



Oifig an Ard-Reachtair Cuntas agus Ciste  
Office of the Comptroller and Auditor General

Presentation on current issues arising from audits given to Chartered Accountants Ireland and Chartered Institute of Public Finance and Accountancy (RoI)

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CHARTERED ACCOUNTANTS HOUSE  
NOVEMBER 2019

# Presentation Overview

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Revised code of practice

SIC

Risk management

Recent audit findings

Looking forward

# Role of the External Auditor

Audit Opinion	<ul style="list-style-type: none"><li>• Fair presentation or compliance opinion</li><li>• Not required to form an opinion on risk and control procedures</li></ul>
Review other information	<ul style="list-style-type: none"><li>• Statement on Internal Control</li><li>• Governance Statement (disclosures on remuneration, etc)<ul style="list-style-type: none"><li>➤ consistency review</li></ul></li></ul>
Other areas	<ul style="list-style-type: none"><li>• Accounting policies used and reasonableness of estimates and disclosures</li><li>• Going concern</li><li>• Overall presentation of accounts</li><li>• Report by exception where all information not received, etc</li></ul>

# C&AG audit

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Role extends to reporting on

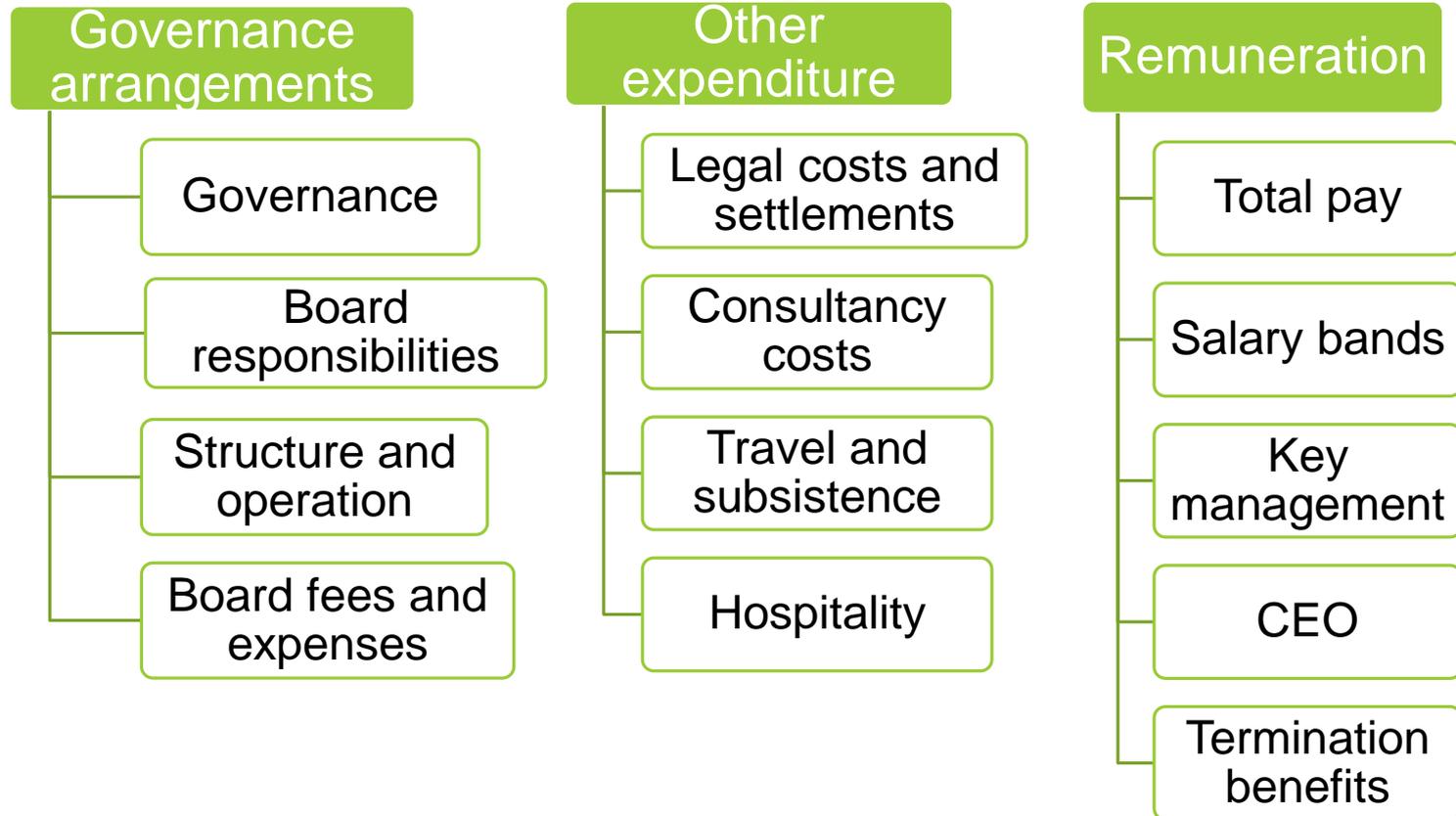
- Regularity of transactions
- Propriety in the conduct of public business

# Revised Code requirements

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# Enhanced disclosures



# Statement on internal control

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- Steps taken to ensure appropriate control environment
- Risk management
- Key control procedures
- Major information systems

Description of procedures

- Audit and risk committee
- Management reviews
- Internal audit
- Other reviews

Procedures for monitoring effectiveness

- Board has carried out an assessment of the effectiveness of system of internal control
- Disclosure of weaknesses in controls/confirmation no weaknesses which require disclosure
- Confirmation of compliance with procurement rules

Annual Report  
Confirmations/  
Disclosures

# Consideration - internal control weaknesses disclosed in SIC

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Material losses etc impacting on accounts



Control element not operating / other significant weaknesses in controls



Non-compliance with procurement rules



Explain concisely what happened and the impact



Steps being taken to address the issue

# OCAG observations - SIC

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- Not tailored – often boiler plate process descriptions; silent on key risks
- Evidence underpinning statements not robust, in particular evidence that controls operated
- Underdeveloped risk management systems
- Internal audit coverage not always clear
- Procurement breaches – incomplete data; inadequate explanations

# A 'good' SIC

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- ❖ ***Concise and tailored*** to the organisation's circumstances
- ❖ Includes ***open and clear*** disclosures
- ❖ Subjected to ***challenge*** by the ARC and Board
- ❖ Underpinned by robust ***evidence and assurance process*** (how does the ARC and Board satisfy itself with assertions being made?)

# Improving risk management

- Leadership (policy and communication)
- Staff training
- Evidence that organisation has responded to changes in risk profile

Capacity to handle risk

- Risk management framework (clear responsibilities and reporting)
- Risk identification and evaluation
- Risk registers – ‘living’ document?
- Risk appetite

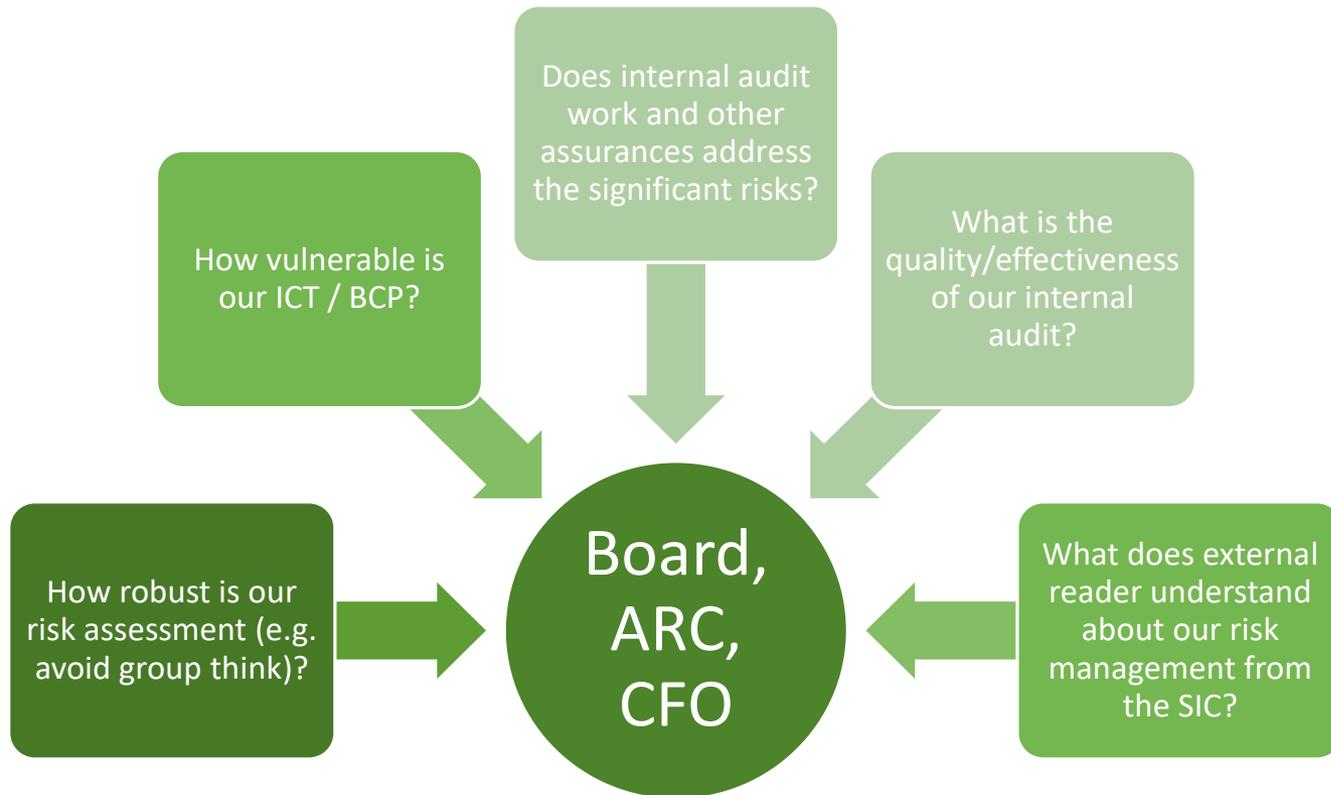
Risk and control framework

- Scope / extent of work to support assurances
- Work balances between controls, compliance, investigations and performance reviews
- Overall results of assurance processes – do they address risks?
- Checklist approach?

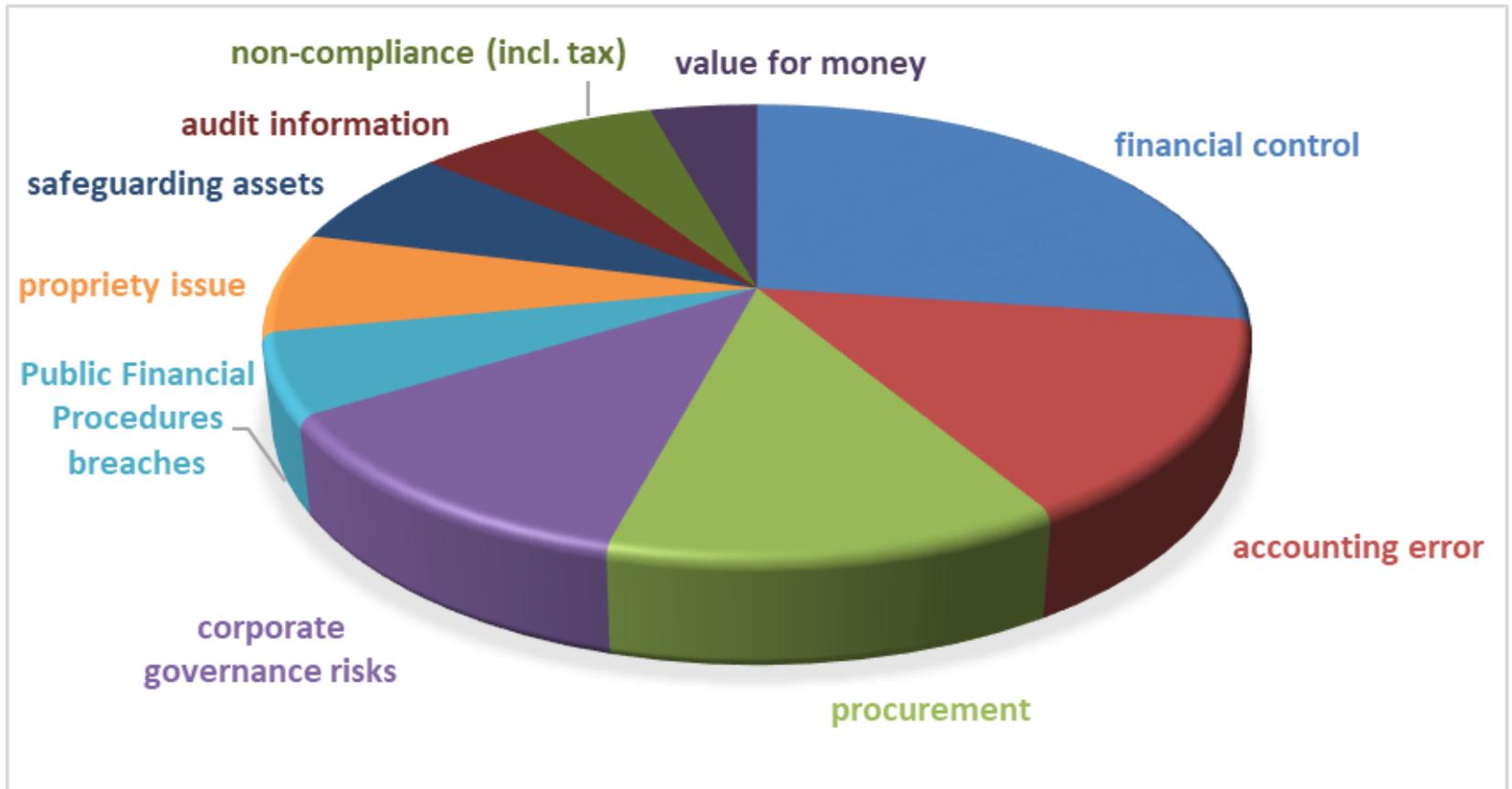
Review of effectiveness

# Risk management – challenge questions

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# Issues arising from audits



# Looking forward

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## Opportunities for improvements

- Financial and performance information
- Performance indicators
- Risk management
- Opportunities for communicating issues through the SIC