

**COUNTY GOVERNMENT OF xx**

**INTERNAL AUDIT UNIT**

**INTERNAL AUDIT  
ANNUAL REPORT  
TEMPLATE**

***[INSERT FINANCIAL (MONTH 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 requires that the report be prepared and purpose of the report
2. Overview of IAU achievement of the annual audit plan.
3. Summary of audit client satisfactory performance
4. Summary of key audit findings
5. Summary of challenges faced in the year.
6. Audit opinion

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## 1. Introduction

This section will contain information on:

1. PFM Regulations requirements to prepare annual internal audit reports.
2. Mandate and purpose
3. Vision and mission
4. Strategic objectives
5. Purpose of preparing the report.

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

## 2. Results of Financial Year XX

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

### 2.1 Strategic Achievement

This sub-section provides information in the implementation of the IAU Strategic Plan.

### 2.2 Annual Risk Based Audit Plan Achievement

This sub-section summarized the achievement of the 4 quarters. The dash-board used for the quarterly audit reports can be adopted.

**Table 2: Annual Achievement**

Areas of Performance	Remarks
Engagement execution	•
Disseminating results	•
Findings	•
Recommendation	•
Staff	•
Resource utilization	•
Client satisfaction (New)	• This can be undertaken annually or every other year

### 2.3 Satisfactory Performance

This sub-section summarizes satisfactory performance contained in the quarterly reports that will supports the audit opinion

**Table 3: Satisfactory Performance**

Areas of Performance	Remarks

## 2.4 Key Audit Findings

### 2.4.1 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)

### 2.4.2 Internal Audit Findings

This sub-section summarizes key observations contained in the quarterly reports that supports the will audit opinion.

**Table 5: Internal Audit Significant Observations**

Ref	Finding	Recommendation	Agreed Management Action Plan	Status	Responsible	Timelines

### 2.4.3 OAG Findings

This sub-section summarizes key observations raised by the Office of the Auditor General and status on recommendation implementation.

**Table 6: OAG Significant Observations**

Ref	Finding	Recommendation	Agreed Management Action Plan	Status	Responsible	Timelines

### 2.4.4 Other Assurance Providers Findings

This sub-section summarizes key observations raised by other assurance providers and status on recommendation implementation.

**Table 7: Other Assurance Providers Significant Observations**

Ref	Finding	Recommendation	Agreed Management Action Plan	Status	Responsible	Timelines

### 2.4.5 Audit Opinion

Provides the HIAU professional judgement on the status of the entity's governance, risk management and controls. This is based on the conclusion made on all engagements undertaken in the year.

## 3. IAU Value Addition

This sub-section provides information on:

1. Number of improvements in processes and systems arising from internal audit work;
2. Number of committees and task forces audit is involved in (advisory services);
3. Amount of identified cost savings or revenue increase due to internal audit work; a
4. Number of innovations arising from internal audit work.

The HIAU can provide more information as an appendix.

## 4. IAU Proficiency

This section provides information on: IAU staffing level (i.e. staff competency index, staff engagement index, staff turnover, staff satisfaction rating and training hours); adequacy to meet current and emerging demand; staff turnover and strategies to close existing proficiency gaps.

## 5. Adherence to Internal Audit Charter

The HIAU confirms that the IAU has adhered or not to the Internal Audit Charter, IPPF, Internal Audit Procedures Manual and relevant laws and regulations. Factors that may have or cause the IAU not to have adhered are reported in this section.

This section also provides information on results any quality assurance improvement programme (internal and external) undertaken in the financial year.

This section also provides information of challenges faced in the financial year and how they were resolved and any challenges outstanding at the end of the financial year.

**Table 8: 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 in the financial year 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.

## 6. 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.

## 7. Approval

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

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[Name]  
Head of Internal Audit Unit

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Date



