



SIGMA

A joint initiative of the OECD and the European Union,
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Internal Audit Manual

PEM-PAL Plenary Meeting

Zagreb

January 26-28, 2011

Jean-Pierre Garitte, CIA, CCSA, CISA, CFE, RFA



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Objectives of an internal audit manual

- *Primary objective*
- *Secondary objectives*
 - *Guidance to newcomers*
 - *Reliance by other assurance providers*
 - *Quality review*





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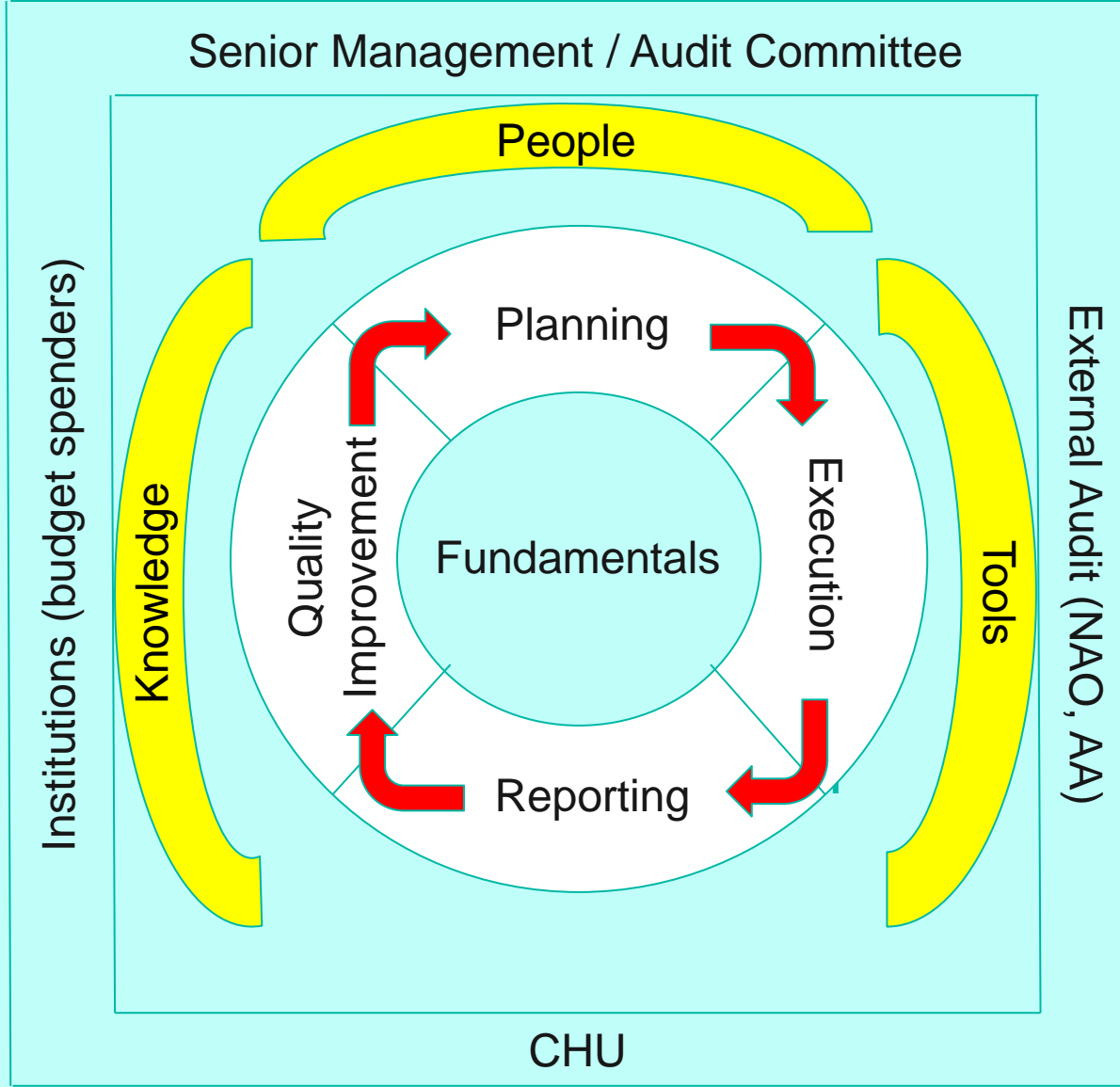
Standards on the internal audit manual

- *The Institute of Internal Auditors*
–*IIA Practice Advisory 2040-1*
- *INTOSAI*
- *The US Government Accountability*
Office (GAGAS)





Internal audit manual framework



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Fundamentals

- Mission statement
- Reference to regulatory framework
- Independence
- Applicable professional standards
- Professional ethics
- Due professional care
- Interactions with others





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Planning

- Strategic audit planning
- Audit universe
- Risk assessment methodology
- Annual audit planning
- Annual audit budget
- Special audit engagements



Execution

- Audit engagement planning
- Development of audit objectives
- Definition of audit scope
- Preliminary survey
- Audit program
- Working papers
- Supervision



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Reporting

- Draft report
- Final report
- Follow-up of recommendations
- Annual audit report
- Annual audit opinion / statement of assurance



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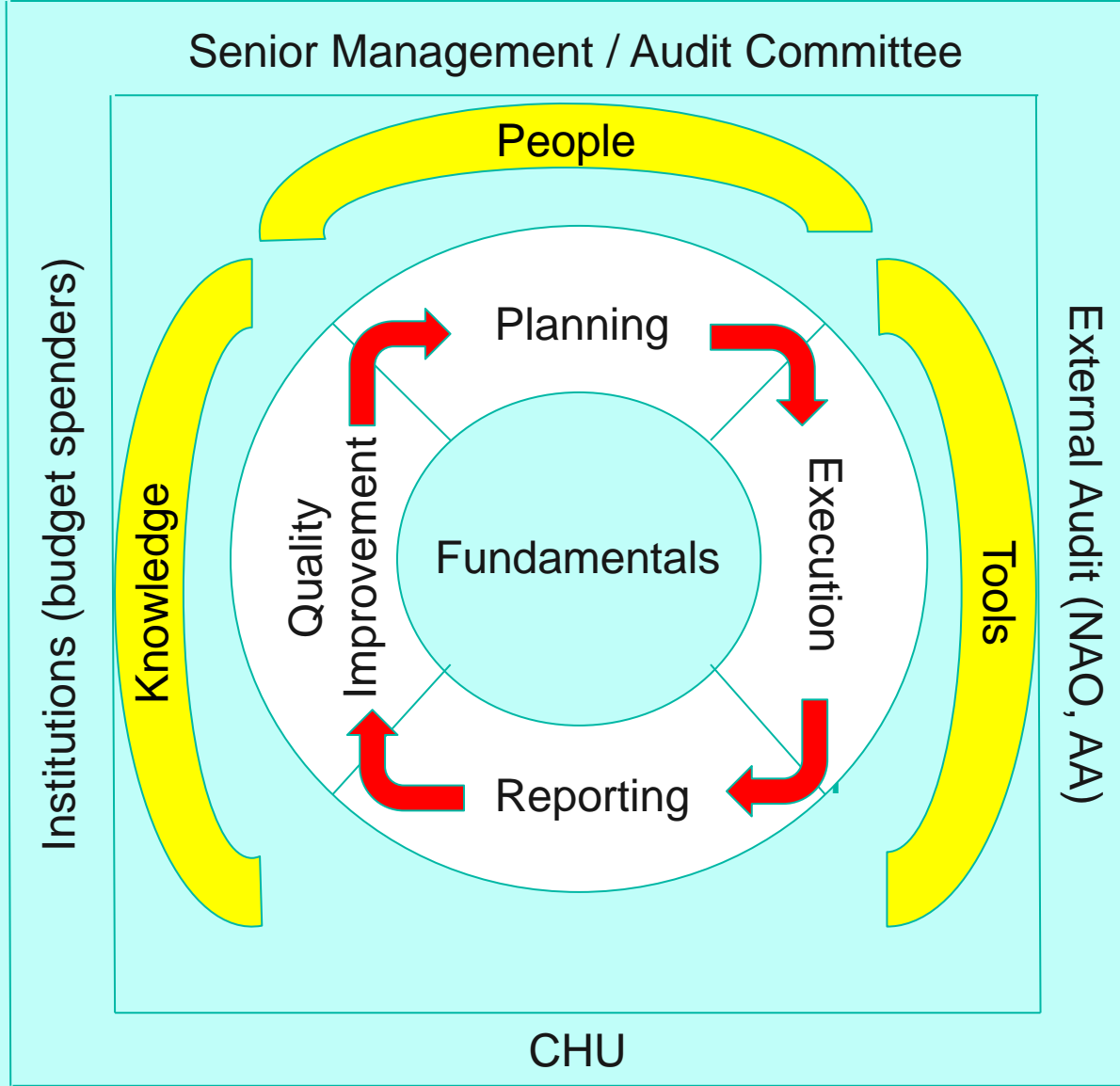


Quality improvement

- Quality program
- Key performance indicators
- Internal quality assessment
- External quality assessment



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People

- Qualifications
- Soft skills
- Career planning
- Co-sourcing arrangements
- Continuing development



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Tools

- Risk mapping
- Sampling
- Audit administration
- Marketing



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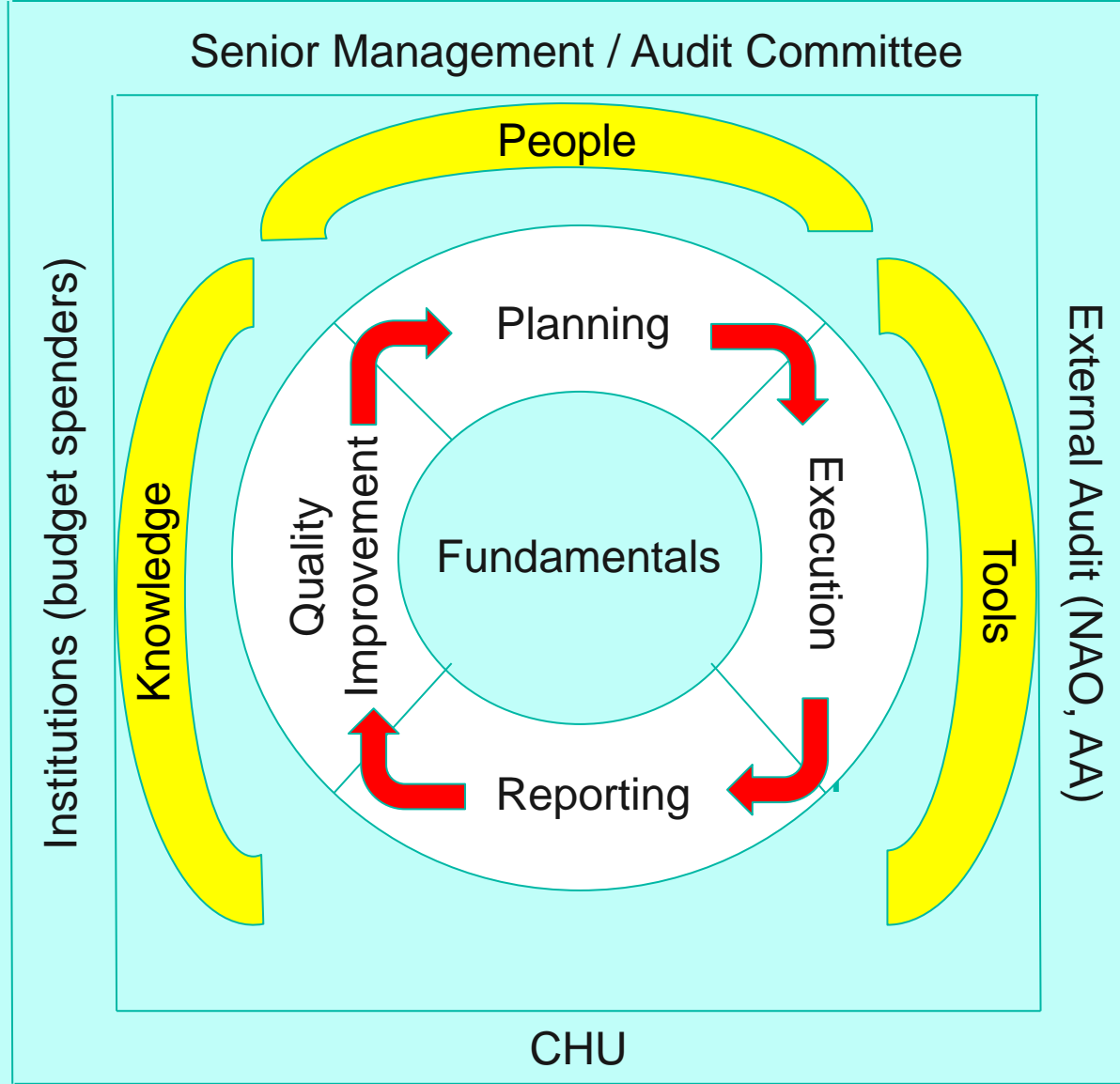


Knowledge

- File organization
- Benchmarking
- PEM-PAL



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Interaction with others

- Senior management
- Audit committee
- External audit
 - National Audit Office / SAI
 - Audit Authority
- CHU
- Budget spenders
- Other assurance providers



Questions

- Does this skeleton / template for the internal audit manual cover all critical components?
- Would this skeleton / template be applicable to other public sector entities (e.g. municipalities)?



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