**Group Internal Audit**

***Audit name***

**Audit Title: xxxxx**

**Date of this report:** xxxxx

**Responsible Person:** xxxxx

**Escalation:** xxxxx

|  |  |
| --- | --- |
| **Overall Report Rating** | **Current Rating** |
|  | **Critical (High Risk)** –Pervasive weaknesses in control environment and/or instances of non-compliance with internal controls |  |
|  | **Significant (Medium/High Risk)** -Significant weakness in control environment and/or instances of non-compliance with internal controls | **✓** |
|  | **Less Significant (Low/Medium Risk)** -Isolated areas of weakness in control environment and/or instances of non-compliance with internal controls identified |  |
|  | Minor (Low Risk) - No material weaknesses in control environment or material instances of non-compliance with internal controls identified |  |

Overall Report Rating

Overall Control Rating

Number of Findings

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# Distribution list

| **Responsibility** | **For action** | **For information** |
| --- | --- | --- |
| Audit Committee |  | **✓** |
| External Auditors  |  | **✓** |
| Directors or Senior Management |  | **✓** |
| Process owner (Manager) | **✓** | **✓** |
| Process owner (Other) | **✓** | **✓** |

# Introduction

*The introduction should give the reader a short description of the audit. This includes who requested it, what area is being audited, who the responsible person is, etc.*

# Background

*The background is a more detailed look at the process that was audited. This can included the flow, the relevant people, statistics or analytics performed, the objective of the process, inputs, processes and outputs, etc.*

# Audit Objective

*The objective of our review is to:*

* *Provide management and the board with reasonable assurance that the risk and all gaps have been identified.*
* *Provide management and the board with assurance that the internal controls as designed are operating effectively.*
* *To provide recommendations to improve the general control environment.*

# Scope

## Scope of the review

*The engagement objective will indicate the scope of work to be performed. The scope explains what is to be covered during the audit. Any restrictions should also be noted here.*

## Timing of the review

*The timing of the review should be documented here*

## Audit Personnel

*The following personnel have been assigned to the audit*:

|  |  |
| --- | --- |
| **Name and Surname** | **Designation** |
| **Auditor 1** | **IA Manager** |
| **Auditor 2** | **Senior IA** |
|  |  |

# Audit approach

In executing the work, we will follow a Risk Based approach. This involves utilising significant risks within the auditable area as identified during the annual planning phase, and assessing the adequacy and effectiveness of the key controls designed and implemented to mitigate these risks. Our reviews include interviews with key staff members and the review of relevant documentation. Where Leadership indicates that key control breakdowns exist, we will not conduct a full review, but will review the action plans implemented by Leadership to address the control breakdowns.

Due professional care will be exercised during the planning, execution and reporting of the results of the review. However, absolute assurance cannot be given that other non-compliance and irregularities do not exist, as our testing will be limited to sample testing of key controls. In achieving our audit objectives the following approach will be adopted:

* Analysing and discussing the process with Leadership and applicable staff
* Documenting the process and obtaining line Leadership approval
* Gathering and assessing information primarily through enquiry and observation
* Several tests of controls and substantive tests will be performed on a judgmental sample basis
* Reporting internal audit findings, with recommendations to Leadership

# Audit conclusion

*The conclusion should give a high level result of the findings identified. The conclusion should give the auditors opinion on the control environment systems within the process. The areas of concern should be listed here.*

# Audit Findings

## Summary of audit findings identified

The table below classifies the number of audit findings identified by their relative significance:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  **Findings Status** |  |  |  |  | **Total** |
| Number of Findings | - | - | - | - | - |
| Cleared Findings | - | - | - | - | - |
| **Findings to clear** | **-** | **-** | **-** | **-** | **-** |

## Summary of audit findings’ root cause

The graph below illustrates the summary of the root causes of the audit findings identified during the testing performed. Of the 4 audit findings identified the majority of the root causes relate to “Process”.

## Summary of control rating

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Findings Status** | **IAC** | **IEC** | **PEC** | **EC** | **Total** |
| Number of Findings | - | - | - | - | - |
| Cleared Findings | - | - | - | - | - |
| **Findings to clear** | **-** | **-** | **-** | **-** | **-** |

**Legend:**

IAC Inadequate control

IEC Ineffective control

PEC Partially effective control

EC Effective control

# Disclaimer

This document contains confidential and/or privileged information. It is intended solely for the information and use of the parties included in the distribution list. Should you come into possession of this document without authority from these parties, you are:

* Prohibited from perusing, copying, duplicating or distributing this document in any way whatsoever;
* Obliged to notify Group Internal Audit that you have it in your possession; and
* Requested to return it forthwith.

# Appreciation

We value the opportunity to work with you and sincerely appreciate the co-operation and assistance provided to us during the course of the audit. We would be pleased to further discuss any aspect of our procedures, or this report, with you or members of your Leadership team at your convenience. Should you have any queries or comments with regard to matters contained in this audit report, please do not hesitate to contact us.

Yours faithfully

Internal Auditor Manager/ Partner/ CAE

# Appendix 1 – Detailed Findings

This section contains a summary of the detailed audit findings. All audit findings were presented to management and action plans were co-developed with management in order to address control weaknesses. Where agreement could not be reached, management comments have been included.

|  |  |
| --- | --- |
| *Heading of the finding* | **Significant** |
| **Control Rating** | **COSO Control Component** | **Repeat Finding** |
| Inadequate control | COSO – Control Activity | No |
| **Criteria** |
| **Best practice:***What should be in place* |
| **Condition** |
| *What is in place*  |
| **Cause**  |
| *What is the reason/ root cause* |
| **Effect (Risk)** |
| *What is the risk of this finding, what could go wrong* |
| **Recommendation** |
| *What should management implement*  |
| **Management action plan** | *What will management do* |
| **Responsible person** | *Who is responsible* |
| **Due date** | *When is the action plan supposed to be implemented* |

# Appendix 2 - RATING CLASSIFICATIONS

##

## Control rating

The following rating scale was used to rate the adequacy and effectiveness of the controls tested. The ratings used do not constitute an audit opinion and are based on the results of tests performed, on a sample basis for the period under review.

| **Control rating classification** |
| --- |
| **Inadequate control** | Existing accounting and internal control procedures were either inadequate or non-existent. This may indicate a residual risk exposure. |
| **Ineffective control** | Employees performed their duties/ systems performed their functions ineffectively based on the results of tests performed, on a sample basis, for the period under review. This may indicate a lack of performance in order to achieve objectives. |
| **Room for improvement in control** | Employees performed their duties/ systems performed their functions ineffectively based on the results of tests performed, on a sample basis, for the period under review. This may indicate partially improvement of performance in order to achieve objectives. |
| **Effective control environment** | Employees performed their duties/ systems performed their functions effectively based on the results of tests performed, on a sample basis, for the period under review. |

##

## Overall report and audit finding rating

The table below indicates the way individual audit findings were rated.

|  |
| --- |
| **Audit finding rating classification** |
|  | **Critical (High Risk)** -Pervasive weaknesses in control environment and/or instances of non-compliance with internal controls |
|  | **Significant (Medium/High Risk)** -Significant weakness in control environment and/or instances of non-compliance with internal controls |
|  | **Less Significant (Low/Medium Risk)** -Isolated areas of weakness in control environment and/or instances of non-compliance with internal controls identified |
|  | **Minor (Low Risk)** - No major weaknesses in control environment or material instances of non-compliance with internal controls identified |

## COSO/ Control Components

The table below indicates the five interrelated components in terms of the COSO framework.

|  |
| --- |
| **COSO Control Components** |
| **Control Environment** **(CE)** | * Sets tone of organisation influencing control consciousness of its people.
* Factors include integrity, ethical values, competence, authority, responsibility.
* Foundation for all other components of control.
 |
| **Risk Assessment (RA)** | * Risk assessment is the identification and analysis of relevant risks to achieving the entity’s objectives forming the basis for determining control activities.
 |
| **Information and Communication (IC)** | * Leadership and supervisory activities. Pertinent information identified, captured and communicated in a timely manner.
* Access to internal and externally generated information.
* Flow of information that allows for successful control actions from instructions on responsibilities to summary of findings for Leadership action.
 |
| **Control Activities (CA)** | * Policies/procedures that ensure Leadership directives are carried out.
* Range of activities including approvals, authorisations, verifications, recommendations, performance reviews, asset security and segregation of duties.
 |
| **Monitoring (M)** | * Assessment of a control system’s performance over time.
* Combination of ongoing and separate evaluation.
* Leadership and supervisory activities.
 |