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**QUALITY MANAGEMENT SYSTEM BASED ON ISO 9001:2015**

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**RISK BASED AUDIT PROCEDURE MANUAL**

**RU/ADM/RBA/008**

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Sign: \_\_\_\_\_

Date: \_\_\_\_\_

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## **PROCEDURE NUMBER 1: RISK BASED AUDIT**

### **1.0 GENERAL**

#### **1.1 PURPOSE**

The purpose of this procedure is to ensure efficiency and effectiveness in undertaking internal audit.

#### **1.2 SCOPE**

This procedure applies to planning, execution, reporting and follow-up of risk-based audits in the University.

#### **1.3 REFERENCES**

- a) Quality Manual – RU/QMR/QM/002
- b) Internal Audit Manual
- c) International Auditing Standards.
- d) Relevant laws, regulations and guidelines
- e) Relevant University policies and manuals

#### **1.4 TERMS AND DEFINITIONS**

- a) IA – Internal Auditor.
- b) HIA – Head of Internal Audit.

#### **1.5 RESPONSIBILITY**

- a) The VC is responsible for the supervision of this procedure.
- b) The Head of Audit is responsible for implementation and adherence of this procedure

### **2.0 PROCESS INPUT**

- a) Audit work plan
- b) Risk register
- c) Budget
- d) Approved University Policies, regulations and manuals
- e) Accounting documents

### **3.0 METHOD**

#### **3.1 Planning, Execution, Reporting and Closure of an Internal Audit**

3.1.1 This procedure shall start with the HIA preparing an annual work plan.

- 3.1.2 The HIA shall within the first quarter of the financial year table the annual work plan in the Audit Committee of Council meeting for approval.
  - 3.1.3 Two weeks to an audit activity, the HIA shall convene the audit team to prepare an audit plan based on the annual work plan
  - 3.1.4 HIA shall within one week to the scheduled audit, communicate the program to the auditee.
  - 3.1.5 The HIA shall cause the Internal Auditors to prepare their checklists prior to audit execution.
  - 3.1.6 Prior to the start of the audits, the Internal Auditor shall hold an entry meeting with the Auditee to prepare for the audit.
  - 3.1.7 The internal auditors shall perform the internal audit using the audit checklist and record the audit findings in the audit working papers.
  - 3.1.8 The internal auditor shall have a review and exit meeting with the auditee to report the findings of the audit.
  - 3.1.9 The internal auditor will submit the draft audit report to the HIA for processing.
  - 3.1.10 The HIA shall present the report to the VC and the auditees.
  - 3.1.11 The VC shall respond to the audit report.
  - 3.1.12 The audit team shall after one month do follow up audit and compile a follow up report and submit to Council.
  - 3.1.13 The Audit Committee of Council shall consider the report and make recommendations to Council.
  - 3.1.14 The Council shall consider the recommendations and approve the relevant action.
- 3.2    **Unscheduled Audits****
- 3.2.1 This procedure shall start with VC directing HIA to conduct an audit in a respective area (s).
  - 3.2.2 The HIA shall conduct the audit as per procedure 3.1.

**ISSUED FOR USE ON:**

**RISK BASED AUDITS PROCEDURE MANUAL**

**REF: RU/ADM/RBA/008(1)**

**4.0 PROCESS OUTPUT**

- a) Audit reports
- b) Minutes of meetings

**5.0 DOCUMENT CHANGE HISTORY**

<b>Supersedes Revision</b>	<b>Revision – (Clause &amp; Details)</b>	<b>Current Rev.</b>	<b>Reviewer's name</b>	<b>Date</b>

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**OBJECTIVES REGISTER FOR INTERNAL AUDIT**

<b>OBJECTIVES REGISTER FOR INTERNAL AUDIT</b>										
<b>Department:</b>	<b>Internal Audit</b>									
<b>Rev. Status</b>										
<b>Issue Date:</b>										
<b>Created By:</b>				<b>Reviewed By:</b>				<b>Approved By:</b>		
<b>S.No</b>	<b>Key Result Area</b>	<b>Strategic Objective</b>	<b>Objective</b>	<b>Strategies</b>	<b>Key Performance Indicator</b>	<b>Resources Required</b>	<b>Timeline</b>	<b>Deliverable</b>	<b>Frequency of M &amp; E</b>	<b>Responsibility</b>
	Institutional Capacity	To enhance corporate governance and image	To review and implement a risk management framework by June 2020	consolidate departmental risk registers; incorporate the register in the risk management framework; sensitize staff; conduct risk-based audits; update audit charter	Reviewed and implemented risk management framework	Budget; staff; equipment;	Continuous	Updated institutional risk register; Updated audit charter; implementation reports; Audit reports;	Continuous	Officer in charge of Internal Audit

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<b>Created By:</b>		<b>Reviewed By:</b>					<b>Approved By:</b>					
<b>S.No</b>	<b>Process</b>	<b>Risk</b>	<b>Causes</b>	<b>Existing Controls</b>	<b>Probability</b>	<b>Impact</b>	<b>Risk Rate</b>	<b>Risk Level</b>	<b>Additional Controls</b>	<b>Opportunities</b>	<b>Frequency of M &amp; E</b>	<b>Accountability</b>
1	Risk based auditing	Inability to provide adequate assurance to Management and Council on the proper functioning of controls, systems and on proper utilization of resources	Lack of audit independence; Incompetent auditors/ inadequate staff numbers	Mwongozo guidelines on Governance; Risk & Audit Committee of Council; Established reporting lines; Applicable Auditing standards & guidelines	3	4	12	Medium	Pursue full implementation of Mwongozo Code of Conduct; Continuous training of auditors and members of risk and audit committee of council; Development and implementation of an internal audit charter	Continuous review of risk register	Quarterly	Head of internal Audit
		Audit Risk	Inability to detect fraud or material misstatements	Risk based auditing	2	4	8	Medium	Follow up in implementation of audit recommendation; Full implementation of audit workplans	Automation of audit processes; Recommend review of internal controls	Continuous	Head of internal Audit