

**PUBLIC SECTOR ENTITIES 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

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## Executive Summary

This section will contain information on:

1. PFMR requires that the report be prepared and include the purpose of the report
2. Overview of IAF 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

## 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 HIA 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 IAF 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 support the audit opinion

**Table 3: Satisfactory Performance**

Areas of Performance	Remarks

## 2.4 Key Audit Findings

This section factors in below elements:

- a. Condition-Factual evidence identified during the course of engagement
- b. Criteria-Standards, measures or expectations used in making and evaluation or verification
- c. Cause-Answers the question what allows the conditions to exist and why did the condition occur
- d. Consequence -The effect of the difference brought about by assessing the cause that is, the difference between what allows the condition to exist and why it occurred.  
Rating-This will allow the identification of significance of each observation.
- e. Corrective Action – These are suggestions for correcting conditions and identifying the cause to prevent recurrence (or the creation of new conditions). Recommendations provide an efficient and effective way to address the gaps identified between condition and criteria.

### 2.4.1 Engagement Conclusion

Provides information on:

- a. HIA 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)	HIA 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 HIA with professional judgment 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. IAF 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;
4. Number of innovations arising from internal audit work.

The HIA can provide more information as an appendix.

### 4. IAF Proficiency

This section provides information on: IAF 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 HIA confirms that the IAF 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 IAF 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.

It also provides information on 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 HIA will indicate if the challenge has been resolved (closed) or not (open).

1. Open: where the matter is open, the HIA 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 HIA shall provide information on the reason for the same.
2. Where the matter has been resolved, the HIA 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 HIA takes responsibility for this report at this date which has been discussed and agreed with management.

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

\_\_\_\_\_  
Date



## 8. Appendix

### 8.1 Appendix 1-Significant Findings in the Financial Year

This section provides detailed information on the significant observations identified in the financial year.

Reference	Observation	Cause	Impact	Recommendation	Agreed Management Action	Responsible	Timelines	Resources

## 8.2. 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).