



United Nations

Audit Manual



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Internal Audit Division
Office of Internal Oversight Services

MARCH 2009



Preface to the March 2009 edition

This edition of the Internal Audit Manual reflects the recent changes made by the Institute of Internal Auditors to the International Standards for the Professional Practice of Internal Auditing. Related sections of the Manual have also been revised based on the changes to the Standards.

A handwritten signature in blue ink, appearing to read "fatoumata".

Fatoumata Ndiaye, Acting Director
Internal Audit Division, OIOS

New York, March 2009

Preface to the August 2008 edition

The Internal Audit Division (IAD or the Division) is one of three divisions of the Office of Internal Oversight Services (OIOS) providing internal oversight services to the United Nations. The Internal Audit Manual (Manual) sets out the policies and procedures that govern the conduct of internal auditing at the United Nations. It describes the underlying principles, standards and code of ethics for the professional practice of internal auditing, and describes the Division's audit management process from planning and preparation to the performance of the audit, reporting of results and follow-up of recommendations.

The Manual incorporates the Attribute and Performance Standards of the International Standards for the Professional Practice of Internal Auditing (Standards) developed and maintained by the Institute of Internal Auditors (IIA). The IIA Standards were adopted as mandatory guidance for the practice of internal auditing in the United Nations following the 33rd annual meeting of the Representatives of Internal Audit Services of United Nations Organizations and Multilateral Financial Institutions, in June 2002. Each chapter of the Manual cites the applicable IIA Standards and sets out the policies, procedures and practices applied by IAD in conformity therewith.

All IAD policies and procedures should be complied with. Inability to comply with any of them should be brought to the attention of the IAD management immediately.

The purpose of the Audit Manual is to:



- a. Provide guidance on all relevant aspects of the audit function, including standards and procedures to be followed and adhered to;
- b. Promote the highest level of professional competence in IAD; and
- c. Provide a basis for measuring audit performance.

The Manual is not designed to be all-inclusive or unduly restrictive. Its provisions and procedures are intended to supplement the experience, competencies, skills, and judgement of auditors in planning, conducting and reporting on audits. The Audit Manual is meant to assist IAD staff in effectively performing their auditing duties and to serve as a “user-friendly toolbox” for auditors, offering standardized templates, checklists and forms, as well as more detailed guidance on certain steps of the audit process.

The Manual and its appendices are living documents and will be continuously updated, amended and enhanced. Experience gained from actual usage will certainly lead to a number of changes. The Manual is the result of a team effort, and I wish to express my appreciation to those IAD staff members who have contributed their time and effort to its successful completion.

A handwritten signature in blue ink, appearing to read 'Dagfinn', is located above the printed name of the Director.

Dagfinn Knutsen, Director
Internal Audit Division, OIOS

New York, August 2008



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Acronyms used in the manual

Acronym	Term
IAD	Internal Audit Division
OIOS	Office of Internal Oversight Services
UN	United Nations
ACABQ	Advisory Committee on Administrative and Budgetary Questions
AIC	Auditor-in-Charge
AR	Annual Report
ASAR	Audit Staff Appraisal Record
BOA	United Nations Board of Auditors
CAATs	Computer-Assisted Audit Techniques
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRA	Chief Resident Auditor
DGACM	Department for General Assembly and Conference Management
GA	General Assembly
IAAC	Independent Audit Advisory Committee
ICT	Information and Communications Technology
ID	Investigations Division
IED	Inspection and Evaluation Division
IIA	The Institute of Internal Auditors
IMDIS	Integrated Monitoring and Documentation Information System
IMIS	Integrated Management Information System
IT	Information Technology
JIU	Joint Inspection Unit
OUSG	Office of the Under-Secretary General, OIOS
PAS	United Nations Performance Appraisal System
PPS	Professional Practices Section
RCS	Recommendations Coding Sheet
RCW	Record of Control Weaknesses
SAR	Semi-annual Report
Standards	International Standards for the Professional Practice of Internal Auditing
USG/OIOS	Under-Secretary-General for Internal Oversight Services
UNHCR	United Nations High Commissioner for Refugees
UNJSPF	United Nations Joint Staff Pension Fund



A United Nations internal audit function

A.1 Introduction

Responsibility for internal auditing in the United Nations is assigned to the Office of Internal Oversight Services (OIOS). By its resolution [48/218 B](#) of 29 July 1994, the General Assembly authorized the establishment of OIOS and, with respect to internal audit, decided that:

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization”.

The Internal Audit Division (IAD or the Division) of OIOS bears primary responsibility for audits. IAD conducts audits in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards).

A.2 Definition of internal auditing

The Institute of Internal Auditors provides the following definition of internal auditing:

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.



A.3 Relevant legislative and oversight bodies

The General Assembly is the governing body of the United Nations. The Fifth Committee (Administrative and Budgetary) is the main committee of the General Assembly entrusted with responsibilities for administration and budgetary matters. It is assisted by the Advisory Committee on Administrative and Budgetary Questions (ACABQ). Both bodies play a significant role in oversight at the United Nations, and IAD reports are discussed by both the Fifth Committee and the ACABQ. Oversight is further strengthened by the establishment of the following committees.

A.3.1 Independent Audit Advisory Committee

The General Assembly, in section 13(4) of resolution [60/248](#) of 23 December 2005, decided to establish an Independent Audit Advisory Committee (IAAC) to serve in an expert advisory capacity to assist the General Assembly in discharging its oversight function. The specific terms of reference of the IAAC were adopted by the Assembly in a subsequent resolution [61/275](#) of 29 June 2007. The IAAC is comprised of five members serving a term of three years, with an option to renew for a second and final term of three years. The tasks of the IAAC as they relate to internal oversight are:

- a. "To examine the work plan of the Office of Internal Oversight Services, taking into account the work plan of the other oversight bodies, with the Under-Secretary-General for Internal Oversight Services and to advise the Assembly thereon;
- b. "To review the budget proposal of the Office of Internal Oversight Services, taking into account its work plan, and to make recommendations to the Assembly through the Advisory Committee on Administrative and Budgetary Questions; the formal report of the Independent Audit Advisory Committee should be made available to the Assembly and to the Advisory Committee on Administrative and Budgetary Questions prior to their consideration of the budget; and
- c. "To advise the Assembly on the effectiveness, efficiency and impact of the audit activities and other oversight functions of the Office of Internal Oversight Services."

The IAAC became operational in January 2008.



A.3.2 UNHCR Internal Oversight Committee

An Internal Oversight Committee was established by the High Commissioner of the United Nations High Commissioner for Refugees (UNHCR), by [IOM/10/97-FOM/14/97](#) of 6 February 1997. The terms of reference of the Committee were revised by [IOM/59/04-FOM/61/04](#) on 28 September 2004. The purpose of the Committee is to assist the High Commissioner in overseeing the financial and operational management of the agency, to monitor the independence and effectiveness of the internal oversight functions (audit, inspection and investigation) and to ensure that oversight findings and recommendations are adequately addressed. The Committee coordinates the activities of all oversight services within UNHCR with a view to optimising their complementarities and cooperation, monitoring the status of implementation of oversight recommendations and, as necessary, taking steps to ensure their adequate implementation. UNHCR is revisiting the terms of reference of its Internal Oversight Committee to align them with best practices taking into consideration the terms of reference of the IAAC.

A.3.3 Audit Committee of the United Nations Joint Staff Pension Fund

The United Nations Joint Staff Pension Fund (UNJSPF) has established an audit committee to, *inter alia*, provide general oversight and offer recommendations for the Fund's audit arrangements, oversee the work of internal auditors and consider the scope, results and effectiveness of audit reports.

A.3.4 Other oversight committees

Various other IAD audited entities have or are in the process of establishing their own audit/oversight committees. For example, the International Trade Centre has established an Oversight Committee "to ensure that effective monitoring tools are strengthened and that responsibility is assigned at the highest level of the management structure for implementation and follow-up of the recommendations of oversight bodies" (EDB/2006/2 of 9 June 2006).

A.4 Mandate

Applicable IIA Standard

1000 – Purpose, Authority, and Responsibility

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of



Internal Auditing, the Code of Ethics, and the *Standards*. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

1000.A1 – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.

1000.C1 – The nature of consulting services must be defined in the internal audit charter.

1010 – Recognition of the Definition of Internal Auditing, the Code of Ethics, and the *Standards* in the Internal Audit Charter

The mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the *Standards* must be recognized in the internal audit charter. The chief audit executive should discuss the Definition of Internal Auditing, the Code of Ethics, and the *Standards* with senior management and the board.

OIOS was formally established with the promulgation of the Secretary-General's Bulletin [ST/SGB/273](#) of 7 September 1994, which provided that:

- a. The responsibilities of OIOS shall extend to the resources and staff of the Organization, including separately administered organs;
- b. OIOS has the authority to initiate, carry out and report on any action which it considers necessary to fulfill its responsibilities in regard to the audit function;
- c. OIOS shall discharge its responsibilities without any hindrance and need for prior clearance, and shall have the right to direct and prompt access to all staff, records, documents and premises of the Organization and to obtain all necessary information and explanations; and
- d. OIOS shall conduct *ad hoc* audits of programmes and organizational units whenever there are reasons to believe that programme oversight is not sufficiently effective and that there is potential for the non-attainment of objectives and waste of resources, and otherwise as the Under-Secretary-General for Internal Oversight Services deems appropriate, with a view to recommending to management corrective measures.

In 1999 and in 2004, the Fifth Committee of the General Assembly reviewed the functions and reporting procedures of OIOS. As a result of these reviews, General Assembly resolution [54/244](#) of 23 December 1999 set out a number of provisions on OIOS for funds and programmes, functions, coordination,



investigations, reporting, and operational independence. The General Assembly resolution [59/272](#) dated 23 December 2004 provided that reports of OIOS shall be submitted directly to the General Assembly as prepared by the Office, and that the comments of the Secretary-General may be submitted in a separate report. The same resolution further provided that original versions of OIOS reports that are not submitted to the General Assembly, should be made available to any Member State upon request. The resolution also requested the Secretary-General to establish mechanisms to effectively feed the findings and recommendations of OIOS, as well as relevant findings of the Joint Inspection Unit and the Board of Auditors, into the executive management processes. To achieve this, the Secretary General established the Management Committee with the responsibility to *inter alia*, "ensure that findings and recommendations of the Board of Auditors, the Joint Inspection Unit and the Office of Internal Oversight Services are effectively fed into the executive management processes, and that accepted recommendations are followed up and implemented in a timely manner" ([ST/SGB/2005/13](#) and [ST/SGB/2006/14](#)).

OIOS provides worldwide internal auditing, investigation, monitoring, inspection and evaluation services to all UN activities under the Secretary-General's authority including:

- a. The United Nations Secretariat in New York, Geneva, Nairobi, and Vienna
- b. The five regional commissions: Economic Commission for Africa; Economic Commission for Europe; Economic Commission for Latin America and the Caribbean; Economic and Social Commission for Asia and the Pacific and Economic and Social Commission for West Asia.
- c. Peacekeeping missions in various parts of the world
- d. International Criminal Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda
- e. The International Court of Justice
- f. United Nations Research and Training Institutes
- g. Funds and Programmes administered separately under the authority of the Secretary-General, which have requested OIOS audit services (such as Office of the High Commissioner for Human Rights, United Nations on Drug and Crime, UNHCR, United Nations Conference on Trade and Development, International Trade Centre, United Nations Environment Programme and United Nations Human Settlements Programme).



- h. Other entities related to the United Nations, which have requested OIOS audit services (such as UNJSPF, United Nations Framework Convention on Climate Change and United Nations Convention to Combat Desertification).

A.4.1 Internal Audit Charter

IAD's internal audit charter is being developed and will be published separately.

A.5 Organization structure

The organization of OIOS is promulgated by the Secretary-General's bulletin [ST/SGB/2002/7](#) of 16 May 2002, titled "Organization of the Office of Internal Oversight Services". While this bulletin is still in force, changes to the structure have since been made under the authority of the Under-Secretary-General for Internal Oversight Services (USG/OIOS) and the revised chart is shown in Annex [E.1](#).

OIOS is headed by an Under-Secretary-General who reports directly to the Secretary-General and is comprised, under the current structure, of the following:

- a. Office of the Under-Secretary General (OUSG)
- b. Executive Office
- c. Internal Audit Division (IAD)
- d. Investigations Division (ID)
- e. Inspection and Evaluation Division (IED)

The USG/OIOS advises the Secretary-General and senior management of the Organization on oversight issues; represents OIOS before the legislative organs and their subsidiary bodies; oversees the implementation of the internal strategic organizational plans and goals; ensures cooperation and synergies between the different internal oversight functions, including joint reviews when appropriate; oversees the preparation of the Strategic Framework and biennial budgets of the Office; and ensures coordination of the Office's work programme with the activities of the United Nations Board of Auditors (BOA) and the Joint Inspection Unit (JIU).



IAD consists of its Headquarters in New York, and Audit Services based at the United Nations Offices in New York, Geneva and Nairobi as well as the Peacekeeping Audit Service. See Annexes [E.2](#) and [E.3](#) for IAD organization structure and chart.

A.6 Services provided by the Internal Audit Division

In accordance with the Standards, internal audit may provide both assurance and consulting services. The Standards define these services as follows:

- a. **Assurance services** - An objective examination of evidence for the purpose of providing an independent assessment on risk management, control, or governance processes of the Organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.
- b. **Consulting services** – Advisory and related client service activities, the nature and scope of which are agreed upon with the client and which are intended to add value and improve an organization’s operations. Examples include counsel, advice, facilitation, process design, and training.

In this Manual, Assurance services are referred to as ‘**Audit services**’ while the term ‘**Advisory services**’ is used for consulting activities.

IAD auditors may provide audit and advisory services as part of their normal, routine activities or in response to specific requests from management of the audited entity.

A.6.1 Audit services

Audit services involve the internal auditor’s objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system, or other subject matter. Audits should be conducted in accordance with the IIA Standards.

In the United Nations context, audits are specifically mandated in the relevant provisions of the Financial Regulations and Rules of the United Nations. Regulation 5.15 of [ST/SGB/2003/7](#) (Financial Regulations and Rules of the United Nations) states that OIOS:

“shall conduct independent internal audits in accordance with regulation 5.8 (d) and in conformity with generally accepted auditing standards. Internal auditors shall review, evaluate and report on the



use of financial resources and on the effectiveness, adequacy and application of internal financial control systems, procedures and other relevant internal controls. Internal audits shall also include the following elements:

- a. Compliance of financial transactions with General Assembly resolutions, approved programmes and other legislative mandates, with regulations and rules and related administrative instructions and with the approved recommendations of external oversight bodies; and
- b. Economy, efficiency and effectiveness of financial, physical and human resources management and utilization and of programme delivery, including by examining the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates and by conducting management audits.”

Regulation 5.8 (d) states that:

“the Secretary-General shall ... maintain internal financial control, which shall provide for an effective current examination and/or review of financial transactions in order to ensure:

- a. The regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization;
- b. The conformity of obligations and expenditures with the appropriations or other financial provisions voted by the General Assembly or with the purposes and rules relating to trust funds and special accounts; and
- c. The effective, efficient and economic use of the resources of the Organization.”

Further, and as pertaining to audit services provided to UNHCR, the Financial Rules for Voluntary Funds Administered by the High Commissioner for Refugees ([A/AC.96/503/Rev.7](#) of 7 October 1999) stipulate in Article 12 – Audit:

“that all financial transactions and related activities covered by these rules shall be subject to audit by the UNHCR Audit Service of the Office of Internal Oversight Services.”



In this regard, OIOS provides internal audit services to UNHCR under a [Letter of Agreement on the Provision of Audit Services between OIOS and UNHCR](#) concluded on 23 March 2007.

The authority for OIOS to audit the financial transactions and related activities of audited entities with extra-budgetary funding is given in their respective financial regulations and rules.

IAD fulfils its audit obligations by:

- a. Conducting financial, performance, compliance and information systems audits of all United Nations activities under the administrative responsibility of the Secretary-General;
- b. Providing internal audit services as requested by separately administered funds and programmes;
- c. Conducting audits of programme output delivery as provided for in rule 106.1 (c) of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation, and the Methods of Evaluation (ST/SGB/2000/8);
- d. Assessing the effectiveness of internal control systems;
- e. Recommending measures to strengthen internal control, to ensure: (i) compliance with legislative mandates, and UN regulations, rules and contracts; (ii) reliability and integrity of financial and operational information; (iii) safeguarding of resources against loss, misuse and damage due to waste, abuse, mismanagement, errors, and fraud; and (iv) efficiency and effectiveness of operations; and
- f. Monitoring the implementation of audit recommendations and reporting on the status thereof.

A.6.2 Advisory services

Internal auditors generally provide advisory services at the specific request of an audited entity, but as auditors, they do not have the management authority or responsibility for implementing the outcomes of these services. Advisory activities may involve providing informal or formal advice, analysis, assessments, and serving on task forces and committees to review operations and make recommendations. The General Assembly resolution 48/218 B, in paragraph 5(d), mandates OIOS to provide support and advice to management.



Care should be taken to ensure that independence is maintained during advisory engagements. IAD should attend meetings/presentations by audited entities solely in an observer capacity to avoid the appearance of a conflict of interest. Before attending such meetings/presentations, the auditor should prepare a memorandum in the format of [AUD-5.1 Advisory Meetings \(before attending\)](#) outlining the role IAD will perform. The memorandum should be signed by the Service Chief and issued by the Administrative Assistant in the Service/Section. If considered necessary after the meeting/presentation, the auditor may prepare a memorandum in the format of [AUD-5.2 Advisory Meetings \(after attending\)](#) for issuance by the Service Chief.

Auditors may receive minutes of meetings or act in an *ex-officio* capacity to provide advice on specific issues and concerns, taking into account previous audit recommendations, internal control practices, and risks that the entity may face. It should be made clear to the audited entity that OIOS/IAD would not be associated with or endorse the final policies arrived at by the entity as a result of attending such meetings/presentations.

Auditors are expected to use sound professional judgment in determining the guidance to be provided in each given audit or advisory engagement. Special advisory services may require a departure from normal or established procedures for conducting such assignments.



B Internal audit policies

B.1 Code of conduct and professional guidance

B.1.1 IAD's Code of Professional and Ethical Conduct

The requirement of IAD staff members to conduct their behaviour and activities with the highest level of ethical values, integrity and professionalism is laid down in a variety of sources.

- a. Article 101(3) of the Charter of the United Nations states that:

"The paramount consideration in the employment of the staff and in the determination of the conditions of service should be the necessity of securing the highest standards of efficiency, competence, and integrity."

- b. *Standards of conduct for the international civil service, 2001* state that:

"International civil servants must remain independent of any authority outside their organization; their conduct must reflect that independence. In keeping with their oath of office, they should not seek nor should they accept instructions from any Government, person or entity external to the organization... The independence of the international civil service does not conflict with, or obscure, the fact that it is the Member States that collectively make up (in some cases with other constituents) the organization".

- c. Regulation 1.2(b) of the Staff Regulations state that:

"Staff members shall uphold the highest standards of efficiency, competence and integrity. The concept of integrity includes, but is not limited to, probity, impartiality, fairness, honesty and truthfulness in all matters affecting their work and status.

- d. ST/SGB/2006/15 places post-employment restrictions on "staff members participating in the procurement process", including those involved in "auditing the procurement process".

- e. The IIA's Code of Ethics (see section B.1.3).



IAD is committed to the above collection of principles and, to ensure their implementation, has developed its own Code of Professional and Ethical Conduct. This code is applicable to all staff members of IAD. According to the Code of Professional and Ethical Conduct, management and staff of IAD:

- a. Are bound by the provisions of the Charter of the United Nations and the core United Nations values of integrity, professionalism and respect for diversity/gender. They must be loyal to the Organization and at all times, comply with its regulations, rules, and the provisions of this Manual;
- b. Are bound by the Principles and Rules of Conduct included in the Code of Ethics (section B.1.3) developed and maintained by the IIA. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, subject to disciplinary action;
- c. Are responsible for conducting themselves in a professional manner and striving to achieve the highest standards of behaviour, competence and integrity in their work;
- d. Are responsible for performing their work with professional skill and competence. They should dedicate themselves to the pursuit of professional excellence;
- e. Are expected to develop and enhance their professional audit training. Continuing education and certification by the institutes of chartered and certified public accountants in various countries, the Institute of Internal Auditors, the Information Systems Audit and Control Association, the Association of Certified Fraud Examiners and other relevant professional associations are encouraged. Members of such associations are expected to maintain themselves as members in good standing during their tenure with the Division;
- f. Shall not prejudge an audit. Objectivity is a crucial characteristic of IAD's relationship with audited entities therefore IAD staff must always maintain an independent, objective, and factual perspective when conducting audits;
- g. Shall be prepared to fully defend their findings and recommendations against challenges. Just as IAD applies criteria by which to assess the activities of its audited entities, it must be prepared to demonstrate a rigorous standard of proof when defending the evidence used as the basis for audit findings and conclusions;



- h. Must meet performance standards which are no less stringent than those which we expect of the management and staff of the entities we audit;
- i. Shall strive to achieve cost reductions and to improve the efficiency and effectiveness of IAD as well as the operations and programmes of the United Nations;
- j. Have a duty to adhere to highest standard of integrity in the performance of their work so as to maintain IAD and oneself above suspicion, thus sustaining confidence in our work;
- k. Must respect the confidentiality of information acquired during the audit. Unauthorized disclosure of any official information or its use to gain personal benefit is prohibited;
- l. Must not use their positions to gain unfair advantage in their personal affairs. They must not accept anything of value from audited entities or from other parties which would impair or be presumed to impair their independence and professional judgment. Further guidance can be obtained from Staff Regulation 1.2 (j) to (l)¹, Staff Rules 101.2 (j) to (m)² and 301.3 (k) to (n)³, and the website of the Ethic Office on iSeek (Basic rights and duties of United Nations staff members);
- m. Must refrain from entering into any activity which may conflict with the interests of IAD or the United Nations, or which would prejudice their independence or ability to objectively carry out their duties and responsibilities; and
- n. Must always ensure that every person working at IAD has a work environment that is free from discrimination or harassment.

B.1.2 The International Professional Practices Framework

The International Professional Practices Framework, developed and maintained by the IIA, offers practitioners a full range of internal audit guidance. The framework consists of three categories of guidance:

¹ ST/SGB/2008/4

² ST/SGB/2002/1

³ ST/SGB/2008/3



- a. **The Code of Ethics and Standards** – these are mandatory guidance considered essential to the professional practice of internal auditing.
- b. **Practice Advisories** – these help to interpret the Standards or to apply them in specific internal audit environments. They are strongly recommended and endorsed by the IIA but are not mandatory.
- c. **Development and Practice Aids** – these include a variety of materials that are developed and/or endorsed by the IIA, including research studies, books, seminars, conferences, and other products and services related to the professional practice of internal auditing.

All IAD internal auditors shall perform their internal audit services in accordance with the IIA Standards, which are designed to:

- a. Delineate basic principles that represent the practice of internal auditing;
- b. Provide a framework for performing and promoting a broad range of value-added internal audit activities;
- c. Establish the basis for evaluating internal audit performance; and
- d. Foster improved organizational processes and operations.

The Standards provide guidance for the conduct of internal auditing at both the organizational and individual auditor levels. The Standards describe the nature of internal audit activities, key components of a charter or mandate and an annual plan of activities, ways of conducting engagements and communicating results, and criteria for evaluating the performance of the services. Standards comprise Attribute (1000 Series) and Performance Standards (2000 Series).

The Attribute Standards address the characteristics of organizations and individuals performing internal audit activities. The Performance Standards describe the nature of internal audit activities and provide quality criteria against which the performance of these services can be measured.

B.1.3 Code of Ethics

The IIA's Code of Ethics comprises two essential components:

- a. Principles that are relevant to the profession and practice of internal auditing; and



- b. Rules of Conduct that describe behavior norms expected of internal auditors. These rules are an aid to interpreting the Principles into practical applications.

Principles

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 their 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 interests or by others in forming judgments

- **Confidentiality**

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.

Rules of Conduct

1. Integrity

Internal auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. 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.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. Objectivity

Internal auditors:

- 2.1. 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 relationships that may be in conflict with the interests of the organization.

2.2 Shall not accept anything that may impair or be presumed to impair their professional judgment.

2.3 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. Confidentiality

Internal auditors:

3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.

3.2 Shall not use information for any personal gain or 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:

4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.

4.2 Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

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

B.2 Professional responsibilities

B.2.1 Independence and objectivity

Applicable IIA Standard

1100 – Independence and Objectivity

The internal audit activity must be independent, and internal auditors should be objective in performing their work.

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1110.A1 - The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.



1111 – Direct Interaction with the Board

The chief audit executive must communicate and interact directly with the board.

1120 – Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid conflicts of interest.

1130 – Impairment to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

1130.A1 – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

1130.A2 – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.

1130.C1 – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.

1130.C2 – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.

B.2.2 Organizational independence

The need for IAD staff to have independence in carrying out their work is recognized by the Organization and reflected in OIOS policies and organizational arrangements. General Assembly resolution [48/218 B](#) provides that OIOS shall operate under the authority of the Secretary-General and be headed by an officer with the rank of Under-Secretary-General. The same resolution provides that OIOS

“shall exercise operational independence under the authority of the Secretary-General in the conduct of its duties . . .”



Thus, IAD has operational independence in that its Director reports only to the USG/OIOS, who in turn, reports directly to the General Assembly and to the Secretary-General of the United Nations. Although IAD's work plans are formulated based on an assessment of risks and requests or concerns expressed by the Organization's senior management, it is free to carry out any audits and activities within the purview of its mandate. In particular, in accordance with the GA resolution 48/218 B, OIOS has the

“authority to initiate, carry out and report on any action which it considers necessary to fulfil its responsibilities with regard to monitoring, internal audit, inspection and evaluation and investigations as set forth in the present resolution”.

B.2.3 Individual independence and objectivity

Auditors should have an impartial, unbiased attitude, characterized by integrity and an objective approach to work, and should avoid conflicts of interest. They should not allow external factors to compromise their professional judgement. Objectivity is an independent mental attitude that means honesty, freedom from bias, using facts without distortions from personal feelings or prejudices. Auditors should display appropriate professional objectivity when providing their opinions, assessments and recommendations. In assigning staff to audits, IAD requires that the staff members are free of any restrictions to their independence and objectivity in performing the audits. To this end, IAD staff:

- a. Shall not be placed in situations in which they feel unable to make objective professional judgments;
- b. Shall not be assigned to audits where any perceived or actual conflicts of interest and bias are present;
- c. Shall report to the Section or Service Chief any situations in which a conflict of interest or bias is present or may reasonably be inferred. The Section or Service Chief shall then reassign such staff;
- d. Shall be given audit assignments and serve in duty stations on a rotational basis, whenever it is practicable to do so; and
- e. Shall not have assumed any operating or management responsibilities in respect of the activity being audited or not intended to be within the objectives and scope of an audit or advisory engagement. Nevertheless, if on occasion senior management requests them to perform non-audit work, the decision whether or not to undertake the activity shall be made with the



question of objectivity and independence in mind, and it shall be understood that they will not be functioning as internal auditors on such assignment.

Objectivity is presumed to be impaired when the internal auditor audits any activity for which they previously had operational authority or responsibility. Persons transferred to or temporarily engaged by IAD shall not be assigned to audit or advice on those activities they previously had responsibility for at least one year from the date they were reassigned.

Each IAD staff member shall ensure s/he complies with independence and objectivity guidelines by reviewing, and if in compliance, completing and signing [AUD-1.2 Statement of Independence](#) form at the commencement of each assignment. If there is a likelihood that an auditor may not meet with the independence and objectivity guidelines at the commencement or during the course of an audit engagement, this should be reported to either the Section or Service Chief who will reassign the staff member. The Statement of Independence form should be filed in the planning section of the working paper file.

The results of IAD audits should be reviewed by Section or Service Chiefs before the related audit report is released to provide reasonable assurance that the underlying audit work was performed independently and objectively in accordance with the IAD audit manual.

B.3 Proficiency and due professional care

Applicable IIA Standard

1200 – Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

1210 – Proficiency

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

1210.A1 – The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1210.A2 – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person



whose primary responsibility is detecting and investigating fraud.

1210.A3 – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.

1210.C1 – The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1220 - Due Professional Care

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

1220.A1 – Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives;
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management, and control processes;
- Probability of significant errors, fraud, or noncompliance; and
- Cost of assurance in relation to potential benefits.

1220.A2 - In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.

1220.A3 – The internal auditor must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

1220.C1 - Internal auditors must exercise due professional care during a consulting engagement by considering the:

- Needs and expectations of clients, including the nature, timing, and communication of engagement results;
- Relative complexity and extent of work needed to achieve the engagement's objectives; and
- Cost of the consulting engagement in relation to potential benefits.



1230 – Continuing Professional Development

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

B.3.1 Proficiency

IAD staff shall collectively possess the knowledge and skills essential to the practice of the internal auditing profession within the Organization. These attributes include:

- a. Proficiency in applying internal auditing standards, procedures and techniques required in performing engagements. Proficiency means the ability to apply knowledge to situations likely to be encountered and to deal with them without extensive recourse to technical research and assistance. Professional certification in a related field (such as Certified Internal Auditor, Certified Information Systems Auditor, Certified Fraud Examiner, Certified Financial Analyst or Certification in Control Self-Assessment) is desirable;
- b. An understanding of management principles to recognize and evaluate the materiality and significance of deviations from best practices;
- c. An appreciation of the fundamentals of subjects such as accounting, economics, public administration, law, finance, and information technology. Each auditor shall be fully qualified in at least one of the required disciplines, but need not be qualified in all of the disciplines;
- d. Skill in dealing with people and communicating clearly and effectively to convey such matters as engagement objectives, findings, conclusions, and recommendations; and
- e. Knowledge of technology tools (such as Microsoft suite of applications), electronic working papers, and ability to use technology, in particular computer-assisted audit techniques, to support audit testing and analysis.

The Director shall endeavour to recruit and retain audit staff that are qualified in disciplines needed to meet the Division's responsibilities. S/he shall ensure suitable criteria have been established for the required level of education and experience for filling internal auditing positions, giving due consideration to the intended scope of work and the level of responsibility. The Director shall obtain assistance from experts outside the internal audit activity to support or complement areas where the Division is not fully proficient.



B.3.1.1 Identification of Fraud Indicators

IAD staff shall immediately report to the Director any possible cases of fraud or other major irregularity that comes to their attention, and which may require investigation by the OIOS Investigations Division. In addition to providing the Investigations Division with information and documentation on any such cases, the auditor may, if required, be asked to assist in the investigation itself.

B.3.1.2 Use of technology

IAD has deployed technology in the following areas:

B.3.1.2.1 Working papers

All audit work should be maintained in *AutoAudit*. *AutoAudit* is an audit management automation software that IAD has acquired to enhance the efficiency and effectiveness in the use of audit resources throughout the audit cycle. It is a comprehensive system designed to facilitate the following key internal audit processes:

- a. Preparing/updating annual audit plans including risk assessment;
- b. Scheduling and monitoring audit assignments and staff resources;
- c. Creating and maintaining audit working papers for the audit process;
- d. Drafting audit findings, recommendations and reports; and
- e. Generating of management reports.

The main benefits of using *AutoAudit* include:

- a. Providing a mechanism and methodology for efficient and effective use of resources by focusing on high risk areas;
- b. Integrating organizational policies and procedures and the professional standards in the audit process thereby increasing quality of work done;
- c. Increasing auditor productivity by automating manual processes;
- d. Online monitoring and timely reviewing of audit work by supervisors and management;



- e. Storing audit documentation electronically for ease of reference, savings in storage space, and quick recovery in the event of a disaster;
- f. Sharing knowledge across different locations that have access to *AutoAudit* easily;
- g. Providing an opportunity for audited entities to respond and update their responses to audit report recommendations via the recommendations database Issue Track. A history of responses from audited entities is also maintained;
- h. Improving the implementation rate of audit recommendations; and
- i. Speeding-up the delivery of audit communications to audited entities thereby improving client relations. For example, audit findings can easily be migrated to audit reports resulting in greater audit efficiency and hence timeliness of reporting.

B.3.1.2.2 Recommendations monitoring

After the issuance of the final report, all recommendations shall be recorded, and their implementation monitored, on Issue Track. Issue Track is a customized module of *AutoAudit*. It is currently maintained by the Professional Practices Section (PPS) and the various IT Focal Points.

B.3.1.2.3 Data analysis

IT data analysis software shall be available to internal auditors so that electronic data can be analyzed in order to assess data integrity and perform audit tests efficiently. The Director/Deputy Director shall ensure that IAD staff are adequately trained in the use of computer assisted audit techniques and that such techniques are regularly applied in the audit of processes that are reliant on information systems.

IAD has selected IDEA as its preferred software.

B.3.1.2.4 Management information

IAD maintains its audit management information on a Microsoft Access database called Audit Information System to record:



- a. All assignments on the approved IAD annual work plan;
- b. Members of the audit team and planned milestone dates of the audit from the audit plan;
- c. Time spent on assignments from weekly time sheets; and
- d. Actual dates of the completion of audit phases.

Based on this information, IAD is able to monitor implementation of the annual work plan, monitor the progress of audits and produce activity reports and performance information. Use of the Audit Information System will soon be discontinued with the implementation of the time reporting and management information functionalities of *AutoAudit*.

B.3.1.3 Use of consultants

The Director shall use outside consultants (a person or firm with expert knowledge, skill, and experience in a particular discipline) to provide assistance on assignments where IAD does not currently have the requisite competency. Prior to selection, the Director shall assess the competency, independence, and objectivity of the consultant as it relates to the particular assignment to be performed. S/he shall determine whether the outside service provider possesses the necessary knowledge, skills, and other competencies to perform the assignment. The Director shall specify the scope of work of the consultant and require that internal audit activities be performed in accordance with this Manual and the IIA Standards. The Director shall evaluate the adequacy of work performed by the consultant and ensure sufficient information was obtained to support conclusions reached. The Director may refer to the use of the consultant in audit communications.

B.3.2 Due professional care

Due professional care is the care and skill that a reasonably prudent and competent internal auditor would apply in performing his/her duties. In conducting audits, the IAD staff shall:

- a. Be alert to the possibility of intentional wrongdoing, errors and omissions, inefficiency, waste, ineffectiveness, and conflicts of interest;
- b. Be aware to those conditions and activities where fraud is most likely to occur;



- c. Exercise professional scepticism in the conduct of auditing tests and procedures; and,
- d. Identify inadequate controls and recommend improvements to promote compliance with acceptable procedures and practices.

Exercising due professional care in conducting audits implies reasonable care and competence, not infallibility or extraordinary performance. Due professional care should be appropriate to the objectives, complexity, nature and materiality of the audit being performed. It requires the auditor to conduct examinations and verifications to a reasonable extent, but does not involve the detailed audit of all transactions. Accordingly, the auditor cannot give absolute assurance that non-compliance, or fraud does not exist.

The auditor should use reasonable audit skill and judgment in performing the audit, which in turn involves considering:

- a. The scope and nature of audit work needed to achieve audit objectives;
- b. The relative materiality or significance of matters to which the Audit Programme is applied;
- c. The adequacy and effectiveness of internal control;
- d. The economic and efficient use of resources and safeguarding of assets and possibility of fraud;
- e. The cost of auditing in relation to potential benefits;
- f. The reliability and integrity of information and IT risks and controls;
- g. Political sensitivity and corresponding need for confidentiality; and
- h. Adequacy of policies, procedures and established operating standards.

B.3.3 Continuing professional development

IAD staff members are responsible for continuing their education in order to maintain their proficiency, knowledge and skills. They should keep informed about improvements and current developments in internal auditing standards, procedures, and techniques. Continuing education may be obtained through membership and participation in professional societies; attendance at conferences, seminars, college courses, and in-house training programmes; on-



line and corresponding professional courses; and participation in research projects. As a minimum, staff members are required to complete 80 hours of continuing professional education for each annual performance cycle. The Director encourages audit staff to obtain appropriate professional certification(s) and has issued [incentives](#) which include time off and reimbursement of fees and costs incurred to attain these certifications while the staff member is employed by IAD/OIOS.

B.4 Quality assurance and improvement programme

Applicable IIA Standard

1300 – Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

1310 – Quality Program Assessments

The quality assurance and improvement program must include both internal and external assessments.

1311 – Internal Assessments

Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic reviews performed through self-assessment or by other persons within the organization with sufficient knowledge of internal audit practices.

1312 – External Assessments

External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The chief audit executive must discuss with the board:

- The need for more frequent external assessments; and
- The qualifications and independence of the external reviewer or review team, including any potential conflict of interest.

1320 – Reporting on the Quality Assurance and Improvement Program

The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board.

1321 – Use of "Conforms with the *International Standards for the Professional Practice of Internal Auditing*"

The chief audit executive may state that the internal audit activity conforms



with the *International Standards for the Professional Practice of Internal Auditing* only if the results of the quality assurance and improvement program support this statement.

1322 – Disclosure of Nonconformance

When nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the *Standards* impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.

IAD has established its Quality Assurance and Improvement Programme (QAIP) to cover the entire spectrum of audit and advisory services performed by the Division. The QAIP is designed to provide reasonable assurance to the General Assembly, the IAAC, the Secretary-General, the Board of Auditors and other stakeholders that IAD: (a) performs its work in accordance with its mandate; (b) conforms to the IIA Standards; (c) operates in an effective and efficient manner; and (d) is perceived as adding value and improving the operations of the audited entities.

The QAIP will assess the Division's effectiveness and promote continuous improvement, which includes:

- a. Developing and implementing internal audit policies and procedures, and maintaining the Internal Audit Manual;
- b. Administering the system for the assessment of risk in the auditable entities, and maintaining and updating a comprehensive risk database (see section [B.6](#));
- c. Assisting in the acquisition and maintenance of audit tools and use of technology;
- d. Overseeing the training and development of staff;
- e. Administering quality assurance and process improvement activities;
- f. Administering information gathering and preparation of periodic summary reports on the Division's performance to IAD management;
- g. Administering a comprehensive follow-up of the implementation of recommendations on Issue Track; and



- h. Assisting staff of the Division in being current on changes and emerging best practices of the internal auditing profession.

B.4.1 Internal assessments

B.4.1.1 Ongoing monitoring

Ongoing monitoring includes:

- a. Ensuring that planning and guidance are adequate. Section Chiefs shall communicate the objectives, risks and other relevant information to the audit team to provide the guidance and understanding necessary to conduct a high quality audit;
- b. Determining that the approved audit plan and programme have been carried out and documented in the working papers;
- c. Ensuring that audit findings, conclusions and recommendations are adequately supported by relevant and sufficient evidence, and that reports are accurate, objective, clear, concise and timely;
- d. Monitoring adherence to the audit annual work plan and ensuring that work is achieved within resource budgets, or variations are approved;
- e. Ensuring completion of weekly time sheets;
- f. Identifying staff developmental and training needs;
- g. Obtaining and analyzing feedback from audited entities; and
- h. Analyzing performance metrics including number of assignments commenced in a period, age of open assignments, number of reports issued, average number of days taken to issue reports, the number of recommendations accepted and implemented and the amount of savings and recoveries achieved.

B.4.1.2 Periodic reviews

Periodic reviews are designed to assess the Division's conformance with the, IIA Standards, Code of Ethics and the Internal Audit Manual; and the efficiency and effectiveness of the Division in meeting the needs of its various stakeholders. Staff from the PPS and other IAD staff as assigned by the Director shall conduct periodic reviews once every three years. During these reviews, the designated



personnel shall appraise the quality of the work performed and determine opportunities for improvement. They shall:

- a. Determine whether or not the Division's activities are consistent with its mandates as well as the expectations of the General Assembly or its relevant committees and senior management;
- b. Provide insights into the level of audit effectiveness and efficiency;
- c. Determine whether or not audit and advisory services apply best practices and add value to the organization's processes;
- d. Provide recommendations for improving the professional practices of IAD; and
- e. Demonstrate the degree of IAD's conformity with applicable professional standards and established policies and procedures.

B.4.2 External assessments

Qualified persons who are independent of IAD and who do not have either a real or an apparent conflict of interest shall perform external reviews of the Division at least once every five years in accordance with the IIA Standards. Reviews of IAD periodically performed by the UN Board of Auditors, the results of which are reported to the USG/OIOS as well as to the General Assembly, shall be considered in determining the scope of external reviews as defined by IIA Attribute Standard 1312.

The results of the periodic internal and external assessments shall be submitted to the Director who will be responsible for ensuring that recommendations are implemented. The Director shall share the results of internal assessments, necessary action plans, and their successful implementation with the USG/OIOS and appropriate persons outside the Office such as the IAAC, General Assembly, senior management, UN Board of Auditors etc.

B.4.3 Statement of conformance

Each IAD audit report shall contain a statement to the effect that the related audit was "conducted in conformance with the International Standards for the Professional Practice of Internal Auditing." Although IAD audit activities should achieve full conformance with the IIA Standards, and its internal auditors should conform to the professional standards of conduct, there may be instances in which full conformance is not achieved. When such non-conformance impacts



the overall scope or operation of IAD, the Director shall report these matters to the USG/OIOS.

B.5 Managing the Internal Audit Division

B.5.1 Planning

Applicable IIA Standard

2000 - Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

2010 – Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals.

2010.A1 - The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

2010.C1 - The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.

IAD audit activities shall be carried out according to the strategic OIOS work plan prepared by the Office of the USG/OIOS, in consultation with the OIOS Division Directors and other appropriate staff. IAD shall prepare audit work plans on a three-year rolling cycle, primarily based on risk assessment exercises (see section B.6) carried out/updated by each Audit Service by October/November of each year, but also taking into account any resolutions from the General Assembly and other relevant criteria. The risk-based work plan shall reflect IAD's general audit strategy and objectives for the period.

PPS shall be responsible for coordinating the planning process and consolidating the audit work plan prepared by the various Audit Services. The procedures for preparing IAD's work plan are documented in section [C.1](#).



B.5.2 Communication and approval

Applicable IIA Standard

2020 - Communication and Approval

The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

The IAD work plan shall be submitted to the USG/OIOS for approval and consolidation into the OIOS work plan. The consolidated work plan shall be presented to the IAAC which is mandated to examine it and advise the General Assembly. On approval, details of the plan are disseminated to audited entities for their information by the IAD Director/Deputy Director.

IAD shall update the USG/OIOS at least quarterly, on the status of implementation of the work plan.

B.5.3 Resource management

Applicable IIA Standard

2030 - Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

The Director shall determine the level of human and other resources required by IAD to achieve its mandate and audit objectives economically, effectively and efficiently. In making this determination, the Director shall take the following into account:

- a. The results of constantly updated risk assessments of the activities forming part of IAD's audit universe and the knowledge, skills and qualifications, and experience to meet the audit objectives;
- b. Total IAD resources required to:
 - i. Carry out the audits set out in the annual work plan, which involves a significant amount of travel by audit staff to international destinations;



- ii. Fund staff training and professional development programmes, as well as audit research and development efforts; and
- iii. Meet administrative and logistical requirements, including office and communication facilities, travel, supplies and equipment.

The Director shall establish, maintain and continuously update a personnel management system for recruiting, training, developing, evaluating, and properly administering and utilizing IAD staff in accordance with the United Nations Staff Regulations and Rules, as well as the IIA Standards. To help ensure the efficient functioning of the personnel management system, the Director shall issue written instructions, guidelines or other communications that deal with or provide for:

- a. The development of written job descriptions for each level of the audit staff. The general job description for each position in IAD is included in Annex E.6 of this Manual;
- b. The selection of qualified and competent individuals;
- c. Providing continuing training and educational opportunities for each staff member;
- d. Appraising each staff member's performance in accordance with the [United Nations Performance Appraisal System \(PAS\)](#), on an annual basis for the period 1 April to 31 March or appraising staff members' performance on individual audit assignments using form [AUD-3.11 – Audit Staff Appraisal Record \(ASAR\)](#);
- e. Counseling staff on their performance and professional development;
- f. Promptly notifying IAD staff of career development opportunities;
- g. Conducting regular staff meetings to discuss issues of interest or concern to IAD personnel; and
- h. Advising staff of policies and procedures regarding leave, attendance reporting and record keeping, and other UN administrative requirements.

B.5.4 Coordination

Applicable IIA Standard

2050 – Coordination

The chief audit executive should share information and coordinate activities



with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

In the preparation and implementation of the annual work plan, and where otherwise appropriate, the Director shall actively cooperate and coordinate efforts with the Office of the USG/OIOS, the other OIOS Divisions, the BOA and the JIU for the following purposes:

- a. In respect of the BOA and the JIU, to coordinate efforts to avoid duplication in the audit or other review of activities that commonly fall under the internal and external oversight responsibilities of IAD and those bodies;
- b. To enhance IAD knowledge about its audited entities and general auditing matters;
- c. To identify areas in which IAD can improve its overall effectiveness through joint ventures with one or more of the above bodies in selected oversight projects; and
- d. Synchronization of audit effort involves periodic meetings to discuss coordination issues and matters of mutual interest with the other OIOS Divisions, the BOA, the JIU, and other internal audit or oversight services in the UN system to:
 - i. Determine audit/oversight coverage;
 - ii. Provide access to each other's work plans;
 - iii. Exchange reports and management letters; and
 - iv. Obtain a common understanding of techniques, methods, and terminology used.

The Director shall also maintain contacts and cooperate with the heads of other internal oversight bodies in the UN system, and participate actively in professional conferences, seminars and training sessions, particularly those organized for the international auditing community. The most formalized forum of cooperation is Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (commonly known as RIAS), which meets annually.



B.5.5 Reporting to the General Assembly and Secretary-General

Applicable IIA Standard

2060 – Reporting to Senior Management and the Board

The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.

IAD, through the consolidated report produced by the OUSG, shall report on its activities annually to the General Assembly and semi-annually to the Secretary-General as required by resolution 48/218 B of 29 July 1994 (Para 5 (e)); resolution 54/244 of 23 December 1999 (paragraphs 4 and 5); and resolution 59/272 of 23 December 2004 (paragraphs 1-3). The report shall cover a description of significant problems, abuses and deficiencies discovered during the year, and related OIOS recommendations including the value of cost savings recommended and amounts recovered. It provides an overview of:

- a. The implementation rate and status of recommendations;
- b. Recommendations in previous reports on which corrective action has not been completed; and
- c. Recommendations on which agreement could not be reached with management, or where requested information or assistance was refused.

The report also highlights areas of the Organization's environment that pose the highest risks and outlines OIOS oversight activities in assessing whether risks are identified and effectively managed.

B.6 Risk assessment

Applicable IIA Standard

2100 – Nature of Work

The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.



2110 – Governance

The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization;
- Ensuring effective organizational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organization; and
- Coordinating the activities of and communicating information among the board, external and internal auditors, and management.

2110.A1 - The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.

2110.A2 - The internal audit activity must assess whether the information technology governance of the organization sustains and supports the organization's strategies and objectives.

2110.C1 - Consulting engagement objectives must be consistent with the overall values and goals of the organization.

2120 – Risk Management

The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

2120.A1 - The internal audit activity must evaluate risk exposures relating to the organization's governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets; and
- Compliance with laws, regulations, and contracts.

2120.A2 – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.

2120.C1 – During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.

2120.C2 – Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization's



risk management processes.

2120.C3 – When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.

Risk is defined in the glossary to the IIA Standards as “the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.”

The management of the United Nations bears full responsibility for identifying, evaluating and managing its risks. The Organization is yet to institute a formal risk management process but IAD is nevertheless required to establish its annual audit work plans based on its analysis of the risks in its audit universe. Risk-based annual work plans ensure (and provide assurance to management) that OIOS assignments are directed at areas of greatest risk to the achievement of the Organization’s objectives. They enable OIOS to focus on how well the Organization is managing major risks, rather than simply targeting audits at areas of suspected weaknesses.

Risk assessments shall be conducted/updated by the end of October/November each year. During these exercises, OIOS shall facilitate the identification of risks in relevant focus and sub-focus areas. (Focus areas are the key standard processes that are typically found in United Nations operations; IAD has identified 11 focus areas⁴. Sub-focus areas are the components or activities within each focus area.) OIOS shall also assess the effectiveness of the controls in place to mitigate the risks, based on the audited entity’s perception and the auditor’s professional judgement. The risks shall be categorized into one of seven risk categories⁵, and the likelihood of occurrence and impact of the risk event determined to arrive at the overall risk. Overall risks shall be classified as lower, moderate and higher risks. Audit assignments shall be proposed for focus or sub-focus areas that are of higher or moderate risk.

⁴ Strategic Management and Governance, Financial Management, Human Resources Management, Procurement and Contract Administration, Logistics Management, Information Technology Management, Programme and Project Management, Conference and Documents Management, Property and Facilities Management, Safety and Security and Others.

⁵ Strategy, Governance, Compliance, Financial, Operational, Human Resources and Information Resources



Detailed guidelines on conducting risk assessments are provided in IAD's Risk Assessment Framework and Methodology.

B.7 Internal control

Applicable IIA Standard

2130 – Control

The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

2130.A1 - The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations, and contracts.

2130.A2 - Internal auditors should ascertain the extent to which operating and program goals and objectives have been established and conform to those of the organization.

2130.A3 - Internal auditors should review operations and programs to ascertain the extent to which results are consistent with established goals and objectives to determine whether operations and programs are being implemented or performed as intended.

2130.C1 - During consulting engagements, internal auditors must address controls consistent with the engagement's objectives and be alert to significant control issues.

2130.C2 - Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization's control processes.

The IIA defines control, in the glossary to the IIA Standards, as

“Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs



the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved”.

Management is responsible for designing, implementing and maintaining an internal control structure. The United Nations has not yet established a formal internal control framework which would serve as a basis against which the internal control systems of its entities would be assessed. In the absence of such a framework, IAD assesses systems of internal control, using the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO defines an internal control structure as comprising of five components (control environment, risk assessment, control activities, information and communication, and monitoring) and three objectives (operations, financial reporting and compliance), within the entities/activities to be audited.

B.7.1 Objectives of internal control

According to COSO, internal control is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- a. Effectiveness and efficiency of operations;
- b. Reliability of financial reporting; and
- c. Compliance with applicable laws and regulations.

IAD has added a fourth objective – Safeguarding of resources against loss, misuse and damage due to waste, abuse, mismanagement, errors, and fraud.

The internal control objectives are what an entity strives to achieve, and the components represent what is needed to achieve them. When looking at any one objective e.g., the effectiveness and efficiency of operations, all five components must be present and functioning effectively to conclude that internal control over operations is effective.

B.7.2 Components of internal control⁶

- a. The **control environment** sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other

⁶ Internal Control - Integrated Framework Executive Summary
http://www.coso.org/publications/executive_summary_integrated_framework.htm



- components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence; management's philosophy and operating style; delegation of authority and responsibility; human resources policies.
- b. **Risk assessment** is the identification and analysis of relevant risks that threaten the achievement of objectives; it forms the basis for determining how the risks should be managed.
 - c. **Control activities** are the policies and procedures that help ensure management directives are carried out and necessary actions are taken to address risks to achievement of an entity's objectives. Control activities include approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.
 - d. **Information and communication** relates to the identification, capturing and communication of pertinent information in a form and timeframe that enable people to carry out their responsibilities. Information includes both internally generated data (operational, financial and compliance-related information) and information about external events, activities and conditions necessary to informed decision-making.
 - e. **Monitoring** is a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two. Internal control deficiencies should be reported upstream, with serious matters reported to top management and the General Assembly.



C Internal audit procedures

C.1 Preparation of IAD work plan

IAD prepares its work plans based on a three-year rolling audit cycle. The work plan details the assignments each Audit Service will be conducting in the period indicating the year in which the assignment is planned. The work plan is based primarily on a risk assessment of audited entities' operations but other considerations may also be taken into account.

By September each year, the Director/Deputy Director should issue instructions to complete the work plan for the coming year. The instructions should include the timetable to complete the planning exercise, guidelines on how the planning template should be completed and the basis for determining the number of audit days per category of staff.

The following minimum information should be included in the plan:

- a. **Name of audit section**
The name of the Audit Section that is responsible for the audit.
- b. **Name of the audited entity**
Standard acronyms should be used for departments, offices or missions.
- c. **Risk register page reference**
For risk-based assignments, there should be a clear linkage between the assignment proposed and the risks outlined in the audited entity's risk register.
- d. **Focus area**
The focus area of the assignment should be specified.
- e. **Risk rating**
The risk rating of the focus area of the assignment should be specified, based on the latest risk register submitted to the audited entity.
- f. **Risk category**
All risk categories pertaining to the assignment should be indicated.



g. Assignment title

The assignment title should suitably capture the high-level objectives of the audit. In most cases, the assignment would be developed at the sub-focus area level. With smaller audited entities, an assignment could also be at the focus area level.

h. Assignment number

The assignment number of any audits in progress and carried over from the previous year should be inserted. Assignment numbers for the coming year will be allocated by the PPS/IT Focal Point for each Audit Service, after the work plan has been approved.

i. Assignment type

The assignment type should be indicated:

- i. M – reports to programme managers;
- ii. G – General Assembly reports;
- iii. R – Risk assessment; or
- iv. O – Other substantive area.

j. Estimated number of days required for the audit

The estimated number of days required to complete assignments should be realistic and be based on the size of the audited entity, the location and dispersion of the activities being audited and the complexity of the audit subject. Assignments should generally be scheduled for between 40 and 80 days, with only assignments of very large audited entities or complex operations scheduled for longer.

k. The year in which the audit is proposed

The Section Chief should determine when during the three-year period the audit will be conducted. Assignments relating to high risk areas should be given priority to moderate or lower risk areas. Audits requested by the General Assembly should be planned to allow for the audit to be completed and report issued by the slot date agreed with the Department for General Assembly and Conference Management. Assignments scheduled in the earlier years of the three-year work plan should be based on the existing authorized posts of the Audit Section/Service, with adjustments for any vacancies.

l. Justification for selecting assignments that are not of higher or moderate risk



See [C.1.1.3](#) below.

C.1.1 Sources of assignments

C.1.1.1 Assignments from the risk register

In consultation with the risk assessment team, the Section Chief should propose assignments from the risk register. An audit assignment should potentially be conducted for each focus or sub-focus area rated as high or medium risk. Whether the assignment covers the entire focus area or individual sub-focus areas depends on the size of the audited entity's operations and the professional judgement of the auditors. IAD endeavours to audit all high and medium risk areas within four years of their first inclusion in the risk register.

C.1.1.2 Audits mandated by the General Assembly and other legislative bodies

The OUSG advises the Director/Deputy Director of resolutions passed by the General Assembly requesting OIOS to conduct audits and present its reports during specified General Assembly sessions. The Director/Deputy Director should notify Section Chiefs through the relevant Service Chief of all such assignments and the Section Chiefs should include these, as well as audits requested by other legislative bodies, in the work plan.

C.1.1.3 Assignments from other sources

The Section Chief may include assignments in the work plan that are not of higher or moderate risk based on direction from management or USG/OIOS, or using his/her professional judgement. The Section Chief should specify the reason for the selection which may include:

- a. Requests from the audited entity;
- b. Horizontal or snap-shot audits on cross-cutting or organization-wide issues;
- c. Emerging issues;
- d. Essential UN function;
- e. Insufficient past oversight coverage;
- f. High monetary value;
- g. Budgetary commitment (for extrabudgetary audited entities) or



- h. Follow-up audit (on high risk recommendations).

C.1.1.4 Carry-over assignments

The work plan should also include audit assignments that are in progress and will be completed during the period of the work plan. The assignment numbers of such carry-over assignments should be inserted and the time budget revised to indicate the remaining number of days required to complete the assignment. Audit assignments that were not started at the beginning of the work plan period should be cancelled and a decision made as to whether they should be included in the new work plan.

C.1.2 Review and approval of the work plan

On completion, each Section Chief should submit the Audit Section's proposed work plan to his/her Service Chief for review. The Service Chief should review the work plan and ensure *inter alia* that:

- a. The assignments are justified based on the risk registers. S/he should also confirm that all assignments that can arise from high/moderate areas in the risk registers have been included in the proposed work plan;
- b. The selection of assignments from other sources is justified;
- c. The work plan is achievable and the Audit Service has the competencies required to conduct the assignments;
- d. The total audit days available to the Audit Section have been fully utilized. For example, if the Audit Section has 750 available audit days in total, the number of days for all its assignments should equal or slightly exceed the 750 days to allow for carry-overs into the first few weeks of the coming year;
- e. There is no duplication with oversight areas proposed by the BOA or JIU;
- f. Priority is given to higher risk areas in the earlier years of the work plan; and
- g. There is an appropriate mix of audits of focus areas scheduled in a particular year

When the Service Chief is satisfied that the work plan has been properly compiled, s/he should submit it to the Director/Deputy Director with a copy to PPS.



PPS should review the work plans and check that they have been compiled in accordance with the guidelines issued and are consistent between Audit Services including that:

- a. The approach to similar risk categories/focus or sub-focus areas is consistent;
- b. There is an appropriate mix of audits of focus areas scheduled in a particular year across the Division;
- c. High risk areas have been properly prioritized;
- d. The estimated number of days for similar audits is consistent; and
- e. The titles of comparable audits are similarly worded.

PPS should also determine whether there is a need to conduct horizontal audits that address a particular risk category or focus/sub-focus area across the Secretariat or a subset of offices e.g. peacekeeping missions;

PPS should submit the individual Audit Service work plans to the Director and Deputy Director who will review and discuss them with the relevant Service Chiefs. The Service Chief should ensure that any amendments arising from the reviews are made, and the amended work plan sent to PPS. PPS should then prepare a consolidated work plan for the Division and forward it to the Director/Deputy Director for submission to the USG/OIOS.

PPS should also prepare a detailed work plan for the coming year and distribute it to Section Chiefs to indicate the initials of the members of the audit team who will be responsible for the respective assignments, and the quarter in which the assignments are scheduled to start. On receipt of the information, PPS should incorporate the details in the master copy of the work plan. In addition, PPS should prepare a document explaining the background to the preparation of the annual work plan and forward it along with the work plan to the Director/Deputy Director for submission to the USG/OIOS for approval.

On receipt of the approval, PPS should request the IT Focal Point for each Audit Service to insert the assignment numbers in their portion of the work plan. On receipt, PPS should incorporate of the assignment numbers in the master copy of the work plan and forward it to the Director.

The Director will formally circulate the work plan to the Division as authority for the audit assignments to be conducted during the year.



PPS/IT Focal Point should enter all approved assignments in the Assignment Schedule Setup form in *AutoAudit*.

C.1.3 Changes to the approved work plan

Changes to the approved work plan should only be made with the prior approval of the Director/Deputy Director through the Service Chief. The Auditor-in-Charge (AIC)/Section Chief should complete [AUD1.1 Amendment to Work Plan Form](#) for any proposed significant change in audit scope or objectives, to add or cancel an assignment, or to increase the budgeted days of an assignment by 25 per cent or more.

C.2 Overview of the audit process

C.2.1 Audit phases

The IAD audit process features four phases: engagement planning, fieldwork, reporting audit results and audit closure, and audit monitoring. IAD initiates and provides resources for audits according to the OIOS annual work plan (section [C.1](#) of this manual) and any amendments thereto that are approved by the Director. The OIOS audit process reflects the policies and procedures that govern the implementation of individual audit assignments. Working papers related to the first three phases are stored in *AutoAudit*.

C.2.1.1 Audit engagement planning

The engagement planning phase involves selecting and providing resources for the audit, notifying the audited entity, conducting the entry conference, collecting preliminary information, defining the audit objectives, scope and methodology, and preparing an audit plan and programme. The issuance of the Audit Notification Memorandum marks the beginning of the audit assignment.

C.2.1.2 Audit fieldwork

Audit fieldwork involves executing the audit plan and audit programme in accordance with IIA Standards and this Manual. All working papers should be recorded electronically on *AutoAudit*. Activities central to the fieldwork phase include: collecting and analyzing information, developing findings, conclusions and recommendations, discussing issues with the audited entity, and documenting evidence. The fieldwork phase ends with the holding of the exit conference.



C.2.1.3 Reporting audit results and audit closure

During the reporting phase, OIOS formally communicates audit results, conclusions and recommendations to audited entities. The audit team prepares the draft and final audit report for management's review and issuance to the audited entity. The AIC/Section Chief also completes [AUD-3.4 Audit Report Clearance Check Sheet](#), [AUD-3.11 Audit Staff Appraisal Report \(ASAR\)](#), and [AUD-3.10 Recommendations Coding Sheet \(RCS\)](#) for entry of recommendations on the recommendations monitoring database. Thereafter, the Section Chief closes the audit on *AutoAudit*.

C.2.1.4 Audit monitoring

The audit monitoring phase involves conducting a client satisfaction survey, following-up with the audited entity's management on the status of implementation of audit recommendations and resolving long-outstanding recommendations. During this phase, PPS also coordinates IAD's segment of the annual and semi-annual reporting of OIOS' activities to the General Assembly and the Secretary-General.

C.2.1.5 Distribution of audit time

Budgeted time on an audit is expected to be distributed as follows:

Table 1: Distribution of budgeted time on an audit

Audit Phase	% of audit time
Planning	30%
Fieldwork	40%
Reporting and Audit Closure	30%

C.2.2 Roles and responsibilities of audit personnel

Audit assignments are carried out by audit teams comprising of the Section Chief, AIC and Assisting Auditors. The teams are overseen by the Service Chief with overall direction and management provided by the Director. The basic set-up for each audit is as illustrated in Figure 1.

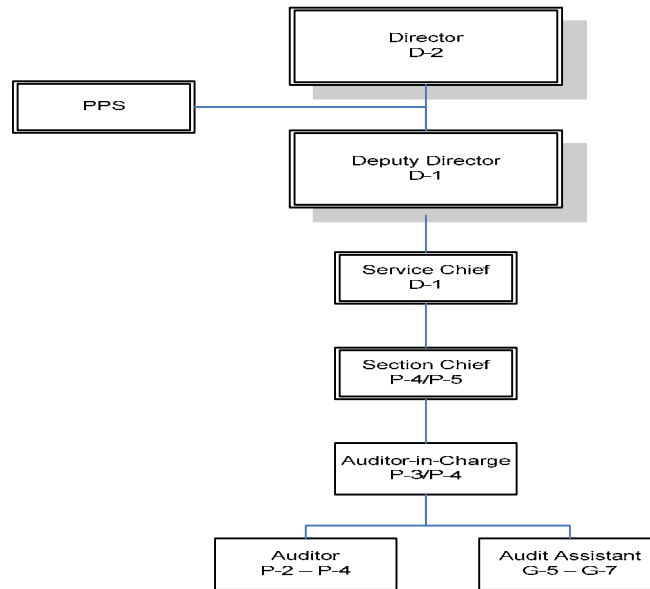


Figure 1: Audit team and management structure

The detailed job description for each team member is included in Annex [E.6](#).

C.2.2.1 Relative input (time) of Audit Team and Management

The relative input by various members of the audit team is depicted below:

Table 2: Relative time input

Audit Phase	Team Member/Management					
	Audit Assistant	Assisting Auditor	Auditor-in-Charge	Section Chief	Service Chief	Director/Deputy Director
Planning	Yellow	Yellow	Red	Yellow	Yellow	Green
Fieldwork	Red	Red	Red	Yellow	Green	Green
Reporting results and audit closure	White	Yellow	Red	Red	Red	Yellow

Key:			
Very Low	White	Moderate	Yellow
Low	Green	High	Red



C.2.3 Audit documentation

All IAD working papers are maintained in electronic files on *AutoAudit*. *AutoAudit* is an audit automation tool that stores working papers in a secure and centralized database. It can be launched via Lotus Notes from any IAD location and each staff member is given reader-access to the entire database, and edit-access to audits to which s/he has been assigned. Edit-access permits preparation of working papers either by completing forms directly in *AutoAudit* or attaching documents that have been created using any of the Microsoft Office programs. Working papers are linked to each appropriate objective in the audit programme to provide structure to the audit file and ensure all audit objectives have been covered. AICs, Section and Service Chiefs and IAD management are able to review and sign-off working papers using approval buttons, and to track the status of audits.

C.2.3.1 Preparation and organization of working papers

Working papers that record the information obtained and analyses conducted during the audit, and support the observations and recommendations to be reported, should be prepared on every assignment. Each working paper should identify the assignment and describe the contents or purpose of the working paper. *AutoAudit* will automatically insert the name of the preparer and preparation date for working papers prepared directly on the system. Working papers prepared using other applications should bear the name and be dated by the auditor performing the work. Each working paper should contain a reference number, an explanation of the tick marks used and the source of data. Working papers should be restricted to matters that are directly relevant to the audit objectives and extraneous materials purged from the file.

The working paper file should be structured and arranged in a logical manner to facilitate review and for reviewers to ensure that the approved audit procedures were completed and objectives achieved. All IAD working paper files shall be organized as shown in Annex [E.5](#).

C.2.3.2 Mandatory working papers

While the detailed contents of the working paper file shall be determined by the auditor the following mandatory documents shall be prepared on each audit assignment:

- a. Completion Table;
- b. Planning Activities form, audit plan and programme;



- c. Fieldwork Activities form, audit segment summaries, records of control weaknesses, exit conference briefing and notes;
- d. Reporting Activities form; and
- e. Audit Closure form.

The *AutoAudit* Reference Manual provides detailed guidance on the use of the system.

C.3 Audit engagement planning

C.3.1 Introduction

Applicable IIA Standards

2200 – Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations.

2201 – Planning Considerations

In planning the engagement, internal auditors must consider:

- The objectives of the activity being reviewed and the means by which the activity controls its performance;
- The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level;
- The adequacy and effectiveness of the activity's risk management and control systems compared to a relevant control framework or model; and
- The opportunities for making significant improvements to the activity's risk management and control processes.

2201.A1 - When planning an engagement for parties outside the organization, internal auditors should establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.

2201.C1 - Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant



engagements, this understanding must be documented.

2210 – Engagement Objectives

Objectives must be established for each engagement.

2210.A1 - Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives should reflect the results of this assessment.

2210.A2 - Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

2210.A3 - Adequate criteria are needed to evaluate controls. Internal auditors must ascertain the extent to which management has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management to develop appropriate evaluation criteria.

2210.C1 - Consulting engagement objectives must address governance, risks management, and control processes to the extent agreed upon with the client.

2220 – Engagement Scope

The established scope must be sufficient to satisfy the objectives of the engagement.

2220.A1 - The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.

2220.A2 - If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.

2220.C1 - In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

2230 – Engagement Resource Allocation

Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and



complexity of each engagement, time constraints, and available resources.

2240 – Engagement Work Program

Internal auditors must develop and document work programs that achieve the engagement objectives.

2240.A1 - Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

2240.C1 - Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.

Planning entails familiarization with the objectives, processes, risks and controls of the audited entity and activity to be audited, and developing a strategy and approach to conducting the audit. It is the most important part of the audit as the success of an audit depends on how well it has been planned. During planning, the auditor should be thinking of how s/he expects the audit will contribute to adding value and improving the entity's operations. Planning also assists in the proper briefing and assignment of work to members of the audit team so that the audit is performed in an efficient and timely manner. It also prevents wasting time on ineffective and inefficient fieldwork testing later.

The objectives of engagement planning are as follows:

- a. To ensure that individual audit assignments are initiated in line with the OIOS annual work plan and in accordance with established audit standards, policies and procedures;
- b. To ensure that the audit team obtains all the relevant information it requires to assist it in determining the audit's objectives, scope and methodology and the resources required to conduct the audit; and
- c. To obtain a good understanding of the audited entity's mandates and the risks that threaten their achievement, the entity's organization structure, internal control environment and on-going issues.

The plan should be reviewed by Section Chiefs and approved Service Chiefs before the team undertakes significant fieldwork.



C.3.2 Selecting the assignment

The Section Chief should normally select individual assignments from the approved annual work plan. If a proposed assignment is not in the annual work plan, the Section Chief must obtain approval to undertake the assignment from the Service Chief and Director. S/he should complete [AUD-1.1 Amendment to Work Plan Form](#) indicating the details of the proposed assignment, suggested team members and person days, and the reason for the request to add the assignment to the current year work plan. The Service Chief will review the justification for the request and determine the effect of the proposed assignment on the resources of the Audit Service and other planned activities of the year. If in agreement that the assignment should be added, s/he will approve the request and forward it to the Director for authorization. Once authorization is granted, the form should be forwarded to the Section Chief and PPS/IT Focal Point to update the OIOS annual work plan, schedule the assignment in *AutoAudit* and reflect the change in the audit management system.

C.3.3 Assigning the Auditor-in-Charge and audit staff

The Section Chief, taking into consideration the nature of the assignment, the training and experience of available staff and staff developmental needs, decides on the most effective team composition. On notification, auditors identified to participate in an assignment should assess their relationship with the audited entity and its staff, and determine whether there are any circumstances that could potentially impair their independence or objectivity while conducting the assignment. Each member of the audit team, including the Section Chief, should read, and if in compliance, sign form [AUD-1.2 Statement of Independence](#). Any concerns about potential conflicts of interest or impaired independence or objectivity should be reported to the Section Chief, who will substitute the auditor concerned, with other staff in the Section or Service in consultation with the Service Chief. Section Chiefs should report any personal independence concerns to the Service Chief who will make alternative arrangements for the supervision of the assignment.

The Auditor-in-Charge (AIC) should open the assignment on *AutoAudit* by creating the Completion Table from the Assignment Schedule Setup form. S/he should attach the Statements of Independence to the Planning Activities form.

The Section Chief should discuss the audit assignment with the AIC and other assigned staff. The discussion should include a review of the information obtained and/or developed by the Section Chief during the preparation of the annual work plan which resulted in the inclusion of the assignment in the plan, audited entity risk register and map, and preliminary audit criteria and objectives.



C.3.4 Audit notification memorandum

Each audit assignment is formally opened by the issuance of a memorandum – [AUD-1.3 Audit Notification Memorandum](#) drafted by the AIC, reviewed by the Section Chief and signed by the Service Chief or at peacekeeping resident audit offices, by the Chief Resident Auditor (CRA) on behalf of the Service Chief. The Audit Notification Memorandum informs the audited entity of OIOS intention to conduct an audit, giving an approximate date for the entry conference. The Audit Notification Memorandum should be issued at least one month prior to the planned commencement of the fieldwork, to give the audited entity sufficient time to make proper logistical and other arrangements to ensure the smooth conduct of the audit. (Informal communications as to the suitability of the planned audit dates may be made prior to issuing the formal Audit Notification Memorandum.)

The Internal Audit Protocol annexed to the Audit Notification Memorandum outlines the respective roles and responsibilities of IAD and the audited entity during the course of an audit, and the opportunities for consultation during the audit process. It also provides an overview of the audit process and the broad timeframes for key milestones of the assignment.

The Administrative Assistant of the Service/Section should issue the Audit Notification Memorandum to the audited entity and send a copy to the Section Chief who will forward it to the AIC. The AIC will attach the Audit Notification Memorandum to the Planning Activities form in *AutoAudit* and send a copy to PPS/IT Focal Point to record the start of the assignment in the audit management system. Any response from the audited entity to the Audit Notification Memorandum should be forwarded to the Section Chief or AIC for consideration and/or action, as necessary.

The AIC should also prepare a memorandum [AUD-1.9 – Notification memorandum to other OIOS Divisions](#) for issuance to the other OIOS divisions. This memorandum enables us to advise the divisions of the audits that are being undertaken by IAD, thereby allowing us to coordinate our work better and to obtain any information of relevance that they may have on the audited entity and/or the audit topic. The memorandum should be signed by the Service Chief or at peacekeeping resident audit offices, by the CRA on behalf of the Service Chief. On receipt of the information, the AIC should use it to plan the audit as appropriate.



C.3.5 Entry conference

A formal entry conference with the audited entity should be arranged in the timeframe indicated in the Audit Notification Memorandum. In preparation for the meeting, the AIC should gather background information to obtain an overview of the nature of the audited entity's mandate and operations, risk profile and the current issues it faces. PPS maintains a website on the UN intranet iSeek, which is a useful source of information. The site can be accessed from any location via Lotus Notes web-mail. In addition to professional guidelines and templates of IAD documents, this site also serves as a repository for copies of all IAD reports issued since 2006. Recommendations from prior internal and external oversight assignments should also be reviewed. These reports may be obtained from the following sources:

Table 3: Location of United Nations oversight reports

Oversight body	Location of reports
▪ Board of Auditors	IAD website
▪ Joint Inspection Unit (JIU)	JIU website: http://www.unjiu.org/en/reports.htm
▪ Inspection and Evaluation Division	iSeek: http://iseek.un.org/webpgdept617_28.asp?dept=617
▪ Investigation Division	Redacted reports may be obtained through OUSG/OIOS
▪ UNHCR Inspection	Through UNHCR Audit Section

The AIC should coordinate the time and place for the entry conference meeting. The entry conference should be held prior to any travel to the audited entity's location. Therefore, for audits located in the field, the AIC should schedule the entry conference with key head office personnel and link relevant field office personnel by video- or tele-conference facilities where feasible. This is to ensure that pertinent issues facing the audited entity are identified at the appropriate level and the audit is focused on the areas of greatest relevance and risk. It also enables the field office to be better prepared for the audit before the arrival of the audit team.

In coordinating the scheduling of the entry conference, the AIC, in conjunction with the Section Chief and the audited entity's management should ascertain the number and responsibility level of the audited entity's personnel who will attend. The Section Chief should liaise with the Service Chief to determine who will attend from IAD. For audits that are sensitive, complex or of a high profile, or if the



audited entity is located in New York, Geneva or Nairobi, the Service Chief should attend the entry conference. The Director/Deputy Director will attend at his/her discretion. The Section Chief should attend the entry conference at his/her location.

The entry conference sets the tone for the audit, and should be used to obtain the audited entity's views and expectations as well as to establish the framework for the conduct of the audit. The AIC should explain the different phases of the audit and advise the audited entity about the clearance and reporting procedures for communicating findings, conclusions and proposed recommendations. The following areas should be covered:

- a. Discuss and obtain the audited entity's views on the status of previous oversight findings and recommendations as well as other preliminary aspects of the planned audit. Note that OIOS is required to review the implementation of BOA recommendations. (If no action has been taken, the issues should be included for follow-up in the audit plan and programme);
- b. Discuss the areas determined to be at higher or moderate risk during the development of the OIOS annual work plan, the preliminary audit objectives and scope as well as audit criteria for the targeted audit areas;
- c. As part of client service, discuss the audited entity's concerns in the area under audit and determine the extent to which areas identified can be incorporated in the audit. Such consideration will be based on the audit resources available and the relative priority of the issue;
- d. Obtain agreement on the methodology to be used, especially if surveys, questionnaires or control self-assessment workshops are utilized;
- e. Explain that assessing the control environment, including testing soft controls, will be part of the audit;
- f. Agree on a focal point from the audited entity, responsible for handling audit queries, administrative and logistical matters, and establish formal and informal lines of communication between the team and the audited entity; and
- g. Discuss logistics arrangements including accommodation for the audit team, access to equipment and other facilities, translators etc. that will help expedite the audit.



An agenda for the entry conference should be sent ahead of the scheduled date using form [AUD-1.4 Entry Conference Agenda](#).

On the first day of field audits, a supplemental meeting should be held with senior personnel to introduce the team and discuss specific local issues.

In some audit environments, such as resident audit offices, where OIOS audit staff may have established and maintained on-going relations with the audited entity, it is important to ensure that a formal entry conference is held with the audited entity to initiate each new assignment.

C.3.5.1 Note on the entry conference

The AIC should ensure that important comments made during the entry conference are documented in the working papers and, where appropriate, included in the Audit Plan and Audit Programme. The AIC should ensure that a note on the entry conference is prepared summarizing agreements reached, comments from the audited entity on the preliminary audit objectives, audit scope and criteria for the targeted areas, details of focal points and any specific areas of concern to the audited entity. Form [AUD-1.5 Entry Conference Notes](#), should be used for this purpose. The notes should be attached to the Planning Activities form in *AutoAudit*.

C.3.6 Conducting the audit planning activities

The AIC and other assigned audit staff are responsible for performing the substantive planning activities at the beginning of the audit assignment. The Section Chief is responsible for guiding the audit staff during the planning phase and for reviewing and approving decisions taken. Conducting the planning activities involves gathering information on the audited entity's objectives, its organizational structure and operations, including identifying and describing key controls, conducting a risk assessment at the activity-level, and evaluating the design of the system of internal control. These activities form the basis of developing the audit plan and programme.

C.3.6.1 Gathering information

Information should be collected to obtain a good knowledge of how the audited entity plans, organizes, directs and controls its activities. It should however be noted that gaining such knowledge is a continuous and cumulative process as the audit progresses and more information is gathered and assessed. The following are useful sources of information on key activities of the audited entity:



Table 4: Sources of information on the audited entity

Management Function	Source of information
Planning	<ul style="list-style-type: none">GA resolutions/mandateStrategic plan/frameworkSpecial projects that are planned or are underwayCopies of policies and directivesInternal management reportsBudgets
Organizing	<ul style="list-style-type: none">Organization charts, staffing tables and job descriptionsRelations with interfacing offices and organizationsDelegations of authority received and assignedLocation, nature and size of field offices
Directing	<ul style="list-style-type: none">Copies of relevant regulations and rules
Controlling	<ul style="list-style-type: none">Historical financial dataCopies of manuals and operating procedures

Information may also be obtained from other sources such as the audited entity's website, website of official documents of the United Nations, press and media releases, other UN organizations and government institutions.

In order to obtain a thorough understanding of the audited entity's operations and be in a position to conduct an objective appraisal of activities, it is not enough to just accumulate and file documents. Auditors must analyze and assimilate the information collected and on the basis of their analyses, make decisions about the work to be performed in subsequent stages of the audit. The following techniques may be adopted to carry out such analyses:

a. **Interviews**

Interviews are conducted to help auditors better understand the audited entity's operations. In order to obtain useful information, not only must the right questions be asked but they must be posed in an appropriate manner that puts the interviewee at ease and gains his trust. Successful interviews are based on (i) determining the areas to be covered in advance and the questions to be asked, (ii) scheduling an appropriate time and place, (iii) establishing a rapport with the interviewee, (iv) explaining the purpose of the interview and how the results will be used, (v) asking the questions, (vi) listening to the responses, and (vii) wrapping up or closing the interview. Notes on the interview should be prepared as soon as possible afterwards.



b. **Questionnaires**

A list of questions on a particular area or function may be developed to obtain information relating to the audit objective. The questionnaire should be as short as possible and the questions should be designed such that they (i) avoid ambiguity, vagueness or confusion, (ii) do not lead to an obvious response (i.e. are not leading questions), (iii) require a narrative response, and (iv) are within the capabilities of the respondent. Questionnaires may be sent to staff of the audited entity for completion or may be completed during an interview session or by telephone.

c. **Flowcharting**

Flowcharts are two-dimensional graphic representations of an operation in terms of the flow of activities through a process. They help to visualize the process and therefore facilitate an analysis of the operation and assist in identifying inefficiencies, overlaps and duplications/missing procedures and control weaknesses. Flowcharts are valuable when documenting a complicated flow of documents or process. **To the extent possible, the use of flowcharts to document processes is strongly encouraged.** Guidance on flowcharting, including the standard flowchart format and symbols used by IAD, can be found in [IAD Practice Guideline No. 01 Flowcharting](#).

d. **Narrative notes**

Narrative notes provide a step-by-step description of the audited entity's major systems or operations. The primary purpose of preparing narrative notes is to identify key control activities. Information for preparing narrative notes is obtained from interviewing personnel and reviewing procedures manuals and other system documentation. The notes should include all significant parts of the process especially control points, the names and positions of the people performing actions and taking decisions, and the timing of such actions.

e. **Walk-throughs**

Auditors may conduct walk-through tests after they have documented the audited entity's processes. This involves following one or two transactions or activities step-by-step through the process from beginning to end. A walk-through test helps to confirm the accuracy of the auditor's documentation of the process and ensure that it is understood. Walk-throughs are more effective in understanding the audited entity's processes than a general review of manuals and operating procedures, as they provide a faster and more effective identification of weaknesses and potential problem areas.



f. **Analytical procedures**

Analytical procedures are used to obtain an understanding of an entity and its environment. They highlight significant variations and trends, and assist internal auditors in identifying conditions that may need to be addressed during the assignment.

Analytical procedures involve the study, comparison, and evaluation of relationships among financial and non-financial data at a point in time and the trend in those relationships over a period. They also encompass the investigation of identified fluctuations and relationships that are inconsistent with other relevant information or deviate significantly from predicted amounts. Analytical procedures are useful in identifying:

- i. Differences that are not expected and the absence of differences when they are expected ;
- ii. Potential errors, fraud or illegal acts; and
- iii. Other unusual or non-recurring transactions or events.

There are three general steps in performing analytical procedures: (i) develop an expectation for an account balance or item, (ii) compare the expected amount to the recorded balance, (iii) determine the nature and extent of further audit testing based on the difference between the recorded and estimated balance. Analytical procedures include:

- i. Comparison of current period information with similar information for prior periods, budgets or forecasts;
- ii. Study of relationships of financial information with the appropriate operating, economic and non-financial information; and
- iii. Comparison of information with similar information for other sections within the entity being audited, United Nations funds and programmes or other international organizations.

To the extent possible, the use of analytical procedures to analyze financial information is strongly encouraged. Additional guidance on analytical reviews will be issued separately as a practice guideline.

g. **Data analysis**

Data analysis is the act of transforming data with the aim of extracting useful information and facilitating conclusions. By using data analysis software,



auditors are able to analyze data from many different dimensions, categorize them and summarize relationships or patterns identified. Instances where the data do not follow a predictable pattern could be indications of possible errors or potential fraud. Questionable results should be the subject of detailed testing.

Various data analysis software is available and IAD uses IDEA (from Caseware IDEA Inc.). IDEA can be used to generate statistics for numeric and date fields, stratify or summarize data using defined criteria, identify duplicates or gaps in a numeric or alphanumeric data sequence, and to determine sample sizes and select samples based on parameters entered. **To the extent possible, the use of IDEA in data analysis is strongly encouraged.**

Where a decision is taken to perform data analysis, arrangements should be made to extract the data from the database. If the data is in the Integrated Management Information System (IMIS), it can be downloaded using IMIS Reporting Facility Application or United Nations Web Integrated Reporting. For other systems, the auditor should request the audit focal point to make the data available in soft copy specifying the type of data (purchase orders, cheques etc.), fields required and period to be covered. Where difficulties are encountered in obtaining the data in a suitable format, assistance should be sought from the ICT Audit Section.

h. Physical observations

Personal observations reveal what is going on and how, and whether what is purported to exist corresponds to reality. They involve touring facilities/site visits, reviewing processes, flow of materials and documents.

C.3.6.2 Conducting the activity-level risk assessment

Risk assessment is conducted at the activity-level to identify and evaluate risk exposures at the operations or micro level of the entity⁷. It involves considering business process risks, quality of local management and individual performance in different situations. As part of the planning activities, the risks that threaten the objectives of each process or sub-focus area within the activity to be audited should be identified and classified into the respective risk categories. The purpose of the risk assessment at the activity-level is to determine the audit objectives. The audit will concentrate on those sub-focus areas which are assessed as moderate or higher risk. The risk categories of the sub-focus areas indicate the types of objectives that should be included in the audit programme.

⁷ Implementing the Professional Practices Framework: 2nd Edition, Anderson and Dahle



For example where compliance risks are rated as moderate or high, the auditor should ensure that the audit objectives include a review of compliance with the procedures/regulations related to the activity. If operational risks are higher, the objectives should include a review of the efficiency and effectiveness of the procedures.

The focus area may also be a determinant of the type of audit to be conducted. For example, the focus area of Programme and Project Management or Strategy Management and Governance may indicate the need for a performance audit; an IT Management focus area may indicate the need for an IT audit etc.

C.3.6.3 Evaluating the design of the internal control system

All audits, regardless of the nature, typically involve providing assurance on the design and effectiveness of the system of internal control. After obtaining an understanding of the internal control system by way of interviews, questionnaires, systems documentations, walk-throughs and/or performing some initial analytical procedures or data analysis, auditors should make a preliminary assessment of the internal control system to determine whether identified controls are designed to meet the control objectives and mitigate risks. Limited examination of documents, records and reports should be undertaken to assess the design of the controls.

Evidence gathered during the planning activities should be filed in a logical manner, in the Planning Activities section of *AutoAudit*. On reviewing the data collected, auditors should be in a position to finalize the audit objectives and scope of the audit. They should also determine the extent of testing i.e. sample sizes, that will be required to enable reach a conclusion on the audit objectives, and the methodology to be adopted to extract samples.

C.3.6.4 Audit sampling

Audit sampling involves the application of audit procedures to less than 100 per cent of the population such that each item in the population has an equal chance of being selected. Sampling enables auditors to obtain and evaluate audit evidence about some characteristic of the items selected (sample) in order to form or assist in forming a conclusion about the population from which the sample is drawn.

Audit sampling can use either a statistical or a non-statistical approach. Statistical sampling means any approach to sampling that has the following characteristics:



- a. Random selection of a sample; and
- b. Use of probability theory to evaluate sample results, including measurement of sampling risk. Sampling risk arises from the possibility that the auditor's conclusion may be different from the conclusion that would be reached if the entire population were subjected to the same audit procedure.

Any sampling approach which does not fulfill the characteristics set out above for statistical sampling is considered non-statistical sampling. The results of testing a sample using a non-statistical sampling approach should not be extrapolated over the population as the sample is unlikely to be representative of the population.

C.3.6.4.1 Choice of sampling method and technique

The sampling method selected depends on the audit objective. If the auditor is seeking to determine how many cases or how much (the amount) of something exists, s/he should use a statistical sampling method. If on the other hand, the auditor wants to determine whether a problem exists, s/he should use non-statistical sampling.

There are two types of statistical sampling – attributes sampling and variables sampling.

a. **Attribute sampling**

Attribute sampling provides answer to the question “How many items display the characteristic or attribute I am seeking to identify?” It allows the auditor to determine whether the rate of occurrence of a characteristic or attribute (usually errors) in a population is small enough to assume that procedures are working effectively or is indicative of an issue which needs to be included in the audit report. It is applied to testing items that can have only two possible values (e.g., 0 or 1) or attributes (e.g., *correct* or *incorrect*, or *yes* or *no*). Attribute sampling is most widely used in tests of control (to determine rates of non-compliance within control procedures).

Attribute sampling selection techniques include survey sampling and decision sampling.

b. **Variables sampling**

Variables sampling provides answer to the question “How much”? It is usually applied to stated monetary amounts and attempts to provide information about their accuracy. By taking a sample and drawing an inference about the population, the auditor can reach a conclusion on whether the amount is



materially misstated. Variables sampling is used in substantive tests of details.

Variables sampling selection techniques include simple and systematic random sampling and stratified sampling.

Non-statistical sampling is based on the auditor's judgement. It is appropriate when looking for the existence of a problem or when the auditor does not need to draw conclusions about the entire population. Non-statistical sampling selection techniques include haphazard, judgement, convenience and biased sampling.

The decision whether to use a statistical or non-statistical sampling approach is a matter for the auditor's professional judgement regarding the most efficient manner to obtain appropriate audit evidence in the particular circumstances. **To the extent possible, statistical sampling should be used in all audits.**

C.3.6.4.2 Sample size

In general, the sample size in statistical sampling depends on four factors:

- a. The population size – The entire set of data from which a sample is selected and about which the auditor wishes to draw conclusions;
- b. The variability in the population – The extent to which the characteristics of items in the population differ from each other. Variability is measured by the expected deviation rate (for attributes sampling) and standard deviation (for variables sampling). The more variability in the population, the larger the required sample size. Variability can be reduced by stratifying the population i.e. dividing up a population to create relatively homogeneous groups.
- c. The desired confidence level – The degree to which a sample drawn at random can be expected to fall within a specified range. It is also referred to as the level of assurance. The lower the assurance required, the smaller the required sample size; and either the
- d. The tolerable and expected deviation rates (for attribute sampling) – the tolerable deviation rate is the maximum rate of deviations from the control that the auditor is checking, that s/he will be willing to accept without altering the planned assessed level of control risk. The lower the tolerable deviation rate, the higher the sample.



The expected deviation rate is the estimated error rate in the population. This can be determined based on a pilot sample or prior experience. It should be less than the tolerable deviation rate; **or**

- e. The desired precision (for variables sampling) – The tolerable error that can be accepted to conclude that the audit objective has been achieved. The smaller the tolerable error, the larger the required sample.

The auditor has no control over the population size or variability but can alter the confidence level or the tolerable and expected deviation rates/precision level to determine the sample size. IAD uses two tools to determine sample sizes for statistical sampling – IDEA or SROSTATS. These tools will generate the sample size based on the criteria that are input.

The sample size for non-statistical sampling is based on the number of items the auditor believes s/he needs to check to enable him/her reach a conclusion on the audit objective. In providing guidance on the determination of sample sizes based on judgement Sawyer et al (Sawyer's Internal Auditing, 2003, p445) said:

"... we should not place undue reliance on a sample of under 30 items. Only at 30 may the sample begin to adopt the characteristics of the population. In many situations, a statistical sample of 30 or 40 items will give sufficient assurance that the system is working with reasonableness. Auditors should be aware, however, that they are counting on the system to detect errors rather than on their small sample."

When using judgement to determine the sample size, the sample should not be less than 30 items. Where the population is less than 1,000 items, the sample size may be adjusted as considered appropriate.

Additional guidance on sampling will be issued separately as a practice guideline.

C.3.6.4.3 Testing the whole population

Sampling is not always required and it may be possible to apply audit procedures to the entire population if all the data is held on computer systems and data analysis software like IDEA is available. The auditor may also decide not to sample if:

- a. The population is small;
- b. S/he is unwilling to accept the sampling risk; **or**



- c. S/he is searching for rare occurrences or known problem areas.

C.3.6.5 Audits of activities with significant information systems component

Where the audit relates to an activity or unit which maintains its information primarily on an ICT platform, auditors should (i) determine the size and complexity of the system and the extent of the activity's dependence on it, (ii) gain an understanding of how the information system is used to support the organization, and (iii) assess the application level risks the activity may face. These risks include:

- a. Availability risks – lack of system operational capability;
- b. Security risks – unauthorized access to systems and/or data;
- c. Integrity risks – incomplete, inaccurate, untimely, or unauthorized processing of data;
- d. Maintainability risks – inability to update the system when required in a manner that continues to provide for system availability, security, and integrity; and
- e. Data risks – relating to completeness, integrity, confidentiality, privacy, accuracy and timeliness of data.

The review should be conducted regardless of whether the system is established like IMIS or Sun, or it is developed by the end-user. Reference should be made [IAD Practice Guideline No. 02 Review of Application Systems](#) and [IAD Practice Guideline No. 03 Review of ICT General Control](#). These guidelines include descriptions of potential risks, minimum control standards in an ICT environment and recommended audit tests to be performed. The relevant portion of the audit plan and programme should be submitted to the Section Chief of the ICT Audit Section for his/her review and comments. S/he will determine the extent to which his/her Section will be involved in the audit and provide guidance as necessary, including on arrangements for the review of working papers.

C.3.7 Developing the audit plan and audit programme

The AIC, assisted by the audit team, is responsible for developing the assignment's audit plan and audit programme.



C.3.7.1 Audit plan

The audit plan summarizes the background information collected on the audited entity and analyses the risks that threaten the audited entity's objectives in the activity to be audited. The audit plan outlines the objectives and scope of the audit and the methodology to be adopted. It also indicates the resources to be utilized during the audit and the target dates for completing significant phases and activities of the audit. The audit plan should be prepared directly in *AutoAudit*, in the format given in form [AUD-1.6 Audit Plan](#).

a. Introduction

The introduction provides an overview of the audited entity, its operations and how the audit area fits into its overall activities. It should include the following information to the extent that they are relevant to the audit:

- i. Operational activities;
- ii. Organizational structure;
- iii. Financial data (budgets, expenditure, financial trends, sources of funding, assets, etc.);
- iv. Staff situation (approved posts and actual staffing levels);
- v. Implementing partners or other organisations delegated responsibilities for implementation of activities; and
- vi. Other relevant background information.

b. Risk assessment

Relevant entity-level and all activity-level risks should be discussed in this section. The auditor should provide an assessment of how the identified risks will affect the entity and the achievement of its objectives. The detailed risk register is part of the audit plan.

c. Audit objectives

Audit objectives are broad statements developed to define what the assignment is intended to accomplish. The audit objectives should address the risks associated with the activities, processes or transactions under review as well as the probability of significant errors, fraud, noncompliance, and other exposures.



Audit objectives can be general or specific. General objectives may include broad statements like “to obtain reasonable assurance on the achievement of objectives in the following categories: efficiency and effectiveness of operations; ...” or “to assess the efficiency and effectiveness of controls to ensure ...”. Specific objectives, also called sub-objectives, are directly linked to the audited entity’s operating objectives in the audited area.

Audit objectives should not be framed as “to ensure ...” as it is management’s responsibility to ensure that things are done while the auditor’s is to determine or ascertain whether they have been done. The words “to review” or “to examine” should also not be as they refer to the steps that will be undertaken to reach the audit conclusions; these words may be used in the audit programme.

d. Audit scope and methodology

The audit scope identifies the activities, risks, processes or transactions to be audited and the time period to be reviewed. It delineates the boundaries of the assignment and indicates related activities that are not covered by the audit. The scope is determined from information collected during the planning activities including the evaluation of the design of internal control and assessment of risks associated with the subject being audited, and specific concerns raised by the audited entity. The nature and extent of testing should also be described including sample sizes to be tested, the sampling approach to be adopted and the techniques to be applied in selecting the sample.

The methodology describes the approach to be adopted in satisfying the audit objectives. This will generally include reviews of records, interviews of personnel, analyses of data, etc. Any computer-assisted audit techniques (CAATs) to be used should also be described.

e. Status of previous audit recommendations

This section should include previous IAD recommendations on the audit subject as well as recommendations by other oversight bodies (BOA, JIU and other OIOS divisions), and the current status of their implementation.

f. Timing and resources

Estimates of the audit team’s time requirements and target dates for the end of planning, fieldwork and reporting and audit closure phases of the audit should be included in the plan. Depending on the outcome of the planning stage, the initial staffing resources allocated in the OIOS annual work plan may need to be revised. Approval for significant amendments to the budgeted time should be obtained from the Service Chief and Director/Deputy Director



through the Amendment to Work Plan Form AUD-1.1. The approved form should be submitted to PPS/IT Focal Point to update the audit management system.

C.3.7.2 Audit programme

An audit programme outlining the detailed procedures for collecting, analyzing, interpreting, and documenting information during the fieldwork, should be developed. Collectively, the procedures should enable the auditor reach a conclusion on each objective. The steps reflected in the procedures are developed based on the work done during the planning activities phase of the audit. The audit plan should be prepared directly in *AutoAudit*, in the format given in form [AUD-1.7 Audit Programme](#).

a. **Risk summary**

Identify risks that are directly related to the objectives of the audit. Risk is the threat that an event or action will adversely affect the audited entity's ability to achieve its organizational objectives and execute its strategies successfully. Refer to the, risk assessment section of the audit plan, for the complete list of risks identified in the audit. The risks listed in the audit programme should address as a minimum, the higher risk exposures.

Significant variations and trends as well as questionable results that were identified while conducting the planning activities (i.e. analytical procedures, data analyses etc.) should also be reflected here.

b. **Risk category**

Indicate the category to which the risk belongs.

c. **Risk rating**

Indicate the overall rating of the risk.

d. **Control component**

Identify the control component (refer to B.7.2.) to which the potential risk or control weakness pertains. This can be obtained from planning documents. Use:

- i. CE for Control Environment;
- ii. RA for Risk Assessment;
- iii. CA for Control Activities;



- iv. IC for Information and Communication; and
- v. M for Monitoring.
- e. **Existing controls**
Describe the controls that directly manage/address the risk identified. Generally, these should be phrased to first identify the person/function responsible for the control activity, followed by a description of the action to mitigate the risk.
- f. **Control design adequacy**
Conclude with *Yes/No* on whether controls to mitigate the risk are well designed. The audit team should evaluate the adequacy of the control design during the planning activities, assuming the controls are working the way they were designed to work. Generally, a control is well designed if it is preventive and provides for adequate segregation of duties and supervision. Note that controls can appear to be well designed but still lack substance.
- g. **Audit objective**
Indicate the relevant audit objective in the audit plan that addresses the risk(s).
- h. **Tests to be performed**
Design and perform procedures to test controls deemed adequate/well designed, to determine whether the controls are operating as intended. State clearly what the test procedures intend to achieve. Doing so would also provide the criteria on what constitutes an error/exception. Test procedures must be phrased beginning with a verb. Test procedures and scope will vary depending on the nature and criticality of controls, and the significance of risks.

There is generally no need to test the effectiveness of a control that has not been properly designed. If the audit team concludes that the control is not well designed, tests should rather be designed to determine/illustrate the actual/potential risk resulting from the inadequacy of the control design.

C.3.7.3 Approval of audit plan and audit programme

On completion of the audit plan and audit programme, they should be submitted to the Section Chief via *AutoAudit* for review and to the Service Chief for approval, prior to the commencement of the audit fieldwork. If the assignment is based on a request from the General Assembly, the Service Chief should forward the audit plan and programme to the Director/Deputy director for approval. After the



documents have been approved, the Section Chief should share the audit plan with the focal point identified for the audit to apprise the audited entity of the final audit objectives, activity level risks etc. (Please note that the audit programme should not be shared.) The AIC should advise the PPS/IT Focal Point that the audit plan has been approved so that s/he can record information on the milestone dates and staffing resources in the audit management system. The AIC should then ensure that the status of all activities in the Planning Activities form are checked as completed and request the Section Chief to review the form. The Section Chief's approval of the Planning Activities form marks the end of the planning phase.

As the audit progresses, there may be a need to revise the audit programme to incorporate additional procedures that were not foreseen during the planning stage. The AIC will not be able to make such revisions directly to the audit programme because the Service Chief's approval of the programme locks the document and prevents further editing. The revisions may be indicated on a Word document and transmitted to the Section and Service Chiefs for approval in a timely manner. It should be saved on *AutoAudit*.

C.4 Audit fieldwork

C.4.1 Introduction

Applicable IIA Standards

2300 – Performing the Engagement

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

2310 – Identifying Information

Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

2320 – Analysis and Evaluation

Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.

2330 – Documenting Information

Internal auditors must document relevant information to support the conclusions and engagement results.

2330.A1 - The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to



external parties, as appropriate.

2330.A2 - The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

2330.C1 - The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

2340 – Engagement Supervision

Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

Fieldwork is the process of collecting, analyzing, interpreting and documenting information on matters related to the audit objectives and scope. The objective is to obtain sufficient, competent, relevant, and useful information to provide a sound basis for audit findings and recommendations. Some preliminary audit testing would have been conducted as part of the planning stage of the audit. During the fieldwork the auditor performs more detailed reviews and analyses, tests the operation of established controls and evaluates the effectiveness of the internal control system.

C.4.2 Orienting the audit team and assigning team member responsibilities

At the start of the fieldwork phase, the AIC meets with the audit team to discuss the approved audit plan and programme. The AIC should ensure that the audit team understands the audit objectives, scope and methodology, the procedures developed to accomplish the audit objectives, and the estimated timeframes. The AIC, considering the work that must be performed and the skills and abilities of assigned staff members, should assign distinct objectives or sections of the audit plan and audit programme to the team. Each team member should familiarise him/herself with the audit plan and audit programme from *AutoAudit* and obtain an understanding of how their assigned work is related to all other sections of the audit programme.

The audit team should also start developing a structure for the report at this stage. The team would have gained an impression of the likely important issues that may arise from the audit while conducting the planning activities. Based on



this, and led by the AIC, the team should design a rough outline of the report and determine:

- a. How individual audit findings will be presented and the amount of detail that will be reported;
- b. Possible types of information that will be required to supplement findings and recommendations including the use of tables, graphs, pictures and annexes; and
- c. How confidential amounts, names and other information will be reported.

C.4.3 Executing the audit programme

To make the audit more manageable and to better structure the working papers in *AutoAudit*, the AIC should break the audit programme into segments. An audit segment may be an audit objective, a business process, a geographical location etc., depending on the audit subject, objectives, scope, or the size/structure of the audited entity. The primary consideration in deciding how to divide the audit into manageable segments should be to facilitate concluding on the achievement of audit objectives at the end of the fieldwork. Template [AUD-1.8 – Audit Programme – Segment](#) should be used for this purpose. The AIC should also identify the objectives of the audit segment under focus and ensure the audit programme focuses on the specific processes pertaining to the area audited and the related risks. Working papers in *AutoAudit* should be launched from the relevant Audit Programme – Segment.

During the execution of the audit programme, the audit team undertakes audit steps that have been agreed with the Service/Section Chief. The audit team gathers audit evidence; analyses and evaluates data; and reaches conclusions on the objectives of the audit. Work performed is suitably documented in *AutoAudit* from which the team develops and quantifies findings and formulates recommendations. The team also communicates and discusses preliminary audit findings, conclusions and recommendations with the AIC, Section Chief and the audited entity.

C.4.3.1 Obtaining evidence

Audit evidence refers to all the information used by the auditor in arriving at the audit opinions, conclusions and recommendations. It is obtained through applying audit procedures such as observing conditions, interviewing people, examining records and analyzing data. In forming the audit opinion, the auditor need not review all the information available because conclusions can sometimes



be reached by using sampling approaches and other means of selecting items for examination. Audit evidence is cumulative in nature and is persuasive rather than conclusive. Audit inferences are drawn from the body of evidence collected.

Audit evidence should be sufficient, competent, relevant and useful.

- a. Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor.⁸ There should be enough of it to support the auditor's findings. In determining the sufficiency of evidence it may be helpful to ask such questions as: Is there enough evidence to persuade a reasonable person of the validity of the findings? When should appropriate statistical sampling methods be used to establish sufficiency?
- b. Competent information is reliable and the best attainable through the use of appropriate engagement techniques⁹ such as statistical sampling and analytical audit procedures. Information is more competent if it is (i) obtained from an independent source, (ii) corroborated by other information, (iii) obtained directly by the auditor, such as through personal observation, (iv) documented, and (v) an original document rather than a copy.
- c. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement.¹⁰ Relevant information should have a logical, sensible relationship with the associated audit finding.
- d. Useful information helps the organization meet its goals.¹¹

Evidence collected by IAD should possess all of these qualities. For example, it is not enough to merely interview staff members without corroborating the information obtained with that from other sources. Sample sizes should be representative so that conclusions reached may be validly extended to the rest of the population.

Evidence may be categorised as physical, documentary, testimonial and analytical and is obtained by using various procedures:

⁸ IIA Practice Advisory – 2310-1

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.



a. Physical evidence

Physical evidence is obtained by direct inspection or observation of people, property or events. Inspection of tangible assets provides reliable audit evidence about their existence, but not necessarily as to their ownership or value. Observation consists of looking at a process or procedure being performed by others, for example, physically counting inventory and making observations. The observations of certain procedures are important particularly those that do not leave an audit trail.

b. Documentary evidence

Documentary evidence consists of information that exists in some permanent form such as letters, contracts, accounting records, invoices, and management information on performance. It is the most common form of evidence; it may be internal, external or a combination of both. The source of documentary evidence affects its reliability.

c. Testimonial evidence

Testimonial evidence is obtained through inquiries, interviews, or questionnaires. Inquiry and confirmation consists of seeking information from knowledgeable persons inside or outside the organization. Responses to inquiries may provide auditors with information not previously possessed or with corroborative audit evidence. Testimonial evidence may not always be conclusive and should be supported by other forms of information where possible.

d. Analytical evidence

Analytical evidence arises from the application of analytical procedures (see section [C.3.6.1](#)). Analytical procedures produce information in the form inferences or conclusions based on examining data for consistencies, inconsistencies, cause-effect relationships etc.

C.4.3.1.1 Audit criteria

The auditor should clarify the specific explicit or implicit criteria against which evidence collected will be evaluated. Criteria are explicit when they are clearly set out in policies, manuals, standard operating procedures, standards, laws and/or regulations. Where management has not yet established goals and objectives or determined the controls needed in a particular area, it may be necessary to develop implicit criteria based on what management considers to be satisfactory performance standards or industry best practices. The acceptability of implicit criteria should always be confirmed with the audited entity. Conducting an audit without agreeing the criteria may result in conclusions and recommendations that may not be accepted by the audited entity and lead to wasted audit effort and fruitless arguments.



C.4.3.2 Analysis and evaluation of data

After data is collected, it should be analysed and evaluated. Analysis means breaking down data/activities/processes into smaller, more manageable parts to determine attributes, relationships, cause, effect, etc. and make inferences or determine whether further examination is required. Evaluation is the systematic determination of the merit, worth, or significance of the subject matter to arrive at a judgment in terms of adequacy, efficiency or effectiveness.

C.4.3.2.1 Analysis of financial data

During fieldwork, analytical procedures should be used to support the results of the assignment. Auditors should consider the factors listed below in determining the extent to which analytical audit procedures should be used. After evaluating these factors, internal auditors should consider the use of additional audit procedures, as necessary, to achieve the engagement objectives:

- a. The significance of the area being examined;
- b. The assessment of risk and effectiveness of risk management in the area being examined;
- c. The adequacy of the system of internal control;
- d. The availability and reliability of financial and non-financial information;
- e. The precision with which the results of analytical audit procedures can be predicted;
- f. The availability and comparability of information regarding the industry in which the organization operates; and
- g. The extent to which other engagement procedures provide support for engagement results.

When analytical audit procedures identify unexpected results or relationships, internal auditors should examine and evaluate such results or relationships. This examination and evaluation should include making inquiries of management, and applying other engagement procedures until internal auditors are satisfied that the results or relationships are sufficiently explained. Unexplained results or relationships from applying analytical audit procedures may be indicative of a significant condition such as a potential error, irregularity, or illegal act. Results



or relationships that are not sufficiently explained should be communicated to the appropriate levels of management. Internal auditors may recommend appropriate courses of action, depending on the circumstances.¹²

C.4.3.2.2 Analysis of other data and processes

The principles applied in analysing financial data can also be utilised in examining other data, activities and processes. Directives, policies, contracts etc. may be analysed to determine their significant elements, and these assessed against best practices, standards or benchmarks. The work of committees/teams/working groups may be analysed to determine their mandate, functions, areas of responsibility, reporting lines, frequency of meetings and how decisions are implemented. By breaking activities into their composite elements, auditors may conduct analyses by observing trends, making comparisons and isolating unusual transactions and conditions for follow-up.

C.4.3.2.3 Detailed audit procedures

In addition to analytical procedures and the techniques outlined in section [C.3.6.1](#) auditors may perform the following detailed audit tests during the fieldwork:

- a. Vouching – testing recorded amounts by examining supporting documents to determine whether they represent an actual transaction.
- b. Tracing – following a document through its processing cycles to the accounting records to determine whether all transactions have been recorded
- c. Re-computation – verifying the mathematical accuracy of figures. The value of this procedure is limited as the reliability of the evidence obtained depends on the validity of the underlying input.
- d. Scanning – searching for obvious exceptions in a large quantity of data.

C.4.3.2.4 Evaluation

Evaluation is a means of arriving at a professional judgment. As auditors compare circumstances observed against relevant criteria, they evaluate the significance of any variance and determine whether corrective action is

¹² IIA Practice Advisory 2320-1: Analysis and Evaluation



necessary. The analysis and evaluation of evidence obtained should give rise to issues (positive and negative), which OIOS wishes to report to management.

Auditors should draw conclusions for each audit objective. Conclusions are logical inferences about the audit subject based on the auditors' findings. Conclusions should be specified and not left to be inferred by readers. The strength of a conclusion depends on the persuasiveness of the evidence supporting the findings, and the convincingness of the logic used to formulate the conclusions. They should be free from personal biases or prejudices, and be objective. The conclusion reached by OIOS should be the same as would have been reached by a similar experienced professional reviewing the same evidence.

Throughout the course of the audit, the AIC should assess whether the audit team has collected enough appropriate evidence to address the risk in the activity being audited, as well as the agreed audit objectives. Where the audit team has achieved the desired comfort level that based on the information gathered, the system of internal control is well designed, the audited entity complies with it and further detailed testing would be inefficient, the AIC should make a proposal to the Section Chief to stop the audit midstream and reallocate staff resources. (This is referred to as "stop and go" auditing.) The Section Chief should discuss the matter with the Service Chief who will review the circumstances and determine whether the audit can be stopped with little chance of a problem being overlooked. If s/he is in agreement, the audit can be wrapped up and the AIC should prepare the *AutoAudit* file for review. If the Service Chief is not in agreement, further fieldwork should be conducted to conclude on identified risks and meet audit objectives.

If the Service Chief agrees that the audit can be stopped, the *AutoAudit* file should be reviewed and an audit report issued in accordance with section [C.5](#). If there are no findings, the file should be referred to PPS which will review the risk assessment process and working papers to determine the circumstances leading to the inclusion of the assignment in the annual work plan and report their findings to the Director/Deputy Director, sending a copy to the Service and Section Chief. The AIC should then prepare a memorandum to the audited entity advising them of the closure of the assignment using form [AUD-3.1 Audit Closing Memorandum](#). See Section [C.5.6](#) for the rest of the procedures.

C.4.3.3 Recording information during the audit

Auditors should record all elements of the assignment in *AutoAudit*, in accordance with the format outlined in Annex [E.5](#). Working papers should be appropriately linked in *AutoAudit* so that they appear in their proper sections. The *AutoAudit* file should document the planning process, the evaluation of the



adequacy and effectiveness of the relevant segments of the internal control system, each audit step performed, the information obtained and the conclusions reached. The contents of the file should clearly support the bases of the observations and recommendations to be reported to the audited entity, and provide evidence that the audit was performed in accordance with IIA Standards. Working papers should be developed in a timely manner as the audit progresses. They help to enhance the quality of the audit and facilitate effective review and evaluation of the audit evidence obtained and conclusions reached before the audit report is finalized.

The *AutoAudit* file should be restricted to matters that are relevant to the audit. Superseded drafts of working papers, documents, and preliminary ideas not fully developed should be eliminated from the file. The file should be detailed enough to enable an experienced auditor, having no previous connection with the audit, to understand the (i) nature, timing, and extent of the audit procedures performed; (ii) results of the procedures and the audit evidence obtained; and (iii) significant matters arising during the audit and the conclusions reached¹³. The working papers should also explain why any audit programme step was not executed.

Each working paper should:

- a. Identify the assignment and describe the contents or purpose of the working paper;
- b. Bear the initials of the auditor performing the work and the date prepared (if prepared outside *AutoAudit*);
- c. Contain an index or reference number and cross-referenced or doclinked to related working papers as appropriate;
- d. Explain any tick marks used; and
- e. Clearly identify the source(s) of data.

For each segment of the audit, auditors should prepare a working paper in the format of form [AUD-2.1 Audit Segment Summary](#) to summarize the work done and conclusions reached on each audit objective. This working paper should include the following:

¹³ International Standard of Auditing 230



- a. The specific audit objective;
- b. A description of the related risks identified;
- c. A description of the population tested (including the size);
- d. The size of the sample tested and the sampling methodology used; and
- e. Conclusions reached.

Auditors should describe the issues they wish to report to management in form [AUD-2.2 Record of Control Weaknesses](#) (RCW) (see section [C.4.3.3.1.2](#)) and attach it to form AUD-2.1.

C.4.3.3.1 Audit findings

OIOS auditors should report audit findings i.e. significant deviations from relevant criteria, to management so that corrective action can be taken. A reportable finding is a significant condition which:

- a. Warrants the attention of management;
- b. Is documented by facts, not opinions, and by evidence that is sufficient, competent and relevant;
- c. Is objectively developed without bias or preconceived ideas;
- d. Is relevant to the issue involved; and
- e. Is convincing enough to compel action to correct the defective condition¹⁴.

Audit findings should contain the elements of criteria, condition, cause effect and recommendation.

- a. **Criteria**

The standards, measures, or expectations used in making an evaluation and/or verification (what should exist). The criteria should be credible, convincing and objective. They should be designed to meet a management goal

¹⁴ Sawyer's Internal Auditing 5th Edition. Sawyer et al p350



b. Condition

The factual evidence that the internal auditor found in the course of the examination (what does exist). The condition should include sufficient information to promote an adequate understanding of the matter(s) being reported.

c. Cause

The reason for the difference between the expected and actual conditions. i.e. why the difference exists. The cause should be complete and go to the heart of the problem; not just the symptom.

d. Effect

The risk or exposure the organization and/or others encounter because the condition is not consistent with the criteria (the impact of the difference). The effect should be logical and likely to occur.

e. Recommendations

Recommendations are based on the internal auditor's observations and conclusions. They call for action to correct existing conditions or improve operations. Recommendations may suggest general or specific approaches to correcting or enhancing performance as a guide for management in achieving desired results. They should address the cause of the finding, be implementable and capable of being monitored.

C.4.3.3.1 Formulating recommendations

The main objective of an audit is to provide assurance as to the efficiency and effectiveness of established internal controls, to develop recommendations for improving them, and to ensure compliance with the Organization's regulations, rules and policies. Recommendations should be made when there is a potential to improve performance, to enhance policies and procedures, to mitigate risks identified, and in cases when significant instances of non-compliance or weaknesses in internal controls were noted. Recommendations should be constructive, practical, action oriented and thoroughly discussed with the audited entity as to their feasibility and practicality. All audit recommendations should be specific, stand alone, and must address the cause of the deficiency. Unless the recommendation addresses the cause of a deficiency, the probability of the deficiency being corrected is considerably reduced.

Generally, audit recommendations are most effective and acceptable to the audited entity when they are:

- a. Constructive and directed at improved or enhanced performance;



- b. Directed at correcting the cause of the problem identified;
- c. Action oriented in that they suggest specific steps that should be taken to change, modify, or otherwise perform some action;
- d. Addressed to officials that are empowered to act;
- e. Feasible, achievable, practical, cost effective;
- f. Aiming to recover or save resources.

C.4.3.3.1.2 Record of control weaknesses

As reportable issues arise during the course of the audit, auditors should record their findings on RCWs and submit them to the AIC for review. All elements of the finding as described above should be provided.

The actual or potential effect of every finding should be determined and quantified, if possible. The auditor should determine the possible financial implications of outcomes such as:

- a. Cost savings, making scarce human financial and operational resources available for other programme/mission-related use;
- b. Cost avoidance by reducing expenditures and making funds available for other essential purposes;
- c. Recovery of any amounts overpaid or incorrectly paid; and
- d. Possibilities for income generation.

Identified savings and recoveries are a key performance indicator for OIOS. In developing the audit finding, the auditor should explain the assumptions made in determining the expected financial implications. The amount of the saving or recovery should be stated in the text of the audit recommendation, whenever possible. If an exact figure cannot be determined, a reasonable, conservative estimate should be made. Where the financial implication arises from the examination of a sample, the recommendation should request the audited entity to conduct a further examination of the population to determine the full extent of the saving or recovery, and to take action to save or recover the amount already established as a minimum. When potential savings/additional incomes are recurring, i.e., not a one-time amount, OIOS should take credit for the amount



expected to be saved or received over a two-year period. The detailed assumptions and calculations need to be documented in the working paper file and attached to the RCW. Without transparency about the way the potential savings were arrived at, OIOS cannot take credit for such amounts.

The AIC and/or Section Chief should review the RCWs. In his/her review, the AIC/Section Chief should confirm that each element of the finding is clear, correctly identified, factual and reflect the attributes outlined above.

Thereafter, the auditor should set up a meeting to discuss the RCWs with the activity owner and confirm the validity of the findings and conclusions reached, and the feasibility of proposed recommendations. The RCWs should be updated with any explanations or clarifications provided, and the name and title of the official with whom the RCWs is discussed and the date of the meeting indicated. A determination of the next course of action should be made based on the outcome of the meeting i.e. whether the issue is still '*Pending*' (additional work needs to be performed), '*Resolved*' (misunderstanding clarified or satisfactory explanation received) or should be included in the '*Audit Report*'.

Auditors should consider the degree/impact of the deficient condition before deciding to communicate it formally to management. Including insignificant deviations (clerical errors, one-off inconsistencies, etc.) alongside considerable actual or potential losses or risks serves to devalue more important matters on which management should focus. Instead, the auditor should discuss insignificant issues with the activity owner and check that the situation is corrected. The matter should be noted in the working papers. Minor issues that have been satisfactorily resolved need not be mentioned in detail in the audit report except to indicate that the issues were discussed with the audited entity's representatives and were satisfactorily resolved. More significant issues, even if they have been resolved should be reported in the Audit Report.

C.4.4 Supervising the audit

Each phase of the audit shall be supervised by, as appropriate, the AIC, Section Chief, Service Chief and Director, IAD. These staff members are required to review and approve specific documents and working papers as indicated in the IAD policies and procedures and provide general guidance as necessary, based on the competency and experience of the auditors. In addition, the AIC and Section Chief should put measures in place to ensure that the milestone dates in the approved audit plan are met. The Service Chief should monitor the submission of the draft report for his/her review by the due date and take action on any delays. The PPS shall monitor the conduct of audits against milestone dates and report significant delays to the Director, IAD.



Each working paper shall be reviewed by a team member at the same or more senior staff grade. Consequently, the AIC and Section Chief need not review every working paper but may delegate such reviews to another competent team member. Nevertheless, the Section Chief shall review the mandatory working papers listed in section [C.2.3.2](#) namely:

- a. Completion Table;
- b. Planning Activities form, audit plan and programme;
- c. Fieldwork Activities form, audit segment summaries, records of control weaknesses, exit conference briefing and notes;
- d. Reporting Activities form; and
- e. Audit Closure form.

The Service Chief shall review form [AUD-3.4 Audit Report Clearance Checklist](#).

The review of working papers entails:

- a. Seeing that the approved engagement program is carried out unless changes are both justified and authorized;
- b. Determining that engagement working papers adequately support the engagement observations, conclusions, and recommendations;
- c. Ensuring that engagement communications are accurate, objective, clear, concise, constructive, and timely;
- d. Ensuring that engagement objectives are met; and
- e. Providing opportunities for developing internal auditors' knowledge, skills, and other competencies.¹⁵

More senior members of the audit team shall also train and develop staff, evaluate performance and control resources such as time and expenses.

¹⁵ IIA Practice Advisory 2340-1: Engagement Supervision



Team members engaged in the fieldwork should submit their working papers for review via *AutoAudit*, either by the date agreed with the AIC or on completion of the audit procedures assigned to them. If satisfied that the audit procedures have been performed in accordance with IIA Standards and the requirements of this Manual, reasonable conclusions reached and adequate supporting documentation provided, the reviewer will grant approval of the working papers. If the reviewer requires clarification or further work to be done, s/he will indicate his/her requirements on the *AutoAudit* Comment Form and return the working paper to the preparer who will perform the action requested and seek the reviewer's approval. This process will continue until the reviewer is satisfied with the quality of work performed after which s/he will grant approval of the working papers and the Comment Form. Granting approval will close the working papers and remove edit ability for team members who only have author access. If there is need to edit the working paper after the reviewer's approval, assistance should be sought from the IT Focal Point.

After all the working papers prepared during the fieldwork have been approved, the AIC should launch the Audit Results Sheet in *AutoAudit* (comprising of all RCWs with disposition indicated as Audit Report) and submit it to the Section Chief for review. Detailed guidance on preparing and reviewing working papers in *AutoAudit* are contained in the United Nations AA Notes 9.0a Reference Manual.

C.4.5 Communicating with IAD management during fieldwork

The Section Chief should routinely brief the Service Chief and Director/Deputy Director of the progress being made in accomplishing audit objectives and any problems that may result in assignment objectives not being fully met, budgeted staff days being exceeded or target dates not being met. This may be done during monitoring meetings held with the Service Chief and Director/Deputy Director, or by e-mail or telephone contact. The Service Chief and Director/Deputy Director will provide the guidance necessary to resolve any issues being faced by the audit team.

If at any time during the audit it becomes apparent to any member of the audit team that the possibility of fraud or misconduct may exist, this should be brought to the immediate attention of the AIC and Section Chief. They will review the matter and if necessary, the Section Chief will inform the Service Chief of the issue, forwarding relevant supporting documentation. The Service Chief will review the documents and make a determination whether the issue needs to be brought to the attention of the Director/Deputy Director or can be dealt with by him/her. If the former action is necessary, s/he should provide the relevant information to the Director/Deputy Director; otherwise, s/he will advise the Section Chief of the action to be undertaken. The Director/Deputy Director will



review any matters submitted for his/her attention and decide whether it can be handled by him/her or referred to the USG/OIOS. If the latter, s/he will forward the issue to the USG/OIOS who will direct the action to be undertaken either by IAD or any other OIOS division. Otherwise, the Director/Deputy Director will provide guidance on the next steps.

The action recommended by the Service Chief or Director, IAD may involve bringing the issue formally to the attention of the audited entity in the form of an interim written communication or expanding the scope of the audit to include additional audit objectives or budgeted days. In the case of the former, an inter-office memorandum in the format [AUD-2.3 Inter-office Memorandum on Significant Issues](#) should be prepared by the AIC and reviewed by the Section Chief and approved by the Service Chief. The memorandum should be issued by the Administration Unit of the Service, after it has been signed by the Service Chief. The CRA may sign the memorandum on behalf of the Service Chief. Where additional audit objectives are to be carried out or additional days spent on the audit, an Amendment to Work Plan Form should be completed by the Section Chief and the process outlined in section [C.3.2](#) followed.

C.4.6 Communicating with the audited entity during fieldwork

The AIC and/or Section Chief should schedule periodic meetings with the audit focal point to provide him/her with an update on the progress of the audit. The audit team should be in regular contact with the staff of the activity being audited holding the day-to-day, *ad hoc* meetings necessary to collect information, discuss and resolve issues, and otherwise facilitate the conduct of the audit. As indicated in section [C.4.3.3.1.2](#), RCWs should be prepared to record issues arising and discussed with the relevant officials throughout the course of the audit.

C.4.7 Exit conference

A formal exit conference concludes the audit fieldwork. The purpose of the exit conference is to inform the audited entity of the audit results, reach agreement on findings and recommendations, learn of planned or corrective actions taken to address deficiencies disclosed by the audit and advise the audited entity of the reporting process.

After all procedures on the audit programme have been executed and the audit file reviewed, the AIC should develop a briefing on the main audit objective(s), findings and recommendations from the audit using form [AUD-2.4 Exit Conference Briefing](#). The contents should be based on the RCWs prepared and discussed with the audited entity during the course of the audit, with disposition indicated as *Audit Report*. The briefing should not exceed three pages. The Exit



Conference Briefing should be reviewed by the Section Chief and forwarded to the Service Chief, who will also review it and give clearance for the exit conference to be held.

Service Chiefs at IAD, New York should organize a briefing for the Director, IAD to apprise him/her of the audit results. This may be done through an oral or PowerPoint presentation based on the Exit Conference Briefing. Service Chiefs at IAD Geneva and Nairobi should e-mail the Exit Conference Briefing to the Director. The Chief of Peacekeeping Audit Service should keep the Director informed of issues that, in his/her opinion, are significant, such as indicators of mismanagement, or fraud.

No later than two weeks after completion of the procedures on the audit programme (but after the briefing to the Service Chief), the AIC should schedule an exit conference with the audited entity. Invitations should be sent to senior officials of the activity under audit as well as their supervisors e.g. head of substantive division/director of administration. The Exit Conference Briefing should be submitted along with the invitation, to give the audited entity an opportunity to read the document and prepare for the meeting. These documents should not include any issues that had not been previously discussed with the audited entity.

The Section Chief should liaise with the Service Chief to determine who will attend from IAD. For audits that are sensitive, complex or of a high profile, or if the audited entity is located in New York, Geneva or Nairobi, the Service Chief should attend the exit conference. The Director/Deputy Director will attend at his/her discretion. The Section Chief should attend the exit conference at his/her location.

For field audits, the AIC should hold a debriefing meeting with field office personnel to inform them of the results of the audit before the team leaves the location. On return to the duty station, s/he should schedule the formal exit conference with key head office personnel and link relevant field office personnel by video- or tele-conference facilities, where feasible.

C.4.7.1 Exit conference notes

The AIC or designated team member should take note of the points discussed and comments made during the exit conference using form [AUD-2.5 Exit Conference Notes](#). The Exit Conference Notes should be attached to the Fieldwork Activities form in *AutoAudit* and forwarded to the Section Chief for approval. The AIC should update the RCWs based on the outcome of the meeting.



The AIC should ensure that the status of all activities in the Fieldwork Activities form are checked as completed and request the Section Chief to review the form. The Section Chief's approval of the Fieldwork Activities form marks the end of the fieldwork phase.

C.5 Reporting audit results and audit closure

C.5.1 Introduction

2400 - Communicating Results

Internal auditors must communicate the engagement results.

2410 - Criteria for Communicating

Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans.

2410.A1 - Final communication of engagement results must, where appropriate, contain internal auditors' overall opinion and or conclusions.

2410.A2 - Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.

2410.A3 - When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.

2410.C1 - Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

2420 - Quality of Communications

Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

2421 - Errors and Omissions

If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.

2430 – Use of "Conducted in Conformance with the *International Standards for the Professional Practice of Internal Auditing*"

Internal auditors may report that their engagements are "conducted in conformance with the *International Standards for the Professional Practice of*



Internal Auditing", only if the results of the quality assurance and improvement program support the statement.

2431 - Engagement Disclosure of Nonconformance

When nonconformance with the Definition of Internal Auditing, the Code of Ethics or the *Standards* impacts a specific engagement, communication of the results must disclose the:

- Principle or rule of conduct of the Code of Ethics or *Standard(s)* with which full conformance was not achieved,
- Reason(s) for nonconformance, and
- Impact of nonconformance on the engagement and the communicated engagement results.

2440 - Disseminating Results

The chief audit executive must communicate results to the appropriate parties.

2440.A1 - The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.

2440.A2 - If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization, the chief audit executive must:

- Assess the potential risk to the organization;
- Consult with senior management and/or legal counsel as appropriate; and
- Control dissemination by restricting the use of the results.

2440.C1 - The chief audit executive is responsible for communicating the final results of consulting engagements to clients.

2440.C2 - During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.

The reporting phase of audits provides IAD the opportunity to communicate the results of the audit assignment. IAD audit reports have the following objectives:

- a. To inform potential readers of the conditions found during the audit and the criteria against which the conditions were evaluated (the potential readers also include Member States, who may request copies of any of our reports and possibly share them with the public at large);



- b. To persuade management of the validity of the conditions and their actual or potential effect; and
- c. To provide constructive and practical means to management to take adequate corrective action to address issues that need improvement.

The effectiveness of IAD audits depends on the quality and timeliness of its audit reports. The objectives outlined above will only be achieved if auditors are able to express themselves clearly to readers and elicit the appropriate response. The audit report represents the culmination of the audit process and is the real deliverable to the audited entities which serves as an enduring testament to the quality of work IAD has performed. As the USG/OIOS frequently indicates out, OIOS will be judged on the quality of its most recent report.

IAD reports must therefore be accurate, objective, clear, concise, constructive, complete, and timely.

- a. Accurate communications are free from errors (of substance, grammar, punctuation, etc.) and the data and evidence gathered are presented with care and precision.
- b. Objective communications are fair, impartial and unbiased, and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances.
- c. Clear communications are easily understood and logical. All significant and relevant information are provided and unnecessary technical language and jargon are avoided. Clarity can be improved by the use of tables, graphs, diagrams and pictures.
- d. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy and wordiness.
- e. Constructive communications are helpful to the audited entity and lead to improvements where needed.
- f. Complete communications include all significant and relevant information and observations necessary to support recommendations and conclusions.
- g. Timely communications are opportune and expedient. Audit reports should be presented to the audited entity without undue delay to enable prompt,



effective action for careful consideration by those tasked with implementing the recommendations.¹⁶

Audit reports should demonstrate what was accomplished during the audit, but the focus should be on the findings with limited references to OIOS. Auditors should make every effort to minimize the number of pages needed to communicate the audit results. As a general rule, the main body of audit reports (from introduction to acknowledgement) should not exceed 12 pages as they are not meant to be comprehensive statements of all weaknesses that may exist or of all improvements that could be made, but document the more significant matters that have come to the attention of the auditors. The reports are addressed to senior management, normally the Head of Department/Office/Mission (at the Under-Secretary-General level) and this should always be kept in mind when drafting the report. The reports should be written in a language that is non-inflammatory and encourages management to want to read the report and take the necessary actions. Audit reports should be clear, incisive and easily understood; they must highlight the issues that management is concerned about and downplay or omit what is immaterial. They should point to the need for taking action, explain the actions required and spell out their potential benefits or risks if appropriate action is not taken.

IAD has no means of encouraging corrective action unless managers are convinced of the validity of audit findings and the value of recommendations. Speculative or unsubstantiated comments can undermine IAD's credibility. The skills and effort required to properly and convincingly communicate audit results should not be underestimated. Extensive guidance on report writing techniques is provided in the Writing Audit Reports for OIOS manual. The United Nations Editorial Manual also provides some guidance on writing skills.

C.5.2 Types and structure of audit reports

IAD issues three types of audit communications:

- a. Reports to the General Assembly
- b. Audit reports
- c. Memorandum reports. These are audit reports that are five pages or less in total.

¹⁶ IIA Practice Advisory 2420-1: Quality of Communications



IAD uses standard templates to prepare reports. The templates ensure audit reports present a professional image of IAD, are consistently prepared and comply with the IIA standards. The approved templates are posted on the IAD website and numbered as follows:

- a. [AUD-3.2](#) and [Aud-3.3](#) – draft full and memorandum audit reports;
- b. [AUD-3.8](#) and [AUD-3.9](#) – final full and memorandum audit reports.

Full audit reports are prepared in the following structure:

- a. Cover
- b. Transmittal memorandum
- c. Function and contact information
- d. Executive summary
- e. Table of contents
- f. Introduction
- g. Audit objectives
- h. Audit scope and methodology
- i. Audit findings and recommendations
- j. Acknowledgement
- k. Annexes

Memorandum reports do not have a separate cover or table of contents, and the executive summary is replaced with an overall assessment.

C.5.3 Contents of audit reports

C.5.3.1 Cover

The cover of the **final** report indicates the audit title, the descriptive title and date of the audit report, and the assignment number. The audit title is the title of the assignment as recorded in the annual work plan. The descriptive title is a short,



succinct sentence which encapsulates and conveys to potential readers the broad message emerging from the report. This message could be the most critical finding or recommendation from the report, or an overall conclusion on the audit's results.

C.5.3.2 Transmittal memorandum

The transmittal memorandum for the **draft audit report** should be addressed to the head of the audited entity and signed by the **Service Chief**. At peacekeeping missions, the CRA should sign the memorandum on behalf of the Service Chief, after the latter has approved the report. The memorandum should be copied to personnel of the audited entity who are in a position to direct the action to be taken on the recommendations. In the **memorandum** version of the audit report, the subject line of the transmittal memorandum should also include the descriptive title of the report.

The transmittal memorandum for the draft audit report requests the audited entity to comment on each audit recommendation by a specified date, and provide an estimated target date for full implementation of all accepted recommendations. The audited entity should be given up to 22 working days (approximately one calendar month) to respond. The transmittal memorandum should also identify which recommendations are high risk (see section [C.5.3.10.3](#)) and draw the audited entity's attention to the fact that the report, in its final form, may be made available to Member States; it however remains confidential until it is finalised.

The transmittal memorandum for the **final audit report** should be addressed to the head of the audited entity and signed by the **Director** and in his absence, the **Deputy Director**. The template ([AUD-3.8](#) or [AUD-3.9](#)) should be updated to indicate whether:

- a. The recommendations remain open or have been closed based on the audited entity's comments;
- b. There are any recommendations which are not accepted by the audited entity and are being reiterated; and
- c. No comments on the draft report were received from the audited entity.



C.5.3.3 Function and contact information

The function and contact information page summarises the function of IAD (as contained in the resolution 48/218 B), and provides the contact information of the Director, Deputy Director and Service Chief in charge of the audit.

C.5.3.4 Executive summary

An executive summary should be prepared for all full audit reports i.e. [AUD-3.2](#) and [AUD-3.8](#). The executive summary is a brief synopsis of the entire audit report and should not exceed one page. It should provide top management with OIOS' overall opinion/assessment on the adequacy and effectiveness of internal controls in the area audited and a quick understanding of the major findings and recommendations of the audit. Any positive observations or best practices should also be presented to give a balanced view of the audit results. The executive summary should be comprehensive, compelling, and clear enough for readers to capture the essence of the matters reported without referring to the body of the report. Auditors should bear in mind that some readers will only read the executive summary and form a conclusion on the report and the audit. The executive summary should be consistent with what is discussed in the report and include no new information.

The executive summary should include the overall audit objective and not repeat the detailed objectives that are in the body of the report. Before giving the overall assessment, auditors should provide a brief description of the operations under review to enable the reader to put the audit results in perspective. The executive summary should not include any headings and the paragraphs should not be numbered. It may however include bullet points. In the **draft** audit report, the executive summary also includes the descriptive title of the report.

C.5.3.5 Table of contents

The table of contents provides a guide to the chapters and major segments of the report, and the titles of the annexes.

C.5.3.6 Introduction

The introduction should start with a statement on the subject matter of the audit and, in the full report, indicate that the audit was conducted in accordance with IIA standards. Next, it should provide background information to give the reader a basic understanding of the department or activity that was audited, and how this area relates to the audited entity's business or operations. It should include a brief description of the audited entity's objectives, organization structure, and



relevant human resources, financial, operating or other information. Tables and charts may be included where they add to the understanding of the audit subject. If there had been a related prior audit of the entity either by OIOS or the Board of Auditors, the status of acceptance and implementation of the recommendations should be presented, together with a description of how they affected the present audit. This information for the introduction may be extracted from the relevant section of the audit plan (see section [C.3.7.1](#)).

In the **final report**, the introduction should end with the statement that comments made by the audited entity are shown in *italics*.

C.5.3.7 Audit objectives

The objectives should inform the reader why the assignment was conducted and what it was expected to achieve; not what was done. The audit plan already contains the approved objectives. They should now be rewritten in the past tense to reflect that the audit has achieved the planned objectives. Any modifications to the objectives should also be included. Only the general or high level objectives should be included in the audit report (see [C.3.7.1](#)).

Readers should be able to see the correlation between the audit objectives and the findings and recommendations. Taken as a whole, the findings should provide answers to the audit objectives and there should be no gaps that may be subject to different interpretations (e.g. were there no findings or was work on the audit objective not completed?). Where the observations relating to a particular audit objective indicate that there are no major deviations from the audit criteria, then these result in positive findings and the satisfactory performance of the audited entity should be acknowledged.

C.5.3.8 Audit scope and methodology

The audit scope should describe the processes or activities reviewed, the period covered by the audit and the volume of transactions examined. Related activities that are not covered by the audit should also be indicated. Significant constraints caused by limitations in scope such as unavailability of data, inability to visit certain locations etc. should also be reported. This is to enable the reader to determine the context of the audit and the extent of the results reported.

The methodology used to accomplish the audit's objectives should be described and the data gathering and analysis techniques used clearly explained. These would include any questionnaires or surveys conducted, site visits or physical observations performed or CAATs used. Any significant assumptions made in conducting the audit should also be described. When sampling techniques are



used, the sampling method adopted should be indicated as well as the population and the sample size.

C.5.3.9 Overall assessment

In memorandum reports, the executive summary is replaced with an overall assessment consisting of one paragraph. The overall assessment summarizes the most significant findings of the audit and expresses an overall opinion on the adequacy and effectiveness of the system of internal control of the area or activity audited. It should also include any positive observations and best practices.

C.5.3.10 Audit findings and recommendations

This section of the report describes the results of the audit, both positive and negative. The findings should be limited to those issues that assist the reader in understanding the basis for OIOS' overall assessment of the system of internal control. Less significant findings should be communicated informally.

The auditor should develop an outline for this section of the report to ensure the findings are presented in a manner that flows logically and is easy to understand. The findings should be grouped under common headings. There are two levels of groupings: the first level indicates the major segments of the report and where necessary, there is a second level of grouping consisting of elements related to and supporting the major segments. The report should not have more than six segments.

There is no prescription to developing the major segments as this depends on the nature of the audit and the findings. The principal guideline is that the most important findings should be reported first. However, it may not always be possible to achieve this and ensure that the report follows a logical sequence. For example, where the audit relates to evaluating a process there may be merit for the report to follow the sequence of the process to aid in understanding the findings. In such instances, the main headings can be the respective sub-process but in reporting the elements within these sub-processes, the most important finding should be discussed first. Where it is not necessary for the findings to be laid out in a particular order because understanding one issue does not depend on understanding the preceding one, then the most important finding should be discussed first. For example, in the audit of rations management, if the most important issue relates to the quality of the rations, this should be presented first before addressing issues such as requisitioning, if this area does not contain any major findings.



Captions for the main and sub-headings should be descriptive; they should capture the essence of the finding e.g. need for updated standard operating procedures and not just refer to the subject matter of the finding e.g. standard operating procedures.

C.5.3.10.1 Audit findings

As already described in section [C.4.3.3.1](#) the findings should reflect the following attributes:

- a. Criteria – what should exist;
- b. Condition – what was found by the auditor;
- c. Cause – the reason for the gap;
- d. Effect – the actual or potential impact of the condition; and
- e. Recommendation – the action required to address the cause and effect of the condition.

The findings should be developed to flow logically through the various attributes. They should include just enough information for the reader to understand the message that is being conveyed; i.e. they should not be long-winded as the report would end up being too long and difficult to read, but they should not be so scanty as to provide insufficient information to justify the conclusion reached. The findings should set the stage for the recommendation.

C.5.3.10.2 Audit recommendations

Audit recommendations suggest actions management could undertake to correct internal control weaknesses or enhance performance. They should be specific, clear and concise, address the **underlying cause of the problem** and not subject to different interpretations. They should include a description of the potential benefit from implementing them e.g. efficiency gains, increasing the reliability and integrity of information, safeguarding assets etc. In cases involving financial implications such as loss, savings and recoveries, every effort should be made to quantify the financial implication and the amount stated in the text of the recommendation. Recommendations should be discussed with the audited entity to ensure they are feasible and cost effective. They should be addressed to the office(s) responsible and authorized to act on them.



Recommendations should not ask the audited entity to continue taking an action that has already been embarked upon. If the audited entity is already taking action to address an identified internal control weakness, the auditor should reconsider whether the matter needs to be included in the audit report. As far as possible, the recommendation should not ask the audited entity to conduct further reviews to study the problem. There may however be a few instances where OIOS does not have the expertise or is unable to devote the resources required to enable it to propose a specific recommended action. In such limited cases, it may be appropriate to ask for a further study to be conducted.

On finalization of the audit report, the recommendations will be recorded in the recommendations monitoring database, Issue Track and there will be periodic feedback from the audited entity to advise OIOS of the progress made towards implementing them. Recommendations should therefore contain all the information necessary to understand and monitor the recommended action without having to refer back to the findings. Distinctive corrective actions required should not be combined in the same recommendation but stated in separate recommendations. Where more than one office is involved in the implementation, the lead office should be specified. Also all acronyms should be spelled out.

Recommendations should be written in bold type face. In **draft** reports, the paragraph numbers are continuous with the rest of the text with the paragraph preceded with the word recommendation. In **final** reports, recommendations are indented by one inch on each side and numbered separately from the rest of the text in the report.

C.5.3.10.3 High risk recommendations

In the transmittal memorandum, IAD identifies those recommendations that it considers to be of high risk and deserve the audited entity's special attention. The identification of high risk recommendations and their acceptance and implementation rates by programme managers are key performance indicators for IAD, as part of the results-based budgeting framework. In addition, OIOS includes the status of implementation of high risk recommendations in its annual reports to the General Assembly and semi-annual reports to the Secretary-General and the various oversight committees also monitor the implementation rates.

A high risk recommendation is defined as follows:

A recommendation which, if not implemented, will most likely lead to the occurrence or recurrence of an identified high risk event with a



serious impact on the department/entity's mandate, operations or reputation.

As the definition implies, only a few recommendations will be so significant as to seriously impact on the audited entity's mandate, operations or reputation. Therefore, recommendations should be identified as high risk with caution. In making the identification, auditors should be able to demonstrate that the recommendation meets the criteria in the definition and defend it.

C.5.3.10.4 Audited entity's comments

IAD requests audited entities to respond formally to the draft report by providing general comments on the report and specific comments on whether they accept the recommendations and how they intend to implement them. The audited entity's comments are incorporated in the final report. This is discussed more fully in section [C.5.5](#).

C.5.3.11 Acknowledgement

The acknowledgement states OIOS' appreciation for the assistance and cooperation extended to the auditors by the management and staff of the audited entity.

C.5.3.12 Annexes

The annexes provide additional information as may be required. In the **draft report**, the first annex is a table entitled "**Response and implementation of recommendations**" which lists all audit recommendations, their risk categories and ratings, and allows for audited entity to indicate whether or not they accept the recommendations, the target implementation date for accepted recommendations and their specific comments to the recommendations.

In the **final report**, Annex 1 is a **status of audit recommendations** showing the text of the recommendations, their risk categories and ratings, whether the recommendations are open or closed, the action needed to close recommendations and the target implementation date given by the audited entity.

C.5.4 Draft audit reports

After the exit conference has been conducted and the findings are cleared with the audited entity, the AIC should prepare the draft audit report. If the audit report is expected to exceed five pages (excluding annexes), it should be prepared using template [AUD-3.2](#) otherwise a memorandum report should be



prepared i.e. [AUD-3.3](#). The report template should be obtained from the IAD website each time a report is prepared to ensure the correct version of the template is used. The AIC should prepare the draft full audit report within 15 working days of the exit conference and the memorandum audit report, within 10 working days. While there may be input from other members of the team, the responsibility to draft the audit report within this timeframe rests with the AIC.

The draft report should be cross-referenced to the working papers. Every factual statement, amount or conclusion should be referenced back to the RCWs which show with whom the issue was discussed and when. The RCWs should themselves be cross-referenced to the relevant regulations, rules, operating procedures or working paper documenting the work carried out, computation or analysis performed and the conclusions reached.

On completion of the draft report, the AIC should prepare a report folder and place a [Tracer Form – AUD-3.5](#) on the cover. The Tracer Form is used to track the review and approval process of the draft and final audit reports and should remain with the report folder until the audit report is issued. As each report-processing step is completed, an entry should be made on the Tracer Form to indicate who completed the step and the date it was completed.

The report folder with the draft report should be submitted to the Section Chief for review. Auditors in peacekeeping missions and other field offices need not prepare the Tracer Form and may submit their draft reports to the Section Chief via e-mail. The Section Chief should review the draft report as soon as s/he receives it. To accomplish this, s/he should make note of the expected date of receipt of the draft report and check to ensure s/he receives it by the due date. The Section Chief's review should focus on the readability, correctness and appropriateness of the report.

- a. **Readability** – The Section Chief should ensure that the structure of the report is appealing, individual sentences are well constructed and the language is free of jargon. Thoughts should flow freely and logically and the message should be clear.
- b. **Correctness** – Grammar, spelling and punctuation are correct and OIOS' reporting policies should be followed. The report should accurately reflect the evidence gathered and the working papers should support the findings, conclusions and recommendations.
- c. **Appropriateness** – The tone of the report should be tactful, objective and constructive. Opinions should be separated from facts and there should be proper balance between major and minor deficiencies.



Additionally, the Section Chief should ensure that the report addresses the audit objectives; the scope and methodology are adequately described; and the recommendations address the causes of the findings and are stand-alone, practical, cost-effective, action-oriented and directed at the appropriate officials.

The Section Chief should provide detailed feedback to the AIC regarding any improvements required or revisions arising from his/her review. This would not only enable the AIC to correct the report but also to use the feedback to enhance his/her writing skills. The AIC should return the corrected report to the Section Chief after making the required revisions and this cycle will continue until the Section Chief is satisfied that the report is of an appropriate quality to be submitted to the Service Chief. It is expected that AICs would be conscientious and diligent in preparing audit reports, using all prevailing guidelines to ensure the review process is not protracted. The Section Chief should aim to complete his/her review of the draft audit report within five working days of receiving the initial draft.

The Section Chief should prepare form [AUD-3.4 Audit Report Clearance Check Sheet](#). The purpose of the Audit Report Clearance Check Sheet is to provide assurance to the Service Chief, Director/Deputy Director that key audit procedures have been completed and reviews conducted by the Section Chief and AIC before the draft audit report is cleared for issuance. The Tracer Form should be updated and the draft report and Audit Report Clearance Check Sheet be put in the report folder and submitted to the Service Chief. Auditors in peacekeeping missions should transmit their draft audit reports and Audit Report Clearance Check Sheet to the Resident Audit Coordination Section by e-mail. Auditors in other field offices should also transmit these documents to their Section/Service Chiefs by e-mail.

The Service Chief should aim to complete his/her review and, if required, return the draft report for any improvements within 5 to 10 working days. For peacekeeping missions, the Resident Audit Coordination Section should conduct an initial review of the report on behalf of the Service Chief within this timeframe. If the report contains significant issues, is to be issued to the General Assembly or the Service Chief has serious concerns about the quality of the report or the seriousness of the findings, s/he should forward it to PPS for review. PPS may either review the report or form an *ad hoc* panel of IAD subject experts to review the report. In the event of the latter, PPS should arrange the review of the report and return it to the Service Chief with comments within five days. If a panel is not required, then PPS should return the reviewed report with comments to the Service Chief within three days. The Tracer Form should be updated at all stages.



PPS reviews reports from the perspective of the reader who has had no prior involvement with the audit. The Section focuses on the (i) clarity of message, (ii) logical flow and soundness of structure, (iii) understandability, (iv) soundness of conclusions and recommendations, and (v) responsiveness to the audit objectives and General Assembly mandate (for General Assembly reports). Where used, the *ad hoc* panel checks whether substantive issues have been appropriately dealt with in the report and are consistent with their knowledge and experience. The panel may also share subject matter information that may not have been considered by the audit team.

The Service Chief should forward the report to the Section Chief for amendments. The Section Chief, together with the AIC, should revise and return the report to the Service Chief within three days. The Service Chief should confirm that the appropriate revisions have been made. If the report contains significant issues such as mismanagement, major internal control breakdowns, or indicators of fraud, or the report is a General Assembly report, the Service Chief should forward it to the Director/Deputy Director for review. The Director/Deputy Director should review the report within three days and return it with any comments to the Service Chief, who will again ensure that amendments are done by the Section Chief/AIC within three days. According to OIOS reporting guidelines, all General Assembly reports and reports containing significant reportable issues should be submitted to the USG/OIOS for review. The Director/Deputy Director will provide guidance on a case by case basis, on which reports should be referred to the USG/OIOS. Under normal circumstances, the USG/OIOS will review and return the report to IAD with comments, within three to five working days. On receipt, the comments should be duly considered and report amended by the Section Chief/AIC as appropriate.

The Service Chief should perform a final review of the report and if s/he has no further concerns, sign the report. For peacekeeping missions, the Service Chief will give the CRA permission to sign and issue the report on his/her behalf. The transmittal memorandum should request the audited entity to provide their formal comments on the report no later than 22 working days from the date of issue of the draft report. The Administrative Assistant in the Service should issue the audit report to the audited entity and send a copy to other addressees, the Section Chief and PPS/IT Focal Point. PPS/IT Focal Points should record the date on which the draft report was issued in the audit management system. PPS should also include the details of the report in the monthly listing of draft audit reports issued.



C.5.4.1 Distribution of draft reports

The distribution of draft reports should be limited to those staff members of the audited entity who directly participated in the audit and are in a position to comment on the accuracy of the audit findings, accept or decline the recommendations and provide an action plan and estimated implementation date for accepted recommendations. The report should also be distributed to other departments/offices that may be responsible to implement specific recommendations to give them an opportunity to provide their comments. Since the report is yet to be finalized and both audit findings and recommendations are subject to change, care should be taken to limit its distribution only to the appropriate officials. As a general rule, such officials should be the head of department/office/mission, as the main addressee, and the head of the administrative or substantive division and/or the Section Chief of the audited activity, who can be copied on the report. Draft audit reports should never be disclosed to individuals outside IAD or the audited entity without the express permission of the Director/Deputy Director.

C.5.5 Final audit reports

It is IAD's policy that final audit reports should incorporate comments provided by audited entities to the draft report. This policy provides the Division with an opportunity to present a balanced report on the results of the audit that reflects both the position of OIOS and that of the audited entity. IAD is also able to rectify any misunderstandings or misinterpretations of fact, and to consider alternative perspectives to reported findings and/or recommendations.

The Section Chief should monitor the receipt of comments from the audited entity within the timeframe allowed. If the comments are not received by the due date and after informal follow-ups, the Section Chief should issue a reminder to the audited entity using template [AUD-3.7 – Reminder Memorandum](#), giving the audited entity an additional five working days to respond. The Reminder Memorandum should be signed by the Service Chief and on his/her behalf by CRAs at peacekeeping missions. If the comments are still not received, the Section Chief should advise the Service Chief who should consult with the Director/Deputy Director on an appropriate course of action. If the comments are still not received, with the approval of the Director/Deputy Director, the audit report should be finalized without the audited entity's comments.

When the Service Chief receives the audited entity's response, s/he should send it to the Section Chief who will forward it to the AIC. The AIC should transfer the draft report to the final audit report template, AUD-3.8. The audited entity's comments should be incorporated in the report in *italics*, in the paragraph



following the related recommendation or set of recommendations. There is no need to quote the audited entity verbatim and if the response is too long, it should be summarized while ensuring the essence is fairly and accurately presented. Any grammatical errors should be corrected and abbreviations introduced at this stage, spelt out the first time they are used. The comments should be followed by OIOS' feedback on the status of the recommendation in plain text based on the guidance below:

- a. If the recommendation has been accepted and the audited entity's comments and supporting documentation indicate that it has been implemented, a statement should be made indicating that the recommendation has been closed.
- b. If the recommendation has been accepted but not yet fully implemented, OIOS should indicate that the recommendation remains open and outline what specific steps the audited entity needs to undertake in order for the recommendation to be closed.
- c. If the audited entity does not agree with OIOS' finding and/or recommendation, the AIC should reconsider whether they are still valid or need to be amended.
 - i. If the finding and/or recommendation needs to be revised in substance based on the additional information provided by the audited entity, a revised text should be prepared using form [AUD-3.6 – Sample Memorandum – New or Revised Recommendation](#). This should be submitted to the Section Chief to review within two working days of receipt of the audited entity's comments. The Section Chief should forward the memorandum to the Service Chief for approval within one day. The Service Chief should review and if approved, sign the memorandum or give the CRA approval to issue the memorandum on his/her behalf within another two days. The audited entity should be given 10 working days to provide comments on the revised text. The Administrative Assistant of the Service/Section should issue the memorandum to the original recipients of the draft report as well as the Section Chief, who will forward it to the AIC for filing.
 - ii. If OIOS agrees with the audited entity's position, the recommendation should be deleted from the report and the supporting text either deleted or modified as appropriate.
 - iii. If OIOS disagrees with the audited entity, OIOS should clearly state its position, rebut the audited entity's arguments and reiterate the



recommendation in a persuasive manner for further consideration by the audited entity.

The transmittal memorandum of the final report should be updated based on the response or lack of response from the audited entity. The identification numbers of any recommendations closed and/or rebutted should be indicated. Annex 1 should record the text of recommendations, their risk categories and ratings, and summarize the status of recommendations and the actions required to close recommendations that are still open.

The AIC should complete the draft final report within three days of receiving the audited entity's initial or revised comments and submit it to the Section Chief to review along with the updated Tracer Form. The Section Chief should review the draft final report on receipt and return it to the AIC for amendments in an iterative process. When the Section Chief is satisfied with the quality of the report, s/he should forward it to the Service Chief, or for peacekeeping resident audit offices, to the Resident Audit Coordination Section for review. The Section Chief should aim to complete this cycle within two working days of the receipt of the initial draft final report.

The Service Chief (and for peacekeeping resident offices after initial review by the Resident Audit Coordination Section) should review the draft final report within five days of receipt and send it back to the Section Chief/AIC for any improvement required. If none is required, s/he should determine whether there is a need for the report to undergo quality review. If it does, s/he should forward the report to PPS for review and that review will take place as already outlined in section [C.5.4](#). If the report does not require any quality review, it should be finalized as follows:

a. Geneva and Nairobi Audit Services

The Service Chief should forward the report to the Director by e-mail and copy the Deputy Director (Nairobi Audit Service only) and Section Chief, PPS. PPS will conduct a quick review of the report, complete a Tracer Form and attach it to the cover of a report folder and submit the report to the Director for final review and signature. In the case of Nairobi Audit Service the report is submitted through the Deputy Director.

b. New York and Peacekeeping Audit Services

The Service Chief should update the Tracer Form and forward the report to the Director for final review and signature. In the case of New York Audit Service, the report is submitted through the Deputy Director. The Director/Deputy Director may refer reports that had not been previously undergone quality review, to PPS at this stage.



When the Director is satisfied with the quality and contents of the report, s/he will sign it and release it for issuance. The Administrative Assistant, Central Administration Unit should issue the report to the audited entity and other addressees and send a copy to PPS/IT Focal Point. The Service Chief should send a copy of the report to the Section Chief who will forward it to the AIC and the AIC should attach the report to the Reporting Activities form in *AutoAudit*. The Administrative Assistant, Central Administration Unit should also forward the report folder to one of the following:

- a. Section Chief (for New York Audit Service reports);
- b. Auditor, Resident Audit Coordination Section (for Peacekeeping Audit Service reports); or
- c. Audit Assistant, PPS (for Geneva and Nairobi Audit Services reports).

The Section Chief should return the report folder to the AIC, who will detach the Tracer Form from the cover of the folder and attach it along with the final report in the Reporting Activities form of *AutoAudit*. The AIC should file the contents of the report folder with other hardcopy references.

The Auditor, Resident Audit Coordination Section or Audit Assistant, PPS should detach the Tracer Form from the cover of the report folder and e-mail it to the CRA or Section Chief in Geneva/Nairobi Audit Service. The CRA/Section Chief should forward the Tracer Form to the AIC who will attach it, as well as the final report, in the Reporting Activities form of *AutoAudit*. The Resident Audit Coordination Section/PPS should retain the report folder.

PPS/IT Focal Point should record the date of the final report in the audit management system and include the details in the monthly listing of final reports and Integrated Monitoring and Documentation Information System (IMDIS). The monthly listing is distributed to Section Chiefs, IAD management and the OUSG which lists the title of all OIOS reports on its website. The report should also be uploaded to the IAD website and saved on the N-drive.

C.5.6 Audit closing memorandum

In instances where the audit does not reveal any significant reportable findings and recommendations, the AIC should prepare a memorandum in the format of [AUD-3.1 – Audit Closing Memorandum](#) to mark the end of the audit. This could be after the audit has run its course or prematurely as outlined in section [C.4.3.2.4](#). In both instances, the audit file should first be submitted to PPS to examine the circumstances leading to the selection of the audit. This is



necessary as IAD, through its risk assessment methodology, seeks to focus its audits on activities of the audited entity that are deemed to be of high or moderate risk, and add value to those activities through its findings and recommendations. While conducting audits in areas that do not yield significant reportable findings provides assurance to management that internal controls are operating as designed, it may also indicate a deficiency in the application of the risk assessment methodology.

The Audit Closing Memorandum should be reviewed by the Section Chief, approved by the Service Chief and forwarded to the Director/Deputy Director for issuance. The Administrative Assistant, Central Administration Unit should issue the memorandum to the audited entity and other addressees as well as the Section Chief and PPS/IT Focal Point. The Section Chief should forward it to the AIC who will attach it to the Reporting Activities form in *AutoAudit*. The PPS/IT Focal Point should indicate the closure of the audit in the audit management system.

C.5.7 Release of audit reports to Member States

In terms of General Assembly resolution A/RES/59/272,

“[1](c) Original versions of the reports of the Office of Internal Oversight Services not submitted to the General Assembly are, upon request, made available to any Member State;

“2. [The General Assembly] Also decides that when access to a report would be inappropriate for reasons of confidentiality ..., the report may be modified, or withheld in extraordinary circumstances, at the discretion of the Under-Secretary-General for Internal Oversight Services, who will provide reasons for this to the requesting party”.

During the finalization of audit reports, the Service Chief should assess whether the report should be available for release to Member States. If s/he believes that the release of the report may compromise the confidentiality of sensitive information with a potentially adverse impact on the audited entity, s/he should request the Section Chief to prepare a memorandum in the form of [AUD-3.12 Withholding release of reports to Member States](#) for issuance to the USG/OIOS. The memorandum should explain why the audit report should not be made available to Member States. It should be submitted along with the final report to the Director/Deputy Director for signature. The Administrative Assistant, Central Administration Unit should attach the memorandum to the copy of the report sent to the Programme Officer, OUSG.



C.5.8 Report processing and issuance timelines

The time required for preparing, reviewing and finalizing audit reports depends on the type of report, the complexity of the audit subject, the nature of the findings, conclusions, and recommendations, and other factors such as report processing workload. The standard timeline established by OIOS for the submission of the final audit report to the audited entity is 75 working days from the exit conference. In rare cases when IAD has to send a reminder memorandum to the audited entity or issue revised findings and/or recommendation, the timeline may extend by an additional 20 working days. The timeline for the various stages of the report preparation, finalization and issuance process is given below:

Table 5: Number of days to issue report

Activity	Owner	Maximum turnaround time
Draft Report		
Prepare draft report	AIC	15
Section Chief review	Section Chief	5
Service Chief review (including review by Resident Audit Coordination Section)	Service Chief	10
PPS review (where applicable)	PPS	5
Director review (where applicable)	Director/Deputy Director	3
USG review (where applicable)	USG	5
Various amendments	AIC/Section Chief	7
No. of days to issue draft report		37 to 50
Final Report		
Audited entity's comments		22
Reminder (where applicable)	Section Chief	5
Revision of recommendation (where applicable)	AIC/Section Chief/ Service Chief/CRA	4
Audited entity's comments on revised finding(s)/ recommendation(s) (where applicable)		10
Final report (incorporate comments)	AIC	3
Section Chief review	Section Chief	2
Service Chief review	Service Chief	5
PPS review (where applicable)	PPS	5
Director review and issuance	Director/Deputy Director	3
Various amendments	AIC/Section Chief	3
No. of days to issue final report		38 to 62
Total no. of days to issue report		75 to 112



C.5.9 General Assembly reports

Reports requested by the General Assembly (GA) are subject to specific procedures which do not apply to standard audit reports and additional steps are required during the reporting phase. The OUSG has issued an OIOS *GA reporting – Procedures Manual*, which is available in all IAD offices either in hard-copy or electronically on the shared drive. An extra copy of the manual can also be requested from the OUSG. The summary of the main issues to consider in GA reporting is as follows:

- a. The USG/OIOS is the owner of OIOS' GA reports. S/he provides – through his/her office staff – the key milestone dates, including the final submission date ("slot date"); monitors the overall progress; sends all official correspondence to the relevant audited entities; reviews draft reports; assigns peer reviewers; and approves the final report for submission.
- b. Any plans to submit a report to the GA which is not mandated – for example, when the IAD Director/Deputy Director feels an already completed audit with significant findings deserves the attention of the GA – should first be cleared with the USG. In principle, however, a GA report does not have to be also issued as an audit report, as this would be a duplication of efforts.
- c. The AIC/Audit team assigned to prepare the report should first complete a standard Planning form (template available in the manual or shared drive) providing information such as the GA resolution number, description of the mandated requirements, planning considerations including milestones, etc. The form should be submitted to the USG through the Director/Deputy Director.
- d. The Section Chief/AIC should track the progress of the report preparation in accordance with the milestones set in the Planning form and bearing in mind the slot date. The slot date is generally 10 weeks before the start of relevant GA session.
- e. The draft GA report, together with completed Part 1 of the Approval form, should be submitted for the USG's first review at least eight weeks before the slot date, after it has gone through IAD's review procedures.
- f. After the USG's comments, if any, have been incorporated, the draft report should be sent to the head of the audited entity for comments. The audited entity is given three weeks to submit comments on the draft report. In case of non-response after three weeks, an exceptional one-week extension may be



- allowed. IAD is responsible for preparing all standard memos for the USG's signature and submission to the head of the audited entity concerned.
- g. Once the audited entity has provided comments, and they have been incorporated in the draft report, the report should be reviewed by a peer (the peer reviewer is assigned by the OUSG, based on a roster of peer reviewers). The purpose of the peer review is to ensure that the audited entity's comments have been adequately incorporated in the final report.
 - h. After the peer reviewer's comments, if any, have been incorporated and the report reviewed by PPS and the Director/Deputy Director, it should be sent, together with the completed Part 2 of the Approval form, to the USG for final review.
 - i. GA reports should not exceed 8,500 words or 16 pages (single-spaced) in length. If there is a valid case to exceed this limit, a waiver should be requested from the Department for General Assembly and Conference Management (DGACM). While it is recommended to submit the waiver request well in advance, DGACM has advised that the deadline for receiving it should not be later than two weeks before the slot date. The Section Chief is responsible for advising OUSG of the waiver requirement, as soon as s/he becomes aware of the need to submit it.
 - j. The USG approves the report by signing Part 3 of the Approval form. After the final review comments have been incorporated in the report, the report is considered complete. At this stage, the AIC in conjunction with the Administrative Assistant, Central Administration Unit should prepare the submission package complying with the General Checklist designed for this purpose.
 - k. An Introductory Statement (providing an overview of the report and its overall conclusions) should be prepared by the AIC and submitted, through the Section and Service Chiefs, PPS and the Director/Deputy Director, to the USG. The deadline for this is two weeks before the scheduled introduction of the report to the General Assembly.

C.5.10 Updating the recommendations database, Issue Track

OIOS maintains all recommendations issued on a recommendations database called Issue Track. In addition to capturing the text of the recommendation and other administrative information, Issue Track also includes details of the impact, focus area, risk category and rating, cause and financial implication of the



recommendation. This enables OIOS to analyze recommendations according to any of these criteria and monitor the status of their implementation.

Issue Track is maintained by PPS/IT Focal Point. To facilitate capturing the relevant information on the database, the AIC should code all recommendations using form [AUD-3.10 – Recommendations Coding Sheet](#) (RCS). The RCS is in three parts: Part I contains administrative details of the audit communication, Part II details various elements of the audit recommendation and Part III, analyses the reply and follow-up history. The following details are provided for the recommendations:

a. **Other entity**

There may be instances where a department or office other than the audited entity is required to implement the recommendation. In such cases, the acronym of that department/office should be indicated so that the recommendation is recorded under that entity in Issue Track, instead of the audited entity.

b. **Impact**

Impact refers to the general effect the recommendation will have on audited entity's operations when implemented.

c. **Focus area**

Focus areas are the key standard processes that are typically found in United Nations operations. IAD has identified 10 focus areas plus one for 'Other'. These are detailed in the Risk Assessment Framework and Methodology

d. **Risk category and rating**

All recommendations should be categorized according to their risk category and rating. Risk categories are the groupings of common concerns or events. IAD has identified seven risk categories as detailed in the Risk Assessment Framework and Methodology. Risk rating refers to whether the risk is high, medium or low.

The risk category and rating codes are in two series of numbers. The 800 series are for high risk recommendations which meet the definition in [C.5.3.10.3](#). The 300 series are for medium and low risk recommendations.

e. **Cause**

Cause identifies the underlying reason for the condition.



- f. **Action**
This is used by the UNHCR Audit Section to describe the division or section in UNHCR to which the recommendation is addressed.
- g. **Financial implication**
This indicates whether the recommendation has a financial implication i.e. loss or waste of resources, potential savings, recoveries, or additional income. Where the saving, recovery or additional income is expected to recur, the benefit is recognized over two years.
- h. **Estimated value of recommended saving and recoveries**
This is the best estimate of the amount to be saved or recovered. The amount should have been stated in the text of the recommendation.

Part II of the RCS remains static after initial completion.

Part III of the RCS – Analysis of reply and follow-up history is updated based on feedback received from the audited entity or during OIOS' periodic monitoring of recommendations until the recommendation is fully implemented. It comprises:

- a. **Estimated target date for full implementation**
This is the date by which the audited entity expects to fully implement the recommendation. Where it is not supplied, it should be left blank.
- b. **Value of recommended saving and recoveries accepted**
This is the amount the audited entity accepts can be saved or recovered. It should be updated based on the audited entity's response to the draft report or any subsequent feedback.
- c. **Cumulative interim amounts saved/recovered**
While the audited entity is in the process of implementing the recommendation, this field should be updated with the cumulative amounts of the savings and recoveries as they are being made and notified to IAD, and IAD has verified them.
- d. **Final amount saved/recovered**
This field should be updated when the audited entity has fully implemented the recommendation and does not expect to make any further savings or recoveries.



e. Interim status

This is the interim status of implementation of the recommendation i.e. whether the implementation is in progress 'P', not yet started 'O' or the audited entity did not accept the recommendation 'D'.

f. Final status

This is the final status of the recommendation i.e. no further action is required. 'I' indicates that the recommendation has been fully implemented and 'CA' or 'CM', that it has been closed without implementation (refer to section [C.6.1](#)).

g. Date of final status

The date final status of the recommendation was reached. This field should be updated whenever there is data in the final status field.

Within one week of issuing the audit report, the AIC should complete the RCS and submit it to the Section Chief for review. The Section Chief should review the RCS checking that the recommendations have been correctly coded and any financial implications properly recorded. If satisfied, s/he should approve the RCS and send it back to the AIC who will forward a copy to PPS/IT Focal Point. The AIC should file the RCS in the Reporting Activities form.

Using the signed audit report and the RCS, PPS/IT Focal Point should record the recommendation in Issue Track and advise the AIC by e-mail when this is done. The AIC should check that the entries in Issue Track are correct, update the Reporting Activities form on *AutoAudit* and check that all the fields in the form have a completed status. S/he should then request the Section Chief to review it. The Section Chief should review and if satisfied that all activities have been appropriately completed and related working papers filed, approve the form. If not satisfied, s/he should indicate the remedial work required and this should be undertaken by the AIC/team member.

C.5.11 Staff appraisal

Staff appraisals should be conducted at the end of each assignment for all members of the audit team who spent five days or more on the audit. 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 can then be used to provide input into the annual performance appraisal system (e-PAS), and enable the first reporting officer to base his/her evaluation of the staff on performance throughout the year rather than on the best or worst assignment. The appraisal also gives more immediate feedback to the team member, who can implement suggestions for performance improvements on a timelier basis.



Staff appraisals should be completed using form [AUD-3.11 - Audit Staff Appraisal Report \(ASAR\)](#). The appraiser should evaluate members of the audit team on a scale of one to five on the areas of planning, fieldwork, reporting, oral expression, client orientation, teamwork and administration. Supporting comments are mandatory for all ratings of one and five. The appraiser should conduct the appraisal, bearing in mind the United Nations' policies and procedures on assessing staff performance.

The ASAR should be completed within one week of issuing the final report. The AIC should complete the ASAR for all assisting auditors and audit assistants, and the Section Chief should prepare the ASAR for the AIC. In instances where the AIC is also the Section Chief, no ASAR needs to be prepared for the Section Chief. However, if the assignment is performed for a Service other than that to which the Section Chief belongs, then the Chief of that Audit Service should prepare an ASAR for the Section Chief-cum-AIC, and transmit a copy to the Service Chief to whom the Section Chief normally reports.

The appraised staff member should review, provide comments, discuss the appraisal if required and sign it. The appraiser should also sign the ASAR and forward it to the Section Chief/Service Chief for review and signature. The Section Chief should send the original of the ASAR to the Central Administration Unit and a copy to the Service Chief. Both the Section and Service Chiefs should consider the ASAR when completing the e-PAS. The signing of the ASAR by the Section/Service Chief marks the end of the reporting audit results phase of the audit.

C.5.12 Audit closure

Within one week of issuance of the audit report, the AIC should check that each working paper has been reviewed by someone other than the preparer and has a reviewer approval. S/he should also check that all mandatory documents other than the Completion Table have the approval of the Section Chief. S/he should then request the Section Chief to approve the Completion Table.

The Section Chief will review the *AutoAudit* file and confirm that the file is complete and supports the audit report. S/he will change the audit status on the Completion Table to 'completed' and approve the Completion Table. This marks the end of the audit.



C.6 Audit monitoring

C.6.1 Monitoring implementation of audit recommendations

2500 - Monitoring Progress

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

2500.A1 - The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

2500.C1 - The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

IAD has the responsibility to follow up and determine whether or not the audited entity has taken steps to adequately, effectively and timely address the matters reported in audit findings and recommendations, including those raised by the BOA. The ultimate success of the audit occurs when the audited entity takes appropriate steps to reduce risks or improve operations as recommended by the audit. IAD therefore monitors on a quarterly basis, the status of implementation of open recommendations until the reported issue is either solved or the appropriate level of management has accepted the risk. Two of these monitoring reviews are initiated by Service Chiefs and the other two by OUSG as part of the preparation of the annual and semi-annual reports.

In March and September each year, Service Chiefs should request Section Chiefs to initiate the process of following-up on open recommendations. The Section Chiefs should extract or request an extract of all open recommendations from Issue Track. The extract is produced by the Snap Reporter function in Issue Track, as a standard report in tabular format showing the:

- a. Recommendation number;
- b. Recommendation status;
- c. Text of the recommendation;
- d. Risk category and rating;
- e. History of the audited entity's comments;
- f. History of OIOS' comments;



- g. Estimated target date for implementation of the recommendation; and
- h. A column for the audited entity's updated comments.

The Section Chiefs should send the extracts to audited entities by e-mail, requesting them to insert their comments on the status of implementation of recommendations in the relevant column, and provide any documentation to substantiate their response. The audited entities should be given up to one month to respond.

On receipt, the Section Chief should request current professional staff in his/her Section to review the audited entity's response. While this would normally be the AIC, this responsibility should not be passed onto AICs who are no longer part of the audit section responsible for the audited entity. The following steps should be taken:

- a. If the audited entity indicates that the recommendation has been implemented, the auditor should evaluate the response and supporting documents provided, and determine whether the audited entity's action remedies the underlying cause of the deficiencies reported.
 - i. If the audited entity's action is appropriate, the auditor should record in the history of OIOS' comments column that the recommendation has been implemented and change the status of the recommendation to 'I' (for implemented).
 - ii. If the audited entity's action is not satisfactory, the auditor should describe in the history of OIOS' comments column, the specific actions that are still required from the audited entity to enable OIOS close the recommendation. The status of the recommendation should be 'P' (for in progress)
- b. If the audited entity indicates that the recommendation has not yet been implemented, the auditor should review the age of the recommendation. If the recommendation was issued within the previous 24 months and the audited entity indicates it is in the process of implementing it, decision on the status of the recommendation should be deferred to the next follow-up period and its status should be 'P'. If the audited entity has not yet commenced action to implement the recommendation, the status should be 'O' (for open).
- c. If the recommendation is less than 24 months old and is not accepted by the audited entity, the auditor should reevaluate the risk and determine whether



- the recommendation should continue to remain open while IAD continues to persuade the audited entity to implement it. If the risk is considered to be high or moderate, the auditor should describe, in the history of OIOS' comments column, the specific actions that are required from the audited entity to enable OIOS close the recommendation. If the risk is rated low or other action has been taken by the audited entity that satisfactorily mitigates the risk, the auditor should indicate this in the history of OIOS' comments column and change the status of the recommendation to 'CA' (for closed without implementation: reasons for non-implementation acceptable).
- d. If the recommendation is more than 24 months old and is either not accepted by the audited entity or not yet implemented but the audited entity is not taking any concrete steps towards implementing it, the auditor should refer to section [C.6.2](#).
 - e. If the audited entity's response indicates that the recommendation has been overtaken by events or other circumstances that make it impractical to implement the recommendation and the auditor concurs, the recommendation should be closed without implementation. The auditor should indicate this fact in the history of OIOS' comments column and change the status of the recommendation to 'CA'.

The auditor should also prepare an updated RCS for all recommendations with a change in status. Where the recommendation has been implemented or closed, s/he should indicate the date the final status was reached and, in the case of recommendations with a financial implication, the actual amount saved or recovered. Savings and recoveries should only be recognized when they are received in full. Partial savings and recoveries should be recorded in the cumulative interim amounts saved/recovered field of the RCS. This is to avoid counting the amount saved or recovered more than once in the annual/semi-annual report.

The auditor should submit the updated extracts and RCS to the Section Chief to review the proposed changes in the status of the recommendations. If s/he agrees with the change in status, s/he should sign the RCS and forward it together with the updated extracts to PPS/IT Focal Point to reflect the changes in Issue Track. For all recommendations which require additional action by the audited entity, the auditor/Section Chief should prepare a memorandum to the audited entity outlining the actions required to close the recommendation. The memorandum should be reviewed and signed by the Service Chief and issued by the Administrative Assistant of the Service.

The follow-up exercise should be completed by the end of April or October.



C.6.2 Resolving non-implemented recommendations

2600 - Resolution of Senior Management's Acceptance of Risks

When the chief audit executive believes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the decision regarding residual risk is not resolved, the chief audit executive must report the matter to the board for resolution.

The primary function of IAD is to assist the Organization to accomplish its objectives by evaluating its risk management, control and governance processes, and making recommendations to mitigate risks or improve effectiveness. The audited entity's management is responsible for deciding the appropriate action to be taken in response to reported audit findings and recommendations. The Director/Deputy Director is responsible for assessing the actions taken by the audited entity's management and determining whether matters reported as audit findings and recommendations were resolved in a timely manner. Where senior management decides to assume the risk of not correcting the reported condition because of cost or other considerations, the implication of their decision should be brought to their attention formally, and an assessment made whether or not such decision will be included in OIOS' Annual Report (AR) to the General Assembly and Semi-annual Report (SAR) to the Secretary-General.

The auditor should assess the risk to the Organization of all recommendations that have remained open for more than 24 months and where the audited entity is either slow or has declined to implement them despite repeated counsel from IAD. The auditor should bear in mind that some recommendations may necessarily require more than 24 months for full implementation and allow reasonable time for such recommendations.

If the residual risk to the Organization is deemed to be high or medium, the auditor should prepare a memorandum to the head of the audited entity using form [AUD-4.1 Closing Unimplemented Recommendations](#). The memorandum should be reviewed by the Section Chief, approved by the Service Chief and signed by the Director/Deputy Director. The Administrative Assistant, Central Administration Unit, should issue the memorandum to the addressees and send a copy to the Section Chief who should send an e-mail to PPS/IT Focal Point, attaching the memorandum and requesting them to change the status of the recommendation to 'CM' (for closed without implementation: audited entity's management accepts responsibility for residual risk arising from non-implementation of recommendations involving high or medium risk. The Section



Chief should maintain a record of all such recommendations and consider whether they should be reported to the IAAC and included in the AR or SAR. PPS/IT Focal Point should close the recommendation in Issue Track.

If the residual risk is deemed to be acceptable, the auditor should forward the details of the recommendation to the Section Chief with a proposal that it should be closed without implementation. The Section Chief should review the proposal and supporting documentation and if in agreement, s/he should send an e-mail to PPS/IT Focal Point to change the status of the recommendation to 'CA'. If the Section Chief is not in agreement, s/he should request the auditor to prepare a memorandum using form AUD-4.1 and follow the procedures in the above paragraph.

C.6.3 Client satisfaction survey

IAD conducts surveys of audited entities annually to obtain feedback on the effectiveness of the Division's audit and advisory services, and identify potential opportunities for improvement.

By the middle of November each year, the designated Audit Assistant in PPS should compile a list of report titles and audited entities to which reports were issued from 1 November of the prior year to 31 October of the current year. The designated Programme Officer of PPS should prepare a draft transmittal memorandum and survey questionnaire based on the indicators on which IAD wishes to receive feedback for that year. The drafts should be reviewed by the Chief, PPS and approved by the Director/Deputy Director. The Audit Assistant should prepare a transmittal memorandum for each audited entity, attaching the survey questionnaire and a list of reports issued to the audited entity. Audited entities should be allowed one month to respond. The Director/Deputy Director should sign the transmittal memorandum and the Administrative Assistant, Central Administration Unit should issue it together with the attachments to the audited entities.

The Administrative Assistant, Central Administration Unit should forward responses to the Audit Assistant, PPS who should track the receipt of completed survey questionnaires and where they are not received by the due date, send reminders to the relevant audited entities. After the agreed grace period for responses, the Audit Assistant should compile the results of the survey and forward them to the Director, Deputy Director and Service Chiefs. Service Chiefs should disseminate the results to members of his/her team as necessary. The Programme Officer, PPS should prepare a draft memorandum to audited entities to give them the statistics of the survey results. This should be reviewed by the



Chief, PPS, approved and signed by the Director/Deputy Director and issued by the Administrative Assistant, Central Administration Unit.

The Director, Deputy Director and Service Chiefs should review the results of the survey and decide on the appropriate course of action to take to address any areas of concern. The designated Programme Officer, PPS should also update the results in IMDIS.

C.6.4 Annual Report and Semi-annual Report

OIOS is required by General Assembly resolutions 48/218 B (paragraph 5 (e)), 54/244 (paragraphs 4 and 5) and 59/272 (paragraphs 1-3) to:

- a. Prepare an annual analytical and summary report on its activities for the year and submit it directly to the General Assembly.
- b. Submit a report to the Secretary-General that provides insight into the effective utilization and management of resources and the protection of assets.

The OUSG is responsible for preparing both reports with input from all divisions. The report to the General Assembly, the AR, is generally submitted by August each year while the report to the Secretary-General, the SAR, is submitted by March. Both reports include an overview of the recommendations issued during the period under review and an analysis of the status of their implementation.

In May and November each year, the OUSG produces a timetable for the preparation of the AR and SAR respectively. The timetable includes *inter alia*, the date on which the OUSG will send extracts of open recommendations to audited entities and request them to provide the responsible OIOS division with an update of actions they have taken to implement them. Approximately two weeks before the due date, the designated Programme Officer in PPS should send an e-mail to Section Chiefs, requesting them to ensure they have provided PPS/IT Focal Point with any information or feedback received from audited entities that requires a change in the implementation status of any recommendation. PPS/IT Focal Point should make any revisions to Issue Track necessary. On receipt of responses from audited entities, the Section Chief should follow the procedure outlined in section [C.6.1](#) to review them and decide on the resolution of the recommendations.



D Administration

This section of the manual deals with the administrative aspects of conducting assignments, controls over working papers, communications with other oversight units and general correspondence.

D.1 Administration of assignments

An audit needs to be properly planned and organized, and team members monitored and supervised to bring about its successful and timely completion. This includes managing individual audit assignments so that milestone dates are achieved within the budgeted time and maintaining control over all assignments in progress.

D.1.1 Time recording

An assignment's time budget indicates the estimated time allocated for the performance of the audit. It also enables the AIC and Section Chief to monitor and control the audit work in process. It is essential that time is controlled carefully in order that it may be utilized in the most effective manner possible. The time budget should be broken down into audit phases from planning, to fieldwork and reporting and audit closure. For purposes of overall control, the time budget should be broken down for all team members. The assignment time budget should be prepared and approved with the Audit Plan.

Before charging time on a specific project code, members of the audit team should obtain validation from the Section Chief/AIC, or project leader, on the amount of time allocated to them. This amount of time should not be exceeded without prior authorization from the Section Chief/AIC.

It is the responsibility of each staff member to prepare a time sheet at the end of each week. The time sheet lists all projects (identified through project codes) worked on during the week and the number of hours worked (reporting is done by 2 hour segments or 0.25 of a day – the weekly time sheet should add up to 5 days). The time sheet should also include all other time spent such as training, staff meetings, other duties, holidays, sick leave and annual leave. Time sheets should be completed, approved by the Section Chief and submitted to the time sheet Focal Point in each Audit Service for input into the audit management system.



All time pertaining to an assignment should be charged to the related project code, whether under planning, fieldwork or reporting activities. Direct chargeable time (time spent directly on audit assignments as opposed to internal projects, administrative functions, training) is a key criterion for monitoring the efficiency and effectiveness of conducting assignments. On an annual basis, IAD staff members should ensure they have charged time directly to assignments as follows:

Table 6: Direct audit days per category of audit staff

Staff category	Direct audit days	
	Regular duty station	Peacekeeping mission
Section Chief/CRA	150	120
Auditor	180	150
Audit Assistant	90	75

D.1.2 Controlling assignments

D.1.2.1 Auditor-in-Charge

The AIC is primarily responsible for ensuring that individual assignments are completed within the budgeted days and timelines indicated in the approved audit plan. Assisting Auditors and Audit Assistants should immediately advise the AIC of any delays in obtaining information or difficulties in carrying out audit procedures so that s/he can resolve or refer them to the Section Chief. The AIC should put in place mechanisms to monitor the progress of each team member in executing their assigned tasks including agreeing dates when specified working papers/file sections will be reviewed. S/he should regularly inform the Section Chief of the status of the audit and of any anticipated deviations as soon as they become apparent. The AIC should seek approval for any significant departures from the approved audit plan and programme by completing form [AUD-1.1 Amendment to Work Plan Form](#).

The AIC should submit the following documents to PPS/IT Focal Point as the audit progresses, so that key dates can be recorded in the audit management system for monitoring and reporting purposes.

Table 7: Key documents to be submitted to PPS/IT Focal Points

Document	Timing	Information recorded
Notification memorandum	On issue	Start of audit
Audit plan	When approved by	End of planning. The audit plan



Document	Timing	Information recorded
	the Service Chief	should specify the planned dates for the following milestones: <ul style="list-style-type: none">▪ Issuance of notification letter▪ End of planning▪ End of fieldwork▪ Issuance of draft report▪ Issuance of final report▪ Preparation of RCS/recording recommendations in Issue Track
Exit conference notes	Immediately after exit conference	Actual end of fieldwork

D.1.2.2 Section Chief

The Section Chief is responsible for ensuring that (i) the assignments allocated to the Section as specified in the IAD work plan are conducted within the year; (ii) individual assignments are completed as scheduled and within the time budget; and (iii) staff in the Section are appropriately supervised.

The Section Chief should develop a strategy for conducting and completing assignments based on the resources in the Section. S/he should ensure that assignments are commenced in the quarter indicated in the IAD work plan, provide adequate notice to auditors of upcoming assignments and immediately notify the Service Chief of any anticipated difficulties in achieving the work plan. S/he should ensure that before audit notification letters are issued, staff or consultants are available to begin the assignment by the start date and that they will have substantially completed any previous assignments.

If it becomes evident during the course of the year that an assignment on the annual work plan may not be conducted for whatever reason (e.g. lack of resources, changing priorities, at the audited entity's request, coordination with other oversight bodies etc.), the Section Chief should discuss the issue with the Service Chief. If a decision is taken to cancel the assignment, the Section Chief should complete form [AUD-1.1 – Amendment to Work Plan](#) and submit it to the Service Chief and Director/Deputy Director for approval. Once approved, the Administrative Assistant should forward the form to PPS/IT Focal Point for the assignment to be shown as cancelled on the annual work plan and on the audit management system.

The Section Chief should maintain regular contact with audit teams to satisfactorily monitor and exercise control over assignments. S/he should make



note of the successive timelines of ongoing assignments to ensure that milestones in the audit plan are met and that s/he immediately detects delays or potential problems in an assignment. S/he should resolve any matters brought to his/her attention or refer them to the Service Chief.

The Section Chief should sign weekly time sheets prepared by auditors and audit assistants and monitor the amount of time spent on assignments by reviewing reports from the audit management system to ensure that budgeted days for audits are not exceeded. S/he should give prior authorization for any revisions to budgeted days that are less than 25 per cent of the original time budget and forward for approval by the Service Chief and Director/Deputy Director, revisions of 25 per cent or more.

D.1.2.3 Service Chief

The Service Chief is responsible for ensuring that the assignments allocated to the Service as specified in the IAD work plan are conducted within the year and that there is an appropriate delivery of service to audited entities. S/he should monitor progress with the implementation of the work plan and hold regular meetings with staff to ensure that potential problems are identified and resolved. S/he should review reports from the audit management system to ensure individual assignments are completed on time and within the allowed budget and keep the Director/Deputy Director informed of activities in the Service.

D.1.2.4 Professional Practices Section/IT Focal Points

PPS/IT Focal Points are responsible for processing time sheets, recording information on the milestone dates of assignments in the audit management system and ensuring the database is up-to-date, complete and accurate at all times. Data in the audit management system is used to measure key performance indicators in IAD. PPS/IT Focal Points are also responsible for producing standard reports on the status of, and time charged, to assignments at pre-determined intervals or on request, and distributing them to IAD management and staff. On a quarterly basis, PPS coordinates a comprehensive review of the progress on executing the IAD work plan for presentation to the USG/OIOS.

D.2 Working papers

Working papers comprise all physical documents and electronic files obtained or prepared during an IAD assignment. There should be proper control over working papers at all times.



D.2.1 Ownership of and access to working papers

In terms of paragraph 3 of [ST/SGB/2007/5](#) on Record-keeping and the management of United Nations archives:

“All records, including electronic records and e-mail records, created or received by a staff member in connection with or as a result of the official work of the United Nations, are the property of the United Nations.”

Consequently, all working papers produced by IAD are owned by the Organization. Nonetheless, access to IAD working papers shall be restricted to authorized IAD staff members at all times. Requests for access to assignment working papers by management and officials of the Organization including other OIOS Divisions, the BOA or JIU shall be granted only after the approval of the Director, IAD. Any requests from parties outside the Organization may be granted after the approval of the Director, IAD, USG/OIOS and/or the Office of Legal Affairs.

Management and staff of IAD 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.

D.2.2 Retention of working papers

All IAD working papers shall be retained in accordance with the [Retention Schedule for Records of the Office of Internal Oversight Services](#) issued by the United Nations Archives and Records Management Section. Closing the file entails ensuring the status of each task on the Completion Table is flagged as complete and the Completion Table is approved by the Section Chief. The file should be archived five years after the date of closure.

D.2.3 Confidentiality

All staff members in the Division at all levels are responsible for the confidentiality of audit related documentation. Unauthorized disclosure of any IAD official information is prohibited. Each working paper or document relating to an audit is confidential and all staff should respect the confidentiality of information acquired during the audit. Confidential documents should be locked and kept inside drawers, or scanned and saved in computer files of each staff for ongoing assignments. On completion of the assignment, staff should obtain guidance from their Service/Section Chiefs on the continued retention of such documents. Staff members should ensure that no confidential document is left unattended or left out openly on desks, printers, copiers or fax machines. Shredders should be used to dispose of confidential documents.



All auditors should use the facility for storing working paper files currently available in *AutoAudit*, avoiding whenever and wherever possible, maintaining hard copy files in their respective rooms.

Service and Section Chiefs should ensure that these confidentiality principles are adhered to. IAD shall officially report to the Investigations Division, OIOS, any cases where its reports or other official documents are leaked to unauthorized third parties.

D.3 Handover of duties

Each IAD staff member leaving a position on transfer, promotion or separation should prepare comprehensive handover notes to assist his/her successor to carry out their duties and to provide key knowledge and information regarding the position. This also serves to preserve the institutional memory of the Division, ensure that the transition period is as short and smooth as possible and to avoid the successor having to refer to the predecessor on ongoing issues. The staff member should send the handover note to his/her successor before departing and supplement the note with phone conversations or e-mail as necessary. If the successor has not yet been appointed, the staff member should leave the handover note with his/her supervisor. When staff members assume duties at new positions, they should request the handover note from their predecessors, if one was not received already. The handover note should include the following minimum information:

- a. Description of duties;
- b. Status of ongoing assignments and initiatives/projects;
- c. Critical issues/challenges/priorities;
- d. Regular/recurring meetings or reports and a calendar of major activities;
- e. Location of hardcopy and electronic files;
- f. Key contacts at audited entities; and
- g. Other information of continuing relevance.



Service and Section Chiefs should also include staffing and budgeting issues and any recommendations for improving the effectiveness and efficiency of the Service/Section.

D.4 Communication

D.4.1 Communication with other OIOS Divisions

Communication with staff from other OIOS Divisions is both encouraged and considered essential. Sharing of information with colleagues from IED and ID can enhance our knowledge about audited entities, their processes and activities and general oversight matters, and also contribute to the strengthening of the overall OIOS office culture.

D.4.1.1 Sharing audit reports

IAD will share copies of its reports with IED and ID on receipt of written requests from the head of the Division. All such requests should be channeled through PPS to ensure uniformity of procedures and confidentiality of information.

D.4.2 Communication with BOA and other oversight bodies

Copies of all IAD final audit reports should be routinely copied to the BOA and JIU. The BOA has unhindered access to the IAD records however such requests for information should be channeled through the Director.

Responses to all management letters or audit observations issued by the BOA, and other reviewers (e.g. by Government Accountability Office, JIU, etc.) on the work of IAD, should be coordinated by PPS in order to ensure consistency. Service/Section Chiefs preparing such responses should channel them through PPS for review before being submitted to the Director/Deputy Director for signature and issuance.

D.4.3 General correspondence and e-mail standards

D.4.3.1 Official correspondence

All IAD official correspondence should be on the approved letterhead or memorandum available on the IAD website. Templates are also available on the website for standard memoranda relating to audits. The currently available templates are as follows:



- a. Audit Notification Memorandum
- b. Inter-office Memorandum on Significant Issues
- c. Draft Report Cover Memorandum
- d. Final Report Cover Memorandum
- e. Reminder Memorandum
- f. Sample Memorandum – New or Revised Recommendation
- g. Audit Closing Memorandum

Outgoing correspondence should be signed by the appropriate personnel. As a general rule, the USG/OIOS signs all correspondence to the Secretary-General, General Assembly, Security Council, ACABQ, IAAC, Member States and any issues pertaining to OIOS as a whole. The IAD Director signs final audit reports, audit closing memoranda, inter-office memoranda on significant issues and closing non-implemented recommendations, client satisfaction survey transmittal memoranda and any issues pertaining to IAD as a whole. Service Chiefs sign notification letters, draft audit reports, new/revised recommendations and reminder memoranda. CRAs may sign notification letters and draft reports on behalf of Service Chiefs on approval.

The following are some of the general guidelines for drafting external correspondence:

- a. Use, as appropriate, the UN Editorial Manual which can be accessed at <http://intranet.un.org/dgaacs/translation/editorial/>.
- b. As per Editorial Directive ST/CS/SER.A/41, attention should be paid to the need to use gender-sensitive and politically correct language.
- c. Use, as necessary, the Concise Oxford English Dictionary, accessible through internet at http://www.oxfordreference.com/views/BOOK_SEARCH.html?book=t23
- d. Use the "Spelling and Grammar" function, under the menu tab "Tools" in Microsoft Word



- e. Pay attention to addressing the memorandum/letter at the appropriate level of hierarchy. Other individuals, who may have a direct interest in or affiliation with the topic of the memorandum/letter, should be copied.

All Audit Services should maintain an updated list of the names of heads of audited entity and audit focal points.

D.4.3.2 Internal correspondence

In general, internal correspondence and sharing of information with colleagues is highly encouraged. IAD seeks to enhance internal communication and knowledge/information sharing in various ways such as the IAD website, information on the status of vacancies, Service and Section meetings, brownbag briefings, auditor access to *AutoAudit*, Issue Track and the audit management system data, etc. Service and Section Chiefs are encouraged to inform staff, whenever appropriate and relevant, about decisions made in senior management meetings, outcomes of GA deliberations, useful reports and studies published etc.

D.4.3.3 Use of e-mail

The growth in the volume and use of e-mail and attachments has potential disadvantages in creating unmanageable workloads, diverting resources and reducing effective interpersonal communication. A concerted effort should be made to reduce unnecessary e-mail usage and use direct or telephone conversation wherever practicable. If e-mail is the most appropriate method of communication, messages should be accurate, courteous and above all, necessary. The following are some of the recommendations for good e-mail etiquette and management:

- a. Always put a meaningful heading in the subject so that the recipient can prioritize reading. Do not leave the subject blank.
- b. Always add your name, title and the standard e-mail disclaimer as a signature at the end of every e-mail. The standard e-mail disclaimer for IAD reads as follows:

This e-mail message contains United Nations proprietary information that is confidential in accordance with Section 2.2 of ST/SGB/2007/6 and/or legally privileged. It is intended solely for the use of the individual(s) to whom it is addressed and others authorized to receive it. If you are not the intended recipient, please notify the sender by return e-mail and delete this message and all attachments from your system. You are hereby notified that any disclosure, copying, distribution or other use of this communication is strictly prohibited.

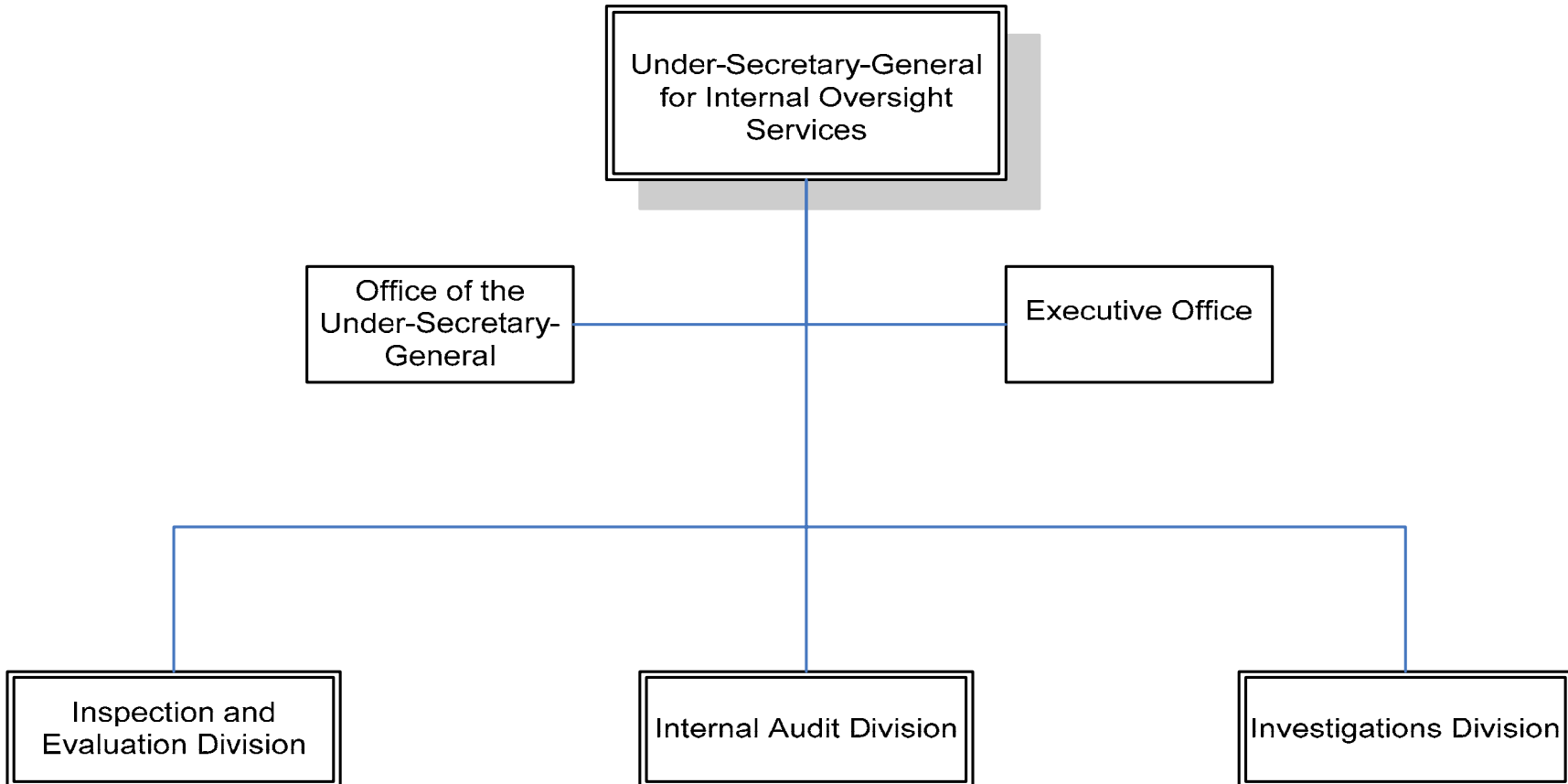


- c. Keep messages short and to the point but be aware that very cryptic or abrupt messages may be regarded as rude because of the lack of context.
- d. Copy (cc) messages on a “need to know” basis.
- e. Take great care when addressing e-mail messages, to avoid misdelivery.
- f. Ensure that e-mails marked as “confidential” are not sent to unattended shared printers and that printed copies are not left lying around.
- g. Never assume that the person you are sending the e-mail to will be the only person who will see your message. Observe the same standards of confidentiality for electronically held or generated information as for hard copies.
- h. Do not expect recipients to read and deal with your messages immediately.
- i. Avoid sending large documents as attachments.
- j. Enable your Lotus Notes ‘out of office’ agent or make arrangements for someone else to have access to your mail on a regular basis if you are going to be out of the office for an extended period. This should be disabled when you return.
- k. Use the archiving feature regularly to avoid automatic deletion of older e-mails.
- l. Do not type in upper case; this is the equivalent of SHOUTING!
- m. Avoid sending e-mails when you are angry or distressed.

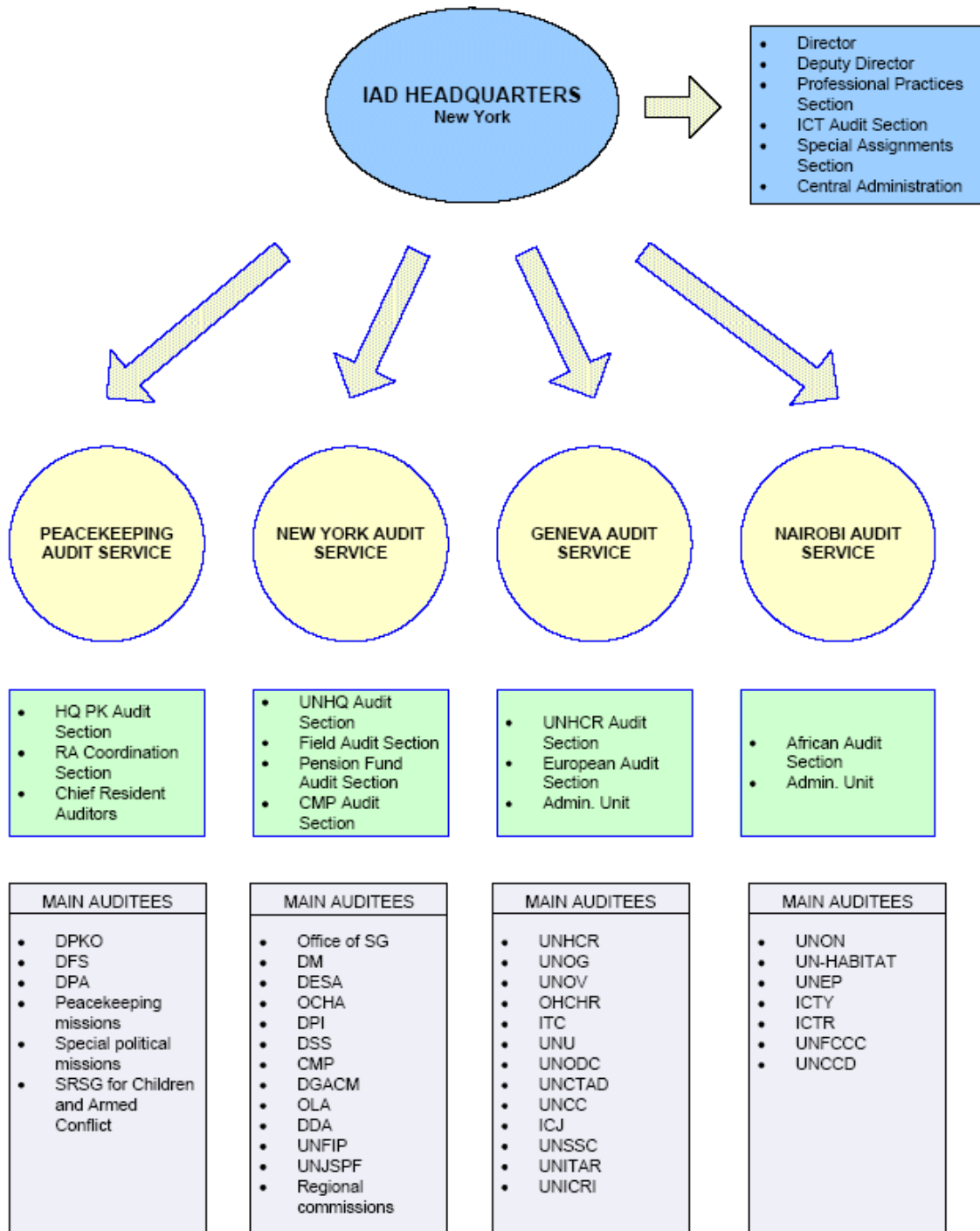


E Annexes

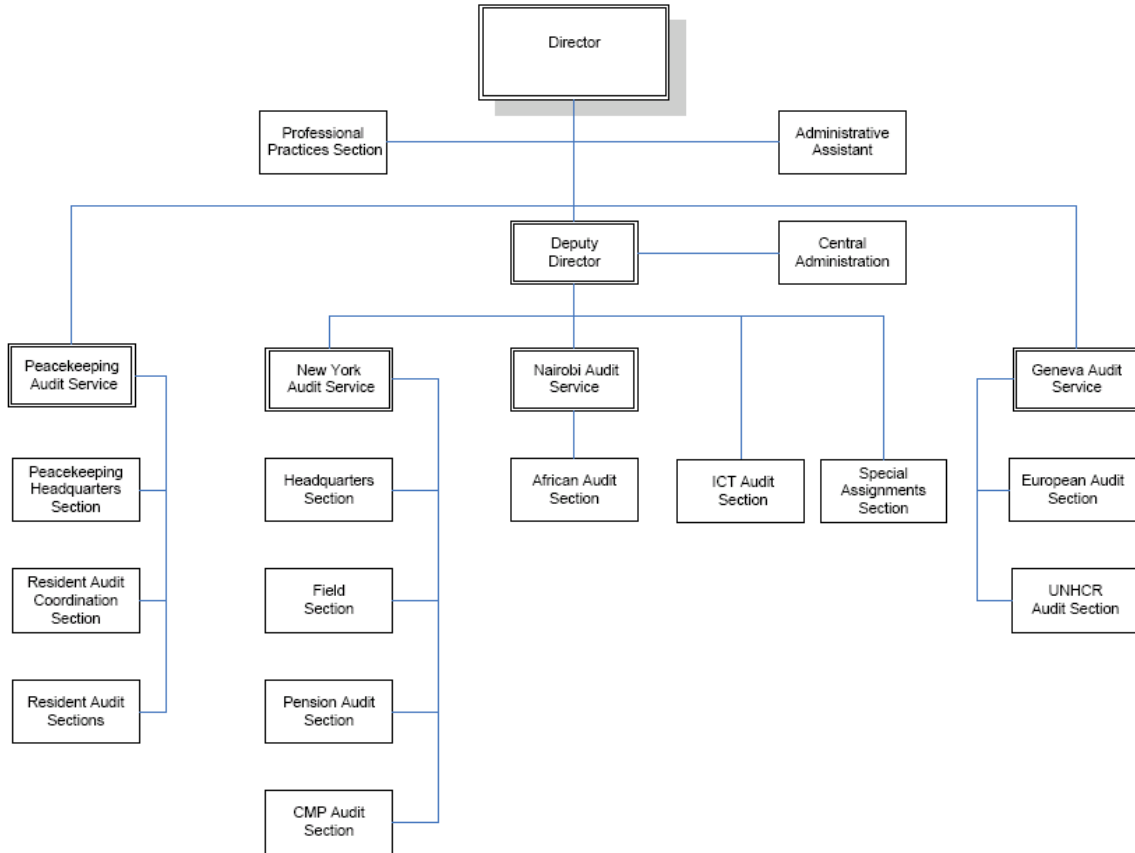
E.1 OIOS organization chart



E.2 IAD organization structure



E.3 IAD organization chart



E.4 List of templates

No.	Name	Form No.
Planning		
1.	Amendment to Work Plan Form	AUD-1.1
2.	Statement of Independence	AUD-1.2
3.	Audit Notification Memorandum	AUD-1.3
4.	Entry Conference Agenda	AUD-1.4
5.	Entry Conference Notes	AUD-1.5
6.	Audit Plan	AUD-1.6
7.	Audit Programme	AUD-1.7
8.	Audit Programme – Segment	AUD-1.8
9.	Notification Memorandum to other OIOS Divisions	AUD-1.9
Fieldwork		
10.	Audit Segment Summary	AUD-2.1
11.	Record of Control Weakness	AUD-2.2
12.	Inter-office Memorandum on Significant Issues	AUD-2.3
13.	Exit Conference Briefing	AUD-2.4
14.	Exit Conference Notes	AUD-2.5
Reporting and Audit Closure		
15.	Audit Closing Memorandum	AUD-3.1
16.	Draft Audit Report	AUD-3.2
17.	Draft Memorandum Report	AUD-3.3
18.	Audit Report Clearance Check Sheet	AUD-3.4
19.	Tracer Form	AUD-3.5
20.	Sample Memorandum-New or Revised Recommendation	AUD-3.6
21.	Reminder Memorandum	AUD-3.7
22.	Final Audit Report	AUD-3.8
23.	Final Memorandum Report	AUD-3.9
24.	Recommendations Coding Sheet	AUD-3.10
25.	Audit Staff Appraisal Report	AUD-3.11
26.	Withholding release of reports to Member States	AUD-3.12
Monitoring		
27.	Closing Unimplemented Recommendations	AUD-4.1
Advisory meetings		
28.	Advisory Meetings (before attending)	AUD-5.1
29.	Advisory Meetings (after attending)	AUD-5.2

E.5 Organization of an AutoAudit working paper file

Audit phase	WP Ref.	Working papers	Template No.	Required reviews and approvals		
				Section Chief	Service Chief	Director/ Deputy Director
Completion Table						
	A	Completion Table		✓		
Planning						
	B	Planning Activities Form		✓		
	B.1	Statement of Independence	AUD-1.2			
	B.2	Audit Notification Memorandum	AUD-1.3	✓	✓	
	B.3	Entry Conference Agenda	AUD-1.4			
	B.4	Entry Conference Notes	AUD-1.5			
	B.5	Understanding the Audited Entity's Operations				
	B.6	Preliminary Assessment of Internal Control System				
	B.7	Audit Plan	AUD-1.6	✓	✓	
	B.8	Audit Programme	AUD-1.7	✓	✓	
Fieldwork						
	C	Fieldwork Activities Form		✓		
	C.1	Audit Segment Programme	AUD-1.8	✓		
	C.1.1	Audit Segment Summary	AUD-2.1	✓		
	C.1.2	Audit Working Paper				
	C.1.2.1	Record of Control Weaknesses	AUD-2.2	✓		
	C.1.3	Audit Working Paper				
	C.1.3.1	Record of Control Weaknesses		✓		
	C.1.3.2	Record of Control Weaknesses		✓		
	C.2	Audit Segment Programme		✓		
	C.2.1	Audit Segment Summary		✓		
	C.2.2	Audit Working Paper				
	C.2.2.1	Record of Control Weaknesses		✓		
	C.10	Audit Segment Programme		✓		
	...					
	C.11	Exit Conference Briefing	AUD-2.4	✓	✓	
	C.12	Exit Conference Notes	AUD-2.5	✓		
Reporting						
	D	Reporting Activities Form		✓		
	D.1	Summary of Control Weaknesses				
	D.2	Draft Report	AUD-3.2/ AUD-3.3	✓	✓	
	D.3	Audit Report Clearance Check Sheet	AUD-3.4	✓	✓	
	D.4	Tracer Form	AUD-3.5			
	D.5	Audited entity's comments on draft report				

Audit phase	WP Ref.	Working papers	Template No.	Required reviews and approvals		
				Section Chief	Service Chief	Director/ Deputy Director
	D.6	Final Report	AUD-3.8/ AUD-3.9	✓	✓	✓
	D.7	GA Report Documentation				
Audit Closure						
	E	Audit Closure Activities Form		✓		
	E.1	Recommendations Coding Sheet/Issue Track Entry	AUD-3.10	✓		
	E.2	Audit Staff Appraisal Report	AUD-3.11	✓		
	E.3	QAIP On-going Review Checklist	AUD-6.1			

E.6 Job descriptions

Within delegated authority and in accordance with the reporting lines of IAD, incumbents of the following positions will be responsible for the generic duties listed below, and other tasks as may be assigned by supervisors.

E.6.1 Director – D-2

- Plan, direct and co-ordinate the work of IAD.
- Implement risk-based audit plans and take overall responsibility for the quality assurance programme of IAD.
- Formulate and direct a comprehensive internal auditing programme for the United Nations at Headquarters, offices away from Headquarters, relevant United Nations funds and programmes, and peacekeeping missions, and other offices under OIOS' responsibility.
- Stay abreast of Organization-wide developments of policy, plans, activities and programmes.
- Coordinate the internal audit activities of the Division with the other divisions of OIOS, the United Nations Board of Auditors, the Joint Inspection Unit and with internal audit services of other United Nations agencies in order to maximize audit coverage, ensure the implementation of audit recommendations and avoid duplication of efforts.
- Coordinate and oversee the preparation of reports to intergovernmental bodies.
- Directly oversee the work programmes of the Internal Audit Division's offices in Geneva as well as the Peacekeeping Audit Service and the Professional Practices Section.
- Oversee the administrative tasks necessary for the functioning of the Division including: (i) preparation of budgets, (ii) assigning and monitoring of performance parameters and critical indicators, (iii) reporting on budget/programme performance, and (iv) evaluation of staff performance.
- Oversee the recruitment of staff for the Division.
- Provide the Under-Secretary-General for OIOS with advice on internal oversight issues and conduct peer reviews of internal oversight work outside the Division.

E.6.2 Deputy Director – D-1

- Oversee the work programmes of the Internal Audit Division's offices in Nairobi as well as the Headquarters Audit Service, the Information and Communications Technology Audit Section, and other IAD Sections as may be assigned by the IAD Director.
- Oversee the Central Administration Unit of IAD.
- Provide overall coordination of risk-based audit planning of the Services/Sections under his/her supervision.
- Follow up on the status of audits and other work assigned, and provides guidance to staff under his/her supervision.
- Ensure that Services/Sections assigned to him/her develop risk-based medium, annual and assignment-specific audit plans covering activities.
- Maintain contact with senior representatives of audited entities to discuss audit plans, audit results and the representatives' related views and concerns.
- Take part in identifying resource requirements for the IAD, including taking part in recruitment, selection and assignment of staff; and taking part in preparation of budgets, monitoring budget status, etc.
- Monitor the work of Services/Sections assigned to him/her and ensures that assignments are conducted in accordance with (i) the approved timetable and budget; (ii) the Division's audit plans, policies and procedures; and (iii) the standards for the professional practice of internal auditing in United Nations organizations.
- Review draft and final audit reports (internal and for transmittal to the General Assembly) as appropriate and provide guidance and supervision to the Services/Sections.
- Take part in establishing operating guidelines, internal audit manuals, lines of authority, and communicating work objectives and priorities of reporting.
- Represent the Division within the United Nations and other organizations as necessary.

E.6.3 Service Chief – D-1

Management functions:

- Oversee the work of the Service.

- Monitor the Service's internal environment to ensure optimization, and effective and transparent use of staff resources.
- Provide guidance and supervision to Section Chiefs and audit staff.
- Monitor staff performance and compliance with ASARs and e-PAS for staff under his/her direction.
- Monitor training needs of staff and ensure training is in accordance with plans.
- Assist with establishing operating guidelines, internal audit manuals, lines of authority, and communicating work objectives and priorities of reporting.
- Represent the Division within the United Nations and other organizations as necessary.

Audit functions:

- Coordinate and review the risk-based audit plans of the sections under his/her supervision.
- Ensure the timely and effective execution of the audits and other work assigned.
- Supervise the on-going updating of risk assessments for audited entities under his/her responsibility.
- Maintain relationships with representatives of audited entities to discuss risk assessments, audit plans, audit results, implementation of recommendations, and the representatives' views and concerns.
- Ensure that assignments are conducted in accordance with IAD's approved audit work plan.
- Ensure that assignments are conducted in accordance with IAD's Internal Audit Manual and the IIA International Professional Practices Framework.
- Monitor assignments to ensure they are conducted in accordance with the approved timetable and budget.
- Review and approve audit plans.
- Review draft and final audit reports and other audit-related documents.
- Monitor quality of the audit process and take prompt corrective action when needed.

- Bring to the Director and Deputy Director's attention audit issues requiring their attention.
- Conducts lessons learned sessions with audit staff.

Administrative functions:

- Identify resource requirements, and preparation of budgets.
- Recruit, select and assign staff effectively.
- Monitor the budget status in conjunction with the Administrative Unit and makes timely requests for redeployment of funds if needed.
- Carry out such other tasks as may be assigned by the IAD Director.

E.6.4 Section Chief – P-4/P-5

Management functions:

- Oversee the work of the audit section.
- Monitor the section's internal environment to ensure optimization, and effective and transparent use of staff resources.
- Provide guidance and supervision to audit staff.
- Monitor staff performance and compliance with ASARs and e-PAS for staff under his/her direction.
- Monitor training needs of staff and ensure training is in accordance with plans.
- Represent IAD within the United Nations and other organizations as necessary.

Audit functions:

- Coordinate and review the risk-based audit plans of the section.
- Ensure the timely and effective execution of the audits and other work assigned.
- Supervise the on-going updating of risk assessments for audited entities under his/her responsibility.
- Maintain relationships with representatives of audited entities to discuss risk assessments, audit plans, audit results, implementation of recommendations, and the representatives' views and concerns.

- Ensure that assignments are conducted in accordance with IAD's approved audit work plan.
- Ensure that assignments are conducted in accordance with IAD's Internal Audit Manual and the IIA International Professional Practices Framework.
- Monitor assignments to ensure they are conducted in accordance with the approved timetable and budget.
- Review audit plans.
- Review draft and final audit reports and other audit-related documents.
- Monitor quality of the audit process and take prompt corrective action when needed.
- Bring to the Service Chief's attention audit issues requiring their attention.
- Conduct lessons learned sessions with audit staff.

E.6.5 Chief Resident Auditor – P-4/P-5

Management functions:

- Oversee the work of the resident auditor office.
- Monitor the resident auditor office's internal environment to ensure optimization, and effective and transparent use of staff resources.
- Provide guidance and supervision to audit staff.
- Monitor staff performance through the completion of ASARs, and compliance with e-PAS for staff under his/her direction.
- Through the e-PAS appraisal process, determine training needs of staff and ensure training is in accordance with plans.
- Represent IAD in the Mission.

Audit functions:

- Coordinate and review the risk-based audit plans of the resident audit office.
- Ensure the timely and effective execution of the audits and other work assigned.
- Supervise the on-going updating of risk assessments for the Mission under his/her responsibility.

- Maintain relationships with representatives of audited entities to discuss risk assessments, audit plans, audit results, implementation of recommendations, and the representatives' views and concerns.
- Ensure that assignments are conducted in accordance with IAD's approved audit plan.
- Ensure that assignments are conducted in accordance with the Internal Audit Manual and the IIA International Professional Practices Framework.
- Monitor assignments to ensure they are conducted in accordance with the approved timetable and budget.
- Review and approve audit plans and programmes.
- Review draft and final audit reports and other audit-related documents.
- Monitor quality of the audit process and take prompt corrective action when needed.
- Monitor the follow-up process concerning the implementation status of recommendations.
- Bring to the Service Chief's attention audit issues requiring his/her attention.
- Conduct lessons learned sessions with audit staff.

Other functions:

- Carry out such other tasks as may be assigned by the IAD Director and/or the Chief of Service.
- Provide advice or assistance to mission management when required.
- Ensure that Resident Auditors are adequately briefed on security related issues.

E.6.6 Auditor – P-4

- Lead audits/special reviews with respect to large and complex operations.
- Identify and allocate tasks, coordinate/monitor work, control audit/assignment resources, consolidate results, etc.
- Prepare risk-based audits/reviews.
- Plan/programme assignments in accordance with OIOS standards.

- Supervise and coach staff throughout the audit/review with the view to ensuring conformity with OIOS' standards in all phases of the audit process.
- Empower and challenge more junior staff to actively participate in the management of the audit/review.
- Document, evaluate and test systems and controls to determine their adequacy and effectiveness, ensuring (i) compliance with policies and procedures, (ii) accomplishment of management's objectives, (iii) reliability and integrity of information, (iv) economical use of resources, and (v) safeguarding of assets.
- Prepare working papers for review by Section/Service Chief or the Director/Deputy Director of IAD.
- Develop and discuss findings, recommendations and time lines for corrective action with responsible officer of operations audited, and monitor the implementation status of agreed recommendations.
- Draft audit/assignment reports for Organization-wide consumption, including senior management and the General Assembly.
- Prepare presentations, using available technology tools (e.g., PowerPoint). Make presentations of audit results to senior management of IAD and senior management of the operation audited.
- Monitor the status of audit recommendations.
- Appraise adequacy of follow-up action taken on audit findings and recommendations.
- Maintain and update audit programs.
- Identify training needs with respect to auditing approaches and techniques.
- Evaluate staff performance; perform management review of work performed by assistant auditors, prior to Section/Service Chief's review.
- Ability and readiness to frequently travel, including to hardship locations.
- Perform other related duties as determined by the Section/Service Chief or Director/Deputy Director.

E.6.7 Auditor – P-3

- Prepare/participate in preparations for risk-based audit plans/programmes in accordance with OIOS' standards.

- Document, evaluate and test systems and controls to determine their adequacy and effectiveness to ensure (i) compliance with policies and procedures, (ii) accomplishment of management's objectives, (iii) reliability and integrity of information, (iv) economical use of resources, and (v) safeguarding of assets.
- Prepare working papers for review by the auditor in charge or the Section Chief.
- Review working papers prepared by assisting auditors for subsequent review by the auditor in charge or Section Chief.
- Develop and discuss findings; come to agreement on recommendations and timeliness for corrective actions with responsible officers of operations audited and monitor the implementation status of agreed recommendations.
- Draft audit reports for entire assignment or portion of assignment.
- Take initiative in identifying appropriate audit tools, best practices, and identify/perform tasks aimed at ensuring that the audit/assignments are conducted in accordance with OIOS' standards.
- Supervise and coach lower level staff.

E.6.8 Associate Auditor – P-2

- Document, evaluate and test systems and controls to determine their adequacy and effectiveness with respect to (i) compliance with policies and procedures; (ii) accomplishment of management's objectives; (iii) reliability and integrity of information; (iv) economical use of resources; and (v) safeguarding assets.
- Prepare working papers for review by the Auditor-in-Charge.
- Take initiative in identifying appropriate audit tools, best practices and identify/perform tasks aimed at ensuring that the audit assignments are conducted in accordance with OIOS' standards.
- Supervise lower level staff.

E.6.9 Audit Assistant – G-7

- Examine detailed financial and/or processing documents to ensure conformity with established rules and regulations. Compute, calculate, verify, tabulate and analyze data.

- Compile a variety of pre-audit information for both financial and operational audits of specified operations and/or transactions.
- Undertake audit interviews with supervisory and line personnel working within various operations in order to establish procedures and practices. Clarify records and systems and observe work in progress.
- Document all observations regarding operations and transactions audited, highlighting any weaknesses/discrepancies. Make recommendations for resolution of identified problems.
- Identify appropriate accounting and control procedures, e.g., development of new/additional ledgers, improvement in control of cash receipt and recording procedures, establishment of controls for imprest account levels, follow-up on overdue accounts, etc.
- Ensure completeness of audit working papers, which document the various phases of each audit assignment segments and support individual findings and recommendations.
- Participate in the discussions at the Entry and Exit Conferences and document the minutes as required.
- Perform other duties as may be required such as participating in/or drafting the audit programme, monitoring the coding and implementation of audit recommendations and maintaining the audited entity profile database.
- Travel as part of an audit team to carry out field audit assignments in a Regional Commission, peacekeeping mission or technical cooperation projects in various countries.

E.6.10 Audit Assistant – G-6

- Review various accounting documents and records; compute, calculate and verify various data.
- Review transactions that have financial implications to ensure regularity of receipt, custody and disposal of funds and other financial resources of the United Nations.
- Examine and test-check financial and/or personnel and/or administrative documents such as personnel documents, travel documents or claims, vouchers, purchase orders, invoices, bank and other reconciliations, verifying footings, extensions and posting, tracing original evidence into the records, personnel.

- Undertake research/obtain background information related to the subject to be audited.
- Report errors and other findings directly to an Auditor.
- Prepare supporting schedules and reconciliations.
- Organize and maintain supporting working papers and cross-reference with audit report.
- Perform other duties as may be required such as following up on outstanding recommendations, taking notes during entry and exit conferences.
- Travel as part of an audit team to carry out field audit assignments in a Regional Commission, peacekeeping mission or technical cooperation projects in various countries.

E.6.11 Audit Assistant – G-5

- Collect relevant information and documentation related to specific audit assignments; calculate, compute and verify data.
- Prepare spreadsheet, verify footings, extensions and postings and trace original evidence into the records, e.g., personnel documents, budget, accounting vouchers, purchase orders, contracts, requisitions, receiving and inspection reports and invoices.
- Assist in observing random physical inventory of property in various departments throughout the Organization.
- Perform other duties as may be required such as administrative-related tasks: assisting in coding and monitoring recommendations, recording of time and attendance, assisting in travel arrangements, tracking status of audit assignments, documenting minutes of Section meetings.
- Assist in organizing and maintaining the audit working papers.

F Flowchart of audit management process

F.1 Flowcharting symbols



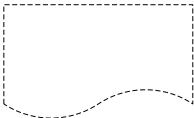
Start/end of audit phase/process



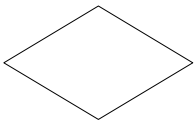
Description of process



Document



Reference document



Decision box



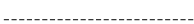
Description of process in AutoAudit



Predefined process



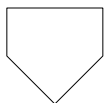
Process flow direction



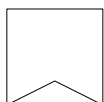
Link to reference document



On-page reference



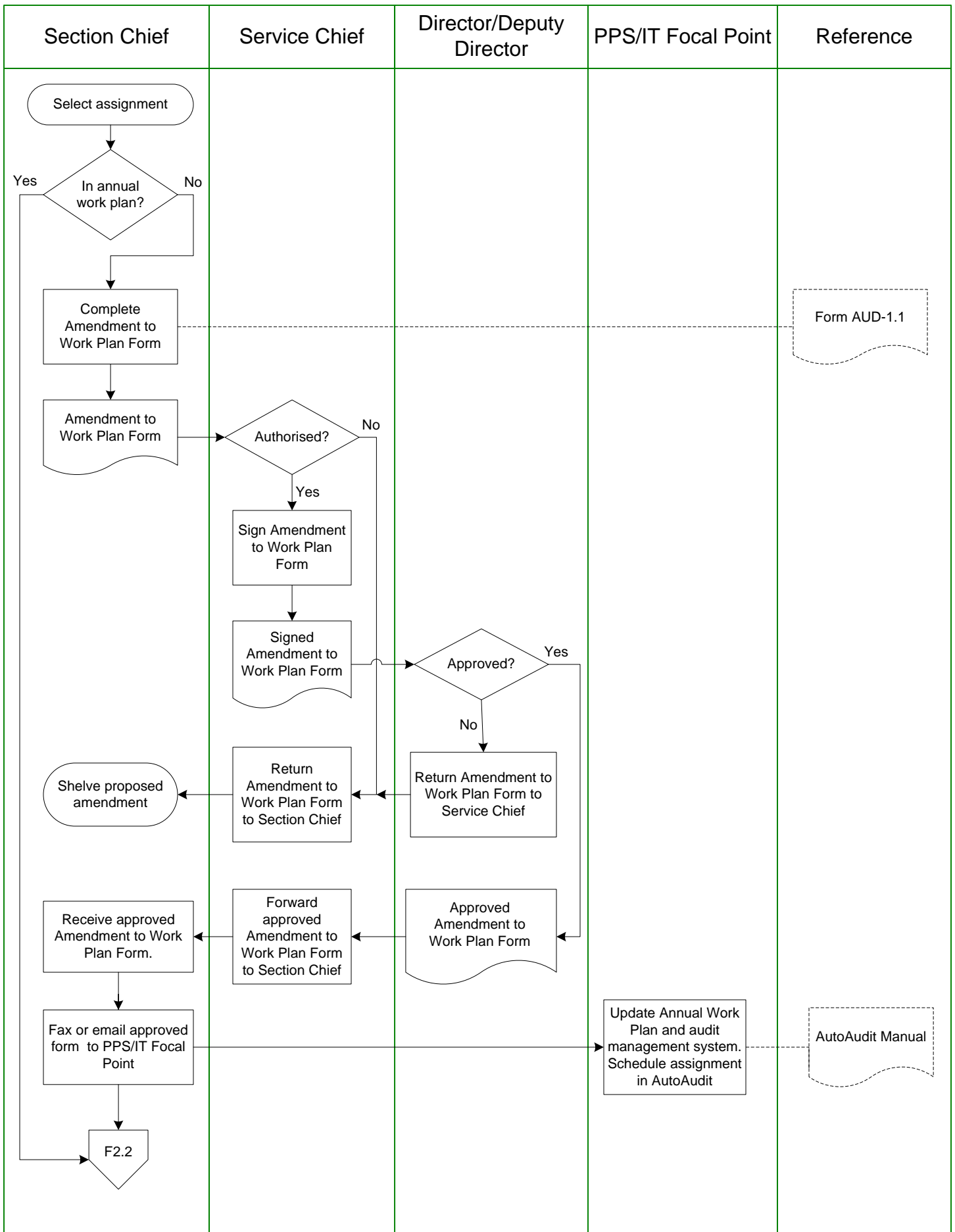
Off-page reference



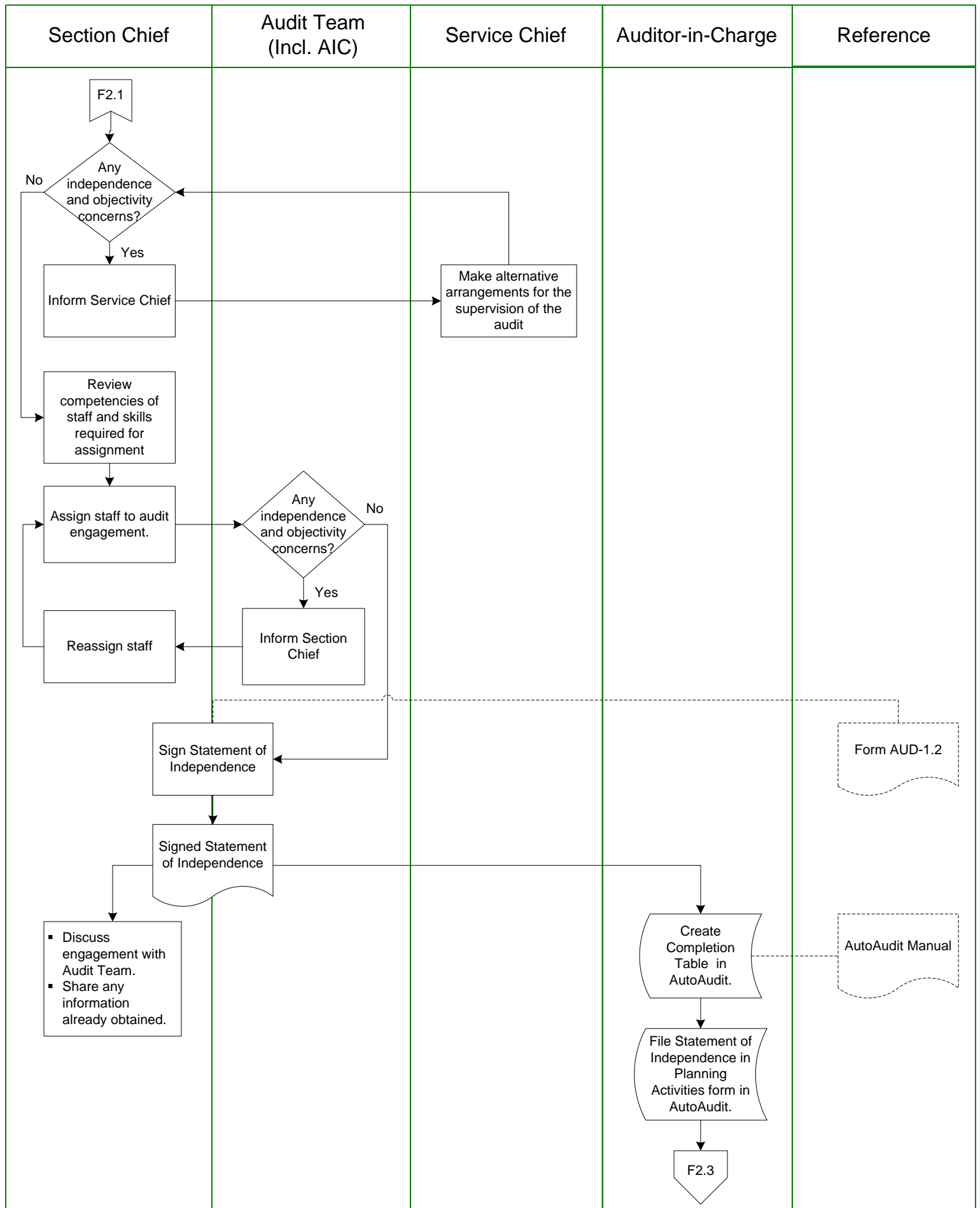
Incoming reference

F.2 Audit engagement planning

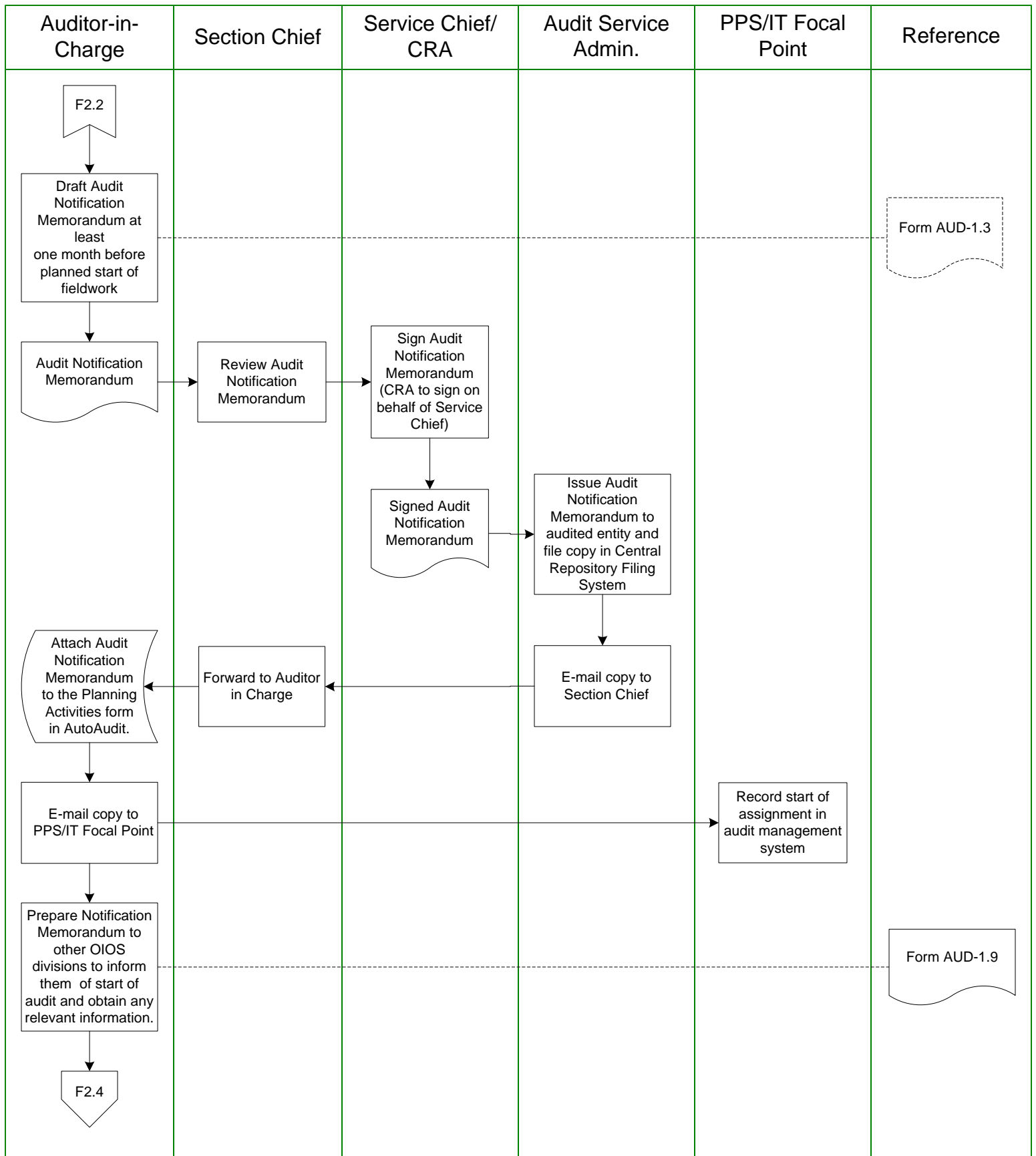
F.2.1 Selecting the audit assignment



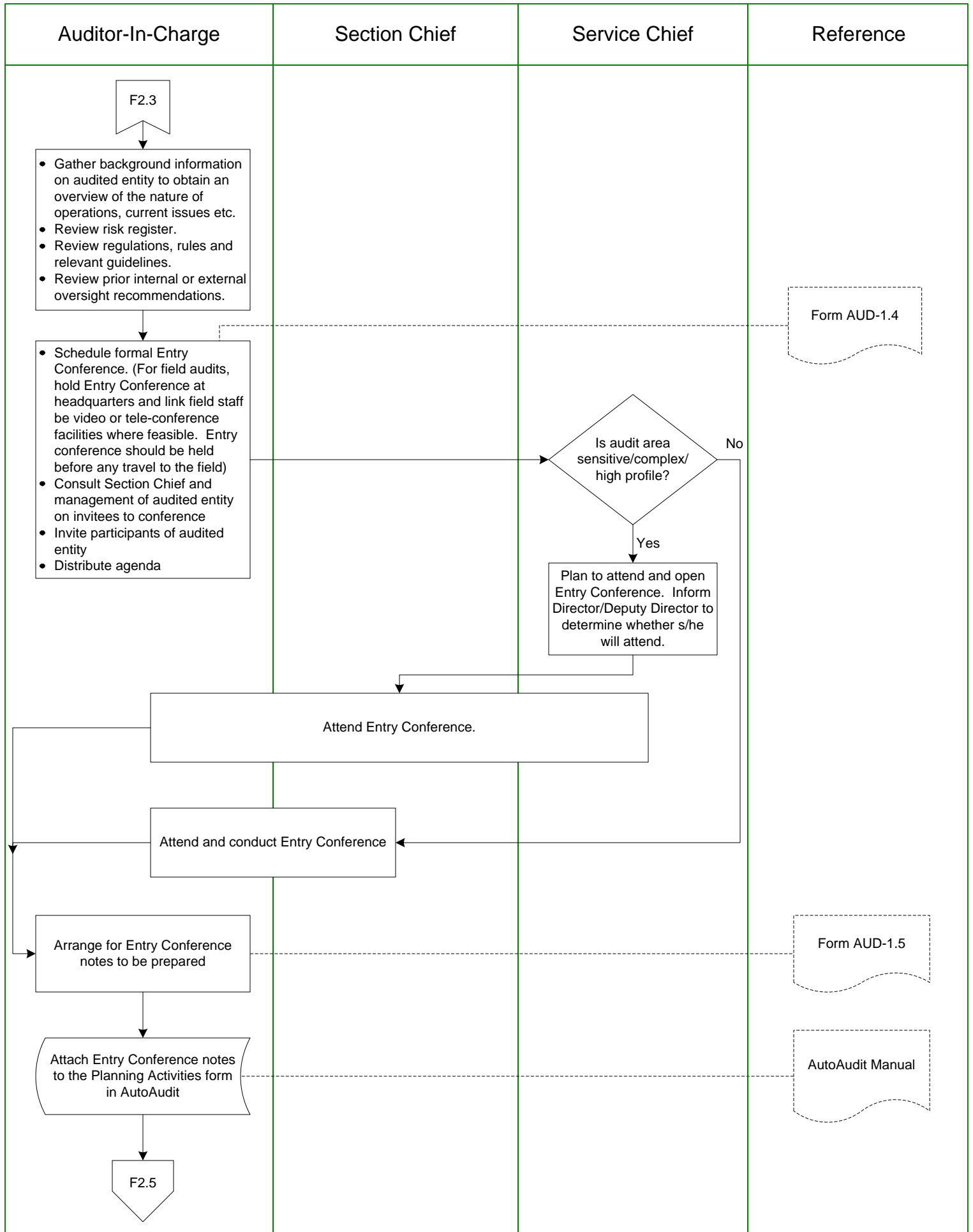
F.2.2 Assigning the Auditor-in-Charge and audit staff



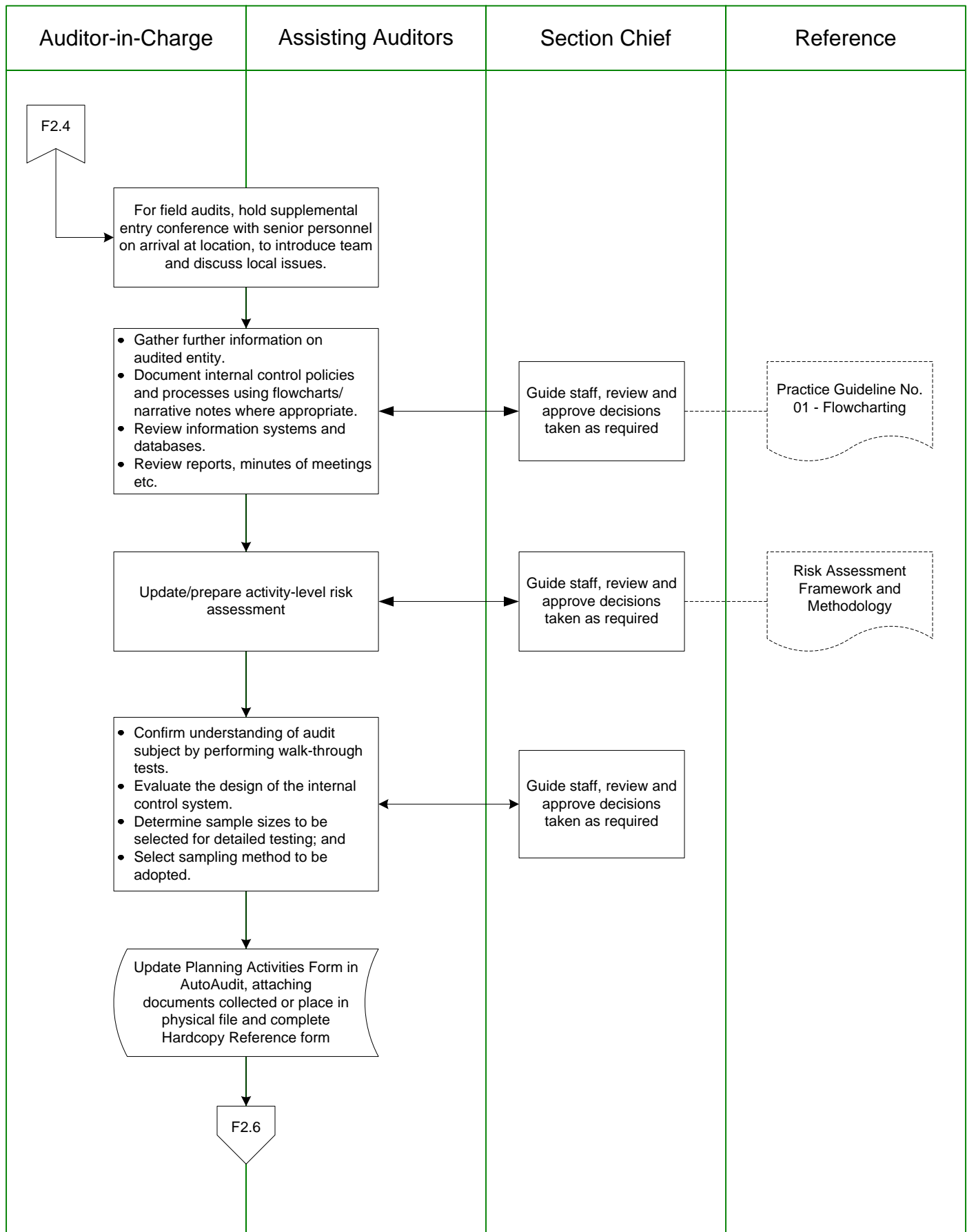
F.2.3 Audit notification memorandum



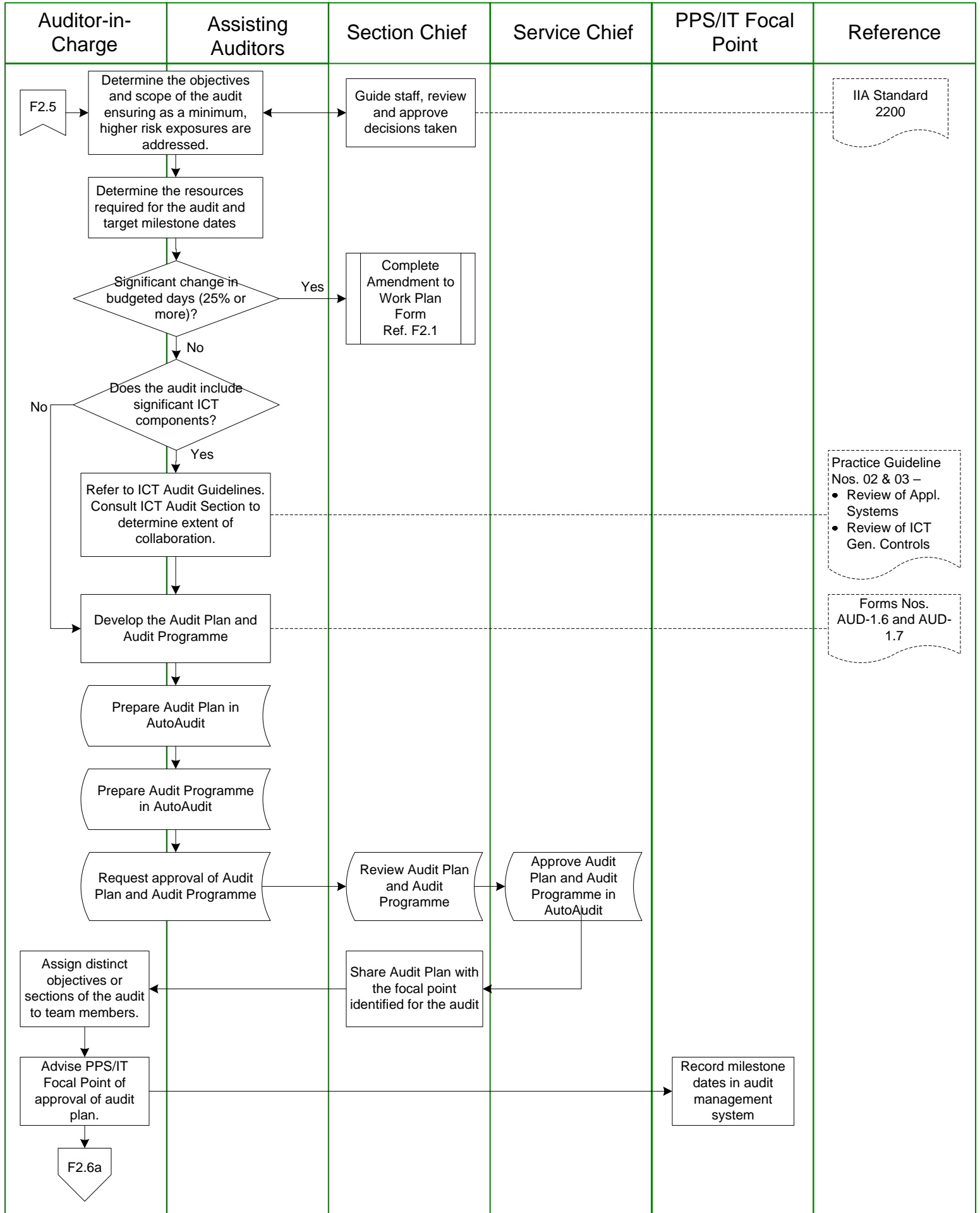
F.2.4 Entry conference



F.2.5 Conducting the planning activities



F.2.6 Developing the audit plan and programme

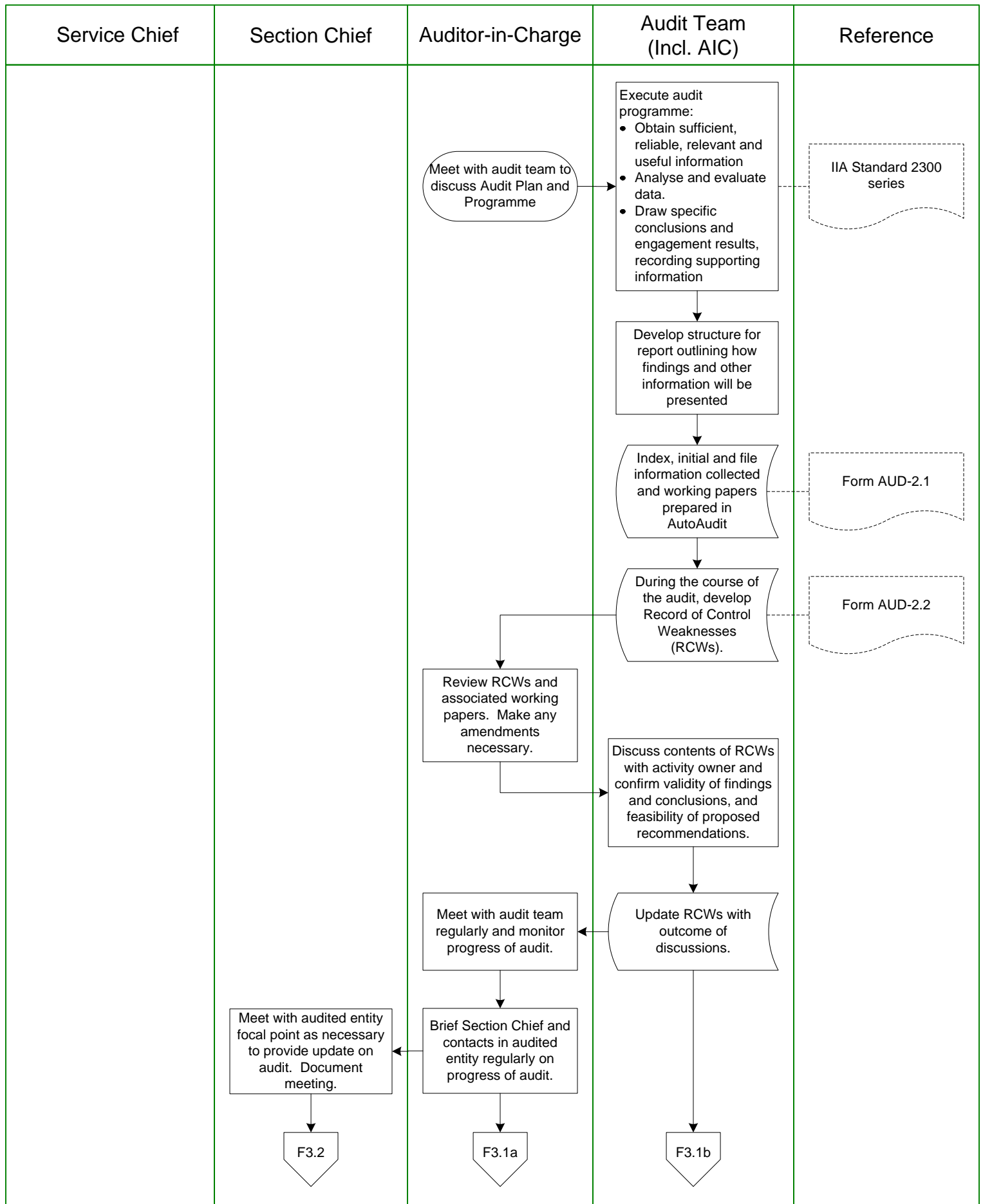


F.2.6a Developing the audit plan and programme cont'd

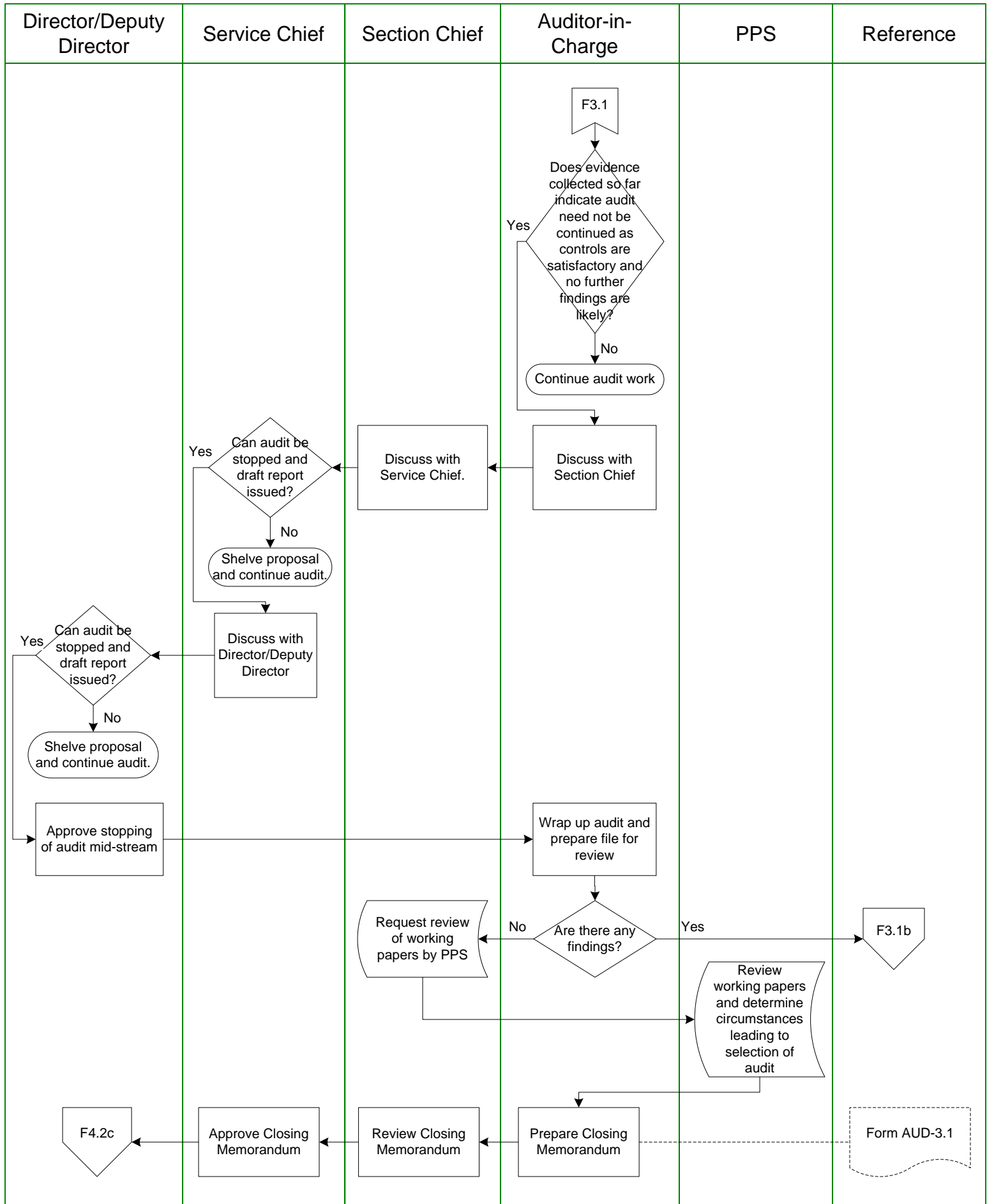
Auditor-in-Charge	Assisting Auditors	Section Chief	PPS/IT Focal Point	Reference
<pre> graph TD Start([F2.6]) --> Decision{Does audit require use of CAATs?} Decision -- No --> Check[Check that the status field of all activities in the Planning Activities form are complete in AutoAudit. Request review.] Decision -- Yes --> Identify[Identify objectives where CAATs will be used. Make arrangements for download of required data. If necessary, consult ICT Audit Section] Identify --> Check Check --> Approve[Approve Planning Activities form in AutoAudit] Approve --> End([End of audit planning phase]) </pre>				

F.3 Audit fieldwork

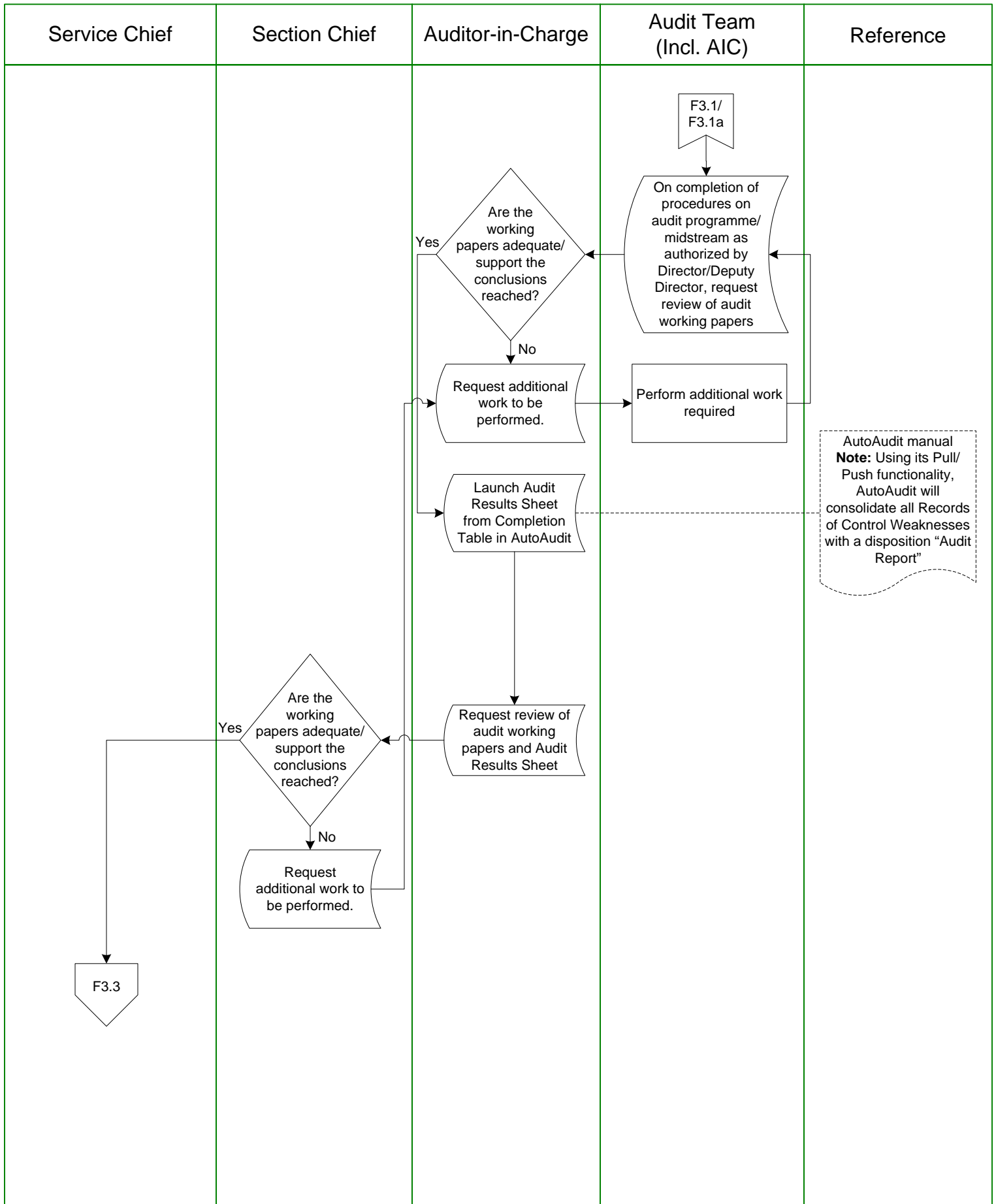
F.3.1 Assigning responsibilities, executing the audit programme and reviewing working papers



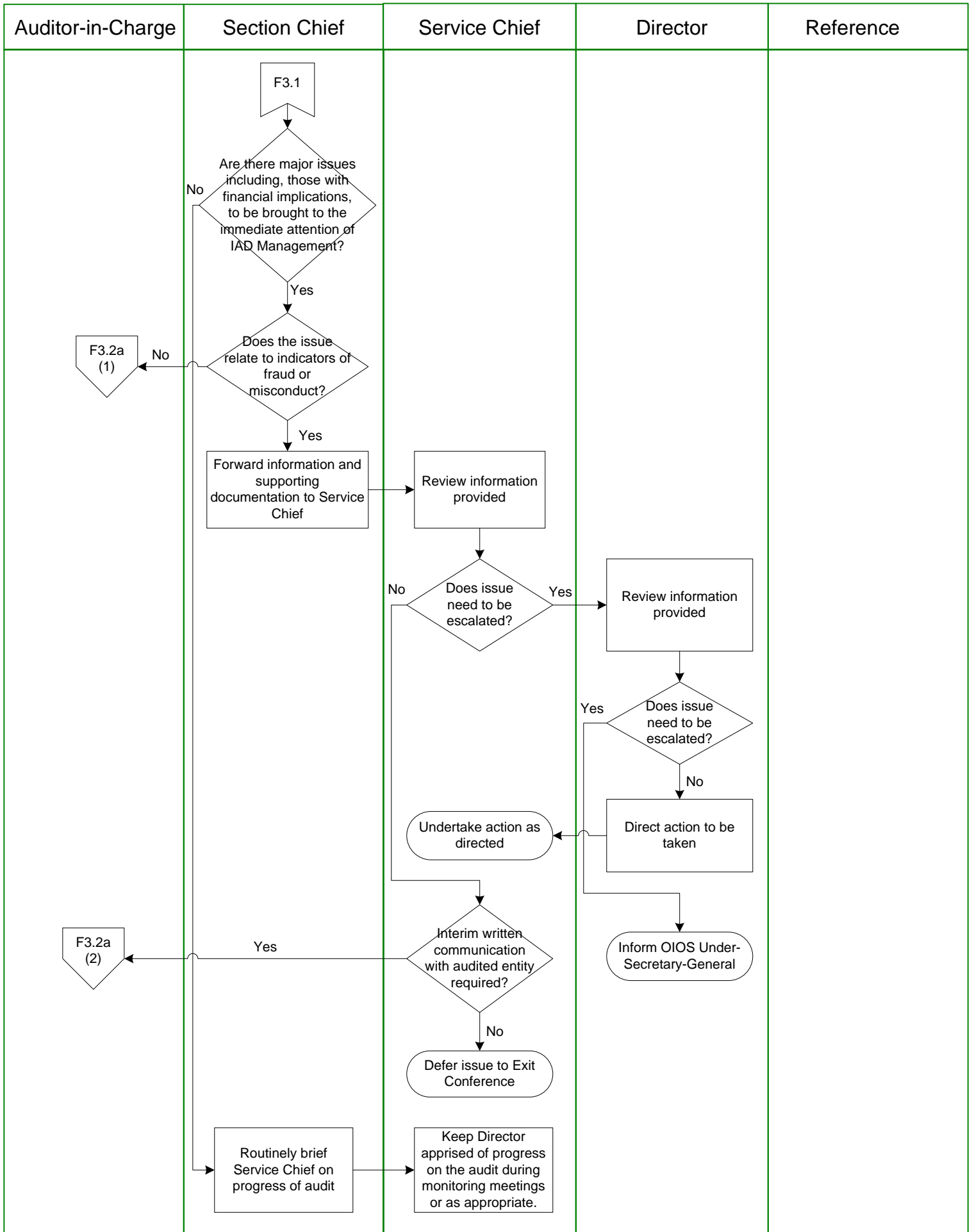
F.3.1a Assigning responsibilities, executing the audit programme and reviewing working papers cont'd.



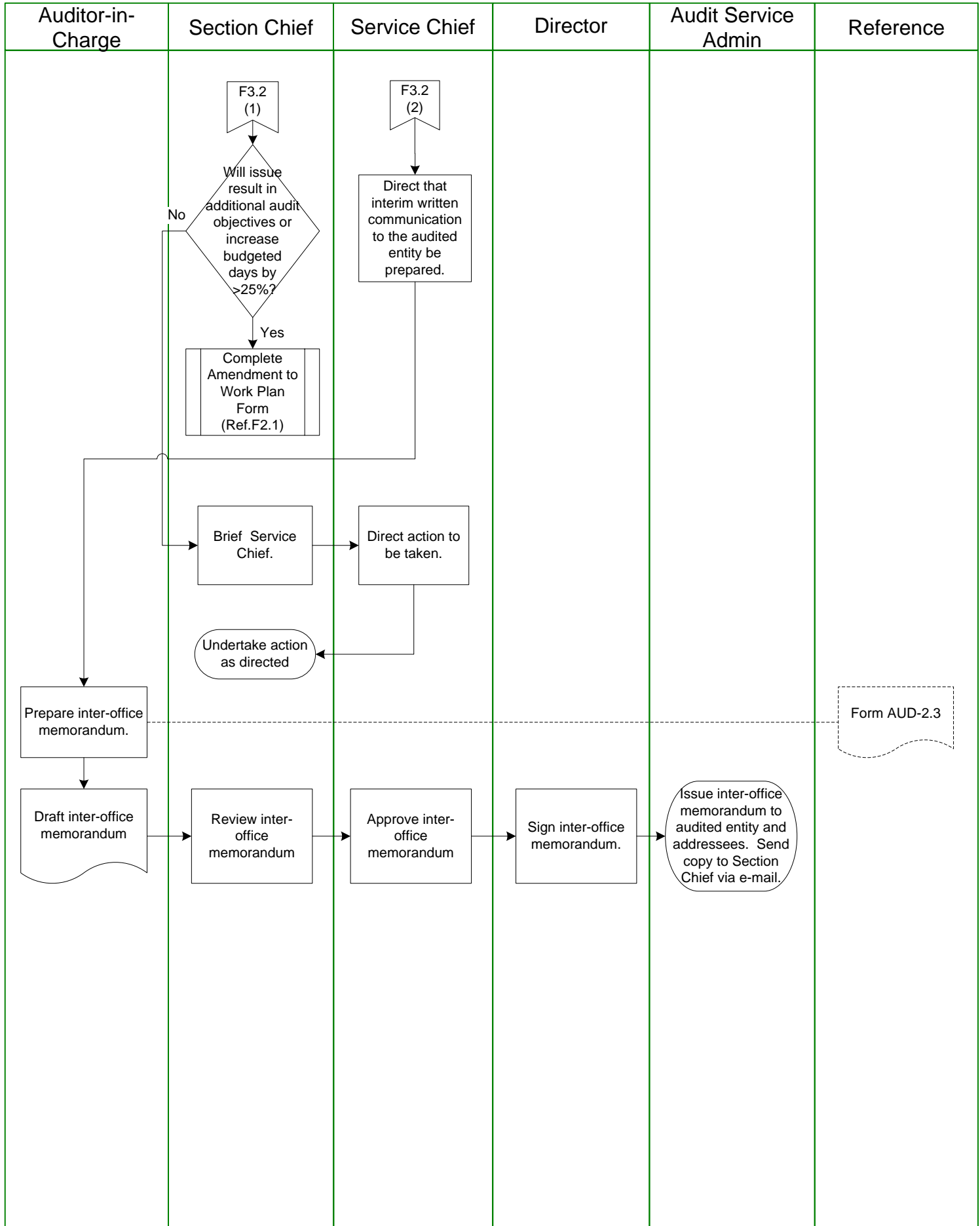
F.3.1b Assigning responsibilities, executing the audit programme and reviewing working papers cont'd.



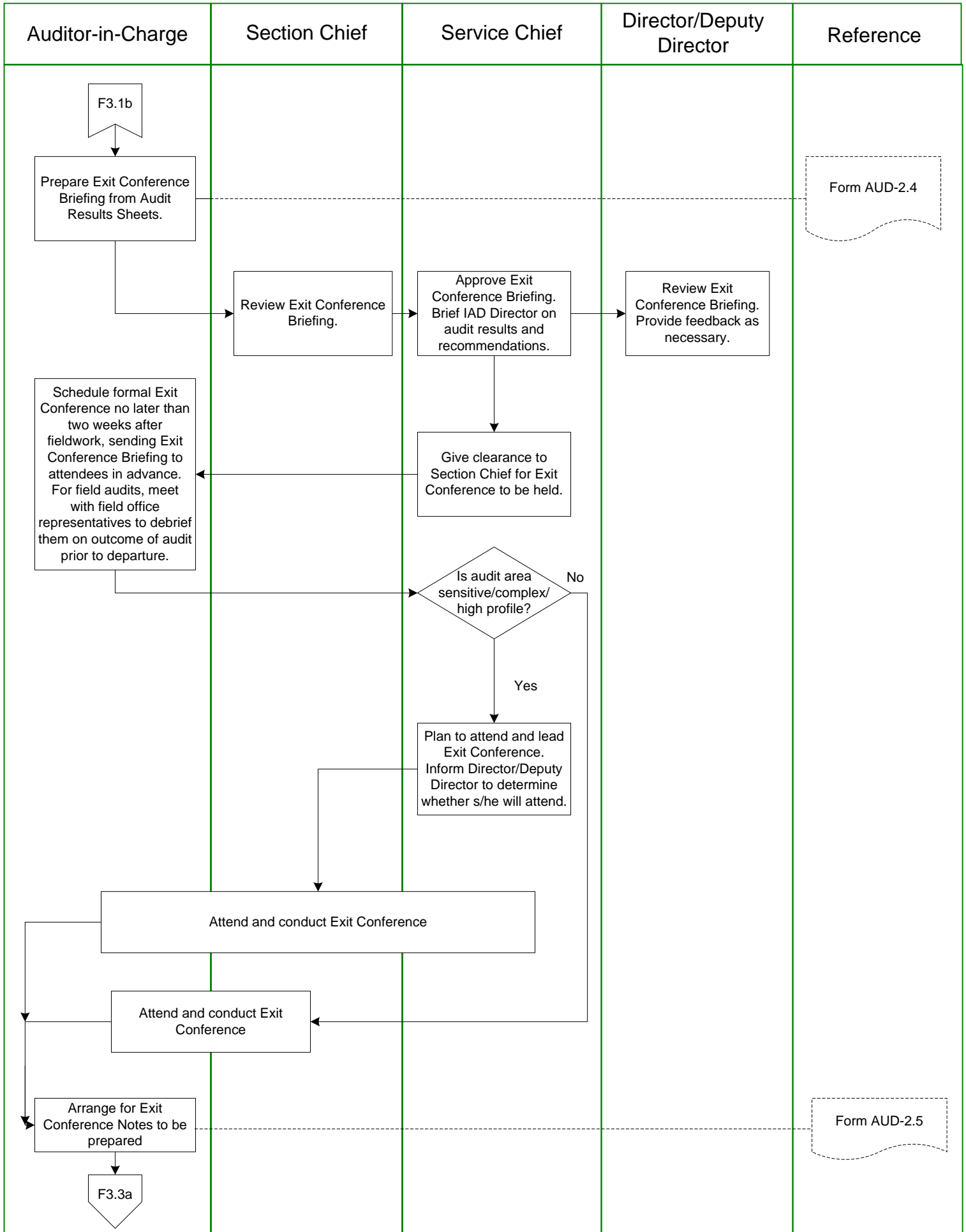
F.3.2 Communications with IAD management during fieldwork



F.3.2a Communications with IAD management during fieldwork cont'd.



F.3.3 Exit conference

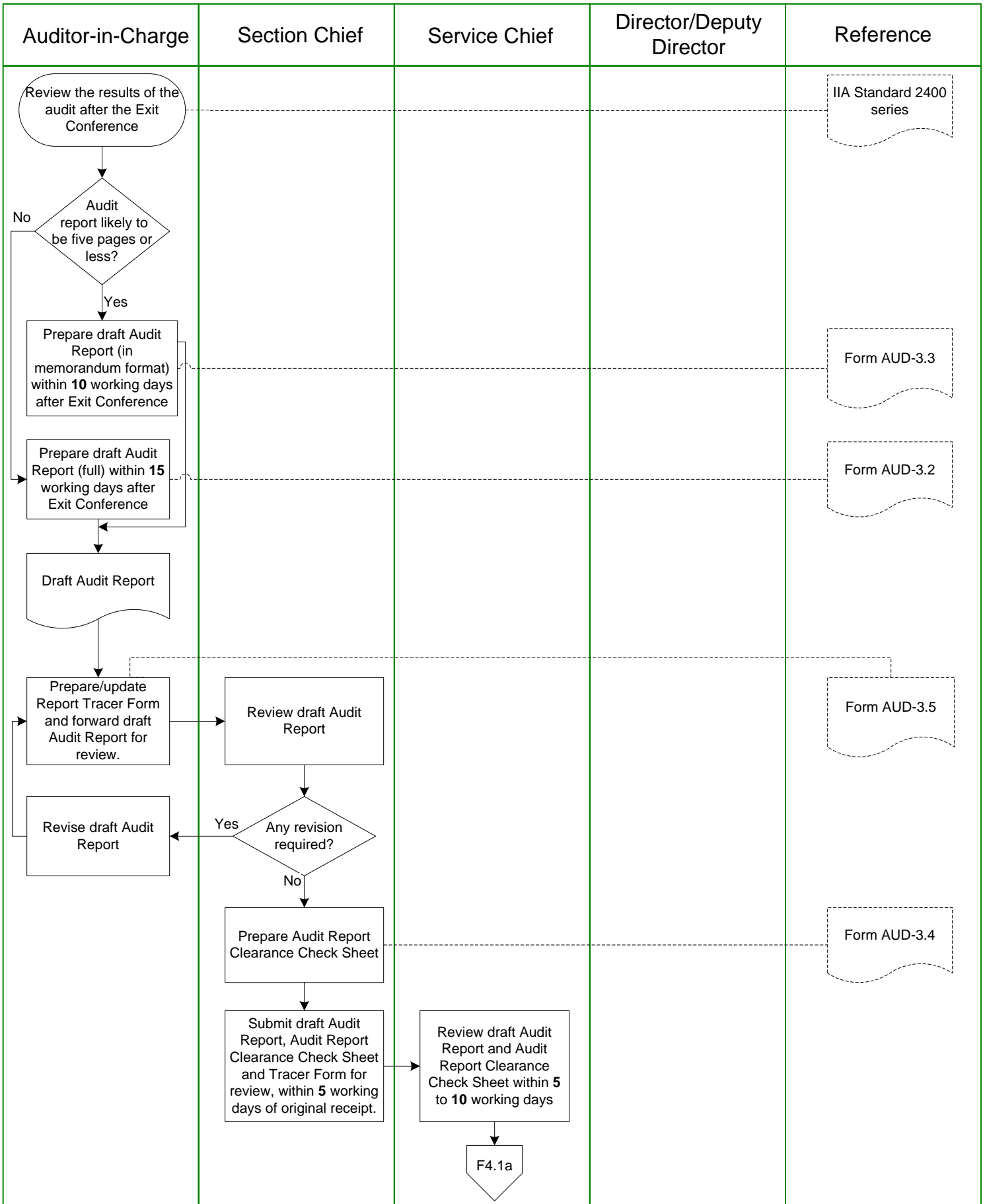


F.3.3a Exit conference cont'd.

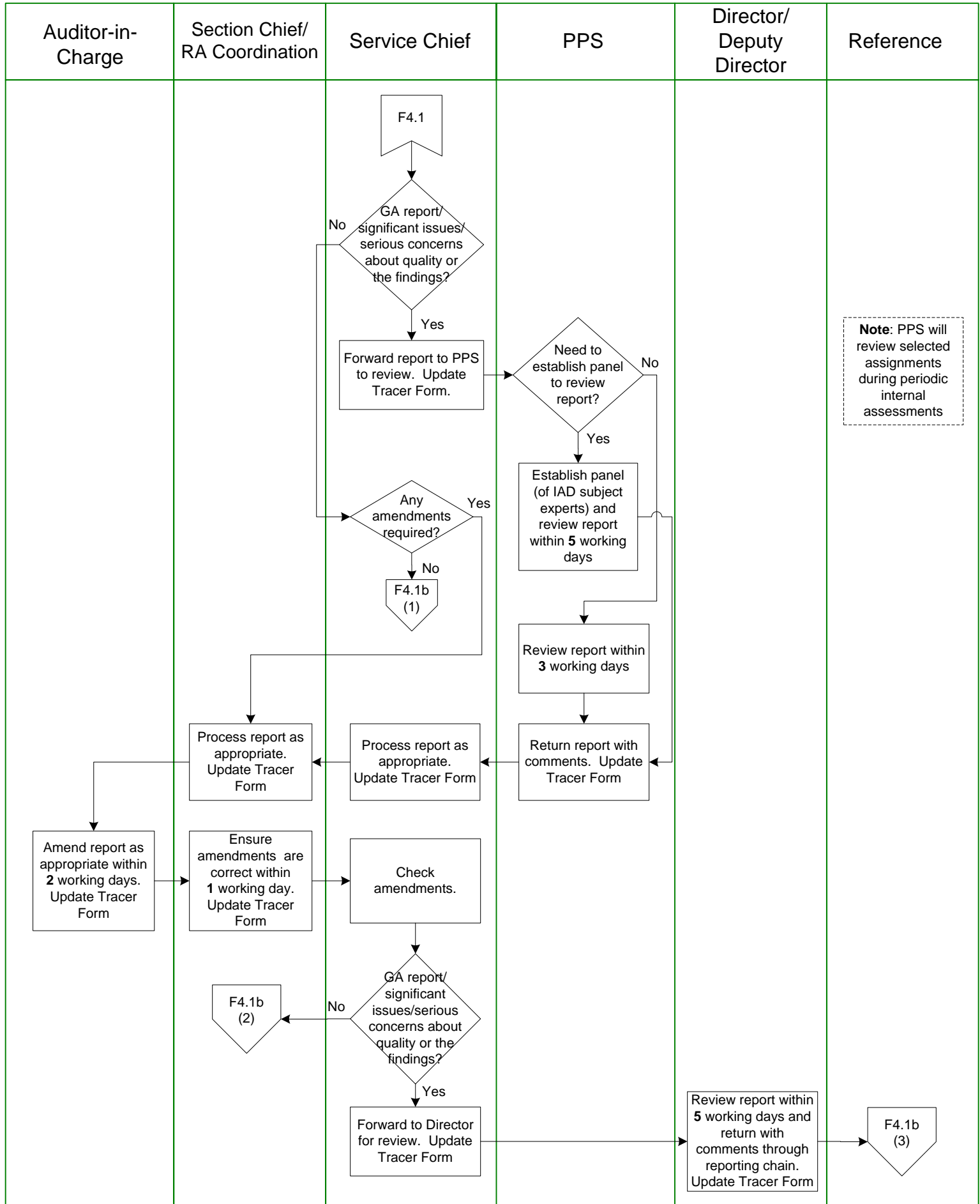
Auditor-in-Charge	Section Chief	Service Chief	Director/Deputy Director	Reference
<pre> graph TD F3.3a --> A[Update Audit Results Sheet with discussions and comments by the audited entity.] A --> B[Update Records of Control Weaknesses by pulling changes from revised Audit Results Sheet] B --> C[Check that the status field of all activities in the Fieldwork Activities form in AutoAudit are complete. Request review.] </pre>	<pre> graph TD D[Approve Fieldwork Activities form in AutoAudit] --> E([End of Audit Fieldwork phase]) </pre>			

F.4 Reporting audit results and audit closure

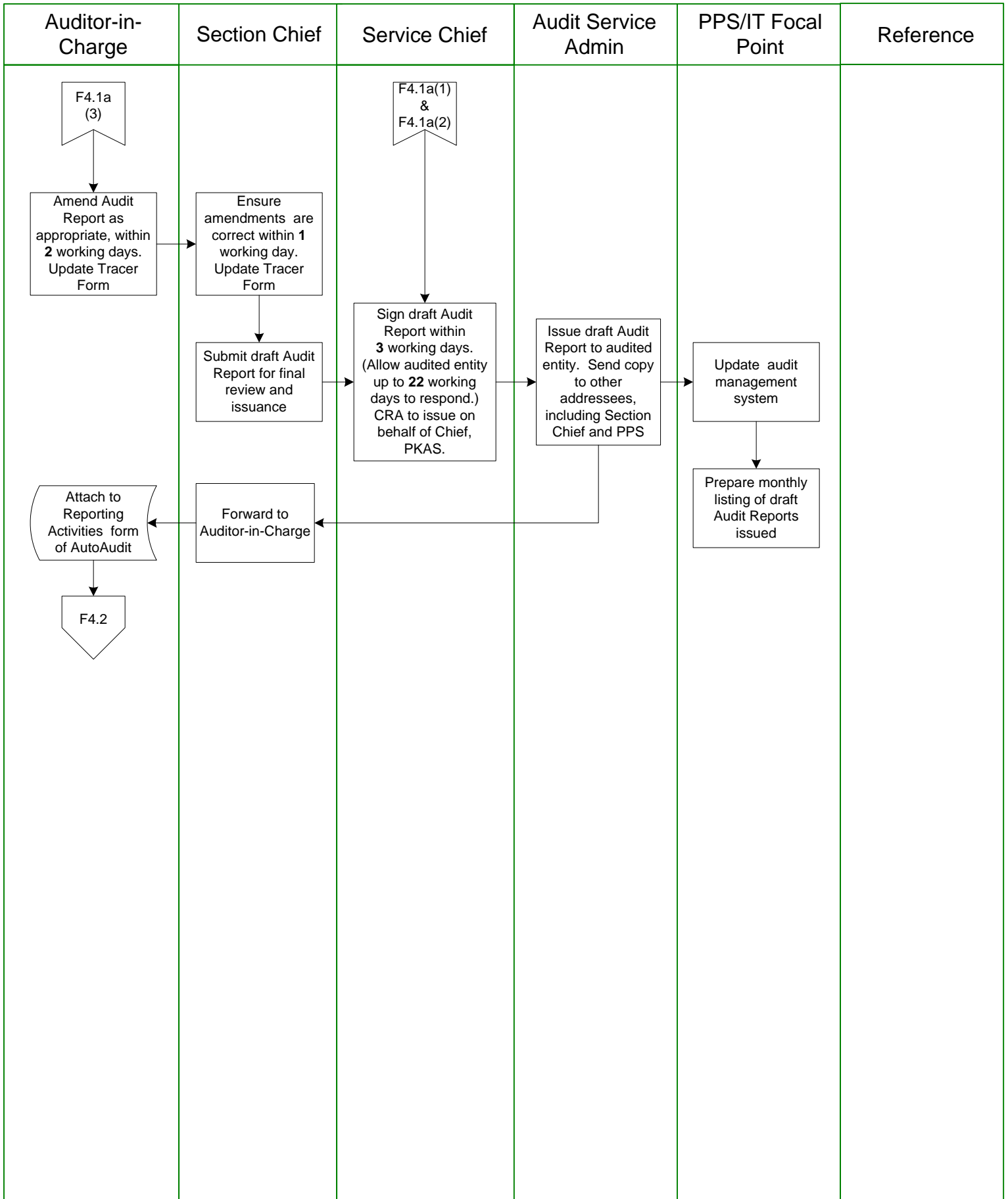
F.4.1 Draft audit report



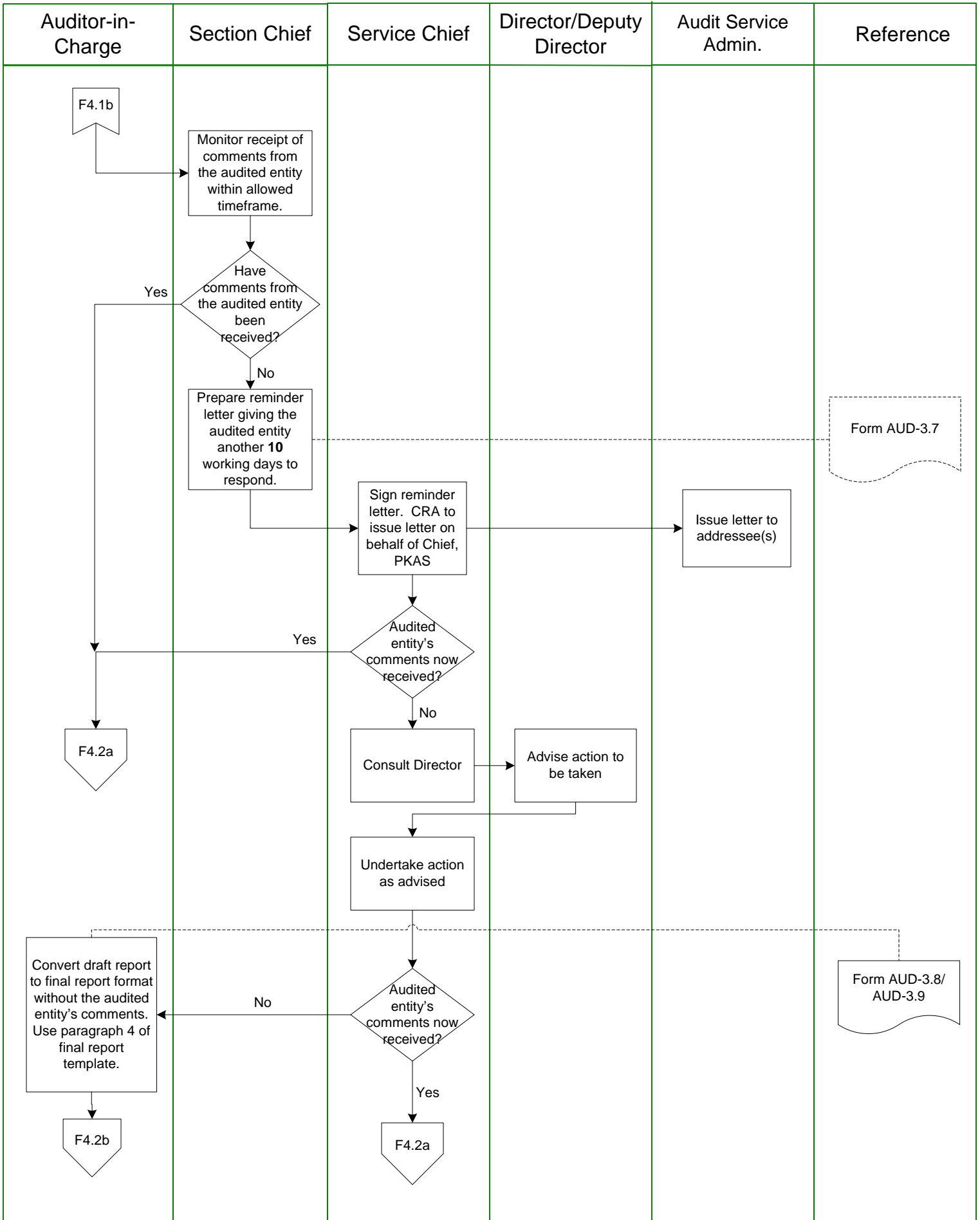
F.4.1a Draft audit report cont'd.



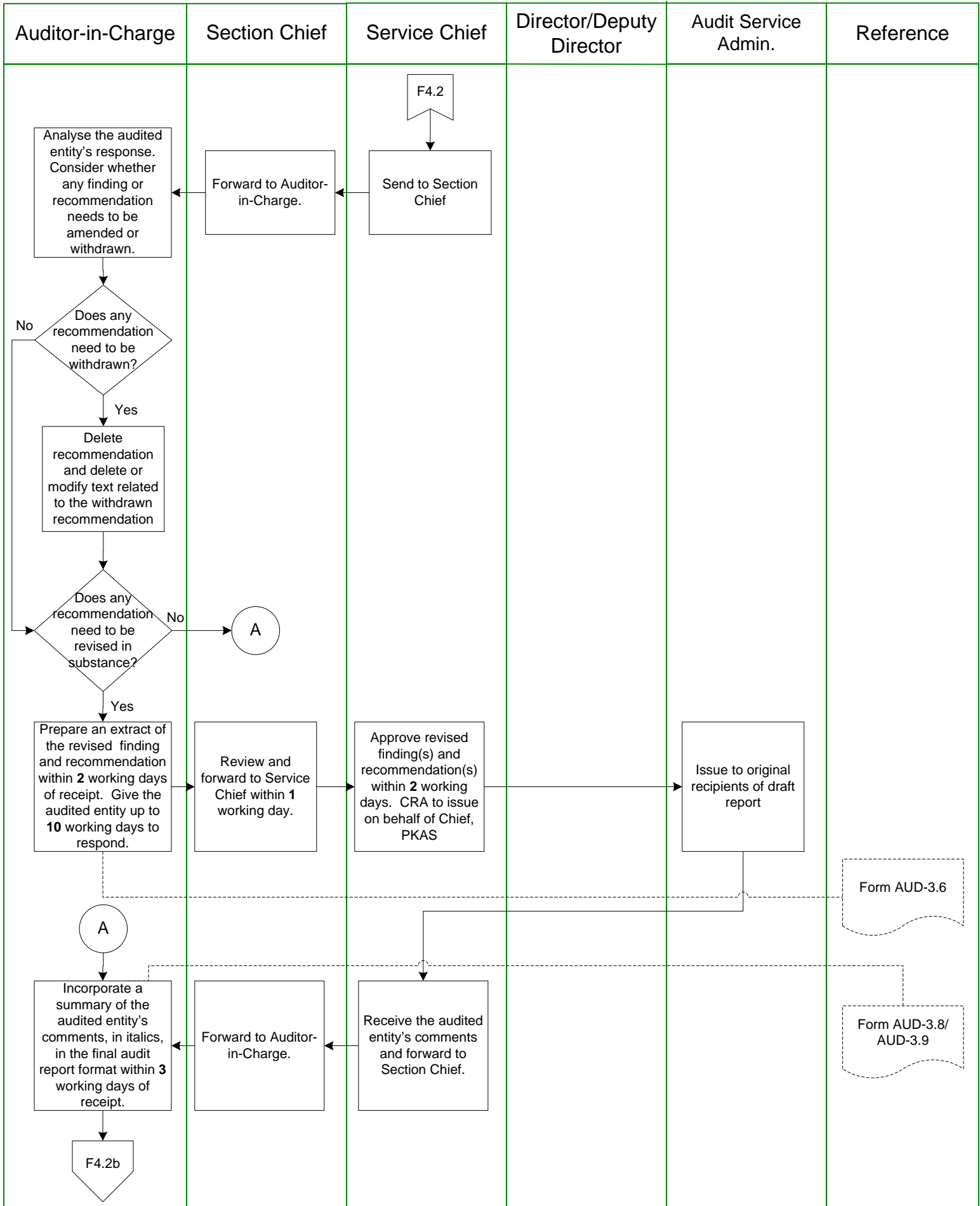
F.4.1b Draft audit report cont'd.



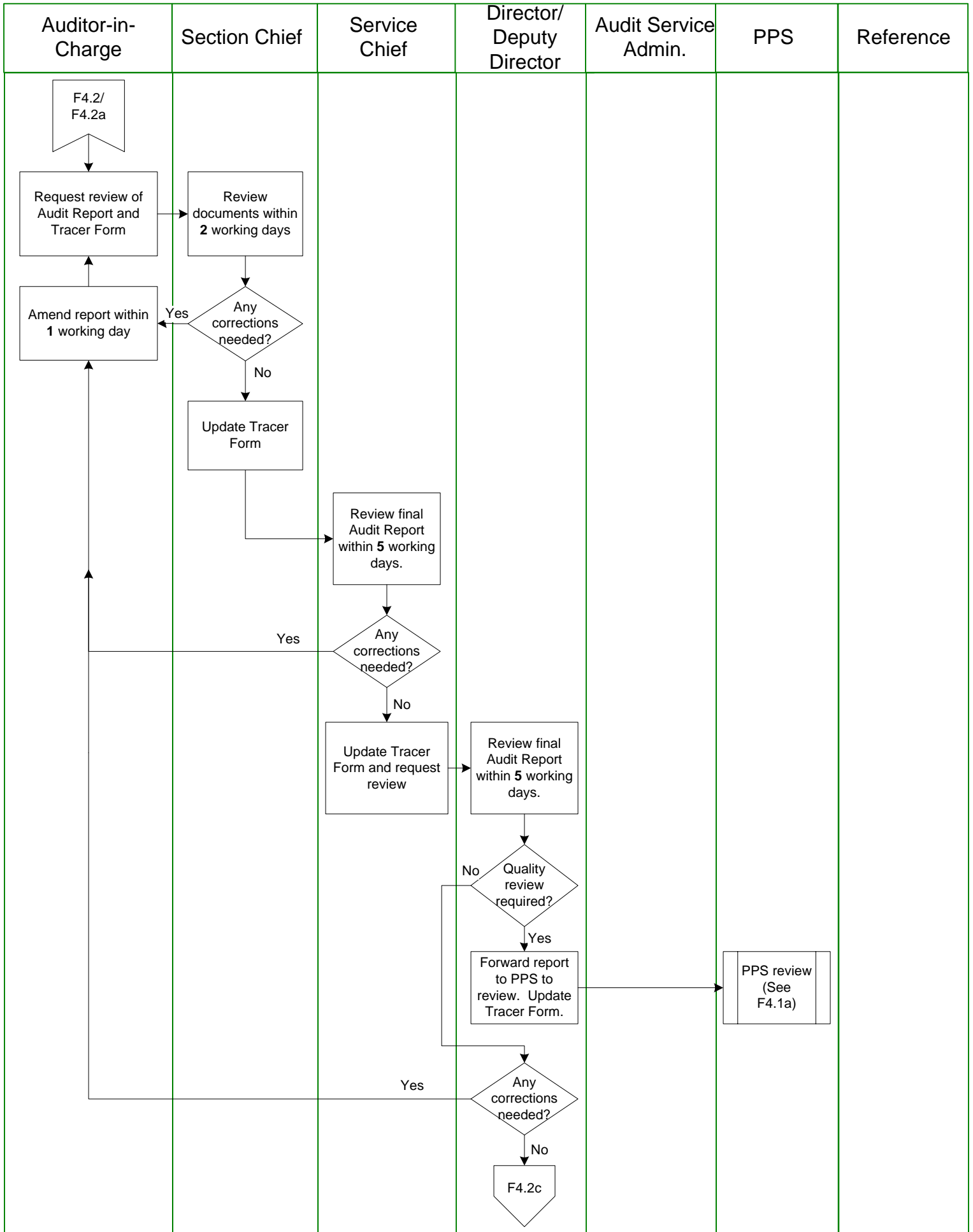
F.4.2 Final audit report



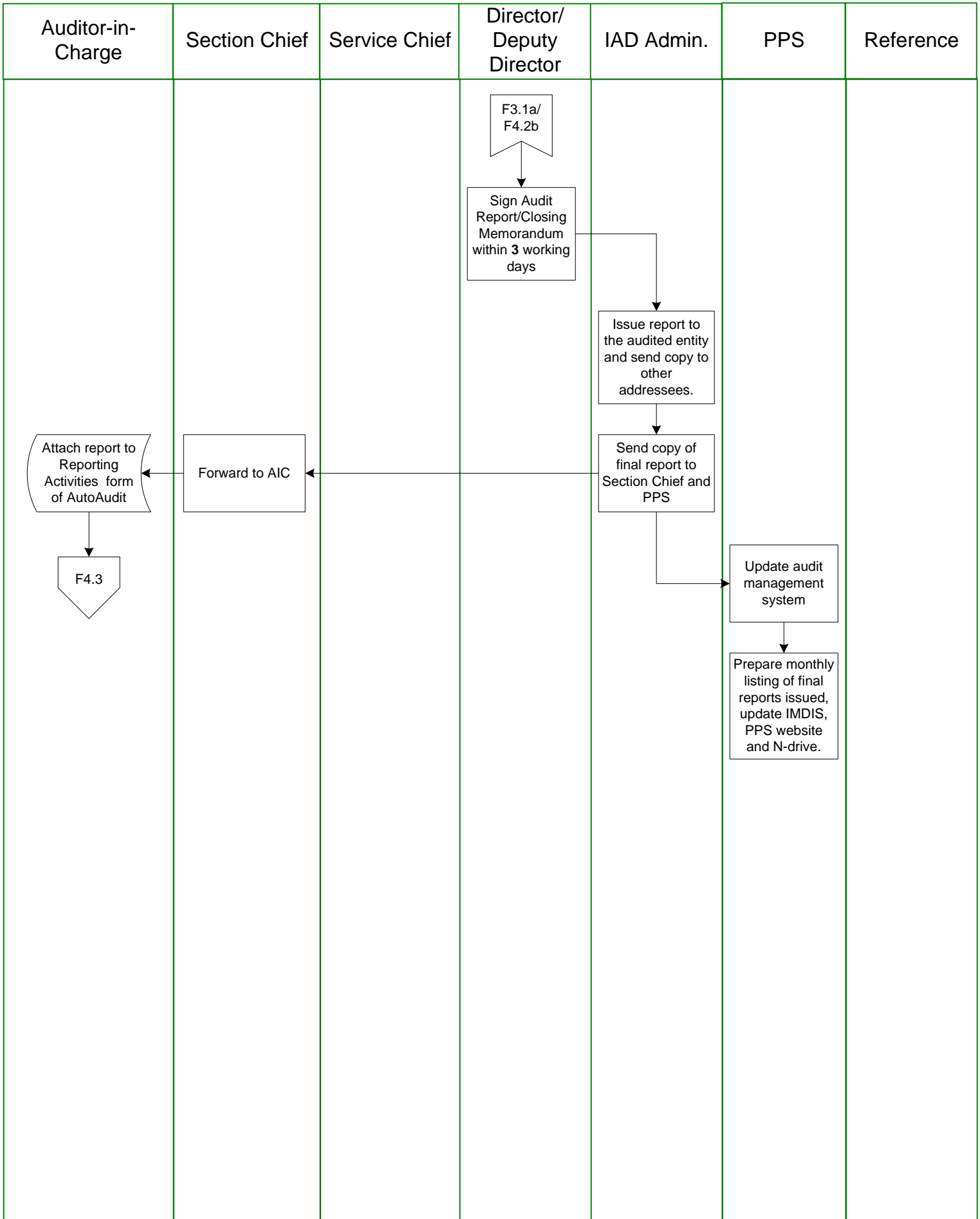
F.4.2a Final audit report cont'd.



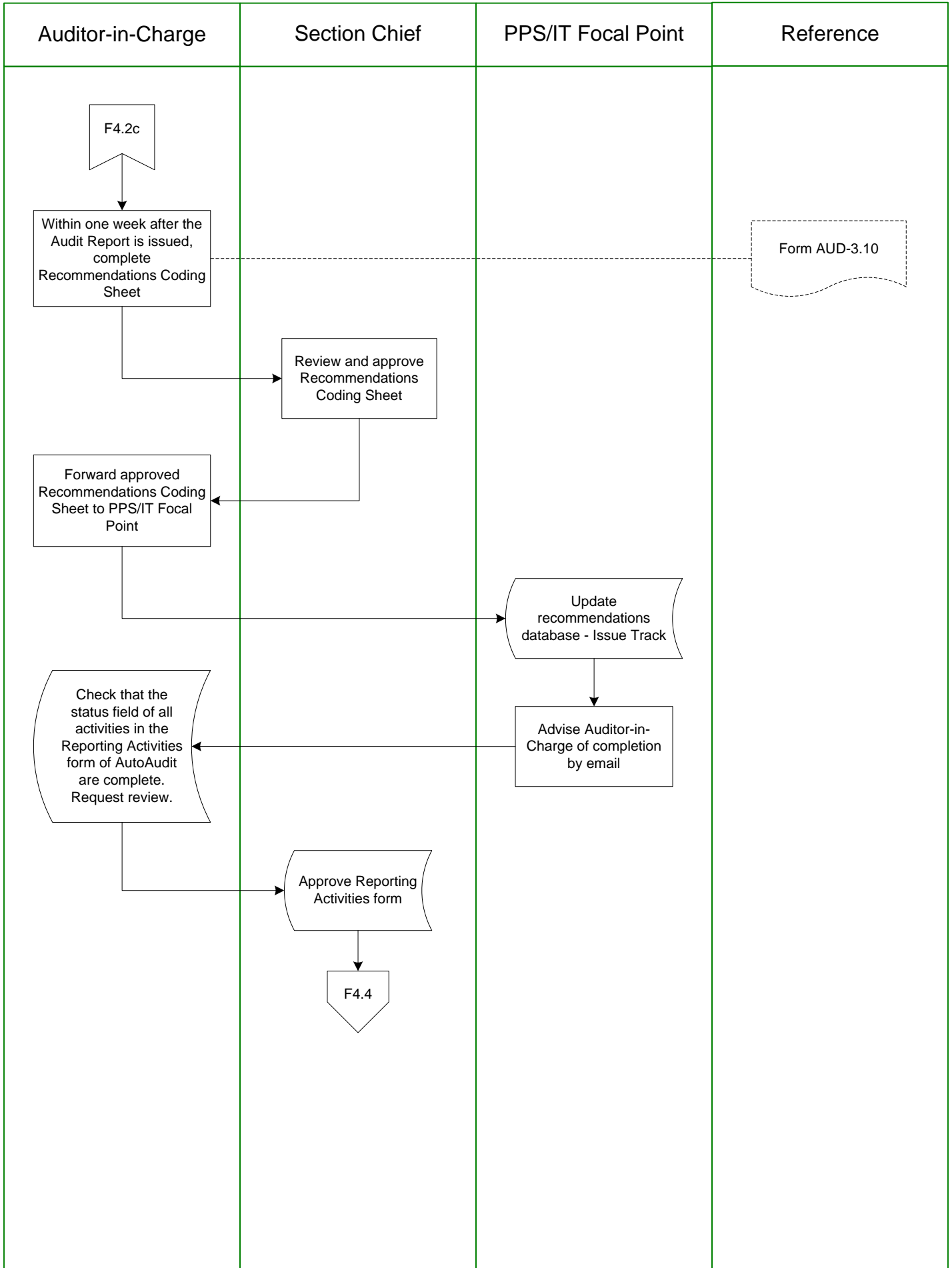
F.4.2b Final audit report cont'd.



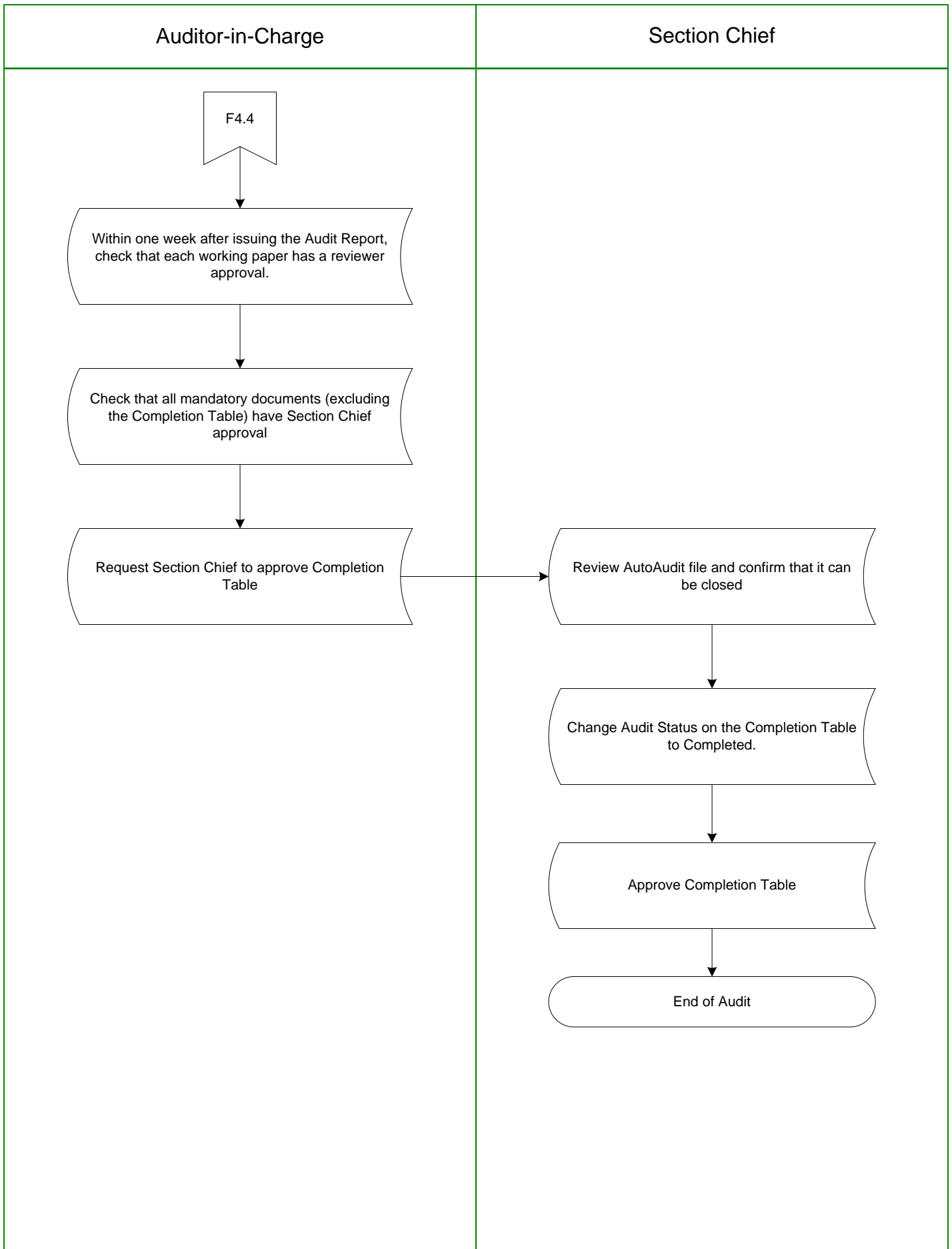
F.4.2c Final audit report cont'd.



F.4.3 Updating Issue Track

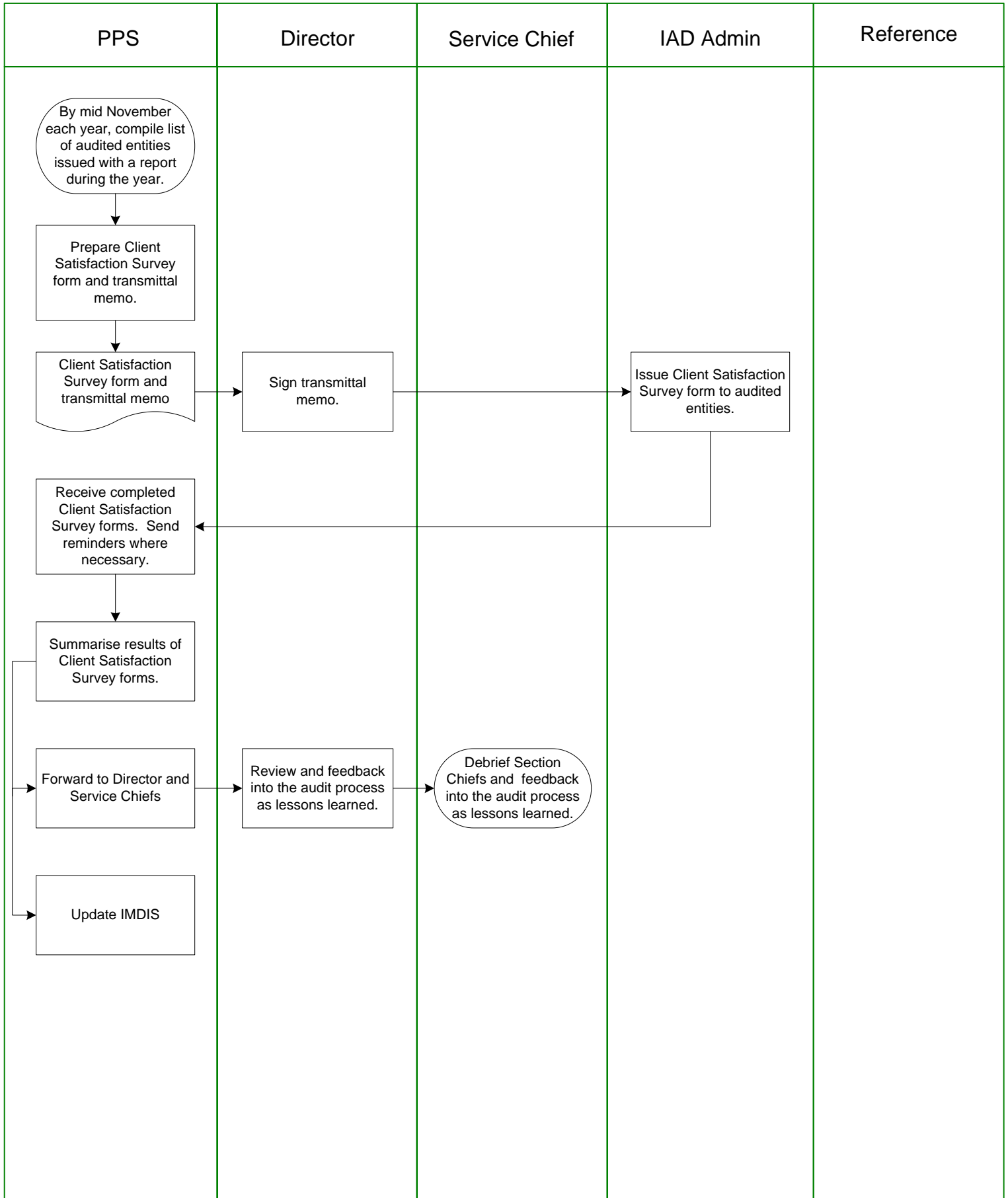


F.4.5 Audit closure

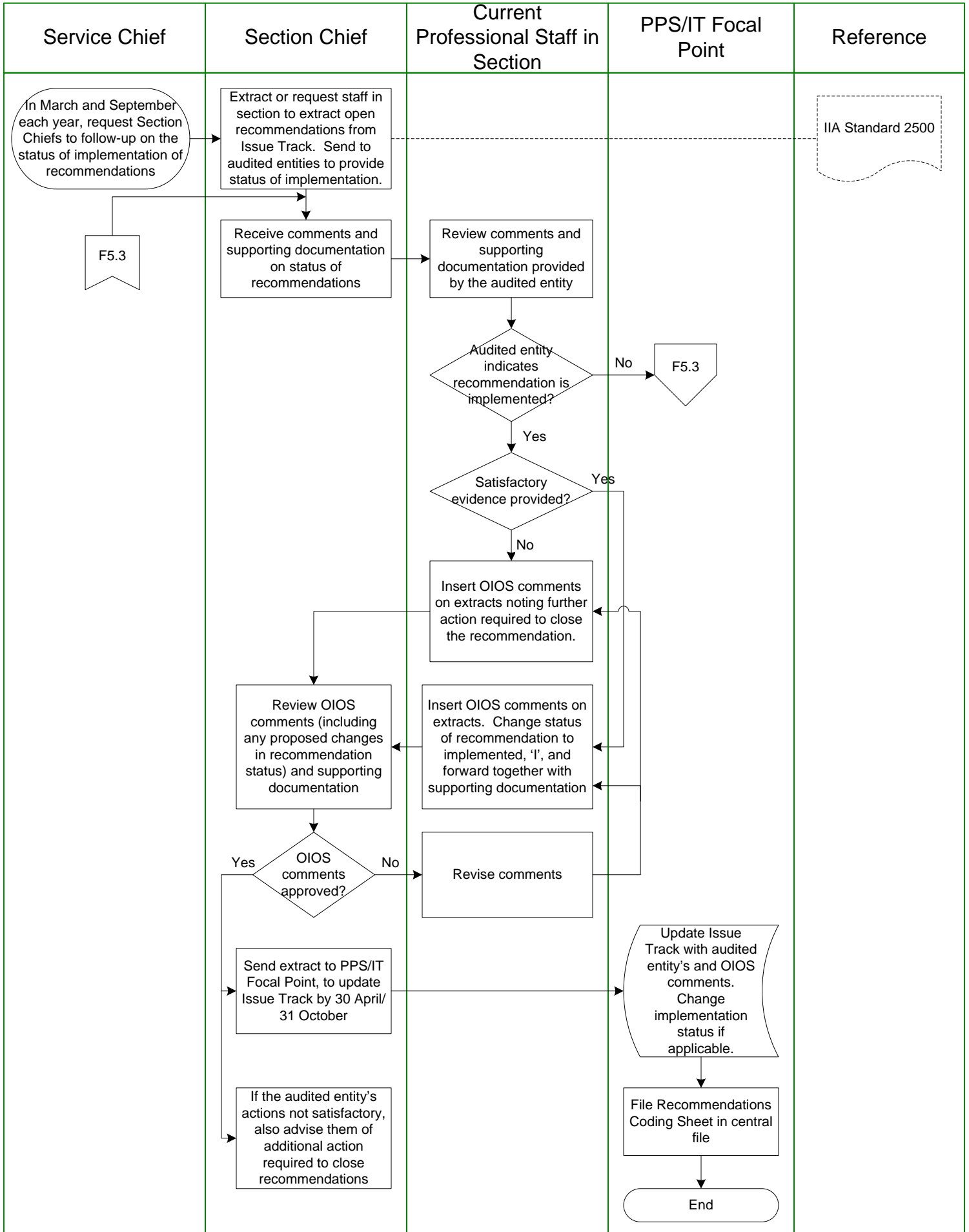


F.5 Audit monitoring

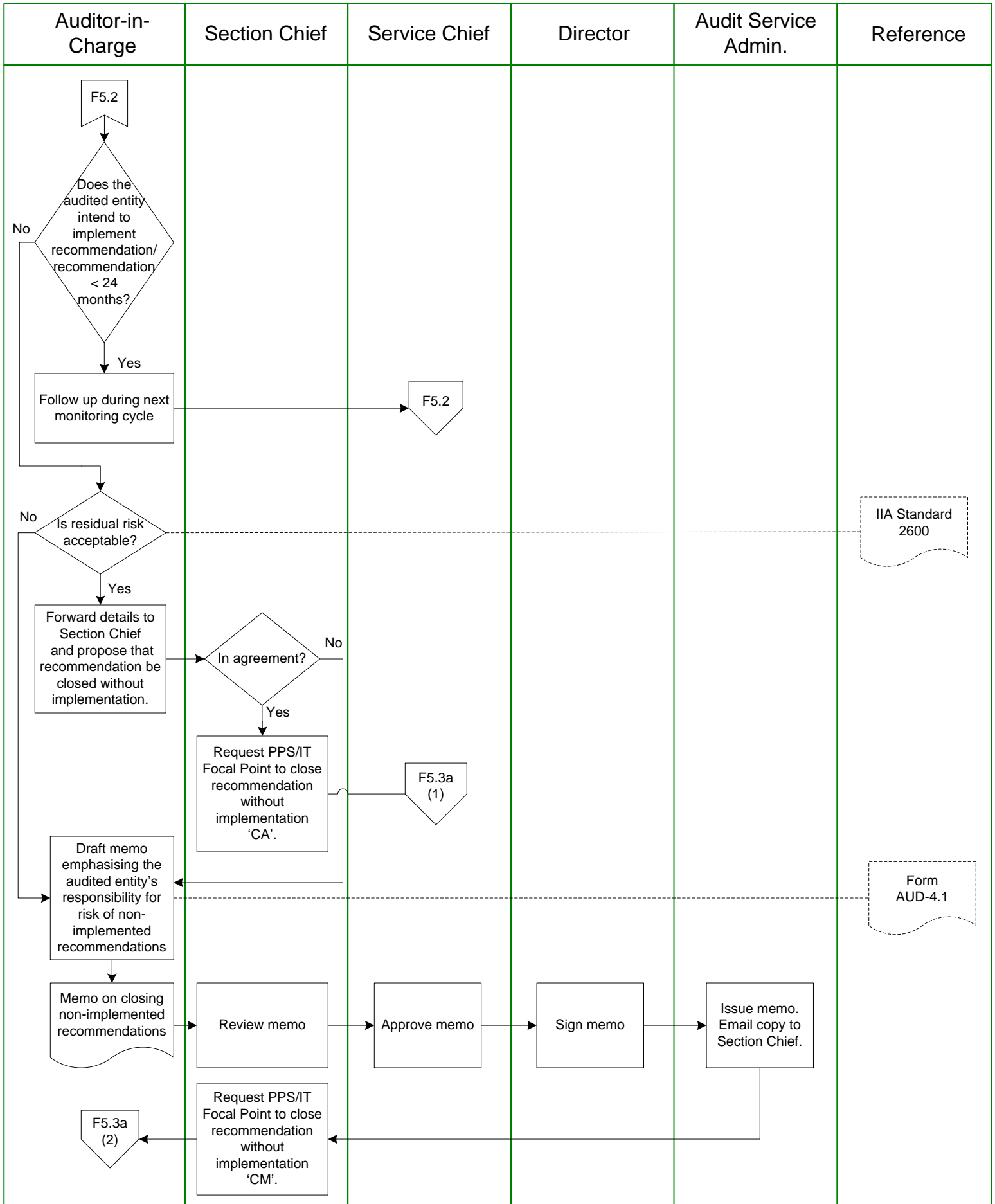
F.5.1 Client satisfaction survey



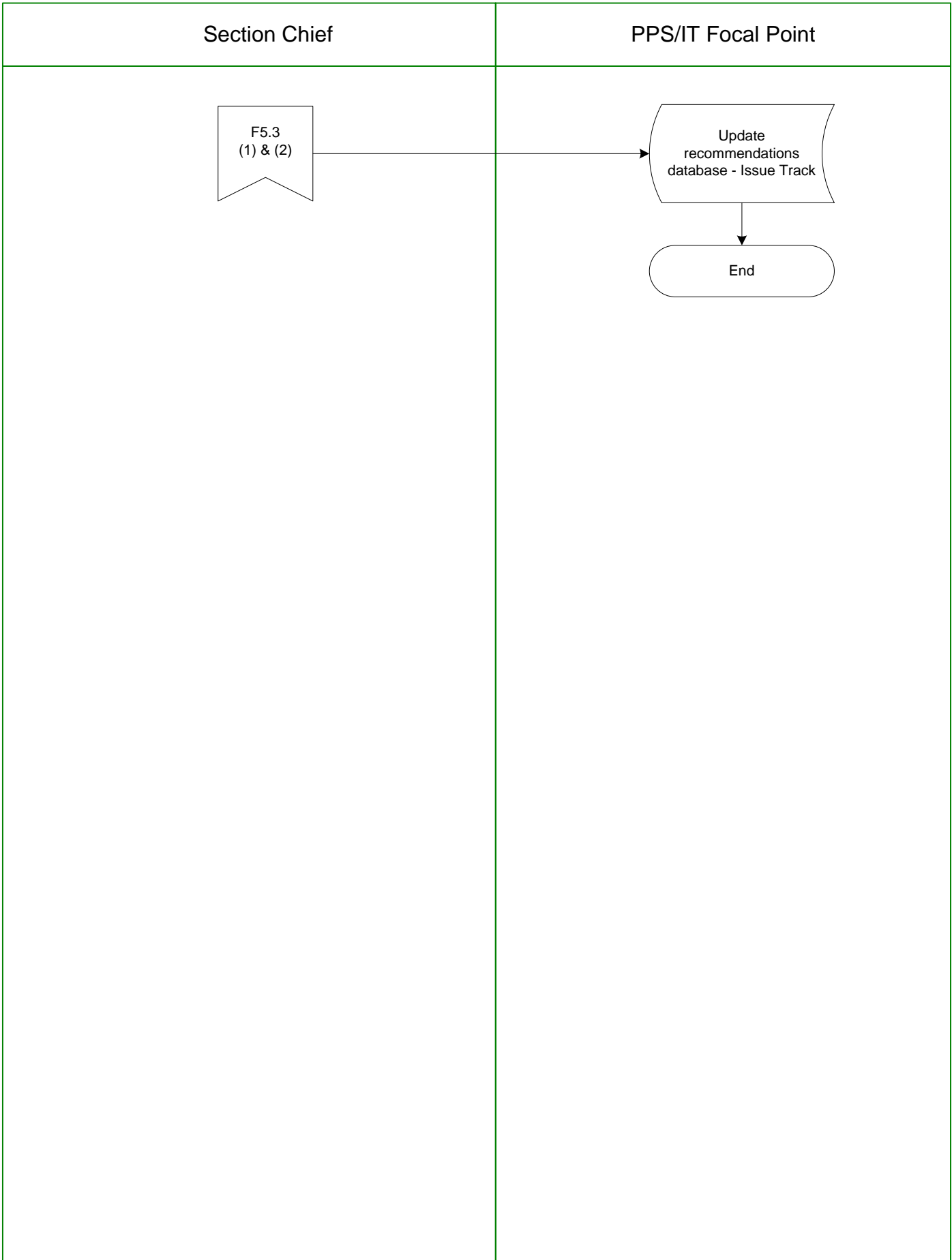
F.5.2 Monitoring implementation of audit recommendations



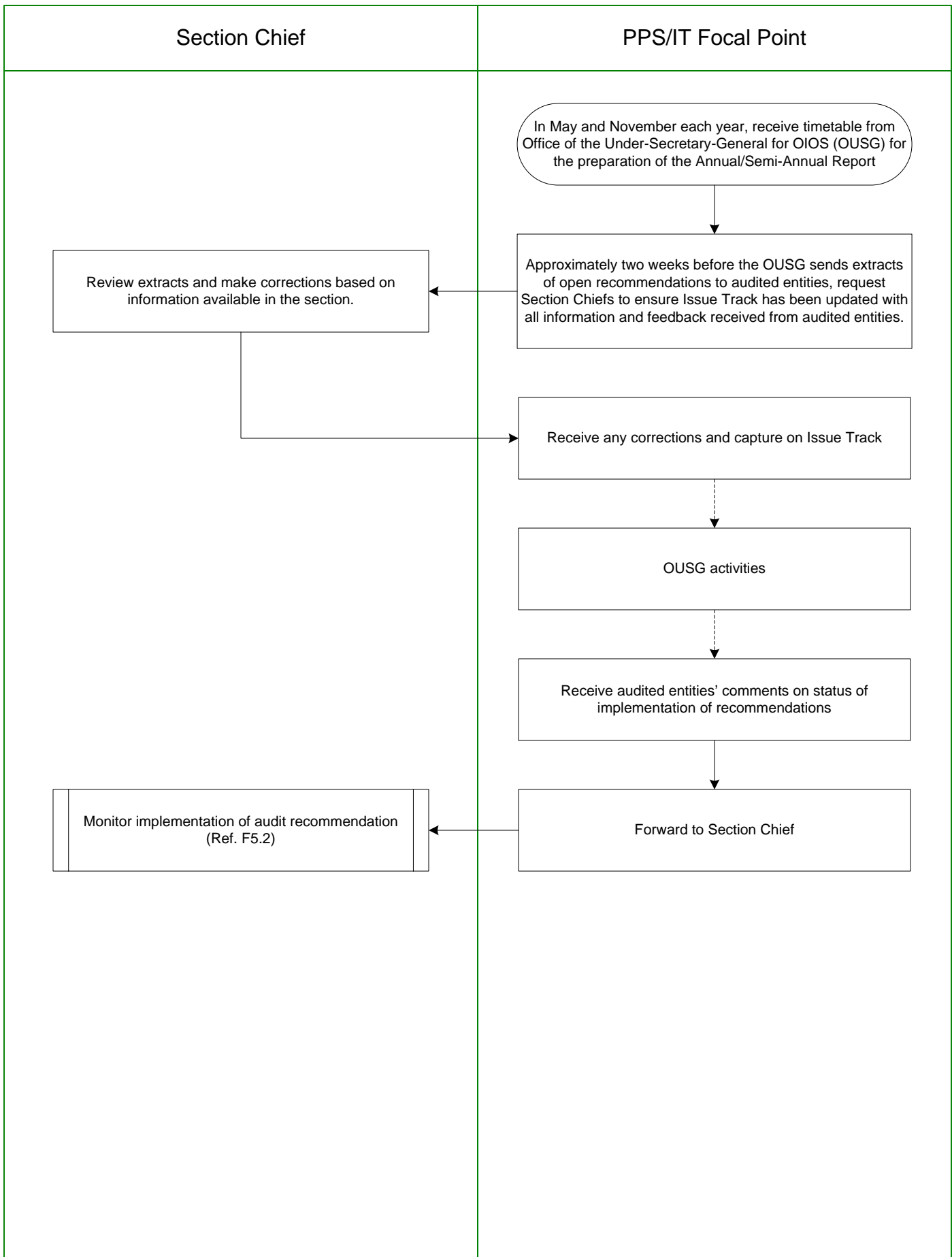
F.5.3 Resolving non-implemented recommendations



F.5.3a Resolving non-implemented recommendations cont'd.



F.5.4 Annual report and semi-annual report



FUNCTION OF OIOS

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).



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