



Internal Audit Unit

Monthly Articles

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What is Compliance?

Definition

Compliance refers to the act of adhering to, or conforming to, laws, regulations, policies, standards of the organization, principles of governance, ethical standards, best practices, and internal procedures that are consistent with the organization's work or operations.

Audit refers to the independent and systematic review and evaluation of data, reports, records, transactions, and financial or non-financial results of an organization for a specific purpose.

Compliance Audit is the review and evaluation of compliance with laws and regulations or an independent review and evaluation of whether the organization's activities or performance are carried out in accordance with applicable regulations (constitutions, laws, policies, agreements, contracts, and codes of practice, etc.).

Purpose

The purpose of a compliance Audit is to obtain information about whether the auditee or the auditee has performed its work in accordance with laws and regulations. In particular, it adds efficiency, quality and value to the audit office or institution in performing its work according to the prescribed regulations.

Compliance Audit Process

Planning a compliance Audit: before conducting an audit is only possible if the audit plan is clearly defined and prepared with high quality, economical, effective and timely to successfully implement this compliance audit in order to find unintentional errors, irregularities and material non-compliance.

Compliance Audit: is a verification of the activities of the audit office in accordance with a defined audit plan. The audit includes collecting evidence, compiling documents, asking relevant questions, discovering irregularities, and evaluating all data.

Compliance Audit Reporting and Following-up:

After the audit, the preparation of a report is a necessary part of responding to the results of the audit and is related to reporting on irregularities and violations of the law. At the same time, the determination of corrective actions can be implemented and accountability for the activities of the audit office with monitoring of the implementation of these measures.

Benefits

Compliance Audits provide improvements to the best and benefits such as:

- Identify the status of compliance
- Identify overlooked compliance gaps
- Manage risk effectively in conducting effective compliance audits
- Ensure compliance with laws and regulations
- Improve the quality and value of the audited entity through accountability, transparency, good governance, etc.

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References:

- 1 National Audit Authority Guidelines on Compliance Auditing 2019
- 2- Fundamentals of Public Sector Auditing ISSAI 100
- 3- Principles of Compliance Auditing ISSAI 400

