



DOCUMENTED INFORMATION FOR INTERNAL AUDIT DEPARTMENT



KUC/IA/SOP/001

AUTHORIZATION: All documented information (Quality Objectives, procedures, opportunities and risk register for Internal department are issued under the authority of:	
MANAGEMENT REPRESENTATIVE	
Signature:	
Date:	 24 MAY 2018
PROCESS OWNER/HOD/DIVISIONAL HEAD	
Signature:	 INTERNAL AUDITOR I KENYA UTALII COLLEGE NAIROBI
Date:	14 th JUNE 2018

DOCUMENT DETAILS

1.	Section A: Quality Objectives
2.	Section B: Procedures
	Title
	Purpose
	Scope
	Reference

		Terminology
		Responsibility
		Input
		Methods
		Output
		Records
		Key performance Indicators
		Appendices
		Flow chart-process map
3.	Section C: Opportunities	
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SECTION A: QUALITY OBJECTIVES

OBJECTIVE	ACTIVITIES	RESOURCES.	RESPONSIBILITY.	TIME FRAME.	KEY PERFORMANCE INDICATORS.

<p>To strengthen internal controls by minimizing risks and improving reporting for operational areas annually.</p>	<ul style="list-style-type: none"> • Preparing an risk based annual audit plan, allocating duty schedules to staff on a quarterly basis and reporting findings to College Management • Following up on the implementation of audit reports recommendations and provide updates Audit Committee on a quarterly basis. • Reviewing specific areas of operation upon receiving a request 	<p>Materials, Competent staff</p>	<p>Audit staff, Management, Council audit Committee</p>	<p>Continuous</p>	<p>Number of reports, sound internal controls</p>
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SECTION B: PROCEDURES

1. AUDIT PROCEDURE FOR WORK PLAN ASSIGNMENTS

2. PURPOSE

To give guidelines on determination of whether the established systems in the college are operating effectively as per the set standards.

3. SCOPE

This document covers planning, execution and reporting of audit findings.

4. REFERENCES

Internal Audit Guidelines
Internal Audit Charter
Public Finance Management Act, 2012

5. TERMS AND DEFINITIONS

Audit - Systematic and independent process for obtaining audit evidence and evaluating it to determine the extent to which the audit criteria is fulfilled

Internal Audit - Verification conducted by or on behalf of an organization itself for management review and other internal purposes

Audit schedule

Set of one or more audits planned for a specific time frame and directed towards a specific purpose.

Audit Scope

Extent and boundaries of an audit

Auditee

Department or division being audited

Auditor

A person with the requisite knowledge and competence to perform an audit

Correction

Action to eliminate the cause of a detected nonconformity or fraud

Audit queries

Non fulfillment of a requirement or a procedure

HIA

Head of Internal Audit

Audit team

One or more auditors performing an audit

Observation- results of an audit evidence collected in conformity or in line with audit the criteria.

Findings- results of an audit evidence collected against the audit criteria.

6. RESPONSIBILITIES

The H/IA verifies and signs the audit reports, then forwards to the CEO & Principal for action.

7. INPUTS

The key inputs for audit process include; Audit guidelines, notification to auditees, auditees information, relevant documents, relevant policies or procedure.

8. METHODOLOGY

The HIA shall ensure that:

- 8.1 An annual audit schedule is prepared at the end of Financial year prior to the commencement of a new financial year detailing activities to be undertaken.
- 8.2 Auditors are allocated audit assignments on quarterly basis setting the timeframe within which the assignment should be completed.
- 8.3 The scope and purpose of the Audit is well defined and the same communicated the same to the Auditor through work assignments at least quarterly.
- 8.4 The Auditors review previous audit reports relating to the area/department to be audited to establish outstanding issues or recommendations that will form part of the audit.
- 8.5 The Audit team shall review the existing processes and prepare an audit checklist using the format tailored for specific department.
- 8.6 The Audit team shall carry out the specified assignment within the stipulated period.
- 8.7 The Audit team carries out the audit taking note of both conformity and non conformity assessing the impact of non conformity to the operations.
- 8.8 Before the end of the audit exercise, the audit team prepares a query sheet, detailing all the non-conformity observed and there is a column for auditee's response where they can respond on issues raised.
- 8.9 The Audit team shall discuss the findings with the internal auditor and establish the reasons (if any) for nonconformity.

- 8.10 In case there is a non conformity the Audit team shall assess the level of risk exposure as a result of nonconformity. Where possible, quantify the resultant loss.
- 8.11 The Auditors prepare the draft audit report for the Internal Auditor to go through and make corrections, clarifications and adherence to audit standards of reporting.
- 8.12 The Audit team shall discuss their findings with the Internal Auditor for his/her input.
- 8.13 The Audit team shall prepare a final Audit Report for input and discussion by the Head of Internal Audit.
- 8.14 The HIA shall forward the report to the Principal for necessary action.
- 8.15 The audit team makes follow-upon and maintains records of implementation of audit recommendations.

9. OUTPUTS

Audits conducted, Implementation of audit recommendations, Feedback for Council Audit Committee

10. RECORDS

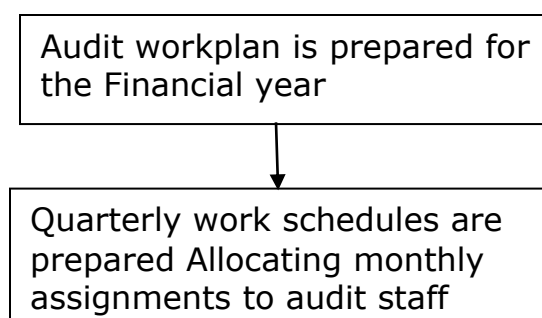
Audit Reports, working papers, audit notifications, query sheets

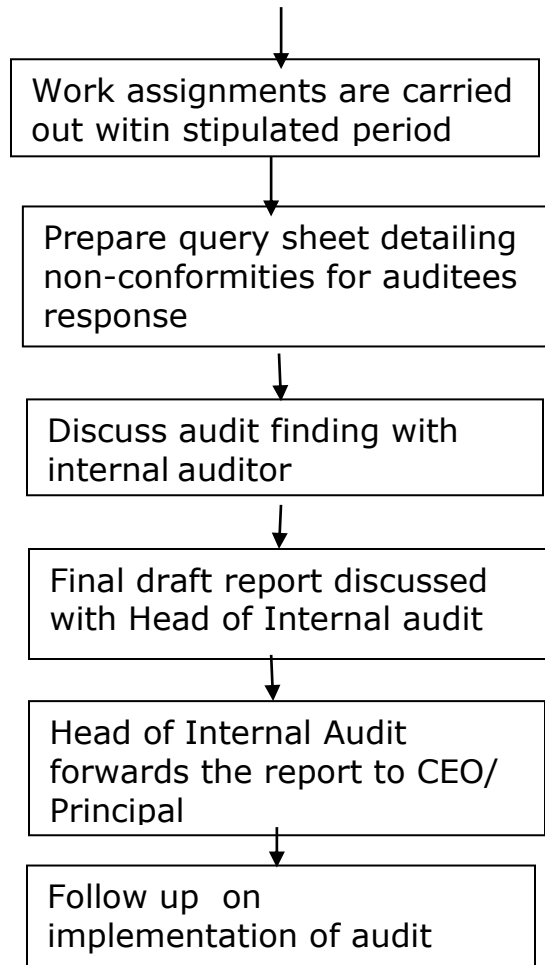
11. KEY PERFORMANCE INDICATORS

Number of audits, timelines met, Improvements in the operations, sound internal controls

12. APPENDICES

12.1 Flow chart





1. AUDIT PROCEDURE FOR INVESTIGATION/FRAUD AUDIT

2. PURPOSE

To give guidelines on determination whether the established systems in the college are operating effectively as per the set standards.

3. SCOPE

This document covers planning, execution and reporting of findings from investigation process.

4. REFERENCE

Internal Audit Guidelines
Internal Audit Charter
Public Finance Management Act 2012

5. TERMS AND DEFINITIONS

Audit - Systematic and independent process for obtaining audit evidence and evaluating it to determine the extent to which the audit criteria is fulfilled

Internal Audit - Verification conducted by or on behalf of an organization itself for management review and other internal purposes

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Extent and boundaries of an audit

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Department or division being audited

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A person with the requisite knowledge and competence to perform an audit

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Audit Query

Non fulfillment of a requirement or a procedure

HIA

Head of Internal Audit

Audit team

One or more auditors performing an audit

Observation- results of an audit evidence collected in conformity or in line with audit the criteria.

Findings- results of an audit evidence collected against the audit criteria.

6. RESPONSIBILITIES

The H/IA verifies and signs the audit reports, then forwards to the CEO & Principal for action.

7. INPUTS

- The key inputs for audit process include; Audit guidelines, relevant documents, relevant policies or procedure and written statements from persons involved.
- In the event that the assignment came from Management, there will be a memo providing instructions on investigation to be carried out.

8. METHODOLOGY

The HIA shall ensure that:

- 8.1 Alleged fraud information shall be received from:
 - Staff
 - Students
 - Clients / parents
 - Heads of Departments or Management
- 8.2 All information received shall be conveyed to the HIA who shall allocate the task of investigation to auditor/audit team with a defined team leader.
- 8.3 The Audit team reviews the existing processes and prepares an audit plan tailored for the specific department.
- 8.4 The Audit team obtains relevant documents in support of allegations of fraud.
- 8.5 The Audit team shall carry out an investigation through interview, document and record review or other means applicable to the affected department to ascertain the facts.
- 8.6 The audit team will discuss the findings of the investigation with the affected party/ parties for concurrence and verification of any facts not clear.
- 8.7 The audit team discusses their findings with the Internal Auditor for his/her input.

8.8 The Audit team prepares a report on their findings, for input and discussion by the HIA giving recommendations on necessary actions to be taken to check against the recurrence of the same in the future.

8.9 The HIA forwards the report to the Principal for necessary action.

9 OUTPUTS

Investigation done, Implementation of audit recommendations, Feedback for Council Audit Committee.

10 RECORDS

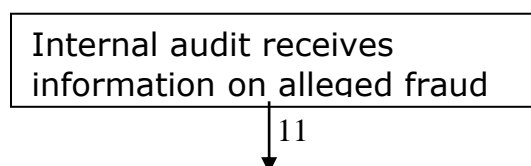
Report of findings, working papers, evidence, written statements

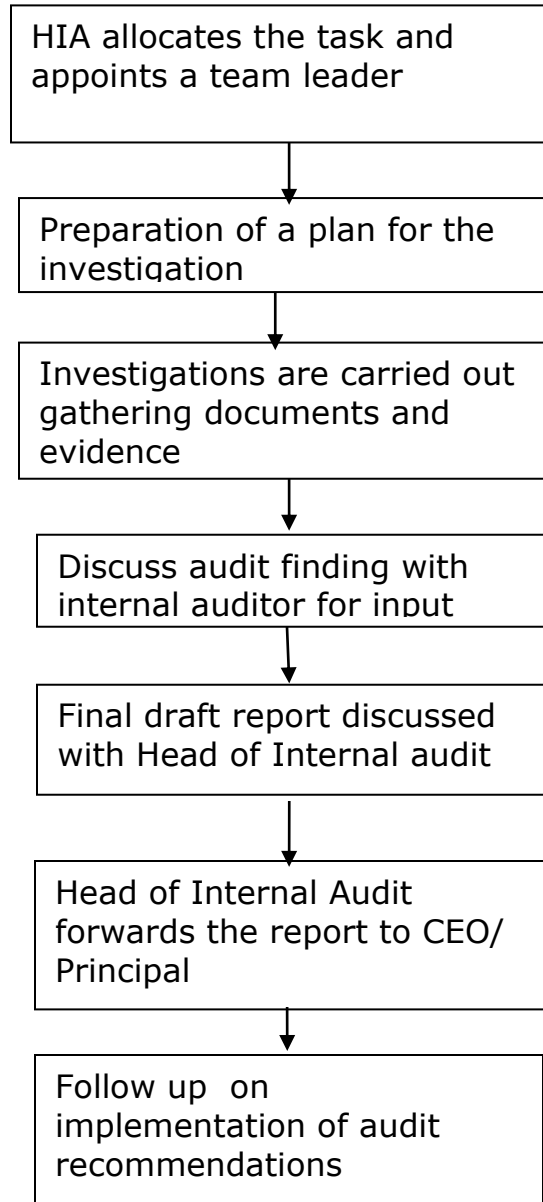
11 KEY PERFORMANCE INDICATORS

Improvements in the operations, sound internal controls, Timely completion of investigations.

12 . APPENDICES

12.1 Flow chart





12.2 Amendment sheet

No.	Date dd-mm-yy	Details of Change		Authorization
		Page	Clause/ sub-clause and Comment	Name and Signature

12.3 Documents used

a) Query Sheet

AUDIT QUERY SHEET

FROM:

_____ **TO:** _____

During our audit, we made the following observations which we would like to have your comments. Please complete and return to the Head of Internal Audit by _____

Observation	Comment

SIGNED:

AUDITOR:

NAME: _____ **DATE:** _____

RESPONDENT:

NAME: _____ **DATE:** _____

b) Annual audit work plan

INTERNAL AUDIT - ANNUAL WORK PLAN FOR THE FINANCIAL YEAR 2017/2018

INTRODUCTION

The Internal Audit Annual Work Plan for the financial year 2017/2018 runs from 1st July, 2017 upto 30th June, 2018. The activities in the work plan are scheduled to be carried out on a monthly, quarterly and annual basis as indicated below.

OBJECTIVES

Enhance College operations by evaluating the internal controls, effectiveness and efficiency in operations, reliability of financial reporting and compliance with regulations through the following processes;

1. Preparing an annual audit plan, scheduling of assignments to staff on quarterly basis and reporting the findings. Review specific areas of operation at the request of the Council Audit Committee and the College Management.
2. Follow up on the implementation of audit report recommendations and provide an update.

COLLEGE – INTERNAL AUDIT WORK PLAN FOR THE FINANCIAL YEAR 2017/2018

ACTIVITY	JUL Y '17	AU G '17	SEP T '17	OC T '17	NO V '17	DE C '17	JA N '18	FE B '18	MA R '18	AP R '18	MA Y '18	JUN E '18
1) Procurement and Tendering Process	X						X					
Check conformity with procurement and disposal regulations												
2) Creditors								X				
Checks and balances of Creditors												
3) Bank Reconciliation	X				X				X			
Cash collections ,Banking's, Reconciliations												

c) Quarterly assignments



KENYA UTALII COLLEGE

INTERNAL MEMO

TO : All Internal Audit Staff

FROM: Head of Internal Audit

DATE : 2nd October, 2017

REF: KUC/6/5

**SUBJECT: 2ND QUARTER 2017/2018 AUDIT ASSIGNMENTS
(2nd October 2017 to 31st December 2017)**

Under the current financial year 2017/2018, the Internal Audit department is expected to cover several assignments in line with the departmental targets.

Given below is the allocation schedule for the Second quarter in the financial year 2017/2018 covering the period 2nd October 2017 to 31st December 2017.

1. Audit assignments as per work plan

Month	Audit Assignments	Staff responsible
October 2017		
November 2017		
December 2017		

2. Checking of activities in the following areas of operation:-

	Location	Staff responsible
1	College - College Cashier - M-pesa - Sports ground	

2	Town Campus	
3	Mombasa Campus	
4	Kisumu Campus	

SECTION C: OPPORTUNITIES

INTERNAL AUDIT OPPORTUNITIES					
OPPORTUNITY	ACTIONS	RESOURCES	RESPONSIBILITY	TIMELINES	KPI
Use of CAATs (Computer Assisted Audit Techniques) software	Installation of the system by June 2019	Approved budget	HOD Audit, Procurement	One year	Signed contract
Right placement of audit department on the organization structure	Review of the organogram by June 2019	Approved Budget	Management, Board	One year	Approved organogram, Motivated staff

SECTION D: RISK REGISTER

INTERNAL AUDIT RISK REGISTER								
No	DESCRIPTION	TYPE OF	PROBABILITY OF	SEVERI	IMPACT	MITIGATION	RESPONSIBILI	KPI

.	OF RISK	RISK	OCCURANCE			TY HIGH - 3 MEDIUM - 2 LOW - 1			TY	
			HIGH	MEDIUM	LOW					
1.	Late/ lack of action on audit recommendations	Operational	HIGH	MEDIUM	LOW	3	Weak internal controls	Conduct quarterly follow up of implementation audit recommendation.	Management	Reports
2.	Lack of cooperation/ support from the auditees during audits.	Operational	HIGH			3	Impair audit process	Give a one week notice before the audit exercise (Except for impromptu and investigations)	Internal audit	Notifications memos
3.	Gaps in knowledge /skills of the audit team	Operational		MEDIUM		2	Quality of work does not meet set standards	Facilitate structured training for the audit team.	Management Head of Internal Audit Human Resource	Certificates of training Quality of audit reporting
4.	Strained relationship with auditees especially cases involving fraud or misappropriation of resources	Social		MEDIUM		2	Resistance by auditees Threats to auditors	Sensitization of staff on the importance of internal audit annually.	Management	Sensitization Reports Number of staff sensitized Number of complaints