
*** ACCA INTERNAL AUDIT BULLETIN ***
*** ISSUE 12 - April 2002 ***

INFORMATION TO AND FROM INTERNAL AUDITORS ACROSS THE WORLD

This Bulletin aims to provide up-to-date news, information and comment for internal auditors across the world. The success of the Bulletin depends on your contributions. We want to hear your news, views and comment.

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NEWS

ACCA CALLS FOR AUDIT CLAMPDOWN AFTER ENRON

A ban on auditors moving to work for the client and limitations on the ability of firms to offer audit and consulting services are two possible reforms recommended by ACCA in its response to Enron.

In order to restore transparency and trust, the body said, the global financial community must consider also an overhaul of the corporate governance system, fuller disclosure of audit and consulting fees, and a mandatory review of the independence of external auditors.

ACCA called for global principles-based financial reporting standards, with independence controlled at a national level. Major corporations and institutional investors should fund "the resources to ensure the markets function properly" through an externally administered levy. There should also be a review of the regimes for monitoring practice in auditing, financial reporting and corporate governance, it said.

Many of the proposals outlined backed up ACCA's existing stance. As a global organisation, it has supported principles-based, international accounting and auditing standards for some years. ACCA has always rejected the peer review approach, as used in the US.

The full response is available on the ACCA website (pdf format).
<http://www.accaglobal.com/pdfs/miscellaneous/acca-enron.pdf>

ERNST & YOUNG EXPLAINS UK AUDIT MOVE

In response to the Enron affair, Ernst & Young in the UK has announced that it would no longer provide internal audit services to its external audit clients in the UK. The move will affect only a small number of clients - around 10 - but it will cost the firm several millions of pounds. Fees for internal audit can reach three or four times those for external audit services.

Howard Martin, managing partner of business risk services at E&Y, said that the first reason was public perception. There appeared to be a potential conflict of interest when the employees of the same firm were reviewing internal audit work as part of the external audit. "More and more board members, especially non-executive directors, have seen this as an increasingly important issue" he said.

We would be interested to hear of other effects of the Enron affair on internal audit or your thoughts.

ASSOCIATION OF AFRICAN GOVERNMENT INTERNAL AUDITORS

Heads of internal audit from 10 member countries of the East and Southern African Association of Accountants General (ESAAG) recently agreed to establish the Association of African Government Internal Auditors (AAGIA).

The major aim of the Association is to encourage the spread of best internal audit practice across the region. This is in recognition that aspects of best practice occur in each country and that sharing this experience is the most cost-effective method of improving the quality of government internal audit activity in each country in the region.

The main objectives of AAGIA are to:

- * promote the professional and technical development and co-operation among member Internal Audit Departments through the provision of cost effective internal audit training and the exchange of internal audit practices and experiences;
- * promote and maintain relations with national and international institutions with an interest in improving the internal audit of public sector organisations;
- * enhance the internal control, risk management, and governance processes in the public sector of member countries;
- * enhance the performance of internal audit departments in member countries.

Further details about the Association of African Government Internal Auditors are available from:
James Tinarwo, Interim Chairperson AAGIA, e-mail: jtinarwo@gov.bw
Fidelis Tembo, Interim Secretary AAGIA, tel: +260 96432872

COSO LAUNCHES STUDY ON ENTERPRISE RISK MANAGEMENT

The Committee of Sponsoring Organisations of the Treadway Commission (COSO - <http://www.coso.org>) has launched a landmark new enterprise risk management framework study. The COSO study, intended for all organisations regardless of size, will provide practical how-to guidance to assist organisations in building effective programs to identify, measure, prioritise and respond to risks. COSO recognises that while a lot of organisations may be engaging in some aspects of enterprise risk management, this study will help identify all of the aspects that should be present and how they can be co-ordinated. Furthermore, it will identify inter-relationships between risk management and COSO's *Internal Control — Integrated Framework*, published in 1992. The study aims to be completed in 2003.

IIA MAKES QUALITY ASSURANCE REVIEWS MANDATORY

The Institute of Internal Auditor's (IIA) new *Standards for the Professional Practice of Internal Auditing* (effective from January 1, 2002) place considerable emphasis on quality assurance and related processes of assessment. Standard 1312 requires every internal audit department to have an external quality assurance assessment at least once every five years by a qualified independent reviewer from outside the organisation (who has knowledge of the *Standards*).

A new Quality Assessment Manual written by The IIA, is based on the new *Standards*. The IIA has also released four new Practice Advisories - http://www.theiia.org/ecm/guide-frame.cfm?doc_id=73 to help organisations implement the new *Standards* relating to both internal and external quality assurance programs.

The IIA is seeking team members to participate in Quality Assurance Reviews (QARs) for organisations large and small in all parts of the world. QARs evaluate internal audit organisations' efficiency and effectiveness, identify "best practices" and measure compliance with The IIA's *Standards* and other relevant organisational and departmental policies and procedures.

Team members must be Certified Internal Auditors who are familiar with The IIA's *Standards*. In exchange for their time and expertise, team members receive registration to an IIA conference, CPE credit, and a copy of The IIA's *Quality Assessment Manual*.

For details, visit the Services section of <http://www.theiia.org>, e-mail: QAR@theiia.org, or call Helena Arias on tel: +1-407-830-7600, Ext. 313.

SOUTH AFRICAN KING REPORT UPDATED

The King Report on Corporate Governance was first published in 1994. This guide to good practice has recently been completely updated and King II was published at the end of March 2002.

The King Report on Corporate Governance in South Africa focuses, more than other codes, on behaviour rather than box-ticking and more on performance than compliance.

King states that company reports should present a balance between the negative and positive aspects of a company so that shareowners and other stakeholders can obtain a full, fair, honest account of the company's performance. It also recommends that companies report in detail on risk management arrangements and on their commitment to social, ethical, safety, health and environment practices and, in addition, on the systems in place which ensure and verify their compliance with these practices.

King requires boards to evaluate their own performance along with the performance of their chief executive and individual directors. Boards are required to set objectives, monitor their progress and to also assess the risks which could hamper their achievement. King requires boards to state whether they are complying with the Code or not. Although there is currently no requirement for companies to report publicly on these matters, stakeholders should therefore be able to take some comfort in the fact that these activities are happening. Would it not be a good idea, though, if companies formally reported on how well they had performed in achieving their objectives? Perhaps the chair in an annual general meeting should present the company's objectives and then explain what progress has been made in achieving them.

Further details are available from: <http://www.iodza.co.za>
ACCA's comments on the draft revised report are available by accessing:
<http://www.accaglobal.com/technical/>
and then clicking on "Responses to consultation documents".

UK GOVERNMENT RESPONSE TO SHARMAN REPORT

In its response to the report "Holding to Account: The Review of Audit and Accountability for Central Government" by Lord Sharman, the UK government has accepted the main recommendations of the report.

The Response paves the way for increased Parliamentary scrutiny of central government and for improvements in the structure of accountability of the Executive to Parliament by:

- * agreeing that the National Audit Office (NAO) should audit all central government bodies except for the BBC
- * agreeing that, where the NAO needs to see documents held by bodies outside Government, it should normally have legal powers of access to them, for example, with public private partnerships
- * inviting the NAO to validate the systems used to produce performance reports

* supporting arrangements to promote the quality and transparency of central government audit.

Lord Sharman's report, "Holding to Account", and the UK government's response, "Audit and Accountability for Central Government" are available from:

<http://www.hm-treasury.gov.uk/mediastore/otherfiles/Holding%20to%20Account.pdf>

http://www.hm-treasury.gov.uk/mediastore/otherfiles/CM5456_Sharmans1.pdf

UGANDAN PROBE INTO TAX CORRUPTION

The tax authority in Uganda is under investigation in an effort to wipe out high levels of corruption that have led to a significant drop in the country's revenue. In the last two fiscal years, the Uganda Revenue Authority's tax collection has fallen to just 11.3% of gross domestic product, nearly 5% lower than the sub-Saharan average.

A three-month judicial probe into the tax authority is being led by Justice Julia Sebutinde, who is credited with cutting corruption in Uganda's police force and defence ministry during the last two years. "We need to clean [the Revenue Authority] up if we are to improve our revenue collection, which is not only done by introducing new taxes but also by improving administration", said finance minister Gerald Sendaula.

The ultimate aim is to reduce Uganda's dependence on foreign donors, which currently provide over half the country's budget and the whole of its development budget.

NOVEMBER 2001 CIA EXAM STATISTICS

The November 2001 Certified Internal Auditor (CIA) exam reached a record high with 32,457 exam parts taken world-wide, achieving a 44% increase over the previously record-breaking 22,463 parts taken during the November 2000 CIA exams. Nearly 17,000 of the November 2001 parts were administered at 10 sites in the People's Republic of China. Of the parts taken, 83 % were outside North America, for a 54% growth over last year's November cycle.

2002 CIA MODEL EXAM

The IIA is working on an April release of the 2002 CIA Model Exam. This 320-question model exam with expanded solutions gives candidates an understanding of the types of questions that typically appear on the CIA exam. Visit the IIA Bookstore for more information on purchasing the Model Exam in print or on CD-ROM: http://www.theiia.org/iia/bookstore.cfm?fuseaction=topic_list2&topic=cert

FIGHTING FRAUD IN THE NHS (UK)

Performance statistics for the National Health Service Counter Fraud Services (NHS CFS) have also been released for the first time, covering its first three years of operation. The figures show that the NHS CFS has a 99 per cent successful prosecution rate and that 400 counter fraud specialists have been introduced to the NHS. They also reveal that losses caused by patient prescription fraud have been cut by 41 per cent and that fraud by NHS staff has been reduced in some areas by 30 per cent.

FIRE DEATHS AT 40-YEAR LOW IN UK

New figures show that the number of people killed in the UK by fire in 2000 fell to a 40-year low.

The 'Fire Statistics UK 2000' report show that over two thirds of the 595 deaths by fire in 2000 occurred in accidental home fires. It also shows that malicious or deliberate fires rose by 8 per cent to 111,100 in 2000.

In England and Wales alone, the overall cost of arson to the economy was £2.1billion. This was mainly due to a 12 per cent rise in the number of malicious vehicle fires - up to a record high of 70,800 in 2000 and three times the 1990 figure. The Arson Control Forum, which aims to cut arson by 30% by 2009, has already made £1m available to brigades to fund local arson-reduction initiatives.

MANAGING EMPLOYEE RISK COULD SAVE FIRMS £1.5 BILLION IN UK

Employment risks such as employee stress and absence need to be better managed, a recent survey has revealed. Seven out of ten private sector and eight out of ten public sector company executives admit that they need to improve focus on such risks. Currently, employee absence costs UK firms over £10billion a year and managing employment risk could save those firms at least £1.5billion. Further details are available from:

YOUR IDEAS

If you want us to cover any aspect of internal audit then let us know. If you have a favourite tip please send it to us. If you have any comments or questions about the contents of the Bulletin send them to us at: info@accaglobal.com

We can't guarantee to solve your problems or to pass on your tips, but we will try our best.

We also welcome non-commercial announcements for inclusion in the Bulletin.

REORGANISATION OF INTERNAL AUDIT IN MALTA

The internal audit function in Malta has recently been re-engineered. This is now a central function under the Cabinet Office and reporting to the Internal Audit and Investigations Board which adopts the role of an audit committee.

Below we provide a brief introduction to internal audit in Malta and the terms of reference for the Internal Audit and Investigations Board. We would be interested to publish other examples of how audit committees, or their equivalent, have been established in the public sector.

INTERNAL AUDIT

The internal audit function within government is "functionally" independent from any direct or indirect control by any ministry/department/agency. The Internal Audit and Investigations Board (IAIB) within the Cabinet Office regulates public internal audit and financial investigations policies and provides direction to the Internal Audit and Investigations Directorate (IAID). The effective implementation of the public internal audit and investigative function is the sole responsibility of the IAID. However, the reporting responsibilities of internal auditors will be to both the Permanent Secretaries as well as to the IAID. The IAID is responsible for certification of the status of paying Agencies to entities receiving and/or managing EU funds following 'a priori' examination of systems, control and procedure of such agencies. The IAID also carries out 'ex post' performance, value-for-money audits and financial investigations into cases of suspected mismanagement and fraud.

THE INTERNAL AUDIT AND INVESTIGATIONS BOARD

Purpose

The purpose of the Internal Audit and Investigations Audit Board (IAIB) is to establish policies, procedures and practices that enable an effective Internal Audit function within Government and to appraise the effectiveness of internal audit services in accordance with public interest. In doing so, it will ensure continuing communication with auditors (internal and external), Permanent Secretaries in Ministries and other senior officials within the public service.

Mission

The mission of the IAIB is to add value to the public service by providing a framework for an effective independent internal audit and financial investigative function that contributes to sustained service quality, gains in operational efficiencies, strengthened internal controls and more citizen-focused plans, policies and procedures in the public sector.

Authority

The IAIB is appointed on the authority of the Prime Minister. The IAIB is authorised to direct and regulate the Government Internal Audit and Financial Investigative function and to take all the necessary actions to ensure performance of its responsibilities.

Responsibilities

The IAIB is responsible for:

- * serving as an independent and objective mechanism to monitor Government's financial and other reporting processes and internal control systems;
- * facilitating the communication between the IAID, the National Audit Office (NAO) and Permanent Secretaries;
- * periodically reviewing and, if necessary, approving changes to the Charter of the IAID;
- * approving plans, budgets and schedules proposed by the IAID to ensure sufficient audit coverage and reviewing actual performance against them;
- * reviewing and appraising, as necessary, reports of the IAID and the responses of Permanent Secretaries to its major recommendations;
- * requesting the IAID to carry out specific audits and financial investigations as it deems necessary;
- * through its Chairman, representing the concerns of the IAID to the Prime Minister, as warranted by the gravity of such concerns;
- * reviewing the adequacy of the Internal Audit and Financial Investigative function, particularly its adherence to established standards and its status and independence;
- * considering and approving major changes to the government's internal auditing policies, practices and procedures as suggested by the IAID, the NAO, Permanent Secretaries or relevant third parties.

Composition

The IAIB shall be composed of five members and shall be chaired by the Secretary to Cabinet. The Director, Internal Audit and Investigations will be a member who shall also act as secretary to the IAIB. Because of the direct and substantial relationship that Government's Internal Audit and Investigative function has with public financial management, other members should include representation from the Ministry of Finance and an external person of a recognized standing in the accounting profession.

Each member of the IAIB shall perform his/her duties, free from any relationship that, in the opinion of IAIB, would interfere with the exercise of his/her independent judgement as a member of the IAIB.

For the purpose of this Charter, if any member has a conflict of interest, the independence of that member will be impaired if such interest is not declared.

All members of the IAIB shall have a working familiarity with basic finance and public accounting practices and at least two members of the Committee shall be qualified and have expertise in accounting or related financial management disciplines. The IAIB may appoint non-voting professional consultants to sit on the Board for the duration of the consultant(s) service(s) as determined by IAIB itself.

The appointment of the members of the IAIB shall be vested solely in the Prime Minister. The appointment will be on a two-year basis.

RELATIONSHIP WITH THE NATIONAL AUDIT OFFICE

One of the responsibilities of the IAID is to develop and maintain a co-operative but independent relationship with the NAO, in order to enable more effective use of the total audit resource. The IAIB ensures, jointly with the IAID and the NAO that audit work is properly co-ordinated to achieve the best possible coverage and avoid duplication.

The IAIB should meet formally with the Auditor General once a year, when matters of mutual interest concerning audit policies would be discussed and agreed for the next financial year.

The IAIB should oversee that the relationship between the IAID and the NAO is in accordance with the parameters set out below:

- * The points of communication between the NAO and the IAID should invariably be the Auditor General him/herself and the Director Internal Audit and Investigations him/herself;
- * The Director, Internal Audit and Investigations should discuss with the Auditor General audit plans which solely relate to service-wide internal audit assignments, with the primary objective of ensuring that duplication of effort and resources is avoided;
- * Working papers of the IAID, because of the possibility of the sensitivity and restrictiveness of their contents, should only be made available to the NAO if the request is made specifically by the Auditor General him/herself;
- * Reports of the IAID are primarily the ownership of Permanent Secretaries and requests by the NAO to obtain access to such reports should be directly addressed to Permanent Secretaries;
- * Where the NAO relies on an internal audit report and this is brought as evidence before the Public Accounts Committee (PAC), the IAID will only provide additional evidence requested by the PAC when the pertinent Permanent Secretary's permission has been granted and after the matter has been discussed between the NAO, the pertinent Permanent Secretary and the IAID;
- * Both the NAO and the IAID undertake to inform each other should any of them discover during an audit assignment that there is a grave underlying suspicion of mismanagement and/or fraud;
- * Both the NAO and the IAID undertake to inform each other and mutually participate in any training initiative that bears upon their respective responsibilities.

We are grateful to Pierre Pace, Director, Internal Audit and Investigations for Malta for permission to reproduce this extract. We would be happy to publish details from other countries in future Bulletins.

ECONOMIC IMPACT OF 11 SEPTEMBER EVENTS ON CONSTRUCTION INDUSTRY
 Gursharan Singh - gsk38@hotmail.com

As is generally known, the 11 September 2001 attack on the World Trade Centre in New York, the Pentagon in Washington D.C. and the subsequent Anthrax cases in the U.S.A. have had a serious adverse impact on the economies of several countries all over the world. Many countries are also expecting recession, the consequence of which could also have a serious impact on several components of the Malaysian economy such as industry, manufacturing, plantation, property development and the construction industry.

The Malaysian Government has announced the expansion of the construction industry as one of the main methods for reducing these adverse effects on the Malaysian economy. However, the private sector may be hesitant to follow the Government's example in this respect. Thus there is a possibility of some projects being put on hold, downsized, delayed or even abandoning projects already awarded or in various stages of approval, planning or implementation.

Malaysia has faced several recessions in the past. The writer is personally aware of the repercussions of the past three recessions, i.e. 1974-75, 1985-86 and the more recent one in 1997-98. The abandoned projects that were victim to these recessions are still evident throughout the country. The more relevant and visible ones are the buildings and urban transportation projects that were abandoned in various stages of construction.

The adverse financial implication of these and other projects that were downsized and abandoned/delayed/postponed, was widespread. It affected almost every section of the Malaysian economy including workers through retrenchment (redundancy). Compensation had to be paid by project owners while demand for properties and office space and receipts from sales dwindled and evaporated. Others suffered losses due to non-payment for work done, supplies made or anticipated, or sales which did not materialise. This category included the contractors, sub-contractors, building materials suppliers, technical and other consultants, financial institutions, etc.

The main reasons for non-payment of compensation and the inability to fully recover losses were identified as:

- [a] lack of relevant provisions in the respective contracts/agreements and

[b] lack of proper, comprehensive and accurate documentation with supporting justification.

The main victims of these losses were identified as small contractors/businesses and consultants, especially technical consultants. The small contractor/business categories lost out as most of them generally lacked the ability to maintain comprehensive and accurate documentation. This was attributed to lack of knowledge and facilities. However, the same could not be said to be true of professional consultants, especially technical consultants. Consultants generally neglect the documentary aspect of their services and do not give serious attention to financial aspects and costs. The documentary aspect referred to is the time inputted [especially professional time] in preparing designs and the many redesigns and changes required, for which there is insufficient authorisation or documentation.

There have been regular calls by various experts, both within and outside the government and country, for companies to take appropriate measures and institute safeguards to protect their interests. These include the scrutinising of existing contracts, agreements and financial commitments in whatever form, to ensure that sufficient provisions exist to claim compensation and for the recovery of claims should there be any delay or abandonment of contracts and projects received. Similarly, the agreements and contracts that have been awarded by companies and other commitments that they have made with others such as technical and other professionals, sub-contractors, machinery and materials suppliers, financial institutions and recruited staff, should also have sufficient and adequate provisions to ensure that compensation payable is kept to a minimum. This would ensure maximum recovery of costs and losses and minimum payment of compensation to others.

It is possible that the management of companies involved in the construction industry, big and small, and especially the technical consultant firms, have taken the necessary steps to cushion themselves against this contingency. Nevertheless, Internal Auditors should highlight to their respective managements the seriousness of the '9-11 Incident' for the future financial well-being of their companies.

It is the responsibility of management and the auditor to ensure the financial health of the company as this will ensure their own survival and financial health!

MONEY LAUNDERING: HAVE YOU GOT MINIMUM PROCEDURES?

All countries have stepped up procedures to control the abuse of money laundering. How does your organisation cope with this important issue? Here are some steps that all organisations should be taking to limit the risk of money laundering:

- 1 - How well do you know your customer?
- 2 - Do you do all that you can to best protect your firm's reputation?
- 3 - Do you confirm your customer's identity?
- 4 - Does your customer have the background knowledge expected in their line of business?
- 5 - Do your customers' transactions make commercial sense?
- 6 - Can your customer justify the transactional structure?
- 7 - Could the transactions be structured for tax evasion?
- 8 - Does your customer operate offshore companies/trusts?
- 9 - Is your training tailored to your organisation?
- 10 - Do you train all staff and not just those you are required to?
- 11 - Is your training regular and ongoing?
- 12 - Do you provide regular updates on the types of money laundering your organisation could be subject to?

BOOK REVIEW

If you have read a book recently on internal audit or related issues which you think would be of interest to readers of this Bulletin, please send in a brief review to Andy: andy.wynne@accaglobal.com

PERFORMANCE MANAGEMENT FOR AUDIT

CIPFA - MARCH 2000 - ISBN 0 85299 890 2
30 PAGES; £39.95

Performance management has gained an increasingly high profile in recent years, especially across the public sector. As auditors, we are used to reviewing performance management as part of our audits, but we also need to review our own performance. This booklet attempts to help us with this task.

It is a welcomed guide that should assist audit managers to introduce or refine the performance management systems for their service. As the Foreword states: "At a time when all are being exhorted to deliver better services, it is right that audit, when making such recommendations to others, can demonstrate that it can and has put its own house in order".

The booklet provides an introduction to the topic, consideration of audit's stakeholders, a discussion of why we have performance indicators for audit and the characteristics of good performance indicators. It then goes on to consider what aspects of audit should be measured including: compliance, timeliness of audit, adding value and cost. The outline of a questionnaire to auditees is provided and an analysis of the information required by each of audits main three stakeholders: audit committee, client manager and audit management.

The booklet ends with an example of a performance plan from a public service audit section. This provides a range of 31 performance indicators with examples of targets. Whilst useful, this information would have been much more valuable if some indications of good practice or national benchmarks had been included. Some of the targets do not appear particularly challenging. For example, targets of 65% of total available time to be productive; 90% of audit reports to be produced within one month of audit completion; and 75% of audit report recommendations to be agreed for implementation. These targets will not encourage most internal audit sections to develop particularly challenging targets for themselves or strive to achieve best practice.

I also found the first section of the book annoying as it tries to combine internal and external audit. CIPFA should be aware that these related professions have very different objectives. Brain surgeons would not expect to be quality reviewed by chiropractors; a nursery school teacher could be expected to complain if their work was to be reviewed by a lecturer in astronomy.

We will provide details of a range of performance indicators that could be used to assess the quality of internal audit work in the next Bulletin. We would be interested to hear of performance indicators that you have found useful (e-mail: andy.wynne@accaglobal.com).

ACCA RESPONSES TO CONSULTATION DOCUMENTS ON INTERNAL AUDIT

ACCA has recently provided responses the following UK consultation documents related to internal audit:

- Good Practice Guide on Strategy - Audit Policy and Advice, HM Treasury
- Quality Assurance Questionnaires - Audit Policy and Advice, HM Treasury
- Competency Frame Work For Internal Audit Staff In Central Government Organisations - Audit Policy and Advice, HM Treasury

ACCA's responses are available by accessing: <http://www.accaglobal.com/technical/> and then clicking on "Responses to consultation documents".

ACCA SEEKS TO ESTABLISH AN INTERNATIONAL INTERNAL AUDIT PANEL

ACCA is seeking to establish a panel of experienced internal auditors from across the world to assist ACCA staff in developing responses to consultation documents on internal audit.

Please send you details to andy.wynne@accaglobal.com if you would be willing to join such a panel.

PUBLICATIONS AND RESOURCES

AUDITNET - <http://www.auditnet.org>

AuditNet was developed by Jim Kaplan. The original concept was for a central electronic resource for the audit community that would provide a link for auditors world-wide. This has evolved into a network of resources available for auditors. A listing of those electronic resources is updated and distributed monthly via the Internet. AuditNet includes Jobs for Auditors and an inventory of Audit Work Programs.

The Auditors Sharing Audit Workpapers Project provides you with the opportunity to share your best practice standard forms with other auditors. To access the documents go to <http://www.auditnet.org> and click on 'Audit Programs' or 'Audit Workpapers' from the Virtual Library

AuditNet added a section for new (and seasoned) auditors detailing the audit process using a step-by-step approach. The section will include templates, sample documents, flowcharts and links to other resources. The success of these pages will rely on the philosophy of Auditors Sharing Knowledge (ASK) for Progress and grow as more seasoned auditors contribute and find value in educating others in their own best and continuing practices!

RISK MANAGEMENT READINGS

The IIA have produced a list of risk-related articles, books, and other publications to assist internal auditors and their organisations in monitoring, evaluating and improving the effectiveness of risk management systems and processes. Internal auditors are encouraged to evaluate risk management information from a wide variety of sources, to ensure that they can effectively add value to their organisations through monitoring and evaluating the effectiveness of their organisations' risk management systems.
http://www.theiia.org/ecm/guide-ia.cfm?doc_id=1604

INTERNAL AUDIT BOOKS AVAILABLE ON THE INTERNET

<http://www.cipfa.org.uk/publications>

The Chartered Institute of Public Finance and Accountancy (CIPFA) in the UK publishes a range of books on public finance and internal audit. These are available for purchase by credit card on-line.

THE IIA BOOKSTORE

The following new products have recently been produced:

Acquisition of External Audit Services: A Model Request for Proposal

Adding Value: Seven Roads to Success

Audit Committees: A Guide for Directors, Management, and Consultants

Auditing the Casino Floor: A Handbook for Auditing the Casino Cage, Table Games, and Slot Operations

Auditing the Legal Process: Improving the Efficiency and Effectiveness of Legal Counsel

CIA Model Exam 2002 CD-ROM

<http://www.theiia.org/ia/bookstore.cfm>

PREPARE YOURSELF FOR THE DATA PROTECTION ACT

Stuart Room from law firm Rowe Cohen looks at recent changes to the Data Protection Act and the steps that personnel managers must take to comply ... and the consequences if they don't. In December last year a new Data Protection Act (UK) came into force, which has far reaching implications for any organisation that collects and processes personal data. If you think that this law only applies to banks, credit card companies, mail order houses and the like, then think again!

<http://www.accountingweb.co.uk/item/69952/448>

UK TREASURY GUIDANCE NOW ON WEB

HM Treasury guidance is now freely available on the Internet. This includes Government Accounting, the financial regulations for central government departments in the UK. Also available is the UK guidance on the introduction of accruals accounting. This is now termed 'resource management'.

Government Accounting: <http://www.government-accounting.gov.uk>

The Resource Accounting Manual: <http://www.resource-accounting.gov.uk>

Information on Whole of Government Accounts: <http://www.wga.gov.uk>

SOUTH AFRICAN GOVERNMENT INTERNAL AUDIT MANUAL ON INTERNET

The National Treasury recently developed a draft Internal Audit Framework. This Framework currently appears on the website: <http://www.treasury.gov.za>

Once you get into this site, click on "Organisation" (at top left) - thereafter click on "Office of the Accountant-General" on the left of your screen. Thereafter scroll down and under the title "financial systems" you will see the Internal Audit Framework.

GUIDE TO SUCCESSFUL CORPORATE GOVERNANCE LAUNCHED

A new guide has been launched by the British Standards Institution (UK) aimed at helping organisations manage risks effectively to ensure they meet corporate governance requirements.

'PD 6668:2000 Managing Risk for Corporate Governance' provides a 'Plan, Do, Check, Act' (PDCA) framework, which is consistent with the approach in management systems standards produced by ISO and the Turnbull report. The guide applies to any organisation that wants to establish arrangements at top level to identify and mitigate strategic risks in accordance with its policy, and make a self-determination and self-declaration of its performance on an annual basis.

The document applies to organisations world-wide in the public and private sectors and covers the whole process of establishing a risk management strategy, from identifying the resources needed through to monitoring and measuring. The guidance also contains a benchmarking questionnaire that should enable an organisation to establish what importance it puts on managing risk.

'PD 6668:2000 Managing Risk for Corporate Governance' costs £30 (NB. Prices may increase from 1 April 2002).

Orders to BSI Customer Services Tel: +44 (0) 20 8996 9001; fax: +44 (0) 20 8996 7001;
email: orders@bsi-global.com

For further information, contact Amanda Doody at Amanda.doody@bsi-global.com

THE COBIT OPEN STANDARDS FOR IT SECURITY

are available for free download from: http://www.isaca.org/ct_dwnld.htm

They include:

- * Management Guidelines
- * Executive Summary
- * Framework
- * Control Objectives
- * Implementation Tool Set

INTERNAL CONTROL IN BANKS

The Bank for International Settlements has a range of documents - available from <http://www.bis.org/publ/index.htm> - of interest to internal auditors working for banks this includes Framework For Internal Control Systems In Banking Organisations [Basel Committee on Banking Supervision, September 1998].

INTERNAL AUDIT IN UNIVERSITIES DISCUSSION LIST

The list has been established by the Committee of Higher Education Internal Auditors (CHEIA) as a service to its members. We welcome other auditors and accountants who wish to contribute constructively to the development and effectiveness of internal audit in higher education.

How Do I Join?

Send an e-mail message to the following address: mark.welsh@sunderland.ac.uk

Please explain your internal audit post and which institution you work for in order for your application to join the list to be approved.

On joining you will get a set of more detailed instructions on how to use the discussion list.

CORPORATE GOVERNANCE LINKS

A range of international corporate governance codes are available from: <http://www.ecgi.de/codes>

A list of links to other international corporate governance sites can be found at:

<http://www.icaew.co.uk/menus/links/corpgov.htm>

COMPUTER ASSISTED AUDIT TECHNIQUES

Guidance on this topic has been produced by INTOSAI, the international organisation for auditor-generals.

The guidance is available from:

<http://www.nao.gov.uk/intosai/edp>

ACCA COMMUNITIES

ACCA Communities is a free Internet service for ACCA members and students and their business contacts. They can use the service to set up or take part in virtual interest groups, to provide secure virtual workspaces for collaboration on projects or business deals or to support self-help study. Each virtual group has its own document area, database, group mailing list, calendar and voting mechanism. Since the launch, communities have been created to discuss tax and audit issues, ACCA's practice support tool, Business Navigator and its lifelong learning proposals. To find out more visit: <http://www.accacommunities.com>

WHISTLE-BLOWERS WEBSITE LAUNCHED

A report from the Audit Commission (UK) has revealed that 80% of companies questioned believe they face an increased risk of IT fraud. The average value of each detected fraud is found to be £36,000. The survey also revealed that most frauds are detected as a result of information received from whistle-blowers: often an insider who tips off a senior member of staff about the activity that concerns them. As a result, a website has been set up for whistle-blowers to report their concerns.

<http://www.whistleblower.sh> offers an e-mail facility for anonymous tip-offs. Depending on the nature of the report a senior member of the organisation management or board or the relevant law enforcement agency can be contacted without the source of the information being divulged.

The Audit Commission report is available from:

<http://www.audit-commission.gov.uk/publications/yourbusrisk.shtml>

Other Internet sites related to whistleblowing include:

Public Concern at work: <http://www.pcaw.co.uk>

Serious Fraud Office: <http://www.sfo.gov.uk>

Fraud Prevention: <http://www.fraud.org.uk>

PLEASE LET US KNOW IF YOU HAVE FOUND ANY WEBSITES THAT YOU THINK OTHER INTERNAL AUDITORS WOULD FIND USEFUL

PASS ON DETAILS OF THIS BULLETIN TO OTHERS

ACCA is the largest, fastest growing, global professional accountancy body, with nearly 300,000 members and students in 160 countries. ACCA headquarters is in London and it has 32 staffed offices and 35 active centres around the world. ACCA's mission is to provide quality professional opportunities to people of ability and application, to be a leader in the development of the global accountancy profession, to promote the highest ethical and governance standards and to work in the public interest.

Further information on ACCA is available on ACCA's website, <http://www.accaglobal.com>

Please pass on information contained in this Bulletin to anyone in your organisation or any other internal auditors who may find it useful. Information contained in this Bulletin may be freely copied in other publications if mention is made of the Bulletin.

REGISTER FOR THIS BULLETIN!

Your internal audit colleagues can register to receive future Bulletins by sending an e-mail to: info@accaglobal.com putting the word 'REGBULL' in the subject line. Please include your FULL NAME, clearly state the type of organisation that you work for and whether you are a member of the ACCA. This will enable us to update our records and ensure that the Bulletin contains information that is of interest to its readers. The service is open and free to all internal auditors across the world, regardless of whether or not they are members of the ACCA. We will not pass on your details to any third party or use it for anything other than the Bulletin or relevant occasional news.

If you no longer wish to receive the Bulletin or if you change your e-mail address, again please contact us at the above e-mail address putting 'DEBULL' or 'CHANGEbull' respectively in the subject line.

Back issues in Rich Text Format may be downloaded from: <http://www.accaglobal.com/publications>

ARE YOU ALL RECEIVING THE BULLETIN?

Each time we send out the Bulletin, many e-mails are returned to us as they cannot be delivered. This is usually because either the addresses have changed and we haven't been informed, or because e-mail accounts are already at full quota and there is no room for the Bulletin.

Although we make every effort to get the Bulletin to all those who have subscribed to it, we cannot always get through. If you, or anyone you know, have requested to be added to the subscription list but are not receiving copies, please contact: info@accaglobal.com quoting 'CHANGEbull' in the subject line.

Please also remember to let us know if your e-mail address has changed!

THE END