

Internal Audit Manual

Objective

Internal Audit Manual (IAM) was prepared for a client in UAE, for the Internal Audit department of a group of companies with over 45 different entities ranging from trading to manufacturing to service provision.

The Manual provides Risk Based Audit Approach.

Methodology

- Analysis of the activities of various departments
- Understanding the Control and Compliance perspectives
- Interviews and discussions with the staffs of the department
- Discussions with the Internal Audit department staff on the difficulties experienced while on audit
- Sensitization workshops and revision through feedback inputs on the draft manual
- Training and hand holding post implementation.

Solution or Output

The solution was an Internal Audit Manual (IAM) and an Internal Audit Booklet (IAB). While IAM is a master document containing all aspects of the IA system (detailed below), the IAB was made unit specific and provided the entire Audit documentation as a workbook, which IA team carry for audit work.

Internal Audit Manual (IAM): The Internal Audit Manual is divided into sections, each dealing with a different aspect of Internal Audit.

The Sections of the Internal Audit Manual covered

- Mission statement and the main objectives of the Internal Audit function.
Scope, Quality, Policies and Standards of Internal Audit function
- The different kinds of Audit Engagements with their individual objectives, roles and responsibilities.
- The organization of the Internal Audit team comprising of both Technical and Non technical members with their grades, designations, key jobs, qualification/experience and the skill sets required by them.
- Procedures for conduct of an internal audit, with report formats.
- Risk Based Audit Approaches.
- Audit Techniques and components that are normally verified using each of these techniques.
- Process of Audit Sampling.

The Internal Audit Manual was equipped with flowcharts, checklists and questionnaires addressing various IA processes.

Internal Audit Booklet (IAB): The Internal Audit Booklet (IAB) is designed to serve as a workbook to the auditors when they take up an audit. The various formats, questionnaires, checklists and reports that are referred in various parts of the Internal Audit Manual have been included in this booklet to be used in the course of the audit. It is split into three parts. Part A will be used by the auditor for all types of audit, Part B will be specific to a type of audit engagement and Part C which has the Permanent Audit File.

Benefits

- Analysis of control in a diversified group could be achieved through standardized approach.
- Uniform reporting provides comparability.
- Comprehensive Audit file enables the ease of availability of client divisions/companies/departments information for the Internal Audit staff.
- Rotation of audit was made possible increasing the focus of audits.
- Reference to Audit tools and Audit processes enables easy support (and training) to new team members.