



# MAASAI MARA UNIVERSITY

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## QUALITY MANAGEMENT SYSTEM BASED ON ISO 9001:2008



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### INTERNAL AUDIT PROCEDURE MANUAL

MMU/IAPM/IA/2013

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**TABLE OF CONTENTS**

PROCEDURE NUMBER 1: RISK ASSESSMENT ..... 3

PROCEDURE NUMBER 2: AUDIT PLANNING ..... 5

PROCEDURE NUMBER 3: SCHEDULED AUDITS ..... 7

PROCEDURE NUMBER 3: INVESTIGATIVE AUDITS ..... 10

PROCEDURE NUMBER 4: ADHOC AUDIT ASSIGNMENTS ..... 12

PROCEDURE NUMBER 5: AUDIT FOLLOW-UP ..... 15

## **PROCEDURE NUMBER 1: RISK ASSESSMENT**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure consistency, timeliness and effectiveness in undertaking risk assessment.

#### **1.2 SCOPE**

The procedure applies to the evaluation of risks and existing controls within the University Quality Management System.

#### **1.3 REFERENCES**

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current international auditing standards.
- c) Current COSO Framework.

#### **1.4 TERMS AND DEFINITIONS**

- a) SIA – Senior Internal Auditor.
- b) ACC – Audit Committee of Council.
- c) IA – Internal Auditor.
- d) RBAP – Risk Based Annual Audit Plan.

#### **1.5 PRINCIPAL RESPONSIBILITY**

The SIA shall ensure this procedure is implemented, adhered to and maintained.

### **2.0 METHOD**

- 2.1 This procedure shall start during the first week of April every year with the SIA requesting all heads of departments and sections to provide reports from various management committees and other external reports.
- 2.2 Upon receipt of the reports, the SIA shall with a week undertake desk review, identify and document risks that can hinder the University from achieving its objectives in the risk assessment form.
- 2.3 After documenting the risks, the SIA shall undertake an analysis of the risks giving the details on the likelihood of the risks crystallizing and the impact of the risks to the University by the end of April each year.
- 2.4 Upon analysis, the SIA shall review the controls put in place by management to mitigate the said risks to ensure that they are adequate and effective by the end of the first week of May.

- 2.5 The SIA shall then prepare a risk register for the University and circulate it to the various heads of departments and sections for information, validation of the risks and controls and their input within seven days.
- 2.6 Upon receipt of any input from any input from heads of departments and sections, the SIA shall review the input and update the risk register accordingly.
- 2.7 After updating the register, the SIA shall present the same to the meeting of senate for review of the risk register and checking for any residual risk.
- 2.8 In case there are residual risks, the senate shall discuss and agree on the strategy and processes required to address the risks.
- 2.9 In the event that there are no residual risks after the development of a risk mitigation strategy, the VC shall approve the risk register within seven days.
- 2.10 Upon approval of the risk register, the SIA shall table the risk register and the risk mitigation strategy in the subsequent audit committee meeting for consideration and approval.
- 2.11 In approving the risk register, the audit committee shall consider the adequacy and completeness of the risk register and other documents.
- 2.12 In the event that it is not approved, the audit committee shall make recommendations and revert the documents to the SIA for amendment and resubmission. Amendment of the documents shall be done within three days after the committee meeting.
- 2.13 Upon approval, the SIA shall as per the records management procedure file the documents and use the risk register preparing the annual audit plan.

### **3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Evidence of communication.
- 3.2 Risk identification/ risk assessment form
- 3.3 Evidence of meetings.
- 3.4 Risk register.
- 3.5 Risk mitigation strategy.

## **PROCEDURE NUMBER 2: AUDIT PLANNING**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure efficient and timely preparation of risk based annual audit plan.

#### **1.2 SCOPE**

The procedure shall apply in preparation of the annual risk based audit plan within internal audit department.

#### **1.3 REFERENCES**

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current approved risk register.
- c) Current International Standards on Auditing.

#### **1.4 TERMS AND DEFINITIONS**

- a) SIA - Senior Internal Auditor.

#### **1.5 PRINCIPAL RESPONSIBILITY**

The SIA shall ensure that this procedure implemented and maintained.

### **2.0 METHOD**

- 2.1 This procedure shall start upon approval of the risk register with the SIA reviewing the register to extract a list of high risk areas.
- 2.2 Once the risk register is approved, the SIA shall prepare a draft annual risk based audit plan. This shall done by the first week of July every year.
- 2.3 Upon preparation of the draft plan, the SIA shall circulate it to the audit committee members for consideration and comments.
- 2.4 During the subsequent audit committee meeting, the SIA shall table the draft audit plan for discussion and input.
- 2.5 In the event that the plan requires amendment, the audit committee shall give recommendations for any changes and variations required and revert it to the SIA for amendment and resubmission.
- 2.6 If the audit plan is satisfactory, the Audit committee shall approve it for implementation.
- 2.7 The SIA shall implement the approved plan and also circulate the plan to the heads of departments and sections for information.

**3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Evidence of meetings.
- 3.2 Evidence of communication.
- 3.3 Approved risk Based Annual Audit Plan.

## **PROCEDURE NUMBER 3: SCHEDULED AUDITS**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure that effective and efficient risk based audits are carried out throughout the University.

#### **1.2 SCOPE**

The procedure applies to the performance of all scheduled risk audit reviews by the Internal Audit department.

#### **1.3 REFERENCES**

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current International Auditing Standards.
- c) Current risk register.

#### **1.4 TERMS AND DEFINITIONS**

- a) SIA - Senior Internal Auditor.
- b) IA - Internal Auditor.

#### **1.5 PRINCIPAL RESPONSIBILITY**

The SIA shall ensure implementation and monitoring of this procedure.

### **2.0 METHOD**

2.1 This procedure shall start at least fourteen days to the scheduled date with the SIA allocate the audit assignment to an internal auditor(s) based on the following:-

- a) Nature of audit to be carried out,
- b) Competence of the auditors, and
- c) Availability of resources.

2.2 Upon assignment of duty, the IA shall prepare and send an audit notification to the auditee seven days prior to the audit.

2.3 Prior to the audit date, the IA shall:-

- a) Review the relevant auditee's documents to gain an understanding of the University processes, procedures and systems.
- b) Prepare the audit planning memorandum and audit programs based on the audit scope of the department.
- c) Forward the planning memorandum to the SIA for review and input.

- 2.4 On the scheduled date, the IA shall hold an entry interview (opening meeting) with the auditee to discuss the scope of the audit, risks assessed, time frames and any concerns of the auditee.
- 2.5 During the meeting, the IA/Team leader shall document the minutes of the meeting noting any amendments required to the audit memorandum and the audit program(s).
- 2.6 If there are any adjustments arising from the meeting discussions IA shall incorporate the amendments in the audit planning memoranda, carry out the audit as per the approved audit planning memoranda and audit programs and document the findings in the working papers and the report of audit findings.
- 2.7 After the audit, the IA shall prepare a discussion points report for review and discussion with the auditee(s).
- 2.8 In case there is need to carry out a further audit, the IA shall undertake the audit and generate audit findings to be included in the audit report.
- 2.9 After the exit from an audit assignment, the IA shall within three working days prepare a draft audit report and forward it to the SIA for review.
- 2.10 In the event that the audit report is not satisfactory, the SIA shall make recommendations and revert it to the IA for amendment and resubmission.
- 2.11 If satisfactory, the SIA shall approve the report for issuance to the auditee(s) and the relevant offices.
- 2.12 Upon receipt of the audit report, the auditee(s) shall prepare a management response as agreed in the exit meeting within the stipulated period and forward it to the SIA.
- 2.13 After receipt of the management response , the SIA shall prepare the final report and circulate it to the auditee(s) and other relevant offices.
- 2.14 During the quarterly Audit Committee meetings, the SIA shall present a summary of key audit issues identified during the quarter for information.

### **3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Audit Programs.
- 3.2 Evidence of communication.
- 3.3 Audit memoranda.
- 3.4 Report of audit findings.
- 3.5 Discussion point report.
- 3.6 Evidence of meetings.



3.1 Audit reports.

## **PROCEDURE NUMBER 3: INVESTIGATIVE AUDITS**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure efficient and effective investigation audits are carried out throughout NUC.

#### **1.2 SCOPE**

This procedure applies to all investigative audits performed by the Internal Audit department at NUC.

#### **1.3 REFERENCES**

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current International Standards on Auditing.

#### **1.4 TERMS AND DEFINITIONS**

- a) SIA - Senior Internal Auditor.
- b) IA - Internal Auditor.

#### **1.5 PRINCIPAL RESPONSIBILITY**

The SIA shall ensure implementation and maintenance of this procedure.

### **2.0 METHOD**

- 2.1 This procedure shall start with the SIA receiving a request to carry out an investigative audit from any member of staff at NUC.
- 2.2 Upon receipt of the request, the SIA shall review the request guided by the facts available to establish whether there is need to carry out the investigation.
- 2.3 In the event that there is no need for an investigative audit, the SIA shall as per the communication procedure inform the requesting party with appropriate recommendations.
- 2.4 If the request warrants investigation, the SIA shall assign an IA the investigative assignment guided by the nature of the investigation and the competence required.
- 2.5 Upon assignment, the IA shall prepare an audit memorandum and audit program based on the information given and forward it to the SIA for review, input and approval.
- 2.6 Once the documents in 2.5 above have been approved, the IA shall carry out the audit and document the findings in the audit working papers.

- 2.7 After the audit the IA shall within three working days, prepare a detailed report of the investigative findings and forward them to SIA for review.
- 2.8 In the event that the audit report is not satisfactory, the SIA shall make recommendations and revert it to the IA for amendment and resubmission.
- 2.9 If satisfactory, the SIA shall forward the report to the requesting officer.
- 2.10 During the quarterly Audit Committee meetings, the SIA shall present a summary of all investigative audit undertaken during the quarter for information.

### **3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Evidence of communication.
- 3.2 Investigation report.
- 3.3 Audit planning memoranda.
- 3.4 Audit programs

## **PROCEDURE NUMBER 4: ADHOC AUDIT ASSIGNMENTS**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure effectiveness and efficiency in undertaking adhoc audit assignment at NUC.

#### **1.2 SCOPE**

This procedure applies to all adhoc audit carried out by the Internal Audit department at NUC.

#### **1.3 REFERENCES**

- a) Quality Manual – MMU/QM/MR/2013.
- b) International Standards on Auditing.

#### **1.4 TERMS AND DEFINITIONS**

- a) SIA - Senior Internal Auditor.
- b) IA - Internal Auditor.

#### **1.5 PRINCIPAL RESPONSIBILITY**

The SIA shall ensure that this procedure is implemented and maintained.

### **2.0 METHOD**

2.1 This procedure shall start with the SIA receiving instructions to carry out an audit from the University Management or the audit committee.

2.2 Upon receipt of the instructions, the SIA shall assign an IA to undertake the audit guided by the scope of the audit, nature of the audit and the required competence to undertake the audit.

2.3 Upon assignment of duty, the IA shall prepare and send an audit notification to the auditee seven days prior to the audit.

2.4 Prior to the audit date, the IA shall:-

- a) Review the relevant auditee's documents to gain an understanding of the processes, procedures and systems.
- b) Prepare the audit planning memorandum and audit programs based on the audit scope of the department.
- c) Forward the planning memorandum to the SIA for review and input.

- 2.5 On the scheduled date, the IA shall hold an entry interview (opening meeting) with the auditee to discuss the scope of the audit, risks assessed, time frames and any concerns of the auditee.
- 2.6 During the meeting, the IA/Team leader shall document the minutes of the meeting noting any amendments required to the audit memorandum and the audit program(s).
- 2.7 If there are any adjustments arising from the meeting discussions IA shall incorporate the amendments in the audit planning memoranda, carry out the audit as per the approved audit planning memoranda and audit programs and document the findings in the working papers and the report of audit findings.
- 2.8 After the audit, the IA shall prepare a discussion points report for review and discussion with the auditee(s).
- 2.9 In case there is need to carry out a further audit, the IA shall undertake the audit and generate audit findings to be included in the audit report.
- 2.10 After the exit from an audit assignment, the IA shall within three working days prepare a draft audit report and forward it to the SIA for review.
- 2.11 In the event that the audit report is not satisfactory, the SIA shall make recommendations and revert it to the IA for amendment and resubmission.
- 2.12 If satisfactory, the SIA shall approve the report for issuance to the auditee(s) and the relevant offices.
- 2.13 Upon receipt of the audit report, the auditee(s) shall prepare a management response as agreed in the exit meeting within the stipulated period and forward it to the SIA.
- 2.14 After receipt of the management response , the SIA shall prepare the final report and circulate it to the auditee(s) and other relevant offices.
- 2.15 During the quarterly Audit Committee meetings, the SIA shall present a summary of key audit issues identified during the quarter for information.

### **3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Evidence of communication.
- 3.2 Evidence of meetings.
- 3.3 Audit planning memoranda.
- 3.4 Audit program.
- 3.5 Report of audit findings.
- 3.6 Audit report.

3.7 Discussion point report.

## **PROCEDURE NUMBER 5: AUDIT FOLLOW-UP**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure effectiveness and timeliness in undertaking audit follow up at NUC.

#### **1.2 SCOPE**

The procedure applies to the follow up of recommendations on all completed audit assignments.

#### **1.3 REFERENCES**

- a) Quality Manual – MMU/QM/MR/2013.
- b) Current International Auditing Standards.
- c) Relevant audit reports.

#### **1.4 TERMS AND DEFINITIONS**

- a) SIA- Senior Internal Auditor.
- b) IA - Internal Auditor.

#### **1.5 PRINCIPAL RESPONSIBILITY**

The SIA shall ensure that this procedure is adhered to and maintained.

### **2.0 METHOD**

- 2.1 After an audit, the SIA shall update the audit issue tracker.
- 2.2 At the end of every quarter, the SIA shall prepare a summary of all outstanding issues and sent them to the respective auditees.
- 2.3 Upon receipt of the summary, the auditees shall update the summary indicating actions taken and new target dates for outstanding issues and return it to the SIA.
- 2.4 After receipt of the updated summaries from the auditees, the SIA review the response from the auditees and categorize them into those implemented and those not.
- 2.5 The SIA shall establish implementation of the recommendations by carrying out spot checks on issues marked implemented.
- 2.6 For issues not implemented, the SIA shall seek clarification from the auditees and prepare a report on all outstanding issues.
- 2.7 During the quarterly audit committee meeting, the SIA shall table a summary follow up report for information and necessary action.

**3.0 LIST OF APPLICABLE RECORDS**

- 3.1 Audit issue tracker.
- 3.2 Summary of all outstanding issues.
- 3.3 Evidence of communication.
- 3.4 Audit Follow up report.
- 3.5 Evidence of meetings.