



Business & Computing Examinations (BCE) LONDON (UK)

BCE Audit Plan

The CEO and Board of Advisors' Chairperson supported by line managers, make certain an independent statutory role for the organisation, delivering financial and performance auditing services to all functional units. The results of these audits are reported to the Board to provide it with necessary assurance about the reliability of financial and performance reporting of BCE.

BCE management and the internal control systems establish this independent audit mandate, which is a cornerstone of accountability. It provides for the design of a strategic audit plan of audits proposed to be conducted annually.

This plan fulfils that requirement and sets out the areas of focus for the financial audit and program of proposed performance audits programmes, demonstrating how the delivery of our full audit mandate is coordinated and integrated.

Our mandate

Our mandate allows us to audit matters relating to resources, income or other assets, including deciding whether they have been applied economically, efficiently and effectively for the purposes for which they are used.

Audit Activities

BCE uses a variety of audit techniques in its review of management, plans, resources and activities. Auditing is an independent, objective assurance and consulting activity designed to add value and improve BCE's operations. It enables us accomplish our objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

These audit techniques are referred to as:

i. Financial Auditing

Financial audits provide the users of BCE financial statements with independent assurance that they are reliable and comply with prescribed requirements. The independent auditor report accompanying the financial statements adds credibility to the financial information reported therein; also allowing BCE to discharge its accountability obligation to produce an annual report each year.

Financial Audits - Focus on accounting and reporting of financial transactions, including commitments, authorisations, and receipt and disbursement of funds. The purpose of this type of audit is to verify that there are sufficient controls over cash and cash-like assets, and that there are adequate process controls over the acquisition and use of resources. Unlike external financial audits, internal financial audits do not prepare or express professional opinions on the fairness of the presentation of financial statements.

ii. **Performance Auditing**

Performance audits determine whether the objectives of BCE are being achieved economically, efficiently and effectively and in compliance with all relevant laws.

Operational Audits - Examine the use of unit resources to evaluate whether resources are being used in the most effective and efficient manner to fulfill BCE's mission and objectives. An operational audit may include elements of the other audit types listed below.

Compliance Audits - Review adherence to laws, regulations, policies, and procedures. Recommendations typically call for improvements in processes and controls intended to ensure compliance with laws and regulations.

Information Systems (IS) Audits - Examine the internal control environment of automated information systems and how personnel use those systems. IS audits typically evaluate system input, output, and processing controls; backup and recovery plan; system security; and computer facility reviews. IS auditing projects can focus on existing systems, as well as the acquisition and development of systems and processes as stated in Record Management Policy and IT Strategy documents.

Internal Control Reviews - Focus on functional units business activity areas such as qualifications, cash handling, assessment management, inventory and equipment and their physical security, loans and contracts, and financial reporting are usually subject to review.

Investigations - Seek to establish evidence of impropriety; imply a systematic track-down of information the auditor hopes to discover or needs to know. Investigations include alleged instances of fraud, waste and abuse, customer charter, complaints and improper activities.

Consulting Services - Add value and improves BCE's governance, risk management, and control processes without the auditor assuming management responsibilities. Consulting services may include counsel, advice, risk management, contingency and facilitation.

Nature of Audit work and activities

Risk Management - Auditors should assist BCE by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems. The audit activity should monitor and evaluate the effectiveness of BCE's risk management system and evaluate risk exposures to the organisation's governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations, and contracts.

Control - Auditors should assist BCE in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. Based on the results of the risk assessment, the audit activity should evaluate the adequacy and effectiveness of

controls encompassing the organisation's governance, operations, and information systems including the:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations, and contracts.

Governance - Auditors should assess and make appropriate recommendations for improving the governance process with respect to (1) promoting appropriate ethics and values within the organization, (2) ensuring effective organisational performance management and accountability, (3) effectively communicating risk and control information to appropriate areas of the organisation, and (4) effectively coordinating the activities of and communicating information among the board, CEO and management. The audit activities should evaluate the design, implementation, and effectiveness of BCE's ethics-related objectives, programmes, and activities.

Audit Programmes

- a. Financial audit serves as the primary focus; financial regularity, compliance, probity and propriety.
- b. We then outline our performance audit, where focus extends to economy, efficiency and effectiveness.

Financial Audit

| Component | Area of emphasis | Objective |
|--|---|---|
| Internal control element, control environment and change controls | Management of financial systems | How financial systems are managed to maintain system availability and security |
| Income and expenditure supplies and services; reimbursement of official expenses | Payment system Type of official expenses reimbursed Use of credit cards | Controls over cash and credit card use – including the issue and safekeeping of cards, cheque books etc. Ensure expenditure incurred on organisation issued credit cards is for legitimate BCE business and is economical. Authorisation of payments. |
| Income and expenditure Fees and charges | Setting of fees and charges | Assess compliance with Financial and Performance Management Standards to establish revenue management systems and a process for determining user charges for goods and services provided. |
| Income and expenditure Supplies and services | Travel expenditure | Assess compliance with policies and procedures to manage travel expenditure. |
| Assets and liabilities Cash at bank Financial assets | Finance and assets management | Controls over cash and investment of surplus cash balances operate to maximise investment returns which an acceptable risk tolerance, while maintaining sufficient liquidity to meet operational needs. |
| Assets and liabilities receivables | Debt recovery and write off of bad debts | Access adequacy of processes and procedures over: <ul style="list-style-type: none"> ▪ Recovery of debts ▪ Provisioning methodology ▪ Write off approvals |
| Assets and liabilities Property, plant and equipment | Portable and attractive items | Assess compliance with register of portable and attractive items. |
| Property, plant and equipment | Valuation of infrastructure assets | Controls over valuation processes operate to ensure that the asset replacement and useful life estimates determined are consistently over time. |
| Control environment Information system access and security | Physical security Alarm system security Wireless security | Assess the level of protection for the network perimeter against unauthorised access and ensure that all access points are managed using enterprise management tools. |
| Control environment Business continuity controls | IT disaster recovery | IT disaster recovery plans are in place, up to date and tested to establish their efficacy in the event of a significant business disruption. |
| Accountability and responsibility | Financial delegation authorities | Review the assigned responsibilities of delegated financial authority and how these delegations are managed. |
| Supplies and services | Procurement practices | Assess compliance with BCE Procurement Process with particular emphasis on procurement plans, preferred supplier and arrangements and potential for kickbacks. |
| Risk assessment | Risk registers | Assess the existence, completeness and currency of financial and fraud risk registers. |

Performance Audit

| Audit Theme | Audit Category |
|--|---|
| Fraud risk management by functional unit | Financial regularity, governance and compliance |
| Service delivery | Governance |
| Approved Centre supervision, enforcement and sanctions | Governance and compliance |
| Effectiveness of qualifications | Governance and compliance |
| Recruitment of competent and qualified personnel | Governance |
| Security of ICT management and control systems | Governance and compliance |
| Disability access and services | Governance and compliance |
| Preparedness (Risk Management and Contingency Plan) | Governance and compliance |
| Preparedness (Assessment Management) | Governance and compliance |
| Delivery of coordinated services (no wrong door programme) | Service delivery |
| Managing building and maintenance contracts | Governance and compliance |
| Procurement Process | Governance and compliance |
| Recovery and enforcement of outstanding debts | Governance |
| Audit system management and implementation | Governance and compliance |