

Effective Report Writing

Internal Audit Combined Forum 2013

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Stakeholder Perspective of IA

- IA to enhance understanding of risk management and inclusion of ERM as a focus area
- IA to balance its focus on all key elements in the risk domain and align with emerging/changing risks
- Expand stakeholders to include all management areas and committees
- Improve communication (timely and impact)
- IA to improve audit skills including IT skills (CPD) and knowledge of business



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King III Requirements for IA

- Internal audit should be risk-based
- Internal audit should provide a written assessment of the effectiveness of the organisations system of internal controls and risk management.
- The Audit Committee should be responsible to oversee IA
- IA should be strategically positioned to achieve it's objectives

Key Focus Areas IA

- Control Environment/Governance
- AFS and Annual Report
- Performance Information
- Information Technology
- Infrastructure
- Assets
- SCM
- Follow - up Audits

Management Responsibility - Governance

Management is responsible for the establishment and maintenance of an effective system of *governance* to:

- Promote appropriate ethics and values within the department;
- Ensure effective performance management and accountability;
- Communicate risk and control information to appropriate areas in the department; and
- Coordinate the activities of and communication of information to EXCO, external and internal auditors and management

Management Responsibility – Risk Management

Management is responsible for the establishment and maintenance of an effective *risk management system*.

The objectives of a system of risk management are to ensure:

- Departmental objectives support and align with the departments vision and mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected that align with the departments risk appetite; and
- Relevant risk information is captured and communicated in a timely manner across the department, enabling staff, management and EXCO to carry out their responsibilities.

Management Responsibility - Controls

Management is responsible for the establishment and maintenance of an effective system of *controls*.

The objectives of the system of controls are to ensure:

- Compliance Laws, regulations, policies, procedures and contracts;
- Accomplishment of established objectives and goals of the department;
- Reliability and integrity of information;
- Economical and efficient use of resources
- Safeguarding of Assets

Internal Audit is authorised to:

- Have unrestricted access to all functions, records, property and personnel.
- Have full and uninhibited access to the Audit Committee.
- Assist with the allocation of resources, frequencies, subjects, scope of work to be performed, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance from personnel in the department and functions where they perform audits, as well as other specialized services from within or outside the department.

Internal Audit is not authorised to:

- Perform any operational duties for the department.
- Initiate or approve accounting transactions external to the Internal Auditing Function.
- Direct the activities of any employee not employed by the internal auditing department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors in carrying out investigations.

Five Characteristics of a Good Audit Report

- It complies with IIA Standards
- Achieves its Purpose
- Clear
- Shows Severity of problems
- How to Correct problems

DONT'S of Report Writing

- Management should consider
- Weasel Words
- ALL or NOTHING statements
- Blame Game
- Management FAILED
- Technical Jargon
- Taking all the CREDIT



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Identify Root Cause



Components of IA Report

- Cover Page
- Distribution List
- Executive Summary
- Introduction
- IIA Standards
- Audit Objectives and scope

- Management Responsibilities
Re: Governance, Risk, Controls
- Opinion on G, R, C
- Summary of Findings
- Conclusions
- Appreciation
- Detailed findings

Detailed Findings

- ✓ Criteria
- ✓ Finding
- ✓ Root Cause
- ✓ Risk
- ✓ Risk Rating
- ✓ Agreed Action Plan

Conclusion

- Let your audit report tell your story
- Be creative
- Be innovative
- Add value
- Think differently and positively
- Make an attempt to help your organisations reach new highs

THANK YOU



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