

The different types of Internal Audit we provide

1. Operational Audit

Operational audit is a comprehensive review of the varied functions within an organisation to appraise the efficiency and economy of operations and the effectiveness with which those functions achieve their objectives. Internal controls are reviewed from a cost-benefit standpoint.

2. Compliance Audit

Compliance audit is a review of financial transactions and / or operating controls to determine how well they conform with established laws, standards, regulations and procedures.

3. Investigative / Fraud Audit

These audits are performed to investigate incidents of possible fraud or misappropriation of assets.

4. Information Systems Audit

This type of audit addresses the control environment of computer information systems and how they are used. This is a technical review that may include evaluating system input, processing and output controls, data and physical security, contingency planning and disaster recovery, system administration, etc.

5. Consultancy & Advice & Guidance

Our experience and expertise in the fields of internal control, risk management and corporate governance is made available to management on request.



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A BRIEF GUIDE TO INTERNAL AUDITING



INTERNAL AUDIT – Definition

An independent, objective, assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

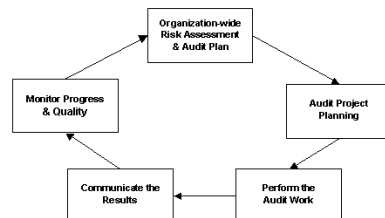
So what is the purpose of Internal Audit?

- * Internal audit seeks to advise management on whether its major operations have sound systems of risk management and internal controls and on the adequacy of overall Corporate Governance;
- * Internal audit may be charged with investigating frauds;
- * Internal auditors cover all the organisation's operations and not primarily those financial systems that have a bearing on the final accounts;
- * The internal audit cover is continuous throughout the year – we at the St Helena Audit Service have an Internal Audit Strategy for SHG for the five years 2005/06 to 2009/10 which covers all auditable entities at a frequency appropriate to their calculated risk scores.

In some ways, the Internal Audit service can be seen as a safety net by helping organisations identify and manage their risks.



Internal Auditing Process



Risk Management

The purpose of risk management is not to remove all risk but to ensure that risks are recognized and their potential to cause loss fully understood. Based on this information, action can be taken to direct appropriate levels of resource at controlling the risk minimizing the effect of potential loss.

Introducing risk management is a proactive approach which: -

- * addresses the activities of an organisation
- * identifies the risks that exist
- * assesses those risks for potential frequency and severity
- * eliminates the risks that can be eliminated
- * reduces the effect of those that cannot be eliminated
- * puts into place financial mechanisms to absorb the financial consequences of the risks that remain high
- * has an ongoing monitoring and review mechanism inbuilt

By adopting such an approach benefits will ensue i.e.

- * more effective communications internally and externally
- * compliance with legislation
- * effective contingency planning
- * improved morale and attendance level by staff
- * cost benefits through optimizing resource allocation decisions

Internal Control

Where there are risks to the achievement of objectives, management has to devise controls to address these risks. As Internal Auditors we provide the assurance that these controls are sufficient and working as intended.

Corporate Governance

Governance is about how SHG organizes itself to make decisions and review actions. We in Internal Audit help by evaluating and improving the process through which: -

- * values and goals are established and communicated,
- * the accomplishment of goals is monitored,
- * accountability is ensured, and
- * values are preserved.

Internal Audit can assist top management in:

- ◆ monitoring activities top management cannot itself monitor
- ◆ identifying and minimizing risks
- ◆ validating reports to senior management
- ◆ protecting senior management in technical analysis beyond its knowledge
- ◆ providing information for the decision-making process
- ◆ reviewing for the future as well as the past
- ◆ helping line managers manage by pointing to violation of procedures and management principles