**ANNEX 5**

**RISK AND CONTROL MATRIX & AUDIT PROGRAMME**

|  |  |  |
| --- | --- | --- |
| **Engagement Objective(s)** | : | *[list the engagement objectives as they were defined in EPM]* |
| **Engagement Scope** | : | *[present the engagement scope as it was defined in EPM]* |
| **Engagement reference framework** | : | *[list the legal and procedural framework as it was defined in EPM]* |
| **Required skills and competences** | : | *[based on columns 12 and 13 from the table below, list the necessary skills and competences of the audit team]* |

| **Process / activity description** | **ASSESSMENT OF INHERENT RISK**  | **WALK THROUGH (DESIGN) TESTING** |
| --- | --- | --- |
| **Main Risks** | **Impact** | **Likelihood** | **Velocity** | **Risk Response** | **Mitigating controls description** | **RESULTS OF DESIGN/WALKTHOUGH TESTS** |
| **1** | **2** | **3** | **4** | **5** | ***6*** | ***7*** | **8** |
| ***Description of process and list of process objectives*** | ***Describe the event(s) that may result in risks to the achievement of the process objectives****.* *List each risk separately* | *Identify the* ***impact*** *of the risk/event as* ***High, Medium or Low*** | *Identify the* ***likelihood*** *of the risk/event arising as* ***High Medium or Low*** | *Identify the* ***velocity****/****speed*** *at which the event arises as* ***High, Medium or Low*** | *From the assessments in columns 3-5 determine whether the risk should be* ***Accepted, Controlled,*** ***Avoided or Transferred***  | ***Where the risk should to be controlled****, list the controls that have been put in place by management to address the risk. Where there are a number of controls that address a particular* ***risk identify the most important or “key controls****”.*  | ***Assess whether in theory the controls have the potential to reduce the inherent risk*** *identified in column 2.**This may be done by walking a small number of transactions through the control process to determine how it is intended to work.* ***There is no point in auditors testing controls that are too weak to address the inherent risks involved****. Management should be urged to improve the effectiveness of the controls in place.*  |

| **Process/activity****Reference** | **COMPLIANCE TESTING** | **RESOURCE REQUIREMENTS** |
| --- | --- | --- |
|  | **Controls to be tested** | **Testing procedures** | **Auditors skills** | **Technology** |
| **9** | **10** | **11** | **12** | **13** |
| *Cross reference to process.* | ***List each control that is to be tested*** *for a particular process* | ***Identify the audit procedures that are to be used to confirm whether the control in column 10 is working as intended****.* | *Provide a list of auditors and their skills, responsible for testing activities* | *Provide a list of technological resources needed for performing the tests in an effective manner. For example,e the use of software to select a sample of transactions to review* |

**Notes:**

1. The risk and control matrix is contained in columns 1-8 make up and the audit programme is contained in columns 9-13

2. Text in italics illustrates the content of each column.

3. The programme above has been split into two parts for ease of use. Auditors may however find it useful to separate walk-through/design testing (Columns 7&8) from the assessment of inherent risk.