# AUDIT ENGAGEMENT PLAN

# *Numărul de referinţă al documentului de lucru: A 4*

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| **Audit engagement**:  Assessment of the processes of coordination, monitoring, planning, execution, and reporting on expenditures made by central government authorities | **Audited entity:**  Finance Department of central government authorities |
| **Audit team leader:**  **Alexandru Lungu**  **Audit team members:**  **Maxim Butakar**  **Ion Morar** | **Planned date for submission of draft report:**  **March 28, 2017**  **Planned date for submission of final report:**  **March 31, 2017** |
| **I. Audit objectives:**  1. Assess how the system of financial management and control (FMC) of business processes performed by the Finance Department of central government authorities is organized and functioning, with elements of assessment of the control environment, management of quality target indicators and risk management, description and analysis of main processes, existing information systems, and internal and external information provision.  2. Assess the processes of planning, monitoring, analysis and reporting on expenditures made by central government authorities.  **II. Objects of audit (scope):**  **•** Introduction of the financial management and control system in the Finance Department of central government authorities (description of business processes, risk management, activity planning and reporting, etc.): 2016-2017.  • Processes of planning, monitoring, analysis and reporting on expenditures for general government services and external activities.  **Ш. Tasks performed by the object of audit pertaining to general audit objectives:**  1. Practical implementation and compliance with Regulation # 181 dated July 25, 2014 concerning public finances and fiscal responsibility through the following: restrictions on in-year budget reallocations; application of fiscal and tax rules established by law; elimination of cases where sectoral programs, strategies, and regulatory documents are approved without sources of financing.  2. Development of methodological guidelines for formulation of budget allocations; checks and coordination of compliance.  3. Monitoring of execution of administrative bodies’ budgets and of using public finances according to purpose in civil service and foreign affairs sectors.  4. Ensuring the process of reporting on the execution of approved / defined administrative budgets in accordance with respective competence.  5. Ensuring the effectiveness and efficiency of main business processes to achieve goals set for the unit; identification and assessment of related risks.  **IV. Key risks associated with business process objectives:**  *Organizing and ensuring the functioning of the FMC system*:  1. Lack of understanding of FMC usefulness with exclusion of the responsibility for implementation of the system at the stage of planning the unit’s activities.  2. Insufficient delegation of responsibility and/or duties; lack of coordination between key performance indicators (regulation of the unit → action plan → job descriptions), including the correctness of setting the Department’s goals.  3. No updates of the risk registry; non-implementation of respective control procedures for risk management, concealment of risk information, etc.  5. Non-identification and/or non-documenting of all main business processes within the unit.  *Planning, monitoring, analysis, and reporting on expenditures for general government services and external activities*  1. Duplication of functions and tasks performed by the audited department and other MoF units (for example, sectoral finance units).  2. Insufficient or excessive activity on exercising control over the processes of planning, monitoring, analysis and reporting on expenditures for general government services and external activities.  3. Late and excessive performance of tasks as a result of analysis of some incorrect information and/or delays caused by some MoF units and/or budget administrators.  5. Impossibility of data management through applications of the new public financial management information system (PFMIS) (introduced from January 1, 2016).    **V. Methods to be used and audit methods:**   * Review of working documents, regulations, reports, etc. * Reiteration of certain stages in the process of checking the functionality of controlling activities; * Verification by expert examination, comparison / contrasting of information, including in electronic form from the database; * Examination of the existing legislative and regulatory frameworks and internal regulations; * Interviews, etc. | |

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**Led by:** Jandîc Livia \_\_\_\_\_\_\_\_\_\_\_\_\_ **/Date:** 21.02.2017