

File No. ....

Reviewed by	Prepared by	Index
Name:	Name:	EE-2
Date:	Date:	

### Fraud Risk Assessment

## Part II: Assess fraud risk

### Fraud risk indicators

ICQ no.	Fraud indicator	Yes	No
<b>Fraud Risk Factors indicative of Fraudulent Financial Reporting and expenditure of public monies for purposes not authorised</b>			
	Are there factors which may motivate the management to engage in fraudulent financial reporting? Consider the following <ul style="list-style-type: none"><li>Is there any pressure on the management to utilise public resources to meet objectives other than organisational objectives</li></ul>	<input type="checkbox"/>	<input type="checkbox"/>
	Is there a perceived failure on the part of the management to display and communicate an appropriate attitude regarding internal control and the financial reporting process? Consider the following <ul style="list-style-type: none"><li>The management does not seem to show interest in promoting and communicating appropriate values and ethics</li><li>Management does not demonstrate an interest in strengthening the internal controls and to correct known material internal control weaknesses</li><li>The management is not supportive of the internal audit function and does not take interest in strengthening it</li><li>Management continues to employ ineffective accounting, information technology or internal auditing staff</li><li>Are there too many manual journal entries and too many revisions to the trial balance and financial statements?</li></ul>	<input type="checkbox"/>	<input type="checkbox"/>

Name of agency: .....

Review of: .....

File No. ....

Reviewed by	Prepared by	Index
Name:	Name:	EE-2
Date:	Date:	

### Fraud Risk Assessment

ICQ no.	Fraud indicator	Yes	No
	Seriously incomplete or inadequate accounting records. <ul style="list-style-type: none"> <li>Unsupported transactions.</li> <li>Unusual transactions, by virtue of their nature, volume or complexity, particularly if such transactions occurred close to the year end.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
	Does the management willingly cooperate with the external auditors and make sincere efforts to implement corrective measure on issues pointed out by Audit? Consider the following <ul style="list-style-type: none"> <li>Frequent disputes between management and the current or a predecessor audit team on accounting, auditing or reporting matters.</li> <li>Domineering management behavior in dealing with the auditor, especially involving attempts to influence the scope of the auditor's work.</li> <li>The management does not cooperate with the external auditors and fails to take corrective action of the weaknesses and recommendations made by the auditors.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
	Does it have an audit committee which meets regularly?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Fraud Risk Factors Relating to Misstatements Resulting From Misappropriation of Assets</b>			
	Does the entity maintains large amounts of cash on hand or processed?	<input type="checkbox"/>	<input type="checkbox"/>
	Does the entity frequently give large amounts of cash advances to meet contingent expenditure requirements?	<input type="checkbox"/>	<input type="checkbox"/>
	Does the entity handle inventory vulnerable to misappropriation, such as small size combined with high value and high demand e.g. Drugs, Easily convertible assets,	<input type="checkbox"/>	<input type="checkbox"/>



Name of agency: .....

Review of: .....

File No. ....

Reviewed by	Prepared by	Index
Name:	Name:	EE-2
Date:	Date:	

### Fraud Risk Assessment

ICQ no.	Fraud indicator	Yes	No
	such as fuel, computer chips?		
	Does the entity have a large procurement budget? Is procurement a large part of its operations?	<input type="checkbox"/>	<input type="checkbox"/>
	Does in the course of its business procure a large variety of goods and services which are high value and of a complex technical nature?	<input type="checkbox"/>	<input type="checkbox"/>
	Does the organisation spend large amount on procurement of consulting services?	<input type="checkbox"/>	<input type="checkbox"/>
	Does an analysis of procurement transactions show dependence of a few suppliers?	<input type="checkbox"/>	<input type="checkbox"/>
	<p>If so is there significant risk of misappropriation of such assets? Consider</p> <ul style="list-style-type: none"> <li>• Adequacy of record keeping for assets susceptible to misappropriation</li> <li>• Physical safeguards over cash, investments, inventory or fixed assets inadequate?</li> <li>• Existence of procedures to screen job applicants for positions where employees` have access to assets susceptible to misappropriation</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Additional Questions</b>			
	Is any employee showing luxurious and extravagant behaviour lives?	<input type="checkbox"/>	<input type="checkbox"/>
	Are some employees working during awkward hours? Employees do not want to take their annual leave	<input type="checkbox"/>	<input type="checkbox"/>

Name of agency: .....

Review of: .....

File No. ....

Reviewed by	Prepared by	Index
Name:	Name:	EE-2
Date:	Date:	

### Fraud Risk Assessment

ICQ no.	Fraud indicator	Yes	No
	Consistent use/awarding of contracts to the same suppliers.	<input type="checkbox"/>	<input type="checkbox"/>
	Related party transactions		

Conclusion and audit response:

## Part III: Assess fraud risk

Summary of Discussion amongst audit team members

## AUDIT PLAN

Reviewed by	Prepared by	Index
Name:	Name:	FF-1
Date:	Date:	

*Name of agency:* .....

*Review of:* ... ..

*File No:* ... ..

### *Finance Internal Audit Working Paper*

#### **1. Authority for the Audit**

#### **2. Audit Scope**

#### **3. Audit Objectives**

The objectives of the audit project are to determine:

#### **4. Audit Period**

#### **5. Audit Entity**

#### **6. Management Contacts**

#### **7. Audit Staff**

#### **8. Reference Authorities**

#### **9. Background**

#### **10. Previous Audits**

#### **11. Risk Assessment & Methodology**

## AUDIT PLAN

Reviewed by	Prepared by	Index
Name:	Name:	FF-1
Date:	Date:	

*Name of agency:* .....

*Review of:* ... ..

*File No:* ... ..

### *Finance Internal Audit Working Paper*

1. Project/Activity:		
Control Objectives	Auditable Risks:	Methodology:
Governance Framework		
Information Integrity		
Compliance		
Asset Safety		
Effectiveness & Efficiency		

A number of reportable risk areas were identified that did not have associated internal controls to mitigate the risk:

- a) ....
- b) .....

The likelihood/impact of these risks should be documented in working papers. As no further testing is required, these items should be included in the reporting phase of the audit.

## 12. Line of Inquiry

Lines of inquiry are a good tool to allow auditors to explain the detailed steps they will be taking to achieve the audit objectives.

## AUDIT PLAN

Reviewed by	Prepared by	Index
Name:	Name:	FF-1
Date:	Date:	

*Name of agency:* .....

*Review of:* ... ..

*File No:* ... ..

*Finance Internal Audit Working Paper*

### 13. Audit Resources

Area	Hours	Expenses	Target Completion Date
		(If applicable)	
Planning			
Fieldwork			
Reporting			
Review			
Travel			
Training			
Others			
Contingency			
Total			

For repeat audits, the contingency level can be low while audits involving significant uncertainty would have higher contingency amount. The contingency hours are not part of the budget decision process and should not be used to cover regular audit work. Contingency hours are for “unexpected events” that were unknown during the audit plan. To use contingency hours for the project, the auditor would identify the ‘unexpected’ that was not identified during the audit planning phase.

Prepared by:

Date: \_\_\_\_\_

Approved by:

Date: \_\_\_\_\_

Name of Agency: .....  
Name of the Audit: .....  
FILE No: .....  
Audit Period: .....

Reviewed by	Prepared by	Index
Name:	Name:	FF-2
Date:	Date:	

## OPENING CONFERENCE

### AGENDA

(Meeting Date)

Opening Conference with (Name, title and any other representatives from the department at the meeting, Location)

1. Thank the client for their time.
2. Introduction of audit staff
3. Give client a brief explanation regarding the agenda for the meeting:
  - a. Reason for the audit and preliminary risk assessment
  - b. Scope and Objectives of the Audit
  - c. Concerns from the client
  - d. Identification of the staff that should be approached for the audit
4. Explain reason for the audit
  - a. (Provide reasons for the audit, Initial Risk assessment can be a tool)
  - b.
5. Explain some of the risks that the Audit Team sees associated with this process
  - a. (List the risks found by the Audit Team, this will need to be confirm with the client at this meeting)
  - b. .
  - c.
  - d.
  - e.
6. The Scope and Objectives for this audit include determining if the program's:  
The Scope of this audit includes (information regarding the scope)  
The objectives are:
  - a) (Provide the objectives for the audit)
  - b)
  - c)
7. At this time, we would like to get any additional input regarding your concerns and comments about (Name of the audit and department).
8. Can you recommend employees to interview? What would be the best way or who to approach to get the appropriate time to interview these individuals?

AUDIT PROGRAM  
Control Sheet

Name of Agency .....

Review of ... ..

File No. ... ..

Audit Period .....

Finance Internal Audit Working Paper

Reviewed by	Prepared by	Index
Name:	Name:	GG
Date:	Date:	

Audit Program Control Sheet			
Audit Program	Assigned to	Start date	Completion date
A.			
B.			
C.			
D.			

# Audit Program

(Name of agency)  
(Name of Internal audit)  
FILE NO: X-XX-XXX-XXX  
(AUDIT PERIOD)

Reviewed by	Prepared by	Index
Name:	Name:	GG-1
Date:	Date:	

Audit Program – (Title for the module)	
Ref	<p>Audit Objectives:</p> <p>Use SMART objective. The audit objective statement should be able to provide information on:</p> <ul style="list-style-type: none"><li>• Specifics: what is to be achieved</li><li>• Measurable: how much, how often, how many</li><li>• Attainable: access to records, information</li><li>• Relevant: reason, purpose, or benefit of completing the audit program</li><li>• Timely: coverage period, timeframe, milestones or deadlines</li></ul>

<b><u>Audit Steps:</u></b> Note: Audit program should have sufficient detail to allow another internal auditor to execute the audit steps		Done By	Test Results WP Ref
(1)	<p>The first step in most audit program is to understand the environment and criteria that will be used to reach the audit program objective. The program should direct a new auditor to:</p> <ul style="list-style-type: none"><li>• Understand the environment</li><li>• Read and understand specific criteria</li><li>• Normally, this information exists in Section DD</li></ul>		
(2)	<p>Subsequent steps in the audit program will follow. Some of the procedures could include the following:</p> <ul style="list-style-type: none"><li>• Description of the test</li><li>• Purpose of the test (Why are we doing this test)</li><li>• How it is to be done, including guidance on sample selection</li><li>• Where it is to be done (At clients office using their records or in house using IDEA, etc.)</li><li>• Criteria to help identify any variances</li><li>• How to document the results</li></ul>		
(3)			
(4)			



## Audit Program

(Name of agency)

(Name of Internal audit)

FILE NO: X-XX-XXX-XXX

(AUDIT PERIOD)

Reviewed by	Prepared by	Index
Name:	Name:	GG-2
Date:	Date:	

<b><u>Audit Steps:</u></b> Note: Audit program should have sufficient detail to allow another internal auditor to execute the audit steps		Done By	Test Results WP Ref
(5)			
(6)			
(7)			
(8)	Complete all the required Test Result summary sheets: <ul style="list-style-type: none"><li>What did you learn from each audit Test Result</li><li>Reference to risk assessment (when appropriate)</li></ul>		
(9)	Complete Summary of finding sheet based on test results <ul style="list-style-type: none"><li>What is the significance of the Test Results in this module</li><li>Reference to risk assessment</li></ul>		
(10)	Complete Module Summary sheet based on Summary of Finding by: <ul style="list-style-type: none"><li>providing conclusion whether or not the objective(s) were met</li><li>indexing and cross-referencing all working papers</li></ul>		

Approved: \_\_\_\_\_ Date: \_\_\_\_\_

## PLANNING CHECKLIST

**Name of Agency .....**

**Name of Audit: ... ..**

**File No.....**

**Audit Period .....**

*Finance Internal Audit Working Papers*

Reviewed by /Date	Prepared by / Date	<b>Index</b>
		<b>HH-1</b>

To be completed by the Auditor/Field Team Leader			Peer Review / Supervisor
Activities	Yes/No/NA	Notes	
<b>These activities must not be started before the approval of the File Number Assignment Sheet</b>			
<b>A. Audit Commencement</b>			
1. Commencement and Control form completed and approved.			
2. Established files (Working paper, Abstract & Synthesis, & Electronic) for the audit documentation.			
3. Engagement Advice <div style="margin-left: 20px;">             a. Audit Notice sent to client, (1 weeks before the audit starts)              b. Scheduled Opening Conference with client's contact           </div>			
<b>B. Preliminary Survey</b>			
<i>The basic objectives for the preliminary survey should be to gain an overall understanding of the operations being audited. Preliminary surveys are an essential device for familiarizing the auditor with objective, processes, risk, and controls related to the audit</i>			
4. Audit Environment: <div style="margin-left: 20px;">             a. description of either the             <ul style="list-style-type: none"> <li>Process</li> <li>Function</li> <li>Activity</li> <li>Program</li> </ul>             b. Summary of Policy documents             <ul style="list-style-type: none"> <li>Legislation</li> <li>Directives</li> <li>Policies</li> </ul> </div>			

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

## PLANNING CHECKLIST

**Name of Agency .....**

**Name of Audit: ... ..**

**File No.....**

**Audit Period .....**

*Finance Internal Audit Working Papers*

Reviewed by /Date	Prepared by / Date	<b>Index</b>
		<b>HH-2</b>

To be completed by the Auditor/Field Team Leader			Peer Review / Supervisor
Activities	Yes/No/NA	Notes	
5. Prepared Questionnaires for Opening Conference			
6. Opening Conference			
7. Confirmation / Walkthrough test			
8. Risk Assessment There are two approaches, only one should be used: <ul style="list-style-type: none"> <li>Internal Control Risk Assessment</li> <li>Internal Control Capacity Assessment</li> </ul>			
9. Complete an in-house assessment of the risk assessment			
<b>C. Developing Audit Plan:</b>			
10. Final Audit Plan:			
<b>D. Developing Audit Programs:</b>			
11. Developed audit programs  Note that all questionnaires, survey, and sample documents required for the audit programs are to be prepared at the same time.			
12. Was each audit program approved by the Supervisor?			
<b>E. Document Management:</b>			

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

## PLANNING CHECKLIST

**Name of Agency .....**

**Name of Audit: ... ..**

**File No.....**

**Audit Period .....**

*Finance Internal Audit Working Papers*

Reviewed by /Date	Prepared by / Date	<b>Index</b>
		<b>HH-3</b>

To be completed by the Auditor/Field Team Leader			Peer Review / Supervisor
Activities	Yes/No/NA	Notes	
13. Paper records Ensure that working papers are sufficient, relevant and useful			
14. Electronic Records Electronic workpapers been filed in the database using standard folder and file structure			
Planning activities completed by:			Date:
Planning activities reviewed by:			Date:

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

## PLANNING CHECKLIST

**Name of Agency .....**

**Name of Audit: ... ..**

**File No.....**

**Audit Period .....**

*Finance Internal Audit Working Papers*

Reviewed by /Date	Prepared by / Date	Index
		HH-4

To be completed by the Head of IAU	Yes/No	Notes
1. Did auditor/auditor-in-charge complete all planning tasks as per established process?		
2. Do planning working papers indicate that review was done?		
3. Do audit programs effectively address the audit objectives and scope of the audit assignment?		
4. Were all planning queries answered?		
5. Do planning working papers substantially comply with The IIA standards?		
Planning activities reviewed by Head of IAU: _____		Date: _____

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

# **FIELDWORK CHECKLIST**

**Name of Agency .....**  
**Name of Audit: ... ..**  
**File No. ... ..**  
**Audit Period.....**

*Finance Internal Audit Working Papers*

Reviewed by	Prepared by	Index
Name:	Name	HH-2
Date:	Date:	

To be completed by the Auditor/Field Team Leader			Peer Review / Supervisor
Activities	Yes/No/NA	Notes	
<b>1. GENERAL REVIEW</b>			
<b>A. Completed Audit program(s):</b>			
1. Has each audit procedure been: a. Initialled to indicate completion b. Referenced to appropriate working papers			
2. Are reasons for omissions of an audit step clearly documented?			
3. Are reasons for omissions justified and approved by Supervisor?			
4. Are new procedures documented, justified, and approved?			
<b>2. MODULE REVIEW</b>			
<b>A. Module A Review (HH4a)</b>			
<b>B. Module B Review (HH4c)</b>			
<b>C. Module C Review (HH4e)</b>			
<b>D. Module D Review (HH4g)</b> (add rows as necessary for additional modules)			
Fieldwork activities completed by:	_____		Date: _____
Fieldwork activities reviewed by:	_____		Date: _____

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

## FIELDWORK CHECKLIST

**Name of Agency .....**  
**Name of Audit:** ... ..  
**File No.** ... ..  
**Audit Period**.....

*Finance Internal Audit Working Papers*

Reviewed by	Prepared by	Index
Name:	Name	HH-2
Date:	Date:	

To be completed by the Head of IAS	Yes/No	Notes
1. Was the planned audit work appropriately expanded / curtailed based on actual conditions encountered?		
2. Do working papers clearly support/explain results and conclusions for each audit program?		
3. Were the extent, nature, and timing of substantive tests adequate in light of risk assessment?		
4. Do all working papers indicate that review was done?		
5. Was their formal / informal communication with the client during the fieldwork?		
6. Was the client periodically briefed or otherwise kept adequately and promptly informed on major issues as they developed during the audit?		
7. Do working papers substantially comply with The IIA standards?		
Fieldwork activities reviewed by Head of IAS: _____		Date: _____

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

## Reporting Checklist

Name of agency .....

Name of Audit: ... ..

File No. ... ..

Audit Period.....

Org.... Internal Audit Working Papers

Reviewed by	Prepared by	Index
Name:	Name:	HH-3
Date:	Date:	

To be completed by the Auditor/Field Team Leader			Peer Review / Supervisor
Activities	Yes/No/NA	Notes	
<b>A. Audit Observation Sheets</b>			
1. Does each Audit Observation Sheet meet the requirements identified in the Attributes of a Well-Developed Audit finding			
2. Are the Audit Observation Sheets clear, <u>concise</u> and reflect the proper objective tone?			
3. Has an Audit Observation Sheet been prepared for all significant findings identified in the module summaries?			
4. Are audit findings classified by importance?			
5. Was there any interim communication with management of any findings during fieldwork?			
6. Were these communications documented with management responses?			
7. Were the Audit Observation sheet been reviewed and accepted by Supervisor?			
<b>B. Closing Meeting</b>			
8. Did the closing meeting(s) effectively communicate the results of the review to audit client representative(s)?			
<b>C. Reporting</b>			
9. Does the Draft Audit Report include the requirements as detailed in the IAM?			

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**



## Reporting Checklist

Name of agency .....

Name of Audit: ... ..

File No. ... ..

Audit Period.....

Org.... Internal Audit Working Papers

Reviewed by	Prepared by	Index
Name:	Name:	HH-3
Date:	Date:	

To be completed by the Auditor/Field Team Leader			Peer Review / Supervisor
Activities	Yes/No/NA	Notes	
10. Are appropriate clients' comments from the closing meeting included in draft report			
11. Is the draft copy of the audit report cross-referenced to the applicable Audit Observation Sheets?			
Reporting activities completed by:			Date:
Reporting activities reviewed by:			Date: _____

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

## Reporting Checklist

**Name of agency .....**

**Name of Audit: ... ..**

**File No. ... ..**

**Audit Period.....**

**Org.... Internal Audit Working Papers**

Reviewed by	Prepared by	Index
Name:	Name:	HH-3
Date:	Date:	

To be completed by the Head of IAS	Yes/No	Notes
1. Was the client given a copy of draft Audit Observation Sheets/reports at least 5 days before the closing meeting?		
2. Were all issues of fact (not interpretation) resolved during the closing meeting?		
3. Were replies (or reply instructions) discussed during the closing meeting?		
4. Have all outstanding matters, queries raised in review, been resolved?		
5. Have contentious matters been reviewed with the client and a mutual understanding achieved?		
6. Comments from the client included in the report?		
7. Does the draft audit report reflect the proper tone (i.e. on opportunities for improvement – not criticism)?		
<b>Reporting activities reviewed by Head of IAS:</b> <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em; margin-top: 5px;"></div>		<b>Date:</b> _____

**NOTE: Any "NO" or "NA" answers in this checklist must be fully explained.**

(Agency)  
(Name of Audit)  
(Audit Period)  
File No. N-NN-NNN-NNN

**Audit Closing Meeting**  
**AGENDA**  
(Meeting Date)

**I. Meeting Objective**

Provide objective of the meeting – an agreement on facts.

**II. Scope & Objective of the audit**

Provide Scope and objectives of the audit  
Scope limitations – if any

**III. Discussion on audit observations**

Provide a summary of what will be discussed which should include the following:

1. Statement of condition
2. Summary of findings
3. Risks / impact
4. Etc.

Seek clients' feedback on criteria, causes, evidence  
Explore potential solutions and recommendations

**IV. Closing remarks**

- i. Discuss next audit steps



(Name of agency)  
**Internal Audit Unit**  
(Type Address here)

Reviewed by	Prepared by	Index
Name:	Name:	KK-I
Date:	Date:	

**Internal Audit Report on .....**  
Period: .....

Reference	:
Period of review	:
Date of Final Report	:
Name of Auditors	:
Circulation	:

Glossary

Priority ratings have been assigned to issues raised in this report as follows:

Rating scale for individual findings	
Critical	Active management attention required as an extreme priority. Controls are not adequate to address the associated risk.
High	Active management attention required as a high priority. Controls are not adequate to address the associated risk.
Medium	Active management attention required as a moderate priority. Controls are not adequate to address the associated risk.
Low	Active management attention not required on priority. Controls are more or less adequate to address the associated risk.

Rating scale for overall report

Control is inadequate			Control is adequate	
E	H	M	L	CC
Extreme Priority	High Priority	Moderate Priority	Low Priority	Control Critical Test controls regularly

Limitations

All findings/observations reported herein are based on the information provided and review of documents related to .....

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## **Executive Summary**

(Type text here)

### **Objectives of the Review**

(Type text here)

### **Scope of Audit**

(Type text here)

### **Methodology**

(Type text here)

## **Observations and Recommendation**

Some of the significant findings are listed and described below. The recommendations are also provided against each of the findings along with management response as listed below:

### **1. Observation --1.**

#### ***Recommendation***

#### **Management response:**

#### ***Management Action Plan:***

## 2. Observation --2.

*Recommendation:*

**Management Response:**

**Management Action Plan:**

**Summary of the overall findings based on the rating scale provided in the Glossary.**

Sl.No	Findings	Priority /Impact level
1		
2		
3		

**Conclusion**

\*\*\*\*\*

**References**





Reviewed by	Prepared by	Index
Name:	Name:	L
Date:	Date:	

**INTERNAL AUDIT SERVICE  
ROYAL GOVERNMENT OF BHUTAN  
FORM TO RECORD CONSULTING SERVICES**

Reference No.

CUSTOMER INFORMATION	
<b>Client Name:</b>	<b>Client Phone No:</b>
<b>Client Position:</b>	
<b>Client Address:</b>	

REQUEST INFORMATION	
<b>Request Date:</b>	<b>Request Taken By:</b>
<b>Request Details:</b>	
<b>Response Provided:</b>	

*(Use additional page of required)*

Name of IA:  
Signature:

Date:

Reviewed by	Prepared by	<b>Index</b>
Name:	Name:	<b>M</b>
Date:	Date:	

## INTERNAL AUDIT REQUEST FORM

To,

Date:

.....

.....

Name of agency

**Subject: Document requisition Form**

Sir/Madam,

I would like to request following documents for the *Internal Audit* engagement purpose;

Sl. No	Documents	Number
<i>1</i>		
<i>2</i>		

Requester's Signature

**FOR INTERNAL AUDIT OFFICE USE ONLY:**

1. Internal Auditing
2. Investigation
3. Consultancy Services

**Document have returned to undersigned completely;**

**Table III-1 Resource Allocation Plan for Financial year 20XX**

<b>Purpose</b>	<b>CIA</b>	<b>Dy CIA</b>	<b>2 Internal Auditor</b>	<b>Total available person days</b>	<b>Travel Funds Nu</b>
<b>Total Days</b>	<b>365</b>	<b>365</b>	<b>730</b>	<b>1460</b>	
<b>Less:</b>					
1. Weekends and public holidays	(XX)	(XX)	(XX)	(XX)	
2. Annual leave	(XX)	(XX)	(XX)	(XX)	
3. Estimated sick leave	(XX)	(XX)	(XX)	(XX)	
<b>Total Available days</b>	<b>T</b>	<b>T</b>	<b>T</b>	<b>T</b>	
<b>Less:</b>					
1. General Administration & liaison with CCA/IAB on Professional practice	-a	-a	-a	-A	
2. Staff development	-b	-b	-b	-B	
3. Follow-up of previous audits	-c	-c	-c	-C	
4. Annual Audit Planning	-d	-d	-d	-D	
<b>Total available days for auditing</b>					
<b><u>Staff Allocation for Audit Engagements</u></b>					
<b>A. Provision for Ad-hoc unplanned work</b>	<b>-u</b>	<b>-u</b>	<b>-u</b>	<b>-U</b>	
<b>B. High Risk Areas</b>					
Examples					
1. Procurement					
2. Program Monitoring					
3.					
<b>C. Medium Risk Areas</b>					
1. Program A					
2.					
<b>D. Low Risk Areas</b>					
1. Field office X					
2. Field office Y					

**Table III - 2: RISK MATRIX**

(i)		Risk factor							
		(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
Risk level	Risk Score	Prior Audit Work	Complexity	Control environment	Operational Management	Change	Security	Budget	Staff
High	20	> 7 years	Very High	Very weak	Low Perform.	New	Front Line	>25%	>25%
Medium	15	5-6 years	Medium	Limited Perform	Weak	Many	Significant	25 to 15%	25 to 15%
Low	10	4-3 Years	Low	Moderate	Satisfactory	Some	Important	>15%	>15%

**Table III-3: Detailed Annual Audit Plan for year 20XX**

<b>Audit Subject 1</b>	<i>Description of the auditable area</i>
(a) Risk Level	
(b) Reason for inclusion in audit plan	
(c) Audit objective	
(d) Audit Scope	
(e) Timing	
(f) Resources	
<b>Audit Subject 2</b>	
(a) Risk Level	
(b) Reason for inclusion in audit plan	
(c) Audit objective	
(d) Audit Scope	
(e) Timing	
(f) Resources	