Republic of Kenya

PSASB
PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)

(Entity Logo)

NAME OF PUBLIC SECTOR ENTITY

COORDINATION AND RELIANCE TEMPLATE

DOCUMENT APPROVAL PAGE

TITLE: Coordination and Reliance Template		
Approved by:	**Sign**	**Date**
Head of Internal Audit		

[User note]: This section should be documented as per the entity requirements.

List of Figures and Tables (if any)

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Chapter 1: Introduction

This section provides a background of the rationale for conforming to the requirements of standard 9.5.

1.1 Background
This section should contain information on:

- The methodology adopted by the entity's IAF for evaluating other providers of assurance and advisory services that includes a basis for relying upon their work.
- The providers' roles, responsibilities, organizational independence, competency, objectivity, and the due professional care applied to their work by understanding the objectives, scope, and results of the work performed.
- Internal providers of assurance and advice include functions that may report to or be part of senior management, such as compliance, health and safety, information security, legal, risk management, and quality assurance.
- External assurance providers such as the Auditor General and others as applicable to the entity.

Illustration 1: Evaluation of assurance and advisory service providers (Internal & external)

Assurance Service provider	Key Risk	Assessment Parameters/Basis					Review of work done	Area for Coordination	Level of Reliance	Remarks
		Roles & responsibilities (Summary)	Independence	Objectivity	Competency	Due Professional Care				
Auditor General										
Compliance										
Quality Assurance (ISO)										
Risk Management										
Others as applicable to the entity										

[User note]: HIA should refer to the Standard 9.5 Coordination and Reliance and relevant Practice Guides/Global Guidance

    A. **Assessment criteria: Weak-** majority of requirements not met, **Fair**- meets some requirements, **Good**- majority of the requirements met.
    B. **Purpose-** All the assurance providers assessed above have purposes which are aligned to the IAF objectives and scope.
    C. **Objectivity – Criteria: Yes** (if mechanisms to ensure objectivity are in place), otherwise **No**

D. **Level of reliance:** continuum from **Low** (useful but low reliance) to **high** (fully relied upon); scale of 1 to 3

   1. **Low (1) –** where an assurance provider demonstrates program commitment, expertise (broad & process), assess & report risks and provides point-in-time conclusions
   2. **Medium (2) –** Meet all requirements for low reliance, repeatable testing, tracks issues and uses data analytics
   3. **High (3)-** technical expertise, rigorous testing, sustained remediation (action on CAPs), continuous monitoring and communicate emerging risks.

E. **Evidence of the competency of internal assurance providers** is based on entity personnel records as maintained by HR inclusive of the Career Progression Guidelines. Thus, the providers are deemed to have professional experience, qualifications, certifications, and affiliations that are appropriate and current.

1.2 Rationale

Coordination of services minimizes duplication of efforts, highlights gaps in coverage of key risks, and enhances the overall value added by assurance and advisory providers.

Examples of coordination include:
- Synchronizing the nature, extent, and timing of planned work.
- Establishing a common understanding of assurance techniques, methods, and terminology.
- Providing access to one another's work programs and reports.
- Using management's risk management information to provide joint risk assessments.
- Creating a shared risk register or list of risks.
- Combining results for joint reporting.

Chapter 2: Approaches for Coordination and Reliance

The process of coordinating assurance activities varies by entity, from informal in small organizations to formal and complex in large or heavily regulated organizations. Frequently, the providers share the objectives, scope, and timing of upcoming engagements and the results of prior engagements. The providers also discuss the potential for relying on one another's work.

Standard 9.5 Coordination and reliance provide for two approaches.
- Creation of an assurance map
- Combined assurance approach

2.1 Assurance Map/Matrix

The IAF that adopts this approach shall create an assurance map, or a matrix of the entity's risks and the internal and external providers of assurance services that cover those risks. The assurance map links identified significant risk categories with relevant sources of assurance and provides an evaluation of the level of assurance for each risk category. Because the map is comprehensive, it exposes gaps and duplications in assurance coverage, enabling the chief audit executive to evaluate

the sufficiency of assurance services in each risk area. The results can be discussed with the other assurance providers so that the parties may reach an agreement about how to coordinate activities.

Illustration 2: Assurance map/matrix

S No.	Key risks	Inherent risk level	Name of assurance provider responsible		Gaps/Remarks	Areas for coordination
			Internal	External		

[User note]: HIAs who choose to use this approach should align and document an Assurance Map based on their entity's environment (key risks, internal and external assurance & advisory providers) and document areas for coordination with other providers as appropriate.

Users are encouraged to refer to the IIA Global Guidance on Standard 9.5 for further information.

2.2 Combined Assurance

The IAF that adopts this approach shall coordinate its assurance engagements with other assurance providers to reduce the frequency and redundancy of engagements, maximizing the efficiency of assurance coverage.

IAF may progressively mature and improve their combined assurance through the stages as illustrated below using the Audit Board Model.

Illustration 3: Combined Assurance Maturity Model

a) Basic coordination. Internal audit identifies all assurance providers and begins communicating with them. Activities include:

- Assurance provider identification and initial meetings.
- A consistent process for the basis of reliance is established.
- Internal audit considers placing reliance on other assurance providers' work after an evaluation as outlined in section 1 above.

b) Enhanced Coordination. Assurance providers sharing knowledge and process. Activities may include:
- Issue and report sharing.
- Sharing of risk-related data and information.
- Schedule coordination and assurance planning activities

c) Optimized Coordination. Assurance providers move beyond sharing to extensive consolidation and integration of data, activities, and reporting. Activities may include:

- Consolidated issue reporting and tracking.
- A formal process for knowledge sharing is established.
- Formal coordination of schedules and planning across assurance and advisory service providers.

d) Combined Assurance. There is clear and formal communication among assurance and advisory service providers and one seamless model for assurance acceptable to all. Activities include:

- An enterprise-wide risk assessment adopted by all assurance and advisory providers.
- Clear and formal communication with relevant assurance stakeholders.
- progressive inclusion of all assurance providers as applicable for the entity.

[User note]: IAFs that adopt this approach should consider the illustrations above and the inherent benefits of the combined assurance approach.

The benefits of combined assurance include:
i. Improved knowledge transfer among assurance and advisory providers.
ii. More efficient use of resources when eliminating overlapping efforts. Opportunities to share the work improve the efficiency of the work.
iii. Focus on key risks-Internal audit is free to focus on the more immediate and significant risk.

Holistic communication to Senior Management and the Governing Body on key areas for improvement in Governance, Risk Management, and Control.

2.3 Conclusion

HIA must coordinate with internal and external providers of assurance services and consider relying upon their work and the HIA must document the basis of that reliance and retain responsibility for IAF conclusions as per Standard 9.5.

This template is expected to guide conformance to the standard and should be aligned to the entity 's environment and be reviewed from time to time.