



KENYA FOREST SERVICE

DOCUMENT TITLE:INTERNAL
AUDIT PROCEDURE

REF NO:KFS-IAD-001

ISSUE NO: 2

REVISION NO: 1

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ISSUE HISTORY

ISSUE	DESCRIPTION OF CHANGE	PROCESS OWNER	EFFECTIVE DATE
1	None, no change has been done	Head Internal Audit	10 th June 2010
2	Changes Done to conform to ISO 9001:2015 standard	Principal Internal Auditor	31 st May 2018

REFERENCED DOCUMENTS

S/NO	REF	TITLE
1	QPM	Quality Policy Manual
2		KFS Internal Audit Manual
3		Strategic Plan 2017-2022
4		Forest Conservation Act 2016
5		KFS Risk management Policy
6		Internal Audit Charter

COPY HOLDERS

1	Chief Conservator of Forests
2	QMR
3	SDCCF
4	Principal Internal Auditor
5	Chief Internal Auditor
6	SIA
7	Internal Auditor I
8	Internal Auditor II

RECORDS/ANNEXES

REC. NO	REC. TITLE
1	Reports
2	Risk registers
3	Risk Matrix
4	Working papers

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AUDITOR

APPROVED BY: CCF



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1. TERMS AND DEFINITION

TERM	DEFINITION(S)
KFS	Kenya Forest Service
KPI	Key Performance Indicator
CSF	Critical Success Factor
CCF	Chief Conservator of Forests
DCCF	Deputy Chief Conservator of Forests
IAD	Internal Audit Department
SDCCF	Senior Deputy Chief Conservator of Forests
RM	Risk Management
RMF	Risk Management Factor

2. SCOPE

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization, system of internal control and the quality of performance in carrying out assigned responsibilities

3. PURPOSE

To explain the scope, responsibility and work process of the internal audit department

4. OBJECTIVE

To improve the effectiveness of internal business controls, risk management plans and overall business processes.

NB: Refer to the performance contract.

CSF	KPI	TARGET(S)	DUE


5. RESPONSIBILITY AND AUTHORITY

5.1. Chief Conservator of Forests

5.1.1. In charge of the risk management process of the service and its continuous development, allocation of resources to the work, review of risk

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management policies as well as defining the principles of operation and overall process.

5.2. Principal Internal Auditor

- 5.2.1. Coordinates the evaluation of service internal control environment
- 5.2.2. Develops Risk management strategies

5.3. Chief Internal Auditor

- 5.3.1. Reviews internal control environment
- 5.3.2. Assists in development of Risk management strategies

5.4. Senior Internal Auditor

- 5.4.1. Carries out risk assessment and mitigation measures
- 5.4.2. Assists in Review of Internal audit reports

5.5. Internal Auditor I

- 5.5.1. Prepares draft audit plans and reports
- 5.5.2. Assists in carrying out risk assessment and mitigation measures

5.6. Internal Auditor II

- 5.6.1. Carries out audit assignments
- 5.6.2. Assists in implementation of audit/risk plan


6. RESOURCES, INPUTS AND OUTPUTS

6.1. Resources

- 6.1.1. Finances
- 6.1.2. Personnel
- 6.1.3. Infrastructure

6.2. Inputs

- 6.2.1. Working papers
- 6.2.2. Minutes of entry and exit meetings

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6.2.3. Audit tests

6.2.4. Work plan

6.3. Outputs

6.3.1. Internal Audit Reports

6.3.2. Advisory

6.3.3. Risk management Frameworks.

6.4. Resources

6.4.1. Personnel

6.4.2. Financial Resources

6.4.3. Infrastructure

7. CRITERIA OF MEASUREMENT

NB: Refer to Performance progress reports

8. RISK AND OPPORTUNITIES

NB: Refer to the Service's Risk register

9. EVALUATION OF PROCESS

NB: Refer to the Monitoring and Evaluation Reports


10.DETAILS OF PROCEDURE

- All audit work procedures performed should be documented in working papers.
- Working papers document the information obtained, the analyses made, and the support for the conclusion and engagement results.
- The organization, design and content of working papers shall depend on the engagements nature and objectives. The internal Auditor shall maintain a good system of filing for working papers, so that they can be easily located if needed.

10.1. Audit Notice

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The Auditee shall be informed of the audit assignment through an Audit notice letter from the Principal Auditor .However, the internal Audit will not provide advance notification for investigative Audits.

10.2. Field work

The fieldwork concentrates on transaction testing and informal communications. it is during this phase that the Auditor will determine whether the controls identified during preliminary review are operating properly and in the manner described by the auditee.

10.3. Entry Meeting

During the Entry meeting, the auditor explains the Audit process, identifies the auditee,s concerns and suggestions, generally opening the channels of communication that are necessary for a successful Audit assignment. The Audit supervisor, the Team leader and anyother team member may attend the entrance meeting. The issues to be discussed in that meeting are;

- The purpose and objectives of the Audit
- The potential Auditee,s problem areas within the audit scope. This communicates an intention of being helpful rather than critical.
- If the Audit is considered neither appropriate nor timely and be open to discussing the auditee’s comments with your supervisor or the Principal Internal Auditor.
- How audit concerns/observations are handled.


10.4. Conduct of Audit work

After entry meeting, the audit work starts. Audit work is conducted through sampling. The sampling is done using the following

Statistical/probability sampling, Attribute sampling, variable sampling and judgement sampling.

The observations made during the audit are documented as working papers. The auditor should ensure that the working papers adequately document the planning performance and results of, and conclusions from the analytical review work.

The working papers should include;

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- An outline programme of the review work eg account areas to be considered, overall review work on accounts figures, allocation of time.
- Summary of significant figures and relationships.
- The sources and dates of the acquisition of figures used.
- Details of all significant variations considered.
- Details of the results of investigations into such variations including explanations obtained from the management and steps taken to rectify them.
- The Audit conclusions reached.
- Information considered necessary for assisting in the planning of subsequent audit.

10.5. Audit Evidence

Audit evidence is the information internal auditors obtain through observing conditions, interviewing people and examining records. Auditors shall collect, interpret and document information to support audit results. Audit evidence has been categorized as physical, testimonial and documentary evidence.

Audit evidence should be relevant, reliable and accurate. Audit working papers should record all audit evince during audit review. They are contained in two types of files, the permanent and current audit file.

The audit working papers should represent a clear record of the audit process, procedures, findings, conclusions and reports. Working papers should be capable of standing on their own without requiring any supplemental oral explanation from the auditor who did the work. These audit working papers aid the following;

- They demonstrate whether the audit was done in compliance with the relevant standards.
- They aid in organization, control, administration and review of the audit work.
- They form the evidence of the audit work performed and conclusions drawn from that work
- They support the audit report.

10.6. Working papers Techniques

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- Descriptive headings-All working papers shall include the title of the audit, title of the working paper,prepares initials,signature,date prepared, source of the information and purpose of the working paper.
- Tick marks-The Auditor makes frequent use of symbols to indicate work that has been done. An explanation of each tick mark shall be made on the schedule on which it appears.
- Cross-referencing-Cross referencing within the working papers shall be complete and accurate. working papers shall be cross-referenced to the audit findings. These references readily provide direct access to the working papers.
- Indexing-The purpose of indexing audit working papers is to facilitate the cross referencing of working papers to one another and to summaries of analysis and reports. it also indicates the relationship of the working papers to the particular areas or segments of the audit.

10.7.Exit meeting

The results of an audit assignment should be discussed promptly with the principal officer of the unit/department. This should be done immediately after the field work has been completed. The principal internal auditor should attend this meeting and discuss the main findings and the proposed recommendations with the relevant officer.

The purpose of the exit meeting is to outline the internal Auditors opinions and provisional recommendations, to ensure factual accuracy and clear any misconceptions that may have arisen during the audit.

A summary of matters discussed at meetings and any conclusions reached should be prepared, distributed to individuals, as appropriate and retained in the working papers.

10.8.Audit reporting.

As a result of conclusion of the fieldwork, the auditor will highlight areas of non-compliance which upon discussion with the auditee at the exit meeting will form the draft report. The final product of the review is the audit report in which the department will express its opinion, present the audit issues and action to be taken for improvements as well as the agreed action plan which outlines the remedial measures to be taken to address the internal control weaknesses identified and the responsible parties for carrying out the remedial measures.

10.9.Follow-up measures.

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The department performs a follow up audit to verify the implementation of issues noted in the report. Actions taken are received in order to determine if the desired results were achieved on the audit issues

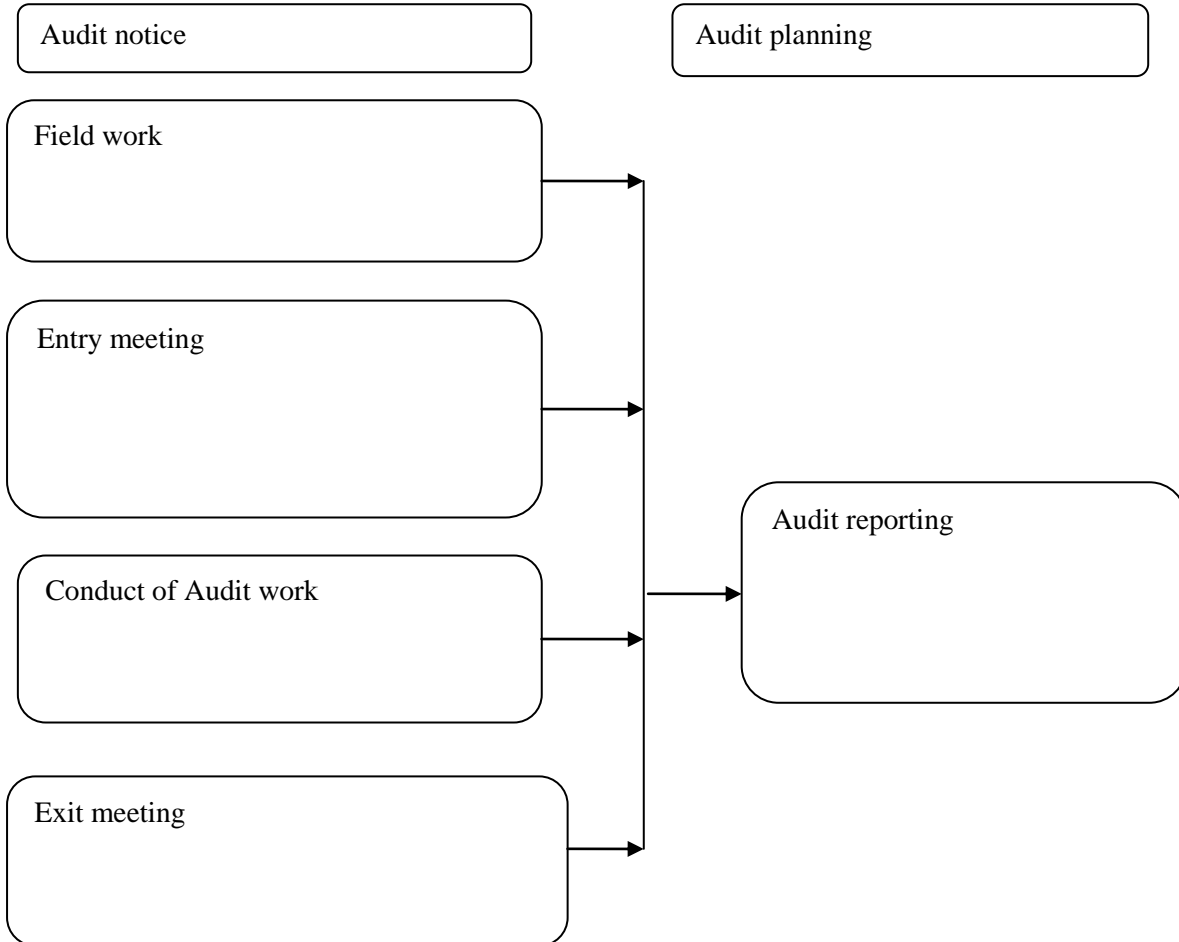
The IAD shall conduct follow-up reviews with the relevant management on a regular basis to monitor the implementation progress and report the results to the chief Conservator of Forests as well as the Audit Committee.

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11. PROCESS FLOW CHART



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