Internal Audit Profession in Sudan

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Internal Audit Profession as defined

The statement of responsibilities of internal auditors issued by the Institute of Internal Auditors defines internal audit as:

*(An independent appraisal activity within an organization for the review of operations as a service to management. It is a managerial control which functions by measuring and evaluating the effectiveness of other controls)*

Three things to highlight:

- To be independent
- Service to management
- Measuring and evaluating other controls (internal controls)
Major Changes to the *Standards* - Introduction

- Internal audit activities are performed in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization.

- While differences may affect the practice of internal auditing in each environment, compliance with the *International Standards for the Professional Practice of Internal Auditing* is essential if the responsibilities of internal auditors are to be met.

- If internal auditors are prohibited by laws or regulations from complying with certain parts of the *Standards*, they should comply with all other parts of the *Standards* and make appropriate disclosures.
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Introduction

• The organizers of the event have carefully considered the topics and issues to be brought before this conference long debates took place to select the issues & the objectives of highlighting them. Not only this but also the invitation to the distinguished guests ,just to name Mr. Chambers-President and Chief Executive Officer of The Institute Of Internal Auditors.
Purpose of an Audit Strategy

- The purpose of the internal audit strategy is to put in place an approach that will enable the audit function to be managed in a way which will facilitate:
- The provision to the CAE of an overall opinion each year on the organization’s risk management, control and governance, to support the Statement of Internal Control;
Purpose of an Audit Strategy-
cont..

• Audit of the organization’s risk management, control and governance systems through periodic audit plans in a way which affords suitable priority to the organization’s objectives and risks;

• Provision to line management of recommendations arising from audit work;
Purpose of an Audit Strategy - cont

- The identification of audit resources required to deliver an audit service which meets required professional standards;
- Effective co-operation with external auditors and other review bodies;
- Provision of both assurance and consultancy services by internal audit.
Internal Audit in Sudan—at present

• This paper addresses the Internal Audit Function / Activity at present in both public and private sectors. The current situation of the internal audit profession in Sudan has been ascertained by adopting different methods for gathering and compiling information and data ranging from experience, press and conferences. In this context and in order to share all available data/ information, we have adopted the following approach for analyzing and presenting the existing situation of internal audit.
Internal Audit Dimensions

In order to address and examine the current position, the following dimensions are suitable and appropriate for analysis, both in present and future of the internal audit profession.

- Legislation and framework
- Organization and position
- Practice
- Education and qualification
- Internal auditors professional body
- Management of the profession
Dimensions - Continue

- Current Legislation and framework
- In October 2009, The People’s Assembly passed the first new law for the internal audit profession in the public sector. This the first time in Sudan to legislate for internal audit profession. The law was just confined to the public sector entities (companies owned by government, public enterprises & ministries).
Internal Audit Profession in Sudan:

- Establishing of professional body for internal auditors to regulate and oversee their work, licensing, registration, issue standards & the likes in order to promote the profession. This could be done through legislation (either in company’s act or listing rules). Corporate governance will be a good promotor.
Organization & Position of Internal Audit Function

For an internal audit to be efficient, effective and helps an organization to achieve its objectives, we need to do the following:

• It must be placed in appropriate level in the organization structure and the remuneration, job descriptions for different audit levels should reflect this.

• This may make or break the auditing organization
Organization & Position of Internal Audit Function

• There should be a good and suitable process – e.g. setting tone at the top
• Service terms and salary packages ought to reflect appreciation, recognition of roles, tasks and the added value that internal will make to the organization

• The Function should be sufficiently resourced
Survey & questionnaire responses

- We have conducted a limited survey for the internal audit practice in Sudan consisting of 13 (thirteen) basic questions to have a broad knowledge / idea about the current situation. These questions were distributed to about 40 (forty) business entity. Fifty percent have given their response to the questions raised. All respondent, except one, have an internal audit function. Sixty five percent (65%) do not report to the board. This tells that the independence of the internal audit function is threatened. There are thirty five percent (35%) not having annual training programs.
The Advantages Of Our Approach

• Fundamental reviews of all services provided by or unachievable by Internal Auditors
• Focuses on all aspects of internal audit operation function
• Priorities for change driven by the results achieved by internal auditors
• Scaleable
• Geared towards our change priorities in the planning
• An abundance of peers and comparators
Questions that have been raised

Existence:-

– Did your organization establish an internal audit function?
– The organization has been in Business for … years.

• The Internal Audit reports to:-
• Do the reports you issue being acted upon by the top management:-

• Do you have sufficient resources:-

Do you have audit committees?
Questions that have been raised-cont

Do you have internal audit charter?

• Are you satisfied with the feedback on audit reports?
• Is your Audit plan based on current good practices?
• Do you have an internal audit Policies & Procedures manual?
• Do you have training program?
• Is the training in-house-local-foreign?
• Do you have follow-up procedure for audit finding implementation?
• 13. Qualification of Head of Internal Audit
Analysis of survey questions

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## Analysis of survey questions

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<th>Total</th>
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<td>Are you satisfied with the feedback</td>
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Education & Qualification

• The practicing internal auditors are from different educational background, the majority are graduates from accounting or business. Very few are professional accounts are practicing as internal auditors. The education system in the universities does not teach the appropriate syllabus as being done internationally. Therefore the profession stage of development in Sudan is still too early compared with international profession & practice; this gap should be bridged.

• As for the financial and people resources that need to be made available, there a light way to go to make ends meet for starting and establishing an internal audit function in all business and public sector entities.
• The organizations decision makers need also to consider any differences/requirements in the technical needs of desired regulatory schemes for individuals who are in internal audit practice in all sectors of business or other entities. These considerations shall also encompass the special public interest in the work of internal auditors as well as national & international accounting and auditing standards. The strategy must examine the extent and quality of educational systems of internal auditors in the country.
Education & Qualification

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A professional body to regulate and oversee the work of internal auditors must be set up. At present there is no such body at all. Some factors that can be taken into consideration:

- Purpose and objective for establishing professional body
- Legal framework for the regulation
- The number of internal auditors & future planned growth
- Nature of tasks & roles of internal auditors
- What type and size of resources that should made available for internal auditors
Things to consider for regulating

An internal audit act or any other enabling legislation which recognizes the professional body as the legal entity that represents the profession & may give it powers to regulate its members

- A constitution and by-laws
- Admission requirements and register of members
- Rules of professional conduct & ethics
- Internal auditing standards
- Licensing requirements
- Monitoring system for members
Forward for the future

Having said that:

• all the gaps identified in this strategy paper must be addressed properly,
• action plans should be put forward,
• initiatives, tasks and roles have to be clearly identified,
• and a road map can be formulated to guarantee successful and effective implementation of the strategy.
End

• Thank you for listening, and Thank you for Professor Abdel Radi Oshra Miro for reviewing this paper.
Questions