

Name of MDA:
Internal Audit Unit

Form 11: Risk-Based Annual Internal Audit Plan of the Year (20.....) (For AIAP)

1.1. Purpose of the annual internal audit plan

This annual internal audit plan has been prepared to guide internal audit activity of IAU in the year (20....). Approval of this plan by the PAO, further strengthen the purpose, authority and responsibility of IAU as mentioned in the internal audit charter.

1.2. Risk assessment and preparation of annual internal audit plan

The internal audit manual has been followed to assess risk associated with auditable areas of various projects and operational offices areas under MDA while preparing an annual internal audit plan. All procedures are documented using standard forms, which are part and partial of the internal audit manual. Risk assessment procedures have channeled inputs of MDA Head, project and operational managers, concern officials and other stakeholders and beneficiaries. IAU further refined the inputs and Information by using risk factors related to auditable areas.

1.3. Essence of the plan

The risk assessment process identified (...) potential audits. Based on the available audit resources, working days of audit team (...) audits are proposed to undertake in the year (20...). Out of that (...) are related to the projects under MDA and (...) are related to the offices' operational activities of MDA. Based on the areas (...) are related to financial management, (...) are to Procurement and contract administration and (...) are related to the project and operational management, likewise (5) are other issues identified through the risk assessment process.

2. Client Profile

2.1. Overview

.....

2.2. Objective

.....

2.3. Budget of the MDA Annual Work plan and Budget Year.....

The following table provides brief information on the budget allocated for projects and operational areas:

No.	Offices /Projects	Estimated Budget and Expenditure
1		
2		
3		
4		
5		
	TOTAL	

3. Purpose, Authority and Responsibility of the Internal Audit Unit

3.1.Purpose

The IAU is to provide independent, objective, assurance services to add value and improve the operations of MDA. It helps the MDA accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The IAU is guided by a value driven philosophy of partnering with other departmental units and development partners to continuously improve the operations of the projects and activities under MDA.

3.2. Authority

The internal auditor is authorized to enter and remain on the auditee's premises during working hours, entitled to full access to documents, reports or properties belongings to MDA's and may examine, make copies or extract documents from any report. The internal auditors of IAU will enjoy free access and support from the auditees in discharging internal audit responsibilities. Any staff not providing information, access and other support required for internal audit may be subject to disciplinary action. The authority of the internal auditor, therefore has unrestricted and timely access and support for audit purposes.

3.3.Responsibility

The chief of the IAU and other auditors are responsible for providing independent, objective assurance services to the MDA. The responsibility of the internal audit is to assess the adequacy and effectiveness of risk management, controls and governance process and recommend improvement. Helping in improving operations and in achievement of objectives of MDA are central to the responsibility.

4. Objectives of Audit

The internal audit has the objective of providing assurance services to senior management, project and operational management and other stakeholders on the implementation of projects and activities for the purpose they are intended to. Improve operational efficiencies and risk management, governance process and internal controls system at MDA, projects and offices activities under MDA through evaluation and offer recommendation for improvement is in center of internal audit objective. Internal audit activity with a focus on the following has an objective to help MDA achieve its objectives.

4.1. Governance related

- i. Promoting appropriate ethics and values within the organization;
- ii. Ensuring effective organizational performance management and accountability;
- iii. Communicating risk and control information to appropriate areas of the organization; and
- iv. Coordinating the activities of and communicating information among the MDA, OCAG and internal auditors, and management.

4.2. Risk management related

- v. Organizational objectives support and align with the organization's mission;
- vi. Significant risks are identified and assessed;
- vii. Appropriate risk responses are selected that align risks with the organization's risk appetite; and
- viii. Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.

4.3. Internal Control related:

- i. Reliability and integrity of financial and operational information;
- ii. Effectiveness and efficiency of operations and programs;
- iii. Safeguarding of assets; and
- iv. Compliance with laws, regulations, policies, procedures, and contracts.

4.4. Fraud related:

The IAU has the objective of also evaluating the potential for the occurrence of fraud and how the organization manages fraud risk.

5. Audit schedule and Audit team

The IAU is responsible to cover all activities under MDA and provide audit/assurance services. To best utilization of limited internal audit resources and focus on the areas of high risks, the audit scope has been determined based on the risk assessed that is in line with the risk-based audit strategy. Based on the assessed risk and available internal audit resources are allocated

for...audits. With.... staffs the IAU can audit only...month's transactions from....to of ministries and standalone projects, and can audit only... out of

No.	Offices /Projects	Areas and Scope of Audit	Audit Schedule		Audit Team and (working days)	
			Starting date	Reporting date	Auditor	Auditor
1						
2						
3						
4						
5						

While preparing individual internal audit plans for audits of those areas, the IAU will have defined the objective of each audit. The nature of the areas under audit and objective will determines the scope of each audit. It may be limited to some specific activities such as annual work plan and budget preparation, design of construction work, procurement of goods, works and services, and quarterly financial reporting. It may cover related activities of one or two quarters, of the whole year or in some instances internal audit may need to the extent its scope beyond a financial year. Scope of audit beyond a financial year is not normal for financial transactions but may be for project management and procurement related issues/areas. If the case is related the fraudulent activities and corruption, an internal audit has to expand its scope for longer periods as required. In this way the audit scope may be the part of the organization, programme, activity or function to be examined.

6. Methodology of Audit Execution

It is the auditable area and audit program under the individual audit plan/program and objective of audit that determine the methodology of audit execution. The objective of the individual audit plan/program will have identified the need for a specific audit execution methodology. Audit methodology, therefore may include the evaluation of internal control and risk management system and may require conducting substantive or detailed tests. The substantive test procedure will includes conducting examination, verification, evaluation, analysis, field visit and observation to meet the objectives of the audit plan/ program. Audit execution will be nothing more or less than putting an individual internal audit plans in action.

Identifying, analyzing, evaluating and documenting sufficient information to achieve the objective of an individual audit plan/program will be at the center of the audit execution process. Physical observation, interviewing, questionnaires, document

review, and data analysis will be the main techniques used in the audit execution process.

7. Outsourcing/ Co-Sourcing of Experts (if any)

IAU lacks the expertise in the technical areas. There is a need for outsourcing/co-sourcing expert's services for following audits. This will cost BDT Outsourcing/co-sourcing of experts will not only support to the achievement of audit objectives of individual audits but also enhance the capacity of IAU in the related field. IAU also plan to involve experts working within the MDA for specific inputs and involvement in the audit.

No.	Office /Project	Issues/areas	Types of experts required
1			
2			
3			

8. Risk assessment and Annual audit planning.

Risk assessment and preparation of risk-based annual audit plan is one of the main annual activities of IAU. The process for the preparation of the annual audit plan for the year will run for two months, July and August. This will be a comprehensive consulting; evaluation exercise and Inputs and information should collect through discussion/meeting/questionnaire/workshop etc. with management and auditee that will channel concerns of senior management, project and operational managers, other officials, development partners, beneficiaries, and other stake holders in form of risk. IAU will process all inputs and information received, review its own records and use professional judgement to assess the risk and finalize the list of auditable areas that can be audited as per available internal audit resources/working days.

9. Approval Request

The IAU must submit an annual internal audit plan to the PAO for review and approval.

10. Approval of Annual Internal Audit Plan

The PAO and MDA Audit Committee reviews and approves the annual audit plan for the IAU of MDA to implement.