

DEPARTMENT OF
THE AUDITOR-GENERAL OF PAKISTAN



COMPLIANCE AUDIT PLANNING FILE

NAME OF AUDIT ENTITY:

AUDIT PERIOD:

PLANNING FILE INDEX

Form No.	Title	Done by:	Date:
CPLF-1	List of Audit Entities		
CPLF-2	Audit Objectives and Scope		
CPLF-3	Points for Attention at Next Audit from last year		
CPLF-4	Entity Communication Letter		
CPLF-5	Audit Planning Memorandum		
CPLF-6	Memorandum on Post-Planning Changes		
CPLF-7	Audit Time and Budget Program		
CPLF-8	Material Component Assessment Form		
CPLF-9	List of Applicable Laws, Rules and Regulations		
CPLF-10	List of Audit Programmes Annexed		
CPLF-11	High Value/Key Item Selection Form <i>(if sample selection is possible only the field then this form shall be placed in the execution file/AIR)</i>		
CPLF-12	Points for Attention of Next Audit		
CPLF-13	Audit Planning Checklist		
Annexes:	Audit Programmes		

Completed by (Dy. Director):

Date:

Reviewed by (Director):

Date:

NAME /LIST OF AUDIT ENTITIES**THE AUDIT ENTITY**

Name
 Audit Period
 Budget/Expenditure
 Revenue/Receipts

Or give a list of entities/formations (which are of similar nature) to which this planning file is applicable. (Like for all Universities the significant components and related risks would be similar, therefore, same planning file can be used for each University.)

Sr. No	Name of Formation	Audit Period	Budget/Expenditure (Rs. in million)	Receipts (Rs. in million)

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. (Director):

Date:

OVERALL AUDIT OBJECTIVE(S) AND SCOPE

OVERALL AUDIT OBJECTIVE(S):

(one or more of following:

- 1. Regular Compliance with Authority Audit,*
- 2. Special Audit,*
- 3. Special Study)*

AUDIT SCOPE:

(What is the audit entity?

- 1. Which components/functions are to be focussed for auditing?*
- 2. Which locations are to be audited?*
- 3. Etc.*

Completed by (Dy. Director):

Date:

Reviewed by (Director):

Date:

CPLF-3

**POINTS FOR ATTENTION AT NEXT AUDIT B/FWD FROM THE
LAST AUDIT**

Point No.	Details	Ref.	Subsequent Action/Clearance

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. (Director):

Date:

Points for Attention at Next Audit

*The purpose of this schedule is to, **WHERE REQUIRED**, highlight matters that should be taken into account when planning the following year’s audit especially focusing on any changes to the organizational structure, accounting and accountability framework like delegation of financial powers and changes in the applicable rules and regulations. This schedule can also be used to document practical suggestions for changes to the next year’s audit. All audit staff are encouraged to suggest improvements in the audit plan and procedures. Suggestions might relate to:*

- *Specific audit procedures;*
- *Specific documents to examine, or the source of the specific documents;*

- *Changes in the audit timetable; and*
- *Work that the internal auditors or the entity's accounting personnel could perform that could help the audit team and reduce audit time;*

This schedule should be reviewed and written up as the audit proceeds to ensure that all relevant points are noted promptly.

ENTITY COMMUNICATION LETTER***DIRECTORATE – GENERAL AUDIT LETTER HEAD*****Addressee (SECRETARY/PAO)****Subject: External Audit Activities for 20xx-20yy**

The provisions of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 (The Auditor-General Ordinance), read with Articles 169 and 171 of the Constitution of the Islamic Republic of Pakistan, provide the Auditor-General of Pakistan with the mandate to audit the accounts of [name of entity]. As part of this mandate, we intend to perform the following work for the financial year 20xx-20yy:

[List the audit activities to be performed.]

The Department of the Auditor-General of Pakistan (DAGP) will conduct these audits in accordance with DAGP's Auditing Standards, which are in conformity with International Auditing Standards.

Compliance with Authority Audit Work:

For the compliance with authority audits ... *[describe nature and extent of work, expected reports, etc.]*.

Separate Audits of Internal Control:**Other functional, systems, programme and fraud audits:****Special assignments:**

[Would follow same format as for compliance with authority audits.]

**

**

**

This audit work is important to ensure effective management and governance across the Government of Pakistan.

We look forward to full cooperation from your staff and trust that they will make available to the audit team any accounts, books, papers and other documents which deal with, or form the basis of, or are otherwise relevant to the audit, as required under Section 14 of the Auditor-General Ordinance.

Yours truly,

Director General (Audit)

(Instructions follow)

Entity Communication Letter Instructions

A copy of the most recent entity communication letter, setting out the terms of the audit assignment, should be filed in this section of the Planning File.

Types of audits to be mentioned in the letter include:

- 1. Compliance with authority audits;*
- 2. Separate audits of internal controls;*
- 3. Other functional, systems, programme and fraud audits; and*
- 4. Special assignments.*

If desired, the letter may be expanded to include such matters as:

- 1. DAGP's current understanding of any specific entity requirements;*
- 2. The timetable for the audit work;*
- 3. Details of assistance required from internal audit and other entity staff; and*
- 4. Information to be provided by entity officials.*
- 5. Follow up matters from previous audits.*

AUDIT PLANNING MEMORANDUM

The audit team is required to prepare and file in the Planning File an Audit Planning Memorandum where some important/fundamental changes have been made in the previous years' audit plan. The audit planning memorandum should comprise a concise easy to understand summary of important factors and decisions made during the general and detailed planning phases. Emphasis should be placed on changes that have been made to the previous year's plan.

The audit planning memorandum should not duplicate all of the details set out elsewhere in the planning file, the permanent file, or in the audit programmes.

The audit planning memorandum should be signed by the director preparing it, and approved by the Director.

The memorandum is then filed in this section of the planning file.

A brief description of the general contents of the audit planning memorandum is set out below for information purposes. The actual contents will depend on what is significant in each entity's circumstances.

Background Information:

This includes changes to the nature of the entity's business, etc. that are especially important to the audit. These could include, for example, a summary of major changes to:

- *The nature of the entity's business (it's mandate, its significant revenues and expenditures, etc.);*
- *Applicable authorities;*
- *The structure of the entity (addition of divisions, etc.);*
- *The accounting policies being followed by the entity; and*
- *The entity's internal control structure, computer systems, etc.*

Audit Strategy:*This summarises key planning decisions, emphasising changes made to the previous year's assessments, approaches, etc. Key decisions to be included in this section would normally include:*

- *Overall audit objective and audit scope (like special audit/study for some new audit areas/components);*
- *Significant changes to the nature, timing and extent of the audit procedures, such as, a change in the work being performed to satisfy the related compliance with authority objectives.*

Administration:*Provide a general timetable and overall budget, together with any significant changes made to the timetable and budget from the previous year.*

Completed by (Audit Team Leader):

Date:

Reviewed by (Dy. Director):

Date:

MEMORANDUM ON POST-PLANNING CHANGES

As the execution and completion phases of the audit proceed, it may be necessary to amend the planned scope of the audit work. This may result from gaining a better understanding of the entity’s activities, from unexpected external developments, or from determining a better means of achieving the audit objectives as the audit progresses.

Should the change in the planned scope be relatively minor, such as one that requires the addition of only one or two audit procedures to an existing audit programme, the auditor should be able to make the change without needing to go through a formal approval process. If, however, the matter is more significant, such as one that calls for the development of new audit programmes or a re-consideration of the sources of audit assurance, the auditor should discuss the situation with his/her supervisor. The auditor should then prepare an addendum to the audit planning memorandum. This addendum should follow the same review and approval process as is used for the audit planning memorandum itself.

The addendum will be filed in this section of the planning file.

In addition, if the matter requires the auditor to pursue an area of investigation substantially outside of the initial audit scope, it would be appropriate to brief entity officials on the change of scope. This could be done through an addendum to the entity communication letter.

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. Director):

Date:

AUDIT TIME AND BUDGET PROGRAM

“Insert Time Budget and Allocation”

MATERIAL COMPONENTS ASSESSMENT FORM

Give here the list of those components which are **material enough** to warrant engagement of audit resources allocated for the current year's audit. Under each selected component give the list of **specific compliance audit objectives**:

For example:

1. Works expenditure
 - a. To check whether the need/feasibility study was adequate
 - b. To check whether the contracts were awarded transparently observing applicable authorities like PPR, FIDIC, etc.
 - c. To evaluate contract clauses regarding any undue benefit to the contractor.
 - d. Etc.
2. Receipts
3. Procurements and Payments to contractors
4. HR management and payroll payments
5. etc

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. (Director):

Date:

Approved by (Director)

Date:

LIST OF APPLICABLE AUTHORITIES (LAWS, RULES, REGULATIONS, ETC)

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. Director):

Date:

LIST OF AUDIT PROGRAMMES ANNEXED

For example;

1. *Audit Steps for Payroll*
2. *Audit Steps for Contingent Payments*
3. *Audit Steps for Contracts*
4. *Etc.*

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. Director):

Date:

Approved by (Director)

Date:

(Only where it is possible to select sample at the Head-office otherwise this form would be placed in AIR)

HIGH VALUE/KEY ITEMS SELECTION FORM

a- HIGH VALUE ITEM

The auditor shall determine on what basis an individual item will be considered to have a "high value". Then the auditor should select items meeting the chosen criteria.

- Items over a selected value (state value) Rs. _____
- Items exceeding selected percentage of population value (state percentage) _____%
- Other (describe) _____

List items meeting selection criteria:

	Working paper Reference
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

b- KEY ITEMS SELECTION FORM

The auditor shall review expenditure statement, cash book, GL, Payroll etc. to identify key items for tests of details. For example,

- Unusual or non-recurring transactions
- Items with negative value (e.g. asset accounts with credit values, liability accounts with debit values, etc)
- Other (describe) _____

List items meeting selection criteria:

	Working Paper Reference
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Completed by(Audit Team Leader):

Date:

Reviewed by (Dy. Director):

Date:

POINTS FOR ATTENTION AT NEXT AUDIT

Point No.	Narration	W/Paper Ref.

Completed by (Audit Team Leader):

Date:

Reviewed by (Dy. Director):

Date:

Points for Attention at Next Audit

The purpose of this schedule is to highlight matters that should be taken into account when planning the next year's audit. The auditor should record expected developments in the entity's activities that may require changes in the audit planning.

This schedule can also be used to document practical suggestions for changes to the next year's audit. All audit staff are encouraged to suggest improvements in the audit plan and procedures. Suggestions might relate to:

- *Specific audit procedures;*
- *Specific documents to examine, or the source of the specific documents;*
- *Changes in the audit timetable; and*
- *Work that the internal auditors or the entity's accounting personnel could perform that could help the audit team and reduce audit time;*

This schedule should be reviewed and written up as the audit proceeds to ensure that all relevant points are noted promptly.

AUDIT PLANNING CHECKLIST

*The Deputy Director should complete the Audit Planning Checklist each year.
The Director should sign the Audit Planning Checklist as evidence of their review and approval.*

Description	Yes/No/ N/A	W/P Ref.
<p>Information gathering:</p> <ol style="list-style-type: none"> 1. Have we obtained all the information required to plan the audit? (Consider the information called for in the Permanent File and in other sections of the Planning File.) 2. Have we reviewed the previous year's working paper files, with particular attention to: <ol style="list-style-type: none"> (a) the Points for Attention at Next Audit? (b) unresolved audit observations from previous years? (c) problems encountered during the previous year's audit? (d) other matters of note in the Planning File or the Permanent File? 		
<p>Overall audit objectives and overall audit scope:</p> <ol style="list-style-type: none"> 1. Have we included specific areas of concern communicated by the audit entity or any other competent forum. 2. Have we ensured that all of the compliance audit work for this entity that has been included in the Department's annual plan has been dealt with in this audit plan? 3. Have we considered whether it would be cost-effective to perform, at the same time, other audit work for this entity that has been included in the Department's annual plan? 4. Have the implications of changes in entities business and changes in auditing conventions, laws, and regulations been considered? 5. Have areas in which entity's staff, including internal audit staff, can make our work more efficient and effective been considered? 6. Is an up-to-date entity communication letter on file? 		

Description	Yes/No/ N/A	W/P Ref.
<p>Understanding of entity's business:</p> <ol style="list-style-type: none"> 1. Has sufficient work been performed to update the information base on: <ol style="list-style-type: none"> (a) the entity's strategic plans? (b) the users of the entity's services? (c) the legislative authorities affecting the entity's operations? (d) inter-government relationships affecting the entity? (e) organisational structure (use of departments, agencies, divisions, operating locations, etc.)? (f) nature of the entity's activities? (g) the size of the entity (total revenue and expenditures, for example)? (h) budget allocations? (i) the types of transactions and documents that the entity has? (j) the accounting systems in place? (k) accounting principles and practices? (l) labour relations and work force? 2. If the entity uses computers for accounting purposes, have we considered the implications for our work, such as: <ol style="list-style-type: none"> (a) the need for, and the most effective use of, a computer audit specialist? (b) the effective use of CAATs and audit management techniques/software? 3. Have the Permanent File and the Planning File been updated to reflect our current understanding of the entity's business and the implications thereof on our audit? 		
<p>Material Components Assessment:</p> <ol style="list-style-type: none"> 1. Has the Major/Significant Audit Areas Form 2. been completed? 		

AUDIT PROGRAMMES/STEPS

Give Audit Programmes as given in the working paper kit of FAM duly modified to the needs of current audit.