

State Audit Institution (SAI)- Sultanate of Oman

General Audit Methodology Manual

2015

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1. Preface

1.1 Manual Contents

The General Audit Methodology Manual encompasses methodologies that will be followed in addressing and performing all post audits by the State Audit Institute (hereinafter 'SAI'). For this purpose, the manual will be divided into a number of sections and the following indexes:

1. Introduction

This section encompasses a summarized overview of SAI as a governmental organization (State audit institute of the Sultanate of Oman), In addition to stating the objectives and functions of the SAI, the audit process development, the contents of the manual, and distribution model to modify the manual and statutes concerning the responsibilities and authorities of the use of the manual.

2. Manual Review

This section addresses the periodic review process of the SAI general audit methodology used by the SAI. Authorities, conditions and deadlines related to this procedure is considered part of this function. Amendment procedures to the manual is also considered part of this section.

3. Confidentiality Policy

This section includes information concerning confidentiality, rules, privileges/ rights and abiding by the laws.

4. Applicable Methodology and Standards

This section is a direct reference to the international, regional and local levels, which are related to the SAI, and that are essential to refer to whenever any further adjustments to the manual are needed.

5. Introduction To General Audit Methodology Manual:

This presents a general overview of all stages of any public audit process.

6. Planning

This phase will include the overall risk assessment results determined concerning risk priorities. It also includes key elements and procedures developing the audit plan sorted by risk priorities that have been identified.

7. Execution (Fieldwork) Phase

This section addresses the policies and procedures in which are to be followed by the SAI during the audit execution phase. The execution of implementing the audit (field work) can only start after the approval of the audit plan, which will be through procedure preparation of investigation programs, execution and examination results.

8. Reporting Phase

This section states the policies and procedures that shall be abided by during the reporting phase. This phase includes the properties and contents of the audit report, as well as the report criteria characterized by quality.

9. Follow-up and Monitoring Phase

This phase demonstrates the necessity of the follow-up analysis of the SAI members on objectivity and independence, and thus, it focuses on how strong the points being identified are, actions to be taken in order to resolve such obstacles, and to ensure required performance of corrective execution for observation/ recommendations been reported.

10. Quality Assurance

As part of audits continuous improvement, this section provides the procedures to be followed by SAI in terms of:

- How to assess audit performance of members during execution of the tasks delegated to them, and
- How to perform quality control and assurance tasks.

11. Code of Ethics

This section contains all the forms and related formulas that will be used by the members of the SAI in all kinds of evidence of audit.

12. Appendices

This section includes all relevant forms and formats to be used by all SAI members, containing all kinds of audit evidence.

13. Glossary

This section includes definitions of all terminologies used within the context of this Manual.

1.2 SAI Overview

The financial and management state audit institution (hereinafter “SAI”), represents a legal entity that has financial and administrative independence, which directly reports to his Majesty, the Sultan. In addition, the Organization position structure contains a president CEO and Deputy CEO (appointed by royal decree), with a sufficient number of staff members, under the law of the SAI. The SAI is responsible for auditing financial and administrative management of all state-owned funds, or under management or audit, as well as financial transactions, management and monitoring the performance of entities subject to audit, in accordance with the objectives, terms, conditions, laws, regulations and whether they are accurately implemented and applied. Part of approving the audit long-term (more than one year) or short-term (less than one year) audit plan, depends on the rules and principles of accounting, audit profession, and activating the principle and cooperation of accounting and auditing with units

subject to audit so as to achieve an added value to the work of those entities.

The following are the historical development of financial and administrative audit of the Sultanate:

- The financial audit began during the blessed resurgence in 1970 representing the accounts audit cycle in the General Financial administration and its role was limited to audit the supporting documents before issuing the payments.
- The accounts audit cycle became independent from the finance department/ cycle in accordance with the Royal Decree No. 6/74 issued on 12/02/1974 AD, to be under the responsibility of the Sultanate Ministry of Diwan, entrusted with financial audit of the administrative structures and address the concerned observations, followed by proceeding with report submissions by the beginning of 1975, as it was meant to train administrative staff to improve their performance.
- In 1975, the law of organizing the administrative apparatus was issued by the Royal Decree No. 26/75 and the audit department followed the Ministry of Royal Court Affairs to be issued by the Royal Decree No. 24/81 approving the organizational structure of the ministry and switching the department into the General Financial administration until 1983, where the general Financial Administration directly reporting to his Excellency, the Minister of the Royal Diwan Affairs, Royal Decree No. 65/83.
- The first law issued in respect with the General Financial administration was on the 10/3/1985 by the Royal Decree No. 36/85, stating the objectives, functions and responsibilities of the General Financial Administration and specific entities subject to audit as well as periodic and annual reports.
- The title of the General Financial administration has been changed on 3/01/1989 by the Royal Decree No. 81/89 to "The General secretariat of Audit" dated 30/12/1991, which was issued by the Royal Decree No. 129/91, in which the name was amended to "State Secretariat Audit Unit", including the state law of financial audit to be referred to, to substitute the accounts audit function.
- On 22/11/1999, the Royal Decree No. 95/99 announced to replace the title of the "State Secretariat Audit Unit" to "State Audit Institute" as a stand-alone entity that delights financial and administrative independence, which contains all elements of independence and objectivity, and the subsequent issuance of the new Law for the financial audit Royal Decree No. 55/2000 and the approval of the new organizational structure of the SAI by the Royal Decree No.56/2000 for overlooking the SAI during this phase, which nearly lasted for three and a half decades, including all fundamentals to form an eligible international regulatory body.
- Dated 3/2/2011, the Royal Decree No. 27/2011 issued an announcement concerning the conversion of name from "State Financial Audit Institute" to "State Financial and Administrative Audit Institute".
- On 24/10/2011, The Royal Decree No. 111/2011 promulgated the law of the State Financial and Administrative Audit.

1.3 Objectives and Specialties of the SAI

The main function of the SAI is the promotion of qualified governance, transparency, accountability and integrity, though achieving the following objectives:

- Guardians of State public and private funds managed by the SAI or by any unit under the control of the SAI, and confirmation/ assurance of appropriateness of audit and internal control. Also, safety assurance of financial and administrative activities with their implementations, as well as laws, regulations and regulatory decisions.

State Audit Institution

- Assurance of implementing laws, rules, regulations and decisions taken in respect with the subject, in addition to prevention of conflicts of interest and financial and administrative irregularities.
- A statement of deficiencies/ shortages in the laws, regulations and financial & administrative system in place, in addition to suggestions and recommendations to overcome such deficiencies.
- Adherence to the transparency principle in respect with the financial and administrative activities.
- Operational audit and ensuring proper work flow.
- Evaluate the performance of entities subject to the SAI audit to assure the use of proper resources in an economical efficient and effective technique.
- Disclosure of reasons for deficiencies in performance, production and limitation of accountability.

In order to achieve the above objectives, the SAI shall conduct financial and administrative audit in all ranges, including:

- Financial audit, performing both; accounting and legal.
- Management/ operational/ administrative audit.
- Performance audit.
- Audit the decisions taken regarding financial irregularities.
- Audit the investments and all accounts of entities subject to audit by the SAI.
- Other work assigned to the SAI by His Majesty the Sultan.

According to the state financial and administrative audit law, the SAI shall perform the following audit:

- Review contracts, agreements and valuation reports of assets to be privatized prior to taking any final decisions.
- Review revenues, expenses, dept. payments and terminologies registered in the accounts system or on disks authorities under the SAI, as well as, loans, credit facilities & validation of financial transactions, accounting entries , audit settlement and to ensure they are all endorsed by the official documents.
- Review decisions taken concerning employees and benefits, in compliance with the laws and requirements, in addition to financial and administrative structures.
- Review operations of warehouses, cabinets, laboratories etc..
- Review investment entities subject to audit by the SAI.
- Review all behaviors located on government land and real estate.
- Examine final state account and entities' final accounts subject to the SAI audit, and to inform the Ministry of Finance with such reports in order to make corrective adjustments prior to presenting them to the Council of Financial Affairs and Energy Resources, which are also to be correctly adjusted in case they are not responding by taking appropriate actions in preparing the submitting to His Majesty the Sultan.
- Ensure the efficiency of the financial and administrative systems to detect deficiencies and inadequacies, and to also provide suggestions to avoid such deficiencies.
- Study the complaints received by the SAI regarding abandon of laws, regulations or illegitimate decisions taken.

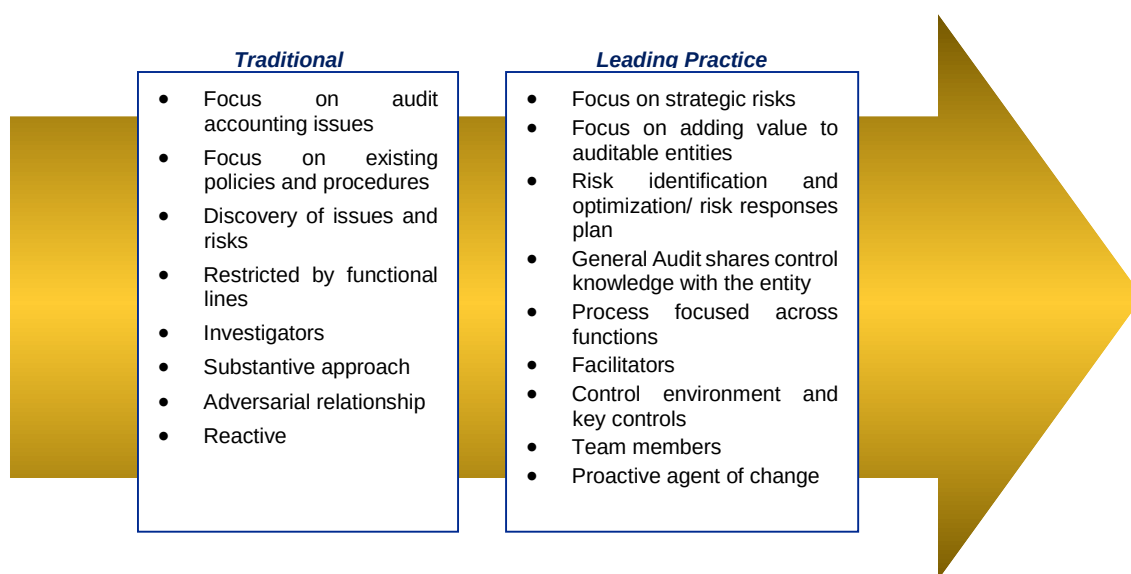
- **Review the commitment of companies' and/or bodies licensed to manage public utilities with contracts and agreements.**
- **Examine the financial and administrative defaults made by employees in the functions that are subject to SAI audit.**
- **Monitor the actual completion of orders directed to functions subject to the SAI audit by His Majesty, the Sultan.**
- **Review documents, records, accounts and their supporting documents, system accounts, disks for the custodies that exist in all departments, or even in the SAI. Thus, the SAI is entitled to request and review any supporting documents, records, minute records of any committee/ board of directors, or any other documents necessary for the terms of reference exclusively, without informing these departments in advance, and can keep such documents/ requirements until the end of audit/ inspection process. Also, the SAI is entitled to connect any electronic systems in place, in any entity that is subject to the SAI review.**
- **Consulting experts and technicians with identifying the returns for services being offered, as shown by the regulations.**

1.4 General Audit methodology

The primary objectives of performing audit, were basically to assess the compliance with the applicable standards, laws, and regulations, and the evaluation of operational activities/ procedures. This resulted in substantial changes that required sound management (governance) and have driven the need for new approaches to the audit function.

The SAI has recognized the importance for the audit function to focus on providing value-adding services to auditable entities; therefore, this manual was developed on this base.

The following diagram shows the shift of the audit function from a traditional approach to a more a value-adding leading practice approach. This manual encompasses a number of leading practices in the area of audit, and have been designed to take into account the standards of the institute of Internal Auditors (IIA).



1.5 Purpose of the Manual

The purpose of this manual is to outline cohesive guidelines for members of the audit team, to complete their duties/ responsibilities, and to make certain to share policies, principles and values, such as:

- Providing professional and quality services.
- Demonstrate independence and objectivity in work.
- Act in accordance with the highest degree of fairness and integrity, and commit to regulations concerning professional ethics, which are established by the relevant bodies.
- Demonstrate personal high-level productivity and effective time management.
- Maintain continuous improvement in respect with each profession via achieving professional certification and educational goals that support the profession.
- Ensure effective work that demonstrate the provision of reasonable level of audit.

The purpose of this manual is to:

- To provide a comprehensive set of guidelines to manage the audit function, together with instructions, standards and guidance given to SAI auditors on the audit process and to facilitate the establishment and maintenance of the highest level of audit performance.
- To provide a reasonable framework and an appropriate degree of consistency, which will help ensure the effectiveness of the audit performance.
- Contribute to the ongoing development of procedures and controls systems. This manual is considered to be an essential element to the process of the audit function in this role.
- Identify processes of the audit function in the government sector, and to address policies and procedures that regulate and form the operational function processes.
- This Manual is intended to provide SAI auditors, audit methodology, tools, audit programs, major risks & controls and information for managing the audit activity for planning, execution, reporting and follow up on audit assignments.

To achieve these goals and objectives, users of this manual are expected to at least gain a basic knowledge and understanding of the overall audit methodology framework, and are to be able to take sound professional judgments. This manual also draws its users' attention to the main element, in which are to be considered during the administration of audit processes.

Users of the Manual are expected to draw upon the information provided to form their own judgments on the most suitable approaches to fulfilling the specific responsibilities that they have been assigned in the context of continuously striving for the most effective general audit activity possible. If users encounter situations where they believe that the guidance provided in the Manual is in conflict with what they believe to be the most effective approach, they should consult with more senior of SAI auditors.

While the SAI is also responsible for providing evaluation services, this Manual is intended to facilitate the performance and quality of the audit assignments with the rigor and professional due care necessary for the provision of assurance (as envisioned in the INTOSAI standards).

This manual represents a general guide reference for various audit functions performed by the SAI. It is worth mentioning that it was prepared with specialized guides for various audit functions, in which the SAI can always refer to when the need arises regarding financial audit, performance audit, audit of information systems, in addition to manuals for various sectors.

1.6 Scope of the Manual

The General Audit practice helps the SAI make more of their general audit function by:

- Providing access to leading general audit methodologies and tools to enhance quality and results;
- Helping ensure effective and efficient controls are designed and functioning to monitor organizational risk;
- Monitoring the efficiency and effectiveness of key business processes;
- Enhancing the general audit value proposition; and
- Developing or enhancing the enterprise risk management process within an entity.

1.7 Manual Usage, Responsibility and Authority

The usage of this manual is only limed to members of the SAI . Any usage of the manual content by any entity/ personnel other than SAI auditors will be performed under the direction and with the judgment and knowledge of the Top Management of SAI.

Top management is considered to be directly responsible for ensuring that all audit process take place in accordance with this manual.

If any sector, department, unit, or any other entity within SAI considers that compliance with any of the guidelines, policies, and standards set out in this manual is not possible for any reason, it should refer the matter in writing to the designated audit unit head. Changes resulting from such a review process are discussed in detail in the following section under “manual maintenance”.

The success of using this manual depends on employees feeling some sense of ownership in the manual.

To ensure that the manual will be successfully implemented, it is helpful to follow these steps at the very beginning of introducing this manual to the Auditors:

- Set/ select someone to be officially in charge of the manual:
- Hold an introductory committee meeting to determine the following:
 - ✓ Objectives of the manual
 - ✓ Relationship of this manual to other SAI audit manuals
 - ✓ Assessment of the manual's impact on the methods and means by which SAI conducts its audit work
 - ✓ Specific committee responsibilities
 - ✓ Time frame for manual continuous development and review
 - ✓ Desired manual format and its subsequent changes if required
 - ✓ Implementation suggestions over periods of time and milestones to be decided upon in the short and long term
 - ✓ Special current and future training needs
 - ✓ Technical resource requirements
 - ✓ Technological resource requirements

1.8 Manual Distribution

The section depicts the policy and procedure of distributing the manual to new and existing employees as well as its distribution following a change in it.

First time distribution of this manual is based on a preset suggested form created for that purpose.

Distribution of this manual following an amendment is also performed through the same form.

Procedures related to that are explained in detail in section 2 Manual Maintenance of this manual. In both cases, distribution of this manual is made by sending it to each designated resource person.

The resource person should sign and return the form to the Head of Audit unit within 10 working days from the date of receipt.

Any future updates to this manual will be distributed to all resource personnel and it will be their responsibility to ensure that the manual is properly updated in adding new pages or appendices, removing superseded pages or appendices, or making any manual edit changes in form or content. Procedures related to that are explained in detail in section 2 Manual Maintenance of this manual.

1.8.1 Manual Distribution Form

Manual for: _____

Distributed By: _____

Date of Distribution: _____

Reason for Distribution (check one): ☐ First Time Distribution

☐ Distribution Following Amendment

To the resource person,

When you sign this form, you agree to adhere to all cited policies and standards included in this manual.

You may be asked to sign additional material and changes thereto to give effect to these policies and standards currently and in the future.

To acknowledge that you have reviewed and understood all of this material in the manual, please sign and date this form and return it to the Head of Performance Audit unit within 10 working days of receipt of this manual.

I acknowledge that I have read, understood, and am subject to all of the material included in this manual.

Signature

(Please print name)

2 Manual Maintenance

2.1 General Rules

Auditing standards are a content of dynamic nature that should be periodically reviewed and updated to reflect any changes internally or externally.

To ensure that manual sections are maintained and updated, SAI Audit Unit designated Head should assign responsibility for particular sections to specific personnel after attaining the approval of the general audit standards committee.

Each section should be specifically assigned to an employee (resource person) in the Audit Unit.

This employee's job responsibilities, authority, and monitoring requirements should be clearly detailed in his/her job description in relation to development and amendments of the manual section responsible of.

While separate sections' maintenance are distributed, one senior employee may be responsible for coordinating all manual section development, implementation, and ongoing reviews to be raised to the committee, being represented in the designated Audit Unit Head.

SAI Auditors should maintain a schedule listing each section, the employee responsible for the section, the date the section was adopted, the date it was last reviewed or revised, and other pertinent data.

Ongoing training regarding SAI General Audit Methodology Manual sections is an integral part of the continuous improvement and maintenance process.

The objective of any training program should be to reinforce management's and staff's understanding of what general audit methodology and standards are, how they were created, how they should direct the Unit's activities, and the benefits derived from establishing such methodology and standards in various sections of the manual.

2.2 Authority

The authority to revise and amend the methodologies within the SAI shall be in compliance with the internal policies and procedures.

2.3 Conditions for Amendments

Conditions leading to such a change– or a group of changes– will be either internal or external in nature. Any changes in the laws, rules, and regulations could lead to a necessity in changing the SAI standards and methodology, in whole or in part.

2.3.1 External Conditions

Such conditions are represented in changes in the laws, rules, and regulations that are mostly external in nature. In anytime that the laws and regulation are amended in whole or in part, SAI could review and amend its own audit methodology and standards insofar their relation to the laws and regulation.

Some changes may be performed in order to adjust to the international standards of professional audit, to create external leading to change in the standards and methodologies of audit. Such changes are reflected in the relevant standards.

The SAI then shall review and modify the methodology and its own audit standards – if any- in the context of the above mentioned criteria, particularly with the basic components in the manual that reflect the concepts embodied in other international standards being referred to.

2.3.2 Internal conditions:

Any of the following list of internal organizational conditions could lead to a change in SAI's audit methodology or standards, in whole or in part. This could be represented in the following conditions:

- Changes in functions and activities of SAI due to internal changes in the functional or organizational structure
- Changes in internal business processes
- Changes in delegation of authority matrices
- Changes in job roles, duties, and descriptions of employees
- Changes in SAI internal financial or employee related articles
- Changes in SAI services

2.1 Timing

Timing and frequency of review of standards is either periodic and cyclical in nature or non-cyclical conditions based, explained in the following:

- **Periodic Cyclical Changes:** To be able to enforce a 'culture of change', the change management process should be periodic in nature. To elaborate, any system reflecting a business process that is based on a methodology or a standard is not perfect in nature; thus, it requires a review over a period of time regardless of any internal or external conditions instigating a change. Therefore, SAI will periodically review its audit methodology and standards, if any, at least once every five years.
- **Non-Cyclical Conditions Based Changes:** Timing of such changes is directly linked to the necessity and urgency of such a change due to a requirement by law or a change in international auditing or accounting

standards or other professional standards of international standard setting bodies and professional organizations' standards as stated in section 2.3.1. above.

- **Timing of such changes**, if urgent in nature, then should be tied to the requirement of the law or a professional standard in setting a particular deadline to meet.
- In other instances, where international standards or the law have not set a particular deadline, then professional judgment of SAI should apply in setting its own deadline to be within a maximum of a five-year period from the date of issuance of a particular law, regulation, or standard.
- It should also be noted that such a review exercise is directly related to what SAI primarily follows, in whole or in part, as a result of a change in standards, practices, or methodologies of such standard setting bodies.
- **Considerations** – some case should be taken into account, such as the issuance of new international regulations, standards or methodologies that take into account the consequences of these developments and comparing the applied standards to the audit system-if any- or practices or methodologies.

In other cases, which do not require international standards or laws, Two main sources of change requests could be accommodated. One being originating from within the SAI Auditors, and the other being received from other SAI entities including other sectors, departments, or personnel.

- It should also be a matter of policy, in cases when SAI does not follow a particular standard setting body, and if such body issues a new standard, practice, or methodology, then SAI should at least consider the implications and compare to its own standards, if any, practices, or methodologies from a benchmarking point-of-view that could eventually lead to a change in the latter at SAI.

2.2 Procedures

Change request may be accommodated due to changes in the audit standards or to improve procedures in the manual. In this case, the following procedures apply:

- The requesting employee in the SAI Auditors (resource person) has to fill out the Request for Amendment Form (see enclosed form Request for Amendment Form) and present it to the Head of Audit department.
- The Head of Audit department reviews the request.
- If the request is feasible, then the Head of Audit department forwards the same to the Audit department Head.
- The Head of department reviews the request.
- If the request is feasible, then the Head of Audit forwards the same request to the Standards Development Committee.
- The Standards Development Committee then convenes based upon the request from the Audit Unit Head.
- The committee reviews the request and considers the following implications as a result of a possible change to the contents of the manual:
 - ✓ Review human resource capabilities and discuss changes in personnel requirements;
 - ✓ Review management information systems and discuss potential changes in IT requirements;
 - ✓ Evaluate legal, regulatory, and accounting issues, and solicit comments from appropriate professionals if and whenever needed;
 - ✓ Evaluate cross manual required changes as a result of a change in the Audit manual.

- If the committee partially approves on such changes, pending a partial change in the content of a request, then the request is returned back to the Head of Audit department who will coordinate to perform the required changes.
- The new changes are forwarded again to the Standards Development Committee to follow the same review and approval procedure.
- If the committee approves on such changes, then the request is forwarded to the Chairman of SAI for final approval.
- If not approved, then the Chairman of SAI refers back to the committee for further deliberation or for closure if the request is not considered appropriate for consideration by SAI.
- If approved, then the following implementation activities are taken into account by the SAI auditors:
 - ✓ The amendments are addressed by the Head of Audit and changes are distributed to the resource person responsible for conducting the amendments in the particular manual sections.
 - ✓ Any changes are then printed and added to the manual sections, any required forms and other related materials are also included by the resource personnel.
 - ✓ Any new sections (including forms) are then distributed to the other relevant SAI departments or other resource personnel within the SAI Auditors through the Manual Distribution Form.
 - ✓ After distribution, the resource personnel update form Manual Maintenance Schedule included in this section of the manual.
 - ✓ SAI Auditors coordinates with the Training Department to conduct a training session on the changes as a result.
 - ✓ Audit Unit Standards Development Committee monitors for compliance with the new standards.

2.5.1 Request for Amendment Form**Name of entity requesting amendments:** _____**Section/s Reference:** _____**Manual Section:** _____**Section Name:** _____**Description of needed amendments:**

Proposed amendments:

Proposed by: _____

(Requesting Employee)

Reviewed by: _____

(Head of the Relevant Department)

Approval by: _____

(The Head of General Audit)

Approval by: _____

(Standards Development Committee)

Final Approval by: _____

(SAI Chairman)

2.5.2 Manual Maintenance Schedule

Section No.	Employee Responsible	Date First Adopted	Date Last Reviewed	Other Comments
1				
2				
3				
4				
5				
17				

3 Confidentiality Policy

3.1 Confidentiality

The use of this manual and its contents is bound by SAI's Law and its applicable confidentiality in practice.

3.2 Rights

All SAI rights are reserved as per local laws, rules and regulations pertaining to this publication.

No part of this manual may be reproduced, stored in a any system or form, or transmitted in any form by any means – electronic, mechanical, photocopied, recorded, or otherwise – without the prior written consent of the State Audit Institute of the Sultanate of Oman.

3.3 Legal Recourse

Violation of the above 'Rights' clause subjects an individual or an entity to applicable legal proceedings as per the laws of the Sultanate of Oman.

This manual is also subject to unauthorized use protection as per the internal articles and by-laws of the SAI as well as the Confidentiality policy stated above.

4 Applicable Methodology and Standards

This manual is developed in line with the other specialized manuals of the State Audit Institution. The General Audit Methodology Manual is the originating reference point for the principles and methodologies included in the specialized manuals, unless when and where this manual explicitly states that it is not in line with the latter, in part only.

Principles, methodologies, and standards included in this manual is the result of development work accomplished by the State Audit Institution, which has developed the manual in light of principles, methodologies, and standards that are considered as international leading practices in governmental auditing in general, some of which are the following main professional standards setting bodies' resources:

- International Organization of Supreme Audit Institutions represented by INTOSAI Standards as well as the branching regional organizations' standards including the ARABOSAI, AFROSAI, CAROSAI, EUROSAI, SPASAI if different from the INTOSAI;
- **International Accounting Standards Board**, represented in international standards for the preparation of financial reports
- **Institute of Internal Auditors'** Professional Practices Framework;
- **Institute of Internal Auditors** and represented by international standards for the professional practice of internal auditing.
- **Other auditing** in accordance with the applicable cases.

5 Introduction to the General Audit Methodology

Overview of the General Audit Methodology

The manual is divided into four (4) stages as follows:

- Planning Stage
 - ✓ Risk Assessment at the level of regulatory
 - ✓ Audit Plan
- Execution phase
 - ✓ Risk Assessment on the level of field work
 - ✓ Research programs
- Reporting phase
- Monitoring & Follow-up phase

First phase: The first step in auditing is to perform a Risk Assessment. It is considered as the most essential and periodical step in the audit function. A comprehensive risk assessment is a key driver in the development of an effective audit plan. The risk assessment process involves both a high-level overview of topical and selected strategic business risks as well as an intensive and comprehensive process to assess risk for each process of the auditable entities' operations.

Second phase: Once a topic has been selected for an audit, the audit is initiated by the development of a plan detailing the conduct of the audit. A survey may be undertaken to gather information on the topic and to identify significant issues for an audit. The fieldwork should come after the planning for the audit and it will be effective stage by using the audit programs and audit techniques.

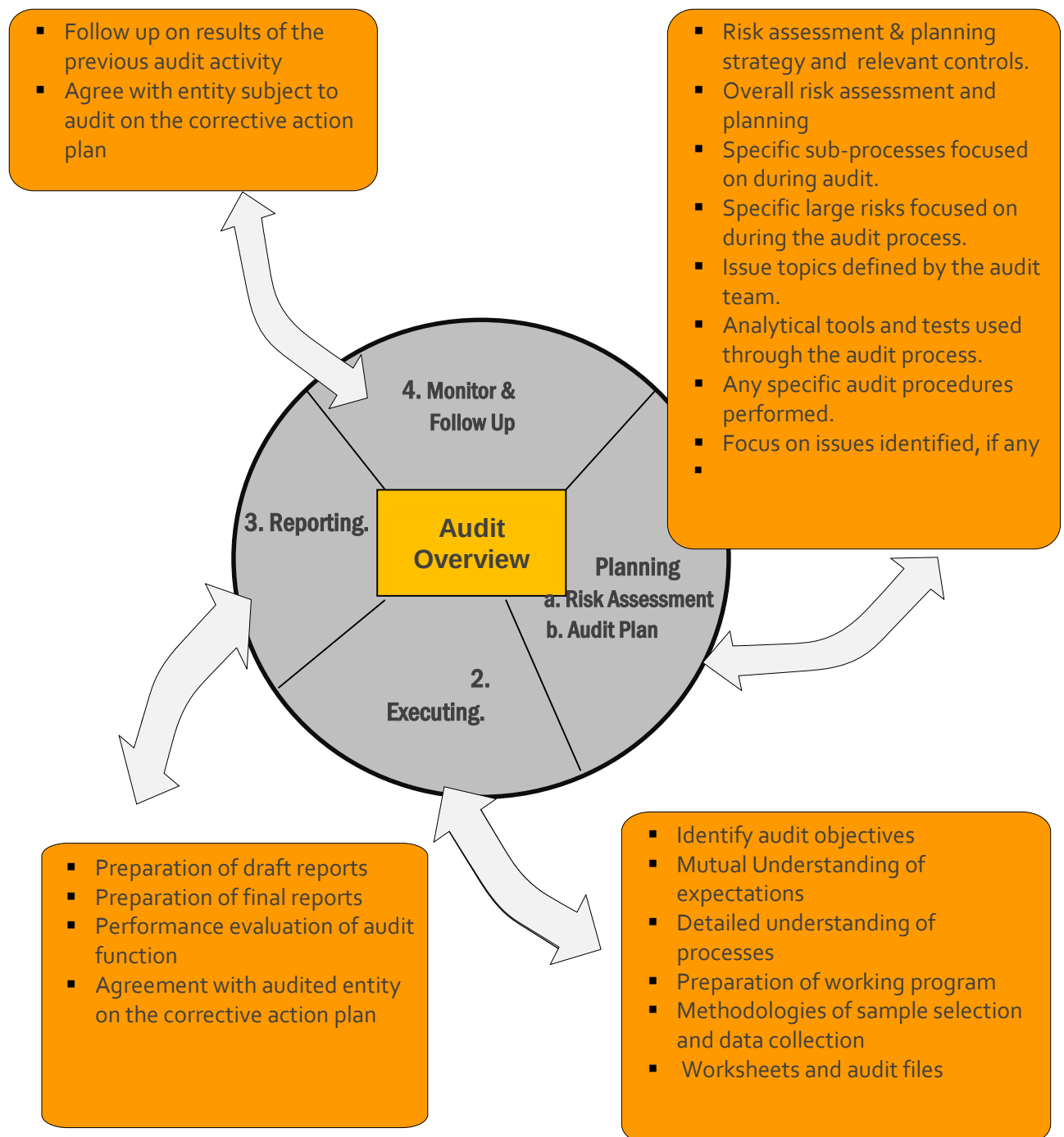
Third phase: A report on the audit may then be drafted for consideration by all stakeholders. Throughout each phase of the audit the emphasis should be on the production of a final report that is balanced and has value added impact. The report-writing process should be viewed as a continuous one of formulating, testing and revising conclusions, if necessary, about the audit topic. Therefore, issues such as the expected impact and value of the audit, the likely improvements and savings resulting from the audit and methods of communicating audit conclusions should be considered throughout the audit.

Fourth phase: Monitoring and Follow-up procedures should identify and document audit impact and the progress of the entity in implementing audit recommendations. The conduct of monitoring and follow-up audits is vital to the follow-up process to provide feedback to SAI, the legislature and the government on audit effectiveness in producing improvements in the public sector.

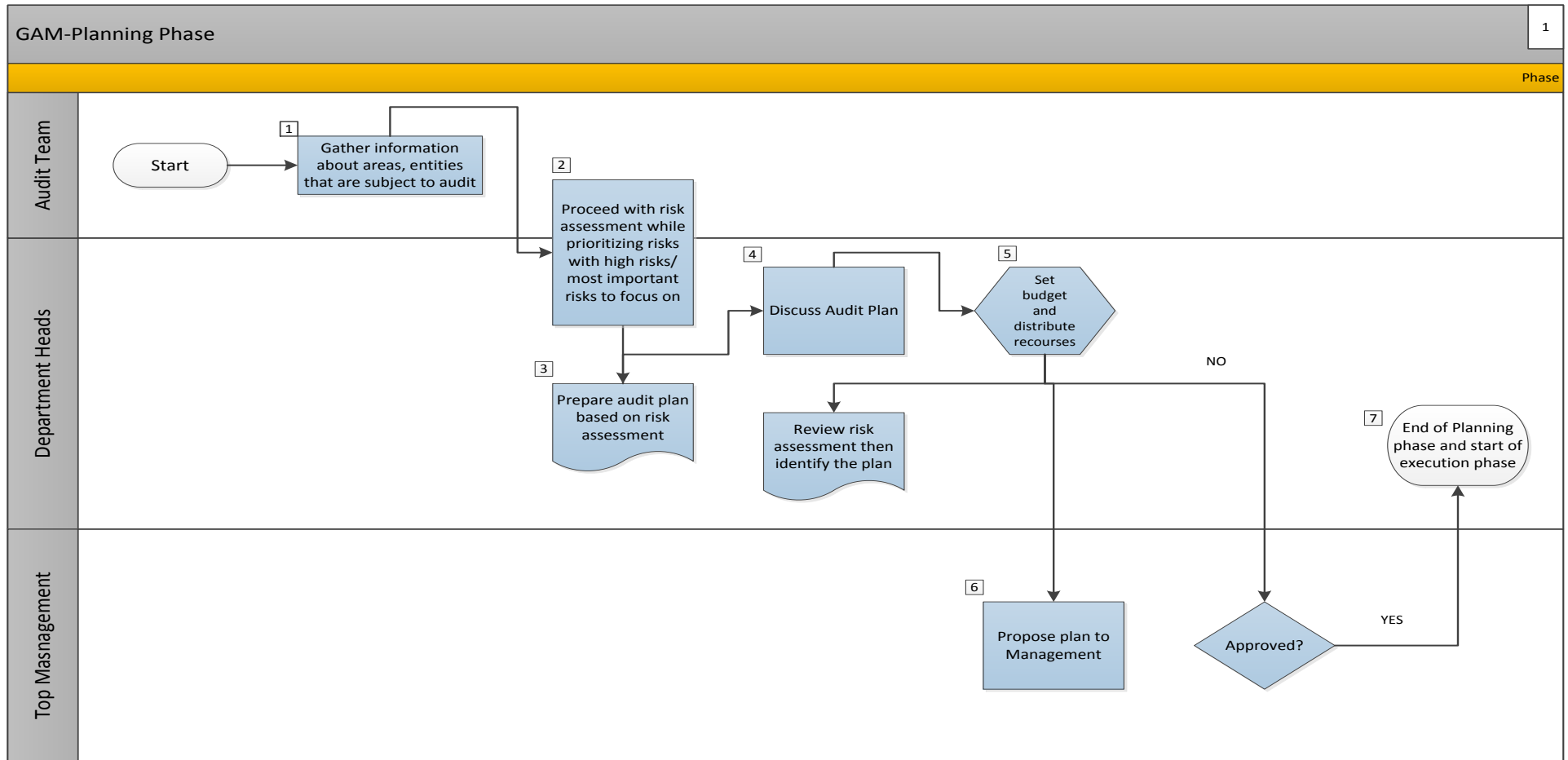
This Manual discusses each of these phases in detail and provides key activities within each phase in later

sections.

The following diagram, illustrates a summary of the audit process life cycle, which will be explained in detail in chapters 6 to 9:



6 Planning Phase



6.1 Introduction

According to the standards of the International Organization of Supreme Audit Institutions and Accounting (INTOSAI), a member of the audit planning process must ensure a high-level of economical and efficient performance, that shall be completed on time.

The next steps are the key steps of the planning process, which usually intervene in the audit function:

Gather information on entities subject to audit and regulations in order to conduct a comprehensive risk assessment and determine their intrinsic priorities

- Gather information regarding entities that are subject to audit.
- Determine the objectives and scope of the oversight function. Model 12 could be used (statement determining the scope of audit function) in the increments when determining the scope of the audit process.
- Review the results of the preliminary analysis, according to the stage of risk assessment that have been completed - in order to determine the procedures that will be followed, and the nature and extent of the questions to be raised at a later stage
- highlight the issues that have been anticipated during the audit plan.
- Discuss audit plan, review risk assessment process then update audit plan.
- Prepare budget and timeframe for the audit operations.
- Identify resource requirements and, members, and appoint a team to the audit functions.

Planning process can be divided into parts:

1. Comprehensive risk assessment at the level of all auditable entities.
2. Prepare an audit plan, whether a short-term one, or one that is extendable.

6.2 Risk Assessment Phase at the level of all auditable entities

Risk assessment is a process by which an auditor identifies and evaluates the quantity of the entity's risks and the quality of its controls over those risks. Through risk-based auditing, SAI auditors use the results of the risk assessments to focus on the areas of greatest risk and to set priorities for audit work.

The decisions on areas in which are to be taken are a key issue for members of the SAI, and the process of selecting the right areas to audit is as important and executing the right corrective audit procedure. The usual objective in the selection of the audit process is the selection of topics, issues and processes that will be audited and that will present useful results to the users of the report. In order to perform an efficient process without time and/ or cost consuming, The SAI members should add value to the process of auditing by using the least amount of audit resources that shall give the best possible results.

The final result is usually a list of topics, issues and processes in order of priority, according to the risk assessment process results, which will be audited in the future.

Auditors determine the topics/ areas, via the following matters:

- Issues/ subjects are usually considered the final theme of audit, and this is due to the tasks directed towards the risk test, issues, areas of concern, opportunities, and specific tested areas.
- Risks that are possible or probable to damage.
- Deficiencies or issues can be certain performance deficiencies or in case of issue resolving proposal.
- Areas of concern could be a matter of certain beneficiaries, controversy or dispute over the neutral and accurate necessary data or a case where performance improvement is required.
- The opportunity is a favorable time or circumstance to improve performance and commitment.

The preceding items flow in an aspect of essence, each selected audit-based topic or item varies in level of the audit objective and the exact level of the areas covered.

6.2.1 Procedure of selecting areas to audit

The fundamental selection procedures involved in the process of appropriate and adequate risk assessment, mainly includes the following steps:

6.2.1.1 Define the hierarchy from the audit universe:

- SAI auditors will have to define the level of coverage from the hierarchy of auditable entities to choose from.
- As described earlier, audit coverage could be either from the highest hierarchy, being the government, to the lowest being a ministry, an independent body, a supplementary body, a government entity, a particular program or activity, or a component of a particular program or activity.

The structure of hierarchy of possible topics or issues to choose from includes:

- A level of jurisdiction (e.g. Ministries, Independent bodies, or Supplementary bodies and companies in the Sultanate of Oman that the government has a stake in...etc.);
- **An entity** (e.g. Environment Entity, Government Press Entity, Higher Councils...etc.);
- **A program or activity** within an entity or a group of entities (e.g. e-government initiative...etc.);
- **A program or activity component** (e.g. automating Civil IDs issuance and renewal...etc.).

The above constitutes the audit universe to select audit issues/topics to audit. An issue/topic is a risk, problem, concern, or opportunity that involves one or more aspects of the GAM that potentially is subject to audit.

6.2.1.2 Choose selection or risk factors: It can be useful to rank the issues/topics subjectively against the following selection of risk factors:

- **Financial materiality:** This criterion is defined as the magnitude of an omission or misstatement that could reasonably be expected to influence economic decisions. The higher the materiality, the probability for a topic to be selected for an audit is high.

The assessment of the financial materiality can be based on many factors, such as: budgetary figures, income statements, spending figures, expected return on investment, overall solvency and financial condition, significant under-spending or over-spending, value of assets and liabilities.

- **Risks that face virtuous management :** In order to assess the risks that face the high level of performance of audit , the members must assess the probability of deficit resources to manage economic activity, which will be subject to audit , or lack of efficiency and effectiveness.

Risks that face virtuous management contain, but not limited to the following:

- ✓ Inability to achieve the desired objectives such as the ability to save costs and improve service:
 - ✓ Staff turnover
 - ✓ Lax management and response to the weaknesses that have been identifies
 - ✓ Weaknesses and deficiencies in internal control
 - ✓ Lack of reduction in cost
 - ✓ Expansion of a sudden program
 - ✓ Overlap or lack of clarity in the relations of accountability and responsibility, and the use of variable and complex techniques.
- **Importance:** This criterion is based on the size of the subject and its impact on entities subject to audit unit processes. This could also increase the level of importance of audit if the activity is routine in nature, and then the impact is expected to reach the poor performance to the highest level.
 - **The clarity of the subject or item:** This standard is similar to the standard of importance, but focuses more on the external influences of the subject, item or program is related to the social and economic aspects and environmental activity and its importance for the government and individuals.

Associated with the clarity of issues or items of national importance and social development, such as:

- ✓ The public interest.
- ✓ Public complaints and problems known or unknown phenomenon.
- ✓ Public welfare.
- ✓ Legislative concerns.
- ✓ Customer satisfaction and environmental risks.
- ✓ Society in which services are provided to them.
- ✓ Negative remarks by the Council of Ministers or the media.
- ✓ Multiplicity of interested parties, and national and social factors that surround the subject.

Please refer to Table 1 , the matrix of risk assessment criteria, which must be adjusted according to the requirements of the concerned party, annex on page 29.

- **Modern audit level of coverage**, internal and external audits of the topics or items that will be audit, such as regulatory reports and internal audit reports.
As a general rule, the classification can be low if you find a great review of activity during the last two years, as you can justify any rating higher than that in the case of requesting the legislature to review the activity, or if the previous review is appointed to the need for such follow-up.
Financial impact can also effect the fundamental importance and visibility of any activity on the classified areas covered by the audit function. In the case of rating all, or most of these elements for any activity at a higher level, it is expected to increase/repeat the areas covered by the audit process subject seeded at a low level. Such a repetition also plans to control the SAI, as well as on the availability of resources .

6.2.1.3 Selection of weights for risk factors

- The total average for each of the above factors must be 100%.
- Members of the SAI will have to determine averages (weights) prearranged to each factor based on previous estimates and risk assessment related to approaching possible scrutiny and to evaluate the purposes of control and the specific risks to the business sector.

6.2.1.4 Setting classification standards of risk factors (as shown in Table 2 on page 31):

- The impact / importance of audit estimated at the level of importance of a risk factor is according to entities likely be audited.
- The estimated probability of public audit is in the level of a risk factor for entity that can be audited.
- Audit members can choose any type of standards for use in the classification of selection factors, providing that the use of the scale for all factors.

Classification and valuation metrics and performance of the risks and importance in terms of quantity items (numerical) as follows:

- 1. Numerical Scale:** each factor is recorder on a numerical scale, and common ranges are from 1 to , from 1 to 5 or from 1 to 3, so that the highest number (7 or 5 or 3) is the highest classification of risk or the highest for potential for particular improvement, it allows the meter (7) the existence of most of the provisions of answers minute / difficult .
- 2. Descriptive Scale :** is determined by the scale and description of each of the factors , such as high , medium , low, and can convert descriptive scale to numerical scale such as high = 3, or average = 2, or low = 1, while using the standard numerical from 1 to 3 .

6.2.1.5 Obtaining data on selected risk factors:

- Timing will be clear while gathering information with the number and type of source data.
- Among public sources of budget information, strategic plans, performance reports, and self-assessment audit reports, internal and external studies, newspaper reports and audit reports.
- Obtain input from the management staff, citizens and other relevant parties.
- Obtain input on legislative concerns by holding interviews, conducting a survey, or having someone in the legislature select the recorded risks.
- Conduct an initial survey to collect information on the subject or item that will be audited.
- Gather other sources : reports and documents, administrative , and references of the members of the SAI , issues that were identified during the audit process , and the views of committees and relevant members and proposals from ministries and departments , media reports, budgets and financial forecasts ... etc. .
- Retain the information that has been collected in the annual plan as part of the permanent files for the purpose, so as to refer to this information when planning for the year ahead , as it may be a significant reference to help a member of the SAI to interpret and justify the chosen themes to audit.

6.2.1.6 Threads or classification of audit items and calculating the final result

- Once risk assessment for the auditable entities are finished, pointing audit based on the risk factors described above, the audit team is then to come up with compiled results of ranges from high to low.

Table 1: matrix of risk assessment criteria:

Risk factor	Impact Assessment		
	High	Medium	Low
Strategic business risks	Cannot achieve or maintain strategic directions	Cannot achieve or maintain the all-important strategic initiatives	Make minor changes in the strategic direction and the reference to these changes in the monthly reports
The financial impact	- High probability of occurrence of annual losses worth x x x x t . p . - Average probability of occurrence of annual losses worth x x x x t . p . - low probability of occurrence of annual losses worth x x x x t . p .	- High probability of occurrence of annual losses worth x x x x t . p . - Average probability of occurrence of annual losses worth x x x x t . p . - low probability of occurrence of annual losses worth x x x x t . p .	- High probability of occurrence of annual losses worth x x x x t . p . - Average probability of occurrence of annual losses worth x x x x t . p . - low probability of occurrence of annual losses worth x x x x t . p .
Reputational risks	Significant damage to the reputation of the ministry as a result of poor quality of the educational curriculum standards	There has been some damage to the reputation of the ministry as a result of poor educational curriculum standards	Failure to comply with the minimum standards of quality educational curricula .

Regulatory risk and compliance with laws	Legislative authorities to stop doing business or completely cancel the result of non-compliance with laws and regulations specified in this aspect	Legislative authorities imposed fines as a result of non-compliance with certain legal requirements of the job	Non-compliance with certain legal requirements result in additional administrative costs, judicial or temporary
Operational risks : Regulatory risks and employee fraud and the risk of Information Technology	Failure to achieve conservation goals/ operational plans as a result of lack of commitment , or lack of protocol /rotate staff / lack of skills / other factors/ management information or the use of misleading or false in the decision-making process	Inability to achieve or maintain all goals / plans of operating with a defect in the main business simple /not rotate staff /lack of skills / or management information to be used for reporting purposes worthless or misleading ,	Make minor changes in the objectives /operational plans ,and refer to these changes in the monthly reports as well as a defect does not affect the simple process of recycling staff /skills / lack of management information on a regular basis .
Technological risks	- weak support system / application of a new system ineffective . - A high probability of a sharp halt in business. - The possibility is high that the information administrative task is misleading.	- weak support system / application of a new low-effective . - Average probability of a sharp stop in the business, or a high probability of business interruption. - The possibility of the average in that the information administrative task is misleading.	- a short delay in the application of new systems /support existing systems . - A low probability of a sharp halt in business, or the possibility of the average for business interruption.
Category	High	Medium	Low
Probability	High probability Regularly Ongoing	- Weighted - accidental	- is unlikely

Impact	High Medium Low	Medium	High	High
		Low	Medium	High
		Low	Low	Medium
		Low	Medium	High
		Possibility		

Risk Assessment Planning (Rating)													
Auditable Issues/ Topics													
	Risk Factor #1		Risk Factor #2		Risk Factor #3		Risk Factor #4		Risk Factor #5		Risk Factor #6		
	(Materiality)		(Risks to Good Mgt.)		(Visibility)		(Audit Coverage)		(Significance)		(Overall estimated		
	Weight (25%)		Weight (20%)		Weight (25%)		Weight (10%)		Weight (10%)		audit impact)		
	Risk Rating	Risk Score	Risk Rating	Risk Score	Risk Rating	Risk Score	Risk Rating	Risk Score	Risk Rating	Risk Score	Risk Rating	Risk Score	Total Scores
Issue/Topic 1	H	3	L	1	M	2	H	3	M	2	L	1	11.95
Issue/Topic 2	M	2	M	2	H	3	H	3	M	2	M	2	22.15
Issue/Topic 3	M	2	H	3	H	3	H	3	H	3	M	2	22.45
Issue/Topic 4	L	1	H	3	M	2	L	1	M	2	L	1	11.65
Issue/Topic 5	H	3	M	2	L	1	L	1	L	1	M	2	21.6

6.2.1.7 Identify options for control and order of priority:

- Factors categorized as high-risk are the first to be audited, and if the SAI approves of other medium and low categorized entities, then these as well are to be audited. Audit process shall cover all categories of risks and priorities should be according to the category of risk.

Table 2 The following table shows the shape that looks like the classification process, when completed, using a scale:

Example calculation result:

$$3 \times 35\% + 2 \times 20\% + 3 \times 10\% = 2.2 = \text{total degrees, direction No. 1}$$

High risk entities will first be audited, and then it is - if resources are available - audit-risk entities, any member that the first device on the control number (3) and then No. bodies, 1, 4, 5 at Using the example above, if resources are available.

Outputs basic task of this process document to be prepared to manage the SAI to enable it to do an accurate assessment of the plan proposed control to conform generally with the objectives of the internal audit, and that the existence of such a document will help the administration to make the appropriate allocation of resources and proper assessment of plans censorship.

Phase should be strengthened overall risk at the level of controlled entities working papers include the following:

- A description of audited entities.
- A risk assessment on the excellent performance of the programs and activities.
- Summary of the strategic long-term vision for approaching audit and trends in audit functions performed by each point on the SAI and on the subject or item, which will be subject to audit.
- Last audit functions of the SAI, recent inquiries proposed by the legislative and executive authorities, and the assessment and internal audit functions carried out by the audited entities.
- List of areas likely to be audited by the SAI.
- List audit functions proposed for the years or the next three years, the basis by which the selection of these tasks and timing, should reflect this list, the availability of resources, and should also differentiate between new items that will be audited and follow-up of audit functions.

6.3 Long-or short-term Audit Plan:

The units and the various administrative divisions in the preparation of the annual control plans its own and then you lift it to the Planning Office who shall review and review of the foundations upon which these plans before you collect in the control plan (Audit Plan) short-or long-term comprehensive audit as a whole for approval by senior management.

6.3.1 Prepare a plan of control:

AUDIT plan is prepared based on the risk classification listed in values 6.2.1 And the nature of the operation or the audited entity should also develop a plan on a high scale to make the review process, as audit objectives must be specified clearly.

The goal of the plan is to determine the details of audit bodies, which will be carried out and the timing of the beginning and the end, in addition to the control group in charge of the task and the skill set required.

The choice of business risks and determine the tests and their application requires skills and the provisions of

the high professional level, where the plan should include audit of all business risks main condition should not be exaggerated or inappropriate in terms of the amount of effort required to implement them, should also be on the team examination that puts the standards on the basis of which will be selected business risks, tests and discussed with senior management.

It should be mentioned that it is natural that the selection of all the business risks with high rating within the scope of audits of this annual, and is also performed audits on all sides once at least every three years, should determine the time estimated for the implementation of the audit plan to include grades and different skills required, and then submit for review and approval by senior management.

Model could be used (Audit plan) in separate appendices in the preparation of the annual plan for audit .

6.3.2 Develop a timetable for execution phase

Determine a timetable stating the operations of audit executions and the members to be part of each task, also attach additional records / properties such as expected (time & budget) and the actual effort, such as the task agenda in advance (e.g. a few months ago), or the beginning of the task, please refer to the two models 10 and 11 for more elaborations.

6.3.3 Distribution of audit resources

The SAI should prepare a plan for the resources required to carry out audit functions entrusted to it so as to include human and technological resources and travel needs (if required).

Select the members who have the skills required to carry out audit tasks, through the implementation of scan tasks, that are able to identify the weaknesses in the skills of the SAI in order to identify necessary future training plans if possible for some members.

In the case of travel to carry out tasks outside the SAI of the concerned party, should the Department of the SAI determine the requirements of the audit team of hardware and software, for example, if the need arises to use computers, phones, should conduct arrangement with the department of Information Technology to provide the audit team members access to the main computer to the concerned department.

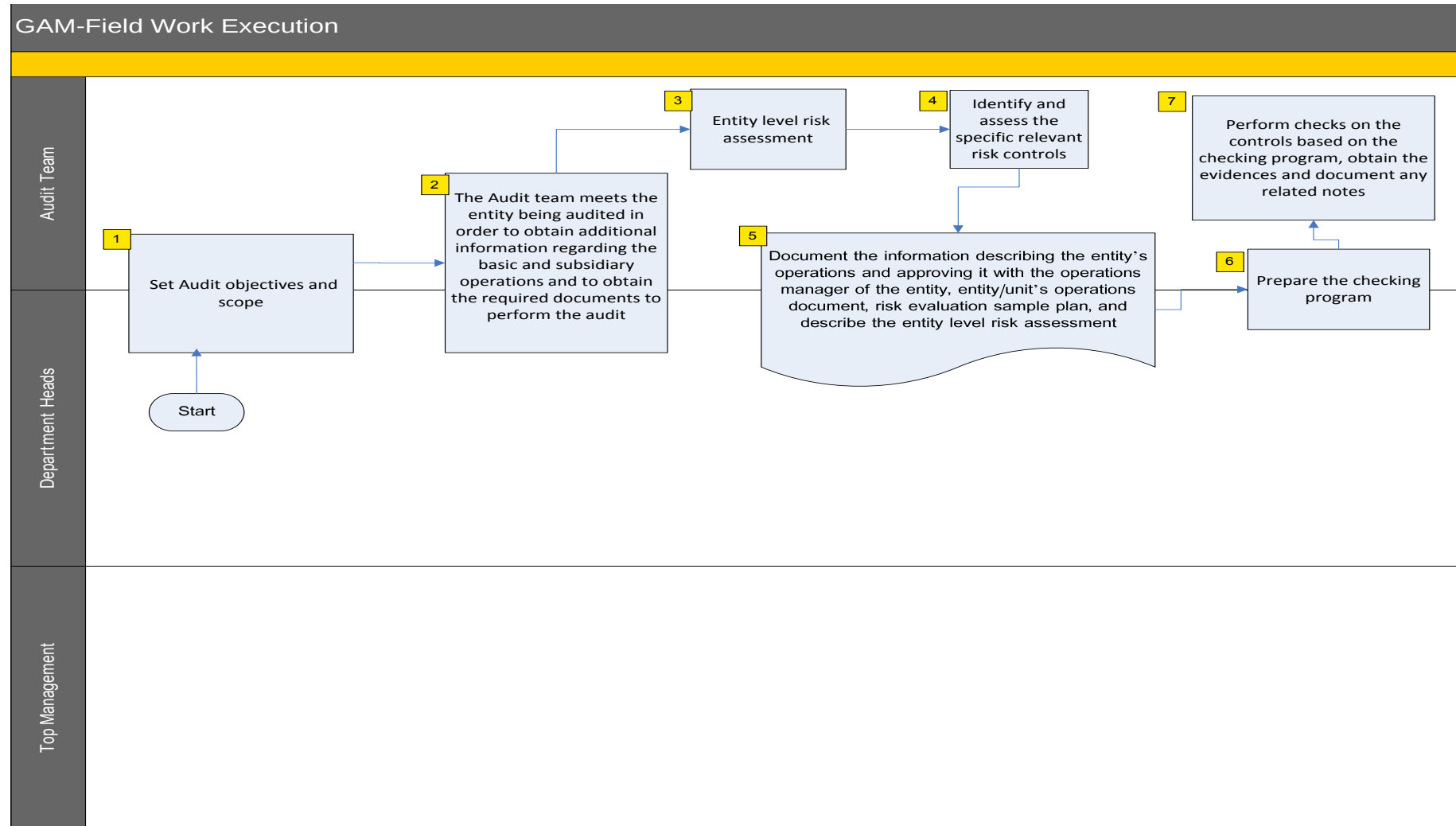
Specialized team must prepare annual audit plan arranged team travel examination requirements (if required) on the basis of specific directives.

In determining the necessary resources for the implementation of the oversight functions, the following points should be assessed:

- Number and level of experience of members of the clients examination tasks based on an assessment of the nature, level of difficulty, the determinants of time and resources available for these tasks.
- During team scan for selection , it should be taken into account the level of knowledge, skills and competencies of other members who will be chosen to take place..

- **Training needs of members, which represent each of the tasks, one of the foundations of training members of the audit team.**
- **Identify the needs of members of the monitoring team of external resources in terms of the need for the level of knowledge, skills and competencies specific.**

7 Field Work Execution



7.1 Introduction

Instantly after the accomplishment of completing the audit plan, whether long-or short-term), the audit team is to start the execution activities. This phase embraces a number of significant key stages:

1. Association and development of the objectives of the audit process, as well as a mutual understanding of expectations.
2. Identify and assess risks at the level of topics and activities or operations specified in the audit plan (Audit Plan).
3. Identify and assess the relevant controls for the identified risks.
4. The preparation and execution of testing programs (Audit Plan)

7.2 Communication and Objectives setting

7.2.1 Set Audit objectives

- An important aspect of the first step of the process in any audit assignment is to level expectations with the audited entity. The entity's expectations are a valuable element of the audit focus and for this reason has to be properly documented to avoid misunderstanding, confusion or disappointment during the audit process.
- SAI auditors will schedule an appointment with decision makers within the audited entity to inform them of the following:
 - the scope of the audit assignment
 - the audit planning,
 - The internal way of communication (with divisions in the audited entity),
 - Sharing the results, and
 - Required internal resources.

7.2.2 Mutual understanding of expectations

- The main objective is to attain commitment to the approach and to create shared ownership of the results. It is recommended to arrange an audit liaison within the audited entity. The audit liaison will be the contact person between the audit team and the audited entity. The main tasks of the audit liaison are to oversee the activities of the audit team and to make arrangements with the process owners of the selected processes of the key audits.
- As a result, communication on the scope of audits will lead to the mutual understanding of the expectations, while ensuring the following:
 - make sure audit work is appropriately focused,
 - make sure that there is a common understanding of the project between SAI and the audited entity,

- provide clear guidance to the audit team, and
- make sure that resource needs have been identified.

Please refer to the two models 2 (Select execution of audit book) and 13 (audit requirements message) in separate appendices for more details.

7.3 Entity level risk assessment and planning

Instantly after the approval of the plan and identification of audit subject to regulatory controls, Identification and assessment of risks related to each control point shall be clarified .

Identification and risk assessment is a procedure performed by a member of the SAI in a way to identify and assess the scale/size of the risks in the audited entity, and the audit quality that such entities are following, SAI members shall make use of the risk assessment results in order to focus on highest risk areas, and thus to put in order the priorities of testing.

However, other areas with low risk assessments should not be neglected. The use of this aspect could be cooperative to conducts an effective audit program of risks in order to ensure adequate coverage of all activities under the SAI audit . Each auditable area varies in the frequency and depth of the process according to the results of risk assessment.

The members of the SAI determine the audit scope of processes and risk assessments to ensure the adequacy of the areas covered by the audit process , as they must also prepare reports that explain risk rating processes , the team members of the test plan , and the audit cycle for each individual field .

Members must also conduct a periodic review of the results of risk assessment and analysis of financial data or operations that would affect the results or assessments weights and therefore must be on the relevant departments. Steering controlled notify the members of the SAI and on an ongoing basis with all substantive changes that occur to departments or divisions , such as the introduction of new products or services , the application of a new system , the amendments of laws or regulations or additions to substantial amendments to the regulatory scheme or its employees .

The summary of the entity level risk assessment and planning activities are identified by the following:

- Meet with process owners being the entities to be audited to gain a general understanding of the organization/ entity to be audited;
- Understand the main characteristics of the entity/ business being audited to include identification of process objectives, assessment of key risks and high-level controls, key performance indicators, and critical success factors (refer to Appendix 16);
- Assign a level of risk for the main organizational processes being assessed (i.e. likelihood and impact levels);
- Establish an understanding of how the major processes affect the audit focus to assist the audit

engagement team with allocating resources to major processes according to assessment of risk;

- Use the results of the entity level risk assessment to develop the Entity Audit Plan.

The details of the above listed activities are represented in the following:

- Meet with process owners being the entities to be audited to gain a general understanding of the organization / entity to be audited:
 - This is mostly represented in initial meetings held with the entity to be audited attaining a general understanding of the activities and concerns of the entity.
- Understand the main characteristics of the entity/ business being audited to include process mapping and identification of process objectives, assessment of key risks and high-level controls, key performance indicators, and critical success factors:
 - **Identification of Major Business Processes:** At this stage, auditable major business processes are identified in what is referred to as an inventory of processes (refer to Section 15 for a list of Major Business Processes, identified and categorized by industry).
 - **Understand and Map Major Business Processes:** At this stage, all processes are mapped (in the form of flowcharts or other data gathering tools) and confirmed with the process owners.
 - **Assigning an Objective:** All processes identified are assigned a business objective based on the input received from auditable entity management and general corporate documentation reviewed (refer to Section 15 for the purpose and objectives listing of the Major Business Processes).
 - **Assessing Risks in each Major Business Process:** All processes identified earlier are assessed according to the following sample sources of risks in each business process:
 - ✓ Strategic related sources:
 - Policy and strategy
 - Corporate reputation
 - Public expectations
 - Stakeholder relations
 - Industry developments
 - Business continuity
 - Emergency preparedness
 - Technology trends
 - Economic trends

- Competitive trends
- ✓ Business line related sources:
 - Business line activities
 - Programme activities and delivery
 - Client services
 - Service delivery
 - Alliances, partnerships
 - Major projects
- ✓ Corporate management related sources:
 - Structure and reporting relationships
 - Planning and priority setting
 - Budgeting and resource allocation
 - Expenditure management
 - Revenue and cost recovery
 - Transfer payments
 - Procurement and contracting
 - Financial management
 - Performance management
 - Project management
 - Change management
 - Inventory management
 - Asset management
 - Human resources
 - Information and knowledge
 - Information technology
 - Communications
 - Risk management
- ✓ Compliance sources:
 - Funding and appropriations
 - Statutory and regulatory reporting

- Compliance with laws and regulations
- Compliance with regulatory requirements
- Agreements and contractual obligations
- Workplace health and safety
- Environmental protection
- Security, privacy and confidentiality
- Legal liabilities and litigation

✓ Government agenda related sources:

- Citizen focus
- Values and ethics
- Accountability
- Transparency
- Responsible spending
- Client satisfaction
- E-government initiative
- Improved reporting
- Fairness and equity
- Integrated risk management

- After identifying risks at the operational level , the team will have to determine the control and evaluation of the relevant controls (Walkthrough) applicable - Section 7.4 A detailed explanation of the process of identifying and evaluating controls - to reduce the impact of those risks the following basic elements should be taken into account:

- Environment audit
- Risk Assessment
- Audit Activities
- Information and Communication
- Monitoring activities

- The risk assessment form in Appendix 6 identifies the manner in which the documentation of the entity risk assessment is performed.
- Assign a level of risk for the major organizational processes being assessed (i.e. likelihood and impact levels):

- The results of the above risk assessment and high level controls assessment, will then be structured and methodically captured into a measurement tool (shown in the table on page 40), in the form of a risk labeling exercise that leads to a proper entity level audit plan (as identified in both Appendices 8 and 9 of this manual).
- An evaluation of risk is best conducted using two distinct assessments of impact and likelihood, and a simple rating scale can be used for this purpose. The rating scale should range from minor to significant impact, and low to high likelihood, using a point generated scale, as the one described in the strategic risk assessment process earlier.
- For purposes of the assessment, impact refers to the extent of the consequences or implications if the risk does occur. To assess impact, people need to ask themselves "How much of an impact will the risk have if it does occur?"
 - A minor impact suggests that the risk would not have important implications on the organization.
 - A moderate impact suggests that the risk could have implications for the organization's ability to succeed.
 - A significant impact suggests that the risk would have important implications on the organization.
- For purposes of the assessment, likelihood refers to the probability that the risk may occur given the current context of the organization. To assess likelihood, people need to ask themselves "How likely is the risk to occur in the future, given what we currently do about it?"
 - A low probability suggests that the risk is unlikely to occur, given its nature and current risk management practices in place.
 - A medium probability of occurrence suggests that the risk has a moderate probability of occurrence.
 - A high probability of occurrence suggests that the risk is likely to occur, despite current risk management practices in place.

- A following risk assessment model (in reference to the name of the major business process being assessed) presents the concept (for scoring of this matrix, refer to the earlier section example):

Significance	Audit Process Action		
High	Considerable	Must monitor and audit risks (2)	Extensive audit effort required (1)
Moderate	Risks may be worth accepting and monitor the process but no extensive review	Worthwhile to audit and monitor (4)	Audit effort required (3)
Low	Accept risks	Accept low risks	Monitor and audit risks
	Low	Moderate	High
	Probability		

- Establish an understanding of how the major processes affect the audit focus to assist the audit engagement team with allocating resources to major processes according to assessment of risk:
 - Based on the above risk labeling exercise to all major business processes, a more elaborate identification of needs is established leading to a detailed change in the resources allocated to the team to conduct the audit. The result will be reflected in the Entity Audit Plan.
- Use the results of the entity level risk assessment and controls (section 7.4) at the level of the program to prepare testing in hand, while section 7.5 preparation details of the program.

It is preferable that the SAI keeps record and maintains custody of risk folders for each entity or areas subject to audit. Please refer to form 7 in the appendices for more details.

7.4 Identify and assess the specific relevant risk controls

Rests with the concerned party. the establishment and management of the internal control system to help identify control business risks and reduce them, in order to help the concerned party in achieving its objectives. A member of the SAI performs the identifications of controls that are relevant to the identified risks, and thus, to evaluate the design of the such audit controls and their further effectiveness on the reductions of these business risks within specific processes. To achieve this, a member of the SAI shall identify and evaluate controls in place to assess the effectiveness of the design of these controls to prevent or reduce business risks, through testing a limited sample (walkthrough) one of the controls (e.g. one sample)

This is when the business risk is rates as “low-risk”, it is possible to focus on recourses on internal control business risks as higher risk, therefore, in case of recourse availability, it is enough to identify and assess one regulatory procedure.

During the determination of audit procedure, it is essential to directly link the risks related to it, and it is very likely that there is more than one procedure of limiting or reducing one risk. The internal audit procedure is summed up in assessing the range of controls to determine their effectiveness, or to determine the inefficiency that may result in a number of control applications on operations with low importance (low value-adding). It should be noted that all controls are effective and directly addressed to business risks.

Of the finest methods to do this exercise, is to conduct a work outline for each related control. Next section addresses the process of documentation and various types of controls In more detail.

7.4.1 Documenting controls

How to document controls

There should be interviews and workshops for the employees/ staff responsible for documentation to ensure their understanding and absorbance of processes. this gives them a cleared image of processes in the form of memorandum.

Please refer to form No.5 (statement of entity operations) in the following sections for more details concerning the documentation and certainty of operations understanding.

For more details concerning control documentation, the following matters should be taken into account:

- Number / Reference policy or procedure when describing the regulatory procedure (if possible).
- Person responsible for execution of audit and who will review and ensure the effectiveness of audit. To do this, it is only significant to state the title of thes process owner and not the name of the employee while registering the description of the activity.
- Who is responsible for audit controls (e.g. the person responsible for ensuring the effectiveness of the audit).

- Recurrence rate of control audit (controls applied for each transaction - daily - weekly - monthly - quarterly – annually).
- If the control is Preventive or detective.
- If the control is manual or automated.

Preventive and detective Procedure

Preventive and detective audit controls are considered to be essential for the concerned entities/ areas, where controls known as preventive controls measure designed to prevent the error from occurring (e.g. anti-fine carpets), and such controls are applies to all normal work course.

Detective controls are methods and controls designed to identify and detect unnecessary events, which exceed preventive controls. Preventive controls limit errors via comparison of actual events with the criteria specifies in advance. when detective controls reagents deviation from standards, it is alert to draw attention the issue in practice. the authorized person then shall apply a combination of preventive controls that should reduce such business risks, which should be a pleasant application for applying an overload of preventive controls that lead to an increase in bureaucracy and complexity of the process.

There are no more optimal preventive controls and components within any process to prevent business risks, and it should be noted that the type of controls that limit/ reduce business risks, varies according to each risk. For instance:

- **In the retail sector** : is to reduce the risk of manipulation in the process of return of cash during the preventive controls and to obtain management approval before each cash returns, while illuminated controls represent an effective way because they occut after the customer receives cash .
- **In the banking sector**: It would not be practical to apply preventive measures against the risk regarding cash larceny during official bank working hours, but it is best to limit this risk by working modifications for cash settlements (detective controls), and thus when the cashier undertakes such settlement may be factor to prevent him from doing the cash robbery, and further, the cash settlement is also considered a preventive control to reduce this risk.

Manual and Automated controls

The manual controls are usually controls that are not related to information technology system (e.g. approving transactions manually), while automated controls include mechanism in information technology system to maintain consistency of work as designed until they are to be reprogrammed.

It is not necessary to have a control that is effective just because it is dependent on information technology. if the control is assess as effective, then it provides kind of confidence/ certainty that it will continue to work as it was designed. However, this assumption is subject to the effectiveness of controls for the software amendment and information security in a secure environment.

7.4.2 Review of controls

The aim of the review is to identify the commitments to controls and their implement. Also, to determine whether operations relevant to each control is being undertaken in accordance with its control design.

Evaluate the appropriateness of the controls in the reduction of risk via the following:

- Ensure understanding of accurate design of audit procedure, and if it is applied in the relevant processes and areas .
- Taking a very small sample, may be one or two samples (walkthrough), to make sure that the main controls are applied as designed.
- Testing and review of controls should be through the following:
- Monitor running processes in the concerned area.
- Track one or two transactions through one of the processes involved from beginning to end.

If the test of " review of control procedures , " confirms the health of team understanding of control test monitoring, the team will then evaluate these controls as " sufficient ". If test results illustrate that operations or procedure of designed controls are not being applied or taking place, then the evaluation should be "inadequate".

As a result of identification and assessment processes, identifying risks and test controls, the preparation of testing program should encompass the following:

- Determine the appropriateness of the testing criteria.
- Identify successful and effective entrance to the task of testing.
- Hire an expert, if necessary.

- Relevant relationships accountability.
- Taking users reporting requirements into consideration.
- Review of the internal audit of areas subject to audit.
- Review the results / recommendations of the previous related testing procedure.
- Conduct a firmer testing plan.

Determination of testing objectives and their measurements are required during the early procedures in order to facilitate the process of identifying fields/ areas to be audited and raising their reports.

7.5 Work Program (Audit Program)

7.5.1 Introduction

The audit team should prepare the audit testing program in accordance with the test strategy, which is proposed and discussed during the planning meeting and approved by the authorized persons based on an assessment of controls mentioned in the section above, so that audit program states the areas that will be focused on. Also there will be additions to the details steps of the audit program of the regulatory controls that have been identified and designed, along with their effectiveness during the stage of testing a small sample (walkthrough), via the acquisition and certainty of further understanding of processes, initiatives, functions and activities during the meeting with the stakeholders.

Audit team shall prepare a detailed testing program, stating all actions in which will be implemented to carry out the audit plan, and further build on the suggested plan. Also build on the team understanding the operations, initiatives, functions and actions as well as the measures agreed upon.

The efficiency of the detailed execution of the audit program can be achieved only if the nature, timing and execution extent of the testing procedures are clarified.

Confirm the compatibility of the audit program within the scope

Before starting the execution of the detailed program testing, the team members must review the testing statement that illustrated the scope of the audit activities (please refer to the Form 12) and to ensure the following:

- Agree on the details of the audit program with the scope of the audit processes mentioned in the "audit plan scope."
- Make certain that the program includes detailed testing that covers all expectations and issues, which draw the attention of the audit team during the planning activities and business risk assessment activities (or other activities related to business risk assessments that have been implemented by the management of the concerned field).

After this, the audit team should discuss the management responsible for significant changes/ amendments in the audit scope that should reflect on the detailed audit program outline, and then take resolutions by either emending the to be equivalent to the agreed upon scope of audit or to determine the "announcement of audit scope" to coincide with the average scope.

The team shall address the number of hours to be spent on each control/ review, and one of the audit team responsibilities is to address suitable hours from each member of the team to execute his/her tasks, as well as the review time and quality assurance.

The member of the team should be assigned to be responsible for the resources and to represent clarifications that justify any variance between actual and budgeted hours. Therefore, it is essential to note and monitor the

reasons that could lead to variance between actual and budgeted hours.

7.5.2 The basic features of the audit program

From a general perspective, the audit program must cover any at least the following aspects:

- Specific substantive or controls under test.
- The period covered by the test / tests.
- The exact details of the test method and SAI execution of each step of the test.
- The test completion date
- Determine which member of the SAI that will carry out the audit program.

7.5.2.1 Develop Audit Program and Execute

- Once the team has identified those controls that are effective, the team will test to see if those controls are operating as designed.
- A senior level in the audit team must develop an audit program in advance of fieldwork that outlines the nature, extent, and timing of audit procedures to be performed.
- The audit program is developed to verify that identified controls operate as designed and to form a final conclusion about the effectiveness of those controls.
- The purpose of developing an audit program is to test controls in the most effective and efficient manner possible, and which allows the auditor to collect sufficient audit evidence upon which to base conclusions.
- An audit program should clearly indicate:
 - ✓ ***Which controls to test?*** The team should focus on testing controls over significant risks. Furthermore, those controls that are deemed to be ineffective need not be tested. Control omission or ineffective controls will directly be documented in the SAI Audit Report.
 - ✓ ***What sample size to use?*** The team should use professional judgment to determine the right sample size. The more frequently a control is performed, the larger the sample size should be. Other relevant factors that can be used are materiality, population size, complexity and system reliability. In most instances because of the time available to audit for the conduct of its audits, the sample tested will be much larger than those tested by external audit.
 - ✓ ***When to test those controls?***
 - ✓ ***What testing procedures to apply? The various types of testing procedures which can be carried out have been summarized on the following:***

- ✓ ***The audit program needs to be reviewed and approved by AM or supervisory level in the audit department prior to execution.***
- ✓ ***The review is to ensure that the assignment objectives have been covered and to get assurance that procedures developed are relevant and will meet the objectives.***
- ✓ ***The Audit team members then execute the tests in accordance with the audit program.***

Effective audit program should:

- ✓ Provide objective, independent reviews and evaluations of entity's activities, internal controls, and management information systems (MIS).
- ✓ Help maintain or improve the effectiveness of entity risk management processes, controls, and corporate governance.
- ✓ Provide reasonable assurance about the accuracy and timeliness with which transactions are recorded and the accuracy and completeness of financial and regulatory reports.

Audit programs are traditionally associated with:

- ✓ Independent and objective evaluation and testing of a entity's overall internal control system (i.e., operational and administrative controls beyond those associated with financial statement preparation),
- ✓ Ensuring the safeguarding and proper recording of a entity's assets, and
- ✓ Determining compliance with laws, regulations, and established government policies and practices.

The SAI audit team should then discuss, with the process owner, any significant changes in the scope of the audit reflected in the detailed work program and either adjust the work program to fit the original scope or update the annual audit plan for the revised scope.

7.5.3 Sampling

7.5.3.1 Introduction

The SAI uses sampling technique methodology in case of risks control approval that do not identify some or all errors/ deficiencies auditable, since this type of audit control does not cover all the auditable community.

The audit program should determine the sampling methodology, time of audit, and the relevant essential risk and financial controls.

Sample: is a part or percentage of a subject's statistics, in which it is used to reach specific conclusions/ results regarding balances or calculations of the area subject to audit, such as expenses, accounts receivables, goods, where samples are divided into:

Statistical samples: follow the probability laws of statistics for the selection and evaluation of the sample.

Non-statistical samples: subject to the SAI member rule.

7.5.3.2 Types of samples

There is a number statistical sampling types, some of which are the following important ones:

- **Simple random sampling:** selection can be done via giving each unit equal opportunities in choice.
- **Systematic sampling:** Select sample units, after determining a fixed number of units selections by dividing the number of subjected units on a number of samples required.

Example:

The total units are 40 and the selected units are 5, so a fixed number is $=40/5 = 8$ so if the first unit is No.3, it becomes a sample added to number 8 to every single unit to subtract the following unit, like this: 3/11/19/27/35.

- **Stratified sample:** the sample is selected on the basis of unit layer divisions and then select from each layer sample.

Example:

The total accounts payable vouchers is 1000 vouchers, there are 200 vouchers worth more than 500,000 riyals, units are divided level were the first class makes 200 payable vouchers, and as for the second level consists of 800 payable voucher, and each level is treated separately and a sample is withdrawn from.

7.5.3.3 Statistical sampling methods

Statistical sampling methods are divided into three methods :

- **Preview commitment Technique :**

The aim of preview commitment is to ensure that all general audit procedures are being applied within the internal control scheme, such as the agreement or approval of installment sales invoices.

And while identifying a number of errors/ deficiencies in the randomly selected sample its comparison with the number of errors introduced in advance. if the actual number of errors is less than the errors identified in advance, then unit is acceptable and if the opposite occurs, the unit is unacceptable. this method of sampling is more useful for auditing errors.

The following factors demonstrate the size of the test commitment:

- amount of errors or acceptable of errors allowed (tolerable rate of occurrence).
- The unacceptable risk of excessive confidence in the internal controls or the level of confidence (reliability).
- Percentage of errors in the community or the expected error (expected rate of occurrence).

The SAI uses such statistical tables to determine the size of sample depending on the factors identified in the previous stage, as they use them to disseminate the results of the unit testing.

- **Variable preview technique:**

Tests that aim to ensure the verifications of significant errors in balances where the financial units are considered one of the most widely used in testing balances to ease terms of presenting the results of monetary units, where each monetary unit for each balance represents one unit of selected units.

The value or weight of unit is used to reach the measure the applied range of units used to estimate the degree level of accuracy and certainty.

The following factors demonstrate the sample size of the monetary union tests:

- **Identify acceptable errors:** often relies level relative importance specified in the surveillance program as errors acceptable size.
- **Hazard identification permitted to accept a wrong decision :** this risk is intended to be approved by a

member of the SAI to the size of the errors in the balance does not exceed acceptable errors while the real mistake for this balance exceed the level of relative importance .

- **Estimate the proportion of errors in the community:** a member of the SAI checks the results of previous years to estimate the ratio, and can pull a small random sample of appreciation.
- **Spotting preview technique:**

The aim of this type of sampling to detect fraud and manipulation when using a particular case of one of the units. this menthols is not really different from the first and second methods, where it is usually error rate assumption rate is zero.

7.5.3.4 Types of samples

The SAI auditor can select among multiple methods of sampling, as shown in table / form No. 24 in the appendices. The most commonly used methods have been defined in the table below. The table outlines the following criteria:

- Method;
- Definition;
- Uses; and
- Limitations.
-

7.5.3.5 Sample results reporting

- When reporting the results of a sample, the SAI auditor would be required to identify several main facts in regard to the sample selection as described below:
 - ✓ The sample size;
 - ✓ The sample selection methodology, as described above;
 - ✓ The estimates resulting from the sample; and
 - ✓ The accuracy and reliable period used in the estimations.

7.5.4 Types of data gathering

The following is a list of data gathering methods and techniques that could be adopted by SAI in the future:

- Meetings and interviews – the meetings and interviews conducted could include the following type of questions:
 - ✓ Descriptive questions, which ask the person to describe a task/ process/ system, etc.

- ✓ Normative question, which attempts to bring in the criteria for assessment of what is vs. what should be.
- ✓ Cause-and-effect question, which imply the examination of impact, extent, and magnitude of changes and variances.
- Documentation reviews
 - ✓ Documentation review are used to gather information about a process, transaction, system that has been documented by the auditee.
 - ✓ It gives a view of the risks and controls involved from the perspective and view of the auditee.
- Walk through of transactions (recalculation)
 - ✓ Walk through of transactions are used in assessing the effectiveness of a system
 - ✓ The recalculation also provides insights of the controls in place and inference to their effectiveness
- Walk through of policies and procedures
 - ✓ Walk through of policies and procedures is similar to the documentation review, however, the policies and procedures walk through could identify the gaps of current practices to set standards
- Narrative notes
 - ✓ Narrative notes identify the description as viewed by an independent entity
 - ✓ The narrative notes are also used in conjunction to the process maps done by the auditors
- Process maps
 - ✓ The process maps describe a process through a graphical representation based on a legend which is agreed upon among all participants.
- Data flow diagrams
 - ✓ The data flow diagrams describe the flow of the data within the process based on a legend which is agreed upon among all participants
- System flow diagrams
 - The system flow diagrams describe the flow of information within a system based on a legend which is agreed upon among all participants
- Flowcharts
 - ✓ The flowcharts represent a high level overview of the processes / transactions within the process
- Graphs and charts

- ✓ Graphs and charts are commonly used to describe the effects of data information change over a period of time
- Cause and effect diagrams
 - ✓ Cause and effect diagrams represent an analysis of a process, which identifies the cause, as well as the effect of particular outcomes of the process
- Physical observation
 - ✓ Observations are used to help gain an understanding of the audit entity, particularly when service to the public or inspection/enforcement are major activities
 - ✓ It is also used in the examination phase, to verify the existence of physical assets, tangible results or lack of results of government programs
- Browsing of internet and intranet
 - ✓ Browsing of internet and intranet is used for the collection of relevant information that would be used in the analysis or benchmarking of data/information received from the auditee during fieldwork process.
- Questionnaires and checklists
 - ✓ Questionnaires and checklists are used to collect concrete or quantitative information from a large number of individuals
 - ✓ Checklists are also used to identify the general steps that should be followed by individuals for a particular process
- Surveys
 - ✓ Surveys are used to collect concrete or quantitative information from a large number of individuals
 - ✓ Surveys are also used to identify the general frequency of a given event (when a representative sample of a larger population is surveyed).

7.5.5 Testing Techniques

The following is a list of automated analytic techniques that could be adopted by SAI in the future:

- Analytics and CAATs software (e.g. ACL)
 - ✓ Computer assisted audit tools (CAATs) are commonly used as an independent, third party software to analyze large volumes of data and transactions

- **Microsoft Excel**
 - ✓ Excel should be used as the simplest of means for recalculation of transaction walk through
- **Microsoft Access**
 - ✓ Microsoft Access should be used as the means of storing data in a database format for easy queries and analysis
- **Network and web scanning software**
 - ✓ Network and web scanning software should be used as the means of monitoring and scanning local network security and web traffic information.

The following is a list of audit testing techniques that could be adopted by SAI in the future:

- Comparison of current period information with similar information for prior periods
- Comparison of current period information with budgets or forecasts (analytical review) as discussed in previous section.
- Study of relationships of financial information with the appropriate non-financial information
- Study of relationships among elements of information
- Comparison of information with similar information for other organizational units
- Comparison of information with similar information for the industry/ sector in which the organization operates

There would be several expected results from performing a particular audit test as per the agreed upon audit work program. Such immediate audit results would include, on a sample basis, the following possible results:

- Differences that are not expected
- The absence of differences when they are expected
- Potential errors
- Potential irregularities or illegal acts
- Other unusual or nonrecurring transactions or events

The result would then be for the auditor (professional judgment based) to explain such a result and link it to a particular audit work program step, and conclude on the adequacy of controls. This is the initial step towards preparation of an audit report.

7.5.6 Working papers and audit files

Audit working papers are the documentation of the performed steps in the audit work and are based on the audit program requirements and the tests performed. The working papers should serve the following purpose:

- Provide the principal evidential support for the auditor's report
- Aid in the planning, performance, and review of audits
- Document whether the audit objectives were achieved
- Facilitate third-party reviews
- Provide a basis for evaluating the auditing department's quality assurance program
- Provide support in circumstances such as insurance claims, fraud cases, and lawsuits
- Aid in the professional development of the audit staff
- Demonstrate the auditing organization's compliance with the applicable standards and regulations

The design and content of audit working papers will depend on the nature of the audit. Audit working papers should, however, document the following aspects of the audit process:

- Planning
- The examination and evaluation of the adequacy and effectiveness of the system of internal control
- The auditing procedures performed, the information obtained, and the conclusions reached
- Review process and evidence of the latter
- Reporting
- Follow-up

Paperwork sample is attached in the sample number 4 of the appendices.

Audit working papers should be complete and include support for audit conclusions reached. Among other things, audit working papers may include:

- Planning documents and audit programs
- Control questionnaires, flowcharts, checklists, and narratives
- Notes and memoranda resulting from interviews
- Organizational data such as organization charts and job descriptions
- Copies of important contracts and agreements
- Information about operating and financial policies
- Results of sampling methodology and samples developed and obtained
- Results of control evaluations

- Letters of confirmation and representation
- Analyses and tests of transactions, processes, and account balances
- Results of analytical review procedures
- The audit report and management's responses
- Audit correspondence if it documents audit conclusions reached

It can be referred to sample number 1 (audit profile checklist) in the appendices to ensure that essential paperwork is completed in the audit profile.

Audit working papers may be in the form of paper, tapes, disks, diskettes, CDs, DVDs, films, or other media. If audit working papers are in the form of media other than paper, consideration should be given to generating backup copies. Additionally, consideration should be given to the restriction of access to the latter to authorized personnel only.

If the auditor is reporting on financial information, the audit working papers should document whether the accounting records agree or reconcile with such financial information.

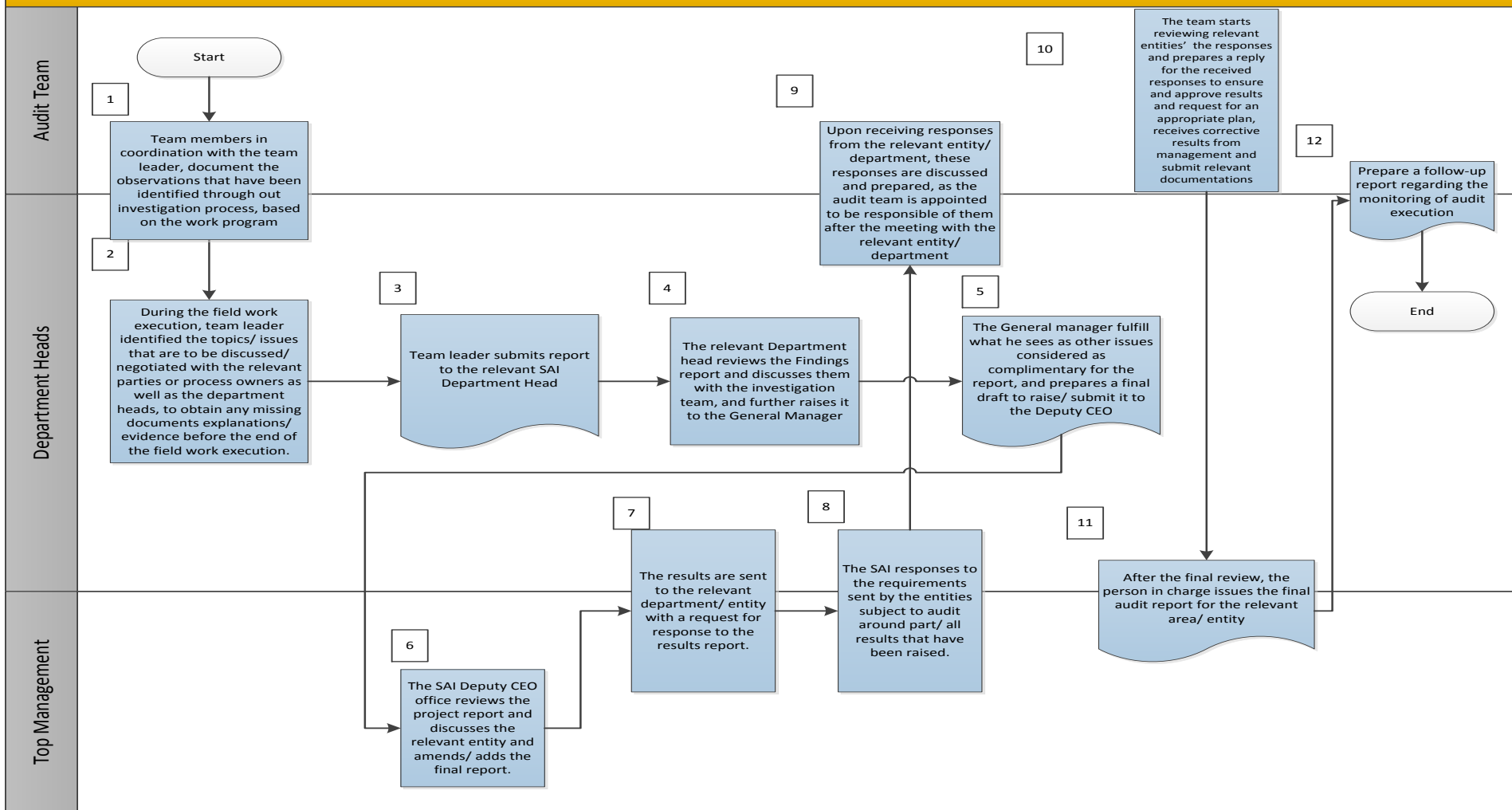
Some audit working papers may be categorized as permanent or carry-forward audit files. These files generally contain information of continuing importance.

In addition to the above, audit working papers standards should include the following agreed upon concepts:

- **Preparation Techniques** – The standards for preparing working papers and format to be used are identified in the related section of Appendix 16.
- **Review Process** – The review process requires a two-level review process that ensures the adequacy of work performed against the preset objectives and auditing standards. The initials of the reviewers should signify the review process. The audit review notes would be the basis for the SAI staff level auditors to perform additional work or provide further details within the working papers. The review notes would be prepared by the reviewers and could be done at either of the two-level review process.
- **Ownership, Custody, and Retention** – The ownership of the working papers is within the SAI purview, which outlines the custody mechanisms, including filing and retention time and destruction procedures

8 Reports

GAM- Reporting Phase



8.1 Introduction

At the end of any audit task, the SAI should give its opinion in writing or preparing a report, whichever is more appropriate, listing findings and observations with the appropriate wording. The content of the report must be clear in order to be easily understood and to avoid any ambiguity or confusion, and should only state information, which is supported by acceptable and relevant evidence, independent, objective, fair and constructive.

All written result reports must be shared with all relevant government entities at all levels, and facilitate the follow-up to ensure corrective procedures/ activities, the audit result report in which the government refers to, the legislation and the public to judge the SAI audit operations.

Continuous report reviews throughout the audit procedure can also facilitate the process of the report preparation. Given the size of the required reports during the audit process, the starting process at the beginning of auditing, the auditor shall refer to the gathered papered or proposed/ suggested papers, revise them state them in the final audit report.

8.2 Types of reports issued by the SAI

Regulatory reporting is prepared in accordance with the state standards and guidelines issued by the relevant international organizations, including policies erratic to the laws and regulations in force.

The SAI shall prepare the following reports:

1. The report's lead to examination:

A report contains the SAI findings during testing areas subject to audit.

The report must state audit process results, encompassing areas with deficiencies that were discovered, financial and/or administrative related, and the recommendations for such results. Copies are then sent to their relevant authorized persons. The report also must contain the audit process results, including areas with deficiencies that were discovered as a result of the financial and administrative review to the related area, and recommendations/ suggestions for those areas being audit. The report is then sent to the responsible position, and another copy is further sent to the relevant entities by the person in charge, if the SAI's opinion is necessary. And thus, the entity is committed to respond by the specified terms in law.

2. Special Reports include:

Chairman of the SAI should report to His Majesty, the Sultan, the important topics that most matte. These are the non-responding entities subject to audit with difficulties allowing the SAI to conduct the audit review and perform its proper duties

Result reports investigation tasks, at the request of some parties, is subject to the SAI audit.

3. Annual Report:

This is a report that addresses the SAI work results during the fiscal year. The annual report is submitted to His, Majesty, the Sultan, where copies are sent to the State Council of Ministers and Shura before the end of the following fiscal year.

8.3 Characteristics of Monitoring Report:

- **Reliability:** the audit report must be reliable and include the objectives, scope, methodology and sources used, in addition to the observations/ findings, conclusions and recommendations that should give the reader the opportunity to easily understand the audit objectives and interpret the results correctly. The Report must be complete and accurate, objective, persuasive, clear and straight to the point/ topic. .
- **Completeness :** In order to have the report complete, a report should- for example - contain all the information and arguments necessary to achieve and meet the objectives of audit. It should also promote precise understanding and worthy subjects of the report and its circumstances. It should meet the requirements of the report contents as well as the members of the SAI. In the context of audit objectives, to report should address the cases of non-compliance and important cases, which are representing any violation regarding disclosure during the audit process .
- **Accuracy:** Reports are to be correct and comprehensive, and must state all the results in a way that is true, based on accuracy the reassurance of valid, reliable, evidence contained and that demonstrate the factual topics and the fairness of the report. Also, correct imaging that illustrate a thorough description of the scope and methodology of audit, and present the results and conclusions in a consistent manner with the audit scope.
- **Objectivity:** As mentioned above, the characterized presentation of the audit report requires a balance in the subject and enhanced tone of the report credibility when it is displayed as evidence in an impartial manner. It should be fair and not disinformation, and should display results of the audit process through an objective perspective.
- **Persuasion:** In order to have a persuasive report the results of the audit should be responsive to its objectives, and to submit the results in a convincing manner, where it address logical and analytical conclusions and recommendations through the facts and arguments presented, as well as separate facts from opinions. The language used for bias and suggestions should include enough information to convince readers of the validity and reasonableness of the results, findings and benefits of audit. Also, recommendations should be provided and displayed in different views and arguments.
- **Clarity:** requires an easily ready/ flowing characterized report easily and understand (so that it is clear to the extent permitted by the topic), which requires the definition of considered unfamiliar technical

terms and abbreviations, the order of material logically arranged and accuracy in the narrative of the facts in reaching results necessary for clarity and understanding .

- **To the point:** It should be brief, the size should not exceed size necessary to deliver and communicate the content and support.
- **Comprehensiveness:** The most comprehensive report gives the reader a better understanding of the basis from which it is extracted, or builds upon the conclusions, thus, there would be an increase in value credibility of the audit, and in a broader sense, it may enhance the comprehensive reports of the SAI's ability to support and meet the citizens' desire for openness and transparency .
- **Value adding:** an audit reports must add virtuous tangible value to stakeholders, and to achieve the acknowledged objectives, and put the reader into consideration, taking into account the formulation of its infrastructure in an orderly manner and in a language that is clear and understandable.
- **Transparency, ease of use and the appropriate time:** the report must provide easily accessible information, concise and modern that can be used by the government or government agencies to improve their performance. It should be clearly stated on the cases the expected SAI actions to be taken, in addition to the entity that is expected of carry out the procedure. In order to use the report on an appropriate timing, the issuance of the report should be in accordance with the agreed upon time and should be issued on time, so as to offer use of information in a timely manner .
- **Fundamental and tangible importance:** The report subjects should deal with important and essential findings, it should also state the relevant information provided with issues being audited.
- Results should be made objectively and without bias, and it requires the following:
 - ✓ Separation between the findings and conclusions.
 - ✓ Display interpretation of facts and neutral language manner.
 - ✓ Provide different perspectives and different opinions.
 - ✓ All argumentative results and relevant evidence included.
 - ✓ constructive reports and positive conclusions

8.4 Main Components of the Audit Report

The main components of a general audit report addressed to an entity should include the following headings:

- **Audit objectives** – the objectives defined prior to the audit as agreed upon and communicated to the auditable entity;
- **Description of audited entity** – background on the operations and key data of relevance for the auditable entity;
- **Summary of results** – a brief of the major observations of the audit;
- **Audit report ratings** – the legend and description of all types of audit report ratings and the rating of the particular report;

- **Findings and observations** - elaborated background of all types of evaluation and availability of criteria of observations in general, and the actual evaluation of the observations listed in the report. Each result should at least encompass the following sub-headings:
 - ✓ Background of the audit observation
 - ✓ Observation
 - ✓ Rating of observation
 - ✓ The impact (or potential consequences and risks associated with)
 - ✓ Associated risks linked to the risk assessment and the potential consequences resulting from not taking any corrective action
 - ✓ Audit recommendations
 - ✓ Management comments on the observation including:
 - I. The action to be taken.
 - II. The person in charge
 - III. The date of the expected accomplishment
 - ✓ Comments of the SAI responses (only if necessary)
- **Audit Results - details of the audit results.**
 - ✓ **Highly important results:** Are the results of fundamental importance, or to the importance of the reputation or financial affairs or the extent of their commitment to, and requires immediate attention by senior staff of the office or department, it must be available priority plan of action to resolve them and correct them.
 - ✓ **The results of the importance of medium:** Are the results of the importance of medium for the grantee and require care as soon as possible by the department administration in charge. There must be an agreed program to resolve them and correct them as soon as possible.
 - ✓ **The results of the low importance:** Are the results of little importance or low for the grantee requiring attention by the department administration in charge, and there must be an agreed program to solve and correct these results.
 - ✓ **The results of the value-added:** the results, which include recommendations the ideas of efficiency and effectiveness and value-added to take into account by the Department.
- **Operational/ process maps** – basic operational process maps of audit.

8.5 Final Draft Report

Below are the basic rules that should be followed in communicating the audit reports results and final draft report

- Members of the audit team write the findings and observations first in accordance with the audit program prepared in coordination with the head of team.
- The head of team - during the period of the audit execution - identifies the topics that the team in which are discussed by the team, and coordination with the Director to meet appropriate actions (models of inquiry, or the discussion) prior to the end of the audit execution period.
- The head of team in the light of the observations identified by the members, discussions and queries submits a draft audit report to the relevant department head.
- The Director reviews the draft report and updates the observations with the testing group, and this is raised to the General Director.
- The General Director is to update the complementary aspects of the report, and preparation of the final form to inform or submit to the vice president.
- The SAI vice president department reviews the draft report and discusses the relevant units to update the with any amendments.
- The audit observations are sent to the audited entity with a request for responding back to raised observations within a particular period of SAI should respond to any requested clarifications from the audited entity on part or all of the observations raised.
- Upon receipt of the responses from the audited entity, a minuted meeting is prepared and given to the responsible audit section following the meeting with the audited entity.
- The responsible audit section initiates the review of the audited entity's responses and takes either one of the following actions:
 - ✓ Prepare a commentary response on the management response received;
 - ✓ Enforce the audit observation and request from the audited entity the intended corrective action plan (refer to the Follow-up section below for this step details)
 - ✓ Eliminate any audit observations for which management responses were valid and adequate supporting documentation was provided in order to discard the observation.

Following the final review of the audit report, an appropriate authority will issue the final draft report to the audited entity for comments.

The completion process of the audit cycle is to be based on the annual plan, which is prepared during the planning phase. and as for the issuance of draft reports, it should take 10 working days for receive responses and proper procedures from the entity subject to audit, until the issuance of the final report.

Components of the report draft:

Includes all the contents of the final report, except for corrective actions and responses.

In addition to what has already been possible to refer to the procedures and systems used within the SAI if required .

8.6 The contents of the final report

The final report must contain all or part of the titles that have been mentioned in section 8.4, according to the circumstances and the results of each audit task.

The SAI can use the models 17 to 19 in the appendices during the process of preparing and issuing the reports.

9 Monitoring and Follow-up Phase

9.1 Action Plans

- Agree with auditable entity on a corrective action plan. **Refer to two models 20 and 21 in the appendices for more details on the plan.**
- VERIFICATION of taking the appropriate course of action to deal with any difficulties encountered, a member should be in charge of the implementation follow-up of the recommendations for the Organization in accordance with the administration's agreed upon time-frame, and there must be enough allocated time to deal with all the difficulties that are being observed in the present report. However, it may be more appropriate to follow-up with work in the early hours, especially if there are major difficulties that require immediate treatment, or if the administration is looking for the SAI's on the implementation of the action.
- The assessment of the efficiency and effectiveness of measures undertaken by the Administration, and documents stating the difficulties associated with the follow-up process and to inform senior management, in the case of failure, in order to take appropriate action.
- The administering authorities to discuss follow-up mechanism, and the current situation for each of the themes contained in the audit report.
- Make certain that each implementation status is applied through corrective action and assess the efficiency and the level of progress in the action taken.
- Identify the need for additional follow-up or rap-up the audit process.
- Documentation of the audit process results in working papers.
- Verification of the implementation of the actions and plans, and effective measures to reduce the risks.
- Additional tests may also be significant to the use of governance (Evaluation) to determine the need for vocational testing and then determine the nature of these tests.
 - ✓ In the case of any failure to take corrective action, it is necessary to understand the reason for this (may be the reason is the decline of risks). However, it must be noted in the report of the oversight to the possibility of the continuity of the existence of potential risks.
 - ✓ Reporting to senior management on Any replies or action or corrective action is not up-to-date.
- Once an observation's action plan is implemented, the SAI auditors will be responsible for the verification of the corrective action, which might include the following:
 - understanding of the process after amendments

- ascertaining new possible risks
 - gathering information
 - sample selection
 - test of controls
 - analytical procedures review
- Once the implementation has been assessed for effectiveness, the observation and its resolution will be removed from the final report, while preserving all relevant information in the audit files.

9.2 Previous Audit Observations

Following up on audits is reflected as an integral part of the SAI audit methodology, in which SAI follows up on all audit observations in a consequent audit period to look into observations again and ensure that the audited entity has performed corrective action on the raised observations.

The SAI follows-up procedures are also performed during the audit engagement within the audit period as a result of the discussion held when a final draft report is issued until the report is finalized after receiving management comments and double checking if audit observations were rectified, based on the agreed upon corrective action plan, either immediately, or deferred to future periods.

10 Quality Assurance

10.1 Performance Assessment

SAI's independent performance assessment entity would be responsible for the performance of a quality assurance assessment following any audit process to ensure that all methodology components are complied with during the process. This performance assessment practice would not be restricted to the administrative type of follow up on executing the audit according to preset rules and regulations as stated by the law, but would also render assessment as to the quality of work performed in accordance to the rules and regulation set forth within this manual.

The performance assessment process is part of a continuous quality improvement and assurance program to be adopted by SAI. This is further elaborated upon in the Audit KPIs and quality assurance section of the manual.

As part of the performance assessment process, the individual SAI auditors should undergo a performance assessment process, which would identify their strengths and weaknesses based on the work conducted

during a specific audit assignment (refer to Appendix 16 relevant form for the format of a performance assessment).

10.2 Quality Control and Assurance

SAI, being an audit organization performing audit engagements in accordance with the standards included herein, should have an appropriate internal quality control system in place and should undergo an external peer review.

SAI's system of quality control encompasses the audit organization's structure and the policies adopted and procedures established to provide the organization with reasonable assurance of complying with applicable standards governing audit engagements.

SAI's internal quality control system should include procedures for monitoring, on an ongoing basis, whether the policies and procedures related to the standards are suitably designed and are being effectively applied.

SAI should prepare appropriate documentation for its system of quality control to demonstrate compliance with its policies and procedures. The form and content of such documentation is a matter of judgment. Documentation of compliance should be retained for a period of time (not less than 7 years) sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent of SAI's compliance with the quality control policies and procedures.

SAI should have an external peer review of their auditing engagement practices at least once every 5 years by reviewers independent of the audit organization being reviewed.

The external peer review should determine whether, during the period under review, the reviewed SAI internal quality control system was adequate and whether quality control policies and procedures were being complied with to provide SAI with reasonable assurance of conforming with applicable professional standards. As a result, SAI should take remedial, corrective actions as needed based on the results of the peer review.

Model No. 16 (List of verification of the completion of the audit task process) in the appendices can be used to make certain that the audit process have been fully applied.

11 Code of Ethics

The purpose of this code of ethics is to set the international and local standards for the performance and conduct of the staff and units to which it applies. This code is intended to clarify the standard of conduct expected from all SAI auditors when carrying out their duties. The code applies to all staff and units who are required to comply with the Government Audit Standards.

There are four main principles that should be observed.

- Integrity
- Objectivity
- Competency
- Confidentiality

11.1 Integrity

All SAI auditors should demonstrate integrity in all aspects of their work. The relationship with fellow colleagues and external contacts should be one of honesty and fairness. This establishes an environment of trust which provides the basis for reliance on all activities carried out by the audit team.

11.2 Objectivity

Objectivity is a state of mind that has regard to all considerations relevant to the activity or process being examined without being unduly influenced by personal interest or the views of others. Members of the audit team should display appropriate professional objectivity when providing their opinions, assessments and recommendations.

11.3 Competency

Members of the audit team should apply the knowledge, skills and experience needed in the performance of their duties. They should carry out their work to the standards set out in the Government Audit Standards. They should not accept or perform work that they are not competent to undertake unless they receive adequate advice and support to competently carry out the work.

11.4 Confidentiality

Members of the audit team should safeguard the information they receive in carrying out their duties. There should not be any unauthorized disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of audit duties should not be used to effect personal gain.

11.5 Attribute and Performance Standards

The structure of the Standards is divided between Attribute and Performance Standards. Attribute Standards address the attributes of entities and individuals performing general auditing. The Performance Standards describe the nature of general auditing and provide quality criteria against which the performance of these services can be measured. The Attribute and Performance Standards are also provided to apply to all general audit activities. Implementation Standards are also provided to expand upon the Attribute and Performance standards, by providing the requirements applicable to assurance (A) or consulting (C) activities.

The purpose of the Standards is to:

- Delineate basic principles that represent the practice of auditing.
- Provide a framework for performing and promoting a broad range of value-added general auditing.
- Establish the basis for the evaluation of general audit performance.
- Foster improved organizational processes and operations.

If the Standards are used in conjunction with standards issued by other authoritative bodies (SAI), general audit communications may also cite the use of other standards, as appropriate. In such a case, if inconsistencies exist between the Standards and other standards, SAI auditors and the internal audit activity must conform to the Standards, and may conform with the other standards if they are more restrictive.

Assurance activities involve the auditor objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance assignment are determined by the auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter – the process owner, (2) the person or group making the assessment – the auditor, and (3) the person or group using the assessment – the user.

11.5.1 Attribute Standards

The attribute standards address the following topics:

- Purpose, Authority, and Responsibility
- Recognition of the Definition of Auditing, the Code of Ethics, and the Standards in the Audit Charter

- **Independence and Objectivity**
- **Impairment to Independence or Objectivity**
- **Proficiency and Due Professional Care**
- **Continuing Professional Development**
- **Quality Assurance and Improvement Program (Requirements and Reporting)**
- **Internal Assessments**
- **Use of "Conforms with the International Standards for the Professional Practice of Auditing"**
- **Disclosure of Nonconformance.**

11.5.2 Performance Standards

The performance standards address the following topics:

- **Managing the Audit Activity**
- **Planning and objective settings**
- **Communication and Approval**
- **Resource Management**
- **Policies and Procedures**
- **Coordination**
- **Performing the Engagement**
- **Identifying Information**
- **Analysis and Evaluation**
- **Documentation**
- **Engagement Supervision**
- **Reporting**
- **Governance**
- **Risk Management**
- **Control environment**

- **Criteria for Communicating**
- **Quality of Communications**
- **Errors and negligence.**
- **General consensus.**
- **Monitoring.**

12 Appendices

All relevant forms and formats to be used by all audit sectors include but not limited, to the following list of items:

1. Audit Process Notification Letter
2. Book Notice of Audit Execution
3. Business Understanding Document
4. Working Paper Format
5. Process Documentation Template
6. Risk Assessment Work-Plan Template
7. Risk Profile
8. Audit Program
9. Audit Plan
10. Staff Scheduling and Planning Forms
11. Audit Budgeted Hours Estimate Sheet
12. Audit File Checklist
13. Audit Requirements Letter
14. Annual Independence Statement
15. Audit Checklist
16. Project Completion Checklist
17. Draft Audit Report
18. Final Draft Report Letter
19. SAI Audit Report
20. Corrective Action Plan Letter
21. Corrective Action Plan
22. Follow-up Report Letter
23. Follow-up Report

1. Working papers checklist

9 State Audit Institution			
GAM Manual			
Subject:	Audit Scope of Work	Date	

[INSERT ENTITY NAME]
Audit File Checklist FOR YEAR 20XX

Prepared by:

Date:

Reviewed by:

Date:

This checklist is to be completed for all individual audits completed by the Audit Staff.

Process	Completed	Reference
Audit Scope		
Process Documentation Forms		
Risk and Control Evaluation Matrix		
Audit Program		
Working Papers		
Supporting Documentation		
Issue Summary Forms		
File Review		
Exit Meeting Minutes		
Report Checklist		
Draft Internal Audit Report (including Follow-up)		
Final Internal Audit Report with Management Response		
Copy of report filed in Audit Reports File		

2. Book Notice of Audit Execution

The financial and management control of the State			
GAM Manual			
Subject:	Book Notification of Audit Execution	Date	

(INSERT ENTITY NAME)

Letter notification for control of xx 20

Date: / / XX 20

(Entity Subject to Audit)

(Entity's governmental unit)

Dear,

We would like to report that the SAI conducting the execution of audit (the type **or the nature of the audit task**) during the period of ... to ... , while the SAI is expecting the entity to have specialists to facilitate the execution of the audit work to provide the necessary data.

Accordingly, we request that you inform Member States responsible for audit function, which we implement it so that they can organize their agenda accordingly.

Thank you for your cooperation.

Yours sincerely .

(The State Audit Institution)

(Head of State Audit Institution)

3. Business Understanding Document

The financial and management control of the State			
GAM Manual			
Subject:	Business Understand Document	History	

(INSERT ENTITY NAME)

Business Understanding Document FOR YEAR 20XX

Project: _____ Prepared By: _____

Date: _____ No. of Working Paper: _____

Purpose:

The purpose of this working paper is to obtain an understand of the entity's business. It documents: our understanding of the Client's

- The Background: History, Mission.
- The objectives and strategies.
- Organizational structure .
- Market.
- Products and Services
- Customers
- Strategic, Core, & Management Process.
- Computer Information Systems

Objectives and strategies:

Objectives	Strategies
------------	------------

Organizational structure :

Elements of work:
Market
Products and Services
Customers

Business Process		
<i>type of operation</i>	<i>The Director of the process</i>	<i>Task Description</i>
Strategic processes		
Core Processes		
Resource management Processes		

Computer Information System	
<i>Systems</i>	<i>Related Processes</i>

4. Working Paper Format

State Audit Institution			
GAM Manual			
Subject:	Working Paper Format	Date	

[INSERT ENTITY NAME]
Working Paper Format FOR YEAR 20XX

Governmental Entity : XXXXX
Department/ Process : XXXXX
Test :

WP NO :
Prepared By :
Date :

Work Done				
Verified the accuracy of the following				
Date	From	To	Entity	Amount

Work Done			
Gathered the following data			
Date	Amount	File number	

Conclusion

No exceptions were noted.

5. Process Documentation Template

State Audit Institution			
GAM Manual			
Subject:	Process Documentation Template - Mega/Major/Sub- Process Documentation Form	Date	

[INSERT ENTITY NAME]
PROCESS Documentation Template FOR YEAR 20XX

[INSERT ENTITY NAME]	
Mega Process	
Major Process	
Sub-Process	
Sub-Process Owner	
Purpose	

Critical Success Factors		Key Performance Indicators	
Process Begin		Process End	
Process Narrative:			
Inputs		Outputs	
Assess Sub-Process Risk Rating*	☐ H	☐ M	☐ L
Reason for Assessment			

Associated Risk(s)	
---------------------------	--

*Note: Risk rating relates to the whole sub-process and may be based on professional judgment

6. Risk Assessment Work-plan Template

State Audit Institution			
GAM Manual			
Subject:	Risk Assessment Work plan Template	Date	

[INSERT ENTITY NAME]
Risk Assessment Work-Plan Template FOR YEAR 20XX

Steps			Estimated Days	Deliverable
Risk Assessment				
1 -Plan the Risk Assessment				
	1	Prepare Preliminary Plan		
	2	Identify Project Team, Agree Responsibilities, Finalize Risk Assessment Work plan		
	a)	Identify Project Team		
	b)	Conduct Planning Meeting		
	c)	Document Risk Assessment Plan		
	d)	Update Work plan		
<i>Total Estimated Days</i>				Updated Work-plan
2 - Understand the concerned ENTITY's Business& Objectives				
	1	Develop and Confirm Our Understanding of the Processes		
	a)	Arrange Meetings with the Process Owners		
	b)	Explore <i>the concerned ENTITY's</i> Business with Process Owners		
	c)	Identify Process Flows, Critical Success Factors and KPIs		Mega Process Documentation
	2	Understand the IT Environment		
<i>Total Estimated Days</i>				
3 -Align Business Objectives with Processes				
	1	Align Business Objectives with Processes		
	2	Analyze and Agree Most Critical Processes with Management		
	3	Re-visit Risk Assessment Work-plan		
<i>Total Estimated Days</i>				Resource Allocation Map
Risk Assessment (Cont'd)				

Steps				Estimated Days	Deliverable
4 - Identify Risks and Related High Level Controls					
		1	Develop Process Understanding below mega process level (Analytical Review)		
		2	Identify Business Risks		
		3	Identify High-Level Controls		
		4	Agree Risks and Controls Identified with Management		
<i>Total Estimated Days</i>					
5 - Assess Risks					
		1	Assess Individual Risks		
		a)	Determine the initial risk assessment		
		b)	Determine the initial evaluation of high level controls		
		2	Assess Overall Risk of Each Process		Risk Assessment Criteria Matrix
		3	Assess Risk across the Organization Structure		
		4	Review and Agree Assessment with Process Management		Risk Profile
<i>Total Estimated Days</i>					
6 - Report and Agree Risk Assessment					
		1	Discuss and Preliminarily Agree the Risk Assessment with Management		
		2	Finalize and Report Risk Assessment		
		a)	Prepare the presentation and present		
		b)	Audit Committee Approval		
		b)	Make any required changes		
<i>Total Estimated Days</i>					
<i>Total Estimated Days - Cumulative Project Cost</i>				-	

7. Risk Profile

State Audit Institution			
GAM Manual			
Subject:	Risk Profile	Date	

**[INSERT ENTITY NAME]
Risk Profile FOR YEAR 20XX**

[INSERT ENTITY NAME] – RISK PROFILE 20XX			
		Overall Business	
		Importance*	Overall Risk Assessment**
Mega Process 1			
Major process 1.1			
Major process 1.2			
Major process 1.3			
Major process 1.4			
Mega Process 2			
Major process 2.1			
Major process 2.2			
Major process 2.3			
Major process 2.4			
Mega Process 3			
Major Process 3.1			
Major Process 3.2			
Major Process 3.3			

*Note: Overall Importance comes from Process-Objective Matrix

**Note: Overall Risk Assessment comes after combining Impact and Likelihood assessments for each risk within each major process

Legend

	High Risk
	Moderate Risk
	Low Risk

8. Audit Program

The financial and management control of the State			
GAM Manual			
Subject:	Audit program	Date	

(INSERT ENTITY NAME)

AUDIT PROGRAM OF YEAR 20XX

		An initial review – there is no need to test for review.			
Type of Audit		A new review – should be a program of review and audit testing.			
Place a check mark (x) in one of the boxes		The current audit – must be updated oversight program oversight and testing.			
		Other (explain):			
A.		Before starting field work			
	1	Should be the preparation/update program of audit (cycle of one option):			
		– analysis of new risks and controls.			Yes
		The risks of updates			Yes
		Other means			Yes
	2	The period of control test (from the date of the ... to ...)			
	3	The size of the sample			
		Describe treatment	Audit step	Number of transactions (periods	The size of the samples

	4	The Time (number of hours each member)		First member	Second member
		– Planning (E–mail messages, letter work, meetings, etc.)			
		– Review and Evaluation (documents, risk file, the program)			
		– Verification (field work)			
		– reporting (draft final report, interviews, Final Report)			
		Total			
	5	Expected to complete the task date (month , year)			
	6	Comments			
	7	Guest review/approval by		Date	

9. Audit Plan

The financial and management control of the State			
GAM Manual			
Subject:	Audit Plan	Date	

(INSERT ENTITY NAME)
AUDIT PLAN OF YEAR 20XX

Agenda Audit Plan of 20XX	Janu ary	Febr uary	Mar ch	Ap ril	M ay	Ju ne	Ju ly	Aug ust	Septe mber	Octo ber	Nove mber	Dece mber
Audit projects:												
Government al/public entity 1												
Department /process A												
Department /process B												
Department /process C												
Department /process D												
Government al/public entity 2												
Department /process A												
Department /process B												
Department /process C												
Government al/public entity 3												
Department /process A												
Department /process B												

Department /process C												
Department /process D												
Government al/public entity 4												
Department/ process A												
Department /process B												
Department /process C												
Department /process D												

10. Staff Scheduling and Planning Forms

State Audit Institution			
GAM Manual			
Subject:	Staff Schedule and Planning Forms	Date	

[INSERT ENTITY NAME]
Staff Schedule and Planning Forms FOR YEAR 20XX

		Quarter 1												
Planned Audit Schedule for 200X		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
Governmental/ Public Entity 1	Department/ Process A													
	Employee 1													
	Employee 2													
	Employee 3													
	Employee 4													
	Department/ Process B													
	Employee 1													
	Employee 2													
	Employee 3													
	Department/ Process C													
	Employee 1													
	Employee 2													
	Employee 3													
	Employee 4													
	Department/ Process D													
	Employee 1													
	Employee 2													
	Employee 3													
	Employee 4													

11. Audit Budgeted Hours Estimate Sheet

State Audit Institution			
GAM Manual			
Subject:	Audit Budgeted Hours Estimate Sheet	Date	

[INSERT ENTITY NAME]
Points for Attention Next Audit FOR YEAR 20XX

Audit Type (input 'x' in one)		Preliminary Review – no audit testing required.
		New Audit – audit program development and audit testing required.
		Existing Audit – audit program update and audit testing required.
		Other (Explain):
1. Audit Program to be developed/updated from (circle one only): - updated Risk Profile Y - other means Y 2. Suggested Audit Objective 3. Suggested Scope • • • • • • 4. Suggested Audit Period (No. of Months) for Testing		

5. Estimated Budgeted Time (person hours):

-  **Planning (emails, engagement letter, meetings etc)**
-  **Review and Evaluation (documentation, Risk Profile, program)**
-  **Verification (field work)**
-  **Reporting (draft report, exit interviews, final report)**

TOTAL

6. Expected Commencement Date (MM/YY)

7. Expected Completion Date (MM/YY)

8. Reviewed by

Date

12. Audit Scope of Work

State Audit Institution			
GAM Manual			
Subject:	Audit Scope of Work	Date	

[INSERT ENTITY NAME]
Audit Scope of Work FOR YEAR 20XX

<u>Project Title:</u> <u>Project Objective:</u> <u>Project Budget: xx Hours</u>
<u>Operations Managers/Procedures Executors</u> <i>Operations Managers</i> <i>Procedures Executors</i>
<u>Key Risks:</u>
Scope This Audit will include the following: (Mention the units being audited) (Mention the areas or specific activities being audited) (Mention the desirable timeline) This Scope will not include the following: (Mention any areas not being audited) (Mention any important limitations)
Key Tasks - Discussing and approving the operations with the management - Perform analysis
<u>Main Assumptions</u> Documenting the main assumptions which might affect the scope, timeline, and budget of the work. The importance of this documentation increases while executing the tasks due to changes occurring in the main elements, or due to knowledge of additional assumptions.
<u>Identified main controls</u>

Identifying the members

Delivery materials

The report which includes audit results, recommendations, and Management's action plans.

Key Deadlines

	Start	End
Project kick off		
Field work		
Closing Meeting		
Draft Report Submission		
Management's Comments		
Final Report and Comments Submission		

13. Audit Requirements Book

State Audit Institution	
GAM Manual	

Subject:	Audit Requirements Book	Date	
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[INSERT ENTITY NAME]
Audit Requirements Book FOR YEAR 20XX

Date __, 20XX__

Mr. (Auditee)

(Auditee Title)

(Auditee Governmental Entity)

(Auditee Department/ Process)

Sultanate of Oman

Dear Mr. (Auditee),

As part of our internal audit work performed on (Name of the Department/Process) of the (Name of the Governmental Entity), Please be kind enough to provide us with the following Audit Requirements:

- 1.**
- 2.**
- 3.**
- 4.**

Please note that in order to complete the audit work within agreed timeline, we would need these documents within a maximum of XXX days.

Thank you very much for your cooperation,

Very truly yours,

(SAI)

(Chairman of SAI)

(title)

14. Annual Independence Statement

State Audit Institution			
GAM Manual			
Subject:	Audit Checklist	Date	

State Audit Institution			
GAM Manual			
Subject:	Annual Independence Statement	Date	

[INSERT ENTITY NAME]
Audit Requirements Letter FOR YEAR 20XX

To the best of my knowledge and belief, I have answered the following questions correctly:

	<u>Yes</u>	<u>No</u>
1. Do you have any official, professional, personal, or financial relationships that might cause you to limit the extent of any inquiry, to limit disclosure, or to weaken or slant audit findings in any way?		
2. Do you have any preconceived ideas toward individuals, groups, organizations, or objectives of a particular program that could bias the audit?		
3. Did you have any previous responsibility for decision making or managing an entity that would affect current operations of any of the governmental entities or any program being audited?		
4. Did you previously perform any duties for any of the governmental involving the approval of invoices, payrolls, claims, or other proposed payments?		
5. Are you currently or have you previously maintained the official accounting records of the Company?		
6. Do you have a financial interest, direct or substantial indirect, in any of the governmental except for compensation and benefits provided by the Company's policy?		
7. Do you have a financial interest, direct or substantial indirect, in any related party transaction (vendor, customers, contractors, leases, or other financial transaction, etc.) with the Company?		
8. I acknowledge receipt of a copy and affirm adherence to the Institute of Internal Auditors Code of Ethics.		

EXCEPTIONS - (State "none" if there are no exceptions): ...Audit Checklist

15. Audit Checklist

[INSERT ENTITY NAME]
Audit Checklist FOR YEAR 20XX

Task to be Performed: Pre-Audit and During Audit		Mark
1	Executive Manager Contact: Where considered appropriate, contact the relevant Executive Manager(s) affected by the audit and meet to discuss objective, scope, timing etc.	
2	Audit Objective: Finalise the audit objective and discuss with audit management prior to email notification (NOTE: Should be the same as that determined for the audit during the development of the Annual Work Plan).	
3	Email Notification: Issue an email notification to all relevant auditees (including Executive Management) informing them of audit commencement (include the audit objective).	
4	Entry Interviews: Conduct entry interviews with all important auditees, where required.	
5	Audit Scope: Consider all relevant information (e.g. Audit Universe, Risk Data, Outstanding Audit Issues, comments from auditee interviews, findings from last audit, information determined during development of the Annual Work Plan) in finalising the audit scope.	
6	Engagement Letter: Develop and issue an Engagement Letter, preferably by email. In the letter, include (if considered necessary) a formal request for documentation and information from the auditee.	
7	System Documentation: Gather documentation on the auditable area, interview personnel etc, then develop any relevant system documentation, process charts etc to assist in understanding the risks facing management in achieving its objectives in relation to the auditable area.	
8	Risk and Control Analysis: Where necessary, undertake the Risk and Control Analysis. Auditees should validate the final statement of risks and controls.	
9	PANA: Peruse the “Points for Attention at Next Audit” (PANA) schedule raised at last audit and action the listed items.	
10	Audit Program: Develop or update the audit program of tests (including CAATs).	
11	Field Audit Plan (Part A): Complete Part A of the Field Audit Plan.	
12	Manager Signoff of Plans/Program: Arrange for audit management review and sign off of the: Field Audit Plan, Engagement Letter, Risk Profile and Audit Program. This may be done in parts.	

13	Field Work: Undertake field level compliance/substantive testing using the audit program. Document, and discuss with management, audit observations during the course of the audit. Document final results in the working papers, ending each program section with a CONCLUSION that refers to the control objectives for that section. File detailed supporting evidence in the Appendices.	
14	Develop Draft Report: Develop a draft report of major audit findings only (but exclude the final audit grade and conclusion). Place any minor issues, where relevant, in a separate memorandum.	
15	Manager Signoff of Draft Report/Working Papers: Arrange for audit management review and sign off of the working papers, draft major audit findings, and draft minor findings (prior to conducting the Exit Interview).	
16	Review Notes: Action any review comments listed on the Review Notes form.	
17	Exit Interview: Conduct the exit interview with the auditee(s) and gain agreement to findings/recommendations and clearance dates. Auditee(s) may receive a copy of the draft findings prior to the interview being conducted.	
18	Issue Draft Report: Issue the draft report of major findings, requesting management response within 5-10 working days.	
19	Finalise Report: Insert management comments received in the final report, develop the overall audit grade and conclusion, and provide to audit management for review and initialling. Minor audit findings memo should be signed by the auditor only, and may be issued with the final report.	
20	Red Grade Report – Executive Manager: If the final audit grade is “Unsatisfactory” (RED grade), before the final report is issued, meet with the Executive Manager concerned to discuss the issues raised in the report.	
22	Issue Report: Once all reports are signed, issue the Audit Report and the separate minor audit findings memo(s). Copies of the report are stored in the W/P file and central Audit Major Reports File held in the Director Internal Audit’s office.	
23	File Report: Store an electronic copy of the report in Server / LAN - for inclusion in Audit follow-up.	
Tasks to be Performed: Post-Report Issue		
1	File Permanent Papers: Place/replace all permanent working papers on the Server / LAN. NOTE: Naming standards must be adhered to.	
2	Reference File: Ensure the Reference File is updated, properly indexed, and properly filed.	
3	Field Audit Plan (Part B): Complete Part B of the Field Audit Plan (attach it to Part A), and the Audit Checklist - file in the W/P.	
4	Manager Signoff of Audit File: Arrange for final signoff of the working papers by audit management.	

5	Audit Questionnaire: 2-3 working days after report issue, send an electronic copy of the Audit Client Questionnaire Form to the Director Internal Audit, for sending to the nominated auditee(s).	
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16. Project Completion Checklist

State Audit Institution			
GAM Manual			
Subject:	Risk Assessment Work plan	Date	

[INSERT ENTITY NAME]
Risk Assessment Work Plan FOR YEAR 20XX

Project

Prepared by

Date

WP No.

The Completion Memorandum should be signed in the appropriate spaces progressively while conducting the review and, where applicable, by the relevant specialists, prior the project report being released.

	Initials & Date			Comments (If N/A, document why)
ACTIVITIES	Audit Director	Audit Manager	Lead Auditor	
PROJECT PLANNING AND EXECUTION				
1 Project instruction sheet issued & approved.				
2 Project notification memorandum sent out two weeks in advance.				
3 Industry and functional specialists identified and scheduled				
4 Opening conference held				
5 Project scope memorandum agreed, signed off and issued in accordance with client protocol				
6 Non-IAS staff briefed on IAS process				
7 Project team planning meeting				
8 Process understanding complete				
9 Risk & control assessment complete				
10 Program developed and approved				
11 Additional fieldwork complete as per program				
12 Residual risk confirmed with management				

	Initials & Date			Comments (If N/A, document why)
ACTIVITIES	Audit Director	Audit Manager	Lead Auditor	
13 Work papers reviewed for completeness and accuracy				
14 Review queries cleared				
PROJECT REPORTING				
15 All report points supported in the working papers				
16 All report points discussed with management				
17 Draft report and file reviewed for consistency of process and deliverables				
18 Draft report reviewed for consistency with the requirements of the engagement letter				
19 Draft report issued to the process owner and process management				
20 Report finalized and distributed				
21 Deliverable(s) used standard language as required				
22 Signed transmittal letter issued with final report				
23 Final signed deliverable retained in the work papers				
OTHER ADMINISTRATION				
24 Final review of working papers and project deliverables for completeness				
25 Working papers filed as necessary				
26 Electronic files backed up, drafts and non-vital documentation destroyed				
27 Exit conference held and followed up as necessary				
28 Feedback received and acted upon				
29 Close out letter issued				

ACTIVITIES	Initials & Date			Comments (If N/A, document why)
	Audit Director	Audit Manager	Lead Auditor	
30 Client profiles updated				
31 Future audit observations listing updated				
32 WIP reports reconciled to project budget				
33 Performance assessments been conducted as necessary				
34 Internal Financials closed				
35 Knowledge sharing opportunities acted upon (process and content)				
36 Satisfaction survey issued				
37 Survey response received and acted upon				
38 Team debrief held				

17. Draft Audit Report

State Audit Institution			
GAM Manual			
Subject:	Draft Audit Report	Date	

State Audit Institution
Draft Audit Report for **(Name of Governmental Entity)**
(Department/Process Name)
Period Ending **(Date)**

Observation Number XX:

(Observation Rating)

Background

Observation

Risk

Recommendation

Management Comments

18. Final Draft Report Letter

State Audit Institution			
GAM Manual			
Subject:	Final Draft Report Letter	Date	

[INSERT ENTITY NAME]
Draft Report Letter FOR YEAR 20XX

Date __, 20XX__

(Auditee Governmental Entity)
Board of Directors
Sultanate of Oman

Dear Sirs,

Please find enclosed the internal audit report for the month ending **(month)** regarding the '**(name of process)**' process.

The report encompasses our understanding of the process, issues noted and their potential consequences, as well as our recommendations. Your entity's executive management's responses to the issues raised have also been incorporated within the report.

We wish to thank you and all the **(auditee department name)** personnel for the courtesy extended to us during the audit.

Very truly yours,

(SAI)

(Chairman of SAI)
(title)

19. SAI Audit Report

State Audit Institution			
GAM Manual			
Subject:	SAI Audit Report	Date	

[Report Title]

[Site or geographic location, as applicable]

Fieldwork Conducted during [timeframe]

Issued: [date]

Executive Summary

SIA Auditors performed a review of XXX during [timeframe]. The purpose of the review was to evaluate the adequacy of internal controls over [insert process name]. [Explain the objective of the review.]

1. Background

[Background of the process/control environment and why the area was chosen for review. Where driven by results of risk assessment / other audit, so note, along with the rationale.]

2. Scope

[Document what was reviewed during this internal audit. If any areas / functions / cycles / accounts were specifically out of scope for this review, note that here. Document any additional constraints and limitations in this section. For example sample sizes, non-substantive testing.]

3. Objectives & Approach

[Discuss in the terms of the objective of the audit how the audit was completed. For example: "To determine the adequacy of controls over XXX in the property management function, we reviewed the controls related to YYY through interviews with management, review of supporting documentation, and testing of the effectiveness of related controls.]

4. Results

See Appendix 16 for Report Rating Definitions and Observation Rating Definitions.

Overall Report Rating – [insert overall rating using definitions in Appendix 16-BB]

The Observations section of this report provides detailed descriptions of each observation and recommendation. The high and moderate priority items are summarized below,

Title of Observation 1

[Give a high level summary (generally one to two short sentences) of the issue and what could go wrong as a result of the issue – this statement can be included in Audit Committee Reporting]

Title of Observation 2

[Give a high level summary (generally one to two short sentences) of the issue and what could go wrong as a result of the issue – this statement can be included in Audit Committee Reporting]

Title of Observation 3

[Give a high level summary (generally one to two short sentences) of the issue and what could go wrong as a

result of the issue – this statement can be included in Audit Committee Reporting]

Observations and Recommendations

Title of Issue 1		HIGH PRIORITY
Observation		Business Impact
[High level summary of observation (one to two short sentences) – can often be pulled directly into the Exec. Summary section.] [Explain the details of the observation]		[What can go wrong (i.e. what is the risk – can be strategic, tactical, or both) based on the current operations – the effect on the current operations and why management should care.]
Recommendations		Management Response
1	[Recommendation]	[Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date]
2	[Recommendation]	[Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date]
3	[Recommendation]	[Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date]

Title of Issue 2		MODERATE PRIORITY
Observation		Business Impact
[High level summary of observation (one to two short sentences) – can often be pulled directly into the Exec. Summary section.] [Explain the details of the observation]		[What can go wrong (i.e. what is the risk – can be strategic, tactical, or both) based on the current operations – the effect on the current operations and why management should care.]
Recommendations		Management Response
1	[Recommendation]	[Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date] [Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date] [Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date]

Title of Issue 3		MODERATE PRIORITY
Observation		Business Impact
[High level summary of observation (one to two short sentences) – can often be pulled directly into the Exec. Summary section.] [Explain the details of the observation]		[What can go wrong (i.e. what is the risk – can be strategic, tactical, or both) based on the current operations – the effect on the current operations and why management should care.]
Recommendations		Management Response
1	[Recommendation]	[Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date]
2	[Recommendation]	[Steps that management has agreed to implement] [Owner to resolve the identified issue, Title – Target completion date]

Appendix A – Rating Definitions

1. Report Rating Definitions

The three rating system used to draw and overall conclusion on internal control adequacy has been approved by management and the Audit Committee and consists of:

<i>Report Ratings for Audit Reviews</i>	
<i>Satisfactory</i>	No control matters of concern were noted. Some needed control enhancements and other issues may have been identified, which should be addressed within a reasonable time frame.
<i>Needs Improvement</i>	One or more substantial control matters of concern were noted, which, if not corrected promptly, could result in unacceptable levels of risk.
<i>Unsatisfactory</i>	One or more critical control matters of concern and/or a preponderance of important issues were noted that exposes the organization to an unacceptable level of risk.

2. Observation Rating Definitions

Individual findings are evaluated within the context of the area under review. The following rating definitions have been approved by management.

<i>Report Ratings for Audit Reviews</i>	
<i>High Priority</i>	Issue could result in financial or operational losses within this area in the near term if left unresolved. Corrective action should be started within 30 days and completed within the next quarter.
<i>Moderate Priority</i>	Issue is either recurring in nature or could result in financial or operational losses within this area over the next 12 months if left unresolved. Corrective action should be started within 60 days and completed within the next two quarters.
<i>Other Observations</i>	Issue is unlikely to result in financial or operational losses, but may include opportunities to improve the effectiveness or the efficiency of controls or processes. Corrective action is encouraged but not required. As such, a management response is not required.

20. Corrective Action Plan Letter

State Audit Institution			
GAM Manual			
Subject:	Corrections Action Plan Letter	Date	

[INSERT ENTITY NAME]
Corrections Action Plan Letter FOR YEAR 20XX

Date __, 20XX__

Mr. (Auditee)

(Auditee Title)

(Auditee Governmental Entity)

(Auditee Department/ Process)

Sultanate Of Oman

Dear Mr. (Auditee),

Based on the comments and notes related to the audit project performed by our team, as well as the responses we got from your side, we would like to present the 'Correction Action Plan' which includes:

- Detailed procedures to be followed and which are agreed upon
- Agreed upon implementation dates
- People responsible for ensuring the implementation of the procedures, and resolving unsolved issues, in the agreed timeline.

Very truly yours,

(SAI)

(Chariman of SAI)

(title)

21. Corrective Action Plan

State Audit Institution			
GAM Manual			
Subject:	Correction Action Plan	Date	

State Audit Institution
Correction Action Plan (Name of Governmental Entity)
(Department/Process Name)
Period Ending (Date)

Observation Number XX:

(Observation Rating)

Background

Observation

Agreed Upon Action

Responsible Person

Expected Implementation Date

22. Follow up Report Letter

State Audit Institution			
GAM Manual			
Subject:	Follow up Report Letter	Date	

[INSERT ENTITY NAME]
Follow Up Report Letter FOR YEAR 20XX

Date __, 20XX__

Mr. (Auditee)

(Auditee Title)

(Auditee Governmental Entity)

(Auditee Department/ Process)

Sultanate Of Oman

Dear Mr. (Auditee),

Please find enclosed our Follow-up Report revealing the observations and conclusions of the follow-up we conducted regarding the implementation of the earlier presented Action Plan Report.

This follow-up report will include two main sections as follows:

1. Resolved Observations: This section describes observations that were resolved due to the implementation of recommendations made in the Action Plan.
2. Unresolved Observations: This section describes all outstanding and unresolved observations due to management's failure in implementing the agreed-upon recommendations of the Action Plan.

If you have any queries please don't hesitate to contact us

Very truly yours,

(SAI)

(Chariman of SAI)

(title)

23. Follow up Report

State Audit Institution			
GAM Manual			
Subject:	Follow up Report	Date	

State Audit Institution
Follow-up Report (**Name of Governmental Entity**)
(**Department/Process Name**)
Period Ending (**Date**)

Section I: Resolved Observations

Observation Number XX:

(Observation Rating)

Observation

Agreed Upon Action

Action Taken:

Section II: Unresolved Observations

Observation Number XX:

(Observation Rating)

Observation

Agreed Upon Action

Reasons for Non-Implementation:

SAI's Comment:

(Model example illustrating the relative importance of contingent-administrative system)

[illegible]

Note: The above elements are variable depending on the requirements and the nature of the activity on the one hand, and is under the control of the SAI

In accordance with the classification of the relative importance of risk analysis more than XX% (a), of the XX% to XX% (b), less than XX% (C).

(A) High relative importance and risks, (b) Average relative importance and risks, (c) a few relative importance and risks

The percentages based on the experience of the examination, and experience other SAI available

(a model example determining the relative importance of contingent-control bodies on public institutions and companies)

M	The name The company – the body – the institution)	(xx%)	(xx%)				(xx%)			(xx%)	(xx%)	(xx%)	(xx%)	(xx%)	(xx%)	100%
		The list of financial center	The value of the income				The list of cash flows			The nature of the type and size of activity	The results of previous tests	The number and value of projects	The size of the human resources	The extent of commitment to companies Mohieddin	complaints and communications	The total percentage
		Total assets	Total liabilities	Earnings or sales	Expenses	Profit	Operational cash	Special cash financing	Special cash investment							

Note: The above elements are variable depending on the requirements and the nature of the activity on one hand, and is under the SAI audit

The percentages based on the experience of the other examination, and experience available to the SAI.

***** The list of financial center include:***

- 1- The value of the assets (FAQ) including cash, securities - stocks - debtors - stock).
- 2- The value of the assets (non-traded) types, including real estate, machinery, equipment and vehicles, factories and workshops.

***** The value of the liabilities (obligations) :***

- 1- Short-term obligations, including: (creditors, payment papers, bills of exchange and () short-term loans, end of service indemnities.
- 2- Long-term commitments, including: compulsory reserve (legal reserve) optional stage, profits, long-term loans.

***** income list includes : sales revenue, expenses and profit.***

***** The list of cash flows and include:***

- 1- Cash operation intended to cash and Dakhla in original activity of the Enterprise (the).
- 2- Cash include the financing of cash inflows and outflows to finance activities such as loans and credit facilities and settlement.
- 3- Cash include private investment cash inflows and outflows to finance new or existing activities.

In accordance with the classification of the relative importance of risk analysis more than XX% (a), of the XX% to XX% (b), less than XX% (C).

High relative importance and risks, (b) Average relative importance and risks, (c) a few relative importance and risks

13 Terminologies

Audit procedures	Are the tasks carried out by a member of the SAI with a view to the collection, analysis, interpretation and documentation information during the audit cycle. They are measures of control that state the objectives of audit.
Control procedures	The policies, procedures and activities that are part of the framework of the audit work, which is prepared with a view to ensure that the risks in accordance with the capacity of the institution to bear the risks identified through the process of risk management.
Fraud	any illegal action that takes place through deception, facts disclosure, or denunciation of confidence. Do not adopt such acts to the threat of using violence or physical force. Committing fraud by parties or organizations with a view to obtaining money, or property, or certain services, to avoid paying for services, to avoid loss, secure personal interests or the labor interests.
Test controls	A member of the SAI conducts tests during the implementation phase to collect evidence of audit and efficient internal control process.
Follow-up test	A member of the SAI which selects a sample of transactions and then "Follows-up" on the accounting information system. It could be the start of the follow-up process of the time enter treatment as data in the system and even final phase in the financial lists.
Regulatory tool (adjusting tool)	Is any action taken by the Administration, the Board of Directors, and other parties with a view to the management of risk and raise the level of the possibility of goals and aspirations realization. The Department of Planning, organizing and directing the performance of adequate procedures to provide reasonable assurance on the achievement of the goals and aspirations.
Sound Management Information System	Leadership, organizational structures, and procedures which ensure that the information technology support for Post-Conflict and objectives of the institution.
Risk management	The procedures for the identification, assessment, management, and control events or conditions likely to provide reasonable assurance on the capacity of the institution to achieve its objectives.
Independence	Freedom from conditions that threaten the capacity of the SAI members on the implementation of its responsibilities in NEUTRAL.
The Claim Form/summary of audit results	A form used to document the results of audit.
Supervision	A continuous process, begin planning and ending with the end of the control function. include supervision process as follows:

	• Provide appropriate instructions to the members of the (subordinates) at the beginning of the control function and the adoption of the program of control. • Ensure the implementation of the program of control adopted as is, what is not justify any adjustments to the program and to allow the. • determine the adequacy of oversight support working papers of the results of the control, abstracts, and reports. • Make sure of the accuracy and objectivity and clarity of oversight reports and specific and constructive and issued in a timely manner. • Ensure fulfillment of audit objectives.
Add Value	Adding value to the grantor audit activity under control (and the parties of the relationship by). If the SAI audit activity is objective and sound, it also contributes to the achievement of effective and efficient governance, risk management and control procedures. The value through the necessary improvements to work, and the reduction of risk exposure through oversight the audit services and counseling, and thus, increases the chances of achieving the designation of audit objectives.
Documented business	Is the work that had been recorded in writing, or through optical backup, or photography, and then signed the reference to its history, and retain it.
Illegal Acts	This refers to the violation of laws and regulations government regulations.
Commitment	Commitment to policies, plans, and procedures, laws, regulations, and contracts, and other legal and regulatory requirements.
Commitment	The case of meeting regulatory requirements or procedures adopted by the institution. The use of the term "consensus" in the context of this manual, on the use of the term "commitment" in these cases is more accurate technically.
Oversight activities	activities and procedures by which to obtain the necessary information to verify compliance with the regulatory requirements.
Objectives	The broader data the choice made by the institution of legislatively mandated goals.
The objectives of the Task	The statement or general reports to be prepared by members of the SAI , which shows the completion of the tasks of the work required.
Important	Is the relative importance is under review within the context of this matter, including quantitative and qualitative factors such as the size of this nature and its impact and its link with the subject. Vocational assessment helps members of the SAI during the assessment of the importance of matters within the context of the relevant objectives.

Working papers	Are all the documents he needs oversight group for planning and implementing oversight function . That could include working papers preview tables, tasks, checklists, reports, and other forms.
Control Program	The supervision program after the completion of the preliminary study, and through oversight plan closer areas detailed steps that are tested during the field work. Program objectives include oversight of the project by the General Director of oversight is adopted prior to the commencement of work in the field. The monitoring program of action, which will be done to Test controls in a particular area, as well as clarify the nature and the extent and timing of control measures , which will be prepared during the implementation phase. The monitoring program as a document that includes a list of control procedures that will be followed during the oversight function , also shows that the program objectives of the oversight function.
The program of work of the Mission	The document sets out a list of the procedures to be followed during the task, with a view to fulfill the plan set for this task.
Control environment	Is the attitude and behavior of the administration, and management on the importance of control (controls) within the institution, where the control environment arrangement system necessary to achieve the objectives of the system of internal control. Control environment consists of the following elements: • Integrity ethical values. • The Department's philosophy and the pattern of business operation • The organizational chart. • The powers and responsibilities. • Human resources policies and practices. • The efficiency of the staff.
Control	The detailed audit activities under control to verify compliance with the regulatory requirements.
Conflict of interest	Any relationship is not – or could not be in the interest of the institution. The conflict of interest that could affect the ability of the individual to carry out his duties and responsibilities in an objective and fair.
Continuous professional development	Interpretation of the continuous professional development of that system by which the parties can participate in which access to information with a view to improving professional services. This refers to the educational activities that are working to develop the possibilities (capacity) and preservation to enable professional accountants to perform their duties efficiently within their work environment.
Audit report	Is Location document and editor in writing, explain the objectives and scope of the results of oversight function . The results of oversight include abstracts and

	conclusions (views) and recommendations reached. The report of the oversight audit procedures and gives a brief account of the results of the control that is reached.
Control techniques described the technology	Are any tools checking mechanism (electronic), such as checking the software, generators, testing data, programs and scrutiny, which take place through computer programs, special scrutiny, audit techniques, which are assisted by the computer (the CCATS number).
Risk assessment	Is how to assess the risks in the enterprise. After identifying the targets (usually by the Administration), include the process of risk assessment to identify or definition of risks to reach those objectives and assess risks, which would lead to the classification of these risks to three levels: risk is high, medium, and low.
Recommendations	The necessary actions to be taken for the current conditions or to improve the work.
Entity	The Organization/ body/ area that will be subject to audit, and that is also on the "company" and "holder documents", "operator" and "the enterprise".
Advisory services	The purpose of these services is to bring added value and improved procedures for the institution of proper management of work (governance), risk management, and controls, internal audit, and any administrative responsibility in this aspect. Examples of these services to provide the SAI counseling services, facilities, and training.
Audit services (external)	Substantive audit evidence to prove scrutiny with a view to provide an independent assessment on governance, risk management, controls and procedures of an institution, as well as the assessment of financial matters, performance, commitment, integrity , and due diligence.
Error	Since this term is Audit reports related, the error in this case is an inaccurate or dropping unintentional missing information in drafting the final Audit Report.
Audit Plan	Audit Plan includes a list of all the work that has been planned for accomplishments throughout the year. Subject to change this plan, prepared during the phase of the audit plan. The audit plan is the preparation of plan using the information obtained from the preliminary study, and must include information on the area, which is subject to audit ,major operations, evaluations to be implemented, main contact, estimated time duration, and allocation of resources. The Administrator of the audit function, as well as members of the group, and approved by the Director of audit unit, must sign the audit plan
features or characteristics	Any property or characteristic of a product, a particular action, service, or the exercise to assess the extent of the commitment to the regulatory requirements.

Damage	Damage may include the independence of the institution, objective individuals, conflicting personal interests, limits the scope of the work, constraints access to records, member data, property, and limits of resources (funding).
Quality assurance	The work program on the assessment of the audit activity, aims to provide reasonable assurance to the audit function with standards for the professional practice. The program must include the following elements to ensure quality: • supervision. • Internal audits. • external audits.
Internal controls	Internal controls are the processes activated by the management of the enterprise, the administration, or other members, aiming at providing reasonable checklist on achieving objectives in the following categories: • Operational efficiency and effectiveness of operations. • reliability of financial reports. • compliance with laws and regulations in force.
General audit	Audit of a general level, for example the continuity of work plans, policies, procedures, and programs to ensure documented quality, solid organizational structures, administrative and approvals, and studies customer satisfaction.
Information technology controls	Controls are available to support business management and governance (sound management to work) as well as the provision of general and technical controls information technology infrastructure such as applications, information, infrastructure, and the members.
Adequate Audit	These controls can be sufficient if the Administration had planned and organized in a manner designed to provide reasonable assurance of sound risk management facing the audit substances, and in a manner that will ensure the achievement of the objectives and aspirations of the institution in an effective and economic way.
Operations	Is a set of activities prepared for balanced output to produce a certain specific market. Action is the organizational chart of the institution on the basis necessary to produce the value of the Parties of the relationship.
Major process	Is the process at the level of the audit substances, which relate to one of its activities. Usually, the major operations of the executive, and five or six of the operations associated with the activity, and four or five of support operations.
Basic Operation	Series of operations associated with the audit substances that are jointly major operations. An examples of basic operations within major operations of accounting and reporting are: the budget.

Due professional care	It is a call , by a member of the SAI to the application of the due diligence and skills expected of it in the same circumstances or similar circumstances. The practice of professional care when due to audit functions in accordance with standards for the professional practice. One of the most important requirements of professional care for the following: • must be independent in the discharge of his functions. • That is the implementation of audit functions by persons possessing adequate knowledge and skills and discipline necessary to perform their duties properly. • The audit reports objective and clear, precise, constructive and systematic. • To follow up on the results of audit , in order to verify to take appropriate action.
critical success factors	Depends on achieving the objectives of certain critical success factors, which can be the simplest ways and identify their knowledge through the following question: "What is the proper way to be followed" in order to facilitate the process of achieving the goals.
examination or monitoring	Audit function was the main activity , and an assessment of organized one of the characteristics of the institution to verify compliance with regulatory requirements or procedures adopted within the institution. This refers also to the examination officer (Examiner) in the performance of this activity.
The team leader	Is the person who will be appointed by the audit Director to control the functional or operational aspects of the audit areas. Commander may appoint a deputy to oversee the specialized areas of audit function. Member of Oversight Group : Is the person who is appointed by the leader of the team to participate in the oversight function.
The entity which is subject to scrutiny	Include any legal entity, organization, or the draft, or an accounting module, or circuit, or local government, or governmental unit such as schools or hospitals, which are subject to scrutiny activity.
List of professional ethics	The list of professional ethics and principles of relevant audit profession, which represent the performance of duty rules that illustrate the expected performance of SAI member. It is a list of Professional Ethics applicable to each of the parties and entities that provide audit services. The purpose of this regulation is to create a culture of ethics in the audit profession on a global level.
Key performance Indicators	Key performance indicators are the tools of measurement or assessment of use by the Department in determining the extent to which the critical success factors, and goals. SAI members could have accurate understanding by the understanding of how to control the administration and management of operations and areas that could face

	real dangers, which are not under control. In addition, the use of these indicators clear vision controls environment and the ability to take risks.
Follow-up	The final control, which focus on the results of the corrective actions that are out of the control function.
The Council	The enterprise is a regulatory body, such as the Council of Administration, or monitoring board, or the President of the Agency or the legislature, or the Board of Governors, or custodians of the non-profit, or any other body the institution, including the Commission on Audit, which raises to the Chief Executive to scrutinize his reports.
Risks	Possibility of a particular incident that could affect the process of achieving the goals. Risk is measured in terms of the impact and potential complementarities. Risk is the uncertainty regarding the incident certain future that threatens the capacity of the institution to accomplish their tasks or achieve its goals.
Remaining risks	The risks that remain after the administration to take appropriate action to reduce the impact of the probability of accidents anti (opposite), including the activities of controls in response to a particular risk.
irregularities or errors	This refers to the lack of proper articulation or deliberate omission of information task in accounting records, or financial lists, or other reports or documents or records. These include errors: (a) Financial Reporting incorrect (reports) which makes fraudulent financial statements misleading. (b) misappropriation of assets. Also included in these errors: • forgery or alteration of accounting records or other records and documents of identity. • deliberate omission on the application of accounting principles. • deliberate distortion or omission of events, transactions, or other important information.
External Auditor	This refers to the specialized staff, which performs the functions of an independent annual audit of the financial lists to an institution.
Censorship director	Is the person who is appointed by the Party concerned, which would be responsible for the planning and delivery control function.
external service provider	person or company from outside the institution, and has the knowledge, skills and experience, especially in a particular area.
The level of foot to risk (risk appetite)	Is the level of risk, which can be accepted by the institution.
The level of the Sub-Commission	One of the basic elements of the operations.

A matrix assessment of risks and controls	This matrix to determine the work processes, and the risks associated with each of the operations, as well as to identify appropriate controls for each of them, including the characteristics of the appropriate controls and tests to ensure that appropriate controls and the extent of its efficiency in accordance with the purposes for which they exist.
The task of working	The specific checks, or specific audit activity such as internal audit, evaluation or audit self-regulatory instruments (controls), or investigate fraud, or provide consulting services. May
Substantive	The non-biased attitude of mind which allows for members of the completion of their duties in the manner that they see that it would be more appropriate to achieve the objectives of their work, without compromising the quality of the work.
The results of the principal audit	The situations or circumstances that could adversely affect the institution or areas for improvement. The audit results can be important to include cases which deal with offenses, or illegal acts, or errors, or lack of efficiency, or waste, or lack of effectiveness, or conflict with the interests, or poor controls.
The results of the audit function	Non-compliance with legislative or regulatory requirements or procedures adopted by the institution.
As a result of audit	Lack of commitment to a particular regulatory requirement or agreed procedure in the institution. Is such a result during the oversight function , and is documented in a form designed for this purpose.
Audit activity	The circle, or section, or consultative group, or other parties to provide audit and consulting services independent and objective to add value and improve the performance of the work of the institution. Internal audit activity will help the institution to achieve its objectives through the creation of effective and systematic methodology for assessing and improving the effectiveness of the sound management of business, risk management, controls and procedures.
The audit scope	Refers to the scope of the audit activities covered by the work of the SAI audit staff member, and this includes the scope – where appropriate, the following: • Audit objectives • The nature and extent of the control measures implemented • The time duration of the audit cycle • Relevant activities that are not to demarcate the borders audit function.