

Management Expectations from Internal Audit Reports

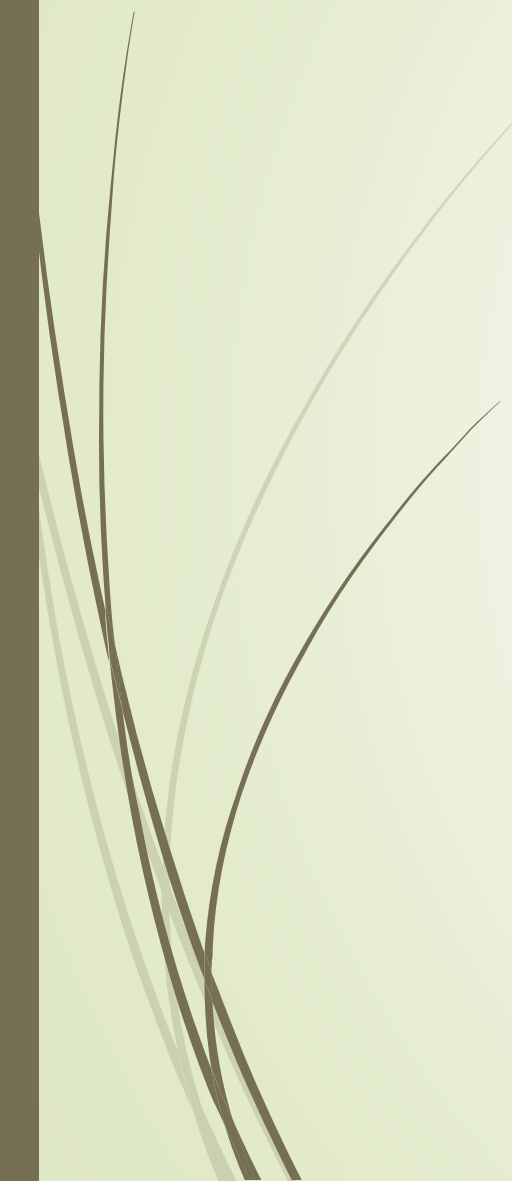
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Outline

- Know your Organisation
 - Internal Control in general
 - Management
 - The Role and Place of Internal Audit
 - Some Concluding Remarks
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KNOW YOUR ORGANISATION

- Nature of its business
- The Industry and competitors
- Stakeholders and Governance Structure
 - Public versus Private Organisations
- Board of Directors/Governing Council
- Management
- Senate
- Students



Management

- ▶ University Management is to
 - ▶ provide strategic leadership to the university;
 - ▶ supervision of all persons in the service of the university;
 - ▶ establish and approve all operational policies and procedures;
 - ▶ Promote welfare of the students;
 - ▶ manage risk and compliance
 - ▶ ensure the university complies with various laws;
 - ▶ implement the resolutions of Council and its Committees;
 - ▶ ensure an effective system of **internal control over the financial** and related operations of the university.



Internal Controls

- To provide a framework of appropriate checks and balances to prevent the misuse of power, and ensure that risks are preemptively and effectively managed (Osisioma, 2012).
- To ensure high-level performance and cost-effectiveness in all aspects of the university's academic and service operations through appropriate delegation of responsibility and authority.
- To monitor
 - the exercise of executive authority,
 - safeguard its assets and
 - ensure appropriate use or disposition of assets,
 - maintain proper accounts and records,
 - comply with relevant legal and regulatory requirements, and
 - ensure appropriate risk management

The Role and Place of Internal Audit

- ▶ The Institute of Internal Auditors (2002) defines internal auditing as:
- ▶ *... 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.*
- ▶ The role of the internal audit includes
 - ▶ monitoring, assessing, and analysing organisational risk and controls;
 - ▶ examining, evaluating and confirming the integrity of information;
 - ▶ compliance with policies, plans, procedures and laws;
 - ▶ safeguarding of assets; and
 - ▶ the economical and efficient use of resources

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The Role and Place of Internal Audit

- help the university comply with new legislation and regulations.
- Internal Audit services should include:
 - Evaluation of internal controls;
 - Benchmarks of performance and best practices;
 - Investigations of alleged fraud, waste and abuse situations;
 - Support for the external auditor
 - **Fraud detection**



The Role and Place of Internal Audit

- ▶ According to ASB 2012, a good internal auditor must have a good measure of professional skepticism and be alert to:
 - ▶ Audit evidence that contradicts other audit evidence obtained;
 - ▶ Information that brings into question the reliability of documents and responses to inquiries to be used as audit evidence;
 - ▶ Conditions that may indicate possible fraud;
 - ▶ Intentional or unintentional management bias;
 - ▶ Possible management override of internal controls; and,
 - ▶ Other circumstances or changes in circumstances that suggest the need for audit procedures in addition to those initially planned



Some Concluding Remarks

- ▶ The internal audit unit is to
 - ▶ work in **partnership** with the management,
 - ▶ add value to the organisation, and
 - ▶ provide assurance that risks are mitigated, and that the institution's corporate governance is strong and effective.
- ▶ When there is room for improvement, internal auditors make recommendations for enhancing processes, policies, and procedures.
- ▶ The charge is to
 - ▶ examine and evaluate the policies, procedures, and systems which are in place;
 - ▶ ensure the reliability and integrity of information;
 - ▶ secure compliance with policies, plans, laws, and regulations;
 - ▶ safeguard assets; and,
 - ▶ establish the economical and efficient use of resources



References

- ▶ Auditing & Assurance Bulletin (2012), “Enhancing Professional Skepticism”,
 - ▶ Osioma, B. C. (2012) Governance in Nigerian Universities: The Position of the University Internal Auditor
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