

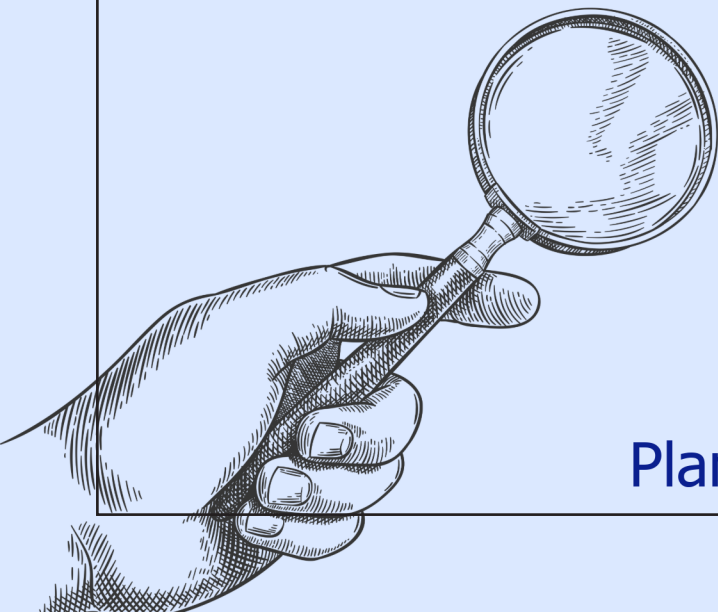


REPUBLIC OF KENYA



**Name of Public Sector Entity**

**Internal Audit Plan  
Template**



**Plan Period 20xx-20xx**

## DOCUMENT APPROVAL PAGE

TITLE: Internal Audit Plan Template		
Approved By:	Sign	Date
Audit Committee/Governing Body, Chairperson		

[User note]: Entities to format approval page as per their requirement

## **List of Tables and figures (If any)**

## **Definition of terms**

## **Acronyms and Abbreviations (If any)**

## **EXECUTIVE SUMMARY**

This section should provide a high-level overview of the key components of the plan, including;

- Background information about the entity
- Rationale of Internal Audit Function's plan
- Risk Assessment Approach adopted in planning
- Internal audit services scheduling
- Resource Requirements

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## **CHAPTER 1: INTRODUCTION**

This section provides a brief introduction of the entity, the rationale for preparing the internal audit plan, an analysis of the IAF's past performance, and the assumptions underlying the plan's successful implementation.

### **1.1 Background**

This section should contain:

- Background information and mandate of the Entity
- Background information and mandate of the Internal Audit Function (IAF) as per relevant legal and regulatory framework and the Internal Audit Charter
- Role of management in the designing, implementing, monitoring, and reporting of governance, risk management, and controls systems and processes.
- Role of the IAF in providing assurance and advisory services on the effectiveness of governance, risk management and controls systems and processes.

[User note]: The Head of Internal Audit Function (HIAF) shall use the Internal Audit Manual to summarize the information required for this section.

### **1.2 Rationale**

This section should contain information on:

- Relevant legal and regulatory framework, including provisions of PFMA and Regulation 170/153. National and County governments, respectively, require the preparation of a risk-based annual internal audit plan approved by the Audit By Audit Committee by the 15th of February each financial year.
- IPPF 2024 requirements on the Internal Audit Plan
- Audit plan objectives

### **1.3 Analysis of Past Performance**

This section should contain information on evaluating IAF's past performance based on the level/ extent of achievement and challenges in implementing the previous work plan for continuous improvement.

### **1.4 Assumptions**

This section provides information on assumptions for implementing the proposed internal audit plan effectively.

[User note] IAF to refer to Standard 9.4 for further information and conformance.

## CHAPTER 2: RISK-BASED ANNUAL PLANNING

This section should demonstrate risk assessment in audit planning and prioritization of audit engagements from the audit universe.

[User note]: The IAF may consider risk assessment approaches such as the risk factor and the specific risk when determining the areas in the audit universe that are to be prioritized for audit.

### 2.1 Audit Universe

The audit universe is the starting point for the internal audit planning process. This section should provide the key information for preparing an audit universe, and the IAF may consider factors such as:

- Overall scope of the internal audit function
- Entity’s geographical reach
- Functions, processes, and activities undertaken by the entity
- Changes in the entity
- Risk and assurance requirements of an Audit Committee, Governing Body, and other key internal and external stakeholders.
- Legal and regulatory requirements.
- Other parameters applicable to the entity.
- The audit universe may be summarized as illustrated below.

#### Illustration 1: Audit Universe

Entity’s Strategic Objectives		
Function	Entity Strategic Objective	Processes
E.g. Supply chain management	To purchase goods, works, and services at the lowest total cost possible while ensuring the required quality levels and meeting the needs of internal and external customers.	e.g. <ul style="list-style-type: none"> <li>• Planning</li> <li>• Procurement</li> <li>• Contract management</li> <li>• Inventory management</li> <li>• Disposal</li> </ul>

### 2.2 Risk Assessment Approaches

This section should systematically demonstrate how the IAF prioritized the audit engagements from the audit universe information based on risk assessment approaches such as specific risk approach and risk factor approach.

[User note]: Internal audit planning should be risk-based. The internal audit function should adopt the approach in the internal audit manual to prioritize audit engagements. This may include specific risks, risk by process, or risk factor approaches. The methods are illustrated below.

## Illustration 2: Specific Risk Approach

[User note]: Individual risk scores are grouped for each auditable area (process) to give the relative significance of each area in the audit universe. Overall risk ratings may be classified as high, medium, or low or as defined in the entity's risk management policy. The resultant residual risk rating classifications inform the ranking, frequency, and scheduling of audit engagements for the period.

S/No.	Auditable Area*	Likelihood Rating**	Impact Rating**	Overall Risk Rating (LxI)	Priority	Ranking
1.	Auditable Area 1	5	3	15	High	2
2.	Auditable Area 2	5	5	25	High	1
3.	Auditable Area 3	3	4	12	Medium	3
4.	Auditable Area 4	1	2	2	Low	4
5.	.....					
6.	.....					
7.	.....					
8.	.....					

\* Auditable area from the established audit universe

\*\* Refers to likelihood and impact score ratings as defined in the entity's risk management policy

## Illustration 3: Risk Factor Approach

[User note]: The IAF uses professional judgment to identify risks or select factors, review the importance of each element of the audit universe, and determine the priority that should be attached to each. The IAF can assign and adjust risk/selected factors, weights, and scores appropriately during the audit planning process.

	Risk Factor					Total Score	Risk Level Rating			Ranking	Proposed Period					
	Time since the last audited	Management Concerns	Complexity	Volatility	Risk Assessment Score		H	M	L		Year 1				Year 2	Year 3
											Q1	Q2	Q3	Q4		
<b>Auditable Area 1</b>						10	Medium			2					•	
<b>Auditable Area 2</b>						6	Low			3						•
<b>Auditable Area 3</b>	3	3	3	3	3	15	High			1	•					

[User note]: Weighted scores are computed for the potential auditable areas to inform the year’s ranking, frequency, and scheduling of audit engagements.

**Legend**

Risk Rating	High	Medium	Low
Total Weighted Score	25 - 15	12- 9	8.0 - 1

[User note]: When developing the internal audit plan, the HIA should consider and give priority to engagements required by laws or regulations, engagements critical to the organization’s mission or strategy, and each engagement’s potential benefits to the organization, such as its potential to improve the organization’s governance, risk management, and control processes.



## CHAPTER 3: INTERNAL AUDIT ACTIVITIES SCHEDULING

This section should provide a schedule of audit engagements (prioritized and ad-hoc) and non-engagement activities.

### 3.1 Audit Engagements

This section lists engagements to be undertaken as summarized in illustration 4. In establishing the period to undertake the engagement, the HIA should consider the organization's operational priorities, schedule of external audit engagements and regulatory reviews, competencies and availability of internal auditors, ability to access the activity under review; availability of audit clients (key organizational events); and Internal Auditors (leave, training).

When developing the internal audit plan, the head of internal audit should further consider the following:

- Engagements required by laws or regulations.
- Engagements critical to the entity's mission or strategy.
- Areas and activities with significant levels of risk as guided in Chapter 2 above.
- Whether all significant risks have sufficient coverage by assurance providers.
- Advisory and ad hoc requests.
- The time and resources required for each potential engagement.
- Each engagement's potential benefits to the organization, such as the engagement's potential to contribute to the improvement of the organization's governance, risk management, and Control processes.

#### Illustration 4: Schedule of Audit Engagements for the planned period

Reference (Scheduled/Ad-Hoc)	Engagement	Risk Rating/ Total Score	Function	Objective	Scope	Nature of service Assurance/ Advisory	Period	Resource Type	Audit-Hours	Re- marks
Scheduled	Auditable Area 3		Process/ Function	Audit objective	Preliminary	Assurance	Q1/ Q2/ Q3/Q4	Inhouse/ Co-sourced	xxx	xxx
<b>Ad-hoc</b>	<b>Ad-hoc</b>							[User note]: Provision of estimated time, e.g., 5% of total audit man-Hours		
<b>Total</b>										

[User note]: The information in the first three columns will be derived from Illustration 3 above. The HIA can provide more information on how the audit hours were established in the annex.

### 3.2 Non-Audit Engagements

This section should provide a listing of administrative and non-engagement focused on improving the IAF:

- Secretariat service to the Audit Committee
- Quality Assurance Improvement Program (QAIP)
- Coordination with other assurance providers, e.g. OAG
- Cross-cutting entity activities, e.g., Strategic Plan formulation and management meetings, among others
- Training (capacity building)
- Other administration activities, e.g., staff meetings, risk assessment, and monitoring for IAF, among others.

[User note]: The information for non-audit engagements may be sourced from the entity’s strategic plan, IAF Strategic Plan, Training Plan, Procurement plan, and Administration Activity, among others. This may be summarized below.

#### Illustration 5: Schedule of Non-Audit Engagement Activities

S No.	Activity	Period	Staff Assigned	Audit-Hours	Remarks
<b>Total</b>					

### 3.3 IAF Resources

This section should provide information on the resources required to implement the plan, as demonstrated below.

S No.	Resource Type	Period (Quarter)	Estimated Amount
	Human Capital Recruitment, Co-sourcing, IAF continuous professional Training.	xxx	xxx
	Financial-Audit staff travel and accommodation costs.	xxx	xxx
	Technology-Acquisitions of software, Renewal of licenses, refresher training, devices and accessories.	xxx	xxx
<b>Total</b>			<b>xxx</b>


[User Note:] IAF may consider the entity-specific requirements and the provisions of GIAS 2024 Principle 10.

### **3.4 Conclusion**


This section summarizes the audit plan and may contain the following information that can be used to assess the implementation status of the plan:

- Number of engagements that will be undertaken, which can be classified into nature (advisory and assurance), follow-ups
- Total funds required for engagement and non-engagement activities
- Revision for the audit plan.

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