INTERNAL AUDIT REPORT WRITING

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Pendidikan
- Ph.D. – Massey University – NEW ZEALAND
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Pengalaman Kerja/Jabatan
- Deputi Kepala BPKP Bidang Akuntan Negara
- Sekretaris Utama BPKP
- Kepala Perwakilan BPKP DKI Jakarta
- Kepala Pusat Pendidikan dan Pelatihan BPKP
- Kepala Pusat Penelitian dan Pengembangan BPKP

Sertifikasi Profesi
- Certified Control Self Assessment (CCSA); Certified Risk Management Assurance (CRMA); Certified Knowledge Management (CKM); Certified Professional Management Accountant (CPMA); Chartered Accountant (CA)

Lain-lain
- Anggota Dewan Sertifikasi CPMA; Direktur Training ACFE
Why Auditor Writes Audit Reports?

- to communicate an engagement's objectives, scope, and results.
- to describe what the auditors found and to make recommendations for improvement
- to persuade readers to take action
Standard 2400 “Communicating Results” contained in the International Standards for the Professional Practice of Internal Auditing states that Internal auditors must communicate the results of engagements.

This is supplemented by Communications must include the engagement’s objectives, scope, and results. (Standard 2410), and Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans.

Where appropriate, the internal auditors opinion should be provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information. (Standard 2410.A1).

Also, Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications. (Standard 2410.A2)
A report is only valuable when management and the board use it and see that it helps them.

If they briefly look at it and then put it aside, then it is basically useless.

On the other hand, if they look at the report and say 'yes, this is something I think will help me manage my business' or if they discuss the contents of the report with other parts of the business, then it is a good sign.
AUDIT PROCESS

- Preliminary Planning:
  - Review background material/relevant policies and procedures
- Terms of Reference
- Fieldwork:
  - Interview relevant parties
  - Analyse and compare documentation/data; and
  - Synthesis ideas
- Reporting
Adverse feedback from clients who receive audit reports includes:

- “The report tells us what we already know.”
- “The report makes it sound worse than it is.”
- “There is no recognition of good work in the report; only negative by exception commentary.”
- “The report is too long and too wordy.”
- “The report does not give an overall conclusion or opinion; what am I to make of that?”

The issue to be discussed is:

- How can Internal Audit better report on the results of audits?
CONTENT OF TYPICAL AUDIT REPORT

- Executive Summary
- Observation (Fieldwork)
- Appendices
To show professionalism, it is recommended that a statement of assurance be included in every internal audit report, for example:

This audit has been conducted in accordance with the ‘International Standards for the Professional Practice of Internal Auditing’ contained in the ‘International Professional Practices Framework’ issued by the Institute of Internal Auditors.

In our professional judgement, sufficient and appropriate audit procedures were completed and appropriate evidence gathered to support the accuracy of the conclusions reached and contained in this report.

<Name of internal auditor>
<Date>
OBSERVATIONS (FIELDWORK)

- Criteria
- Condition
- Cause
- Effect
- Recommendations
- Action plans

‘what should be’ and ‘what is’
CRITERIA

- Faktor yang dijadikan sebagai ukuran

- 3 Jenis Kriteria:
  - **Internal**: Kebijakan dan SOP Instansi/Perusahaan
  - **External**: PerUU/Perpres/Inpres/Kepres
  - **Best-Practice**: Praktik terbaik/Harapan dari Stakeholders
CRITERIA

- Faktor Internal
  - Kebijakan & Prosedur Pengadaan Barang dan Jasa
  - Kebijakan & Prosedur Perjalanan Dinas
  - Kebijakan & Prosedur Kerahasiaan Informasi dan Penggunaan IT
  - Kebijakan & Prosedur Manajemen SDM dan Perilaku
  - Dll
- Kebijakan & Prosedur dapat formal atau informal tetapi dapat ditindaklanjuti secara formal
CRITERIA

- Praktik
  - Kegagalan untuk menggunakan kerangka sistem pengendalian intern yang diakui, seperti COSO, ketika merumuskan tujuan audit.
  - Ketidadaan kriteria audit yang terukur.
  - Tidak ada kesimpulan terhadap setiap tujuan dalam laporan audit.

<table>
<thead>
<tr>
<th>Control rating</th>
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<tbody>
<tr>
<td>Overall</td>
</tr>
<tr>
<td>1 Control environment</td>
</tr>
<tr>
<td>2 Risk assessment</td>
</tr>
<tr>
<td>3 Control activities</td>
</tr>
<tr>
<td>4 Information and communication</td>
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<tr>
<td>5 Monitoring</td>
</tr>
</tbody>
</table>
CRITERIA

- **Faktor External**
  - UU, PP, PerPres, PerMen
    - Pengadaan Barang dan Jasa
    - Sistem Pengendalian Intern
    - Lingkungan Hidup
    - Perpajakan
CRITERIA

- Faktor Praktik Yang Terbaik (Best Practices)
  - Prosedur Pengadaan (e-Procurement)
  - Prosedur Penganggaran (e-Budgeting)
  - Prosedur Pelaporan (e-Reporting)
  - Penerapan Three Lines of Defence
  - Governance, Risk Management and Internal Control
  - Dll
 CONDITION

- Just the facts!

- The right level of detail depends on:
  - Your organization and Audit Department’s internal standards and Audit Committee requirements
  - Importance of finding (risk rating)
  - Number of issues identified
  - Type of audit
  - Auditee
  - ETC, ETC, ETC.

Dalam praktik sering yang dijadikan masalah oleh Auditor adalah sesuatu yang menurut manajemen bukan masalah
CAUSE

- **3 Types of Cause**
  - **Contiguous**: the action or lack of action that led directly to the condition
  - **Transitional** (middle): the cause or causes that led to the proximate cause
  - **Core**: underlying cause
HOW TO DETERMINE THE CAUSE

- Brainstorm → The ‘Whys’
- Write down the specific problem.
- Ask **Why** the problem happens and write the answer down below the problem.
- If the answer you just provided doesn’t identify the root cause of the problem that you wrote down in Step 1, ask Why again and write that answer down.
EFFECT

- **Risk** or exposure to the company
  - What is the impact/risk if this condition continues as it is?
  - If .... (condition) happens this may result in ...

- **Levels of effect**
  - Direct, one-time effect
  - Cumulative effect on the process
  - Cumulative effect on the organization
  - High-level, systematic effect
Komunikasi dalam Laporan Audit harus mencakup:

- Rekomendasi untuk perbaikan yang potensial (dimungkinkan)
- Ucapan terima kasih atas kinerja yang memuaskan
- Tindakan korektif
- Hasil pengamatan dan kesimpulan auditor internal serta menyarankan tindakan untuk memperbaiki kondisi yang ada atau meningkatkan operasi
- Saran pendekatan untuk mengoreksi atau meningkatkan kinerja sebagai panduan bagi manajemen dalam mencapai hasil yang diinginkan.
- Rekomendasi yang dapat bersifat umum atau spesifik
- Don’t Overkill
Sebagai bagian dari diskusi, auditor intern harus berusaha untuk mendapatkan persetujuan dari manajemen tentang hasil audit dan rencana aksi untuk meningkatkan operasi, sesuai kebutuhan.

Jika auditor internal dan manajemen tidak setuju tentang hasil audit, laporan audit dapat menyatakan posisi auditor intern dan manajemen serta alasan ketidaksepakatan tersebut.

Komentar tertulis manajemen dapat dimasukkan sebagai lampiran dari laporan hasil audit.

Sebagai alternatif, pandangan manajemen dapat disajikan dalam badan laporan atau dalam surat pengantar.
RECOMMENDATIONS AND ACTION PLANS

1. Rekomendasi menggambarkan apa yang harus dilakukan
2. Rekomendasi adalah substansi sebenarnya dari laporan audit; dimana auditor benar-benar dapat memberikan nilai tambah
3. Setiap rekomendasi dan rencana aksi harus didiskusikan dan disepakati (jika mungkin) dengan pihak yang diaudit sebelum melaporkan finalisasi.
TYPES OF RECOMMENDATIONS AND ACTION PLANS

- **Cause focused** – Address actionable causes; identify and describe what is to be done to prevent recurrences of the condition.
  - Essential for significant or material observations but may not be needed for other, lower-rated observations

- **Condition focused** – Address the condition identified and describe what will be done to correct the condition.
  - May not be required; varies from company to company

- **Recovery-focused** – Address the consequence of the condition and describe what will be done to correct errors caused by the condition.
  - Not always appropriate based on the condition and may not be required in your company.
Keep It Short

- Laporan audit intern paling persuasif ketika disesuaikan dengan kebutuhan pemangku kepentingan; dan

- Jika kita membanjiri pembaca kita dengan terlalu banyak informasi, laporan kita akan kurang berdampak. Jika sebuah kata, ide, atau kalimat tidak berkontribusi langsung ke poin, pertimbangkan untuk menghilangkannya.
GOOD PRACTICE INTERNAL AUDIT REPORT FORMATS

- Keep It Simple
  - Laporan audit intern yang terbaik mengungkapkan ide-ide besar dengan kata-kata yang sederhana, jelas, langsung, dan akrab tetapi mudah dimengerti.
  - Ada bukti kuat bahwa bahasa sederhana lebih cenderung dibaca, dipahami, dan diperhatikan dalam waktu yang jauh lebih singkat.
  - Pada tahun 1989, Angkatan Laut AS melakukan penelitian terhadap para perwira yang membaca memo bisnis yang ditulis dalam bahasa Inggris atau gaya birokrasi. Petugas yang membaca memo dengan menggunakan bahasa yang sederhana memiliki pemahaman yang jauh lebih tinggi.
GOOD PRACTICE INTERNAL AUDIT REPORT FORMATS

- Make Your Best Ideas Stand Out
  - Kita perlu membuat LHP yang mudah bagi eksekutif yang sibuk untuk membaca, menyerap, dan menindaklanjuti rekomendasi kita.


- Pelajaran untuk auditor internal: Pemangku kepentingan yang berbeda memiliki kebutuhan yang berbeda, jadi auditor perlu membantu pembaca secara individu untuk mengakses informasi spesifik yang mereka butuhkan. Tulisan auditor tidak akan persuasif jika pesan utama hilang dalam detail.
GOOD PRACTICE INTERNAL AUDIT REPORT FORMATS

- Consider the Implications
  - Kita semua berusaha bersikap tidak memihak, tetapi terkadang kita mengabaikan implikasi dari kata-kata kita. Jika kita ingin pembaca menerima ide kita, nada bicara kita harus objektif - bahkan ketika kita menyampaikan pesan negatif.

- Bias dan Lebih Negatif:
  - Unit ini tidak dapat menghasilkan dokumentasi untuk menunjukkan kepatuhan terhadap kebijakan tersebut.
  - Ketika ditanyai, manajer memberikan penjelasan yang bertentangan tentang proses verifikasi vendor.
GOOD PRACTICE INTERNAL AUDIT REPORT FORMATS

- Consider the Implications
  - Tidak Bias dan Lebih Positif:
    - Dokumentasi tidak tersedia untuk menunjukkan kepatuhan terhadap kebijakan.
    - Manajer memiliki interpretasi berbeda dari proses verifikasi vendor.
  - Pelajaran untuk auditor internal: Kami jarang membujuk dengan membuat seseorang merasa bermusuhan atau defensif. Jika laporan kami tampaknya bias atau tidak adil, klien kemungkinan akan mengabaikan kami.
Don't Neglect the Basics

- Jika laporan audit mengandung kesalahan ejaan atau tata bahasa yang salah atau tanda baca, pembaca mungkin mendapat kesan bahwa Anda tidak berorientasi pada detail atau, lebih buruk, berhati-hati dengan pekerjaan Anda. Bahkan satu kesalahan saja dapat berdampak buruk pada kredibilitas Anda. Mungkin tidak adil, tetapi jika laporan Anda mengandung kesalahan (ceroboh atau sebaliknya), argumen Anda yang beralasan mungkin akan gagal.

- Pelajaran untuk auditor internal: Perhatikan detail. Sulit untuk menjadi persuasif jika Anda kehilangan kredibilitas Anda karena Anda mengabaikan dasar-dasarnya.
Don't Neglect the Basics

- Kalimat terdiri atas **Subjek + Kata Kerja + Objek + Keterangan**
- Topic Sentence diikuti dengan kalimat yang mendukungnya
- GAO: Meminta supir taxi untuk membaca LHA GAO
- Writing style mempengaruhi penerimaan user pada LHA
GOOD PRACTICE INTERNAL AUDIT REPORT FORMATS

PROGRAM MANAGEMENT

One finding that has highlighted several risks has been regarding the management structures of the individual country operations. These structures can vary considerably from country to country. Several factors impact on the structures including, size of programme, location of offices, accessibility to locations, presence of international staff and availability of funds. When conducting the audits, the focus of internal audit regarding management structures has been on where the structure is resulting in the existence of risks and not on defining a universal structure. Therefore, the risks that have been identified include, confusion over management lines, confusion in roles and responsibilities, duplication of work, insufficient resources or misaligned staff resource allocations compared to the needs, and inadequate leadership and management of staff.
We are the Office of Inspector General (OIG) – an independent entity within the U.S. Department of Education (ED) responsible for identifying fraud, waste, abuse, and criminal activity involving ED funds, programs, and operations. We conduct independent audits and other reviews and criminal and civil investigations. We recommend actions to address systemic weaknesses and improve ED programs and operations. We also recommend changes needed in Federal laws and regulations. Read more about the OIG.
NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. The appropriate Department of Education officials will determine what corrective actions should be taken.

In accordance with Freedom of Information Act (Title 5, United States Code, Section 552), reports that the Office of Inspector General issues are available to members of the press and general public to the extent information they contain is not subject to exemptions in the Act.

FINAL REPORT

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FINAL REPORT

Results in Brief

What We Did
The objective of our audit was to determine the effectiveness of Federal Student Aid’s (FSA) processes for selecting Free Application for Federal Student Aid (FAFSA) data elements to be verified and (2) evaluation and monitoring of its processes for selecting students for verification. Our audit covered Federal Student Aid’s (FSA’s) verification processes implemented for the 2015–2016 and 2016–2017 award years. For the 2015–2016 award year, the processing cycle was January 1, 2015, through June 30, 2016, and for the 2016–2017 award year, the processing cycle was January 1, 2016, through June 30, 2017.

What We Found
FSA did not evaluate its process for selecting FAFSA data elements to verify. FSA also did not effectively evaluate three of its four processes we reviewed for selecting students for verification but did effectively evaluate one process. Additionally, FSA did not evaluate the effectiveness of its 30-percent limitation for selecting students it required postsecondary educational institutions (institutions) to verify. Finally, FSA did not monitor its processes for selecting students for verification to ensure the processes performed as expected and any significant differences were addressed. As a result, there is no reasonable assurance that the verification processes effectively identified FAFSAs with errors that would result in improper payments.

What We Recommend
We recommend that FSA and the Office of Postsecondary Education (OPE) ensure that the FAFSA data elements that are selected for verification are those that have the greatest impact on the expected family contribution and are most likely to be misreported. We recommend that FSA evaluate its processes for selecting students for verification and its 30-percent limitation for selecting students for verification. We also recommend that FSA monitor its verification processes to ensure they perform as expected and significant differences are addressed.

FSA’s Comments
In its response to the draft report, FSA concurred with the majority of our findings and recommendations. However, FSA stated that while the findings were valid at the time of our review, the draft report did not acknowledge that FSA had made significant improvements to its evaluation and monitoring of the verification processes. Further, FSA stated that it implemented changes that enhanced FSA’s ability to oversee the verification process and improve the verification selection model as early as fall 2017.

Introduction

Background
Title IV of the Higher Education Act of 1965, as amended, provides Federal financial aid for applicants in the form of grants, loans, and work study. For the period reviewed, students applied for Federal financial aid by completing a FAFSA. The information applicants report on the FAFSA, which we refer to as FAFSA data elements throughout the report, was used to calculate the expected family contribution. If the expected family contribution was less than the student’s cost of attendance, a student had a financial need and could be eligible to receive Federal financial aid.

FSA contracted with General Dynamics One Source, LLC (General Dynamics) to operate and maintain systems that support the Federal financial aid processes. Specifically, General Dynamics operates and maintains the Central Processing System, which is the system that processes FAFSAs. Under the contract, General Dynamics must conduct an annual requirements analysis to evaluate the logic within the Central Processing System. General Dynamics must also develop effective selection criteria for selecting applicants for verification. General Dynamics’ work is documented in a deliverable report to FSA. FSA is responsible for inspecting the deliverable for content, completeness, accuracy, and conformance with the contract requirements.

Verification is the process by which institutions confirm the accuracy and completeness of certain information reported on the FAFSA for selected students. Verification helps ensure that students receive the appropriate amount of Federal financial aid. The Central Processing System uses criteria approved by FSA to select the students that institutions must verify. Institutions also have the authority to verify additional students.
FINAL REPORT

Finding 1. FSA Did Not Evaluate its Process for Selecting FAFSA Data Elements for Verification

FSA did not evaluate its process for selecting FAFSA data elements that institutions were

OIG's Response

While FSA stated that the analyses in response to Recommendation 1.1 were expected to be completed by March 31, 2019, the analyses results were not included in its response. Therefore, OIG could not determine whether the analyses were sufficient to address the recommendation. While FSA expressed concerns that our recommendation calls for them to evaluate data elements based solely on the likelihood that the data are misreported, we intended the recommendation to ensure that the evaluation of data elements considered both the impact on expected family contribution and the likelihood they were misreported. The analyses FSA described on data elements with the greatest impact on expected family contribution should also include a determination if those same data elements would likely be misreported on the FAFSA. Therefore, we did not change Recommendation 1.1.

Efficiency of the organization's operations management should periodically review policies, procedures, and related control activities for continued relevance and effectiveness in achieving its objectives or addressing related risks.

Recommendations

We recommend that FSA's Acting Chief Operating Officer, in collaboration with the Assistant Secretary for OPE, ensure that its staff—

1.1 Establish procedures to periodically evaluate data to identify those FAFSA data elements that have the greatest impact on the expected family contribution and are most likely to be misreported on the FAFSA.

1.2 Select for verification the FAFSA data elements identified based on the evaluation performed as a result of Recommendation 1.1.

FSA's Comments

FSA partially agreed with Recommendation 1.1 and agreed with Recommendation 1.2. FSA stated that it conducted analyses to determine which FAFSA data elements, when changed, have the greatest impact on the expected family contribution. Further, FSA stated that these analyses would be repeated when any changes occur to either the expected family contribution formula or the FAFSA data elements that impact the expected family contribution. FSA did not agree to evaluate data elements that were most likely to be misreported on the FAFSA. FSA stated that in order to conduct the analysis, each FAFSA data element would need to be selected for verification and such analyses would require significant FSA resources. Further, FSA stated that mistakes in data elements that did not directly relate to the expected family contribution did not justify verification selection.
We should communicate what our stakeholders need to know, not what we want to say.

Richard Chambers
WHAT DO STAKEHOLDERS WANT TO KNOW

- Is there anything they need to worry about?
- Are there any issues of such significance that somebody in senior management should be monitoring how and when they are addressed?
TEMUAN:


REVIEW:

- Apa maksud kata kurang “optimal”? → Kondisi
- Dibandingkan dengan apa? → Kriteria
- Apa yang menyebabkan tidak optimal? → Sebab
- Apa risikonya? → Dampak
- Bagaimana cara mengoptimalkan → Rekomendasi
- Siapa yang melaksanakan → Rencana Tindak
There are some internal audit reports that conclude:

- This activity is operating satisfactorily, with opportunity for improvement.
- The audit objective was partially achieved.
Berdasarkan hasil pemeriksaan secara uji petik BPK, terdapat 12 Perguruan Tinggi yang melakukan penggunaan langsung dana bidikmisi, yaitu pada xxxxx diterima dari Ditjen Belmawa sebesar Rp45.436.600.000,00 dan digunakan langsung sebesar Rp45.436.600.000,00.

BPK merekomendasikan kepada Menteri Ristekdikti agar Memerintahkan kepada Pimpinan Perguruan Tinggi/Kopertis terkait untuk Menghentikan mekanisme penggunaan langsung atas biaya penyelenggaraan Bidikmisi.

Berdasarkan realisasi anggaran Ditjen Belmawa tahun 2017 diketahui bahwa biaya pengelolaan telah dicairkan sebesar Rp41.970.000.000,00. Dari total realisasi tersebut sebesar Rp41.212.800.000,00 telah dipertanggungjawabkan, sedangkan sebesar Rp757.200.000,00 belum dipertanggungjawabkan. BPK merekomendasikan kepada Menteri Ristekdikti agar Menteri Ristekdikti menghubungi Pimpinan Perguruan Tinggi/Kopertis terkait untuk mencatat dan melaporkan seluruh alokasi biaya penyelenggaraan Bidikmisi sebagai PNBP atau pendapatan BLU serta menyetorkan seluruh dana tersebut ke Kas Negara atau Kas BLU.

Temuan tersebut telah ditindaklanjuti yaitu sudah disetor ke kas Negara pada tanggal 28 Desember 2016, NTPN 661AA0U3KDMM1L62 dan 26 Januari 2018, NTPN 8547118C2VN0STV2 (bukti terlampir).
Kode Rekomendasi BPK (S-1.2) yaitu ‘Penyajian Kas dan Bank pada Laporan Keuangan Kemenristekdikti Tidak Sesuai Dengan Saldo Tunai dan Rekening Koran serta Pengendalian Pengelolaan Kas pada Satker-Satker di Lingkungan Kemenristekdikti Tidak Memadai’ telah selesai ditindaklanjuti melalui Berita Acara Serah Terima Dokumen Tim Pembahas Itjen dengan pihak Universitas Palangka Raya tanggal 30 Juli 2018 berapa nilainya di UPR dan (sudah diTL dengan apa?)
REVIEW LAPORAN

- Pembayaran Biaya penelitian DPRM untuk Honor Ketua dan Anggota Tim Peneliti, Biaya Hidup, dan *Fee Institusi* tidak sesuai ketentuan.

- Dari 13.924 tim peneliti terdapat 3.707 tim peneliti yang masih terdapat sisa dana penelitian sebesar Rp73.322.683.419,00 dimuat pada Lampiran 43. Pada xxxx, termuat peneliti atas nama xxxx, NIDN xxxxxx dengan dana sebesar Rp51.500.000,00, nilai SPTJB sebesar Rp18.250.000,00, dan Sisa sebesar Rp33.250.000,00.
Dari sebanyak 2.279 tim pengabdian terdapat 1.800 tim pengabdian yang membayarkan tim sebesar Rp24.626.562.736 dimuat pada Lampiran 57. Pada Universitas Palangka Raya atas nama Abustan, NIDN 0010116205 dana sebesar Rp40.000.000,00 Honor sebesar Rp8.700.000,00, temuan tersebut telah ditindaklanjuti melalui Surat Pernyataan atas nama Dr. Abustan, M.Si Ketua Tim Pengabdian tanggal 31 Januari 2019 tentang bersedia/sanggup mengembalikan dana pengabdian yang sudah diterima ke Kas Negara sebesar Rp3.315.000,00 diangsur selama 3 bulan mulai bulan Pebruari hingga April 2019.
A special audit is a tightly-defined audit that only looks at a specific area of an organization's activities. This type of audit may be initiated by a government agency, but could be authorized by any entity, or even internally. Examples of special audits are:

- Compensation audits
- Compliance audits
- Controls audits
- Cost audits
- Fraud audits
- Royalty audits
Special audits are needed when it is suspected that laws or regulations have been violated in the financial management of an organisation. In conjunction with investigating violations, audits can be carried out pertaining to duties, authorisations, responsibilities and internal control guidelines, for example.

Special audits are often related to corporate reorganisation or bankruptcy. In such cases, the audits are carried out in line with the recommendations of the Advisory Board for Bankruptcy Affairs.
Tujuan audit khusus adalah untuk menindaklanjuti pelaksanaan Simlitabmas mengenai:

- Membantu terlaksananya penyelenggaraan Penelitian dan Pengabdian Masyarakat melalui Sistem Informasi Penelitian dan Pengabdian Kepada Masyarakat (Simlitabmas);
- Memberikan keyakinan terbatas mengenai Sistem Informasi Penelitian dan Pengabdian Kepada Masyarakat (Simlitabmas);
REVIEW LAPORAN: AUDIT KHUSUS

Ruang lingkup Audit Khusus meliputi perencanaan, pelaksanaan dan pelaporan xxx.

Dalam Laporan, Ketiga Aspek Di Atas Tidak Diuraikan Secara Spesifik dengan menggunakan CCCE

Latar Belakang Audit Khusus?
REVIEW LAPORAN

HASIL INTERVIEW

- Permasalahan yang terjadi dikarenakan banyaknya data yang masuk setiap tahun dan keluhan yang selalu terjadi dikarenakan beberapa aspek:
  - SDM terbatas, ......
  - Perubahan sistem ......, ketika panduan berubah otomatis sistem juga harus berubah, dalam merubah sistem tidak mudah dan butuh waktu, maka terjadilah keterlambatan atau penundaan.
  - Alokasi anggaran yang terbatas dalam menambah ruang kapasitas ......, disaat akhir batas waktu seluruh peneliti bersamaan mengunggah ??? sedangkan ruang kapasitas ..... terbatas.
  - Sistem yang dikembangkan tidak user friendly dan proposal yang dihasilkan dari sistem ini belum sesuai dengan panduan edisi XII.
KESIMPULAN (AUDIT KHUSUS)

- Belum ada penetapan pengelolaan xxxx sesuai tugas dan fungsi berdasarkan Permenristekdikti xxx tentang xxxx
- Masih terdapat beberapa data yang tersimpan di pihak eksternal dan belum tersimpan di xxxx. Pengelolaan dan penyimpanan data penelitian dan pengabdian masyarakat secara nasional yang merupakan asset nasional yang sangat berharga oleh pihak luar mengandung risiko sangat tinggi terjadinya penyalahgunaan.
- Perlu dibentuk kerjasama dengan xxxx untuk mewujudkan xxxx yang terintegrasi dengan sistem lainnya xxxx
REVIEW LAPORAN

REKOMENDASI (AUDIT KHUSUS)

☐ Pengelolaan dan penyimpanan data penelitian dan pengabdian masyarakat secara nasional yang merupakan asset nasional sangat berharga oleh pihak luar mengandung risiko sangat tinggi terjadinya penyalahgunaan.

☐ (WHO?) Segera mengalihkan semua data yang semula tersimpan di pihak eksternal menjadi tersimpan di server xxxxxx.

☐ (WHO?) Segera menetapkan pengelolaan xxxx sesuai tugas dan fungsi berdasarkan xxxxx tentang xxxx

☐ Why?
☐ What has been violated?
☐ What is the risk?
Report of the Auditor-General of South Africa on an investigation at the Westonaria Local Municipality

June 2015
REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA ON AN INVESTIGATION AT THE WESTONARIA LOCAL MUNICIPALITY

1. EXECUTIVE SUMMARY

1.1. Background

1.1.1 The Auditor-General of South Africa (AGSA) was requested by the former Member of Executive Council (MEC) for Co-operative Governance and Traditional Affairs (CoGTA), in a letter dated 13 November 2013 to conduct an investigation at the Westonaria Local Municipality (WLM) relating to various allegations/concerns raised by the Greater Westonaria Concerned Residents Association (GWCRA).

1.1.2 A meeting was held between the AGSA, GWCRA, Gauteng CoGTA and the Director-General: CoGTA, on 12 March 2014. During the meeting, GWCRA members requested the AGSA to conduct an investigation into allegations of fraud/corruption at the WLM. The GWCRA members also raised concerns relating to the Bekkersdal Renewal Project, and requested the AGSA to conduct an investigation into the matters raised.

1.1.3 During the said meeting, it was agreed that the GWCRA would submit their allegations to the AGSA in writing in order for the AGSA to assess the matter and decide on the way forward. In this regard, a formal request for investigation from the GWCRA was received on 19 March 2014. The request for investigation submitted by the GWCRA included supporting documentation to substantiate their allegations.

1.1.4 A follow-up meeting was held between the AGSA and the GWCRA representative on 7 April 2014, in order to obtain further clarity on the allegations. Further supporting documentation were also provided by GWCRA representative during the said meeting.

1.1.5 The allegations can be summarised as follows:

- Proper procurement processes were not followed with regards to the appointment of a Waste Management service provider for the Waste Management tender. Furthermore, it was alleged that there was a relationship between one of the appointed CBCs and the mayor of WLM.
- Proper procurement processes were not followed for the procurement of a service provider for the construction of houses at extension 11.
2. **INTRODUCTION**

2.1 The functions of the AGSA in supporting constitutional democracy in South Africa are described in section 188 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), as well as the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA). Section 5(1)(d) of the PAA specifically gives the AGSA the authority to carry out an appropriate investigation if the AGSA considers it to be in the public interest or upon the receipt of a complaint or request. In this context, the AGSA investigates allegations in order to facilitate public accountability by reporting the findings emanating from the investigation to management and those charged with governance. Ultimately, the findings and recommendations in this report are intended to enable management and those charged with governance to implement measures that will ensure effective governance.
3 RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

3.1 Within the context of the public service and municipalities the primary responsibility for the prevention and detection of fraud and error rests with management of the entity and those charged with governance. Management needs to set the proper tone, create and maintain a culture of honesty and a high standard of professional ethics. Furthermore, management must establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring the orderly and efficient conduct of the entity’s business.
4  SCOPE OF THE ASSIGNMENT

4.1 The scope of the investigation as defined in the letter of engagement with the Head of Departments: Gauteng CoGTA and Human Settlements, was as follows:

a) The procurement process followed prior to the appointment of a Waste Management service provider to provide Waste Management services.
b) The procurement of a lie detector and asset verification.
c) The procurement of service provider for the township “clean-upon” on 8 February 2014.
d) The procurement of a service provider for the construction of houses in Mohlakeng extension 11.
e) Payments for the executive mayor’s private trip to her home in the Eastern Cape from 22 to 25 September 2011 (The payments for travel and accommodation made for this trip were reviewed to assess whether they are in line with the prevailing prescripts).
5 PURPOSE, OBJECTIVES AND APPROACH OF THE INVESTIGATION

5.1 The purpose of the investigation is to verify and pronounce the veracity of the allegations made. The report with findings and recommendations is aimed at enabling management to implement measures to strengthen governance.

5.2 The investigation was performed in terms of the Auditor-General’s Policy, Standards and Guidelines: Investigations.

5.3 The AGSA conducted interviews with officials from the WLM and Mogale City Local Municipality to obtain clarity on the allegations. The investigation commenced with the collation of relevant documentation from the WLM. The documentation received was scrutinised and compared to the prevailing prescripts and policies mentioned herein.

5.4 The AGSA also conducted interviews and consultations with the CBCs and the GWCRA to gain clarity on the allegations. The AGSA also met with an official employed by the development contractor to gain more understanding of what transpired.
6.1 The documentation collated was compared to the prevailing prescripts such as:

- Westonaria Local Municipality Supply Chain Management Policy dated 19 July 2013
LIMITATIONS OF THE REPORT

7.1 Although the work performed incorporates our understanding of the relevant prescripts and the law as it stands, we do not express an opinion on the legal effect of the facts or the guilt or innocence of any person(s) or party, but merely state the facts as they have come to our attention. In the case of disciplinary hearings or civil and criminal litigation, this report may only be used as a reference document.

7.2 The report is based on the facts established from documentation and information provided and/or obtained during the course of the investigation. Should further documentation or information be obtained, this may influence the findings and conclusions made.

7.3 The AGSA has no mandate to investigate the appointment of the CBCs as they were not appointed by the WLM or any government entity. In this regard, the CBCs were appointed by the development contractor.

7.4 The AGSA requested procurement documents relating to the procurement processes followed prior to the appointment of a company to provide security services at the WLM and most of the documents were not provided, and as a result the AGSA was unable to determine if the appointment of the company was in line with prevailing prescripts or not.
8 DETAILED FINDINGS AND RECOMMENDATIONS

8.1 Allegation: The procurement process followed prior to the appointment of the Waste Management services development contractor

8.1.1 Investigations were conducted into the allegation that proper procurement processes were not followed prior to the procurement of the Waste management services development contractor (the development contractor).

8.1.2 Furthermore, the GWCRA alleged that one of the CBCs was irregularly appointed as a CBC because she is related to the executive mayor of WLM.

8.1.3 Background

8.1.3.1 On 7 February 2012 the MM of WLM, wrote a letter to the Ekurhuleni Metropolitan Municipality (EMM) City Manager, and requested permission to use the services of EMM Waste Management service development contractor. The request was in line with section 32 of the municipal supply chain management policy, which allows the procurement under a contract by another organ of state.

8.1.3.2 In a letter dated 8 February 2011 (instead of 8 February 2012), making reference to WLM letter dated 7 February 2012, the chief financial officer at EMM, granted WLM permission to use the services of a Joint Venture service provider, providing waste management services at EMM (the Waste Management services development contractor was established through a Joint Venture agreement). Attached to the letter was the EMM Bid adjudication committee (BAC) minutes held on 17 May 2010 to appoint the Joint Venture service provider.
8.1.4 Findings

8.1.4.1 In terms of section 32(1) of the municipal SCM regulations of 2011, procurement of goods and services under contracts secured by other organs of state, states “a Supply Chain Management policy may allow the accounting officer to procure goods or services for the municipality or municipal entity under a contract secured by another organ of state, but only if –

(a) the contract has been secured by that organ of state by means of a competitive bidding process applicable to that organ of state;
(b) the municipality or entity has no reason to believe that such contract was not validly procured;
(c) there are demonstrable discounts or benefits for the municipality or entity to do so; and
(d) that other organ of state and the provider have consented to such procurement in writing.”

8.1.4.2 The municipality was also required to comply with sections 76 and 78 of the Municipal Systems Act which provides for the assessment of the existing internal refuse removal mechanism before it can be outsourced.

8.1.4.3 The allegation that proper procurement processes were not followed prior to the appointment of the services of the development contractor is unsubstantiated as the WLM complied with section 32(1) of the municipal SCM regulations and sections 76 and 78 of the Municipal Systems Act.
8.1.5 Recommendation

The WLM and/or the MEC must, in consultation with their legal adviser, consider:

8.1.5.1 enforcing the provisions of clause 2.2 under the general responsibilities of development contractor as contained in the agreement between EMM and development contractor. The WLM and/or the MEC must consider using their internal audit unit to audit the relationship between development contractor and CBCs to establish whether development contractor adheres to the contractual requirement of empowering the CBCs.

8.1.5.2 monitoring the relationship between development contractor and the CBCs to ensure that the CBCs are empowered and/or capacitated to enable them to render waste management services to the municipality or any other place after the three-year period.

8.1.5.3 the municipality can also consider capacitating their supply chain management office with contract management personnel and/or skills.
1.4. Recommendations

1.4.1 The WLM and/or the MEC should implement effective measures to ensure compliance with procurement legislation and regulations in the awarding and/or management of contracts with service providers.
9 MANAGEMENT RESPONSE ON ALLEGATIONS RAISED IN THE DRAFT MANAGEMENT REPORT

9.1 Management agreed with all the findings raised by the AGSA.

9.2 With regards to the development contractor, management indicated that the WLM has taken action by conducting a contract performance assessment which will assist the WLM to improve the management of its contracts including correcting findings relating to the security company.

9.3 With regards to service provider for township clean-up on 8 February 2014, the WLM has subsequently paid for the services that were rendered.
10  

**APPRECIATION**

10.1.1 The assistance rendered during the investigation by the officials of WLM, CoGTA, Human Settlements and the MEC is appreciated.

Auditor-General

Pretoria

June 2015
TAKE AWAY
Ten Things Not to Say in an Internal Audit Report

- "Manajemen harus mempertimbangkan ..."
- Kata-kata “septinya”, “kelihatannya”
- Kata-kata “memadai”, “optimal”, “sangat ...”
- Kata-kata “selalu”, “tidak pernah”, “semuanya”
- Hindari kesan “menyalahkan” → tujuan audit adalah mencari akar masalah bukan mencari-cari kesalahan.
- Kata-kata "manajemen gagal."
- Kata-kata "Auditee" tetapi “Audit Client”
- Hindari jargon teknis yang tidak perlu.
- Hindari mengambil semua kredit → “kami menemukan”
- Jika kedengarannya mengesankan, audit mungkin perlu menulis ulang.
"Communications must be accurate, objective, clear, concise, constructive, complete, and timely."

- **Clear** communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information.

- **Concise** communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness.

- **Constructive** communications are helpful to the engagement client and the organization and lead to improvements where needed.

- **Complete** communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions."
AUDITORS TELL IT LIKE IT IS

- Buat manajemen senior sadar akan masalah-masalah yang kritikal
- Pastikan komunikasi faktual dari data keuangan, operasional, dan kepatuhan
- Buat saran berdasarkan pengetahuan kegiatan operasi di seluruh organisasi
THINGS TO REMEMBER

- Terapkan standar
- Kenali organisasi dengan baik
- Tidak ada kejutan!
- Gunakan akal sehat

“No matter how well trained, every internal auditor must deal with challenges to their judgment and to their core ethical values. How they handle those pressures determines the value of the profession.”
THE RESPONSIBILITIES OF INTERNAL AUDITOR

- Cari tahu apa yang berfungsi dan apa yang tidak
- Mengawasi iklim perusahaan
- Lihatlah organisasi dengan mata segar
- Lihat melampaui laporan keuangan
- Advokasi perbaikan
- Naikkan bendera merah
- Katakan yang sebenarnya

The triad of value that internal audit stakeholders now want and need.
Internal Audit 3.0
Internal Audit Report Dashboard

<table>
<thead>
<tr>
<th>Audit name:</th>
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<tr>
<td>Reason for audit:</td>
<td>Why did we do this audit (focusing question)?</td>
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<tr>
<td>Value proposition:</td>
<td>What was the value from this audit?</td>
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**Overall conclusion**
- Overall control environment representative of good practice, well-designed, effective, efficient, and functioning properly.  
- No improvement opportunities identified.
- Satisfactory overall control environment.
- Small number of lower risk improvement opportunities identified, which require corrective action.
- Adequate control environment in most areas.
- Moderate risk improvement opportunities identified, which require corrective action.
- Some key controls do not exist, or are not properly implemented, and there are high risk improvement opportunities.
- Control environment is impaired.

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<tr>
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<th>Good Practice</th>
<th>Satisfactory</th>
<th>Improvement opportunity</th>
<th>Unsatisfactory</th>
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**Strengths and good practices**

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<tr>
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"Insanity is doing the same thing over & over again & expecting different results."

Albert Einstein
TRAINING
- Risk Based Internal Auditing
- Root Cause Analysis – Audit Planning, Fieldwork, and Reporting
- Problem Solving Analysis and Decision Making
- IA Certification – CIAP, CIAE, CIAM
- The Role of IA in CG, RM and IC
- Etc

CONSULTING
- IA Maturity Assessment
- Internal Control (Spip) Effective Implementation
- Risk Based Internal Audit
- Etc
YAKIN BISA
PASTI BISA!!!

IN SYAA ALLAH
Thank You

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