


FINANCIAL REPORTING & MANAGEMENT SEMINAR FOR COUNTY GOVERNMENTS- 2016

A close-up photograph of a woman with curly brown hair and a young girl with curly dark hair. They are both smiling and hugging each other. The woman is on the left, and the girl is on the right, leaning her head against the woman's shoulder. The background is a soft, out-of-focus outdoor setting with warm, golden light.

Life Without Worry.

EFFECTIVE FINANCIAL MANAGEMENT THROUGH INTERNAL CONTROLS

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HEAD OF RISK AND COMPLIANCE

MADISON INSURANCE GROUP

“The world is a dangerous place to live
; Not because of people who are evil
, But because of the people who
don’t do anything about it.”

On The Menu

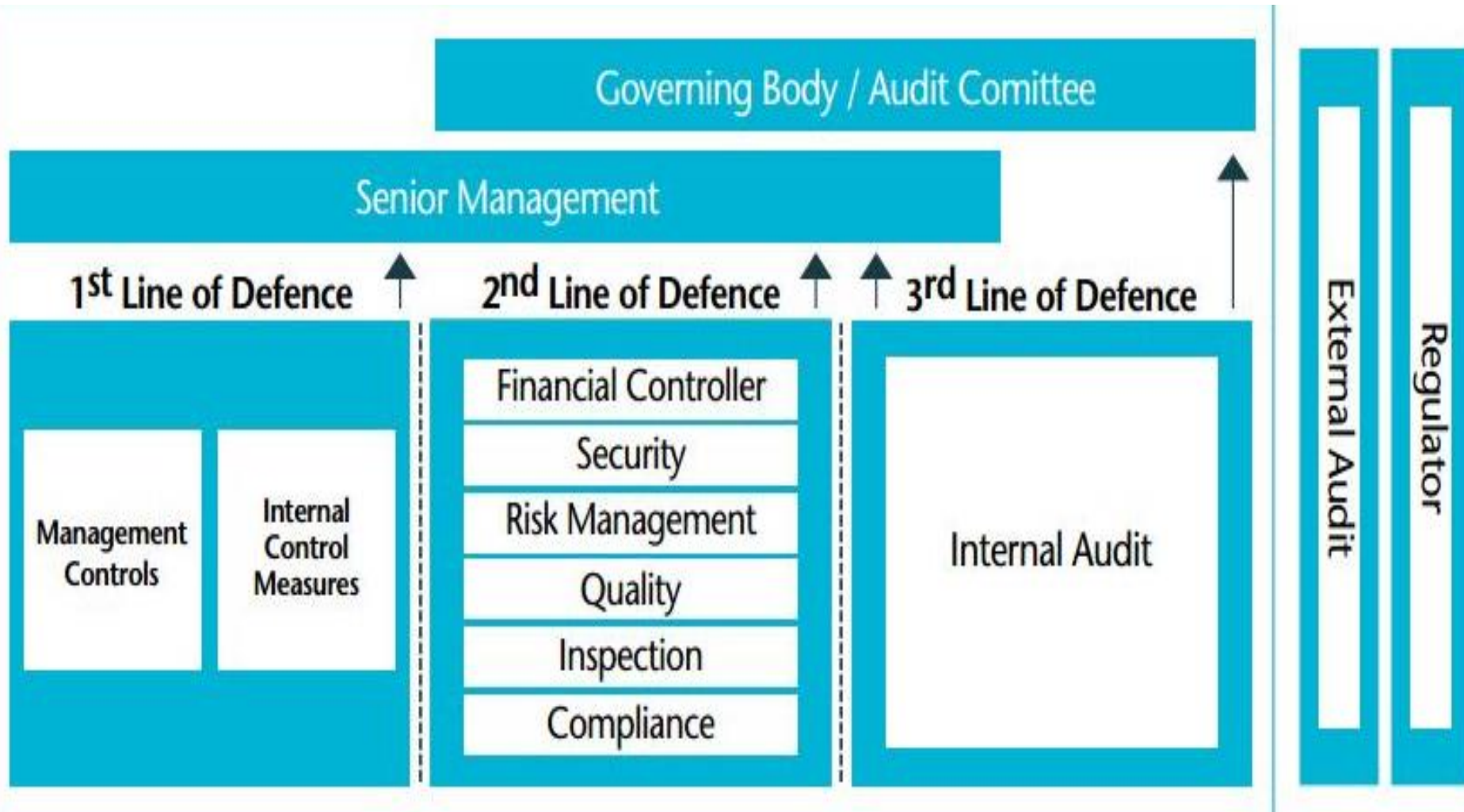
- ✚ The role of Internal Audit
- ✚ Audit Committees in Counties
- ✚ Overview of IPPF
- ✚ Challenges to effective Internal Control Framework

INTERNAL AUDIT DEFINED-

- ❖ Internal auditing is **an independent, objective assurance and consulting activity** designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the **effectiveness of risk management, control, and governance processes-**

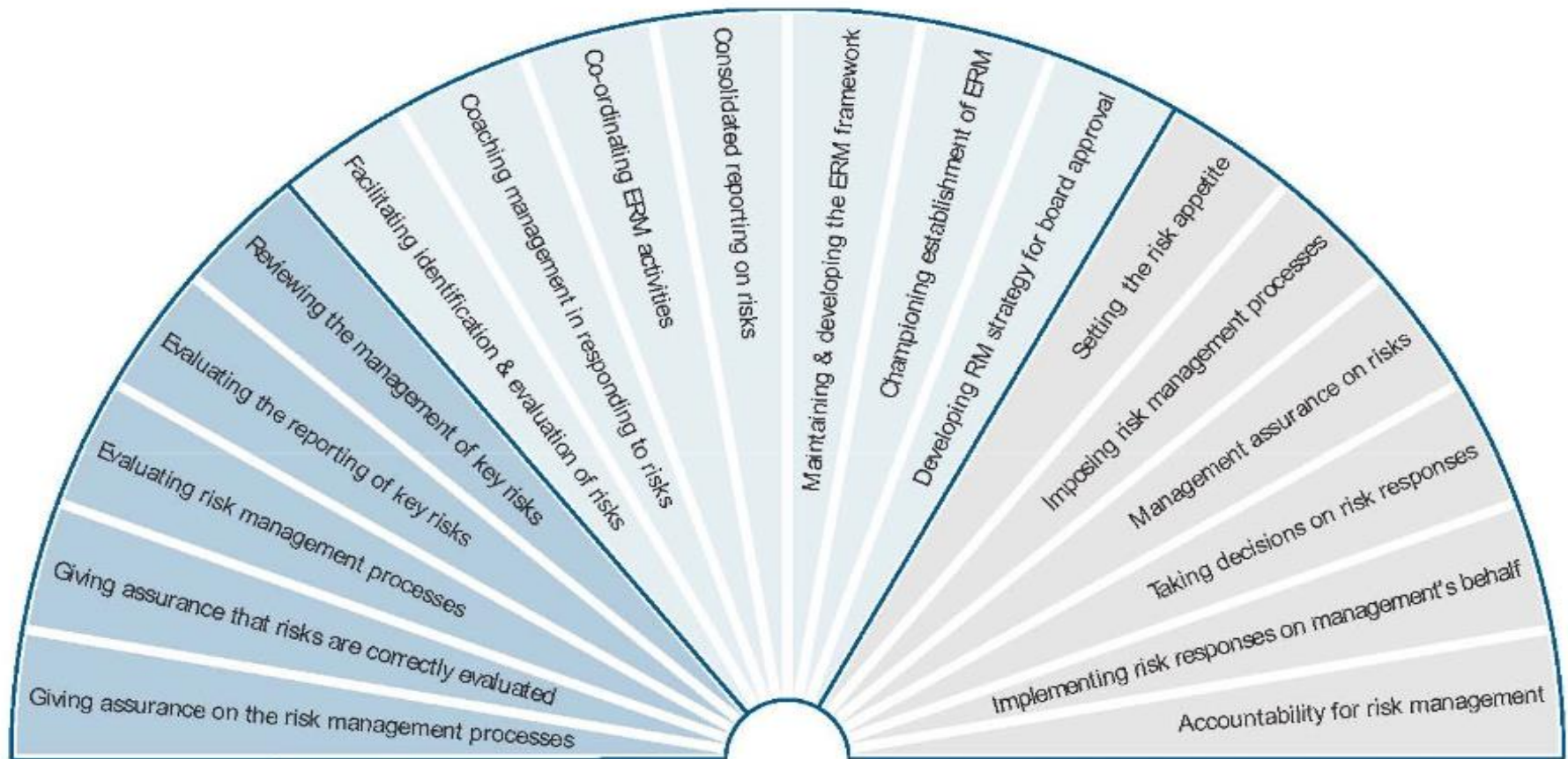
Institute of Internal Auditors-IPPF

THREE LINES OF DEFENSE-C.O.S.O FREWORK



- ❖ **First line of defense** — functions that own and manage risk
- ❖ **Second line of defense** — functions that oversee or specialize in risk management, compliance
- ❖ **Third line of defense** — functions that provide independent assurance, above all internal audit.

ROLE IN RISK MANAGEMENT



Core internal audit roles
in regard to ERM

Legitimate internal audit
roles with safeguards

Roles internal audit
should not undertake

ROLES OF INTERNAL AUDIT IN PUBLIC SECTOR

Role in Governance

Governance is defined as the combination of processes and structures implemented by the board to inform, direct, manage, and monitor the organization.

In the public sector, governance relates to the means by which goals are established and accomplished. It also includes activities that ensure a public sector entity's credibility, establish equitable provision of services, and assure appropriate behavior of government officials — reducing the risk of public corruption

Auditing is a cornerstone of good public sector governance

- ❖ Provides unbiased, objective assessments on public resources are managed responsibly and effectively achieve intended results.
- ❖ The public sector auditor's role supports the governance responsibilities of oversight, insight, and foresight.
- ❖ Oversight addresses whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption.
- ❖ Insight assists decision-makers by providing an independent assessment of public sector programs, policies, operations, and results.
- ❖ Foresight identifies trends and emerging challenges.

Oversight

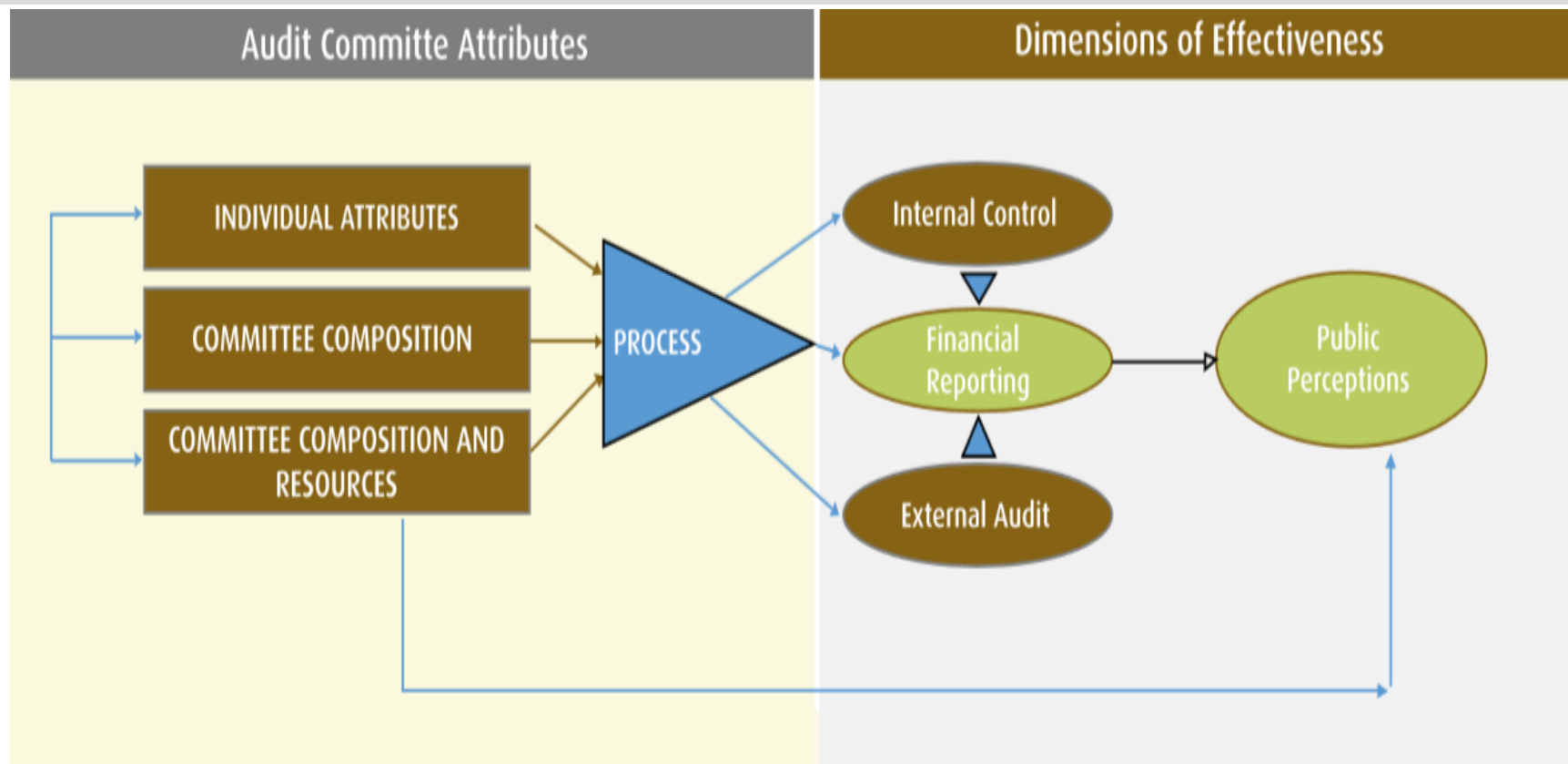
Auditors assist decision-makers in exercising oversight by evaluating whether public sector entities are doing what they are supposed to do, spending funds for the intended purpose, and complying with laws and regulations "Has the policy been implemented as power and resources entrusted to government officials.

- ❖ *Performance Audits*
- ❖ *Value for Money Audits*
- ❖ *Information Systems Audit*

CORRUPTION

Reporting to the County Executive Committee:

- ❖ **Strengthened oversight of the financial and ethical integrity of public audits**
- ❖ **Ensuring that Internal Audit is appropriately resourced**
- ❖ **Ensuring that areas of improvements, leakages are closed and recommendations adopted**
- ❖ **Independent review and approval of the Internal Audit Work Plan**



CHALLENGES TO INTERNAL CONTROL FRAMEWORK

- ❖ Governance and the tone at the Top
- ❖ Reporting Framework and Structure
- ❖ Independency of the Internal Audit Function
- ❖ Composition of the Committee
- ❖ Individual skill set
- ❖ Monitoring and Culture



Life Without Worry.