

**COUNTY GOVERNMENT OF xx**

**INTERNAL AUDIT UNIT**

**INTERNAL AUDIT  
QUARTERLY REPORT  
TEMPLATE**

***[INSERT QUARTER (QUARTER AND YEAR)]***  
***[INSERT AUDIT REPORT NUMBER]***

**CONFIDENTIAL**

**(Month, Year)**

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**Report Recipients**

**Table 1: Distribution List**

Designation	For Action	For Information

## EXECUTIVE SUMMARY

This section will contain information on:

1. PFMR r. 166(1) requires that the report be prepared and purpose of the report ( It should be submitted within 14 days of the end of the quarter to the Accounting Officer, the Audit Committee and the County Treasury).
2. Overview of IAU achievement in the quarter being reported (engagement and non-engagement achievements)
3. Summary of audit client satisfactory performance
4. Summary of key audit findings
5. Summary of challenges faced in the quarters and strategies to manage them.
6. Up-coming quarter activities (engagement and non-engagement).

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## 1. Introduction

This section will contain information on:

1. Summarize the mandate and purpose of IAU
2. PFM Regulations requirements to prepare quarterly internal audit reports.
3. Summarize management role of establishing and implementing governance, risk management and controls and Internal Auditor's role of providing assurance on the same.
4. Purpose of preparing the report.

The Internal Auditor should use the Internal Audit Manual to summarize the information required for this section

## 2. Results of Quarter xx

This section provides information on the implementation of the annual audit plan.

### 2.1 IMPLEMENTATION OF THE ANNUAL RISK BASED INTERNAL AUDIT PLAN

This sub-section presents a dash-board or summary of implementation of the Annual Risk Based Internal Audit Plan may include the information in Table 1. The HIUA shall include the annual audit plan as an appendix for ease of reference for the reader.

**Table 2: Quarter XX Achievement**

Areas of Performance	Remarks
Engagement execution	<ol style="list-style-type: none"> <li>1. Expected number of engagements undertaken vis-à-vis target for the Quarter. This can be broken further into:               <ol style="list-style-type: none"> <li>a. Assurance and consulting;</li> <li>b. Ad-hoc engagements;</li> <li>c. Follow-up engagements; and</li> <li>d. Types of audits (financial, ICT, procure, projects etc).</li> </ol> </li> <li>2. Remarks for undertaking less or more than the targeted engagements.</li> <li>3. Engagement ratings based on conclusion reached e.g. % of engagements where conclusion is that the controls are working effectively</li> </ol>
Disseminating results	<ol style="list-style-type: none"> <li>1. % of engagements completed and final reports issued. Remarks on the status of the ones where report has not been issued e.g. % writing draft report, awaiting feedback from audit client on draft report.</li> <li>2. % of final reports issued whose high risk observations have been presented/issued to Accounting Officer and Audit Committee</li> </ol>
Findings	<ol style="list-style-type: none"> <li>1. Total number of high risk findings.</li> <li>2. Provide information on trend analysis e.g. comparing to previous audits of the areas audited</li> <li>3. Repeat findings</li> <li>4. Risks that management have accepted that above risk appetite</li> </ol>
Recommendation	<ol style="list-style-type: none"> <li>1. % implemented (Internal audit, OAG and other assurance providers)</li> <li>2. % over-due recommendations</li> </ol>

Areas of Performance	Remarks
	<ol style="list-style-type: none"> <li>3. Responsible persons to take action</li> <li>4. Timeline for execution of the recommendations</li> </ol>
Staff	<ol style="list-style-type: none"> <li>1. Man-hours analysis</li> <li>2. Staff utilization</li> </ol>
Resource utilization	<ol style="list-style-type: none"> <li>1. Actual receipts vis-à-vis budget</li> <li>2. Actual expenditure vis-à-vis budget</li> </ol>
Achievement on non-engagement activities	<ol style="list-style-type: none"> <li>1. Strategic plan activities</li> <li>2. Capacity building</li> <li>3. Key administrative action undertaken</li> </ol>

## 2.2 SATISFACTORY PERFORMANCE

This sub-section provides a summary on activities implemented by management to strengthen governance, risk management and controls since the last engagement (this is in-line with PFMR Section 164 (3) that require acknowledgement of satisfactory performance.

**Table 3: Satisfactory Performance**

Areas of Performance	Remarks
Governance	Activities undertaken to enhance governance e.g. enhancing supervision and management reporting (enables the next level of management to provide oversight)
Risk Management	Activities undertaken to enhance risk management e.g. undertaking annual risk assessment, training of risk champions, integrating risk reporting with performance management etc
Controls	<ol style="list-style-type: none"> <li>1. Review of policies and procedures</li> <li>2. Automating processes</li> <li>3. Implementation of recommendations</li> <li>4. Impact of implementing recommendations</li> <li>5. Fewer high risk audit findings</li> </ol>

## 2.3 KEY AUDIT FINDINGS

Summarized significant results of the engagements undertaken in a quarter.

### 2.3.1 ENGAGEMENT CONCLUSION

provides information on HIAU conclusion on each engagement undertaken

**Table 4: Engagement Conclusion**

Ref	Engagement	Status	Conclusion
Report reference	Name of engagement as per annual plan	Completed, on-going (field work finished, draft report or awaiting audit client feedback)	HIAU engagement conclusion (refer to appendix 2 for a guide on conclusions)

**Table 5: Significant Observations**

Ref	Finding	Recommendation	Agreed Management Action Plan	Status	Responsible	Timelines

The Internal Auditor can provide more information as an appendix. Before issuance of the quarterly report the HIUA shall obtain updates status on the implementation of agreed management action plan.

### 3. Challenges

This section provides challenges that the IAU faced in the quarter being reported and strategies to overcome the same.

**Table 6: Challenges in the Financial Year**

Challenge	Quarter of Occurrence	Status (Open/Closed)	Impact	Management Strategy	Responsibility	Period	Resources	Remarks
Lack of adequate funding								
Impairment of independence								
Impairment of objectivity								
Lack of adequate personnel								

Under status, the HIUA will indicate if the challenge has been resolved (closed) or not (open).

1. Open: where the matter is open, the HIAU shall provide information on the management action required to resolve the matter, responsible person, period and resources. Where the issue was reported in earlier quarters and nothing has been done about it, the HIAU shall provide information on the reason for the same.
2. Where the matter has been resolved, the HIAU will indicate N/A under impact and provide information on what was done to resolve the issue (who resolved the issue, resources spent and time taken). This is useful as lessons learnt.

### 3. Quarter XX Plan

This section provides information on the engagement and non-engagement activities that will be undertaken in the next quarter as per the annual audit plan. Any changes in the annual audit plan will also be contained in this section.

#### 4.1 ENGAGEMENT ACTIVITIES

This sub-section provides information on the engagements that will be undertaken in the next quarter. It will include information on engagements that were rescheduled from previous quarter and justification for their rescheduling.

**Table 7: Quarter XX Engagements**

Reference	Engagement	Risk Rating	Function	Period	Remarks
					As per annual audit plan
					Ad-hoc request by management
					Rescheduled from Quarter XX due to unavailability of audit client

**4.2 NON-ENGAGEMENT ACTIVITIES**

This sub-section provides information on the engagements that will be undertaken in the next quarter. It will include information on engagements that were rescheduled from previous quarter and justification for their rescheduling.

**Table 8: Quarter XX Non-Engagements**

Reference	Activity	Period	Remarks

**4. Report Distribution Restrictions**

This report is intended solely for use by management, Accounting Officer and the Audit Committee of [include name of entity]. No party other than those to whom it is addressed may rely upon this report / information for any purpose whatsoever. It must not be made available or copied in whole or in part to any other party without our prior written consent and approval by the Accounting Officer.

**5. Approval**

The HIAU takes responsibility for this report at this date which has been discussed and agreed with management.

\_\_\_\_\_  
 [Name]  
 Head of Internal Audit Unit

\_\_\_\_\_



Date

**6. Appendix**

**6.1 Appendix 1—Annual Risk Based Internal Audit Plan**

This sub-section provides an extract of the annual audit plan indicating the assignment that are to be undertaken. On a minimum the HIAU shall provide information on the quarter being reported on and the next quarter

## 7.2 Appendix 2—Engagement Conclusion

Rating	Definition
<b>Inadequate</b> [Red]	The majority of our findings are of a serious nature and require immediate management intervention to achieve business objectives.
<b>Needs Improvement</b> [Orange]	The majority of our findings are medium risks that require management focus to rectify.
<b>Satisfactory</b> [Yellow]	Some governance, risk management or control deficiencies were identified however, these were mainly administrative in nature and can easily be rectified.
<b>Effective</b> [Green]	Governance, risk management or controls are operating effectively (subject to the limitations of sample testing).

