

CASE STUDY

In February of 2014, the Agency for Construction, subordinated to the Ministry of Transportation of the Republic of Tolia, during an internal audit run by the Agency's internal audit unit, discovered the disappearance of 900 tons of petrol (purchased in December of 2011). The book value of the petrol was 900,000 tols, according to accounting data.

The total value of the agency's assets is 20 mln. tols

The annual petrol needs of the Agency do not exceed 450 tons.

The agency has no storage capacity; 450 tons of petrol has been stored at the Ministry's facilities starting from December 2011. The officials in charge of the Ministry's storage facility claim that they provided petrol to private companies on the basis of a written order from the Ministry of Transportation for road repair purposes after a horrendous flood had hit the Republic of Tolia in March of 2012.

TASK:

Analyze RIFIX survey data (slides 7,9,10, 12, 13, 14) and answer the following questions:

1. What is the difference in addressing this issue from the viewpoint of Internal Audit, Supreme Audit Institution and Financial Inspection:

- to whom they report,
- goals,
- what kind of working instruments and methods they use,
- how they formulate their conclusions and recommendations (provide a specific example).

2. In your opinion, would it make sense for all three agencies to address this issue? If yes, why and what kind of added value would each of them bring?

3. Ideally, how could these three agencies complement each other's work and avoid duplication of efforts (resources)? What needs to be done in your country to achieve this?