Audit and Compliance Unit

Standard Operating Procedures (SOP)

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1. Introduction

This Standard Operating Procedure (SOP) provides a comprehensive framework for the operations of the Audit and Compliance Unit within the Nigeria Governors' Forum (NGF) Secretariat. It is designed to ensure consistency, efficiency, and adherence to regulatory standards in all audit and compliance activities. These procedures may differ for certain specific audit requested by the Director General, such case include special audit on specific project, financial irregularity audit, and other circumstances.

2. Purpose of SOP

The purpose of this SOP is to:

- Establish a standardized process for conducting audit and compliance activities.
- Define roles, responsibilities, and expectations for all department staff.
- Provide a clear process for audit planning, risk management, reporting, and follow-up.
- Support NGF's commitment to maintaining a strong governance framework and promoting transparency, accountability, and operational efficiency.

3. Scope of Work

The Audit and Compliance Unit's SOP applies to all audit, risk assessment, compliance monitoring, and advisory activities within the NGF Secretariat. This includes activities across the following departments:

- Administration/Accounts
- Information and Communication Technology (ICT)
- Legal
- Protocol Services
- Policy Analysis – Stakeholders Relationship
- Federal Liaison and Technical Support
- Research Consultancy and Publications
  - Library
  - Data
- Special Projects
  - Gender Desk

- o Health Desk

- o Education Desk

- o Agriculture Desk

- Human Resources

4. Departmental Structure and Roles

The Audit and Compliance Department consists of the following key roles:

- **Head of Audit and Compliance**: Leads the department, oversees the annual audit plan, risk assessments, and ensures compliance with NGF standards.

- **Senior Internal Auditor**: Manages individual audits, prepares reports, and ensures adherence to audit timelines and quality standards.

- **Compliance Officer**: Monitors and reports on regulatory compliance across departments, assesses policy adherence, and conducts follow-ups on recommendations.

- **Audit Support Staff**: Provides administrative and technical support for audit engagements, data collection, and documentation.

5. Core Audit and Compliance Processes

5.1 Annual Audit Planning

1. **Risk Assessment and Departmental Consultations**: Conduct a risk assessment across departments at the beginning of each fiscal year to identify high-risk areas. Self-Risk Assessment and Control template (SRAC) will be shared across all department for input.

2. **Developing the Audit Plan**: Draft an annual audit plan based on identified risks and submit it for approval by the Director-General.

3. **Scheduling Audits**: Assign audit engagements to specific auditors with scheduled timelines, prioritizing based on risk.

5.2 Audit Engagement Process

1. **Planning**:

   - o **Pre-Audit Meeting**: Inform to the department or unit to be audited on the date and time of audit. Hold a meeting with the department being audited to understand key processes and identify areas for review.

- o **Preliminary Documentation Review**: Obtain relevant documents, such as policies, procedures, and previous audit reports.

- o **Audit Scope and Objectives**: Define the scope and objectives of the audit engagement.

2. **Fieldwork**:

- o **Testing and Evaluation**: Conduct testing and gather evidence to assess process effectiveness, control adequacy, and regulatory compliance.

- o **Data Collection**: Document observations, interviews, and test results with supporting evidence.

- o **Preliminary Findings**: Discuss initial findings with the audited department to ensure accuracy and completeness.

3. **Reporting**:

- o **Draft Report**: Prepare a draft report outlining observations, recommendations, and required actions.

- o **Review and Finalization**: Review the draft report with the Head of Audit and Compliance, incorporate feedback, and finalize the report.

- o **Distribution**: Submit the report to the Director-General, audited department, and relevant management.

4. **Follow-Up**:

- o **Follow-Up Schedule**: Monitor agreed-upon actions and verify implementation at scheduled intervals.

- o **Update Report**: Provide a follow-up report to the Director-General on the status of corrective actions.

5.3 Compliance Review and Monitoring

1. **Compliance Checklist Development**: Prepare compliance checklists based on statutory requirements, NGF policies, and regulatory standards.

2. **Quarterly Compliance Reviews**: Conduct reviews of all departments/units and special projects to assess adherence to policies, statutory requirements, memorandum of understanding, contracts, and governance practices.

3. **Documentation of Findings**: Record compliance issues and prepare recommendations for corrective actions.

4. **Reporting**: Summarize findings in quarterly compliance reports for Director General's review.

5.4 Risk Assessment and Management

1. **Annual Risk Assessment**: Distribute SRAC template to all heads of departments to identify and assess risks across departments annually to prioritize audit focus areas. Collate all identified risks and place in risk matrix (probability and severity or likelihood and impact table).

2. **Risk Mitigation Recommendations**: Recommend controls to mitigate identified risks and follow up to ensure implementation.

3. **Continuous Monitoring**: Track changes in risk levels and update the risk register as needed.

5.5 Reporting and Follow-Up

1. **Regular Reporting**: Prepare monthly and quarterly reports on audit and compliance activities for submission to the Director-General.

2. **Corrective Action Monitoring**: Track corrective actions agreed upon with departments and verify implementation.

3. **Escalation Procedures**: Escalate any unresolved issues or risks to senior management and the Director-General, if necessary.

5.6 Consulting and Advisory Services

1. **Risk and Control Advisory**: Provide guidance to departments/units/desks on implementing controls and mitigating risks.

2. **Training**: Offer training sessions on compliance, internal control, and risk management best practices.

3. **Special Projects**: Assist departments with specific requests related to governance, regulatory changes, or new policy implementation.

6. Documentation and Record-Keeping

1. **Document Storage**: Maintain a centralized electronic document repository with restricted access for audit workpapers, reports, and compliance records.

2. **Retention Policy**: Retain audit and compliance documentation for a minimum of seven years or as required by NGF policy.

3. **Confidentiality**: Ensure that all documents are stored securely, and access is granted on a need-to-know basis. Access is granted on the approval by the Head, Audit and Compliance and/or the DG.

7. Quality Assurance and Improvement Program

1. **Self-Assessments**: Conduct internal self-assessments annually to evaluate the department's adherence to SOPs and audit standards. The SOP shall be reviewed annually to ensure alignment with NGF policies, regulatory standards, and best practices.

2. **External Quality Assessments**: Engage an external party to review the department's operations and audit quality every three years.

3. **Continuous Improvement**: Review findings from assessments and implement recommendations to improve audit quality and compliance processes. All revisions must be approved by the Director-General before implementation.

Director-General Signature

Date: _____