



Internal Audit Unit

Monthly Articles

No. 7/22, published in July 2022

Mechanism and Procedure of Compliance Audit



Compliance audit is one of the audit types as defined in the Sub-Decree on the Organization and Operation of FSA. To ensure that the compliance audit process of the audited entity (auditee) is conducted smoothly, efficiently and effectively, the units under FSA shall follow the compliance audit mechanism and procedure, which is summarized in 13 key points as follows:

1. Appointing person in charge of unit under FSA to coordinate audit work

The units under FSA shall appoint at least one person to coordinate the audit work, who shall be an official authorized to provide answers, information, and opinions on behalf of the unit, to facilitate the data collection process as well as communication between the Internal Audit Unit of FSA and the auditee.

2. The fact finding of the internal control environment of units under FSA

To ensure the effectiveness and efficiency of compliance audits, the Internal Audit Unit of FSA shall undertake the fact finding of the internal control environment of units under FSA to identify risks, challenges, and other problems which would be primary used to determine the topic for the audit plan.

3. The Audit Plan

The Internal Audit Unit of FSA shall prepare the annual audit plan by determining the audit topics, audit criteria which would be used to evaluate each audit, objectives, scope, limitations of audit and risks that may prevent auditors from finding non-compliance of unit under FSA.

4. The data and information collection

The Internal Audit Unit of FSA shall prepare a checklist based on the audit that is related to the audit topics determined for compliance audit. The Internal Audit Unit of FSA shall provide the checklist to the person in charge of the unit under FSA

5. The list of audit delegates and auditors in charge of the unit under FSA

The Internal Audit Unit of FSA shall prepare the list of delegates and auditors in charge who shall execute the compliance audits and shall send the list to the unit under FSA before executing the audit work.





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6. The data and information collecting

Delegation and the auditor in charge shall specify the date, documents and reports that the person in charge of each unit under FSA is required to provide to the delegation and the auditor in charge, as well as officials whom the auditors are required to meet to gather information that will be used to evaluate the compliance of the units under FSA.

7. Analyzing and evaluating

Auditor in charge shall analyze and evaluate the compliance of the unit under FSA based on the data and information collected by comparing them with the audit criteria, and shall prepare a compliance audit report based on the data and information collected, and shall submit the compliance audit report to the management team to review and approve before handing it over to a task force committee.

8. Reviewing and approving the report

The Head of the Internal Audit Unit of FSA shall create the task force committee to review and evaluate the report prepared by the auditor in charge. The task force committee shall prepare and issue its opinion on auditor's conclusions of the auditor in charge. If the task force committee finds that the auditor's conclusions are based on adequate data and information, the auditor in charge can proceed with the next procedures to prepare the compliance audit report. However, if it is found that the auditor's conclusions are not based on adequate data and information, the task force committee shall advise the auditor in charge to perform further procedures.

9. Drafting the report

The auditor in charge shall draft the report based on the force committee's decision. The auditor in charge shall request the task force committee to review and approve on the draft of report before sending to the unit under FSA for comments. The auditor in charge shall send the draft of report to the person in charge of unit under FSA and give the unit under FSA 20 working days to provide the comments on the findings.

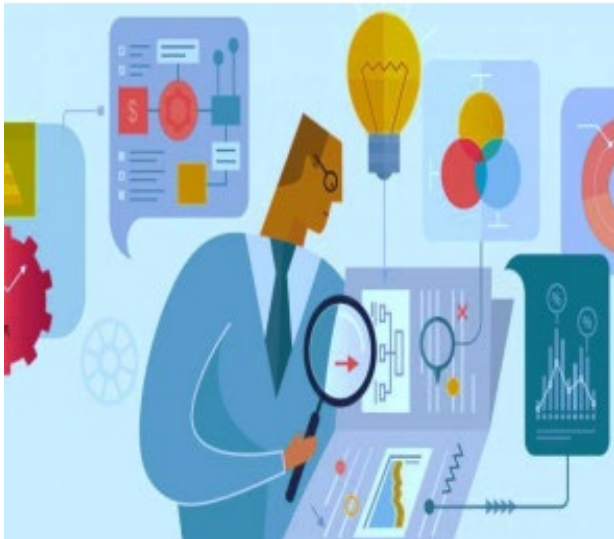




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10. The discussion on the draft of report

The auditor in charge shall make a schedule to discuss with the auditee on the draft of report. If the auditee disagrees with the finding, the auditee shall provide document, evidence and explanation to support the contradiction.

11. The reporting results of the auditor's discussion

After discussing with the auditee, the auditor in charge shall prepare the report of result of the discussion with auditee to the task force committee for review.

12. The final report

The auditor in charge shall prepare the final report based on the task force committee's decision.

13. Reporting to the Chairman of FSA Board

Planning and Training Division of the General Affairs Department of the Internal Audit Unit of FSA shall compile the report of the unit under FSA as prescribed form. The Internal Audit Unit of FSA shall prepare and submit the report to the Chairman of FSA board. The Internal Audit Unit of FSA shall send the report to unit under FSA after getting approval from the Chairman of FSA board.

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References:

- 1- Sub-decree on the organization and operation of entities under the authority of FSA
- 2- Mechanisms and procedures of compliance audit.

