CIGFARO ANNUAL CONFERENCE

GOVERNMENT AUDITING PRINCIPLES THAT PROMOTE FINANCIAL SUSTAINABILITY AND EFFICIENCY OF SERVICE DELIVERY

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PRESENTATION OVERVIEW

- Government Audit Definition
- Ethical Principles
- General Standards
- Value for money
The government spends a lot of public money every year, so it must find a way to ensure responsible and honest use of public resources. Financial audit of a government agency that uses public resources accomplishes this goal. Such audits assess whether the information in the agency’s financial records is fairly presented.

**AUDITING DEFINED:**

- **ETYMOLOGICALLY THE WORD ‘AUDIT’ HAS BEEN DERIVED FROM LATIN WORD ‘AUDITE’, WHICH MEANS ‘TO LISTEN’.**
- **SYSTEMATIC VERIFICATION/EXAMINATION OF ACCOUNTING DATA, FINANCIAL STATEMENTS & RECORDS WITH A VIEW TO DETERMINE THE ACCURACY & RELIABILITY.**
OBJECTIVE OF AN AUDIT

Subsidiary Objectives
- Detection and prevention of errors
- Under-or over-valuation of stock

Primary Objectives
- Examining the system of internal check.
- Checking arithmetical accuracy of books of accounts, verifying it.
- Verifying the authenticity and validity of transactions.
- Checking the proper distinction of capital & revenue of transactions.
- Confirming existence and value of assets & liabilities.
OBJECTIVE OF AN AUDIT

- External Audit
- Internal Audit
- Forensic Audit
- Financial Audit
- Statutory Audit
- Special Audit
- Tax Audit

Audit Objective Types
OBJECTIVE OF AN AUDIT

- Protect Internal Network
- Reduce Risks of Data Breaches
- Maintain Government Compliance
- Monitor Mobile Security
- Measure Practices & Processes

Internal Audit Benefits
ETHICAL PRINCIPLES

Auditing Principles

- Integrity
- Evidence-Based Approach
- Fair Presentation
- Independence
- Due Professional Care
- Confidentiality
Integrity.

Integrity is a concept of consistency of actions, values, methods, measures, & principles, expectations, & outcomes. It can be regarded as the opposite of hypocrisy.
1. Integrity

The foundation of professionalism

- To perform the work with honesty, diligence, and responsibility.
- To observe and respect any applicable legal requirements.
- To demonstrate technical competence while undertaking work.
- To perform the work in an impartial manner.
- To be sensitive to any influences that may be exerted by other interested parties on their judgment while carrying out an audit.
2. Fair presentation

The obligation to report truthfully and accurately

- Audit findings, audit conclusions and audit reports should reflect truthfully and accurately the audit activities.
- Significant obstacles encountered during the audit and unresolved diverging opinions between the audit team and the auditee may be reported.
- The communication has to be truthful, accurate, objective, timely, clear and complete.
3. Due professional care

The application of diligence and judgement in auditing

- Auditors should exercise due care in accordance with the importance of the task they perform and the confidence placed in them by the audit client and other interested parties.

- An important factor in carrying out their work with due professional care, is having the ability to make reasoned judgements in all audit situations.
4. Confidentiality

Security of information

- Auditors should be prudent in the use and protection of information acquired in the course of their duties.

- Audit information should not be used inappropriately for the personal gain by the auditor or the audit client or in a manner detrimental to the legitimate interest of the auditee.

- This concept includes the proper handling of sensitive, confidential or classified information.
Plus Two Principles
For Audit Process
1. Independence

The basis for the impartiality of the audit and objectivity of the audit conclusions

- Auditors should be independent of the activity being audited and act in a manner that is free from bias and conflict of interest wherever possible. For internal audits, auditors should be independent from the operating managers of the function(s) being audited.

- Auditors should maintain an objective state of mind throughout the audit process to ensure that the audit findings and conclusions are based only on the audit evidence.

- For small organisations, it may not be possible for internal auditors to be fully independent of the activity being audited, but every effort should be made to remove bias and allow for objectivity.
2. Evidence-based approach

The rational method for reaching reliable and reproducible audit conclusions in a systematic audit process

- Audit evidence must be verifiable.

- Evidence must be based on samples of the information available, since an audit is conducted during a finite period of time and with finite resources.

- The appropriate use of sampling should be closely related to the confidence that can be placed on the audit conclusions.
GENERAL STANDARDS

Generally Accepted Government Auditing Standards

- Independence
- Professional Judgment
- Competence
- Quality Control and Assurance

Fieldwork Standards for Performance Audits

- Planning
- Supervision
- Evidence
- Audit Documentation

Reporting Standards for Performance Audits

- Form
- Report Contents
- Report Distribution
Benefits of Internal Audits:
- Ability to coach team
- Personalize auditing procedure
- Training meets exact needs

Benefits of External Audits:
- Review & improve management
- Procedures reviewed against industry norm
- Independent assessment
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