COMPTROLLER OF ACCOUNTS

Ministry of Finance
Government of the Republic of Trinidad Tobago

Internal Audit Manual

Prepared by the Financial Management Branch,
Treasury Division, Ministry of Finance
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>iii</td>
</tr>
<tr>
<td>1. The Internal Audit Environment</td>
<td></td>
</tr>
<tr>
<td>1.1 Legislative Framework – Specific to the Government of the Republic of Trinidad and Tobago</td>
<td></td>
</tr>
<tr>
<td>The Constitution of the Republic of Trinidad and Tobago</td>
<td>4</td>
</tr>
<tr>
<td>1.1.2 The Exchequer and Audit Act, Chapter 69:01</td>
<td>6</td>
</tr>
<tr>
<td>1.1.3 The Financial Regulations to the Exchequer and Audit act</td>
<td>6</td>
</tr>
<tr>
<td>1.1.4 The Financial Instructions 1965</td>
<td>7</td>
</tr>
<tr>
<td>1.1.5 Ministry of Finance and Comptroller of Accounts Circulars</td>
<td>7</td>
</tr>
<tr>
<td>1.1.6 Manual of Terms &amp; conditions of Employment</td>
<td>7</td>
</tr>
<tr>
<td>1.1.7 Chief Personnel Circulars</td>
<td>8</td>
</tr>
<tr>
<td>1.1.8 Commissions and Relevant Acts</td>
<td>8</td>
</tr>
<tr>
<td>1.1.9 Civil Service Act Chapter 23:01</td>
<td>9</td>
</tr>
<tr>
<td>1.1.10 Civil Service Regulations</td>
<td>9</td>
</tr>
<tr>
<td>1.1.11 Civil Service (External Affairs) Regulations</td>
<td>10</td>
</tr>
<tr>
<td>1.1.12 Public Service Commission Regulation, 1966</td>
<td>11</td>
</tr>
<tr>
<td>1.2 The Changing Environment of Internal Auditing</td>
<td></td>
</tr>
<tr>
<td>1.2.1 Compliance vs. Risk</td>
<td>12</td>
</tr>
<tr>
<td>1.2.2 Manual Environment vs. Information Technology Environment</td>
<td>13</td>
</tr>
<tr>
<td>1.2.3 Independence – Location vs. Mental Attitude</td>
<td>14</td>
</tr>
<tr>
<td>1.2.4 Post-Auditing vs. Ongoing Audits</td>
<td>15</td>
</tr>
<tr>
<td>1.3 International Standards</td>
<td></td>
</tr>
<tr>
<td>1.3.1 International Best Practice</td>
<td></td>
</tr>
<tr>
<td>1.3.2 The Code of Ethics</td>
<td></td>
</tr>
<tr>
<td>1.3.3 Rules of Conduct</td>
<td></td>
</tr>
<tr>
<td>1.3.4 International Auditing Standards</td>
<td></td>
</tr>
</tbody>
</table>
1.4 The Committee of Sponsoring Organisations

1.4.1 Control Environment
1.4.2 Risk Assessment
1.4.3 Control Activities
1.4.4 Information and Communication
1.4.5 Monitoring
1.4.6 Criteria of Control Committee
1.4.7 Summary
Introduction

(i) Purpose

This Internal Audit manual is designed to provide a comprehensive guidance for the development and operations of internal auditing in the Public Service. It is intended to be used as a source of reference and guidance for Internal Auditors in the daily performance of their duties. Users of this manual are assumed to possess a basic knowledge and understanding of management framework with practical guidance, tools and information for managing the Internal Audit activity and for planning, coordinating and reporting to Management / the Accounting Officer.

Against this background, this document aims to provide a standard set of guidelines regarding Internal Auditing in the Public Service.

Internal Auditors must keep pace with current trends in their profession if they are to remain effective in assisting management in the proper discharge of their duties.

The Comptroller of Accounts believes that this manual will set the tone and will create the necessary impetus for a sustainable and effective Internal Auditing mechanism in Government.

(ii) Definition of Internal Auditing

The Institute of Internal Auditors (IIA) (the world-wide professional organization for Internal Auditing) defines internal audit as:-

‘Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.’

In order to assist Accounting Officers in achieving their objectives in an intelligent manner, Internal Auditors must be aware of the environment in which they operate and the rules which govern their work activities.
(iii) The Objective of Internal Auditing

The overall objective of Internal Auditing is to assist the Accounting Officer in the effective discharge of his/her responsibilities by furnishing objective analyses, appraisals, recommendations and pertinent comments on the activities reviewed.

The Internal Auditor must therefore be involved in any phase of activity in which he can be of service to the Accounting Officer.

Activities include:

- appraising the soundness and application of accounting, financial and operating controls;
- ascertaining the reliability of accounting and other data developed within the organization;
- ascertaining the extent of compliance with established policies and procedures;
- appraising the quality of performance in carrying out assigned responsibilities;

NB: Please note that this Auditing Manual is a work in progress. Inclusions will be inserted as the various sections are developed, reviewed and verified.
Chapter 1

Internal Audit Environment

The Internal Audit Environment is shown on the flowchart at figure 1, page 2. The various components are as follows:-

- Legislative Framework- specific to the Government of Trinidad and Tobago;
- Legislative Framework – International Best Practice;
- The Treasury;
- The Accounting Officer;
- Minister of Finance;
- The Auditor General Department;
- The Parliament.

The ensuing sections give details of these areas.
Figure 1 – *The Internal Audit Environment*

The Internal Audit Environment

**Legislative Framework Specific to GORTT**
- Constitution of the Republic of Trinidad & Tobago
- The Exchequer & Audit Act Chap: 69:01
- Financial Regulations
- Financial Instructions 1965
- Civil Service Act.
- Public Service Regulations
- Terms & Conditions of Employment
- Relevant Circulars

**International Best Practice**
- Institute of Internal Auditors (IIA) (International Auditing Standards)
- COSO
- COBIT
- International Accounting Standards (IAS)

**Establishes, Overseers & Monitors**

**Reports to**
- Auditor General’s Department
  - Provides guidance on:
    - Work Programme
    - Audit Reports
    - Auditing & Accounting Standards

- The Treasury
  - The Accounting Officer
    - Appointed by the Minister of Finance
      - Governance & Transparency

- The Internal Audit Environment
  - International Best Practice

- The Treasury
  - The Accounting Officer
    - Reports to
      - Parliament
      - The Minister of Finance

**The Changing Environment of Internal Audit**

**Current Environment**
- Compliance
- Independence
- Post Auditing
- Manual

**New Environment**
- Risk management
- Independence
- During the Audit
- IT Environment

**Relationship with Objectives**
- Contribute to the organization achieving its objectives by improving the effectiveness of Risk management controls & processes

**Minister of Finance**

- Reports to
  - Auditor General’s Department
  - Parliament

**Objectives**
- Contribute to the organization achieving its objectives by improving the effectiveness of Risk management controls & processes

**Auditor General’s Department**
- Provides guidance on:
  - Work Programme
  - Audit Reports
  - Auditing & Accounting Standards
  - Audits the work done by the Internal Auditor

**Reports to**
- The Treasury
- The Accounting Officer
- Minister of Finance
- Parliament
1.1 Legislative Framework – Specific to the Government of the Republic of Trinidad and Tobago

Internal Auditors in the operation and execution of their duties are governed by legal provisions. These provisions are as follows:-

1.1.1 The Constitution of the Republic of Trinidad and Tobago Ch 1:01

Chapter 8 of the Constitution of the Republic of Trinidad and Tobago deals with Finance and outlines the following requirements:-

- The establishment of the Consolidated Fund
- The authorization of expenditure from the Consolidated Fund
- The responsibility of the Minister of Finance
- The establishment of the Office and the functions of the Auditor General
- The requirements for the appointment of the Auditor General and the setting up of the Public Accounts Committee.

Chapter 8, Section 113 (1) of the Constitution of the Republic of Trinidad and Tobago states:-

(1) “The Minister responsible for Finance shall cause to be prepared and laid before the House of Representatives before or not later than thirty days after the commencement of each financial year estimates of revenues and expenditure of Trinidad and Tobago for that year.”

Chapter 8, Section 116 (1-2) of the Constitution of the Republic of Trinidad and Tobago states:-

(1) “There shall be an Auditor General for Trinidad and Tobago, whose office shall be a public office.”

and

(2) “The public accounts of Trinidad and Tobago and of all officers, courts and authorities of Trinidad and Tobago shall be audited and reported on annually by the Auditor General, and for that purpose the Auditor General or any person authorized by him in that behalf shall have access to all books, records, returns and other documents relating to those accounts.”

In order to assist the Minister of Finance in complying with these provisions, Accounting Officers are charged with the responsibility for preparing and submitting the estimates of revenue and expenditure to the Minister of Finance and the Appropriation Accounts to
the Auditor General. Accounting Officers have the responsibility of ensuring that proper systems of accounting as prescribed by the Treasury are establish and maintained within their respective Ministry/Department.

The Auditor General is empowered by the Constitution to carry out audits of the accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the State. She shall submit reports annually to the Speaker, the President of the Senate and the Minister of Finance. The Auditor General is also responsible for monitoring the systems and records used in the preparation of these accounts to ascertain whether they are functioning properly and are in compliance with the relevant laws and guidance.

Internal Auditors in Central Government are charged with the responsibility of assisting Accounting Officers in the effective discharge of their duties as defined in the Exchequer and Audit Act, Chapter 69:01. Internal Auditors must examine the records of their Ministries/Departments in order to ascertain the extent of compliance with established policies and procedures as established by the Treasury and must ensure that expenditure incurred and revenue earned conform to the Estimates of Expenditure/Revenue approved by Parliament. They must also ensure that expenditure incurred under the various votes, are made in accordance with Budgeted Allocations and that expenditure does not exceed releases granted.

1.1.2 The Exchequer and Audit Act, Chapter 69:01

In the daily performance of their duties, Officers are guided by and operate under the rules as enshrined in the Exchequer and Audit Act, Chap.69:01.

This Act provides for:-

- the control and management of the public finances in the Republic of Trinidad and Tobago;
- the duties and powers of the Auditor General;
- the collection of, issue and payment of public moneys;
- the audit of the Public Accounts and the protection and recovery of public property;
- the control of the powers of statutory bodies and for matters connected therewith.

The Act also interprets the title of the Accounting Officer in Part I Section 2 which states inter-alia:-

“an accounting officer means any person appointed by the Treasury and charged with the duty of accounting for any service in respect of which moneys have been appropriated by the Constitution or by Parliament, or any person to whom issues are made from the Exchequer Account.”
Internal Auditors are a valuable resource for Accounting Officers and as such must be aware of the role of the Accounting Officer.

1.1.3 The Financial Regulations to the Exchequer and Audit Act, Chapter 69:01

In addition to the Exchequer and Audit Act which states and interprets the law, Internal Auditors are also guided by the Financial Regulations in their daily operations. These Regulations provide a more detailed guidance and makes provision for an independent Internal Audit Unit.

Part II Section 13 (4) of the Regulations states:-

“Each Accounting Unit shall have a check staff and an independent internal audit unit”

Part II Sections 4 (1) and (3) of the Exchequer and Audit Act makes provision for the control and management of the accounts.

Part I Section 8 of the Regulations also states:

“It is the duty of an accounting officer to –
   (a) ensure that the proper system of accounting as prescribed by the Treasury is established and maintained.”

Guided by the Financial Regulations in their role and responsibilities, Internal Auditors will be able to give assurance to Accounting Officers that records are accurate, systems of internal controls are performing effectively, and there is compliance with systems laid down by the Treasury.

1.1.4 The Financial Instructions 1965

The Financial Instructions 1965 was issued by the Treasury under Section 4 of the Exchequer and Audit Ordinance 1959. These Instructions give details on accounting procedures to be adopted by the various Ministries/Departments so as to promote reliance on the accuracy of records and to ensure that systems are functioning as intended.
1.1.5 Ministry of Finance and Comptroller of Accounts Circulars

Circulars are issued from time to time by the Minister of Finance and the Comptroller of Accounts.

- Circulars from the Minister of Finance are issued when new accounting systems/procedures are being introduced.
- Circulars from the Comptroller of Accounts are issued for clarification/updating of existing systems and procedures.

1.1.6 Manual of the Terms & Conditions of Employment

The terms and condition of employment for officers employed in the Public Service has been compiled in a manual by the Chief Personnel Officer (CPO). Unlike the Financial Regulations which deals with accounting matters within the Public Service and the treatment of such, the Manual of the Terms and Conditions of Employment addresses the administration of rules, regulations and circular instructions relating to the terms of employment of Officers in the Public Service.

Section I of the manual embodies those rulings, guidelines, interpretations and classifications that are most frequently sought from the CPO in respect of areas such as:

- hours of work,
- treatment of work in excess of normal working hours,
- different types of leave, traveling and subsistence allowance,
- transfers between Trinidad and Tobago,
- uniform and
- employment on contract.

Each area dealt with in the Manual is referenced to the relevant regulations from the Civil Service, Public Service, CPO and Ministry of Finance Circulars.

Sections II and III of the manual contain circulars/circular memoranda mentioned in Section I. The manual must be read in conjunction with the relevant provisions of the Civil Service Regulation, Public Service Regulation or the Traveling Allowances Regulations as may be appropriate.

This manual is one of the tools used by the Internal Auditor in interpreting and clarifying issues on the terms and conditions of employment of officers employed in the Public Service.
1.1.7 Chief Personnel Officer Circulars

The Chief Personnel Officer issues circulars from time to time for the variation of officer’s terms and conditions of employment in relation to the terms and conditions, salaries and allowances for all officers employed in the Civil Service as well as clarification of existing circulars when necessary.

1.1.8 Commissions and Relevant Acts

Various Commissions established under the Constitution of the Republic of Trinidad and Tobago are as follows:-

1. Public Service Commission
2. Police Service Commission
3. Teaching Service Commission
4. Judicial and Legal Service Commission
5. Statutory Authorities Commissions

These Commissions are followed by specific Acts and Regulations governing the relevant service are as follows:-

- Public Service Commission:
  - Civil Service Act Chapter 35:50 – Civil Service
  - Fire Service Act Chapter 23:01 – Fire Service
  - Prison Service Act Chapter 13:02 – Prison Service

- Police Service Commission:
  - Police Service Act Chapter 15:01 – Police Service

- Teaching Service Commission:
  - Education Act Chapter 39:01 – Teaching Service

- Judicial and Legal Service Commission:
  - Judicial & Legal Service Act Chapter 6:01 – Judicial and Legal Service

- Statutory Authorities Commission
  - Statutory Authorities Act Chapter 34:01 - Statutory Bodies
1.1.9 Civil Service Act Chapter 23:01

The Civil Service Act, Chapter 23:01 makes provision for the establishment and classification of:

- the Civil Service,
- a Personnel Department,
- procedures for negotiations and consultation between the Government and members of the Civil Service,
- the settlement of disputes,
- other matters concerning the relationship between the Government and the Civil Service.

The Act outlines the terms and conditions of employment of officers employed in the Civil Service.

1.1.10 Civil Service Regulations

The Civil Service Regulations guided by the Civil Service Act, Chapter 23:01 defines the various positions within the Civil Service and the details of the entitlements of these positions. The Regulations also treats with various areas such as probation periods, secondment, remuneration, increments, allowances, payment of pensions and gratuities and other matters relating to officers.

An amendment to the Regulations in 1996 made provision for the Code of Conduct. It is recommended that copies of the Regulations and Code of Conduct should be given to every officer on their first appointment by the Public Service Commission by which he was appointed together with his letter of appointment.

The Code of Conduct in the Civil Service Regulation deals with the conduct of an officer while the Public Service Commission Regulations defines the method for dealing with an officer’s discipline and the relevant disciplinary action to be taken.

1.1.11 Civil Service (External Affairs) Regulations

The Civil Service (External Affairs) Regulations established under the Civil Service Act, provides detailed requirements for Foreign Service Officers at the various Missions and the entitlements to those Officers. Areas addressed under the Regulations are as follows:

- Entry into the Foreign Service;
- Postings to and from the Missions;
- Allowances and other benefits;
- Housing accommodations;
- Leave and leave passage; and
- Conduct of officers assigned to the Missions.
1.1.12 Public Service Commission Regulations, 1966

The Public Service Commission Regulations defines the following:

The “Public Service” includes the Civil Service, the Fire Service, the Prison Service, and for the purposes of Section 53 of the Education Act, shall be deemed to include the Teaching Service.

An “officer” means a person employed in that part of the Public Service established respectively as the Civil Service, the Fire Service, the Prison Service, or any other service in the Public Service who is subject to the jurisdiction of the Commission and, for the purposes of Section 53 of the Education Act, shall be deemed to include all persons employed in the Teaching Service.

A “Public Office” includes the Civil Service, the Fire Service, the Prison Service, and for the purposes of Section 53 of the Education Act, shall be deemed to include the Teaching Service.

The Public Service Commission Regulations addresses the following areas within the Public Service:

1. Appointments
2. Promotions
3. Transfers
4. Staff reports
5. Resignations
6. Retirement
7. Termination of appointments

The Civil Service Regulations also deals with the recruitment of officers as well as the terms and conditions of these officers. The Public Service Regulations provides all officers and in particular the Internal Auditor with the necessary guidance and knowledge in interpreting matters listed above.

The Civil Service Act, Chapter 23:01 amended in 1966 provides for a Code of Conduct which addresses the general conduct of a Civil Servant whereas the methods for dealing with Public Officers’ discipline and disciplinary actions are covered by the Public Service Commissions Regulations.
The Internal Auditor in the conduct of the audit must be knowledgeable of the following laws in relation to the various bodies:

1. The Civil Service Act, Chapter 23:01
2. The Fire Service Act, Chapter 23:01
3. The Prison Service Act, Chapter:13:02
4. The Police Service Act, Chapter: 15:01
5. The Education Act, Chapter 39:01
6. The Statutory Authorities Act, Chapter 34:01

The various Acts, Regulations, Instructions and Circulars are some of the main tools used by Internal Auditors. The Internal Auditor must be knowledgeable of all aspects in order to interpret and apply them to accounting transactions, verify compliance with the relevant laws and provide advice and recommendations to his Accounting Officer.

The Internal Auditor, in assessing and reviewing the existing internal controls provides Accounting Officers with an independent assessment of the Department’s internal controls and risk management framework and policies. This promotes reliability of information provided and used in the decision-making process.

Summary to this Section- **The legislative framework – specific to Government of the Republic of Trinidad and Tobago provides guidance and assists the internal auditors in their daily function and is MANDATORY as tools to be used in all Internal Audit and Accounting Units in the Public Service.**
1.2 The Changing Environment of Internal Auditing

The increasing demand for good governance and transparency by the citizenry in the use of taxpayer’s dollars has impacted the way in which organizations conducted their businesses in the past. In order to facilitate this demand for good governance and transparency and in keeping with Government’s mission and vision, the Public Service business processes, communication techniques, and delivery services are continuously being upgraded and transformed.

In this changing environment where the pace of Legislative Reform tends to lag behind, the Internal Auditor is met with challenges in carrying out his responsibilities. In order to cope with these challenges, the Internal Auditor must adopt relevant Standards and Tools from internationally recognized Auditing and Accounting bodies in the conduct of their audits.

In the past the focus of Internal Audit activities within the Public Service was in the areas of compliance, independence, post-auditing and auditing in a manual environment. This traditional approach has continued in audit activities in the current environment. Internal Auditors must now enhance their approach in order to fulfill their audit responsibilities in this continuously evolving environment.

1.2.1 Compliance vs Risk Management

Presently Internal Auditors are primarily concerned with checking accounting transactions (historical) for compliance with financial laws. Checks are transaction based with a financial focus in accordance with the relevant authorities and adherence to prescribed policies, procedures and systems.

While compliance to relevant authorities, policies and procedures continues to be important, the way in which compliance is currently being carried out must now change to compliance with a risk focus. The Internal Auditor must be able to assess whether the existing controls are adequate and relevant in addressing existing and potential risks which can prevent/delay the organization achieving its objective.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO), an internationally recognized body gives guidance on monitoring internal controls systems. COSO recognizes that risk changes over time and as such internal control systems need to be reassessed for relevance and must address new risks as they emerge.

Ongoing assessment is recommended through the monitoring and evaluation of the organization’s internal control system and should be able to ascertain whether:

- management needs to reconsider the design of the existing controls when risk changes and
- the controls which were designed to reduce risk at an acceptable level, continues to operate effectively.
With ongoing assessments and the efficient and effective management of risks through strong internal controls, the organization is able to have:

- more efficient, reliable and cost effective delivery of services to its customers;
- more reliable decisions;
- innovation;
- minimal waste and fraud;
- better value for money through the efficient use of resources;
- improved project and programme management – better outputs and outcomes.

Once risks are mitigated, the organization’s performance will improve and the likelihood of its strategic and current objectives being achieved will increase.

1.2.2 Manual Environment vs. Information Technology Environment

Internal Auditors have traditionally operated in a paper based environment within the Public Service. Checks for completeness, accuracy and verification of accounting transactions are carried out against the relevant hard copy documents. A manual system provides an audit trail which allows the Auditor to trace a transaction from its source to its completion. While manual processing has its advantages it often operates at a slower pace and is prone to a higher degree of errors.

Government, in improving its business processes with the aim of promoting the efficiency and timeliness of its service delivery to its customers is engaged in ongoing development and implementation of Information Technology (IT) related systems within the Public Service. Internal Auditors must now be able to identify and assess the controls in this computerized environment. Auditing software is now available for use by Internal Auditors in the form of Computer Assisted Auditing Techniques (CAAT). With CAAT tools, an auditor can review, test and analyze an entire population of data. Some areas of testing include testing in compliance with standards, identifying control issues, verification of balances etc.

With the continuous development in new IT systems and the upgrading of existing ones, business processes are constantly evolving with IT driven processes. Several accounting and reporting processes within the Public Service are undergoing changes due to the incorporation of either partially or wholly IT applications into its processes.

With the introduction and varying complexity of computerized systems, there exists a corresponding loss of audit trail. The Internal Auditor must now tailor his audit activities in order to give assurance on the integrity, accuracy, validity, timeliness and completeness of outputs derived from such systems. He must assess the controls for adequacy and relevance which will mitigate any risk which may prevent or delay the organization’s ability in meeting its objectives.
Some areas of risk in an IT environment that the Internal Auditors must consider in relation to internal controls are:

- Data input
- Controls that are no longer relevant
- Hardware failure
- Threats /viruses
- System failure
- Fraud – human factor
- Resource management – efficient use of

**COBIT** , Control Objectives for Information and related Technology, is a framework which addresses IT governance and gives guidance to management, IT professionals and auditors on strategy and tactics that can best contribute to the achievement of the organization’s objectives.

A methodology consisting of recognized and accepted standards and controls which is able to assist IT professionals in implementation, reviewing, administrating and monitoring various IT processes of the organization is available using COBIT. It is a tool that can be used to assist them in linking Information Technology and control practices and addresses the needs of IT governance and the integrity of information and information systems.

COBIT can be used by the Internal Auditor to:

- establish and review control baselines and standards:
- facilitate and creates performance metrics for risk assessments
- develop audit plan
- facilitate the audit
- manage residual risk
- issue control advisory and recommendations to IT groups.

While there is currently no legislation on auditing in an IT environment in the Public Service, the Treasury advises that the principles with respect to COBIT be incorporated into the design of their audit work programme. In this regard, the Internal Auditor must consult with the Treasury Division for guidance on these matters.

### 1.2.3 Independence - Location vs. Mental Attitude

It is usual for Internal Audit Units within Ministries/Departments to be set up separately from the Accounting Units for which most of its audit activities are carried out. This was seen to promote the independence of the Internal Auditor. While independence is encouraged by separate location, the need for independence must shift to one where it is more a state of mind. In an era of new accountability and control there is a need for greater transparency and accountability in the use of public funds.
The Internal Auditor, in meeting his responsibilities must conduct the audit in line with the organization objectives for transparency and accountability. This will require the Internal Auditor to develop a sound working relationship with management and relevant staff at all levels. The internal auditor’s knowledge and understanding of the organization will assist in building effective relationships and in evaluating and improving the effectiveness of risk management, internal controls and governance processes. Also, an effective and well run audit team will be sought out for services, information and guidance.

The Internal Auditor must analyze the strengths and weaknesses of the organization’s internal controls, considering its governance, organizational culture, and related threats and opportunities for improvement which can affect whether the organization is able to achieve its goals.

Internal Auditors may be called upon to advice on controls necessary in the development of new systems for the organization and may also be involved in the auditing of those systems for efficiency and effectiveness of the controls in place. In order to maintain independence in these circumstances, Audit Committees within the Organizations can be set up to review the Audit Report of the Internal Auditor.

Independence and objectivity continues to be required of the Internal Auditor in the performance of his duties. He must have an unbiased mental attitude in the performance of his engagements in such a manner that the quality and integrity of his work is not compromised in any way.

1.2.4 Post-Auditing vs. Ongoing Audits

The work viewed by the Internal Auditor has been primarily historical in nature. Upon completion of the transaction process, the Internal Auditor verifies the various accounting transactions for compliance, accuracy and completeness. Errors and irregularities are often discovered at this stage. With the emphasis on good governance and transparency this continued approach to auditing will not mitigate impending risks. Risk-based auditing allows the Internal Auditor to continuously assess new and emerging risk and to review existing policies and procedures in order to strengthen where necessary. Reports from ongoing audits may recommend new controls, where needed, in order to safeguard and use the resources of the organization in an efficient manner, add value to and improve its operations.