<table>
<thead>
<tr>
<th>Index Entry</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability, audit and</td>
<td>57</td>
</tr>
<tr>
<td>audit committee and auditors</td>
<td>57</td>
</tr>
<tr>
<td>financial reporting</td>
<td>57</td>
</tr>
<tr>
<td>internal control</td>
<td>57</td>
</tr>
<tr>
<td>Accountability systems</td>
<td>644</td>
</tr>
<tr>
<td>Accounting staff</td>
<td>372</td>
</tr>
<tr>
<td>Accounts, auditing controls versus</td>
<td>92</td>
</tr>
<tr>
<td>Accurate communications</td>
<td>442</td>
</tr>
<tr>
<td>Advance Disclosure of Evidence Act</td>
<td>578</td>
</tr>
<tr>
<td>Advertising standards</td>
<td>650</td>
</tr>
<tr>
<td>Alder Hey Hospital</td>
<td>44–45</td>
</tr>
<tr>
<td>Alleged system</td>
<td>864–865</td>
</tr>
<tr>
<td>Allfirst</td>
<td>46</td>
</tr>
<tr>
<td>Allied Irish Bank (AIB)</td>
<td>46</td>
</tr>
<tr>
<td>Analytical techniques by Sue Seamour</td>
<td>1037–1040</td>
</tr>
<tr>
<td>proportional analysis</td>
<td>1037</td>
</tr>
<tr>
<td>ratio analysis</td>
<td>1037</td>
</tr>
<tr>
<td>trend analysis</td>
<td>1037</td>
</tr>
<tr>
<td>Annual audit plan</td>
<td>795</td>
</tr>
<tr>
<td>Annual audit reports</td>
<td>921</td>
</tr>
<tr>
<td>Annual reporting cycle</td>
<td>961–964</td>
</tr>
<tr>
<td>audit environment</td>
<td>962</td>
</tr>
<tr>
<td>input</td>
<td>962</td>
</tr>
<tr>
<td>output</td>
<td>962</td>
</tr>
<tr>
<td>process</td>
<td>962</td>
</tr>
<tr>
<td>recipients</td>
<td>961</td>
</tr>
<tr>
<td>Anti-fraud program</td>
<td>712</td>
</tr>
<tr>
<td>Anti-Terrorism, Crime and Security Act</td>
<td>35</td>
</tr>
<tr>
<td>Anxiety in formal presentation</td>
<td>953–955</td>
</tr>
<tr>
<td>breathing</td>
<td>954</td>
</tr>
<tr>
<td>eye contact with the audience</td>
<td>954</td>
</tr>
<tr>
<td>good presentation</td>
<td>953</td>
</tr>
<tr>
<td>muscle tension</td>
<td>954</td>
</tr>
<tr>
<td>poor presentation</td>
<td>953</td>
</tr>
<tr>
<td>practice makes perfect</td>
<td>954</td>
</tr>
<tr>
<td>preparation is the key to success</td>
<td>954</td>
</tr>
<tr>
<td>Application auditing</td>
<td>631–632</td>
</tr>
<tr>
<td>input controls</td>
<td>632</td>
</tr>
<tr>
<td>output controls</td>
<td>632</td>
</tr>
<tr>
<td>processing controls</td>
<td>632</td>
</tr>
<tr>
<td>Appraisal process</td>
<td>722</td>
</tr>
<tr>
<td>Ascertaining the system</td>
<td>858–864</td>
</tr>
<tr>
<td>alternative methods</td>
<td>858</td>
</tr>
<tr>
<td>block diagrams</td>
<td>858, 860</td>
</tr>
<tr>
<td>flowcharts</td>
<td>858, 860–861</td>
</tr>
<tr>
<td>internal control questionnaire (ICQ)</td>
<td>858</td>
</tr>
<tr>
<td>narrative notes</td>
<td>858–860</td>
</tr>
<tr>
<td>balancing the level of details required</td>
<td>863–864</td>
</tr>
<tr>
<td>Rutteman</td>
<td>861–862</td>
</tr>
<tr>
<td>Aspirational model</td>
<td>360</td>
</tr>
<tr>
<td>Assessment services</td>
<td>654</td>
</tr>
<tr>
<td>Assignment planning, in audit planning</td>
<td>832–836</td>
</tr>
<tr>
<td>assignment planning process</td>
<td>835</td>
</tr>
<tr>
<td>planning documentation</td>
<td>835–836</td>
</tr>
<tr>
<td>time budgets</td>
<td>834–836</td>
</tr>
<tr>
<td>Association of Insurance and Risk Managers (AIRMIC)</td>
<td>190</td>
</tr>
<tr>
<td>Assurance, Control and Risk (ACR)</td>
<td>449</td>
</tr>
<tr>
<td>Attribute sampling</td>
<td>918</td>
</tr>
<tr>
<td>Audit 21</td>
<td>106–107</td>
</tr>
<tr>
<td>Audit approach</td>
<td>505–676</td>
</tr>
<tr>
<td>compliance</td>
<td>636–642</td>
</tr>
<tr>
<td>consulting approach</td>
<td>653–669</td>
</tr>
<tr>
<td>assignment sequences</td>
<td>654–655</td>
</tr>
<tr>
<td>change management</td>
<td>658–659</td>
</tr>
<tr>
<td>change strategy</td>
<td>665–666</td>
</tr>
<tr>
<td>force-field analysis</td>
<td>663–665</td>
</tr>
<tr>
<td>implications of change</td>
<td>660–661</td>
</tr>
<tr>
<td>individual cost–benefit analysis</td>
<td>661</td>
</tr>
<tr>
<td>investigations, performing</td>
<td>655–658</td>
</tr>
<tr>
<td>need for change</td>
<td>659–660</td>
</tr>
<tr>
<td>resistance to change</td>
<td>661–663</td>
</tr>
<tr>
<td>stress, dealing with</td>
<td>666</td>
</tr>
<tr>
<td>types</td>
<td>654</td>
</tr>
<tr>
<td>contract audit</td>
<td>652–653</td>
</tr>
<tr>
<td>contract risk self-assessment (CRSA)</td>
<td>523–531</td>
</tr>
<tr>
<td>facilitation skills</td>
<td>531–539</td>
</tr>
<tr>
<td>good facilitator; skills of</td>
<td>532–534</td>
</tr>
<tr>
<td>group behaviour</td>
<td>536–539</td>
</tr>
<tr>
<td>learning styles</td>
<td>534–535</td>
</tr>
<tr>
<td>tools</td>
<td>537–539</td>
</tr>
<tr>
<td>factors impacting</td>
<td>506</td>
</tr>
<tr>
<td>main requirements</td>
<td>507</td>
</tr>
<tr>
<td>financial audits</td>
<td>650–652</td>
</tr>
<tr>
<td>fraud investigations</td>
<td>543–586</td>
</tr>
<tr>
<td>information systems auditing</td>
<td>586–636</td>
</tr>
<tr>
<td>new developments</td>
<td>675–676</td>
</tr>
<tr>
<td>right structure</td>
<td>669–675</td>
</tr>
<tr>
<td>centralized audit department</td>
<td>669</td>
</tr>
<tr>
<td>client-based groups</td>
<td>669</td>
</tr>
<tr>
<td>consultancy-based models</td>
<td>670</td>
</tr>
<tr>
<td>decentralized departments</td>
<td>669</td>
</tr>
<tr>
<td>hierarchical structures</td>
<td>670</td>
</tr>
<tr>
<td>individual work</td>
<td>671–672</td>
</tr>
<tr>
<td>influencing factors</td>
<td>670</td>
</tr>
<tr>
<td>minimum numbers</td>
<td>674</td>
</tr>
<tr>
<td>mixed structures</td>
<td>669</td>
</tr>
<tr>
<td>project teaming</td>
<td>670</td>
</tr>
<tr>
<td>project teams</td>
<td>672–673</td>
</tr>
<tr>
<td>project-based approach</td>
<td>670</td>
</tr>
<tr>
<td>service based</td>
<td>673</td>
</tr>
<tr>
<td>service-based functions</td>
<td>669</td>
</tr>
<tr>
<td>status of internal audit</td>
<td>671</td>
</tr>
<tr>
<td>supervisors</td>
<td>674–675</td>
</tr>
<tr>
<td>trainees</td>
<td>675</td>
</tr>
<tr>
<td>self-assessment, integrating with</td>
<td>539–543</td>
</tr>
<tr>
<td>background research and presentation</td>
<td>542</td>
</tr>
<tr>
<td>Canada Life</td>
<td>540–543</td>
</tr>
</tbody>
</table>
Audit approach (continued)

- CSA workshop with staff, 542
- key risk and control matrix production, 542
- report production, 543
- test key controls, 542–543
- social audits, 647–650
- systems approach, 506–522

- affected by being in a system, 508
- Andy Wynne on Systems, 518–520
- assembly of components, 508
- business systems, 520–522
- connected components, 508
- Entropy, 511–512
- general systems thinking, 510–511
- key systems issues, 515–516
- performance standard 2100, 507
- risk-based systems Auditing (RBSA), 513–515
- soft systems, 522
- systems versus transactions approach, 512
- systems, features of, 507–510
- systems-based auditing (SBA), benefits, 516–518

- transactions approach, 512–513
- systems auditing, 505–506, 511
- value for money, 642–647

Audit assignment reports, 923–925
- executive summaries, 923
- follow-up reports, 923
- fraud investigation reports, 925
- oral reports, 925
- staff appraisal reports, 925

Audit brief, 873

Audit budget, 490

Audit charter, 325–334, 773
- key issues, 326–330
- role of, 325–326
- structure, 330–331

Audit clearance procedures, 959

Audit Commission Act 1998, 108

Audit commission, 107–109
- fraud, 548

Audit committee reporting, 960–964
- annual reporting cycle, 961–964
- quarterly reporting cycle, 960–961

Audit committee, 120–136
- constitution of, 127–130
- development of, 134
- DTI review of, 134–135
- internal audit perspective, 130–131
- NYSE rules, 133–134
- public sector (government), 132–133
- role of, 122–127
- Smith report, 135–136

Audit competencies, 386–393
- Competency Framework for Internal Auditors (CFIA), 391–393
- continuous professional development, 389–390

Audit cost profile, 490

Audit ethics, 355–363
- applicability, 357–360
- enforcement, 357–360
- principles, 355–357
- three-part model, application of, 362–363
- underlying models, 360

whistle-blowing, 361–362

Audit feedback questionnaire, 486

Audit field work, 827–1006, See also Ascertain the system; Audit committee reporting; Evidence and working papers; Interviewing skills; Planning the audit; Reporting audit results; Statistical sampling; Testing strategies
developments in, 964–970

Audit manual, 745–757
- administrative matters, 749
- audit approach and methodology, 748
- audit function, managing, 750–751
- communicating this to auditors, 746
- conceptual framework, applying, 751–752
- conceptual model of, building, 749
- creativity, impact on, 748
- creativity problem, overcoming, 753–755
- currency, dynamism, 749–750
- defining standards and methods of work, 746
- definition, 745
- expected standards of performance, measuring, 746
- implementing, 756–757
- maintaining, 757
- management of internal audit, 749
- models, selecting, 752–753
- operational aspects, 749
- procedures, 749
- procedures and working paper, 748
- role of, 745–747
- standardized forms, 747–748
- structuring, 755–756
- using models, 750

Audit planning process, 789–802
- annual audit plan, 790, 795
- assess risk priorities, 789
- assignment plan, 790
- audit, 790
- audit of privacy programs, scoping out, 799
- audit strategic plan, 790
- management controls, 801
- operational controls, 801
- organizational objectives, 789
- outline objectives statement, 790
- preliminary survey, 790
- priorities, 796–798
- quarterly audit plan, 790, 796
- reporting process, 790
- resource-prioritized areas, 790
- resource problems, 798–799
- risk profile, 793–795
- strategy versus resources, 792–793
- technical controls, 801

Audit professionalism, 421
- application to smaller organizations, 423–424
- contribution of IIA, 425–426
- hallmarks of, 426–428
- internal auditing standards, 429–453
- national health service experience, 424–425
- universality of standards, 422–423

Audit relationships, 367–368
- internal audit liaison, 368
- transaction analysis, 368

Audit reputation, 1010–1012
Audit services, 334–339
types of, 700
Audit snoop, 370
Audit standards, 773–774
Audit strategy, 697–825, See also Managing performance; Resourcing audit strategy; Risk-based strategic planning
defining, 701–702
establishing, 702
features of, 706–710
implementation, 710–711
new developments, 802–807
problems, dealing with, 737–745
Audit testing, 630
Audit website, 486–487
Audit work, delegating, 758–761
Auditing controls, versus accounts, 92
Auditing Practices Board (APB) statement, 95–98
Auditor’s appraisal scheme, implementing factors, 724–726
Auditor’s preferred system, 865
Auditors’ business cards, 487
Australia, 68–70
Australian ASX Corporate Governance Council, 69
Australian/New Zealand standards on risk management (AS/NZS4360:1999), 206
categories of risk, 209
Automated sampling, 915
Bank of Credit and Commerce International (BCCI), 41
Barlow Clowes, 40
Basle Committee on Banking Supervision, 137–139, 251, 269–271
principles, 270–271
BBC Worldwide, 77–78
Behavioural aspects of interviewing, 845–846
Best system, 866
Block diagrams, 858, 860
Blue Ribbon committee, 120–121
Board, 82
IIA definition, 78
Board Guidance, 735–736
internal audit function, 735
resources, 735
review, 735
Boston box, 485
‘Box ticking’ approach, 1011
Bribe, 36
Bribery, 548
British American Tobacco p.l.c., corporate governance statements of audit committee, 119

CSR committee framework, 119
internal control, 118
internal control processes, 119–120
review, 120
risk management, 119–120
British Standard, on risk management, 192
Budgetary control, 372
Business advice service control evaluation, 871
Business-continuity program, 712
Business process, 492
Business professionalism, 427
Business systems, 520–522
processes, 520
projects, 520
teams, 520

Cadbury Report, 1992, 48
importance of the board chairman, 85
key concept behind, 54
principles, 50
Californian Public Employees’ Retirement System (CalPERS), 64–66
Canada Life, 540–543
Canadian Institute of Chartered Accountants (CICA), 265
Capital contracts, 652
Centralized audit department, 669
Certificated internal auditors, 456
Chairman, 82
Challenges in internal auditing, 1009–1023
audit reputation, 1010–1012
Doomsayer, 1014
Doubters, 1014
Evangelist, 1014
globalization, 1012–1014
meeting the challenge, 1015–1023
new dimensions, 1009–1010
Pragmatists, 1014
Change management, 658–659
poor change management, indicators for, 668–669
Charter Mark, 479
Chartered Institute of Public Finance and Accountancy (CIPFA) standards, 186, 445–449
code of ethics, 446
internal audit, definition of, 446
organisational standards, 447
Chief audit executive (CAE), 1–2, 95
Civil service code, 31–32
Clapham Rail Crash, 210
Clear communications, 442
Client, 469–470
Client-based groups, 669
Cluster sampling, 915
Coexistence, 97
Cold standby centres, 620
Combined Code, 54–60
Committee of Sponsoring Organizations (COSO), 245, 255–264
communication, 261–262
cost activities, 261
time environment, 258–260
information, 261–262
monitoring of, 262–264
risk assessment, 260–261
Committee of Sponsoring Organizations of the Treadway Commission (COSO), 53
Common audit methodology, 96
Common body of knowledge (CBOK), 426
Communication, 288
Companies
accountability, audit and, 57
directors, 54–56
board, 54–56
board balance and independence, 55
chairman, 55
chief executive, 55
information and professional development, 56
performance evaluation, 56
re-election, 56
remuneration, 56–57
shareholders, relations with, 57–58
Competency Framework for Internal Auditors (CFIA), 391–393
behavioural skills, 391
benchmarking against, 480
Cognitive skills, 391
units of competency, 392
Complaints procedure, 488
Complete communications, 442
Compliance, 636–642
meaning of, 889–891
tests, 916, 918
Comptroller and Auditor General (C&AG), 106
Computer Assisted Audit Techniques (CAATs), 629–631, 893–895
civil cases, 631
criminal cases, 631
future of, 895
problem with, 894–895
use of, 893–894
Computer auditing, components, 601
Computer interrogation process, 629
Computer Security Institute (CSI), 588
Concise communications, 442
Conducting formal presentations, 957–959
Conducting the presentation, 953
Confederation of British Industry (CBI), 51
Confirmed listed companies, annual reporting requirements, 53–54
Conflict of interest, 341
IIA definition, 358
Conspiracy, 549
Constructive communications, 442
Consultancy-based models, 670
Consultancy services, 353
Consulting service, 653–669
assignment sequences, 654–655
change management, 658–659
change strategy, 665–666
force-field analysis, 663–665
IIA definition, 457
implications of change, 660–661
individual cost–benefit analysis, 661
investigations, performing, 655–658
audit planning, 656–657
available options, 657
causes of problems, determination of, 657
detailed field work, 657
discussion with management, 658
initial terms of reference, 656
preliminary survey, 656
report, 658
suppositions establishment, 656
test selected options, 658
work programme, 656–657
need for change, 659–660
resistance to change, 661–663
stress, dealing with, 666
types, 654
Consumer behaviour, 489
Continuing Professional Development (CPD), 389–390
stages of, 390
Continuing professional education (CPE), 390
Contract audit, 652–653
assimilated skills, 653
capital contracts, 652
externaled services, 653
link to purchasing, 653
revenue contracts, 652–653
Control and risk self-assessment (CRSA), 214
Control breakdown cycle, 375
Control environment, 258–260
elements of, 258–259
IIA definition, 258
Control evaluation perspective, 873–876
audit brief, 873
‘breakdown approach’, 874
common mistakes, 876
control objective, 875
expected control, 876
good practice, 876
input control objective, 875
output controls, 875
processing controls, 875
Control mechanisms, 274–285
controls in practice, 276–281
soft controls, 284–285
suitability of controls, 281–284
types, 275
corrective, 275
detector, 275
directive, 275
preventive, 275
Control Objectives for Information and Related Technology (COBIT), 268–269
component, 269
Control risk self-assessment (CRSA), 523–531
background to, 526–527
development approaches, 528–531
internal audit role, 527
internal controls and, 523–526
positive aspects of, 527
types, 524–525
Control risk self-assessment (CSA), 291
Controlling delegation, 760
Coordination, 97
Corporate governance-based planning, 808–825
Corporate governance perspectives, 23–161
agency concept, 24–29
audit committee, 120–136
corporate ethics and accountability, 29–39
external audit, 87–120
derelated audit, 136–140
internal control, link to, 141–142
internal controls, reporting on, 142–146
international scandals and their impact, 39–47
models, 47–73
new developments, 146–158
principles, 48
putting governance into practice, 73–87
risk management, link to, 141–142
Corporate reporting, 110–113
control environment, 112
non-financial business risks, 112–113
risk identification and review, 112
Corporate risk strategy, 703–704, 790–792
management participation, 703
risk assessment, 703
Corporate Social Responsibility Review (CSR), 37
Corrective control, 286, 296
Corruption, 548
definition, 35
COSO approach, 778–780
advantages, 780
disadvantages, 780
Cost–benefit analysis, 661
Costs, control, 253
Counselling, 726, 730–731
Court of public opinion, 27
Credit Suisse First Boston (CSFB), 47
Criteria of Control (CoCo), 264–267
principles of assessment, 265
CRSA best practice guide, 1029–1032
contribution of CRSA forum, 1031–1032
future of CSA, 1031
CSA, See Control risk self-assessment (CSA)
Currency, dynamism, 749–750
Current files, 901–903
any audit programme used, 902
assignment plan, 901–902
audit report, 903
audit review notes, 903
internal control evaluation schedules, 902–903
objectives statement, 901
preliminary survey and risk assessment, 901
results of any background research carried out, 902
scope of the audit, 901
system evaluation, 902
systems notes and flowcharts, 902
test results, 902
testing strategy, 902
Daiwa Bank, 42–43
Data Protection (DP) Act1998, 624–625
data user, 625
disclosure, 625
offences, 625
personal data, 625
processing, 625
Data Protection Act1984, 578
Decentralized departments, 669
Delegation, audit works, 758–761
barriers to, 759–760
deligation process, 758
establishing control over, 760–761
internal audit, 758–759
levels of, 761
Delinquent manager, 377–378
definition, 377
Deloitte & Touche, risk-management cycle, 207
Department of Trade and Industry (DTI), 26, 111
detective controls, 286, 296
Dey Report, 66–67
difference estimates, 917
directed reading, 398
directed representations, 867
directive control, 296
Directors
board, 54–56
board balance and independence, 55
chairman, 55
chief executive, 55
information and professional development, 56
performance evaluation, 56
re-election, 56
Disaster coordinator, 621
Disaster planning, 614
Disaster-recovery program, 712
Discovery sampling, 918
Distillers, 40
Doomsayer, 1014
Doubters, 1014
Due professional care, 448, 453–457
Duty of care, 210
Dynamic audit planning, 808–825
corporate governance-based planning, 808–825
risk-based planning, 809–810
traditional audit planning, 808
E-commerce, 210
Educational model, 360
Effectiveness reviews, 643
Efficiency reviews, 643
Electronic Communications Act 2000, 549
Emergency services, 654
Emergency/contingency system, 865
Emotional states (role playing), 368–369
games, 369
pastimes, 368–369
ritualistic, 368
withdrawal, 368
work activity, 369
Enron, 45
Enterprise risk-management program, 711
Enterprise-wide risk management (ERM), 203–213
government experience, 205
integrating risks, 206–208
key developments, 210–214
Enterprise-wide risk management (ERM) (continued)
  risk categories, 208–210
  activity, 209
  assets, 209
  continuity of operations, 209
  external, 209
  financial, 209
  HR, 209
  information technology, 209
  market, 209
  operational, 209
  people, 209
  regulatory, 209
  reputation, 209
  strategic, 209
  targets, 209
Entrophy, 254, 511
Equitable Life, 44
Ernst and Young, components of effective risk
management, 207
Ethical codes, 31–33
  civil service code, 31–32
  National Health Service (NHS), 32–33
  Nolan principles, 33
Ethical reporting, 36–37
European Foundation Quality Model (EFQM),
480–481
  levels of recognition, 481
Evaluation, 864–876
  control evaluation, 873–876
  as a continuous process, 870–873
  defining the system, 864–866
  directed representations, 867
  flowcharts, 866
  internal control evaluation system (ICES), 867,
869–870
  internal control questionnaires (ICQs), 867–869
  transactions testing, 867
Evangelist, 1014
Evidence and working papers, 896–909, See also
  Current files; Permanent files; Working papers
  access to working papers, 908–909
  automation, 908
  common mistakes, 906
  evidence attributes, 896–897
  filing systems, 907–908
  good practice, 906–909
  standardization, 903–904
  types of evidence, 897
Examinations, 427–428
Expectations gap, 102, 373–376
External audit
  central government, 62–64
  corporate governance, 87–120
  internal audit, 89–97
External review, 472
Externalized services, 653
Facilitation, 532–539
  confronting dimension, 533
  feeling dimension, 533
  group behaviour, 536–539
  individual behaviour, 535
  learning styles, 534–535
  meaning dimension, 533
  planning dimension, 533
  services, 554
  strategies, 537
  structuring dimension, 533
  styles, 536
  tools, 537–539
  valuing dimension, 533
Fad Surfing in the Boardroom, 177
Feedback, 726
  client feedback, 730
Financial audits, 650–652
  accountability, 651
  financial regulations, 651
  front line work, 651
  information audit, 652
  interrogations, 651
  financial regulations, 651
  Financial reporting, 57, 102
  Financial Reporting Council
    combined code, 54–58
    Smith report, 135–136
  Financial Services Authority’s (FSA) Guidance, 38
  Flexibility, 293
  Flowcharts, 858, 860–861, 866
  pros and cons of, 862–863
  Force-field analysis, 663–665
    driving forces, 664
    power audit stages, 664
    resisting forces, 664
  Forgery, 549
  Formal engagement, 654
  Formal presentations, 953–959
    anxiety, 953–955, See also Anxiety in formal
    presentation
    conducting, 953, 957–959
    preparation, 953, 955–956
    visual aids, 953, 956–957
  Fraud, 211, 775
    causes, 548
    CIPFA categories, 543
    components, 547–548
    control process, 580–582
    control project, 578–579
    definition, 545
    detection, 551
    indicators of, 550–551
    investigations, 571–578
    investigative process, 561–571
      allegation received, 562
      background research, 563
      barriers definition, 564–565
      criminal prosecutions, 569
      final completed report, 571
      final report, 569
      full investigation, 566–567
      initial strategy, 565
      interim reports, 568–569
      internal disciplines, 569–571
      interviews, 568
      investigation plan, 564
      managerial support, 564
      ongoing review and discussions, 567–568
      preliminary report, 563–564
surveillance, 565–566
validation, 562–563
preventive techniques, 579–580
risk areas, 545
roles definition in an organization, 551–555
types, 548–550
Front line work, 651

Gap, allowing for growth, 293
General systems thinking, 510–511
   functional, 511
   main system, 510
   managerial, 511
   operational, 511
   parent system, 510
   subjective system, 510
   subsystem, 510
   systematic, 510
   systemic, 510
GlaxoSmithKline, 75–76
Globalization, 1012–1014
Government internal auditing standards,
   449–451
   operational standards, 450–451
   organisational standards, 450
Great Western Trains, 210
Green movement, 648
Groups, life cycle of, 536
Guinness, 40

‘The Hammer’, 42
Haphazard sampling, 912
HAS, governance statement of
   accountability and audit, 116
   board, 115
   board members’ remuneration, 115
   communication with stakeholders, 116–118
   interest in shares and debentures, 116
   notice and declaration of directorships, 116
Herald of Free Enterprise, 210
Hierarchical structures, 670
HM Treasury, 132
   benefits, 99
   co-operation, 100
   measures, 99
   risk appetite, 188
   risk management, 180
   strategic risk management, 205
Hot standby centres, 620
Human resource management cycle, 715

Idea, 630
Ideal system, 865
IIA, See Institute of Internal Auditors (IIA)
Impairment, IIA definition, 358
Impartiality, 342
Independence, 340–355
   consultancy branch, reconciling the, 352–355
   Courtemanche on, 347–348
director of finance, managing the, 351–352
   factors affecting, 344–346
   interpretation, 340–341
meaning of, 341–344
professionalism, 351
Rittenberg model, 348
three-component model, 346–347
working model, 348–351
Induction/orientation programme, 1027–1028
Informal engagement, 654
Information systems (IS) auditing, 586–636, 775
   application auditing, 631–632
   auditor role, 592–599
   computer-assisted audit techniques (CAATs), 629–631
   data protection, 624–628
   disaster coordinator, 621
   disaster planning, 614–619
   planning, 600–601
   resources management, 601
   risk, 587–588
   security, 610–611
   standby facilities, 620
   in systems development, 601–607
Information-security program, 712
Information technology (IT), audit, 761–771
   development, 762–763
   hierarchical structure, 766–767
   impact of, 761
   IS strategy, 767–768
   people involvement, 768
   resourcing IT, 765–766
   as strategic resource, 763–765
time monitoring systems, 769–771
Inland Revenue, 43
Innovation, 293
Institute of Chartered Accountants in England and
   Wales (ICAEW), 53
   risk management, 190–191, 213
Institute of Internal Auditors (IIA) Attribute Standard
   1000, 430 (Purpose, Authority, and
   Responsibility), 3, 325, 430
Institute of Internal Auditors (IIA) Attribute Standard
   1010
Institute of Internal Auditors (IIA) Attribute Standard
   1100 (Independence and Objectivity), 3,
   430–431
Institute of Internal Auditors (IIA) Attribute Standard
   1110 (Organizational Independence), 340, 431
Institute of Internal Auditors (IIA) Attribute Standard
   1111 (Direct Interaction with the Board), 340,
   431
Institute of Internal Auditors (IIA) Attribute Standard
   1120 (Individual Objectivity), 340, 431
Institute of Internal Auditors (IIA) Attribute Standard
   1130 (Impairment to Independence or
   Objectivity), 431–432
Institute of Internal Auditors (IIA) Attribute Standard
   1200 (Proficiency and Due Professional Care),
   4, 432–433
Institute of Internal Auditors (IIA) Attribute Standard
   1210 (Proficiency), 432
Institute of Internal Auditors (IIA) Attribute Standard
   1220 (Due Professional Care), 433
Institute of Internal Auditors (IIA) Attribute Standard
   1230 (Continuing Professional Development),
   433
Institute of Internal Auditors (IIA) Attribute Standard 1300 (Quality Assurance and Improvement Program), 4, 433, 459
Institute of Internal Auditors (IIA) Attribute standard 1310 (Requirements of the Quality Assurance and Improvement Program), 433, 460
Institute of Internal Auditors (IIA) Attribute Standard 1311 (Internal Assessments), 434, 460
Institute of Internal Auditors (IIA) Attribute Standard 1312 (External Assessments), 434, 460
Institute of Internal Auditors (IIA) Attribute Standard 1320 (Reporting on the Quality Assurance and Improvement Program), 434–435, 460
Institute of Internal Auditors (IIA) Attribute Standard 1321, 442
Institute of Internal Auditors (IIA) Attribute Standard 1322 (Disclosure of Nonconformance), 435, 460
Institute of Internal Auditors (IIA) Performance Standard 2000 (Managing the Internal Audit Activity), 4, 435
Institute of Internal Auditors (IIA) Performance Standard 2020 (Communication and Approval), 436
Institute of Internal Auditors (IIA) Performance Standard 2030 (Resource Management), 436
Institute of Internal Auditors (IIA) Performance Standard 2040 (Policies and Procedures), 436
Institute of Internal Auditors (IIA) Performance Standard 2050 (Coordination), 437
Institute of Internal Auditors (IIA) Performance Standard 2060 (Reporting to Senior Management and the Board), 437, 512
Institute of Internal Auditors (IIA) Performance Standard 2100 (Nature of Work), 4, 437, 507
Institute of Internal Auditors (IIA) Performance Standard 2110 (Governance), 437
Institute of Internal Auditors (IIA) Performance Standard 2120 (Risk Management), 222, 438
Institute of Internal Auditors (IIA) Performance Standard 2130 (Control), 438–439
Institute of Internal Auditors (IIA) Performance Standard 2200 (Engagement Planning), 4, 439
Institute of Internal Auditors (IIA) Performance Standard 2201 (Planning Considerations), 439
Institute of Internal Auditors (IIA) Performance Standard 2210 (Engagement Objectives), 439–440
Institute of Internal Auditors (IIA) Performance Standard 2220 (Engagement Scope), 440
Institute of Internal Auditors (IIA) Performance Standard 2230 (Engagement Resource Allocation), 440
Institute of Internal Auditors (IIA) Performance Standard 2240 (Engagement Work Program), 440
Institute of Internal Auditors (IIA) Performance Standard 2300 (Performing the Engagement), 4, 440
Institute of Internal Auditors (IIA) Performance Standard 2310 (Identifying Information), 441
Institute of Internal Auditors (IIA) Performance Standard 2320 (Analysis and Evaluation), 441
Institute of Internal Auditors (IIA) Performance Standard 2330 (Documenting Information), 441
Institute of Internal Auditors (IIA) Performance Standard 2340 (Engagement Supervision), 441
Institute of Internal Auditors (IIA) Performance Standard 2400 (Communicating Results), 4, 442
Institute of Internal Auditors (IIA) Performance Standard 2410 (Criteria for Communicating), 442
Institute of Internal Auditors (IIA) Performance Standard 2420 (Quality of Communications), 442
Institute of Internal Auditors (IIA) Performance Standard 2431 (Engagement Disclosure of Nonconformance), 443
Institute of Internal Auditors (IIA) Performance Standard 2440 (Disseminating Results), 443
Institute of Internal Auditors (IIA) Performance Standard 2500 (Monitoring Progress), 4, 444
Institute of Internal Auditors (IIA) Performance Standard 2600 (Resolution of Senior Management’s Acceptance of Risks), 4, 444
Institute of Internal Auditors (IIA) Practice Advisory 1120–1, 350–351
Institute of Internal Auditors (IIA) Practice Advisory 1130.A2, 349
Institute of Internal Auditors (IIA) Practice Advisory 1230–1, 389–390
Institute of Internal Auditors (IIA) Practice Advisory 2130.A1, 586
Institute of Internal Auditors (IIA) Practice Advisory 2340–1 (Engagement Supervision), 464
Institute of Internal Auditors (IIA), 313, 429–445
Institutional shareholders, 58
governance disclosures, evaluation of, 58
dialogue with companies, 58
shareholder voting, 58–60
Integrated governance, 60–61
definition, 60
implementation, 60–61
Integration, 98
Internal Assessments, 434
Internal audit, 62, 136–140
angle, 716–717
Basle Committee on Banking Supervision, 137–139
CIPFA, definition by, 446
corporate governance, 88
deleation in, 758–759

external audit

differences with, 91–94
similarities with, 89–91
King report, 139–140
liaison, 368
outsourcing, 782
status of, 671
Turnbull on, 139

Internal audit, long-term goals for, 711

top three most significant business initiatives, 712

Internal audit performance, 734

enhancing, 734

steps to success, 734–735
advanced (Level5), 735
emerging (Level2), 734
established (Level3), 734
introductory (Level1), 734
progressive (Level4), 734

Internal audit role, 311–410

audit charter, 325–334
audit competencies, 386–393
audit ethics, 355–363
audit services, 334–339
definition, 313–319
CIPFA, 316–317
government internal audit manual, 317–319
IIA’s, 313–316
expectations management through web design, 382–386

four main elements, 319–320

implications of the wide scope, 320–323
compliance role, 321–322
expertise, 320
information systems, 322
management needs, 323
safeguarding assets, 320–321
specialists, 323
value for money, 322
independence, 340–355
need of, 311

new developments, 403–410

police officer versus consultant, 363–382
proficiency, 387
resourcing the agreed scope, 323–324
scope within different time frames, 323

skills, 387
training and development, 393–403
benefits of training, 394–396
building on existing knowledge, 402
common body of knowledge, 393
IIA role, 399–400
IIA.UK&Ireland syllabus, 393–394
link into development, 402
monitoring training, 400–402
training auditors, 396–399

Internal audit shop, establishing, 771–778

job coding system, 772

main considerations, 773–777

assurance and consulting services, 776
audit charter, 773
audit manual, 776
audit standards, 773–774
budgets, 776
business planning, 775–776
business risk assessment, 774
code of conduct, 774
fraud work, 775
information systems (IS) audit, 775
launch of the new service, 776
recruitment and selection, 774
training, 774

from step zero, 776–777

executive sponsor, 777
internal audit should be internal to the organization, 777–778
investment in tools, techniques, & technology recommended, 778

Internal auditing, development of, 7–19

1940s debate, 15–17

audit function, evolution of, 8–10

influences on the internal audit role, 17–19

moving internal audit out of accountancy, 12–14

role of the statement of responsibility, 14–15

services, 10–12

internal check procedures, 10
management audit, 12
operational audit, 12
probity-based work, 11
risk analysis, 11
risk-based auditing, 12
spot checks, 11
statistical sampling, 10

systems-based approach, 11

transaction-based approach, 10

Internal auditing standards

Assurance, Control and Risk (ACR), 449
Chartered Institute of Public Finance and Accountancy (CIPFA), 445–449
Institute of Internal Auditors (IIA), 429–445
National Health Service (NHS), 451–453

Internal control evaluation system (ICES), 867, 869–870

Internal control, 141–142, 245–301

awareness training, 292–299
Basle Committee on Banking Supervision, 269–271
control framework, 255–267
control mechanisms, 274–285

Control Objectives for Information and Related Technology (COBIT), 268–269
Internal control (continued)
costs, 253
CRSA and, 523–526
definition, 256
evaluation, 297
fallacy of perfection, 289–291
integrating controls, 287–289
International Organisation of Supreme Audit Institutions, 267–268
need for, 245–255
New Developments, 299–301
objectives, 254
procedures, importance of, 285–287
appraisal, 287
compliance, 287
development, 286
discipline, 287
induction, 286
outline, 287
review process, 287
training manual, 286–287
training, 287
reporting on, 142–146
risk management, links to, 272–274
International control questionnaire (ICQ), 858, 867–869
advantages, 867
disadvantages, 868
International review, 470–472
International Organisation of Supreme Audit Institutions, 267–268
International Professional Practices Framework (IPPF), 506
Interrogation software, 630
100% Interrogation theory, 888–889
Interrogations, 651
Interval sampling, 915
Interviewing skills, 839–858, See also Non-verbal communication
barriers to good interviews, 852–855
behavioural aspects of interviewing, 845–846
conduct during an interview, 850–851
dealing with difficult people, 855–856
questions, types of, 848–850
recording the interview, 857–858
standardized procedures, 856–857
structuring, 842–845
types, 840–841
Interviews, 568
Investors in People (IIP), 481–483
elements, 481–482
action, 482
commitment, 481–482
evaluation, 482
planning, 482
ISO 9000 Quality Management Systems, 478–479
IT audit guidance, 669
IT Compliance Institute, 669
IT security, 280
Journals, 428
Judgement sampling, 912
Key risk and control matrix (KRCM), 541
King Report, 67–68
internal audit, 139–140
risk, 178
risk appetite, 189
Kings Cross Disaster, 210
Learning styles, 534–535
activists, 535
pragmatists, 535
reflectors, 535
theorists, 535
Leavers, 732–734
customer, 733
financial, 733
internal business process, 733
learning and growth, 733
Liaison, 587
Liberty National Securities, 43
Local Government Act 1972, 548
Lyttelton Port Company Limited, 76
M. Matthey, 77
Management consulting, 458
Management controls, 801
Management information systems (MIS), 211–212
Management’s responsibilities, 248–250
control, implementation of, 249–250
control maintenance, 250
control updation, 250
need for controls, determination of, 249
suitable controls, design of, 249
Managing performance, 722–737
adopting excellence, 736–737
appraisal criteria, 723–724, See also Staff appraisal auditor appraisal scheme, implementing factors, 724–726
career development, link into, 729
client feedback, 730
counselling, 726, 730–731
counselling, 726
feedback, 726
leavers, 732–734
overall productivity, 731–732
performance targets, 724
single audit evaluation, 732
skills levels, 724
training and development, 729–730
Marketing approach, 484
Marketing consultancy services, 377
Marketing information, 488
Marketing mix, 484–485
price, 485
product, 485
promotion, 485
Marketing plans, 488–489
Merrill Lynch, 47
Metropolitan Police, 42
Monetary unit sampling (MUS), 917
Monitoring systems, 769–771
Monthly progress reports, 921–922
Morgan Grenfell, 43
Motor cycle transport system, 510
Mr Five Per Cent, 42
Narrative notes, 858–860
NASA Policy Directive on Internal Management Controls, 289
INDEX 1067

National Archives of Australia, 76
National Audit Act 1983, 106
National Audit Office (NAO), 106–107
objectives, 106
risk management in government bodies, 191
National Health Service (NHS), 32–33, 451–453
external audit, 62–64
integrated governance, 60–61
internal audit, 62
operational standards, 452–453
audit strategy, 452
due professional care, 453
management of audit assignments, 452–453
quality assurance, 453
reporting, 453
organisational standards, 452
audit committees, 452
auditors and review bodies, relationships with,
452
independence, 452
management, relationships with, 452
scope, 452
staffing, training and development, 452
Nationalism, 423
Need to know/have policy, 276
New York Stock Exchange (NYSE), 87
listing rules, 133–134
Non-executive directors (NED), 49
legal responsibilities, 80
responsibilities, 79
role of, 82
Non-financial business risks, 112–113
changing business environment, 113
external shock, 113
investment decisions, 113
people development, 113
safety & security, 112
Non-verbal communication, 846–848
eye contact, 846
general body movement, 846
hand movement and facial expression, 847
physical position and posture, 847
silences, 847
touching, 847
Objective communications, 442
Objectivity, 340, 342
Occupational fraud, 545
One-minute manager, 364, 949–950
Ongoing monitoring, 434
Open system, 509
Operational controls, 801
Operational procedures, 829–830
Organization for Economic Cooperation and
Development (OECD), 70–71
Outsourcing approach, 778–789
Andy Wynne on, 782–785
audit process and philosophy, 781
changing nature of audit shop, 788–789
individual qualities, 781
internal audit, 782
organizational relationships, 781
vulnerability, 787
Overcontrol, 253
Partnering, 98
People, 492
Performance appraisal scheme, 724–726
Performance system, 281
Periodic reviews, 434
Permanent files, 900–901
budgets and other financial data, 901
committee papers, 901
and current files, linking, 903
list of premises and addresses, 901
management reports, 900–901
organization chart, 900
previous audit reports, 901
research items and relevant publications, 900
risk register, 900
summaries of frauds, 900
system notes, 900
Personnel policies, importance, 716–717
Perspective, 492
PESTL analysis, 704–705
economic, 704
legal, 704
political, 704
social, 704
technology, 704
Piper Alpha, 210
Place, 492
 Planned system, 865
Planning the audit, 827–839
assignment planning, 832–836
audit programme, 830
internal audit plan as roadmap, 839
internal audit with risk assessments, driving, 837
larger audits, 836–837
operational procedures, 829–830
preliminary survey, 828–832
preliminary survey report, 832
risk assessments and auditing priorities, 837–838
systems-based approach versus probity, 831
Police and Criminal Evidence Act, 568
Pollution, 650
Polly Peck International, 40–41
Power audit, stages, 664
Pragmatists, 1014
Pre-event auditing, 602
Preliminary survey reports, 922
Preparation in formal presentation, 955–956
Pre-payment audit checks, 518–519
Prescribed system, 864–866
Prevention of Corruption Act, 548
Preventive controls, 286
Price, 492
PricewaterhouseCoopers (PwC), 41
PRINCE 2 method, 604
Probity audits, 638
Product concept, 484
Production concept, 484
Productivity, 731–732
acceptable, 732
implemented, 732
qualitative, 732
time budget, 732
time frame, 732
Professional body, 428
Professional Briefing Note Five, 38
Professionalism, 421–495
audit, 421–453
best value reviews, 475–478
client definition, 469–470
continuous improvement, 491–494
due professional care, 453–457
external review, 472–475
internal review, 470–472
marketing the audit role, 483–491
acid test, revisiting, 483–484
audit budget, 490
audit feedback questionnaire, 486
audit image creation, 491
audit website, 486–487
auditors’ business cards, 487
competitors, analysis of, 489
complaints procedure, 488
consumer behaviour, 489
different approaches, 484
marketing information, 488
marketing mix, 484–485
marketing plans, 488–489
published annual report, 491
service level agreements, 490
new developments, 494–495
professional consulting services, 457–459
quality concept, 459–469
appropriate approach, 462–463
appropriate structures, 463
barriers and constraints, 461–462
code of conduct and standards, compliance with, 463
poor products, 461
quality assurance, link into, 466
quality audit staff, development of, 467
quality equation, 460–461
supervision, 464–466
tools and techniques, 478–483
Programme, 638
Project teaming, 670
Project teams, 672–673
resource, 672–673
Promotion, 493
Proportional analysis, 1037
Public Audit Forum (PAF), 109–110
audit process, principles of, 110
service from public auditors, 110
Public Interest Disclosure Act1998, 37
Quality equation, 460
Quality, 459–460
Quarterly audit plan, 796
Quarterly audit reports, 921
Quarterly reporting cycle, 960–961
Random sampling, 914
Ratio analysis, 1037
Recruitment selection, 717–722
career development profile, 722
introduction process, 721
job application shortlisting, 719
job descriptions, 717–718
job specification, 718
panel members, 721
recruitment, 718–719
selection, 719
Regulatory model, 360
Reith lectures, 30
Release management process, 668
Remedial services, 654
Remuneration, 84
level and make-up of, 56–57
procedure, 57
Reporting audit results, 920–952
action plan, formulating, 942
annual audit reports, 921
audit assignment reports, 923–925
audit expertise, 948
change management, 943
clearance process, 942
formulating recommendations, 936–939
formulating the audit opinion, 934–936
good audit reports, 945–947
interim audit reports, 922
internal audit opinion, art of expressing, 950–952
logical presentation, 943–944
monthly progress reports, 921–922
objectives, 930–932
one-minute manager, 949–950
ongoing drafting, 945
performance standards, 929–930
preliminary survey reports, 922
quarterly audit reports, 921
structuring audit report, 944–945
supportive evidence, 942–943
underlying components of action, 933–934
Reporting process, 925–929
agreed action plans, 928
clear audit objectives, 925
clear well-written drafts, 926–927
client kept involved, 926
consultation on the draft, 927
effective review process, 927
final published assignment report, 928–929
good audit work, 925–926
oral presentations, 928
positive wrap-up meeting, 927
preliminary survey and assignment plan, 925
Residual risk, 179–182
Resourcing audit strategy, 714–722, See also
Recruitment selection
auditors, attributes of, 716
clear personnel policies, importance, 716–717
internal audit angle, 716–717
human resource management cycle, 715
management’s role, 714
management, traditional weaknesses in, 714–715
Reuters, 78
Revenue contracts, 652–653
Review process, 939–942
client satisfaction, 941
determination, 943
findings, 939
goals, 940
house style application, 941
spelling and grammar, 941
<table>
<thead>
<tr>
<th>Term</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>structure, terminology used, tone of the report</td>
<td>939</td>
</tr>
<tr>
<td>Reviews</td>
<td>644</td>
</tr>
<tr>
<td>Richard Greenbury Committee</td>
<td>51–52</td>
</tr>
<tr>
<td>Risk and control evaluation (RaCE)</td>
<td>971–972</td>
</tr>
<tr>
<td>Risk assessments and auditing priorities</td>
<td>837–838</td>
</tr>
<tr>
<td>Risk-based auditing</td>
<td>521, 523</td>
</tr>
<tr>
<td>Risk-based planning</td>
<td>809–810</td>
</tr>
<tr>
<td>Risk-based service auditing</td>
<td>517</td>
</tr>
<tr>
<td>Risk-based strategic planning</td>
<td>698–713</td>
</tr>
<tr>
<td>audit strategy, defining</td>
<td>701–702</td>
</tr>
<tr>
<td>audit work, scope of, corporate risk strategy</td>
<td>699–701</td>
</tr>
<tr>
<td>objectives, SWOT analysis</td>
<td>704–705</td>
</tr>
<tr>
<td>PESTL analysis</td>
<td>704–705</td>
</tr>
<tr>
<td>SWOT analysis</td>
<td>704–705</td>
</tr>
<tr>
<td>Risk-based Systems Auditing (RBSA)</td>
<td>513–515</td>
</tr>
<tr>
<td>stages of, 514</td>
<td></td>
</tr>
<tr>
<td>Risk management</td>
<td>173–236</td>
</tr>
<tr>
<td>Australian/New Zealand standards, challenge</td>
<td>176–178</td>
</tr>
<tr>
<td>control self-assessment</td>
<td>213–217</td>
</tr>
<tr>
<td>awareness seminars, general interest</td>
<td>216</td>
</tr>
<tr>
<td>infrastructure build</td>
<td>216</td>
</tr>
<tr>
<td>integration, 216–217</td>
<td></td>
</tr>
<tr>
<td>responsible person</td>
<td>215</td>
</tr>
<tr>
<td>risk exercises, 216</td>
<td></td>
</tr>
<tr>
<td>rumblings of research</td>
<td>215</td>
</tr>
<tr>
<td>top management interest</td>
<td>215–216</td>
</tr>
<tr>
<td>definition, 175–176</td>
<td></td>
</tr>
<tr>
<td>embedded, 218–220</td>
<td></td>
</tr>
<tr>
<td>enterprise-wide</td>
<td>203–213</td>
</tr>
<tr>
<td>internal audit role</td>
<td>221–230</td>
</tr>
<tr>
<td>mitigation through controls</td>
<td>182–186</td>
</tr>
<tr>
<td>better controls</td>
<td>183</td>
</tr>
<tr>
<td>check compliance</td>
<td>185–186</td>
</tr>
<tr>
<td>commission research</td>
<td>185</td>
</tr>
<tr>
<td>communication</td>
<td>184</td>
</tr>
<tr>
<td>contingencies</td>
<td>184</td>
</tr>
<tr>
<td>external reference</td>
<td>185</td>
</tr>
<tr>
<td>maximization</td>
<td>184</td>
</tr>
<tr>
<td>monitoring performance of controls, termination</td>
<td>182</td>
</tr>
<tr>
<td>termination</td>
<td>183</td>
</tr>
<tr>
<td>tolerance</td>
<td>184–185</td>
</tr>
<tr>
<td>transfer of risk</td>
<td>183</td>
</tr>
<tr>
<td>new developments, 230–236</td>
<td></td>
</tr>
<tr>
<td>phases</td>
<td>204–205</td>
</tr>
<tr>
<td>residual risk</td>
<td>179–182</td>
</tr>
<tr>
<td>risk appetites</td>
<td>186–192</td>
</tr>
<tr>
<td>risk policy</td>
<td>192–203</td>
</tr>
<tr>
<td>board sponsor</td>
<td>194–195</td>
</tr>
<tr>
<td>chief risk officer</td>
<td>199–201</td>
</tr>
<tr>
<td>content of, 202–203</td>
<td></td>
</tr>
<tr>
<td>people buy-in, public risk</td>
<td>195–198</td>
</tr>
<tr>
<td>198–199</td>
<td></td>
</tr>
<tr>
<td>risk registers, 186–192</td>
<td></td>
</tr>
<tr>
<td>stages of, 180–181</td>
<td></td>
</tr>
<tr>
<td>assessment</td>
<td>181</td>
</tr>
<tr>
<td>identification</td>
<td>180</td>
</tr>
<tr>
<td>management</td>
<td>181</td>
</tr>
<tr>
<td>review</td>
<td>181</td>
</tr>
<tr>
<td>Risk registers, 119, 186–192</td>
<td></td>
</tr>
<tr>
<td>Rittenberg model</td>
<td>348</td>
</tr>
<tr>
<td>economic, 348</td>
<td></td>
</tr>
<tr>
<td>mental state</td>
<td>348</td>
</tr>
<tr>
<td>organization</td>
<td>348</td>
</tr>
<tr>
<td>Ruttenman convention</td>
<td>861–862</td>
</tr>
<tr>
<td>Sanction, 426–427</td>
<td></td>
</tr>
<tr>
<td>Sarbanes-Oxley Act 2002</td>
<td>86</td>
</tr>
<tr>
<td>Seamour, Sue</td>
<td>1037–1040</td>
</tr>
<tr>
<td>SEARS Canada Inc.</td>
<td>76–77</td>
</tr>
<tr>
<td>Securities and Exchange Commission (SEC), 46</td>
<td></td>
</tr>
<tr>
<td>Sellafield nuclear power plant</td>
<td>44</td>
</tr>
<tr>
<td>Selling concept</td>
<td>485</td>
</tr>
<tr>
<td>Senior independent director</td>
<td>82</td>
</tr>
<tr>
<td>Service based audit</td>
<td>673</td>
</tr>
<tr>
<td>Service level agreements</td>
<td>490</td>
</tr>
<tr>
<td>Shareholders, 57–58</td>
<td></td>
</tr>
<tr>
<td>constructive use of the AGM</td>
<td>58</td>
</tr>
<tr>
<td>institutional shareholders, dialogue with, 57</td>
<td></td>
</tr>
<tr>
<td>Singapore International Money Exchange (SIMEX), 41</td>
<td></td>
</tr>
<tr>
<td>Single audit evaluation</td>
<td>732</td>
</tr>
<tr>
<td>Six Sigma program</td>
<td>713</td>
</tr>
<tr>
<td>Smaller listed companies</td>
<td>85</td>
</tr>
<tr>
<td>Smith Report</td>
<td>135–136</td>
</tr>
<tr>
<td>Social audit, 647–650</td>
<td></td>
</tr>
<tr>
<td>advertising standards</td>
<td>650</td>
</tr>
<tr>
<td>business ethics</td>
<td>649–650</td>
</tr>
<tr>
<td>corporate code of conduct</td>
<td>649–650</td>
</tr>
<tr>
<td>denial, 648</td>
<td></td>
</tr>
<tr>
<td>environmental auditing</td>
<td>648</td>
</tr>
<tr>
<td>equal opportunities</td>
<td>650</td>
</tr>
<tr>
<td>external image</td>
<td>647–648</td>
</tr>
<tr>
<td>green movement</td>
<td>649</td>
</tr>
<tr>
<td>health and safety</td>
<td>649</td>
</tr>
<tr>
<td>implication, 648–649</td>
<td></td>
</tr>
<tr>
<td>pollution, 650</td>
<td></td>
</tr>
<tr>
<td>press relationships</td>
<td>650</td>
</tr>
<tr>
<td>Social Ethical and Environmental (SEE), 36</td>
<td></td>
</tr>
<tr>
<td>Soft controls, 284–285</td>
<td></td>
</tr>
<tr>
<td>Soft systems analysis</td>
<td>522</td>
</tr>
<tr>
<td>Southall Rail Crash</td>
<td>210</td>
</tr>
<tr>
<td>Specifying the job</td>
<td>718</td>
</tr>
<tr>
<td>Speed money</td>
<td>36</td>
</tr>
<tr>
<td>Staff appraisal</td>
<td>722, 726–728</td>
</tr>
<tr>
<td>annual/quarterly plans</td>
<td>727</td>
</tr>
<tr>
<td>audit review process</td>
<td>726</td>
</tr>
<tr>
<td>good appraisal schemes</td>
<td>728–729</td>
</tr>
<tr>
<td>methods of, 726–728</td>
<td></td>
</tr>
<tr>
<td>periodic review</td>
<td>727</td>
</tr>
<tr>
<td>reports, 925</td>
<td></td>
</tr>
<tr>
<td>Staff discipline</td>
<td>466</td>
</tr>
<tr>
<td>Staff’s preferred system</td>
<td>865–866</td>
</tr>
<tr>
<td>Stakeholders, 27–29</td>
<td></td>
</tr>
<tr>
<td>responsibilities of, 28</td>
<td></td>
</tr>
<tr>
<td>types of, 29</td>
<td></td>
</tr>
<tr>
<td>Standardization, 903–904</td>
<td></td>
</tr>
<tr>
<td>standardized forms, audit manual, 747–748</td>
<td></td>
</tr>
<tr>
<td>Statement of internal control (SIC)</td>
<td>187</td>
</tr>
<tr>
<td>Statistical sampling</td>
<td>909–920</td>
</tr>
<tr>
<td>advantages, 911–912</td>
<td></td>
</tr>
<tr>
<td>applying to audit process</td>
<td>913</td>
</tr>
<tr>
<td>automated sampling</td>
<td>915</td>
</tr>
<tr>
<td>cluster sampling</td>
<td>915</td>
</tr>
<tr>
<td>compliance test sampling</td>
<td>916, 918</td>
</tr>
</tbody>
</table>
Statistical sampling (continued)
- external audit perspective, 909–911
- haphazard sampling, 912
- interval sampling, 915
- judgement sampling, 912
- normal distribution, 912
- not using, reasons, 910–911
- random sampling, 914
- rules for applying, 918–920
- setting risk parameters, 915–916
- stratified sampling, 914
- substantive testing sampling, 916–918

Stewardship concept, 25
Stop-go sampling, 918
Strategy versus resources, 792–793
Stratified sampling, 914
Substantive tests, 916
Sumitomo Corporation, 42
Surveillance, 565–566
SWOT analysis, 704–705
- opportunities, 705
- strengths, 705
- weaknesses, 705
- threats, 705

System of internal control, 143
Systems auditing, 505–506, 511
Systems-based auditing (SBA), 505
benefits, 516–518
Systems development cycle (SDLC), 603

Technical controls, 801
Temptation, 30–31
Terms of reference, 375
Test data, 630
alternative application, 631

Testing strategies, 877–895
- achieving control objectives, 886–888
- analytical review, 882–883
- compliance and substantive tests, comparing, 880–881
- compliance, meaning of, 889–891
- 100% interrogation theory, 888–889
- testing, issues in, 891–892
- testing considerations, 881–882
- testing process, 877–879
- testing techniques, 883–886
- types of tests, 879–880

Theft, 548
Three-component model, 346–347
- examining independence, 347
- programming independence, 346
- reporting independence, 347
Three-part model, 362–363
Three-part SD model, 604
Time monitoring systems, 769–771
- data owner, 770
- input officer, 770
- systems controller, 770
- systems manager, 770
Tipp-Ex, 550
Traditional audit planning, 808
Traditional tick and check, 369
Transactions approach, 512–513

Transactions testing, 867
Transparency International (TI), 35
Transport for London (TfL), 113
- corporate governance assurance, statement of, 113–115
Treadway Commission, 255
Treadway Committee, 127
Trend analysis, 1037
Turnbull Committee, 53
Turnbull Report, risk management, 179–180

UK experience, 49–64
- Cadbury, 49–50
- combined code, 53
- Greenbury, 51–52
- Hampel, 52–53
- Nolan, 51
- Rutteman, 50–51
- Turnbull committee, 53
Undercontrol, 253

Value for money (VFM), 100, 322, 642–647, 937
- accountability, 644
- economy, 642
- effectiveness, 642–643
- efficiency, 642–643
- operations profile, 644
- programme, 643–644

Variable sampling, 917
Vinten, Gerald, 1033–1035
Visual aids, 953
Visual aids in formal presentation, 956–957
Vulnerability, 787

Warm standby centres, 620
Whistle-blowing, 37–38, 361–362
Witness, 574–575
Workable system, 866
Working papers, 897–900
- audit working paper, 905
- be complete, 899
- be consistent, 900
- be cross-referenced, 898
- be economically used, 898
- be headed up, 898
- be indexed, 898
- be signed by the auditor and the reviewer, 899
- clearly show any impact on the audit report, 898–899
- include summaries wherever possible, 900
- indicate which matters are outstanding, 899
- objectives of work, 897
- professionalism and, 904–905
- show any impact on the next audit, 899
- show clarity, 898
- show the source of information/data, 899
- support the audit decisions/opinion, 898
- use pro formas, 898

WorldCom, 45–46
Xerox, 46