
* ACCA INTERNAL AUDIT BULLETIN *

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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

NEW YORK STOCK EXCHANGE MAKES INTERNAL AUDIT MANDATORY

On 1 August 2002, the New York Stock Exchange published its new listing requirements, "Corporate Governance Role Proposals". This will require "each listed company to have an internal audit function". This is a tighter requirement than an earlier draft which only "expected all NYSE-listed companies to have an internal audit function". Non-US companies will be exempt from this requirement.

The requirements are available from: <http://www.nyse.com> by clicking on "corporate governance".

IFAC PROVIDES GUIDANCE ON RISKS OF E-COMMERCE

IFAC's International Auditing and Assurance Board (IAASB) has recently issued guidance on the use of the internet for e-commerce. This recommends that auditors should focus on the following areas:

- * the level of skills and knowledge required to understand the effect of e-commerce on the audit
- * the extent of knowledge the auditor should have about the entity's business environment, activities and industries

- * business, legal, regulatory and other risks faced by entities engaged in e-commerce activities
- * internal control considerations, such as an entity's security infrastructure and transaction integrity
- * the effect of electronic records on audit evidence.

'Electronic Commerce - Effect on the Audit of Finance Statements' is available from <http://www.ifac.org/store> for US\$22 (it may be available free from 1 January 2003).

OECD HAS REVISED ITS SECURITY GUIDANCE

The "Guidelines for the Security of Information Systems and Networks" were last revised 10 years ago. The revised guidelines call for a culture of security to be developed in all aspects of information systems and contains nine principles including that participants should be aware of the need for security of information systems and networks and that participants should conduct risk assessments.

The guidelines are available from: <http://www.oecd.org/organisation/pdf/M00033000/M0033182.pdf>

HEFCE AUDIT CODE OF PRACTICE

This document sets out the HEFCE's requirements for internal and external audit arrangements in the higher education institutions it funds, and the framework in which they operate. The Code supersedes the 1998 version, with effect from August 2002. It describes minimum audit requirements, and those considered to be good practice. Model versions of key documents are included for institutions to use at their own discretion.

The revised Code is available from: http://www.hefce.ac.uk/pubs/hefce/2002/02_26.htm

INTERNAL AUDITORS EMBRACE 'IDEA'

IDEA, the data analysis software used by the US Inland Revenue to target suspicious tax returns for investigation, came out as the most useful program in a survey of US internal auditors. Conducted by 'Internal Auditor' magazine, the survey scored 4.4 out of 5 for user-friendliness and beat other applications in categories including fraud detection/prevention, overall satisfaction, effectiveness, extraction and analysis. As well as beating commercial applications, IDEA outscored Excel and Access-based applications and systems developed by internal auditors themselves. IDEA combines data extraction and analysis modules with a variety of comparative tools and filters to help internal auditors (and tax investigators) spot anomalies within logfiles compiled by financial and other software.

Further details of this software are available from: <http://www.caseware-idea.com>

CHIEF ACCOUNTANT BLOWS WHISTLE ON EUROPEAN COMMISSION

The European Commission's former chief accountant has gone public with her concerns over the financial controls and systems at the European Union's headquarters, which handles a budget of 98bn Euros a year. Marta Andreasen moved from her post in May after complaining to European Commissioners Romano Prodi and Neil Kinnock. Andreasen said she was brought in three years ago because her superiors wanted someone with accounting ideas, "But when I brought them, they did not accept them". One of the main problems she identified was with the Commission's Sincom 2 accounting system. The European Commission accounting system does not comply with basic accounting principles or any kind of GAAP, she explained, adding that it was "incoherent and allows no possibility of an audit trail". As a result, people can go in and alter the figures.

The European Commission accounts are qualified every year by the European Court of Auditors and three years ago, its commissioners resigned 'en masse' following revelations of endemic mismanagement and fraud in its finances.

The resignation of president Jacques Santer and the rest of his commission in 1999 was triggered by revelations from internal auditor, Paul van Buitenen, who was suspended for four months. The Commission then set up a new anti-fraud unit and set up an independent internal audit function, which is now completely separate from the Financial Control (pre-audit checking) function (see further details in 'The European Commission and The Practice of Pre-Audit' below).

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.

In this issue of the Bulletin we include pieces on two key areas for internal audit. The first piece, by a member of ACCA's Internal Audit Sub-Committee, discusses the events around the collapse of the energy trading corporation Enron and the implications that these have for internal audit practice. This is followed by two documents from the European Commission on the role of internal audit.

To what extent should internal audit be part of the internal control system by undertaking checks on expenditure before it has been incurred?

We would be pleased to include further pieces on these two topics in future issues of the Bulletin - send your thoughts to info@accaglobal.com.

THE ROLE OF INTERNAL AUDIT AFTER ENRON

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INTRODUCTION

The Enron collapse has resulted in significant debate on the role of the accountancy profession, concerns over financial reporting and auditing standards, regulatory arrangements and the role of corporate governance in corporations. It will take some time to unravel all the facts of this case, but there are lessons to be learnt from what is known so far. Much of the media attention has concentrated on the role played by the external auditors and raised questions over auditor independence. There are also lessons to be learnt over the roles played by the Board of Directors, Audit Committees and Senior Management. However, there are also lessons to be learnt by Internal Audit.

Stakeholders in Enron have severely criticised directors, non-executive directors, external and internal audit, for failing to tell the public about the true financial position at Enron. It is evident that investors were not properly informed about the off balance sheet finance arrangements established. The US accounting rules and standards no doubt contributed to this with the legal ownership conventions over subsidiary companies and investment vehicles. The application of IAS principles of substance over form would have required the reporting of these special purpose entities in a transparent way that would have given investors a greater understanding.

ISSUES AND CONTRIBUTORY FACTORS

As far as Internal Auditors are concerned in the aftermath of this affair, there is a need to consider the key areas of risk relating to:

- * Derivatives and derivative positions
- * Off balance sheet liabilities and other complex financial transactions
- * Adequacy of overseeing by directors serving on audit committees and boards
- * Corporate ethics
- * Risk management policies and procedures.

A review of the facts emerging so far from the Enron situation points to some particular reasons and issues that gave rise to the financial collapse, which include:

- * Individual greed - with stock option plans geared to the company share price
- * A determination to cover up and obscure the evidence
- * A willingness to overlook questionable practices within the organisation
- * Various checks, balances and controls intended to safeguard investors, employees and creditors found to be wanting
- * A failure of fundamental corporate governance by senior executives, the board and the audit committee.

The key issue at Enron that caused the final collapse was the deals undertaken between the company and the special purpose entities (SPE's) established that allowed Enron to take debt out of the balance sheet and hence present a more flattering set of accounts. Although FAS57 required full disclosure of these relationships there was no transparency at Enron. Creative accountants were seeking ways to cover up economic reality by observing the letter and not the spirit of the law.

SOLUTIONS

Much has already been written about what should be done in going forward to prevent similar situations in the future, amongst which, primary, are:

- * Adoption of a consistent set of global standards that effect a standardisation of financial and corporate regulation
- * A fundamental step change in attitudes and approach
- * A simpler set of accounting rules and a move towards acting in accordance with the spirit of the law, i.e. substance over form

How can this be achieved?

- * Corporate boards need to supervise companies more closely
- * Transparency of accountancy transactions
- * Effective auditing, both internal and external
- * Effective external evaluation by credit rating agencies and stock market analysts
- * Implementation of known best practices.

THE ROLE OF INTERNAL AUDIT

Internal auditors should be reviewing their audit plans and the risk assessments undertaken in preparing them. During this review process, consideration should be given as to whether there is sufficient coverage given to the following areas:

- * Disclosure of policies, and the form and content of these policies
- * Off balance sheet transactions, related party transactions and SPEs
- * Derivatives and other complex financial transactions
- * Risk management procedures and policies
- * Independence and adequacy of the external auditors
- * Corporate policy on ethics

* Approach to corporate governance.

One of the key areas to consider is whether there is a risk management process, or any other method of identifying corporate risks. Is there a documented risk management procedures and control manual? A further must is for Internal Audit to challenge convention and be aware of aggressive accounting policies to meet analysts' expectations, or seeking excessive growth in the corporate stock values. Do the members of the Board, Audit Committee and senior management have sufficient knowledge or expertise to understand the business? If not, arrange training.

Review the nature and make up of the Audit Committee and Board. Is the remuneration package appropriate? Option packages may be inappropriate. Consider the number of directorships held. If there are too many, members may have insufficient time to allocate to their role and be unable to responsibly discharge their duties.

CONCLUSION

The Enron affair will provide internal audit functions with an opportunity to demonstrate what they can provide to the boards and non-executive directors in terms of assurance. This opportunity should be taken to show the value of good internal audit in assessing the business risks and providing assurance on risk management issues.

THE EUROPEAN COMMISSION AND THE PRACTICE OF PRE-AUDIT

In many organisations across the world internal audit has two aspects to its activities. These are:

* as part of the internal control system to authorise transactions prior to payment (pre-audit or 'ex ante' audit) or to review transactions for probity and compliance with regulations (post-audit)

and

* to provide an independent critical review of the internal control system and make recommendations for improvement.

The European Commission, amongst other organisations has been struggling with these two aspects of internal audit work in recent years. Below, we reproduce two extracts from official documents of the European Commission on this subject. We would welcome comments and discussion on this issue from our readers for inclusion in future issues of our Bulletin.

COMMITTEE OF INDEPENDENT EXPERTS, SECOND REPORT ON REFORM OF THE COMMISSION Analysis of current practice and proposals for tackling mismanagement, irregularities and fraud VOLUME I (10 September 1999)

"4.6.2. Whatever the (im)practicalities of these options, the Committee continues to have strong reservations about them on two points of principle. First, ex ante checking, whether it be universal or on the basis of sampling, is unlikely to be a cost-effective process: the effort put in to checking all transactions is clearly disproportionate, while sampling is unlikely to have sufficient dissuasive effect. The second, and fundamental, principle is that any retention of ex ante control runs up against the crucial objection that, de facto if not de jure, it displaces responsibility for financial regularity from the person actually managing expenditure onto the person approving it. This displacement of responsibility, meaning in effect that no-one is ultimately responsible."

"4.6.4. In the world of international financial management, the ex ante financial control system of the Community institutions has something of an antediluvian feel about it. It corresponds to an outmoded "belt and braces" vision of control which places little value on the sense of personal responsibility of the "manager", focuses on the formal aspects of operations and which can in any case only work effectively in an environment where a relatively restricted number of financial proposals pass through the system. Both these points have been identified by the Committee as major problem areas for the Commission, which, as the first report of the Committee pointed out, does not structurally encourage a sense of personal responsibility in its staff and

carries out a number and range of financial activities beyond its capacity to manage them. In terms specifically of the European civil service, the problem is further exacerbated by the near-impossibility of applying administrative sanctions of a pecuniary nature against officials who commit irregularities.

4.6.5. Most modern practice indicates a shift away from rigid ex ante control systems, to ones which rely on a combination of high quality financial management at source together with a firm regime of ex post audit. DGXX itself in part reflects this development, having created an internal audit service alongside the traditional visa departments. In doing so, it has arguably provided itself with the worst of both worlds, in the shape of two services, neither of which stands a serious chance of operating effectively. To make matters worse, the functions of the two services are potentially in conflict, as the audit service will inevitably throw up cases where financial control has granted a visa for an irregular operation (cases abound...). The position of the Financial Controller in such cases is not a satisfactory one.

4.6.6. The conclusion to be drawn is clear. First, financial control (i.e. the ex ante guarantee of the regularity of financial operations) must be completely rethought with a view to making the managers of expenditure genuinely and concretely responsible for it. Second, this function must be completely separate from the internal audit function."

REPORT ON THE YEAR 2000 BY THE COMMISSION'S FINANCIAL CONTROLLER

"To continue to carry out its formal obligations in a Reform context, DG Financial Control has developed a control concept which focuses on its core functions and aims at increasing the authorising services' reliance on their own internal control systems. This concept was adopted by the Commission on 25 April 2001.

Core functions include primarily the examination and visa of proposed expenditure and revenue transactions. They also include taking position on draft Commission decisions which have a budgetary impact and on general financial rules (section 2.2)."

"The most important measures in this context were the transfer in summer of more than half of the DG's 221 posts to other Services mostly to strengthen their management and control functions, and the setting up of a separate Internal Audit Service. Full decentralisation of ex ante transaction controls is envisaged after a transition period (section 2.1)."

"Core functions include primarily the examination and visa of proposed expenditure and revenue transactions. They also include taking position on draft Commission decisions which have a budgetary impact and on general financial rules (section 2.2)."

"2.2. The Core Functions

The Directorate General will continue to carry out, throughout the transitional period, the core functions laid upon the Financial Controller by the existing legislation and by Commission internal rules. In line with the Reform White Paper, the functions, rights and responsibilities of the Financial Controller and of delegated financial controllers are summarised in a Charter to be adopted by the Commission in July 2001.

The most important single legal base is the Financial Regulation for the General Budget. Legal requirements include, first and foremost, the examination and visa of proposed financial transactions. They cover both expenditure and revenue and consist in particular of examining the legality and regularity of operations and the use of budget appropriations in accordance with the principles of sound financial management. The main transactions covered are commitments, payments, recovery orders and forecasts of revenue."

"Proposed commitments and payments have, since the Financial Regulation was amended in 1998 to permit this, been controlled on a sampling basis. The sample is drawn by the computerised application "MUS" (Monetary Unit Sampling) attached to the Commission's computerised budget execution application Sincom2. This sample relies mainly on the monetary unit method, where the probability of transactions being selected varies according to the levels of risk attached to them."

"In 2000 DG Financial Control continued to examine proposed transactions on a sample basis, with control intensities varying according to the risk attached to the transactions. Overall, i.e. including the transactions examined outside the sample and also including the European Development Fund and the Agencies and

Decentralised Community Bodies, about one sixth of transactions was controlled, which is equivalent to 85% of the overall value of expenditure and revenue."

"Pending the adoption of the Commission proposal for a recasting of the Financial Regulation, centralised ex ante controls by the Financial Controllers remain a legal requirement. In discussions on the Reform, the Commission has stressed the importance of not dismantling these controls before financial circuits in operational DGs are sufficiently robust, i.e. until the operational services have built up their own financial management, control and audit capabilities to the required level.

This view is shared by both Parliament and the Council, as expressed most recently in the context of the "Fast Track" amendment to Article 24 of the Financial Regulation. To this effect, the Commission decided that DG Financial Control will maintain its current number of posts for ex ante control throughout the envisaged transitional period. In order to encourage staff to remain in their posts, each member who wishes so will be offered a personal commitment that he or she will be found a suitable new post when centralised ex ante control is discontinued."

ANTI-CORRUPTION CHECKLIST

This checklist is taken from the WorldBank's list of New Empirical Tools for Anti-Corruption and Institutional Reform: <http://www.worldbank.org/wbi/governance/guide.htm>

IDENTIFYING THE PROBLEM

- * Do powerful socio-economic interests appear to influence the formulation and implementation of laws and policies through corruption?
- * Are public revenues reduced as a consequence of corruption?
- * Do public resources appear to be wasted as a consequence of corruption?
- * Do members of the business community routinely complain that corruption is a key obstacle to private sector development?
- * Do the public or particular social groups routinely complain that they do not have access to key public services because of corruption?
- * Is corruption deeply entrenched?

POLITICAL COMMITMENT

- * Was a promise to reduce corruption a key element in the party platform of the Government?
- * Does the current Government's political survival predicate effective actions in anti-corruption?
- * Has the country experienced a recent political or economic crisis, perceived to have been linked to mis-governance or corruption?
- * Does the Government have a comprehensive anti-corruption program, addressing all the three pillars: systematic institutional reforms, public education and prosecution of corrupt officials?
- * Did the Government initiate its own anti-corruption program?
- * Are there credible leaders in Government, who can champion implementation of anti-corruption reforms?
- * Are the key champions of anti-corruption likely to remain in Government for at least one year?
- * Is there a broad coalition of support for an anti-corruption program?
- * Is the debate within Government on corruption open and transparent?
- * Is the Government willing to commission independent studies of corruption and widely disseminate the results of these studies?
- * Is the Government open to NGO monitoring of their anti-corruption program?

IMPLEMENTATION OF A LEGAL FRAMEWORK FOR ANTI-CORRUPTION

[Check if: (i) regulations exist and (ii) regulations are effectively implemented]

- * Are there effective regulations against bribery, embezzlement and other abuses of public office?
- * Is there an effective regulation against bribery of domestic and foreign officials by businesses?
- * Is there an effective regulation on party financing, which limits the extent to which special interests can contribute to parties?
- * Is there an effective regulation on conflict-of-interest, which restricts the ability of politicians and bureaucrats to participate in and accept compensation for activities that are contrary to the public interest?
- * Is there an effective system of income and assets declaration for senior politicians and bureaucrats, which allows for public scrutiny of their accumulation of wealth?
- * Is there an effective regulation on freedom of information, which allows the public to access and to authenticate Government documents?

- * Can prosecutors offer plea bargains and immunity in exchange for material testimony on corruption?
- * Is there an effective regulation against money laundering?
- * Is the punishment for violation of these statutes adequate?
- * Is the country a signatory to key international conventions related to anti-corruption?

INSTITUTIONAL FRAMEWORK FOR PREVENTION

- * Are new laws and regulations reviewed for their vulnerability to corruption?
- * Is the system of regulation of production and trade, streamlined and transparent?
- * Are existing laws and regulations reviewed for their vulnerability to corruption?
- * Is there a meritocracy in hiring, compensating and promoting public sector employees?
- * Are public officials provided with a decent wage, benefits package and pension?
- * Do public officials have limited discretion in carrying out their functions, particularly in the area of regulation?
- * Are there effective systems for managing public expenditures, including budgetary planning, execution, procurement and evaluation?
- * Are there effective systems for ensuring accountability of public officials, especially in the area of public service delivery?
- * Is there competition in the production and sale of key products and services?
- * Is there an independent system in place for the periodic measurement of indicators of good governance, both for specific budgetary organisations and at more aggregate levels?

INSTITUTIONAL FRAMEWORK FOR PUBLIC EDUCATION

- * Do primary and secondary school curricula include civic education?
- * Are there organisations involved in educating public officials and the public about their rights and responsibilities?
- * Is investigative journalism well-developed?
- * Does the public have a choice of independent media?
- * Do social scientists publish research on corruption?

INSTITUTIONAL FRAMEWORK FOR ENFORCEMENT

- * Have there been convictions of senior public officials on charges of corruption?
- * Is the investigation, prosecution and adjudication of anti-corruption cases free from political interference?
- * Are judicial appointments free from political interference?
- * Are investigators, prosecutors and judges well-trained in the enforcement of anti-corruption laws?
- * Is the investigation, prosecution and adjudication of corruption cases adequately financed?
- * Is there transparency and accountability in the system of enforcement?

OVERSIGHT

- * Are NGOs actively involved in anti-corruption? Do they produce 'score cards' on governance?
- * Does the media effectively report on corruption?
- * Are there public hearings for central and local budgets (i) for key laws and regulations, and (ii) for public procurement?
- * Is there an independent Ombudsman to which the public can report abuses of public office?
- * Is Parliament able to provide a check against corruption in the other branches of state as well as police itself?
- * Are there other donors that are actively engaged, or would like to become engaged, in supporting anti-corruption?

ORDERING, RECEIVING AND PAYMENTS - an audit guide

SYSTEM OBJECTIVE: ALL GOODS AND SERVICES REQUIRED BY THE ORGANISATION ARE RECEIVED AND PAID FOR EFFICIENTLY

1 CONTROL OBJECTIVE: APPROPRIATE ORDERS ARE RAISED FOR THE GOODS AND SERVICES THAT ARE REQUIRED

KEY CONTROLS:

1.1 Official order books are held securely. Only staff authorised to place orders have access to the order books. No more than three months supply is held.

1.2 Orders are raised promptly on official order forms. Where orders are placed by telephone, a record of each order is made before it is placed and each order is confirmed on an official order form - unless the goods or services are received in the next day or two.

1.4 All orders are suitably authorised. Budget holders authorise orders to show that the goods or services are required and that a budget is available within their delegated limits. There is an up-to-date authorised signature list.

1.5 Ordering arrangements ensure VFM. All orders are clearly documented including formal tendering (above twice average salary) and obtaining three written quotations (above average salary). An outline of ordering procedures is included financial regulations.

2 CONTROL OBJECTIVE: ALL GOODS AND SERVICES THAT HAVE BEEN ORDERED ARE RECEIVED AND USED AS REQUIRED

KEY CONTROLS:

2.1 Adequate segregation of duties exists between staff authorised to order goods, those who receive them, and those who have access to the payments system (ie at least two people are involved in the process).

2.2 Goods received are checked. All goods are checked, when received, against the official order (or goods received note and then later to the order) and their quality is checked. The invoice is initialled and dated to indicate that this check has been performed. Any queries are documented and promptly raised with the supplier. Only authorised staff are allowed to receive goods.

2.3 Goods received are held securely. Where appropriate, a secure designated receiving area is used. All orders indicate where the goods should be delivered - these should only be to designated areas/locations.

2.4 Suitable levels of stocks are maintained. However, these should be minimised and no more than (eg) one month's supply should be held.

3 CONTROL OBJECTIVE: PAYMENTS ARE MADE ACCURATELY AND PROMPTLY FOR ALL GOODS AND SERVICES RECEIVED

KEY CONTROLS:

3.1 Adequate segregation of duties exists between staff who

- certify payments;
- account for creditor payments; and
- are involved in the despatch of cheques.

NOTE: cheques should not be returned to the person who requested them or who was involved in the ordering or authorising process.

3.3 Checks are made to ensure that duplicate payments are avoided. Invoices are stamped PAID when input for payment. Payments are only made from original invoices unless special authorisation. Computer reports are produced on (eg) same invoice value or order number and supplier in last month/three months.

3.4 All payments are certified. This is documented by initialling and dating the invoice, to confirm checks made on receipt: that what is received is as ordered, and that the expenditure code is appropriate. Credit notes are appropriately controlled and authorised (with authorisation as for invoices). Authorised list is maintained of all staff authorised to certify invoices for payment. All cheque-books are held securely and accounted for.

3.5 Payments are made within an appropriate time-scale with regard to prompt payment discount and cash flow (30 days unless otherwise stated in the contract). The speed of actual payment is reported to senior management at least quarterly.

4 CONTROL OBJECTIVE: ALL PAYMENTS FOR GOODS AND SERVICES ARE ADEQUATELY ACCOUNTED FOR

KEY CONTROLS:

4.1 All payments give rise to an individual entry in the creditor payment system. This can be traced to the relevant invoice if necessary. All coding is checked at least on a sample basis. Invoices are appropriately filed and held for at least six years, or until the external audit is completed if longer.

4.2 Amendments to standing data on creditors is adequately authorised and checked. Amendments to the creditor payments masterfile are suitably checked and authorised. Summary reports of all changes are periodically checked. Checks are made to ensure no staff are set up as creditors.

4.3 Prepayment reports are checked. Lists of all proposed payments (prepayment reports) are checked, initialled and dated by authorised staff before the payments are made. For at least a sample of these payments, checks are made that the value and payee are the same as on the invoice and the invoice has been properly authorised. Exception reports are produced of larger payments for particular checks. All cheques over (eg) £5k are individually signed or signed by a second person.

4.4 Suitable computer access controls are used. Passwords (at least six digits and not common words) and user profiles (each person can undertake certain functions on specified computer systems) are used to control access to information on the general ledger (passwords are changed regularly - at least every 3 months). Each member of staff has their own password and they have been clearly instructed not to give/share/tell their password to any other person. The computer system administrator (the person who sets up new staff, changes profiles, etc) should not use the system or have access to any of the finance systems

PUBLICATIONS AND RESOURCES

AUDITNET - 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 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)

KEEP YOUR EYE ON THE IIA BOOKSTORE

Visit The IIA Bookstore's 'New Products' and 'Coming Soon' sections regularly to learn what's new and what's on the way, and to add your name to an e-mail notification list so that they can let you know when products of interest to you become available. The following products have been added to the Bookstore in the past six months:

- * 60 Years of Progress Through Sharing
- * Acquisition of External Audit Services: A Model Request for Proposal
- * Auditing the Legal Process: Improving the Efficiency and Effectiveness of Legal Counsel
- * A Balanced Scorecard Framework for Internal Auditing Departments
- * CFSA Study Guide
- * CIA Model Exam 2002
- * CIA Model Exam 2002 CD-ROM
- * Enterprise Risk Management Set
- * Enterprise Risk Management: Pulling it All Together
- * Implementing the Professional Practices Framework
- * Internal Auditing Manual Shell on CD-ROM, 2nd Edition
- * Internal Auditing: A Guide for the New Auditor, 2nd Edition
- * Internal Auditor Job Market 2002: A Comprehensive Review of Salaries, Staff Sizes, Director Statistics, and Attitudes
- * Internal Auditor Job Market 2002: A Comprehensive Review of Salaries, Staff Sizes, Director Statistics, and Attitudes CD-ROM
- * Professional Practices Framework
- * Professional Practices Framework CD-ROM

http://www.theiia.org/ia/bookstore.cfm?fuseaction=new_prod

A NEW AGENDA FOR CORPORATE GOVERNANCE REFORM
30 July 2002

This paper sets out the corporate governance reforms recommended by the IIA - UK and Ireland in the wake of recent corporate financial scandals.

This and a range of other material on corporate governance and internal audit generally is available from the IIA-UK website: <http://www.iaa.org.uk/knowledgecentre>

COMPUTER AUDIT GUIDELINES - FULLY REVISED SIXTH EDITION
(Available 31 October 2002) * also available as a CD-ROM * (£220.70)

The Guidelines offer a broad and detailed set of principles for the auditor to draw upon when framing an individual approach that meets the particular IT audit needs of the organisation.

The new Guidelines will be a valuable addition to every auditor's library and will enable the user to understand why IT needs to be audited, as well as how to do it.

A review of the previous edition of this book was included in Issue 8 of the Bulletin, where it was highly recommended.

<http://secure.cipfa.org.uk/cgi-bin/CIPFA.storefront/3dae86330c8fe870273fc39d61990741/Product/View/AU014&2BAU015>

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'.

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

<http://www.resource-accounting.gov.uk>

THE COBIT OPEN STANDARDS FOR IT SECURITY
are available for free download from: http://www.isaca.org/ct_dwld.htm

They include:

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

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>

INTERNAL AUDIT FOR THE GOVERNMENT OF CANADA

The Government of Canada's revised policies on internal audit and evaluation are available from:

http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_161/pia-pvi_e.html &

http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_161/ep-pe_e.html

The revised policy on internal audit seeks to reposition the internal audit community within government as a provider of independent assessments to departmental senior management on all important aspects of risk management strategies, management control frameworks, and information used for decision-making and reporting.

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>

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

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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 34 staffed offices and 34 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>

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THE END