Internal Audit Services Operations Manual

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES OPERATIONS MANUAL

INTERNAL AUDIT SERVICES OPERATIONS MANUAL 2022

Internal Audit Services

Eulogio "Amang" Rodriguez

Institute of Science and Technology

Nagtahan, Sampaloc, Manila
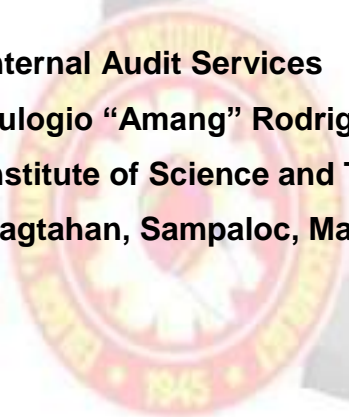
FOREWORD

Internal Audit is an autonomous, target affirmation and consulting centered intended to add value and improve the operation of the Institute. It assists the institute with achieving its goals by bringing an efficient, disciplined way to deal with and to improve the effectiveness of risk management, control and governance measures.

Internal auditors in the Philippine Government are mandated to carry out fundamental role of assisting their respective secretaries/heads of agencies or the governing bodies/audit committees in promoting effective, efficient, ethical and economical operations by appraising the adequacy of internal controls, consistent with the National Guidelines on Internal Control Systems (NGICS) that was issued through DBM Circular Letter (CL) No. 2008-8 dated October 23, 2008.

The role of internal audit is to assess, report and investigate the effectiveness of the internal control framework, featuring deficiencies and risk they present for the growth and development of the objectives of the operations.

This Manual establishes the key operating procedures that govern the internal audit activity within the Internal Audit Service Office, in compliance with the Internal Audit Charter and considering where required, relevant Institute's policies and procedures. This Manual is primarily designed to establish a level of uniformity and consistency within the Internal Audit Services, with a view to further strengthening professionalism of the internal audit staff, and serving as a guidance document for all the employees, teaching and non-teaching alike, and its stakeholders on its operations and services.

MELBA S. ASUNCION, DBA
Director, Internal Audit Service (2022)

TABLE OF CONTENTS

5.0 WORKPAPERS

6.0 IAS MANAGEMENT

7.0 APPENDICES

LIST OF TABLES

LIST OF FIGURES

A Glimpse of EARIST . . . .

The Eulogio "Amang" Rodriguez Institute of Science and Technology EARIST was established after the liberation of Manila in 1945. EARIST started as a vocational high school with only one room at the second floor of the Mapa High School, nine teachers, a clerk, and 147 students under Mr. Pantaleon Regala, its principal. Its former name was Eulogio Rodriguez Vocational High School (ERVHS).

On July 1, 1946, EARIST acquired its present site in Nagtahan, Sampaloc, Manila. Apolinario Apilado was appointed principal, succeeded by Dr. Hilario G. Nudas in 1949.

EARIST's development was made possible via three Republic Acts and a Presidential Decree:

- Republic Act 4070, jointly sponsored by then Congressman Ramon Bagatsing and Salih Ututalum in 1946, authorized the establishment of the Technical Education Department without changing the name of the school. It was headed by a vocational director.

- Republic Act 5088, sponsored by Congressman Sergio Loyola in 1967, authorized the renaming of ERVHS to Eulogio "Amang" Rodriguez Memorial School of Arts and Trades (EARMSAT) and signaled its separation from the Division of City Schools, Manila. It was headed by a superintendent.

- Republic Act 6595, sponsored by Congressman Joaquin R. Roces in 1972, converted EARMSAT to EARIST with a president as its head. This made EARIST into a full-fledged college and authorized the establishment of vocational-technical school branches in each congressional district of Manila. Presidential Decree 1524, signed by President Ferdinand E. Marcos on June 11, 1978, converted Eulogio "Amang" Rodriguez Institute of Science and Technology (EARIST) into a chartered state college with a Board of Trustees as its governing body and Dr. Hilario G. Nudas, as its first College President.

VISION

EARIST is envisioned to be a center of excellence in trade, business, arts, science and technology education.

MISSION

Turn out vocationally, technically, technologically, and scientifically trained graduates who will be economically productive, self-sufficient, effective, responsible and disciplined citizens of the Philippines.

GOALS

Provide professional, scientific, technological, technical, and vocational instruction and training in trades, business, arts, sciences, and technology and for special purposes promote research, advanced studies and progressive leadership.

OBJECTIVES

- Strive for academic excellence in instruction, research and production through accreditation.

- Provide appropriate and continuing faculty and staff development programs.
- Provide and maintain appropriate technologies, instructional facilities, materials and equipment.

- Produce quality graduates who are globally competitive to man the needs of business and industry.

- Attain university status through Unity, Solidarity and Teamwork.

PHILOSOPHY

As a state college, Eulogio "Amang" Rodriguez Institute of Science and Technology (EARIST) believes that education is not an area of knowledge that can be arrogated unto itself by one profession, nor it is a division separate and distinct from the society and the times in which it flourishes. It is a plexus of knowledge and skills applied to the economic, social and moral development of a self-actualized and productive citizenry.

1.0 INTRODUCTION

Internal audit, a component of the internal control system, is a strategic function to ensure good governance throughout the bureaucracy.

The IAS shall be under the direct administrative supervision and control of the President, organized as an independent staff unit and shall correspondingly perform audit functions. The IAS shall be responsible to institute and conduct programs of internal audit for the Institute.

2.0 INTERNAL AUDIT SERVICES CHARTER

2.1 Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It guides an organization to accomplish its objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, control and governance process.

The Internal Auditor in the Philippine Government has the fundamental duty and role to assist the Governing Body/Audit Committee of the Governing Board in implementing an effective, efficient, ethical and economical (4Es) operations by appraising the adequacy of internal controls. The findings on the appraisal of internal controls are made known to the said officials/bodies for them to institute corrective and preventive measures and achieve the agency's objectives.

The role of the Internal Auditor is not about fault-finding. Neither is it investigative nor punitive. As a component of the audit management framework of EARIST, the Internal Audit Services (IAS) assesses the levels of performance as against the agreed measures, targets and objectives. The internal audit function is separate and distinct from, but complementary to, the

day-to-day monitoring of internal controls and the conduct of a continuing improvement of the management and the responsibility of the operating units.

2.2 Mandate

The IAS is mandated to provide independent, objective assurance and consulting services designed to update and upgrade the EARST's system operations, control and governance processes as a service to the Institute and to assist the Institute to accomplish its goals and objectives.

2.3 Mission

It is the task and purpose of the IAS to be the over-all audit, assurance and advisory body of EARIST management in the pursuit of its vision, mission and goal, in a competent, effective, consistent and ethical standard.

2.4 Vision

By 2025, the Internal Audit Services shall provide a holistic, updated and upgraded service to ensure that the Institute operations are managed ethically, effectively, efficiently and economically towards the attainment of EARIST Vision.

2.5 Core Values

Integrity – To uphold truthfulness and impartially in the performance of its task. To discharge the mandate in adherence to moral and ethical principles and the highest degree of honesty, independence, objectivity and professionalism.

Accountability - The obligation of every stakeholders and the institution as well to account for its activities, accept responsibility and disclose the results in a transparent manner.

Service - To serve external and internal stakeholders objectively.

2.6 Objectives

- Ensure the accuracy, reliability and integrity of the applicable financial and performance issues;
- Comply with the Institute's policies and procedures, laws, regulations and guidelines;
- Ensure efficient, effective, ethical and economic based operations; and
- Safeguarding of assets of the Institute.

2.7 Responsibilities

The IAS Director

- Draft and submit a written recommendatory annual audit plan to the President;
- Implement and monitor the compliance of the approved audit plan including special audits;
- Submit to the President an annual and periodic audit reports;
- Develop and maintain a quality assurance audit and improvement program and monitor its effectiveness;
- Attend to the annual exit conference with management and COA relative to audit concerns;
- Review periodically the IAS Charter and recommend revisions as necessary; and
- Monitor the compliance status report of the auditee relative to the audit recommendations.

Internal Auditor

- Assist the IAS Director in the discharge of its duties and responsibilities;
- Develop audit work plan and program;
- Conduct researches to obtain the necessary data and information on the subject of the audit;
- Perform audit work;
- Prepare report on the results of audit;
- Follow-up the status of the audit recommendations to determine compliance therewith; and
- Recommend to the IAS Director Career Planning Programs including staff requirements and training of IAS.

Administrative Aide VI (Clerk III)

- Serve as the incoming and outgoing document clerk;
- Perform document management, filing and others;
- Perform other administrative and clerical tasks as assigned by the supervisor;
- Render duly support during audit process; and
- Perform other related works/tasks that may be assigned by the Director.

2.8 Authority

The IAS is authorized to:

- In the performance of its internal audit functions, the IAS shall have the full authority and unrestricted access to all the documentary files of the different colleges and offices, systems and processes, all data, information, records, as well as property, assets and resources, tangible or intangible, real or personal of EARIST. In the performance of its audit duties and functions, the IAS must observe all the relative laws and policies, particularly those on confidentiality, probity, decency and ethical conduct.

- The IAS shall set out the guidelines for the duration, form, manner, techniques and frequency of the audit activity.

- The IAS shall allocate funding and resources to accomplish the audit plan in compliance with government auditing and accounting rules and regulations.

- Upon a written request, the IAS shall be provided by the Institute with needed manpower, equipment, facilities and tools, necessary and proper to accomplish an audit task.

- Further, the IAS shall seek the assistance of the authorities, experts and professionals from within or outside EARIST, as may be deemed necessary, in the exercise of its audit functions or authority.

- Other audit matters not covered by the foregoing shall require the prior approval of the President.

- An IAS personnel who is a part of a College/Office system or process, or currently a part thereof, on any matter which is the subject of an internal audit activity shall be excluded from the composition of the audit team. In compliance with the Institute of Internal Auditors' Code of Ethics, the exclusion ("cooling-off period") of the said personnel shall be for a period of twelve months following the last day of involvement in the subject system or process.

2.9 Auditee's Responsibilities

- Treat Internal Audit Staff with respect and courtesy.
- Execute their role faithfully and honestly.
- Respect the orderly execution of duties including queuing of job task in the internal audit department.
- Submit their documents for consideration or required information in a timely manner.
- Update themselves with, and observe the financial regulations, public procurement regulations and other relevant policies and guidelines applicable to the public service in general and to the Institute in particular.

- Respond faithfully to specific issues raised including audit queries.

2.10 Special Assignment

The IAS Team shall, upon request of any Office Director or College Dean be assigned with audit work on Special Assignments and which work may in no way connected with the Annual Audit Plan. This may be done, If the provided approval of the IAS Director (IASD) is obtained. After such approval, the internal auditor shall be responsible for the audit assignment and he shall report to the IASD after completion of the assignment.

3.0 PERSONNEL MANAGEMENT

3.1 Organization Structure

To provide the audit services required of the IAS which includes the following, to wit:

a. An appropriate organizational structure;
b. Employ and train human resources with the necessary audit skills and expertise; and
c. Adequate budget.

It is important that the IAS's role is recognized in the organization.

```
                    ┌──────────────────┐
                    │    PRESIDENT     │
                    └──────────────────┘
                              │
                              ▼
                    ┌──────────────────┐
                    │     INTERNAL     │- - - - - - - - - - - ┐
                    │  AUDITOR III     │                      ┊
                    └──────────────────┘                      ┊
                              │                               ┊
                              ▼                               ┊
                    ┌──────────────────┐                      ┊
                    │     INTERNAL     │- - - - - - - - - - - ┊
                    │   AUDITOR II     │                      ┊
                    └──────────────────┘                      ┊
                         │         │                          ┊
              ┌──────────┘         └──────────┐               ┊
              ▼                               ▼               ┊
    ┌──────────────────┐          ┌──────────────────┐        ┊
    │     INTERNAL     │- - - - - │     INTERNAL     │        ┊
    │    AUDITOR I     │     ┊    │    AUDITOR I     │        ┊
    └──────────────────┘     ┊    └──────────────────┘        ┊
                             ┊                                ┊
                    ┌──────────────────┐                      ┊
                    │  ADMINISTRATIVE  │- - - - - - - - - - - ┘
                    │     AIDE VI      │
                    └──────────────────┘
```
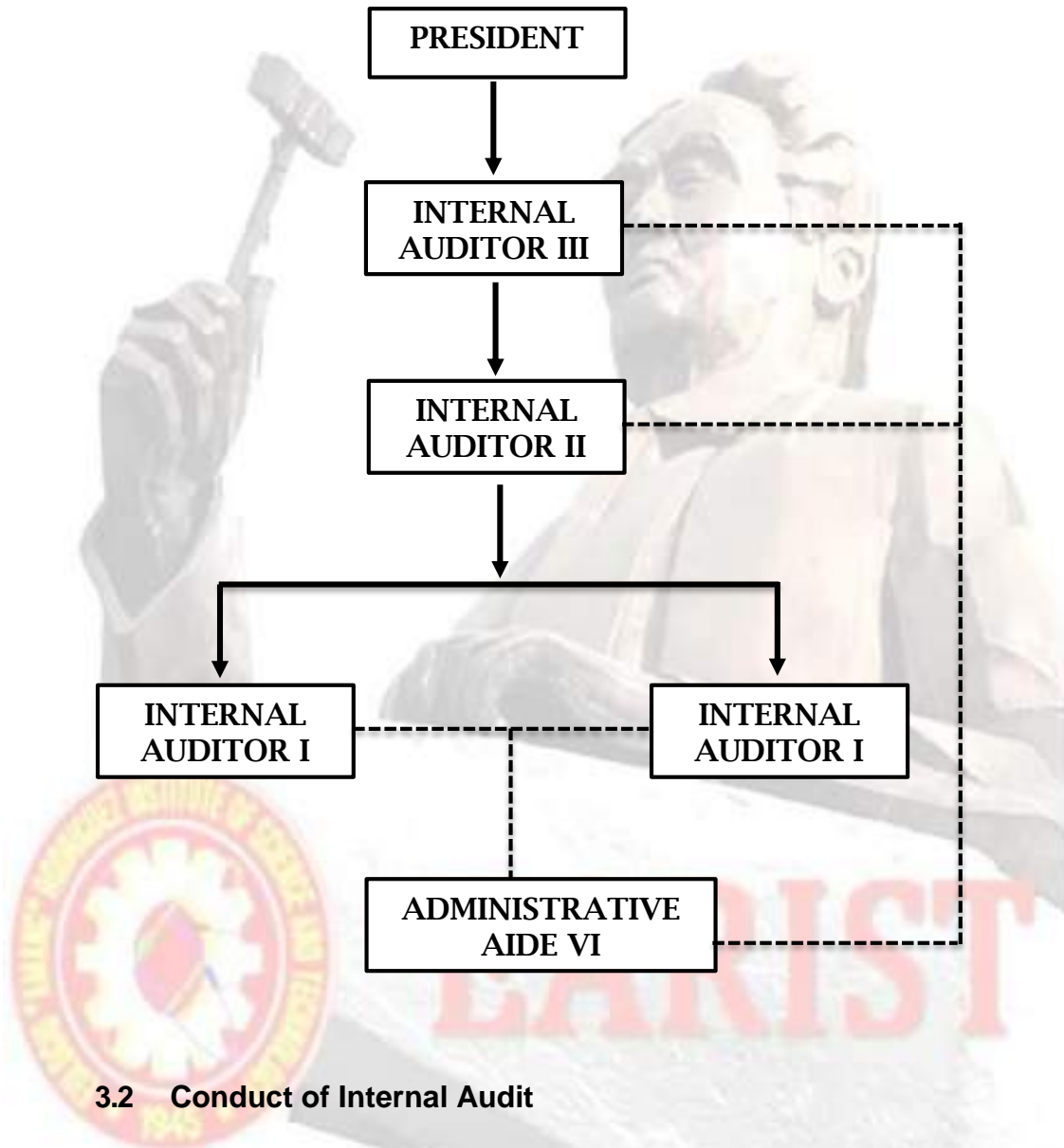
3.2   Conduct of Internal Audit

Pursuant to Sec. 2 of Administrative Order No. 70, Internal Audit shall be performed with utmost proficiency and professional approach as stated hereunder, to wit:

- The IAS shall ensure that the technical proficiency, educational background and training of internal auditors are appropriate for the audit task to be performed;

- Internal auditors must be qualified and shall possess the knowledge, skills and discipline necessary to carry out the audit responsibilities of the IAS;

- The IAS shall ensure that internal audits are properly carried out, supervised and performed with utmost professional approach;

- The IAS shall conduct audits in conformity with International Standards for the Professional Practice of Internal Auditing; and

- The Code of Ethics promulgated by the Association of Government Internal Auditors (AGIA) shall be strictly observed to maintain high standards of honesty, objectivity and due diligence.

3.3   Standard Qualifications and Functions

The table below provides for the qualification standards and functions of the different positions in the IAS. It mandates the minimum competency requirements in the areas of: a) Education, b) Experience, c) Training, and d) Eligibility.

Table 1.				
Position: Internal Auditor III				
Education	**Experience**	**Training**	**Eligibility**	**Functions**
Bachelor's degree relevant to the job (Law, Accounting, Public Administration, Information Technology/ Computer Science and other disciplines related to the abovementioned)	Two (2) years in position/s involving Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Eight (8) hours of training in Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Career Service (Professional)/ Secondary Level Eligibility/ Board passer on disciplines related to the abovementioned	1. Generally, supervises and review the agency organizational structure, staff requirements; 2. Make audit plans for review of immediate supervisor; 3. Monitor actions to determine if audit recommendations have been complied with; 4. Perform Comprehensive auditing works; and 5. Perform other related works.

Table 2				
Position: Internal Auditor II				
Education	**Experience**	**Training**	**Eligibility**	**Functions**
Bachelor's degree relevant to the job (Law, Accounting, Public Administration, Information Technology/ Computer Science and other disciplines related to the above-mentioned)	One (1) year in position/s involving Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Four (4) hours of training in Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Career Service (Professional)/ Secondary Level Eligibility	1. Generally, supervises the conduct of researches to obtain background information on matters to be audited; 2. Discuss research findings with the audit team leader; 3. Perform standard auditing works; 4. Make report on the results of audit; and 5. Perform other related works.

Table 3.				
Position: Internal Auditor I				
Education	**Experience**	**Training**	**Eligibility**	**Functions**
Bachelor's degree relevant to the job (Law, Accounting, Public Administration, Information Technology/ Computer Science and other disciplines related to the abovementioned)	One (1) year in position/s involving Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Four (4) hours of training in Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Career Service (Professional)/ Secondary Level Eligibility	1. Generally, supervises the conduct of researches to obtain background information on the matters to be audited; 2. Deliberate research findings with the audit team leader; 3. Perform standard auditing works; 4. Make report on the results of audit; and 5. Perform other related works.

Table 4				
Position: Administrative Aide VI (Clerk III)				
Education	**Experience**	**Training**	**Eligibility**	**Functions**
Completion of 2 years of study in college	One (1) year in position/s involving Internal Auditing, or Administrative (e.g., Accounting, Information Technology, ISO Management Systems and other related disciplines)	Four (4) hours of training in Internal Auditing, or Administrative (e.g. Accounting, Information Technology, ISO Management Systems and other related disciplines)	Career Service (Sub-professional)/ First level eligibility	1. Serve as the incoming and outgoing document clerk; 2. Perform document management, filing and others; 3. Perform other administrative and clerical tasks as assigned by the supervisor; 4. Render duly support during audit process; and 5. Perform other related works/tasks that may be assigned by the Director.

3.4 Training and Professional Development

The IAS's policy on recruitment is focused on candidates who meet the required minimum academic qualifications in line with the position they considered to be hired. Each internal auditor is responsible for ensuring an adequate level and an understanding of the social, academic, economic and political environment within which the Institute operates.

Practically, the new staff members shall be briefed to the various rules and regulations, which are currently maintained at the library. These include: (a) Institute of Internal Auditors' (IIA) Code of Conduct, (b) Revised PGIAM, (c) NGICS, (d) International Standards' Manuals, (e) the department's Audit Manual and (e) other relevant Circulars, Administrative Orders or Executive Orders issued by the different Government Agencies related to the conduct of Internal Auditing is accessible to each auditor.

The IAS is assigned and earmarked an annual training budget and auditors are regularly scheduled for training seminars in relation to their salary grades and job descriptions. The Internal auditors shall attend trainings and seminars as appropriate. Professional proficiency is the responsibility of every individual auditor. Every auditor shall possess a body of specialized knowledge and shall maintain a recognized, continuous process of education to sustain their professional growth in the field of internal auditing.

The IASD shall assign each audit to the individual who possess the necessary knowledge, skills and disciplines to conduct the audit properly. The internal audit staff has a professional responsibility to schedule and attend to on-going professional education forums to

ensure they are equipped with the academic proficiency and to advance professionally. The IASD shall be responsible for providing appropriate audit supervision. Supervision is a continuing process initiated with the planning process and concluding with the completion of the audit assignment. The IASD shall document evidence of supervision and review all audits. This shall be accomplished by signing off all work papers and audit documents.

3.5   Personnel Performance Evaluation

Personnel performance is being continuously monitored by reviewing the work performed and by providing immediate feedback for support. At the end of each engagement, a debriefing meeting is held to identify the areas of personal improvement. Semi-annual evaluations are made for each employee using the evaluation instrument corresponding to each position.

3.6 Personnel Recruitment and Transition

The success of the IAS is dependent on the ability to proactively manage the employee recruitment and the transition of competent staff. Personnel are recruited using the standard hiring process being adopted by the Human Resource Management Services (HRMS).

Personnel are encouraged to keep the Director aware of any possible employment changes. With thirty (30) days notification, IAS can properly recruit new employees while exiting personnel are still with the department. The objective is to have ample time to recruit the most competent applicant available and continue audit services with minimal work interruption.

4.0 THE AUDIT PROCESS

4.1. Overview and Conduct of the Audit Process

The audit process is divided into four (4) stages, namely: 1) the audit engagement planning; 2) the audit execution; 3) the audit reporting; and 4) the audit follow-up. This audit process is applicable to both management and operations audit. For each stage, there are specific criteria to be followed to ensure a successful audit engagement.

a. **Audit Engagement Planning**. Audit requires proper planning. Planning entails a familiarization with the objectives, processes, risks and the control of the auditee and the matter to be audited, by developing a strategy and approach in conducting the audit. This is the most important part of the audit as its success is dependent on how well it has been planned.

b. **Audit Execution.** Audit execution entails the performance of the audit techniques and procedures adopted in the audit engagement plan in order to gather data and pieces of evidence to achieve the audit objective/s.

c. **Audit reporting.** Audit reports represent the culmination of the audit execution, the associated analysis and the considerations made during the audit. The audit report sets out the findings in the appropriate format. It provides the pieces of evidence gathered to arrive at the audit findings and the recommendations.

d. **Audit Follow-up.** Follow-up is a monitoring and feedback activity undertaken to ensure the extent and adequacy of preventive/corrective action taken by the management to address the inadequacies identified
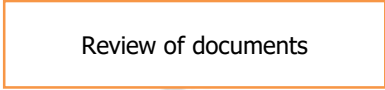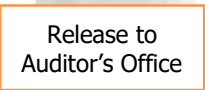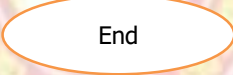
during the audit. Auditors shall be informed of the status and the implementation of the approved audit findings and recommendations. The completion and the effectiveness of these actions shall be verified and the same shall become part of the subsequent audit. It aims to increase the probability that the recommendations shall be implemented.

Figure 4-1. The Audit Process Flow Diagram

Although every audit project is unique, the audit process is similar for most engagements and usually consists of nine stages. Through these stages, the IAS will determine ways to minimize risks and increase efficiencies within the area.

Inputs	Process Flow	In-charge	Process Description	Records
Documents as required by the various offices concerned like Financial Management Services, Procurement Services, Property Management Services, and others. (see checklist of requirements per office on Appendices)	Start	Director, IAS	The Director, IAS will review various transactions of the Institute for a specific month or period of time.	Disbursement Vouchers and other documents as attachments
	Review of documents	Director, IAS	If the disbursement voucher is complete with necessary documents for attachments, with signature of respective / authorized official/s, then it will be transmitted to the Auditor's Office.	Disbursement Vouchers and other documents as attachments
	Compliant? — No — Inform Auditee As to Non-compliant Lacking document/s Signatories Laws, standards, policies	• Director, IAS • Staff, IAS	If the transaction has audit findings, audit report will be prepared.	Draft Audit Report with copy of document/s with findings and other necessary documents as attachment.
	Yes — Release to Auditor's Office	• President • Head of the concerned Office	Copy of Findings will be transmitted to the Office of the President for information and to the concerned office for action.	Draft Audit Report with copy of document/s with findings and other necessary documents as attachment received by the Director, Chief of Office, staff or any representative from the concerned office.
		• President • Head of the concerned Office	Concerned office will answer/respond the Draft Audit Report.	Response submitted by the concerned office.
	End	Director, IAS	The Director, IAS will review various transactions of the Institute for a specific month or period of time.	Disbursement Vouchers and other documents as attachments

Inputs	Process Flow	In-charge	Process Description	Records
Copy of Draft Audit Report received by the Auditee and the office concerned.	Start			
	Review of audit findings	Director, IAS	The Director, IAS review the prepared Draft Audit Report whether it is complied or not. **letter to follow-up will also be prepared.	Draft Audit Report with copy of document/s with findings and other necessary documents as attachment received by the Director, Chief of Office, staff or any representative from the concerned office.
	Prepare IASN	Director, IAS	If the Draft Audit Report is not complied, IASN will be prepared.	IASN with Draft Audit Report and necessary documents as attachment.
	Issue IASN to President/Auditee	• President • Head of the concerned Office	Copy of IASN will be transmitted to the Office of the President for approval and to the concerned office for information.	IASN received by the Director, Chief of Office, staff or any representative from the concerned office.
	End	• President • Head of the concerned Office	Concerned office will answer the IASN; if it is overpayment, FMS will deduct on the faculty's next payroll.	• Payroll showing the deduction of overpayment. • Response submitted by the concerned office.

Plan. The IAS shall develop an annual audit plan based from the review of all pertinent information. Sources shall include, but are not limited to: a risk assessment, internal and external evaluations and management approval.

o **Engagement.** The IAS shall schedule a meeting with the area head and the senior management of the matter to be audited. Identify the scope and objectives of the audit and the responsibilities of all parties that are subject of the audit process. Any factors that may affect the audit process shall be raised at this time. These factors include vacations, fiscal year end reporting requirements, etc.

o **Test**. Testing shall include interviews with the staff, review of procedures and manuals, compliance with the Institute's policies and government laws and regulations and assessing the adequacy of internal controls.

o **Communicate**. Inform the department that is undergoing the audit updated on the status of the audit on a regular basis especially if there are findings. There are instances where the findings can be addressed immediately.

o **Draft.** The report draft shall include the audit Scope, Objectives, Audit Findings and the Audit Recommendations.

o **Management Response**. Management shall receive the audit draft to confirm the facts and respond to the audit recommendations. The response shall include the assignment of responsibility and the specific target date of completion for the corrective actions. The period of time for the Management Response is normally within seven (7) calendar days.

o **Review**. The final outcome of the audit shall be reviewed and all the issues shall be resolved by the IASD.

o **Distribute**. The report is thereafter furnished to the audited department, the divisional Director/Vice President and the President.

o **Verify.** The IAS shall conduct a follow up on the Management response to the audit findings and recommendations within a reasonable period of time. This subsequent review shall be discussed with the involved management and the comments submitted.

4.2 The Annual Audit Plan (AAP)

The IASD, by authorization of the President, annually adopts a plan of scheduled audits called the Annual Audit Plan (**Appendix 1**). The audits selected shall pertain to specific departments/areas within the Institute or to the processes that are carried out across several different departments/areas. To maximize the use of IAS resources, a risk-based approach is adopted in drawing up the plan. Major risk factors are identified, using different risk assessment criteria and the areas with the highest perceived risk are given high priority for audit.

The AAP is prepared and submitted to the President each year for review and approval. Upon approval, the plan is executed by IAS during the following calendar year. Additionally, an unannounced audit shall be performed at the discretion of the audit director or at the request of the Board of Trustees, the President, or the area head.

4.3 Audit Engagement Planning

Audit requires systematic planning. Planning entails familiarization with the objectives, processes, risks, controls of the

auditee, the matter to be audited, and developing a strategy and approach in conducting the audit. This is the most important part of the audit as the success of an audit depends on how well it has been planned and carried out.

Planning is an iterative process with the following important purposes:

• Understanding the control environment and the organization;
• Outlining the scope and objectives of the audit;
• Establishing the basis for budgeting (time, cost, personnel);
• Gathering the evidence required to support the audit findings;
• Assist in choosing/determining the audit procedures (nature, extent and timing);
• Establishing the basis for coordinating with the staff.

Audit engagement planning is the third stage of planning, after the strategic planning and the annual audit planning. It includes the listing down of audit activities per audit engagement based on the AAP. The results of the strategic planning shall be validated to determine relevant changes in the control component, systems and processes. Figure 4-2 summarizes the steps involved in Audit Engagement Planning.

Figure 4- 2. Audit Engagement Planning Flow Diagram

Planning

<div style="border:1px solid #ccc; padding:8px; text-align:center">What to Audit</div>

1. Assessment and evaluation of the documents to coincide with the audit program and project.
2. Determine the audit objectives, scope and criteria and audit evidence.
3. Determine the resources required for the audit and the target milestone /date.
4. Develop the audit plan and audit work program.
5. Secure approval of the audit plan and audit program.

Execution

<div style="border:1px solid #ccc; padding:8px; text-align:center">What and How to Report</div>

<div style="border:1px solid #ccc; padding:8px; text-align:center">How to Audit</div>

Reporting

Follow-up

<div style="border:1px solid #ccc; padding:8px; text-align:center">What to Follow-up</div>

4.3. 1 Document Understanding of the Program and Project

1) Audit engagement planning starts from the time an understanding and application of the institutional mandate and thereby focusing on what areas shall be audited. This process involves the selection of the specific internal controls and focusing on the aspect of (1) compliance with laws, regulations and policies of specific program/project and system/process for evaluation; (2) evaluation of the control effectiveness; and (3) determination if operations are conducted economically, efficiently, ethically and effectively. (4Es).

The audit plan shall be based on the sound understanding of the internal control system, operation and support systems and the processes.

4.3. 2 Determine the Audit Objective, Scope, Criteria and Evidence

a. Determine Audit Objective

Based on the information gathered and analyzed during the understanding and application of the program/project, the objectives and the scope of the audit can now be defined. The objective of the audit **must be accomplished**.

This must necessarily be done to establish the scope, criteria, evidence and approach of the audit. In essence, the audit aims on what question to be asked on the evaluation of the performance of an activity. Ideally, the audit objective shall be consistent with the attainment of its objectives relative to the organization, program or project. Determining the audit objectives involves the following activities:

    i.   Preliminary gathering of documents/information;
    ii.   Identifying the focus of the audit and the aspect of performance to be examined; and
    iii.   Determining the type of audit to be performed:

        1) Compliance with laws, regulations and policies;
        2) Evaluation of control effectiveness; or
        3) Determination if operations are conducted economically, efficiently, ethically and effectively.

Moreover, the audit objectives shall also comply as to why the audit is being conducted. If controls are found to be weak, the IAS shall trace the root cause of the said deficiency and shall recommend to top management the courses of action to address the deficiency. The IAS can also recommend further examination of the underlying issues, or the legal action to take, if conditions so warrant.

b. Determine the Audit Scope

The Audit scope shall determine the framework and the limits of the audit. The audit is more defined and shall state its intentions and coverage including the relevant time frames.

The procedures in determining the audit scope are as follows, to wit:

  i. Define the parameters and nature of the audit work to be done so as to achieve its objectives;
  ii. Determine the audit tools, techniques and methodology to be used; and Select the method to be used.

The internal auditors shall respond to the queries and profound the appropriate answers to the questions, to wit:

  i. Are the control procedures and components sufficient enough to safeguard the assets?
  ii. Are the accounting data provided relevant to aid the performance of the audit?

iii. Are management policies being considered in the conduct of the audit?

iv. Are the procedures being adopted in compliance with the duly enacted laws, rules and regulations on the matter?

v. Are the measures being implemented consonant to ensure effectiveness, efficiency, economy and taking into account the ethical standards in the operations?

The IAS shall determine the effectiveness of the control measures to coincide with the internal control components in the achievement of its objectives.

c. **Determine Audit Criteria and Evidence**

The audit criteria shall be reasonable and must be based on standards which are relevant to existing conditions based on assessment. These are the expectations of the program or project as to how it shall be accomplished. These include the statutory and/or managerial, processes, citizens' requirements, results and expectations of the audit.

The criteria to be considered sound, must conform to the following, to wit:

i. Take into consideration the accepted standards (laws, regulatory policies) for audit evaluation;

ii. Adopt a reasonable standards of performance, statutory or managerial policies to be used in the evaluation; and

iii. Collate the pieces of audit evidence required by law and the standards and approaches being considered in obtaining them.

4.3.3 Determine the Resources Required for the Audit and the Target Milestones/Dates

Audit planning involves the determination of the overall resource requirements to accomplish the audit. The process involves the assessment of the staff capabilities/capacities; the technological resources which includes computers and softwares; and the financial resources which includes the budgetary requirements, to mention among others.

The target period of time for the accomplishment and completion of the important measures during the audit process shall be taken into account for the establishment and to keep track of the progress of the audit engagement, including the checking of the quality of the outputs.

4.3.4 Development of the Audit Plan and Program

The audit plan and work program shall be prepared for all audits. The same shall be approved by the audit director before any engagement of an audit fieldwork shall commence. Substantial adjustment/s on the audit shall likewise be approved.

An audit plan is a document which provides the main guide of the audit process to achieve its objectives to be efficient and effective. It shall likewise provide an integrated description of the auditee. The audit plan for Management and Operations Audits shall include all the planning requirements which shall necessarily consider the following, to wit:

Table 5 Contents of an Audit Plan

Element	Information
Introduction	Contains a brief description of the background information of internal controls, which includes the plan of the organization, the methods and measures adopted within the Institute to ensure that resources are being utilized in consistent with existing laws, regulations and managerial policies, that the resources are being safeguarded against loss, wastage and misuse, that financial and non-financial information are reliable, accurate and timely; and that the operations being conducted are economical, efficient, ethical and effective.
Audit Objectives and Scope	Includes the overall objective and scope of the work to be accomplished.
Assessment of Controls	Involves critical processes identified by the IAS during the planning phase which led to the selection of the audit area approved by the President and the formulation of the audit objective.
Audit Approach	Contains all compliance audit, management control process audit and audit of program or project results.
Resources/Outputs	Carries stationary policies, mandates, managerial policies, government regulations, established objectives, systems and procedures/processes, stakeholders' needs and expectations, manpower, materials, equipment and timeliness.
Audit Criteria	Covers set of reasonable and attainable standards of performance, statutory or managerial policies, laws and regulations, etc.

An **Audit Program** is the list of procedures, or steps, to be performed during the fieldwork phase of the review. The procedures in the audit program shall be sufficiently comprehensive to ensure that the audit objectives are achieved. However, the program shall not be strict to promote flexibility when unanticipated events arise.

For each segment of the audit, the program shall include:

i. A statement of the objectives;
ii. The work steps required to test the effectiveness of the existing controls or make necessary recommendation that requires the management to establish and implement controls when needed;
iii. A space for referencing all related audit work papers and the initials of the auditor performing the work step and;
iv. The specified time frame.

The Audit Work Program (**Appendix 2**) shall be completed and approved at the end of the planning phase and before the start of any fieldwork. All adjustments made to the program shall be approved by the audit director prior to the implementation. Furthermore, the approved hardcopy of the program shall be attached together with all the work papers.

A Risk and Control Matrix (**Appendix 3**) shall be prepared to summarize the above information. The audit program is obtained from the outcome of the risk and control analysis.

4.3.5 Approval of the Audit Plan and Audit Work Program

The audit plan and audit work program shall be submitted by the internal auditor to the IASD for review and approval prior to the commencement of the audit execution. The director shall evaluate the documents to assess the relevance, significance, auditability and other factors affecting the conduct of the audit.

After the documents are approved, the management shall be informed about the finalized audit plan and audit work program. The audit plan shall be discussed with the management while the audit work program shall be treated with utmost confidentiality.

4.4 Audit Execution

Execution of the audit is initiated with an entry conference to discuss the focus, requirements and timeliness of the audit.

It involves performing the audit techniques and procedures enumerated in the audit program that requires gathering data and pieces of evidence and achieving the stated audit objective/s. During audit execution, if the auditor finds the need to revise the audit work program, the revision shall be submitted to the IASD for approval.

The director uses the audit program to supervise and monitor the progress of the audit and to check whether the team is generating sufficient and appropriate pieces of substantial evidence.

At any point during the audit and the conduct of the Baseline Assessment of the Internal Control System (BAICS) significant risks/issues arise, the IAS shall prepare an Interim Report and shall inform the President to with all the findings, issues, and problems that may affect the conduct of the audit that may expose the organization

to considerable risks. A summary of the interim report shall be included in the audit report.

Figure 4- 3.   Audit Execution Flow Diagram

Planning

What to Audit

Execution

What and How to Report

1. Entry Conference
2. Conduct Compliance Audit
    a Gather and analyze evidence
    b Compare conditions with criteria
    c Prepare probable cause(s)
    d Prepare working papers
3. Conduct system / process audit
    a Gather and analyze evidence
    b Compare conditions with criteria
    c Determine root cause(s)
    d Prepare working papers
4. Exit conference

Reporting

What and How to Report

Follow-up

What to Follow-up

4.4.1 Entry Conference

An audit shall start with the issue of an engagement letter. The head of the department/area to be audited (the auditee) shall be contacted and notified of the process by the audit director in writing before the audit is scheduled.

The Entry Conference (**Appendix 4**) shall set the tone of the audit. It shall be scheduled with area management and key personnel to discuss the purpose, objectives and scope of the audit, and the expected start and completion dates of the field work. Input/s from the area management shall be welcomed at this stage, particularly with reference to any known concerns or areas of potential internal control weakness. Matters arising from the entry conference shall be recorded (Entry Conference Notes) and shall be considered during the conduct of the engagement planning.

The Entry Conference will be conducted every first (1st) week of February of the calendar year.

4.4.2 Conduct Compliance Audit

Compliance audit is the evaluation of the extent or degree of compliance with laws, regulations, managerial policies and operating processes in the Institute, including compliance with accountability measures, ethical standards and contractual obligations.

Only when there is compliance that control effectiveness is determined. If there is no compliance, the probable cause for such non-compliance shall be determined. The IAS identifies the standards as specified in the organization's mandate and objectives or laws/rules/regulations and determines whether the operations conform to the identified standards.

The steps in the conduct of Compliance Audit are as follows:

a. Gather and analyze substantial evidence to establish the condition that the auditee is in.

b. Compare conditions with criteria to draw conclusion.

c. Determine the probable cause/s. It shall be noted that to decide with the resolution of probable cause/s, the IAS shall be able to establish, not only the facts and circumstances, but also the reasons, ideas or opinion and the actions of the non- compliance.

d. Prepare the working papers. These shall contain sufficient information to allow an experienced auditor regardless of having no previous connection with the audit to ascertain the evidence that supports the auditors' findings.

e. Integrate and prepare the highlights of the audit findings in terms of the 4Cs – Criteria, Condition, Conclusion and Cause.

4.4.3 Conduct System/Process Audit

Process audit is designed to evaluate the 4Es of operating systems selected for audit and aims to evaluate control effectiveness. This step shall involve the documentation of the process or system under audit, identification of the control procedures, verification and validation if control procedures are working effectively. Progress shall be discussed with the area management, usually when individual objectives are finished, and particularly regarding any audit concerns.

The steps in the conduct of Process Audit are as follows:

a. Gather and analyze substantial evidence to establish the condition, including consequence, effects or impact.

b. Compare conditions with criteria to draw conclusion. This refers to the conclusion of facts which is defined as an inference drawn from the subordinate or evidentiary fact.

c. Determine the root cause(s). Root cause is a structured investigation that aims to identify the true cause of a problem and the actions necessary to eliminate it. The determination of root cause through varying techniques is an essential audit methodology that will assist auditors in analyzing pieces of audit evidence to come up with appropriate recommendations.

d. Prepare the working papers.

e. Integrate audit findings and prepare its highlights in terms of the 4Cs.

4.4.4 Exit Conference

An Exit Conference (**Appendix 5**) shall be held to discuss the results of the completed audit and any concerns that may have arisen. Those who shall attend the conference usually include the audit director, the in- charge auditor, the area head, and anyone the area head wishes to invite. The exit conference shall provide an opportunity to resolve any question that the audit client may have about the concerns raised and to address any other issues before the audit report is finalized. It shall also provide an opportunity to get the auditee's comments (management comments) and insights about the significant audit issues as a way of validating the audit findings.

The comment of the management shall always be taken into consideration to arrive at workable recommendations and obtain the auditee's commitment towards performing remedial actions – as a manifestation of progressive attitude towards the audit findings. On the other hand, the comments and responses of the auditee shall

be recorded in the audit findings sheet and integrated into the draft report.

The Exit Conference will be conducted every fourth (4th) week of October of the calendar year.

4.5 Audit Reporting

Audit reporting represents the culmination of the audit execution and the associated analysis and considerations made during the audit. The audit report shall set out the findings in an appropriate format and shall provide the pieces of evidence gathered to arrive with the audit findings and the recommendations.

Figure 4-4. Audit Reporting Flow Diagram

Planning — What to Audit

Execution — How to Audit

Reporting — What and How to Report

1. Develop the findings
   a. Criteria (Laws and Standards)
   b. Condition (findings and facts)
   c. Conclusion (conclusion of facts)
   d. Cause (root cause(s) or probable cause(s)
2. Develop audit recommendations
3. Prepare the draft audit report
4. Prepare the final audit report

Follow-Up — What to follow-up
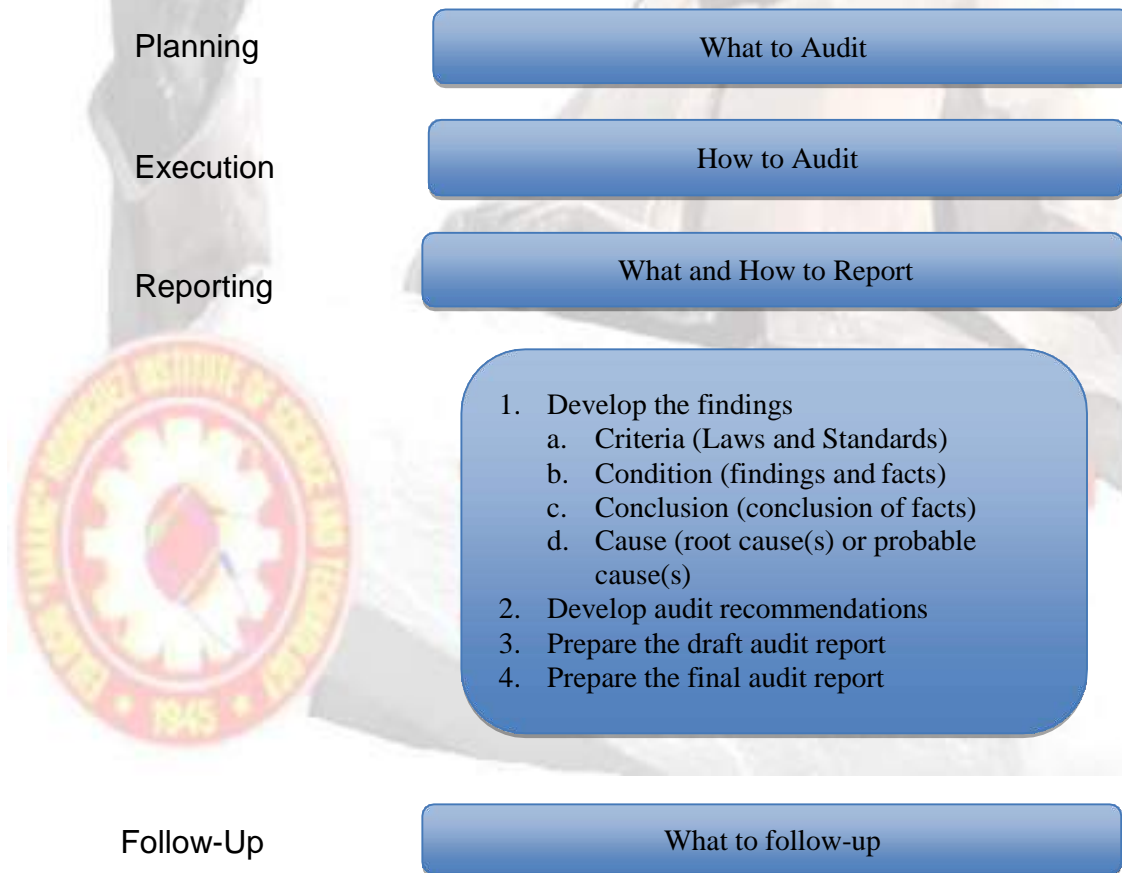
4.5.1. Develop Audit Findings

The audit findings can be developed by analyzing the pieces of evidence gathered for each of the audit elements. Evidence may be categorized as physical, documentary, testimonial, analytical or electronic. Evidence shall be sufficient and appropriate, competent and relevant. Audit findings shall provide answers to the Audit Objectives (**Appendix 6**).

Audit findings compare the conditions (factual and evidentiary conditions such as current state/practices or what is obtaining, and their effects) with the audit criteria, and determine the causes. Once an audit finding has been identified, two complementary forms of assessment shall take place: the assessment of the significance of the findings and the determination of the probable cause/s and the root cause/s. All audit findings shall be formulated based on the 4Cs (criteria, condition, conclusion, cause).

The audit findings shall be aligned with the audit objectives and shall be rational and based on specific standards and criteria. Audit findings on probable cause of illegality of a transaction constitute a violation of law, while irregularity constitutes a violation of regulations.

4.5.2 Develop Audit Recommendations

A considerable number of work of internal audit is judged on the quality of the final audit report, including its analyses, findings, and recommendations. The recommendations provide courses of action as the basis for improving internal controls.

Workable recommendations shall be clear, based on science of facts, conditions and evidence and on practicable, incontestable, and workable solutions that can stand alone and address the issue/s at hand.

Audit recommendations are management/legal remedies to avoid occurrence (preventive action) or avoid recurrence (corrective action) of control weaknesses and incidences.

The issues to consider in developing recommendations are as follows:

a. Recommendations are submitted to the President as an official primary responsibility. The recommendations shall identify the probable/root cause of the gaps or deficiencies/breakdowns. The IAS shall not directly address the probable/root cause, instead, they shall recommend courses of realistic action wherein the responsible units will take preventive (avoid occurrence) and corrective (avoid recurrence) measures.

b. Recommended realistic courses of action shall indicate what needs to be done, but not how to do it. The "how" of it is the responsibility of the unit and/or management concerned.

c. The circumstances that aid or hinder the organization in achieving the criteria shall be identified.

d. The feasibility and cost of adopting a recommendation, with the benefit of a recommendation outweighing the costs.

e. Alternative courses for remedial actions.

f. Effects of the recommendation (positive and negative).

4.5.3 Prepare the Draft Audit Report

The Draft Audit Report (**Appendix 7**) is prepared by laying out and analyzing the pieces of evidence gathered to arrive at preliminary audit findings and recommendations. Recommendations for action necessary to address the concerns are included in the report and are addressed to the unit and/or management concerned with a copy given to the President.

While preparing a draft audit report, the auditor shall:

a. Delineate the objectives and scope and report within that scope, unless other issues of substance are identified;

b. Identify all criteria;

c. Report significant matters – positive and negative;

d. Describe the context and background of the reported matter, only as far as necessary, to provide an understanding of the issue;

e. State initial findings, such as management's comments and team's rejoinder, if any;

f. Present the audit findings in a manner that is concise, fair and objective; and

g. State the recommendations that indicates what needs to be done but not how to do it.

When audit recommendations are made, a written management response to each recommendation is required. The response shall include an agreement or disagreement with the

audit findings and potential recommendation/s. The unit head shall coordinate all the development of these responses with the designated staff and management.

Written responses are due within seven (7) working days of a recommendation being issued. In cases where a fully developed action plan requires further study and analysis, management may indicate this in their action plan. Management personnel, to whom audit recommendations have been directed, are responsible for ensuring that corrective action is taken. If a plan for action is reported, a date for implementation shall be included. This response shall be forwarded to the attention of the audit director and to the responding party's immediate supervisor. When management declines to respond to a recommendation, a written statement to that effect shall be provided.

If unit management and IAS do not reach agreement on the recommendations, the unresolved issues will be submitted to the senior management and/or the President for additional discussion and final decision. Unresolved recommendations can only be resolved by senior management and/or the President. In this instance, a written statement of intent to resolve or acceptance of risk shall be documented in the audit file.

The responses are incorporated into the audit report and sent to unit management for final review and concurrence before the report is issued as a final document.

4.5.4 Prepare the Final Audit Report

The Audit Draft Report may then be finalized (**Appendix 8**) and presented to the President who decides on the distribution of the audit report based on the recommendation of the audit director. An executive summary shall be prepared and addressed to the President.

Both the final report and the executive summary shall be submitted to the audit director for review/approval. If no changes are needed, the audit director will review both documents and sign them.

Follow-up reviews shall be scheduled by the audit director during the annual audit plan preparation process. The audit director shall develop the most effective and comprehensive method to perform follow-up reviews.

4.6 Audit Follow-Up

Follow-up (**Appendix 9)** is a monitoring and feedback activity undertaken to ensure the extent and effectiveness of preventive/corrective actions taken by the management to address the inadequacies identified during the audit. It aims to increase the probability that the recommendations will be implemented. The IAS shall verify that items reported as resolved are implemented during the follow-up review process. The IAS shall issue individual, follow-up review reports on the verification of implemented recommendations. If a significant number of the items reported are not resolved, this will be communicated to senior management for follow-up action.

Figure 4-5 Audit Follow-Up Diagram

Planning

How to Audit

Execution

What to Audit

Reporting

What and How to Report

Follow-Up

What to Follow-Up

1. Monitor the implementation of the approved audit findings and recommendations
2. Resolve non-implementation/inadequate implementation of audit recommendations
3. Prepare the audit follow-up report
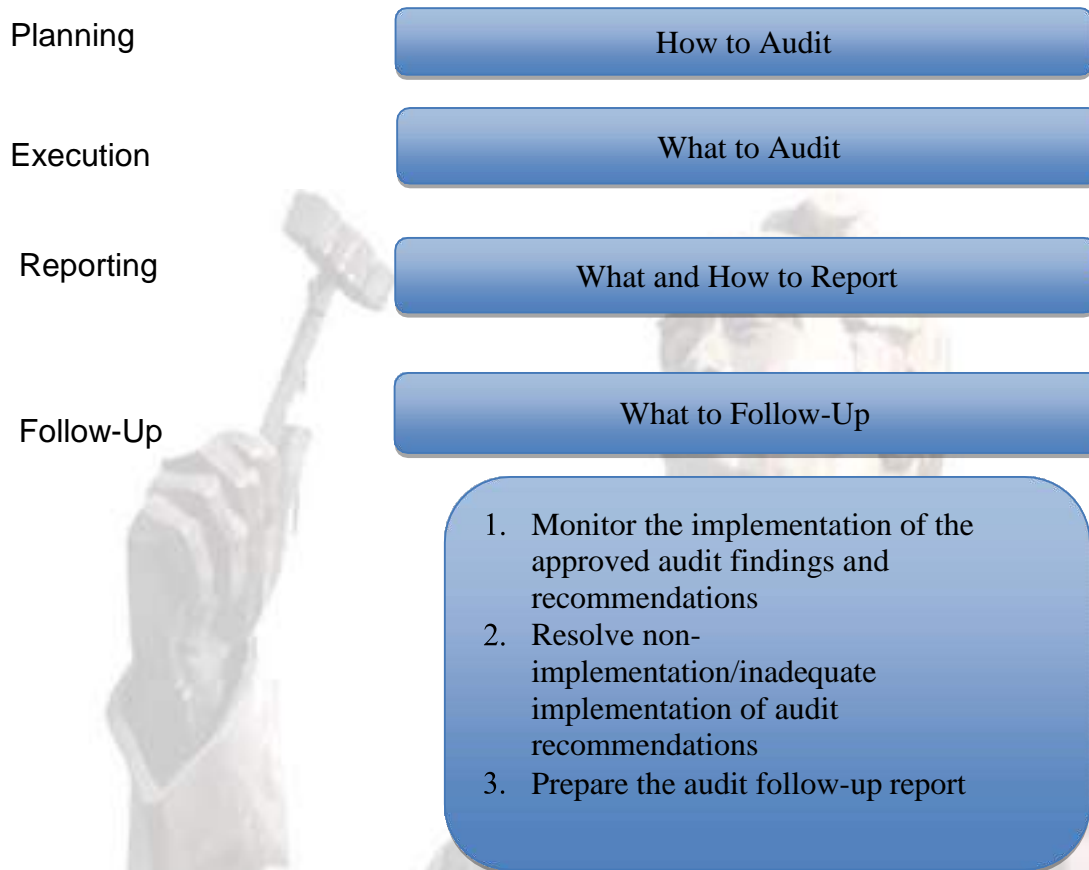
4.6.1 Monitor the Implementation of Approved Audit Findings and Recommendations

It is a sound practice to monitor the implementation of approved recommendations (management/legal remedies) to avoid the occurrence (preventive measures) and recurrence (corrective measures) of control weaknesses/incidences after a reasonable period from the report submission date. If the internal audit report recommendations are not implemented within the specified timeframe, and the deficiencies remained, the benefits of the recommendations shall be reduced.

It is the management's responsibility to implement the approved findings and recommendations, but the internal audit is in

a good position to monitor the progress of implementation of the recommendations.

4.6.2 Resolve Non-Implementation/Inadequate Implementation of Audit Recommendations

In the event of non-implementation of recommendation/inadequate action, the IAS shall recommend an appropriate legal and/or management remedies.

4.6.3 Prepare the Audit Follow-up Report

Results of the audit follow-up shall be recorded and reported to apprise the President of the status of actions on the approved recommendations. The reasons for the lack of action or non-completion of action on any recommendation shall be documented and further action considered on specific recommendations that have not been acted upon.

The report in the form of a memorandum order/letter shall:

a. Describe the results of the auditor's actual analysis against projected benefits for the period under review;
b. Summarize the extent of implementation of the approved recommendations;
c. Highlight cases where auditee's performance while implementing recommendations have been particularly inadequate; and
d. Describe the actions, if any, that the auditor intends to take regarding the auditee's inadequate actions.

Follow-up of the audit recommendations serves four main purposes:
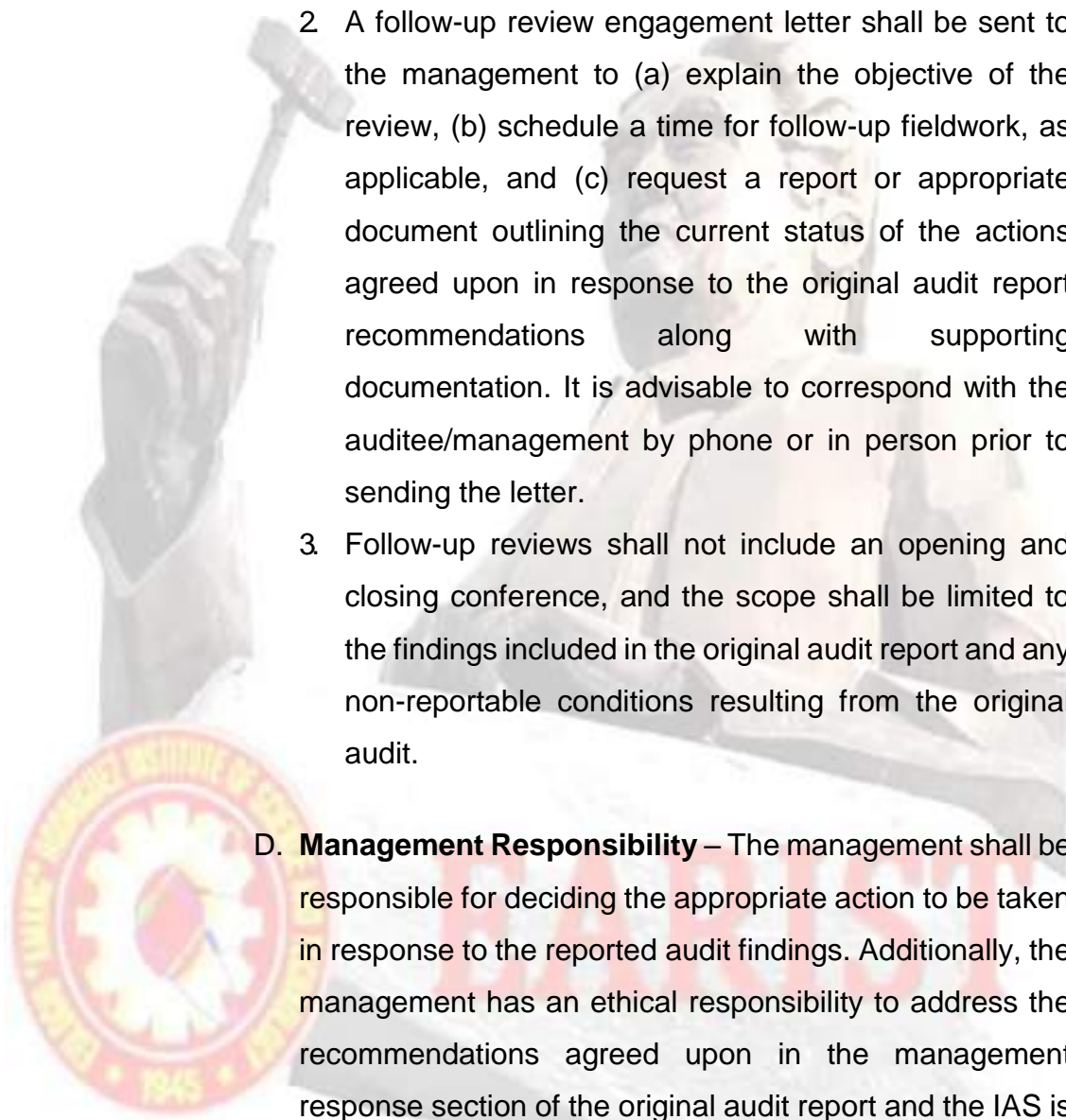
a. Increase the effectiveness of audits – the prime reason for following-up audit reports is to increase the probability that the recommendations will be implemented;

b. Assist the government – following-up may be valuable in proposing some necessary actions to the President and other officials;

c. Evaluate the IAS performance – follow-up activity provides a basis for assessing and evaluating the IAS performance; and Create incentives for learning and development – follow-up activities may contribute to a better knowledge and improved practice.

The IAS will utilize the following procedures for follow-up reviews:

A. **Scheduling Follow-up Activities** - The audit director is responsible for scheduling follow-up activities as part of the annual audit plan and the current audit schedule. The budget hours allocated to follow-up shall be estimated and included in the audit planning process.

B. **Definition and Objective of Follow-up Review** – The IAS will determine if the corrective action taken is achieving the desired results, or that the management has assumed the risk of not taking the corrective action on the reported findings.

C. **Planning and Scheduling a Follow-up Review** - The following steps shall be taken in planning and scheduling a follow-up review:

1. The "Status of Audit Recommendations" spreadsheet from the original audit shall be used as the basis for planning the follow-up review. The auditor shall note the recommendations and corresponding management responses from the original audit.

2. A follow-up review engagement letter shall be sent to the management to (a) explain the objective of the review, (b) schedule a time for follow-up fieldwork, as applicable, and (c) request a report or appropriate document outlining the current status of the actions agreed upon in response to the original audit report recommendations along with supporting documentation. It is advisable to correspond with the auditee/management by phone or in person prior to sending the letter.

3. Follow-up reviews shall not include an opening and closing conference, and the scope shall be limited to the findings included in the original audit report and any non-reportable conditions resulting from the original audit.

D. **Management Responsibility** – The management shall be responsible for deciding the appropriate action to be taken in response to the reported audit findings. Additionally, the management has an ethical responsibility to address the recommendations agreed upon in the management response section of the original audit report and the IAS is responsible for assessing management action for timely resolution of the issues reported.

E. **Follow-up Report** - A formal follow-up report or memorandum shall be issued in a draft form and distributed to the original audit report recipients, as applicable. The status of corrective action or the management's waiver of resolution shall be included in the report. Once the draft report or the memorandum is issued, procedures outlined for issuing audit reports shall follow.

F. **Non-reportable Matters (Observations**) - During the follow-up, the auditor shall also perform procedures to determine if any nonreportable items that existed during the original audit have been satisfactorily resolved. If these matters have not been resolved, a reportable condition may be included in the follow-up audit report.

G. **Conditions Still Exist -** If the conditions still exist as a result of the follow-up review, the audit director shall elevate the concerns to the President.

4.6 Summary of Outstanding Recommendations

The IAS shall issue inventories of open recommendations quarterly to remind the management of the open items. In addition, the management is expected to review the list and communicate delays in progress for items that are not yet due and progress on items that are due or overdue to the IAS within ten (10) working days. The IAS shall maintain an inventory of items reported by the management as resolved. Open recommendations shall be reviewed periodically with the President.

A Summary of Outstanding Recommendations Report (**Appendix 10**) shall be presented by the IAS Director at each quarterly scheduled meeting with the President. The report shall list the audit recommendations that have not been fully implemented. If the quarterly reports indicate management is not making the planned progress, the IAS shall report this to senior management for follow-up action.

The summary report shall take the form of a color-coded summary of the outstanding issues, as follows:

Green: Recommendation is fully implemented
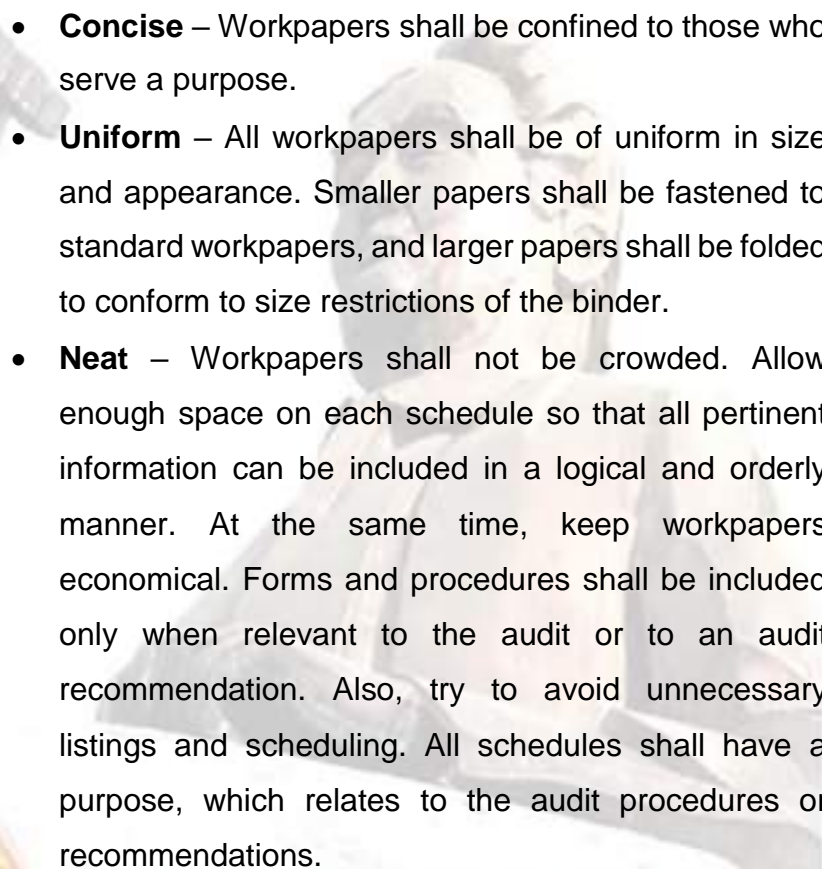
Yellow: Implementation of the recommendation is in progress and a revised date for completion has been agreed upon.

Red: Recommendations are either: (a) not in progress, or (b) not fully implemented and 'past due' following a second or later follow- up review. To the extent that past due issues give rise to special concern, a progress report to the President may be required from the unit head.

5.0 IAS WORKPAPER

5.1 Qualities of Good Workpapers

All relevant information shall be documented and maintained in a file that shall be reviewed and approved by the appropriate audit management. All workpapers, including schedules, analyses, documents, flow charts, and narratives shall be filed in a standard department binder. The following are factors that describe a good workpaper:

- **Complete** – Workpapers must be able to "stand alone." This means that all questions shall be answered, all points raised by the reviewer must be cleared. Additionally, a logical and well-thought-out conclusion shall be established for each audit segment.

- **Concise** – Workpapers shall be confined to those who serve a purpose.

- **Uniform** – All workpapers shall be of uniform in size and appearance. Smaller papers shall be fastened to standard workpapers, and larger papers shall be folded to conform to size restrictions of the binder.

- **Neat** – Workpapers shall not be crowded. Allow enough space on each schedule so that all pertinent information can be included in a logical and orderly manner. At the same time, keep workpapers economical. Forms and procedures shall be included only when relevant to the audit or to an audit recommendation. Also, try to avoid unnecessary listings and scheduling. All schedules shall have a purpose, which relates to the audit procedures or recommendations.

5.2 Retention

Workpapers shall be retained for seven (7) years from the date of the audit report. However, the most recent set of workpapers for each project shall be maintained in the IAS' files. All prior workpapers be filed in sealed boxes and maintained at the Institute's Records Section.

5.3 Workpaper Techniques

A. Descriptive Headings/Footers

All workpapers shall include the Institute name, the area/function being audited and the title or brief description of the workpaper in the page heading. In the bottom right corner of the page, next to the index reference number, the auditor shall also include their initials, the date that the workpaper was completed, and a space for audit the management's approval.

B. Tickmarks

The auditor makes frequent use of a variety of symbols to indicate work that has been completed. These symbols are commonly referred to as tickmarks. As these tickmarks have no special or uniform meaning by themselves, an explanation of each tickmark shall be made on the schedule on which it appears. If necessary, a separate tickmark sheet shall be prepared and attached to the applicable schedule.

C. Cross-referencing

Cross-referencing within workpapers shall be complete and accurate.

D. Indexing

Workpaper indexing shall coincide with the audit program.

E. Carry Forward

The auditor shall make full use of the workpapers developed in the prior audit flowcharts, system descriptions, and other data that may still be considered valid. Those papers, which remain useful, shall be made a part of the current workpapers. They shall be updated with current information, renumbered or rearranged, referenced, initialed and dated by the current auditor.

5.4 Types of Workpapers

A. Electronic

For electronic workpapers, a separate directory shall be created for each audit and subdirectories shall be used for each separate section of the audit. Any manual work papers produced shall be maintained in binders, fully cross-referenced into the electronic files and vice-versa.

B. Interviews

Most verbal information is obtained through informal or formal interviews conducted either in person or by telephone. Formal interviews are most advisable since the interviewers know they are providing input to the audit; however, impromptu interviews, or even casual discussions, can often provide important information as well. Any verbal information which is likely to support a conclusion in the audit workpapers shall be documented. Interviews are useful in identifying problem areas, obtaining general knowledge of the audit subject, collecting data not in a documented form, and documenting the audit customer's opinions, assessments, or rationale for actions. Interview notes shall contain only the facts presented by the person interviewed, and not include

any of the internal auditor's opinions.

In preparing interviews for workpapers, consider the following suggestions:

- Ensure to include the name, department, and position title of all persons from whom information was obtained. This includes data gathered during casual conversations.
- Indicate when and where the meeting occurred.
- Organize notes by topic wherever possible.
- Identify sources of information quoted by interviewee.

C. Observations

The observation of the IAS can serve the same purpose/s as interviews. If observations can be used to support any conclusions, then they shall be documented and are considered essential for physical verifications.

Observations used as supporting documentation shall generally include:

- Time and date of the observation.
- The place the observation was made.
- The person who accompanied the auditor during the observation.
- The actual observation and when testing is involved, the workpapers shall include the sample selections and the basis of the sample.

D. Findings

All audit findings shall be documented in the workpapers. Findings shall be summarized on an Audit

Finding Data Sheet (**Appendix 15**) and shall be included in the audit report. All findings shall be documented immediately by the auditor.

5.5 Workpaper Organization

All workpapers shall be placed into an expandable type of binder. The sequence of workpapers shall be as follows:

In the first segment, left-hand side, place the following in order:
1. Executive summary
2. Final audit report
3. Draft audit report
4. Audit inquiries and document requests with management responses
5. Survey and management response

In the first segment, right-hand side, place the planning packet, display the audit program on top of the packet and use the remainder of the folder for the audit workpapers.

5.6 Security and Control of Workpapers
A. Ownership

The audit workpapers are owned by the Internal Audit Services.

B. Physical Control/Access
- Workpapers are the IAS' property and shall be kept under their control.

- Workpapers may contain confidential data as well as data related to internal audit concerns and development of recommendations that shall be considered confidential.

- Access to electronic workpapers shall be controlled via security controls (passwords, shared file controls, etc.), and portable computers shall be subject to careful physical security measures. The IAS auditors shall maintain close control of any manual workpapers and supporting documents during the audit. When not in use, they shall be kept in a locked file or a secured place to eliminate accessibility for persons who are not authorized to use them.

- The Auditor-in-Charge (AIC) shall obtain approval of the IASD prior to releasing work papers to external parties.

6. 0 IAS MANAGEMENT

6.1 Audit Monitoring

As the audit progresses, the AIC shall monitor the progress of the audits under their responsibility and fill out an Audit Monitoring Sheet (**Appendix 11**).

6.2 Time Reports

The Time Report (**Appendix 12**) shall list all projects worked on during the month and the number of hours spent. It shall also include all general administrative time such as training, staff meetings, special research assignments, etc., and leave hours such as vacation, sick and casual leaves. It is the responsibility of the audit staff to complete time report at the end of each day and submit for review by the designated AIC at the end of each month.

All time reports shall be reviewed by the designated AIC and submitted to the IASD on the fifth day of each month.

6.3 Progress Reports

It is the responsibility of each AIC to complete Monthly Progress Report (**Appendix 13**) at the end of each day and submit for review by the IASD on the fifth day of the following month. Whenever an AIC is proceeding on a long leave, (vacation, leave without pay, maternity leave etc.) he/she shall inform the IASD in writing.

The AIC shall prepare Quarterly Return (**Appendix 14**) of all audit activities carried out during the period and submit to the IASD by the seventh day of the following month.

6.4 Meetings

The department shall hold quarterly audit staff meetings. The meetings shall be scheduled and called by the IASD. At the meeting, audit assignments shall be discussed and any other problem encountered by auditors in the course of their work. The minutes of such meetings shall be recorded and confirmed at the next meeting. All members of staff shall receive a copy of the minutes.

6.5 Decision-Making Procedures

To enhance the efficient running of the IAS, there is a need for a clear communication system. The following decision-making procedures shall be followed:

- The IASD shall constitute an internal committee in which all AIC shall be considered members.

- The IASD shall be the chairman of this committee and shall hold meetings when needed.

- The committee shall deliberate on issues relating to administration, operations and functions to the final authority whoever is vested by the IASD. The AIC shall also hold meetings with their unit staff regularly to communicate decisions.

6.6 Performance Evaluations

A. Evaluation of Internal Audit Staff

Performance evaluation shall be based on the performance contracts signed with the management. Performance evaluation of staff shall take account of the time budget, quality of work and attitude towards work.

The IASD shall conduct semi-annual reviews and prepare a documented Evaluation of the Auditor's Performance (**Appendix 16**). Strengths and weaknesses shall be noted and be supported by specific instances. In this way, the auditor shall gather the most objective assessment and at the same time focus on specific areas for improvement.

The evaluation shall be based from the auditors' overall performance and the quality of the work accomplished. Some of the items considered when making the evaluation for auditors are:

- The ability to identify and raise quality issues in an audit.

- Good and well-reasoned audit recommendations.

- Audit completion dates versus the promised completion dates.

- Good communication and report writing skills.

If the IASD identifies weaknesses, an action plan shall be developed for making the necessary improvements to achieve a satisfactory level of performance. Training and seminars needs shall also be identified to address areas to be strengthened.

B. Evaluation of Internal Audit Services – Management's Assessment

Ongoing monitoring activities shall also be incorporated into daily operations of the IAS activity. This shall provide assurance that the processes in place are working effectively to ensure quality is delivered on an engagement-by-engagement basis. A management assessment (**Appendix 17**) shall be performed every after engagement and results shall be compiled, summarized and submitted to the President annually.

7.0 APPENDICES

Form 1: Annual Audit Plan

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

ANNUAL AUDIT PLAN
CALENDAR YEAR _____

PRIORITY AREA	ACTIVITIES	PERFORMANCE INDICATOR	TIME FRAME

Prepared by:

MELBA S. ASUNCION, DBA
        Director

Approved by:

EDITHA V. PILLO, Ed.D.
        President

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

ANNUAL WORK PROGRAM
For the Year _____

AUDIT PROJECT	TYPE OF AUDIT	SPECIFIC AUDIT QUESTIONS TO BE ANSWERED	RESPONSIBLE PERSON	TARGET DATE OF COMPLETION

Prepared by:

MELBA S. ASUNCION, DBA
Director

Approved by:

EDITHA V. PILLO, Ed.D.
President

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND
TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

RISK AND CONTROL MATRIX

Risk and Control Analysis Audit:
Date:

Business Activity, Function or Area:									Date:
Risk No.	Audit Program Step and Issues	Risk Identifications		Risk Analysis (Before Control)			KEY Controls Currently in Place	Auditing Testing Req? (Yes/No)	Residual Risk To be Reported
		What can happen	Consequences	Likeli-hood Rating	Consequence Rating	Risk Rating			

Prepared by: Reviewed by:

_____   _____
Date:_____   Date:_____

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

ENTRY CONFERENCE

Office/College: _____

Audit Title: _____**Audit No.** _____

Conference Date: _____

Attendees – IAS: _____

Attendees – Auditee: _____

Agenda:

1. Introduce the members of the audit team, including the Audit Supervisor.
2. Explain the audit objective, scope, methodology, general process and time table for the audit work.
3. Department's deadlines to respond to preliminary findings and to the preliminary draft report.
4. Gain an understanding of the protocol to be followed in contacting staff and requesting information.
5. If applicable, request workspace and network connectivity for the audit.
6. Solicit the views and concerns of the Department Head on the project.

∗ Audit staff must document the meeting result, including a list of the meeting attendees.
∗ This note of meeting should be documented in the engagement work papers.

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

EXIT CONFERENCE SUMMARY SHEET

Department:

Audit Title: **Audit No. :**

Conference Date:

Attendees – Internal Audit Services:

Attendees – Auditee:

- W/P Ref.

- Finding (nature of control weakness and/or opportunity for improvement)

- Recommendation for improvement action

- Possible impact and effect of weakness on the nature and extent of future audit procedures

- Finding to be included in report: _____ Yes _____ No (give reason and disposition – memo, verbal, drop)

Client management's response including proposed improvement action and timeline (Implementation Schedule)

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

AUDIT OBJECTIVES

(Note: This is to be revised at the start of each year to reflect the target of the office for the year)

In order to support the Institute's vision of

_____, the Internal Audit Services Office

commits to perform the following quality objectives for the_____.

1. Provide objective advice to the President on matters related to management controls by timely performing management audit and timely submission of audit on six (6) units/offices of the Institute as determined under the Baseline Assessment of Internal Control System;

2. Provide objective advice to the President on matters related to achievement of targets by performing operations audit on six (6) units/offices of the Institute as determined under the Baseline Assessment of Internal Control System;

3. Perform other internal audit projects assigned by the President of the Institute within the timeline set forth; and

4. Minimize the environmental impact of audit activities and maintain healthy and safe conditions in all stages of the audit operations.

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

DRAFT AUDIT REPORT

Audit Title:				
Audit No.				
Audit Objectives:				
Activity or Function Examined:				
Item No.	Audit Findings	Supporting Paper	Management Comments	Potential Recommendations

Prepared by:

_____
Internal Auditing Assistant

Approved by:

MELBA S. ASUNCION, DBA
              Director

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

FINAL AUDIT REPORT

Audit Title:				
Audit No.				
Audit Objectives:				
Activity or Function Examined:				
Item No.	Audit Findings	Supporting Paper	Management Comments	Recommendations

Prepared by:

_____
Internal Auditing Assistant

Approved by:

MELBA S. ASUNCION, DBA
Director

Form 9: Audit Follow-up Report

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

AUDIT FOLLOW-UP REPORT

Date:	Audit Follow-Up Report No.	Reference Internal Audit Report No.
Title of Audit:		
Auditee :		

Approved Recommendations for Implementation/Management Commitment	Status of Implementation	References

Prepared by: _____

Approved by: MELBA S. ASUNCION, DBA
                        Director

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

SUMMARY OF OUTSTANDING RECOMMENDATIONS

No.	Audit Report	Date Issued	Recommendation Summary	Priority Rating*	Responsible Officers	Response/Action	Timetable

Prepared by: _____
Date: _____

Reviewed by: _____
Date: _____

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

AUDIT MONITORING SHEET

Audit Title: _____

Conference Date: _____

Audit No.: _____

Date Started: _____

Budgeted Days/Hours: _____

Date	Audit Process Code	No. of Hours Put In	Remarks

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

TIME REPORT

Name:

Month of:

Date	Auditable Areas/ Assignments	Audit No.	Audit Process	No. of Hours Forecasted	No. of Hours put in

*Audit Process: (1) Planning (Initial) (2) Preliminary Survey (3) Field work (4)

Audit Report (5) Audit Follow-up

Reviewer Note:

Work performed was/was not according to time scheduled.

Action Taken:

_____   _____
              IAS Staff   IAS Director
Date:_____   Date: _____

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

QUARTERLY RETURN
Monitoring of Internal Control Activities
Period: _____

Planned Audit

Audit	Audit No.	Completed	In Progress	Hours Budgeted	Hours Actual	Excess/ Reduced Hours	Number of Recommendation

Prepared by: Reviewed by:

_____   _____
         IAS Staff   IAS Director
Date:_____   Date:_____

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

AUDIT FINDING DATA SHEET

Office/College:	
Audit Title:	
Audit No.	Working Paper Reference:
Prepared by:	Date:
Reviewed by:	Date:

1. **DISCUSSION OF CONDITION**: Include a statement of the existing situation requiring improvement, supporting facts and test results, and real or potential effect of the condition (reasons to change, deviation from standard). State the root cause of the deviation and address the criteria by which the condition requires improvement (i.e., ineffective control, noncompliance with policy, etc.).

   CONDITION

   - Criteria

   - Cause

   - Effect

   Condition reviewed with: _____

2. **RECOMMENDATION –** How can the situation best be corrected based on acceptable criteria as agreed by management and affected personnel?

   Recommendation reviewed with: _____

3. **REACTION –** State if affected personnel agrees or disagrees with the finding and the recommendation. If there is disagreement, indicate the position taken by the audit customer.

4. **EXIT CONFERENCE –** Show final disposition, open issues, sensitive verbiage, initial response, and items for background section.

5. **CHECK ONE** (To be filled out by Audit Manager):

☐   To be included in final report.

☐   To be reported by memo.

☐   Reported verbally.

☐   Not reported.

State reason for selection.
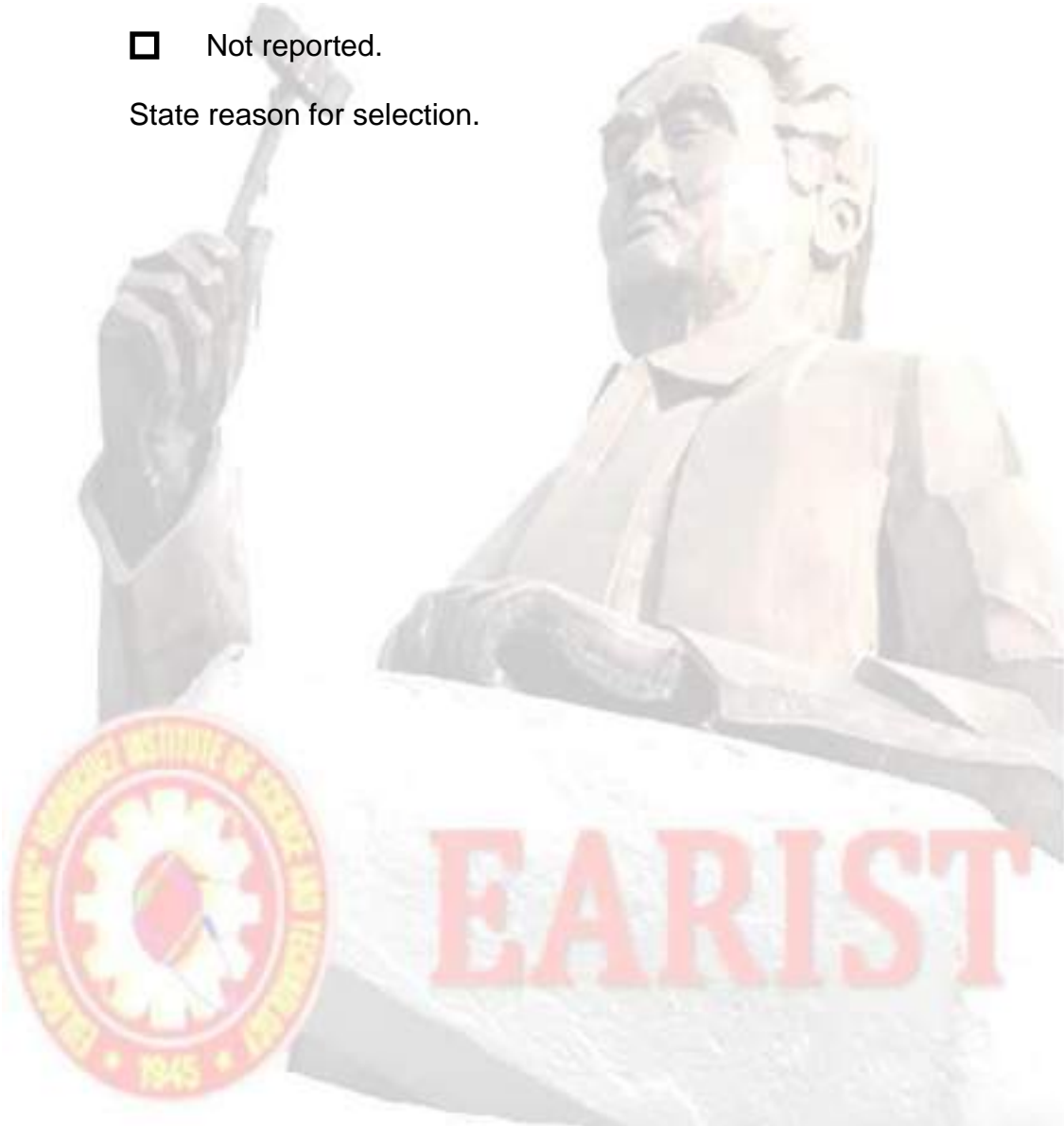
Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Sampaloc, Nagtahan, Manila

INTERNAL AUDIT SERVICES

EVALUATION OF THE AUDITOR'S PERFORMANCE

To help us continuously improve our audit function and provide auditees a better service, please complete the following survey concerning the audit of your unit and return in a sealed envelope to the Director of the Internal Audit Services. Your answer will be kept confidential and rest assured that they will not affect the findings and observations in the audit report.

Please rate the IAS and the auditor using the following matrix:

5	Strongly Agree	You agree completely with the statement.
4	Agree	You agree with the statement but with some reservations.
3	Unsure	You are not certain whether the statement was achieved or not.
2	Disagree	You disagree with the statement but with some reservations.
1	Strongly Disagree	You completely disagree with the statement.

Please check only one number per item.

Auditor (being rated): _____
Audited Areas   : _____
Audit period   : _____

| COMMUNICATION	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1. The objectives of the audit were stated clearly.	5	4	3	2	1
2. The auditor discussed key results with you during the progress of the review.	5	4	3	2	1
3. Your concerns and perspective were adequately considered during the review.	5	4	3	2	1
4. The final audit report was written in clear, logical and organized manner.	5	4	3	2	1
Other comments:					

PROFESSIONALISM	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1. The auditor showed objectively in reporting findings and observations.	5	4	3	2	1
2. The auditor conducted the audit ethically.	5	4	3	2	1
3. The auditor appeared to demonstrate technical proficiency while conducting the audit.	5	4	3	2	1
4. The auditor was courteous in his/her dealings.	5	4	3	2	1
5. The auditor displayed sufficient background knowledge about the operational characteristics of the activities being reviewed.	5	4	3	2	1
6. The auditor's request for information/documents were reasonable.	5	4	3	2	1
7. The auditor returned all requested documents intact.	5	4	3	2	1
8. There was minimal disruption in your operations during the review.	5	4	3	2	1
9. The auditor displayed a professional, constructive and positive approach during the review.	5	4	3	2	1
10. The auditor's conclusions and opinion were logical and well documented.	5	4	3	2	1
Other comments:					

AUDIT IMPACT	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1. The draft report was adequately discussed and any problems resolved before the report was formally issued.	5	4	3	2	1
2. The findings of the review contained in the audit report were:					
• accurate?	5	4	3	2	1
• clearly stated and discussed?	5	4	3	2	1
3. The recommendations provided were constructive and actionable.	5	4	3	2	1
4. Overall, you were satisfied with the purpose, scope, objectives, conduct and results of the review.	5	4	3	2	1
5. The review has benefited your area in some way?	5	4	3	2	1
Other comments:					

EXIT CONFERENCE	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
1. An exit conference was conducted before submission of the final audit report.	5	4	3	2	1
2. The concerns and perspectives of the	5	4	3	2	1

auditee were heard and considered in the exit conference.					
Other comments:					

Rated by: _____

Position/Designation: _____

Date: _____
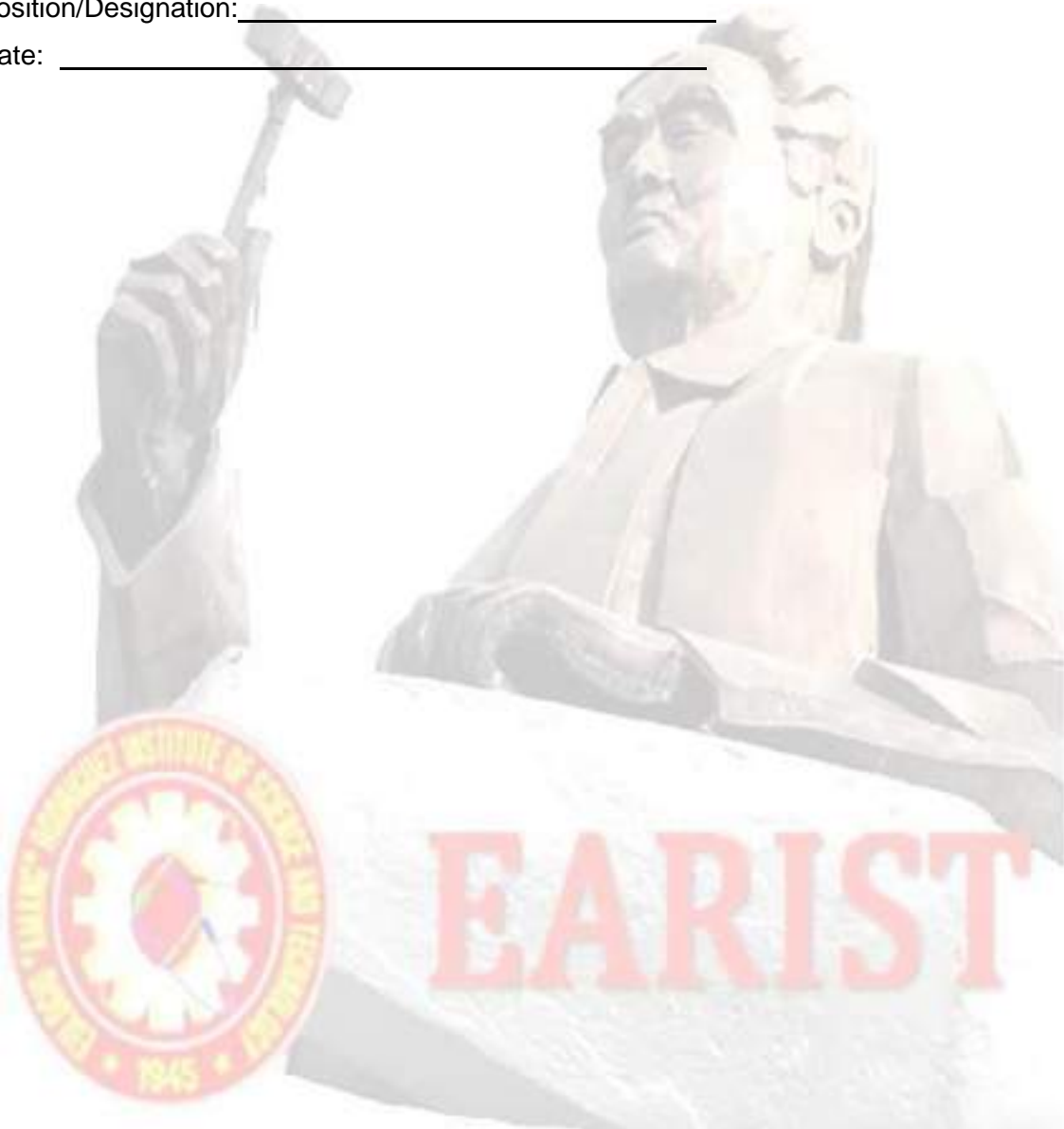
Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ INSTITUTE OF SCIENCE & TECHNOLOGY
Nagtahan, Sampaloc, Manila

FINANCIAL MANAGEMENT SERVICES

CHECKLIST FOR GRANTING & LIQUIDATION OF TRAVEL ADVANCE
(Seminar/Convention/Conference)

NAME _____ CONTROL NO. _____

COLLEGE/OFFICE _____ JEV NO. _____

TITLE OF SEMINAR _____

VENUE _____ INCLUSIVE DATES _____

(To be filled up by FMS)	COMPLIED		
	YES	NO	N/A
1. Granting of Cash Advance (Preparation : 2 Weeks before the Seminar)			
1.1 Approved Letter Request (Duly recommended by the concerened Dean/ Director and endorsed by the Vice President (VPAF/VPAA/VPREIS)			
1.2 Certification of Availability of Funds by FMS			
1.2.1 Checks if qualified to attend (No unliquidated cash advance)			
1.3 Authority to attend/cash advance (Staff Dev't No.)			
1.4 Approved Itinerary			
1.5 Parent's Consent/Waiver (Student)			
2. Liquidation Requirements: (To be submitted with one extra copy each)			
2.1 Letter Request for Liquidation Approved by the President			
2.2 Copy of Special Order/Staff Dev't, Approved Itinerary and Voucher			
2.2.1 Travel Authority - Foreign Travel			
2.2.2 Certification of Travel Completed (Annex B)			
2.2.3 Airfare Official Receipt and Plane Ticket			
2.2.4 Official Receipt of Seminar/Convention/Conference			
2.2.5 Certificate of Appearance/Participation/Completion			
2.2.6 Boarding Pass			
2.2.7 Terminal Fee if any			
2.2.8 Travel Tax - Foreign Travel			
2.2.9 Bus Tickets			
2.2.10 Actual Taxi Ticket/Approved or P300 whichever is lower			
2.2.11 Comprehensive Report relative to the seminar attended			
2.2.12 Approved Justification Letter (if more than 1 yr. to liquidate)			
2.2.13 Original OR if there is to be Refunded			

NOTE: All documents submitted should be original except for items 2.2 & 2.2.5. All photocopied documents should be "Certified True Copy" by the Records Officer. Cash Advances are to be liquidated within 30 days after the seminar in Local Travel and in Case of Foreign Travel, 60 days after return to the Philippines. (EO 248 & COA Circular # 96-004).

REMARKS:

ROBERTO M. LIWANAG
Director, Financial Management Services

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ INSTITUTE OF SCIENCE & TECHNOLOGY
Nagtahan, Sampaloc, Manila

FINANCIAL MANAGEMENT SERVICES

CHECKLIST FOR LIQUIDATION/REIMBURSEMENT OF EXPENSES
(TO BE SUBMITTED WITH ONE EXTRA COPY EACH)

NAME _____

DESIGNATION _____

COLLEGE/OFFICE _____

(To be filled up by FMS)	COMPLIED		
1. Requirements for Liquidation/Reimbursement of Expenses other than Seminar	**YES**	**NO**	**N/A**
1.1 Pre-approved and Funded Request			
1.2 Approved Letter Request			
1.3 Special Order			
1.4 Disbursement Voucher & BUR			
1.5 Various Receipts inspected by IAS			
1.6 At least 3 Store Canvass for purchases involving P1,000.00 and above, except for purchases made while on official travel			
1.7 Properly filled up IAR (Appendix 62)			
1.8 Properly filled up Pre-Inspection Report in case of repair			
1.9 Properly filled up Post Repair Inspection Report in case of repair			
1.10 Waste Materials report in case of replacement/repair (Appendix 65)			
1.11 Approved trip ticket, for gasoline/fuel expenses			
1.12 Toll receipts and trip tickets for reimbursement of toll expenses			
1.13 Submission of program & attendance if it is an activity			
1.14 Submission of recipients for food in case of representation expenses			
1.15 Pictures/Documentations			
1.16 Comprehensive Report relative to the activity			
1.17 Approved Justification Letter (if more than 1 yr. to liquidate)			
2. Requirements for Reimbursement of Seminar			
2.1 Special Order			
2.2 Letter Request Approved by the President			
2.3 Airfare Official Receipt and Plane Ticket (If by plane)			
2.4 Certificate of Appearance/Participation/Completion			
2.5 Boarding Pass (If by plane)			
2.6 Terminal Fee (If by plane)			
2.7 Bus Tickets			
2.8 Actual Taxi Ticket/Approved or P300 whichever is lower			
2.9 Official Receipt of Registration Fee for the Seminar			
2.10 Other receipts duly inspected by MICAS			
2.11 Comprehensive Report relative to the seminar attended (As stipulated in the SO)			

NOTE: Request for Reimbursements should be included in their APP for Expenses other than Seminars and PPMP for reimbursement of Seminar

REMARKS:

_____
_____
_____
_____
_____
_____
_____
_____

ROBERTO M. LIWANAG
Director, Financial Management Services

PROCUREMENT SERVICE CHECKLIST FOR SMALL VALUE PROCUREMENT

Contract/P.O No.: _____

DV No. and Date: _____

BUR No. and Date: _____

Name of Project: _____

Name of Contractor: _____

Contract Amount: _____

GOODS AND SERVICES	YES	NO	REMARKS
Documentary Requirements during Procurement Process (Annex "H" Appendix A of the Revised IRR of RA9184)			
1 Mayor's/Business Permit			
2 Professional License/Curriculum Vitae (for Consulting Services)			
3 PhilGEPS Certificate			
4 PCAB License (for Infrastructure Projects)			
5 BIR Certificate of Registration			
6 Income/Business Tax Return (for ABCs above Php500K)			
7 Omnibus Sworn Statement (for ABCs above Php50K)			
8 A duly notarized **Secretary Certificate** attesting the authority of the signatory as the duly authorized and designated representative of the corporation, partnership or joint venture must be attached to the Omnibus Sworn Statement.			
9 PhilGEPS Posting (for ABCs above Php50K)			
10 RFQs sent to at least three (3) suppliers			
Documentary Requirements for Processing of Payment			
11 Annual Procurement Plan (APP)			
12 Performance Security			
13 Warranty Security/Surety Bond			
14 Funded Purchase Request			
15 Abstract of Canvass			
16 Justifications for preferences, if not the lowest quotations			
17 BAC Resolution (Award of winning supplier/contractor)			
18 BAC Resolution (Change in Mode of Procurement from Public Bidding to SVP – if applicable)			
19 Purchase Order/Contract Agreement			
20 Notice of Award			
21 Notice to Proceed			
22 Supplier's Invoice/Billing Statement/Request for Payment			
23 Inspection and Acceptance Report (IAR)			
24 Requisition and Issue Slip (RIS)			

Prepared By: Reviewed By:

_____   _____

Signature Over Printed Name/Date   Signature Over Printed Name/Date

PROCUREMENT SERVICES

REVIEW CHECKLIST FOR PUBLIC BIDDING

Contract/P.O No.: _____

Name of Project.: _____

Name of Contractor. : _____

Contract Amount.: _____

GOODS AND SERVICES	YES	NO	REMARKS
Procurement of Goods and Services (Thru Public Bidding)			
1. Disbursement Voucher (DV)			
2. Budget Utilization Request and Status (BURS)			
3. Project Procurement Management Plan/Annual Procurement Plan			
4. Board Resolution of the Project			
5. Purchase Request			
6. Approved Budget of the Contract			
7. Proof of Advertisement (PhilGeps Posting)			
8. Invitation to Bid			
9. Minutes of the Pre-Procurement Conference, if applicable (Goods-2M&up; Infrastructure-5M&up and Consulting-1M&up)			
10. Notice of Meeting and Attendance Sheet			
• Pre-Procurement Conference			
• Pre-Bid Conference			
• Opening of Bid			
• Post Qualification Report			
11. Minutes of the Pre-Bid Conference			
12. Minutes of the Opening of Bid			
13. Minutes of the Post Qualification Report			
14. BID Checklist			
15. Abstract of Bids			
16. BAC Resolution declaring winning bidder and recommending the award			
17. Proof of Posting of NOA to PhilGeps			
18. Performance Security			
19. Approved Contract/Purchase Order			
20. Notice of Award			
21. Notice to Proceed			
22. Documents showing the Eligibility Requirements of the winning bidder:			
Class "A" Documents			
Legal Documents			
A. Registration certificate from SEC. Department of Trade and Insdutry (DTI) for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents			
B. Mayor's Permit issued by the city or municipality where the principal place of business of the prospective bidder is located			
Technical Documents			
C. Statement of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract.			
Financial Documents			
D. Audited Financial Statements, showing, among others, the total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier then two (2) years from the date of bid submission.			
E. Computation of the Net Financial Contracting Capacity (NFCC) as or a commitment from a Universal or Commercial Bank to extend a credit line if awarded the contract to Bid.			

Class "B" Documents			
Valid Joint Venture Agreement (JVA), in case the joint venture is already in existence. In the absence of a JVA, duly notarized statements fromn all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA the instance that the bid is successful shall be included in the bid. Failure to enter into a joint venture in the event of a contract award shall be a ground for the forfeiture of the bid security. Each partner of the joint venture shall submit the legal eligibility documents. The submission of technical and financial eligiblity documents by any of the joint venture partners constitutes compliance.			
22. Documents showing the Technical and Financial Proposals of the winning bidder:			
Technical Documents			
A. The bid security in the prescribed form, amount and validity period			
B. Technical specifications, which may include production/delivery schedule, manpower requirements and/or after-sales service/parts, if applicable; and			
C. Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:			
(1) It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporation, or LGUs, including foreign government/ foreign or international financing institution whose balsting rules have been recognized by the GPPB;			
(2) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and corect;			
(3) It is authorizing the Head of the Procuring Entity or his duly authorized representative/s to verify all the documents submitted;			
(4) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly authorized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative, or joint venture;			
(5) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of RA 3019;			
(6) It complies with the responsibilities provided in the PBDs; and			
(7) It complies with existing labor laws and standards, in the case of procurement of services.			
Financial Documents - as specified in the PBDs			
23. Documents to be submitted three (3) days after declaring a supplier/contractor to have the Lowest Calculatest Bid:			
a) Tax clearance;			
b) BIR Certificate of Registration			
c) Lastest income and business tax returns;			
d) Certificate of PhilGeps Registration; and			
e) Other appropriate licenses and permits required by the law and stated in the Bidding Documents			
24. Duly approved program of work or delivery schedule, and Cost Estimates;			
25. Supplier's Invoice			
26. Certificate of Inspection and Acceptance			

Prepared By:

_____
Printed Name and Signature

Reviewed By:

_____
Printed Name and Signature

PROCUREMENT SERVICE

REVIEW CHECKLIST FOR DIRECT CONTRACTING

Contract/P.O No.: _____

DV No. and Date: _____

BUR No. and Date: _____

Name of Project: _____

Name of Contractor: _____

Contract Amount: _____

GOODS AND SERVICES	YES	NO	REMARKS
Documentary Requirements during Procurement Process (Annex "H" Appendix A of the Revised IRR of RA9184)			
1 Mayor's/Business Permit			
2 PhilGEPS Certificate			
3 Income/Business Tax Return (for ABCs above Php500K)			
Documentary Requirements for Processing of Payment			
4 Annual Procurement Plan (APP)			
5 Approved Funded Purchase Request			
6 Price Quotations from the Supplier			
7 BAC Resolution Recommending Award via Direct Contracting			
8 Purchase Order			
9 Supplier's Invoice/Billing Statement/Request for Payment			
10 Inspection and Acceptance Report (IAR)			
11 Requisition and Issue Slip (RIS)			

Prepared By: Reviewed By:

_____   _____
Signature Over Printed Name/Date   Signature Over Printed Name/Date

Republic of the Philippines
EULOGIO "AMANG" RODRIGUEZ
INSTITUTE OF SCIENCE AND TECHNOLOGY
Nagtahan, Sampaloc, Manila

AGREEMENT COVERING THE GRANT OF MONETARY INCENTIVE UPON COMPLETION OF UNDERGRADUATE PROGRAM, MASTER'S/DOCTORAL DEGREE

I, _____ , _____
(Printed Name)   (Position)

in consideration of the grant of Monetary Incentive (Article X, Sec. 4.3 of Collective Negotiation Agreement) upon completion of the following within the prescribed period:

Undergraduate Program	Php 10, 000
Master's Degree	Php 30, 000
Doctoral Degree	Php 50, 000

do hereby agree, understand and accept the following conditions:

A. Prior to this claim, I have served EARIST for at least five consecutive (5) years as evidenced by my latest service record.
B. To submit the documents necessary to support my claim for the monetary incentive, to wit:
   1. Latest Service Record
   2. Latest three (3) consecutive IPCR Ratings
   3. Transcript of Record
   4. Certificate of Graduation
   5. Diploma
C. To serve EARIST for period at least one (1) year for every grant received.
D. That I shall only be entitled to the same grant after serving the term stated above.
E. To refund in full such amount granted to me in the event that I shall not comply with any of the terms and conditions stated in this agreement

In witness hereof, I have hereunder set my hand this _____ of _____, 20____ in Manila.

_____
(Signature of Applicant)

Attested: Fund Available:

_____   _____
President   FMS Director

Witness:

_____   _____
Chairman, Union Consultative Council   Chairman, Management Consultative Council

8.0 GLOSSARY

Accountability. The obligation of an individual or institution to account for its activities, accept responsibility, and disclose the results in a transparent manner.

Add Value. The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

Assurance Services. An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples shall include financial, performance, compliance, system security and due diligence engagements.

Auditee. The public official responsible for the subject of the audit. The auditee for each audit is the senior manager with overall responsibility for the organizational area being reviewed.
The NGICS prohibits the auditor to have a client/customer relationship with the auditee.

Board of Trustees. The Institute's governing body to whom the President reports all functionally.

Charter. The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, authorizes access to records, personnel, and physical properties relevant to the performance of engagements

and defines the scope of internal audit activities.

Code of Ethics. The Code of Ethics of The Institute of Internal Auditors - Principles (IIA-P) are principles relevant to the profession and practice of internal auditing and the Rules of Conduct that describe the behavior expected of the internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance. Adherence to policies, plans, procedures, laws, regulations, contracts or other requirements.

Compliance Audit. Review of the degree of adherence with laws, regulations, managerial policies, and operating procedures of government, including compliance with accountability measures and ethical standards and contractual obligations. It is a necessary "first step" and part of the management and operations audits.

Conflict of Interest. Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest prejudices an individual's ability to perform his or her duties and responsibilities objectively.

Consulting Services. Advisory and related client service activities and the nature and scope which are agreed with the client are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

Control. Any action taken by the management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment. The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment shall include the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

Control Processes. The policies, procedures and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.

Engagement. A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Expert. Person who is knowledgeable in a specialized field both educational and through personal experience.

Four Cs in Audit Findings. Stands for criteria, condition, cause and conclusion.

- **Criteria** are the standards to which a condition is compared; standards can be laws, rules, regulations, policies, orders, guidelines, procedures, plans, targets, best practices, etc.
- **Condition** is a fact, backed up by substantial evidence that includes consequence, effects or impact. This is also referred to as the "finding of facts" which is defined as the written statement of the ultimate facts essential to support the audit findings.
- **Cause** refers to the probable cause, in case of compliance audit; or root cause, in case of management audit or operations audit. Relatedly, finding of probable cause needs only to rest on evidence showing that more likely than not, the act/s or omission/s of the person responsible had caused the non-compliance which may warrant the conduct of administrative proceeding by the disciplining authority. Root cause is a structured investigation that aims to identify the true cause of the control weaknesses or incidences and the actions necessary to eliminate it.
- **Conclusion** is the evaluation of the criteria and the conditions that could either result in compliance or non-compliance with laws, regulations and policies, as supported by substantial evidence; control effectiveness; determination of adequacy or inadequacy of controls; determination of the efficiency, effectiveness, ethicality, and economy of agency operations. This is also referred to as the "conclusion of facts" which is defined

as an inference drawn from the subordinateor evidentiary facts.

Four Es of Operations. Stands for efficient, effective, economical and ethical.

- **Efficient** refers to "doing things right" given the available resources/inputs and within a specified timeframe. This is about delivering a given quantity and quality of outputs with minimum inputs or maximizing outputs with a given quantity and quality of inputs.

- **Effective** refers to "doing the right things". Effective operations mean that operating units are able to deliver their final outputs and outcomes and able to achieve the expected results and contribute to the achievement of the sectoral and societal goals.

- **Economical** refers to the performance of functions and tasks using the least amount of resources/inputs within a specific timeframe. It implies that the resources/inputs shall be acquired at the right cost, at the right time, at the right place, in the right quantity and of the right quality.

- **Ethical** refers to conformity with the norms of conduct and ethical standards as contained in RA 6713, otherwise known as the "Code of Conduct and Ethical Standards for Public Officials and Employees".

Fraud. Any illegal act characterized by deceit, concealment or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance. The combination of processes and structures implemented by the board to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives.

Impairment. Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties and resource limitations (funding).

Independence. The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Internal Audit. The evaluation of management control and operations performance and the determination of the degree of compliance with laws, regulations, managerial policies and contractual obligations. It is the appraisal of the plan of organization and all the coordinate methods and measures to recommend courses of action on all matters relating management control and operations audit.

Internal Audit Annual Work Plan. It contains the coverage of the audit for a given calendar year and approved by the President. The plan shall outline the deficiencies in internal control and vulnerability being addressed, audit title, specific audit area, type of audit, summary description of the audit, expected benefit, priority and resources to be used, estimated duration and cost, and proposed timing of the audit, among others.

Internal Audit Services Director (IASD). The highest official in the Internal Audit Service of the Institute. He has overall responsibility for auditing the organization, managing the entire audit cycle and a team of internal auditors and ensuring the quality of audit products produced by the team.

International Professional Practices Framework. The conceptual framework that organizes the authoritative guidance promulgated by the IIA-P. Authoritative Guidance is comprised of two categories – (1) mandatory and (2) strongly recommended.

Management Audit. The separate evaluation of the effectiveness of the internal controls adapted in the operating and support services units/systems, whether it achieves the control objective over a specific date or period. It is a review and appraisal of systems and processes, organizational structure and staffing, operations and management practices, records, reports and performance standards of the agencies/units covered. It includes the determination of the extent of compliance with laws, rules, regulations, managerial policies, operating procedures, accountability measures and contractual obligations covering specific timeframes. Examples of support services systems are human resource management system, financial management system, quality management system, risk management system and their sub-system while operating systems of bureaus are regional offices and local government to management control and operations audit.

Objectivity. An unbiased mental attitude that allows internal auditors to perform engagements in such manner that they believe in their work product and that no quality compromises are made.

Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Operations Audit. The separate evaluation of the outcome, output, process and input to determine whether government operations, including management and personnel structure in programs/projects are effective, efficient, ethical and economical. Operations audit of organizations, programs, and projects involves an evaluation of whether or not expected results were achieved and targets were attained.

Philippine Government Internal Audit Manual (PGIAM). The documentation of the standards and procedures for conducting management and operations audits. It serves as a friendly tool to internal auditors in appraising the internal control systems of the public entities /agencies. It provides details on the nature and scope of internal audit in the Philippine public sector, including the institutional arrangements of the internal audit function, as well as the protocols and processes for the conduct of internal audit.

The PGIAM is divided into two parts. Part I - Guidelines (PGIAM I) outlines the basic concepts and principles of internal audit, and the policies and standards that shall guide government agencies in organizing, managing and conducting an effective internal audit. Part II – Practices (PGIAM 2) contains tools, techniques and approaches that shall facilitate the conduct of internal audit activities.

Risk. The possibility of an event occurring that shall have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite. The level of risk that an organization is willing to accept.

Risk Assessment. The process of identifying, analyzing and evaluating relevant risks to the achievement of the control objectives and determining the appropriate response. In other words, it is the identification, analysis and evaluation of what could go wrong and how to address it.
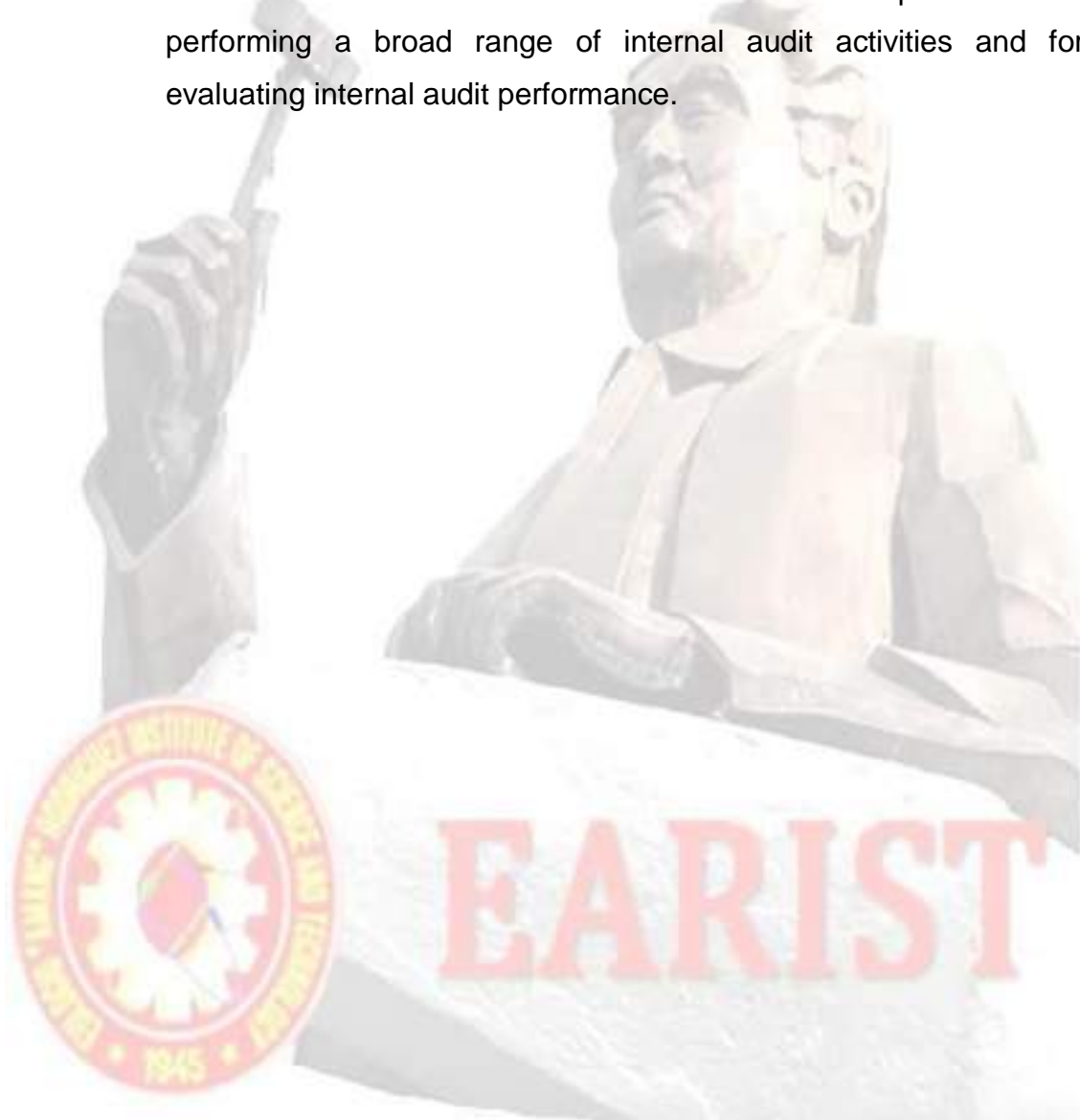
Risk Management. A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives. Risk management is part of the responsibilities of management and an integral part of all organizational processes.

Root Cause Analysis. A method that is used to address a deficiency in order to get the "root cause" of the problem. It is used to correct or eliminate the cause and prevent the problem from recurring. It attempts to identify the root or original causes instead of dealing with the immediately obvious symptoms. It is a structured review and evaluation that aims to identify the true cause of the deficiency and the courses of action necessary to address it. RCA is a continuous examination why the control deficiency occurred until the fundamental process element that has failed is identified.

Significance. The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Stakeholder. A person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity. The IAS relates with both internal and external stakeholders.

Standard. A professional pronouncement promulgated by the Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities and for evaluating internal audit performance.

9.0 BOARD OF TRUSTEES

10.0 EARIST OFFICIALS

Dr.	EDITHA V. PILLO	President
Dr.	FREDERICK C. PENA	Vice President for Academic Affairs
Dr.	GRANT B. CORNELL	Vice President for Research, Extension, and International Affairs, concurrent Director, Research Development and Production Services
Dr.	RAYMUND B. BOLALIN	Dean, College of Arts and Sciences
Dr.	WILLY O. GAPASIN	Dean, College of Business and Public Administration
Engr.	APOLINARIO S. SOLLANO	College of Engineering
Ar.	FERNANDO C. PAMINTUAN	College of Architecture and Fine Arts
Dr.	MARLENE M. MONTERONA	OIC-Dean, Graduate School
Dr.	JOSIE R. SONIO	Dean, College of Industrial Technology
Dr.	ELEONOR T. SALVADOR	Dean, College of Education
Ms.	MARIA RHODA D. DINAGA	Dean, College of Hospitality and Tourism Management
Dr.	ANABEL D. RIVA	Dean, College of Criminal Justice Education
Ms.	JULIE ANNE ESPIRITU	OIC-Director, Student Admission, Registration and Records Management Services
Mr.	ROEL P. BALAYAN	Director, Instruction
Ms.	AGNES F. AMORIN	Director, Student Affairs Services
Dr.	ROGELIO T. MAMARADLO	Director, Administrative Services OIC-Chief, Physical Plant and General Services Chairman, CGC
Dr.	ERIBERTO R. ASTORGA, JR.	Director, Extension and Community Services
Dr.	ERIC C. MENDOZA	Director, Quality Assurance
Engr.	ROBERTO M. LIWANAG	Director, Financial Management Services
Dr.	GIOVANNI L. AHUNIN	Director, DRRM Director, NSTP
Dr.	JOSELITO D. MABANSAG	Director, International Affairs Services
Dr.	SHEILA MARIE M. MATIAS	Director, Information and Public Affairs Services Executive Assistant to the President
Dr.	MYRNA V. GULLES	Director, Planning Services
Dr.	MELBA S. ASUNCION	Director, Internal Audit Services
Dr.	JESUS S. PAGUIGAN	Director, Management Information System
Ms.	ROSALINA A. SORIANO	Director, Library Services
Ms.	GILDA S. FAMILARA	College and Board Secretary

11.0 EARIST IASOM EVALUATION COMMITTEE

Dr.	ROGELIO T. MAMARADLO	Director, Administrative Services ***Chairman***
Mrs.	CHRISTYLANE B. BAGABALDO	Chief, Human Resource Management Services ***Member***
Ms.	BELINDA O. DELARMENTE	Chief, Property Management Services ***Member***
Mr.	ERVIN CARL E. RODRIGUEZ	Chief, Accounting Services ***Member***
Mr.	JOSE R. CORNELIO, JR.	Chief, Procurement Services ***Member***