

Republic of Latvia

Cabinet
Regulation No. 385
Adopted 9 July 2013

Procedures for the Performance and Assessment of Internal Audit

*Issued pursuant to
Section 8, Paragraph one and four of the Internal Audit Law*

1. General Provisions

1. This Regulation prescribes:

1.1. the procedures for work organisation of internal audit and performance of internal audit;

1.2. the basic principles and content of the assessment of operation of internal audit units, as well as the procedures for assessment of operation of internal audit units;

1.3. the cases when the Ministry of Finance has the right to perform internal audit in a ministry or institution in relation to management of the European Union Structural Funds and Cohesion Fund, the European Economic Area Financial Mechanism, the Norwegian Financial Mechanism and Swiss-Latvian Co-operation Programme (hereinafter - foreign financial assistance).

2. This Regulation applies to ministries and institutions.

2. Internal Audit System

3. The internal audit system shall be determined by an appropriate decision, and it shall indicate:

3.1. ministries or institutions subordinated to the Prime Minister, as well as institutions included in the scope of work of the internal audit unit of the institution and powers thereof, when performing audits in these institutions

3.2. ministries or institutions directly subordinated to the Prime Minister:

3.2.1. subordinate institutions where internal audit units are to be formed, and the procedures for provision of plans and reports, as well as other information by such units;

3.2.2. rights and tasks of the internal audit unit with regard to the coordination of work of internal audit units of the subordinate institutions;

3.2.3. procedures for internal audit unit reporting to the Prime Minister, decision-making body or minister regarding the results of operation of the internal audit system;

3.2.4. procedures for verification of the results of work of internal audit units of subordinate institutions.

4. The by-law of an internal audit unit shall provide for the internal audit unit's status, objectives, functions, tasks, nature of its consultations, scope of work, structure, rights and responsibilities.

5. The procedures for work organisation of internal audit of the ministry or institution and for supervision of implementation of internal audit recommendations shall set out the co-operation with the management of the authority, auditees, external auditors and other authorities (persons) for the implementation of the tasks of internal audit unit laid down in the Internal Audit Law.

6. The head of the internal audit unit shall set out the procedures for drawing up of an opinion on the operation of the internal control system in the ministry or in the institution.

7. Where the independence or impartiality of an internal auditor has been influenced with in the planning, performance of work task or reporting, the internal auditor shall inform the head of the internal audit unit in writing without delay but the head of the internal audit unit shall inform the State Secretary or the head of the institution (decision-making body).

8. If the State Secretary or the head of the institution (decision-making body) does not take a decision in order to prevent the influence on the independence and impartiality of an internal auditor or the head of the internal audit unit, the head of the internal audit unit shall inform the next highest official and the Internal Audit Council.

3. Development of the Plans of the Internal Audit Unit

3.1. Determination and Updating of the Internal Audit Framework

9. When determining the internal audit framework, the head of the internal audit unit shall document the complete set of systems and sub-systems to be audited existing at the ministry or institution.

10. The internal audit framework, including description of systems and sub-systems to be audited, shall be approved by the State Secretary or the head of the institution (decision-making institution).

11. The internal audit framework of the ministry or institution shall include:

11.1. core activity systems of the ministry or institution;

11.2. the following systems of management and support functions (where established at ministry or institution):

11.2.1. strategic and operational planning;

11.2.2. risk management and quality management;

11.2.3. human resources management;

11.2.4. financial management and financial statements;

11.2.5. internal and external communication;

11.2.6. ensuring of operation, procurements;

11.2.7. legal support;

11.2.8. information technologies management.

12. The core activity systems referred to in Sub-Paragraph 11.1 of this Regulation may be divided in sub-systems. Such sub-division shall take into account the complexity of the system and the resources available to the internal audit unit. The description of the sub-systems, which are within the scope of work of the internal audit unit, shall explain the structure of such sub-systems.

13. The systems of the management functions and support functions referred to in Sub-Paragraph 11.2 of this Regulation shall not be sub-divided in sub-systems. The description of

the systems to be audited shall include an explanation about the structure of each management and support function system.

14. A ministry or institution involved in implementation of management functions for programmes and projects fully or partly financed by the European Union or foreign financial assistance shall include in the internal audit framework the project management systems of such programmes or projects financed by the European Union and foreign financial assistance.

15. The internal audit framework of a ministry or an institution directly subordinated to the Prime Minister shall include accordingly any systems (sub-systems) of the institutions included within the scope of work of the internal audit unit of the ministry or institutions directly subordinated to the Prime Minister.

16. The internal audit framework shall be updated by taking into account changes in functions and tasks of a ministry or institution and powers of the internal audit unit, as well as taking into account other factors that may affect the internal audit framework.

17. The original information on each system to be audited may be stored in a separate file. It shall include any documents and information providing a sufficient description of the system to be audited.

3.2. Preparation of a Strategic Plan of an Internal Audit Unit

18. An internal audit unit shall prepare a strategic plan of the internal audit unit (hereinafter - strategic plan) for a period of five years. The strategic plan shall include:

18.1. information in respect of the internal audit unit:

18.1.1. the resources;

18.1.2. the result of performance evaluation of the previous period (self-assessment);

18.1.3. performance indicators, including work performance and quality indicators referred to in Paragraph 88 of this Regulation;

18.1.4. development priorities, tasks and measures and the timing or frequency of their implementation;

18.1.5. training needs arising from the knowledge and skills necessary for the auditing of systems laid down in the internal audit framework;

18.2. explanation of numerical score of each factor referred to in Paragraph 22 of this Regulation and justification for granting of the relevant value;

18.3. priority assessment of the systems to be audited (Annex 1);

18.4. a time-table for the implementation of the strategic plan (Annex 2);

18.5. explanation regarding internal audit strategy and internal audits included in the annual plan of the internal audit unit.

19. The process of preparation of the strategic plan shall cover the following stages:

19.1. the determination and updating of internal audit framework, as well as drawing up of the description of systems (sub-systems) to be audited;

19.2. the determination of the priority of the systems (sub-systems) included in the internal audit framework;

19.3. the determination of a strategy for internal audits;

19.4. the harmonisation of the necessary and available resources;

19.5. the preparation of a time-table for the implementation of the strategic plan.

20. Each of the stages of preparation of the strategic plan shall be documented by the head of the internal audit unit, in order to ensure the audit trail for the preparation of the strategic plan.

21. The strategic plan shall be updated at least once a year, taking into account the results of work of the internal audit unit, the resources, any changes in the systems or functions of the ministry or institution and other factors affecting the internal audit framework.

3.2.1. Determination of the Priority of the Systems Included in the Internal Audit Framework

22. In order to determine the priority for the systems included in the internal audit framework, the internal audit unit shall assess the following factors:

- 22.1. the amount of involved resources;
- 22.2. problems reported in previous internal audits or other internal information sources and external audits;
- 22.3. the significance of the system for the achievement of the institution's objectives;
- 22.4. changes;
- 22.5. the probability of corruption (fraud);
- 22.6. the required competence of the staff;
- 22.7. impairment to the reputation of the institution;
- 22.8. the complexity of the system.

23. When assessing how the risk factors referred to in Sub-Paragraphs 22.2, 22.4, 22.5, 22.6 and 22.8 of this Regulation affect a particular system, it shall be assigned a corresponding numerical score 1, 3 or 5:

- 23.1. a score of "1" shall stand for a low or no impact of the factor on the system;
- 23.2. a score of "3" shall stand for a medium impact of the factor on the system, whereby the system remains operational despite the disturbance it is subject to;
- 23.3. a score of "5" shall stand for a high impact of the factor on the system, whereby the system is subject to a serious disturbance or its operations are ceased.

24. When assessing how the risk factors referred to in Sub-Paragraphs 22.1, 22.3 and 22.7 of this Regulation affect the operation of the ministry or institution, it shall be assigned a corresponding numerical score 1, 3 or 5:

- 24.1. a score of "1" shall stand for a low impact, as far as the respective system is concerned, of the factor on the operation of the ministry or institution;
- 24.2. a score of "3" shall stand for a medium impact, as far as the respective system is concerned, of the factor on the operation of the ministry or institution;
- 24.3. a score of "5" shall stand for a high impact, as far as the respective system is concerned, of the factor on the operation of the ministry or institution.

25. The head of the internal audit unit shall acquire information regarding assessment by the State Secretary of the ministry of the head of the institution (decision-making body), with a corresponding numerical score 1, 3 or 5, assigned to each system:

- 25.1. assessment "1" indicates that the head assesses the system as a system of low significance;
- 25.2. assessment "3" indicates that the head assesses the system as a system of medium significance;
- 25.3. assessment "5" indicates that the head assesses the system as a system of high significance

26. When performing assessment, the internal audit unit may also obtain information from the State Secretary of the ministry or the head of the institution, the manager of the system to be audited or other information sources.

27. The total assessment of each system included in the internal audit framework shall be determined by adding up the multiplication of the numerical scores of each factor by percentage weight and multiplication of the assessment of the State Secretary of the ministry or the head of the institution (decision-making institution) by percentage weight (Annex 1).

28. The head of the internal audit unit shall evaluate the obtained assessment results and shall assign each system to be audited in one of the following groups:

- 28.1. high-priority systems;
- 28.2. medium-priority systems;
- 28.3. low-priority systems.

29. The high-priority shall be assigned to no less than 10 % of the systems to be audited with the highest total assessment. The remaining systems shall be categorised as a medium-priority or a low-priority systems.

3.2.2. Determination of a Strategy for Internal Audits

30. When preparing the time-table for a strategic plan, the head of the internal audit unit shall decide on the frequency of internal audits and the number of days required for performance of each internal audit, in accordance with the priority assessment of the system, resources available to the internal audit unit, as well as taking into account the specific circumstances at the respective ministry or institution.

31. The frequency of internal audits shall be set in line with the priority level of the system, as follows:

- 31.1. high-priority systems shall be audited not less than once in every three years;
- 31.2. medium-priority systems shall be audited not less than once in every four years;
- 31.3. low-priority systems shall be audited not less than once in every five years.

32. If in accordance with risk assessment of the system the remaining risk is low, the head of the internal audit unit may take a decision to audit low-priority system less than once in five years. The risks identified, the impact thereof and result of the assessment of the internal control structure, which is to be documented, shall be indicated in the assessment of the systems risks. A decision of the head of the internal audit and assessment of the system risk shall be an integral part of the strategic plan.

33. Where appropriate, the head of the internal audit unit may determine other frequency for internal audits, however not less frequent than referred to in Paragraphs 31 and 32 of this Regulation.

3.2.3. Co-ordination of the Required and Available Resources

34. The number of days required for auditing of the systems included in the strategic plan shall be calculated for a period of five years by adding up the number of days related to the internal audit.

35. When determining the number of available days, the calculation shall take into account weekends, public holidays, vacations, training and other activities not related to the internal audit.

36. In order to determine the total number of available days, the number of days per annum available for internal audits for all internal auditors shall be added up and multiplied by the time period set forth in the strategic plan (Annex 3).

37. The number of days required for the performance of an internal audit shall include activities related to the implementation of the time-table for internal audit and other activities related to the internal audit operation, as well as the time needed to the head of the internal audit unit for carrying out his or her supervision functions.

38. The head of the internal audit unit shall inform the State Secretary of the ministry or the head of the institution (decision-making body) on the changes in work-load and resources and the possible consequences from the lack of resources.

39. To reduce the discrepancy between the available and the required time and human resources, the State Secretary of the ministry or the head of the institution shall take a decision on additionally required resources or the need for outsourcing.

40. A time-table for implementation of the strategic plan shall be drawn up on the basis of results of such calculations.

3.3. Annual Report of the Internal Audit Unit

41. The annual plan of an internal audit unit (hereinafter - annual plan) (Annex 4) shall include the current year systems (sub-systems) of the time-table for implementation of the strategic plan and title of the internal audit, arising from the structure of systems (sub-systems), the joint priorities to be audited in the State administration laid down by the Cabinet, as well as additional tasks requested by the Prime Minister, minister, State Secretary or head of the institution (decision-making body).

42. The head of the internal audit unit shall supervise the performance of the annual plan and update annual plan, if significant changes have occurred or are intended. The head of the internal audit unit shall append explanation regarding changes to the annual plan and necessity thereof to the updated annual plan.

4. Approval of the Plans of an Internal Audit Unit and Submission to the Ministry of Finance and the State Audit Office

43. The strategic plan and annual plan:

43.1. shall be approved by the head of an institution subordinated to the Prime Minister or the State Secretary of the ministry, or the head of the institution (decision-making body) by 15 December of the current year;

43.2. shall be submitted by the head of the institution, except for the head of the institution subordinated to the Prime Minister, to the State Secretary of the ministry by 20 December of the current year.

44. The State Secretary of the ministry shall ensure the submission of the strategic plan and annual plan of the ministry and institution to the State Audit Office and the Ministry of Finance by 30 December of the current year. The head of an institution subordinated to the

Prime Minister shall ensure the submission of the strategic plan and annual plan of the such institution to the State Audit Office and the Ministry of Finance by 30 December of the current year.

45. The head of the internal audit unit shall submit the updated strategic plan and annual plan for approval to the State Secretary of the ministry or head of the institution (decision-making institution). The updated strategic plan and annual plan together with the explanation referred to in Paragraph 42 of this Regulation:

45.1. shall be submitted by the head of the institution (except for the head of the institution subordinated to the Prime Minister) to the State Secretary within five working days following the approval of such changes;

45.2. shall be submitted by the State Secretary of the ministry to the State Audit Office and the Ministry of Finance within five working days after the receipt of the plans of institutions (except for the institutions subordinated to the Prime Minister) or after the approval of the updated plans of a ministry;

45.3. shall be submitted by the head of an institution directly subordinated to the Prime Minister to the State Audit Office and the Ministry of Finance within five working days after the approval of such changes.

5. Internal Audit Stages

46. The process of internal audit shall be divided into the following stages:

46.1. the planning of the internal audit;

46.2. the evaluation of the examinations and the results;

46.3. the preparation of the internal audit report and the time-table for the implementation of the audit recommendations;

46.4. the conclusion of the internal audit;

46.5. the supervision of the implementation of the audit recommendations;

46.6. the closure of the internal audit file.

47. All the working documents of the internal audit shall be compiled in the internal audit file, in order to facilitate the compilation and systematisation of the working documents accumulated during the internal audit, as well as in order to provide an audit trail for a third party.

48. An internal auditor shall document the information substantiating the facts established by the internal auditor, as well as the conclusions and recommendations, in order to ensure that the internal audit file provides a complete and accurate description of the respective internal audit.

49. The internal audit file shall include the information used as evidence for the established facts, as well as the conclusions and recommendations and providing an audit trail on each stage of the internal audit.

50. Documents taken up in the internal audit file shall be sorted in separate Sections in accordance with the sequence of implementation of the internal audit stages as set out in Paragraph 46 of this Regulation.

51. Each internal audit file shall be assigned a number; the file shall also specify the name of the internal audit, the time period for storage of the internal audit file and other identification signs in accordance with the methodology laid down by the head of the internal audit unit by

taking into account the laws and regulations governing the operation of the institution and other laws and regulations.

5.1. Internal Audit Planning

52. Within the framework of the internal audit planning the head of the internal audit unit shall assess the resources necessary for the performance of each stage of the internal audit and necessity to obtain the assistance from experts or consultants.

53. In order to inform the head of the institution or unit to be audited on the planned internal audit, the internal audit unit shall, prior to the commencement of the internal audit, prepare and send an informative letter to the head of the institution or unit to be audited. The letter shall state the name of the internal audit, the internal auditor (auditors) who will perform the internal audit, as well as request to provide information necessary during the internal audit.

54. The internal auditor shall carry out an analysis of the system, in order to determine the objective and the scope of the internal audit, as well as to identify the risks of the system. The system analysis shall cover:

54.1. the analysis of all regulatory enactments, as well as other information relevant to the system to be audited;

54.2. the evaluation of the information contained in the file of the previous internal audit relevant to the system to be audited;

54.3. the evaluation of the status of implementation of the findings and recommendations related to the other internal and external audits;

54.4. the evaluation of the results of work of other providers of assurance;

54.5. where necessary, questionnaires filled in by the auditees.

54.6. assessment of probability of risks regarding:

54.6.1. the compliance of the operation of internal control with the objectives of the ministry or institution;

54.6.2. the reliability and adequacy of financial records and other information of the ministry or institution;

54.6.3. the conformity of the operation of the units of the ministry or institution to the laws and regulations, laid down functions and approved action plans;

54.6.4. the cost efficiency of the resources of the ministry or institution, as well as economic and functional efficiency and protection of resources from losses;

54.6.5. the corruption (fraud).

55. In order to determine the objective of the internal audit and system, the scope of the internal audit, risks of the system to be audited, the controls and criteria for the control assessment of the internal control system to be applied during the internal audit, the internal auditor shall obtain the information from the institution to be audited or from the head of the unit during the analysis of the system.

56. Following the system analysis, the internal auditors shall inform the head of the institution or unit to be audited on the objective of the system and internal audit, the scope of the internal audit, the criteria for the control assessment, the planned deadline for the commencement of examinations, the planned deadline for preparation of the draft report and the addressees of the report.

57. The internal auditor shall, in accordance with the objective of the system, the objective of the internal audit and the scope of the internal audit, identify system risks, as well as the existing controls that prevent or reduce the relevant risk.

58. The internal auditor shall provide a reasoned assessment of the structure of the internal control, identifying weaknesses of the system, as well as determine, which controls are to be examined and assessed during the internal audit, whether they function and are sufficiently effective.

59. The internal auditor shall determine the way of obtaining of information to be used in examinations, as well as the methods of analysis and assessment.

60. Prior to the commencement of the examinations the head of the internal audit unit shall approve the complete set of documents prepared in the planning stage of the internal audit.

61. If new risks are identified during the internal audit or there is necessity to amend the objective of the internal audit, scope or criteria for the control assessment thereof, the amendments shall be approved by the head of the internal audit unit. Any such amendments shall be notified to the head of the institution or unit to be audited.

5.2. Examinations and Evaluation of Results

62. The internal auditor shall, for the purpose of delivering conclusions regarding the operation and effectiveness of the controls, apply examinations methods ensuring that sufficient, plausible, material and valid information is obtained, which allows for the achievement of the internal audit objectives in the most efficient way.

63. During examinations the internal auditor shall obtain the information regarding the operation and effectiveness of the controls, deviations, their reasons and possible impact of the deviations.

64. Examinations of the internal audit may be performed by examining a sample of data. . In order to perform sampling, the internal auditor shall determine and substantiate the chosen sampling method and the sample size.

65. The internal auditors shall document any information obtained during the examinations in the working documents.

66. The working documents may be in hard copies, electronic, photographic or any other format. The working document shall specify the persons in charge for preparing and review, the internal audit number, the objective of the examination, as well as the source of information obtained.

67. Conclusions and recommendations shall be substantiated with the information compiled in the working documents. A conclusion is an assessment of the internal auditor regarding the operation and effectiveness of the controls, reasons for deviations and impact of deviations on the process to be inspected, the system or institution as a whole.

68. Following the evaluation of the results of examinations, the internal auditor shall prepare a documented internal control system assessment substantiated with the results of the examinations performed, and shall provide conclusions and recommendations on improvements in the internal control system. The internal control system assessment shall be approved by the head of the internal audit unit.

69. If an internal auditor has reasonable suspicions regarding illegal activities regarding which the law-enforcement authorities must be informed, he or she has an obligation to notify the head of the internal audit unit thereof in writing without delay. The head of the internal audit unit shall inform the State Secretary of the ministry or the head of institution thereof.

5.3. Basic Requirements and Preparation of the Internal Audit Report and Time-table for Implementation of the Recommendations

5.3.1. Basic Requirements of the Internal Audit Report and Time-table for Implementation of the Recommendations

70. The internal audit reports shall be accurate, objective, constructive, complete, timely and unbiased.

71. The internal audit report shall include the objective and scope of the internal audit, any findings, conclusions and recommendations, as well as information on whether the objective of the internal audit has been achieved.

72. The detected facts included in the report shall be substantiated by the evidence included in the internal audit file. The recommendations included in an internal audit report shall be arising from the conclusions included in the internal control system assessment, but conclusions - from the findings.

73. The internal audit report and time-table for implementation of the recommendations shall be signed by the internal auditor and the head of the internal audit.

5.3.2. Preparation of the Internal Audit Report and Time-table for Implementation of the Recommendations

74. Following the internal control system assessment, the internal auditor shall discuss the findings and conclusions of the internal audit with the auditee and shall prepare the draft internal audit report and draft time-table for implementation of the recommendations.

75. In the draft time-table for implementation of the recommendations the internal auditor shall specify recommendations and assign high, medium or low priority.

76. The head of the internal audit unit shall send the draft internal audit report and the draft time-table for the implementation of the recommendations to the head of the audited institution or unit for the purpose of providing of opinion. The auditee shall specify the planned action for the implementation of recommendations, time period for the implementation of recommendations and a responsible unit (official) in the draft time-table for implementation of the recommendations.

77. The internal auditor shall document and include the mutual exchange of information on the draft internal audit report and the draft time-table for the implementation of the recommendations in the internal audit file.

78. The head of the internal audit unit shall assess the opinion given by the head of the audited institution or unit regarding the draft internal audit report and the draft time-table for the implementation of the recommendations and, where necessary, shall adjust them.

79. The internal audit report and time-table for the implementation of the recommendations shall be submitted to the State Secretary of the ministry or to the head of the institution (decision-making body). The State Secretary of the ministry or the head of the institution (decision-making body) shall take a decision regarding the implementation of the recommendations included in the time-table.

80. The head of the internal audit unit shall provide proposals to the State Secretary of the ministry or the head of the institution (decision-making body) which responsible officials are to be made familiar with the internal audit report and time-table for the implementation of the recommendations. The head of the internal audit unit shall ensure that the responsible officials determined by the State Secretary of the ministry or the head of the institution (decision-making body) are get acquainted with the internal audit report and time-table for the implementation of the recommendations.

81. If significant mistakes or deficiencies are discovered in the internal audit report, the head of the internal audit unit shall inform all the persons on corrections who have received the initial internal audit report and the time-table for the implementation of the recommendations approved by the State Secretary of the ministry or the head of the institution (decision-making body).

5.4. Conclusion of an Internal Audit and Supervision of the Implementation of the Recommendations

82. An internal audit shall be concluded upon the approval of the time-table for the implementation of the recommendations.

83. At the stage of conclusion of the internal audit, the head of the internal audit unit shall ensure that the internal audit file is being reviewed with the aim of ascertaining the quality of the internal audit file.

84. The head of the internal audit unit shall inform the State Secretary of the ministry or the head of the institution (decision-making body) on the course of implementation of the recommendations. The State Secretary of the ministry or the head of the institution (decision-making body) shall take a decision regarding further action, if recommendation is not implemented within the time period laid down in the time-table for the implementation of the recommendations.

5.5. Closure of the Internal Audit File

85. Having ascertained the status of implementation of all approved internal audit recommendations or after revocation thereof, the internal audit file shall be closed.

86. All documents that prove and confirm the implementation of the internal audit recommendations shall be placed in the internal audit file.

6. Supervision of Internal Audit Performance and Quality of Work

87. The head of the internal audit unit shall set out the procedures for the performance of internal audit and for the supervision monitoring of the quality of work, as well as for the requirements for the collection and analysis of work performance and quality indicators, in order to ensure:

87.1. continuous supervision of the performance and quality of the internal audit process;

87.2. periodic internal self-assessment by the internal audit unit;

87.3. periodic external assessment of the internal audit unit;

87.4. the establishment of an efficient supervision system for the purpose of implementation of the annual plan.

88. The internal audit shall have at least the following performance and quality indicators:

88.1. the qualifications of the personnel:

88.1.1. average work experience in the audit function (in years) of the internal auditors;

88.1.2. the number of certified internal auditors, as a ratio to the total number of internal auditors (in per cent);

88.2. efficiency of the internal audit process:

88.2.1. total number of concluded internal audits;

88.2.2. total number of internal audit reports;

88.2.3. the ratio of the number of internal audit days to the total number of days spent on internal audits in a reporting year (in per cent);

88.2.4. the accomplishment of the plan (in per cent);

88.2.5. the number of cases when time period for submission of internal audit reports is exceeded, as a ratio to the total number of internal audit reports (in per cent);

88.3. the value added by the internal audit unit:

88.3.1. the number of recommendations implemented as a ratio to the number of recommendations in respect of which the time period for the implementation has set in (in per cent);

88.3.2. the number of consultations as a ratio to the total number of days related to the internal audit (in per cent);

88.3.3. the annual performance and evaluation result of the head of the internal audit unit;

88.3.4. the average assessment provided by auditees and the State Secretary of the ministry or the head of the institution regarding the internal audit unit (with the range from 1 to 4 points);

88.3.5. the numerical assessment (with the range from 1 to 4) of the performance of the internal audit unit carried out by the Ministry of Finance;

88.3.6. the assessment provided by the Internal Audit Council (deficiencies found/ not found).

89. In order to obtain the work performance and quality indicator referred to in Sub-paragraph 88.3.4 of this Regulation, the internal audit units shall carry out inquiry of the auditees and the State Secretary of the ministry or the head of the institution regarding the internal audits closed in the reporting year at least once a year, by requesting to answer at least to the questions referred to in Annex 5 to this Regulation.

90. Internal audit units shall account for the work performance and quality indicators referred to in Paragraph 88 of this Regulation for each calendar year and shall analyse trends the those indicators.

91. The results of the analysis of the work performance and quality indicators shall be taken into account in the preparation of the strategic plan and the annual plan.

92. The co-ordination of the activities of the internal audit units of the institutions subordinated to the Ministry shall cover the following activities:

- 92.1. the provision of the opinion of the ministry regarding the procedures for performance of the internal audit prepared by the subordinated institutions ;
- 92.2. the supervision of the implementation of the tasks and duties of the ministry that have been set out in the decision on the internal audit system at the ministry;
- 92.3. the compilation of the plans of the internal audit units of the subordinated institutions and provision of recommendations for the improvement thereof;
- 92.4. the organisation and coordination of horizontal and vertical internal audits;
- 92.5. the compilation of the annual reports of the internal audit units submitted by the subordinated institutions, assessment thereof and provision of recommendations for the improvement thereof;
- 92.6. the organisation of regular meetings;
- 92.7. the discussion of the issues of internal audit development and best practice;
- 92.8. consultations on internal audit issues.

7. Annual Reports of the Internal Audit Unit

93. By 15 January of the current year, the head of an internal audit unit shall prepare and submit to the State Secretary of the ministry or the head of the institution (decision-making body) a report of the internal audit unit for the previous calendar year (hereinafter – annual report of the internal audit unit) (see Annex 6).

94. The following chapters shall be included in the annual report of the internal audit unit:

- 94.1. the opinion regarding internal control system in the ministry or institution which include also information on the audited system, coverage of sub-systems in the annual reporting year and previous four years of the strategic plan;
- 94.2. the plans of the internal audit unit in compliance with which the internal audit unit was operating in the reporting year;
- 94.3. number of days used for the internal audit;
- 94.4. the employees of the internal audit unit;
- 94.5. the information regarding work performance and quality indicators;
- 94.6. other relevant information.

95. Internal audit unit shall provide opinion regarding the operation of internal control system in the ministry or the institution, including opinion regarding conformity of the operation of the internal control with the objectives of the ministry or institution, reliability and adequacy of the financial records and other information, conformity of the activities with the laws and regulations, laid down functions and approved action plans, economic and functional efficiency of the costs of operational resources, prevention of resources from losses. The opinion shall be substantiated by the results of internal audits carried out in conformity with the frequency laid down for the auditing and other work results of the internal audit. The opinion shall be drawn up in compliance with the principle of precaution. The internal audit unit shall indicate the systems (sub-systems) regarding the internal control system of which the opinion cannot be provided.

96. The opinion regarding the internal control system shall be expressed as follows:

- 96.1. the internal control system of the institution is efficient – the assessed controls are conforming, adequate and efficient that allow to provide sufficient conviction that risks are controlled and the objective of the authority will be achieved;
- 96.2. the internal control system of the authority is functioning, however certain improvements are required – deficiencies of certain, specific controls are detected, however in total the assessed controls are conforming, adequate and efficient that allow to provide

sufficient conviction that risks are controlled and the objective of the authority will be achieved;

96.3. the internal control system of the authority is functioning, although significant improvements are required – several deficiencies of specific controls have been detected. Internal controls cannot be relied on therefore sufficient conviction cannot be provided that risks are being controlled and the objective of the authority will be achieved;

96.4. the internal control system of the institution is not efficient – the assessed controls are not conforming, adequate and efficient in order to provide sufficient conviction that risks are controlled and the objective of the authority will be achieved.

97. The internal audit unit of the ministry or institution shall, within 10 working days following the closing of the internal audit, ensure submission of the copy of the internal audit report of the foreign financial assistance and the time-table for the implementation of recommendations to the Ministry of Finance. The internal audit unit of the ministry or institution shall ensure that the information regarding the deficiencies detected in the internal audit of the European Union Structural Funds and Cohesion Fund, recommendations and the course of implementation thereof shall be entered in the information system for the management of the European Union Structural Funds and Cohesion Fund.

98. The internal audit unit of the ministry or institution, which is carrying out the internal audits of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism and Swiss-Latvian Co-operation Programme, shall append the summary of the implementation of recommendations of the internal audits of the European Economic Area Financial Mechanism, the Norwegian Financial Mechanism and Swiss-Latvian Co-operation Programme (Annex 7) to the annual report of the internal audit unit.

99. The Ministry of Finance may ask the ministry or institution to submit additional information regarding internal audit report of foreign financial assistance and implementation of recommendations.

100. An annual report of the internal audit unit shall be signed by the head of the internal audit unit.

101. By 20 January of the current year, the heads of the institutions (except for the institutions subordinated to the Prime Minister), where internal audit units have been established, shall ensure that the approved annual reports of the internal audit unit, are submitted to the State Secretary.

102. The State Secretary of the ministry shall, by 30 January of the current year, submit to the Ministry of Finance and the State Audit Office the approved annual reports of the internal audit units of the ministry and the institutions subordinated to the ministry.

103. By 30 January of the current year, the heads of institutions directly subordinated to the Prime Minister shall submit to the Ministry of Finance and the State Audit Office the approved annual reports of the internal audit units of the institutions subordinated to the Prime Minister.

104. If the activities of the internal audit unit are interrupted in the ministry or institution, a report on the activities of the internal audit unit in the relevant reporting year shall be submitted to the Ministry of Finance and the State Audit Office by the State Secretary of the ministry or the head of the institution within 10 working days following the interruption of the activities of the internal audit unit.

105. The Ministry of Finance shall, by 30 March of the current year, prepare an annual report on the activities of the internal audit units in the ministries and institutions and shall submit to the Internal Audit Council for the purpose of obtaining its opinion.

106. The Ministry of Finance shall, by 1 June of the current year, submit the report on the activities of the internal audit units in the ministries and institutions together with an opinion of the Internal Audit Council to the Cabinet and the State Audit Office in accordance with the laid down procedures.

8. Assessment of the Activities of the Internal Audit Unit

8.1. Essence of the Assessment and Performers Thereof

107. The objective of the assessment of the activities of the internal audit units of the ministries and institutions (hereinafter - assessment) is to assess the efficiency of the internal audit units, conformity thereof with the requirements of the laws and regulations governing the internal audit, with the best practice in the field of internal audit, to compare the used internal audit work methods, as well as to compile the best practice in the field of internal audit and provide the assessment result in numerical value.

108. Assessment shall be carried out by the Ministry of Finance. In the Ministry of Finance the assessment shall be carried out not less than once in five years by invited independent experts in the field of internal audit by taking into account the referred to in Paragraphs 107, 112 and 137 of this Regulation. In the Ministry of Finance the assessments shall be headed by the invited expert, who is competent in the issues related to the professional practice of internal audit and external assessment process and has acquired a State administration internal audit certificate or any of the international certificates certifying to an internal auditor professionalism.

109. The assessment of ministries and institutions shall be headed by an employee of the Ministry of Finance, who is competent in the issues related to the professional practice of internal audit and external assessment process and has acquired a State administration internal audit certificate or any of the international certificates certifying to an internal auditor professionalism.

110. The Ministry of Finance, when performing the assessment in ministries and institutions, may invite independent experts in the field of internal audit.

111. During the assessment and after it performers of the assessment and experts shall ensure the confidentiality of the acquired information.

112. The opinion shall be provided in the following fields within the framework of the assessment:

- 112.1. functioning of the internal audit system;
- 112.2. independence and impartiality of the internal audit unit;
- 112.3. the strategic plan and the annual plan of an internal audit unit;
- 112.4. resources of the internal audit unit;
- 112.5. the internal audit process;
- 112.6. the results of the internal audit;
- 112.7. ensuring of internal audit performance and quality; and
- 112.8. co-operation of the internal audit unit with other providers of conviction.

113. The Ministry of Finance shall determine the criteria for the assessment of the fields referred to in Paragraph 112 of this Regulation and procedures for granting of the assessments of the internal audit units referred to in Paragraph 137 of this Regulation in the methodology which is approved by the State Secretary of the Ministry of Finance. Within five working days following the approval of the referred to methodology or update thereof, the Ministry of Finance shall place an explanation on the website thereof for the granting of the assessments of the internal audit units referred to in Paragraph 137 of this Regulation notifying the ministries and institutions thereof.

114. The assessment may be planned and unplanned.

115. The Ministry of Finance shall perform the planned assessment in the ministries and institutions in accordance with the assessment plan.

116. The Ministry of Finance may perform unplanned assessment if:

- 116.1. the Internal Audit Council has recommended to perform an assessment;
- 116.2. the head of a ministry or institution has expressed a request to perform an assessment.

117. In order to ascertain that the results of the internal audits carried out by the internal audit units can be relied on, the Ministry of Finance may perform unplanned examination of the files of the internal audit units of the ministries and institutions:

- 117.1. upon receipt of the internal audit report of the foreign financial assistance;
- 117.2. regarding the implementation of joint priorities to be audited in the State administration laid down by the Cabinet.

118. When performing unplanned examination of audit files, the conditions of Paragraphs 133, 135, 136, 138, 139 and 140 of this Regulation shall be applied.

8.2. Assessment Stages

119. Assessment shall be divided in the following stages:

- 119.1. preparation of the assessment plan;
- 119.2. planning of the assessment and examinations;
- 119.3. notification;
- 119.4. supervision of the implementation of the recommendations;
- 119.5. compilation of the results.

8.2.1. Development of the Assessment Plan

120. The Ministry of Finance shall prepare the assessment plan for at least five years (for one assessment cycle) and update it at least once a year. One assessment cycle shall include the assessment performed in all the ministries and institutions at least within a five year period.

121. Ministries and institutions directly subordinated to the Prime Minister where the internal audit units have been established, priority, numerical value of the result of previous assessment, a year of the previous assessment, a time-table of the assessment and total number of days planned for the assessment shall be indicated in the assessment plan.

122. When developing the assessment plan, the Ministry of Finance shall assess the documents and information at the disposal thereof regarding the internal audit unit of the ministry and institution.

123. The Ministry of Finance shall determine the priority of those ministries and institutions directly subordinated to the Prime Minister where the internal audit unit has been established by assessing the following criteria:

- 123.1. time since the establishment of the internal audit unit;
- 123.2. changes in the internal audit system;
- 123.3. complexity of the internal audit system;
- 123.4. structure of the internal audit unit;
- 123.5. change of the head of the internal audit unit;
- 123.6. number of internal auditors in the internal audit unit;
- 123.7. functions implemented in the internal audit unit in addition to the internal audit function;
- 123.8. State budget expenses of the ministry and institution;
- 123.9. importance of the internal control system in achieving of the State objectives;
- 123.10. opinion of the Internal Audit Council;
- 123.11. previous assessment year;
- 123.12. numerical value of the assessment and introduction of recommendations.

124. Depending on the assessment results the ministries and institutions directly subordinated to the Prime Minister where the internal audit unit has been established shall be divided in high priority, medium priority or low priority ministries and institutions.

125. The assessment plan shall be approved by the State Secretary of the Ministry of Finance.

126. The Ministry of Finance shall, within five working days following the approval of the assessment plan or updating thereof, send it to the official e-mail addresses of the ministries and institutions and place on the website of the Ministry of Finance.

8.2.2. Planning of the Assessment and Examinations

127. The Ministry of Finance shall develop self-assessment questionnaires of the internal audit unit of the ministry or institution (hereinafter - self-assessment questionnaires).

128. The Ministry of Finance shall, within five working days following the development of the self-assessment questionnaires or updating thereof, send them to the official e-mail addresses of the ministries and institutions and place on the website of the Ministry of Finance. Self-assessment questionnaires, where appropriate, shall be updated following the end of the assessment cycle.

129. Before commencement of the assessment the Ministry of Finance shall send a letter to the ministry and institution where:

- 129.1. it informs regarding the assessment;
- 129.2. it indicates the objective of the assessment and criteria for the assessment;
- 129.3. it asks to fill out self-assessment questionnaires and perform survey of the auditees;
- 129.4. it asks to provide the information and documentation necessary for the assessment, which characterises the activities of an internal audit unit of the ministry or institution;
- 129.5. it indicates the performers of the assessment and the invited experts; and

129.6. it indicates the submission date of the draft assessment report.

130. The ministry and institution shall express substantiated objection regarding the participation of the performer of the assessment or invited expert in the assessment, if the conflict of interests has occurred or there are other circumstances causing doubts regarding objectivity of the performer of the assessment or invited expert.

131. The Ministry of Finance shall evaluate the objection expressed by the ministry or institution and, if it deems it to be justified, it shall designate a different performer of the assessment or invited expert, informing the relevant ministry or institution thereof.

132. The scope of the examinations of the audit file referred to in Paragraph 117 of this Regulation shall not include, however, providing the numerical value referred to in Paragraph 137 of this Regulation, take into account the results of the examination of the audit file.

133. Following the evaluation of the documents and information the Ministry of Finance shall agree the meeting with the head of the ministry or institution, representatives of the internal audit unit and, if necessary, with the auditees, external auditors or other persons, with whom the internal audit unit is co-operating. The Ministry of Finance shall carry out examinations on the spot at the internal audit unit of the ministry and institution.

134. The Ministry of Finance may interview or question with a questionnaire the auditees, external auditors or other persons, with whom the internal audit unit is co-operating, in order to ascertain their opinion regarding the activity of the internal audit unit.

8.2.3. Reporting

135. Following the assessment of the examination results the Ministry of Finance shall prepare the draft assessment report.

136. The objective of the assessment, performers of the assessment and invited experts, the scope of the assessment and restrictions thereof, findings, conclusions, recommendations, priority thereof and impact, if the recommendation is not implemented, shall be indicated in the draft assessment report.

137. The draft assessment report shall indicated the assessment of the internal audit unit, by granting the numerical score thereto from 1 to 4 or indicating that the assessment cannot be provided:

137.1. assessment 1 indicates that internal audit function is in the process of establishment (establishing) or deficiencies detected do not allow to reach the objective of the internal audit function;

137.2. assessment 2 indicates that internal audit function is to be improved. Deficiencies detected prevents to reach the objective of internal audit function;

137.3. assessment 3 indicates that internal audit function is operating without any substantial deficiencies. The detected deficiencies do not affect the achievement of the objective of the internal audit function;

137.4. assessment 4 indicates that internal audit function is good practice for others. The internal audit unit uses the methods which may be used as a good example and good practice by other internal audit units;

137.5. assessment of the internal audit unit cannot be provided, if there is no proof for the existence of significant elements of the internal audit system.

138. The Ministry of Finance shall grant high, medium or low priority to recommendations in the draft assessment report.

139. The Ministry of Finance shall send draft assessment report to the ministry and institution for provision of opinion. Within 10 working days following the receipt of the draft assessment report the ministry and institution shall submit opinion regarding the draft report to the Ministry of Finance.

140. The Ministry of Finance shall assess the submitted opinion, ensure discussion of the draft assessment report and, where appropriate, adjustment thereof, as well as develop assessment report and request the ministry and institution to develop the time-table for the implementation of the assessment recommendations. In the assessment report the Ministry of Finance shall include objections maintained by the ministry and institution regarding findings included in the report.

141. The State Secretary of the ministry or the head of the institution shall, within 10 working days following the receipt of the assessment report, approve the time-table for the implementation of the assessment recommendations drawn up by the internal audit unit and submit it to the Ministry of Finance. Recommendations, priority and impact thereof, if the recommendation is not implemented in conformity with the assessment report, the planned action for the implementation of recommendations, time periods for the implementation of recommendations and official responsible for the implementation shall be indicated in the time-table for the implementation of the assessment recommendations.

142. Upon the receipt of the time-table for the implementation of the recommendations approved by the State Secretary of the ministry and the head of institution, the Ministry of Finance shall, within 10 working days, prepare and send an informative letter to the Prime Minister or minister regarding the operation of the established internal audit system.

8.2.4. Supervision of the Implementation of the Recommendations of the Assessment

143. Within 10 working days following the time period laid down in the time-table for the implementation of the recommendations of the assessment the ministry or institution shall submit the information and documents regarding the implementation of recommendations to the Ministry of Finance.

144. The Ministry of Finance shall ensure the supervision of the implementation of the recommendations of the assessment.

145. The Ministry of Finance may carry out the examination in the ministry or institution in order to ascertain regarding implementation of the recommendations of the assessment.

146. If during a repeated assessment there are detected areas in the activities of the internal audit unit of a ministry or institution, which do not comply the laws and regulations, the Ministry of Finance shall inform the Cabinet regarding the results of the repeated assessment of the relevant ministry or institution.

8.2.5. Compilation of the Assessment Results

147. The Ministry of Finance shall draw up a summary of the performed assessments within 20 working days following the end of the assessment cycle. Information regarding the internal audit work methods and the best internal audit practice used in the internal audit units of the

ministries and institutions shall be included in the summary. The summary shall be placed on the website of the Ministry of Finance by informing the ministries and institution thereof.

148. By 30 January of the current year the Ministry of Finance shall submit information regarding the assessment results of the previous year to the Internal Audit Council.

9. Cases when the Ministry of Finance has the Right to Carry out Internal Audit of the Foreign Financial Assistance

149. The Ministry of Finance shall carry out internal audit of the foreign financial assistance in the ministry or institution in conformity with the assessment of factors laid down in Paragraph 22 of this Regulation and in the following cases:

149.1. if the assessment of the internal audit unit indicates that the internal audit unit is under development (establishing) or the deficiencies detected do not allow to reach the objective of the internal audit functions or the assessment of the internal audit unit cannot be provided;

149.2. if it is detected during the inspection of the internal audit file, that the internal audit process of the internal audit unit fails to comply with the laws and regulations governing the internal audit unit;

149.3. upon proposal of the Managing Authority of the foreign financial assistance.

150. When performing the internal audits referred to in Paragraph 149 of this Regulation, the Ministry of Finance shall apply the procedures for work organisation and performance of the internal audit laid down in this Regulation. The internal audit report and time-table for the implementation of recommendations shall be submitted to the head of the ministry or institution to be audited and he or she shall take a decision on the implementation of the recommendations included in the time-table for the implementation of the recommendations.

151. The Ministry of Finance shall submit the annual plan of the internal audit unit until 30 December of the current year, but updated annual plan within five working days following the approval of changes to the ministries and institutions that are involved in the management of the foreign financial assistance.

10. Final Provisions

152. The Ministry of Finance shall develop the methodology referred to in Paragraph 113 of this Regulation until 30 January 2014 and apply it, when the next assessment cycle has started.

153. The head of internal audit unit of the ministry or institution, when drawing up the annual report of the internal audit unit, shall complete line 1.1.1.1, 2.1.2 and 3.1.2 "Process" of Table 2 of Annex 6 to this Regulation.

Acting for the Prime Minister –
the Minister of Defence

Artis Pabriks

Acting for the Minister for Finance –
the Minister for Interior

Rihards Kozlovskis

Priority Assessment of the Systems To Be Audited

Number of the system and sub-system	Internal audit framework	R ₁	I ₁	R ₂	I ₂	R ₃	I ₃	R ₄	I ₄	R ₅	I ₅	R ₆	I ₆	R ₇	I ₇	R ₈	I ₈	VRN	I ₉	Total assessment	
1.	Core activity systems of the ministry or institution:		6		6		6		4		4		3		3		3			5	
1.1.			6		6		6		4		4		3		3		3			5	
1.2.			6		6		6		4		4		3		3		3			5	
2.	Strategic and operational planning		5		5		5		3		3		2		2		2			4	
3.	Risk management and quality management		5		5		5		3		3		2		2		2			4	
4.	Human resources management		5		5		5		3		3		2		2		2			4	
5.	Financial management and financial statements		5		5		5		3		3		2		2		2			4	
6.	Internal and external communication		5		5		5		3		3		2		2		2			4	
7.	Ensuring of operation, procurements		5		5		5		3		3		2		2		2			4	
8.	Legal support		5		5		5		3		3		2		2		2			4	
9.	Information technologies management		5		5		5		3		3		2		2		2			4	
10.	Management implementation systems of the European Union funded programmes		5		5		5		3		3		2		2		2			4	

APPROVED BY
Full name of the position of the official
(signature) Given name, Surname
_____ 20__

Time-Table for the Implementation of the Strategic Plan of the Internal Audit Unit for the Period 201_n – 201_{n+4}

Number of the system and sub-system	Internal audit framework	Total assessment of priority of systems to be audited	Priority	Previous audit year	Strategic Plan					Total days spent on the internal audit
					201 _n	201 _{n+1}	201 _{n+2}	201 _{n+3}	201 _{n+4}	
1.	Core activity systems of the ministry or institution									
1.1.										
1.2.										
2.	Strategic and operational planning									
3.	Risk management and quality management									
4.	Human resources management									
5.	Financial management and financial statements									
6.	Internal and external communication									
7.	Ensuring of operation, procurements									
8.	Legal support									

9.	Information technologies management									
10.	Management implementation systems of the European Union funded programmes and projects and of the foreign financial assistance projects									
10.1.										
10.2.										
Total days spent on the internal audit										
Supervision of the implementation of recommendations of external and internal audits										
Provision of consultations										
Ensuring of the work of the internal audit										
IN TOTAL: Number of days related to the internal audit										
Number of days available for the internal audit unit										
Number of days necessary for the internal audit unit										

Designation.

n – last figure of the current year number.

Date _____

Head of the Internal Audit Unit _____
(given name, surname) (signature)

Number of Days Available for the Internal Audit

No.	Days	Head of the department	Internal auditor 1	Internal auditor 2
1.	Total number of days in the year			
2.	Number of days not related to internal audit			
2.1.	holidays			
2.2.	public holidays			
2.3.	vacations			
2.4.	training (courses, seminars)			
2.5.	incapacity for work			
2.6.	unexpected work assignments (10 % and more)			
2.7.	other work assignments not related to performance of the internal audit, specifying for what function and task implementation the time is planned			
3.	Number of days related to the internal audit			
3.1.	number of days spent on internal audit			
3.2.	monitoring of the implementation of recommendations of external and internal audits			
3.3.	provision of consultations			
3.4.	ensuring of the work of the internal audit			
(3) = (1) – (2)				

Date _____

Head of the Internal Audit Unit _____
(given name, surname)
(signature)

Acting for the Minister for Finance –
the Minister for Interior

Rihards Kozlovskis

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Full name of the position of the official
(signature) Given name, Surname
_____ 20__

Annual Plan of the Internal Audit Unit for the Year _____

Plan of the internal audits

No.	System, sub-system to be audited	Name of the internal audit	Institution or unit to be audited	Time period planned for the internal audit (calendar month)	Responsible internal auditor	Number of days intended for the internal audit
1.						
2.						
3.						
Total number of days untended for the internal audit						

Additional tasks upon the request of the Prime Minister, minister, State Secretary or head of the institution (decision-making body), indicating the intended time (calendar month), responsible auditor and intended number of days.

Date _____

Head of the Internal Audit Unit _____
(given name, surname) (signature)

Acting for the Minister for Finance –
the Minister for Interior

Rihards Kozlovskis

Questionnaire

1. Do you think that audit results are sufficiently discussed with you before receipt of the audit report?

1 2 3 4

Comments

2. Is audit report understandable?

1 2 3 4

Comments

3. Are significant activities of your field selected for audits?

1 2 3 4

Comments

4. Do you think that auditors are objective?

1 2 3 4

Comments

5. Do auditors have sufficient knowledge for performance of audit regarding processes in you field?

1 2 3 4

Comments

6. Do audits performed help you to improve the processes of the institution?

1 2 3 4

Comments

7. Do audits performed help to improve information regarding risks in the fields of your responsibility?

1 2 3 4

Comments

8. Do consultation services provided by the internal audit unit are sufficient in the fields of your responsibility?

1 2 3 4

Comments

Assess each question of this questionnaire by granting numerical score thereto from 1 to 4:

- 1) assessment 1 – no;
- 2) assessment 2 – more "no" than "yes";
- 3) assessment 3 – more "yes" than "no";
- 4) assessment 4 – yes;

Acting for the Minister for Finance –
the Minister for Interior

Rihards Kozlovskis

APPROVED BY
Full name of the position of the official
(signature) Given name, Surname
_____ 20__

Annual Report of the Internal Audit Unit

1. Opinion on the Internal Control System at the Ministry or Institution

Table 1

1.1. Coverage of audited systems and sub-systems

in a current year and previous four years of the strategic plan

No.	System, sub-system audited	Priority	Opinion in conformity with Paragraph 96 of the Cabinet Regulation No. 385 of 9 July 2013, Procedures for the Performance and Assessment of Internal Audit				
			201 _{n-4}	201 _{n-3}	201 _{n-2}	201 _{n-1}	201 _n
1	2	3	4	5	6	7	8
1.	Core activity systems of the ministry or institution						
1.1.							
1.2.							
2.	Systems of the management and support functions						
2.1.	Strategic and operational planning						
2.2.	Risk management and quality management						
2.3.	Human resources management						
2.4.	Financial management and financial statements						
2.5.	Internal and external communication						

2.6.	Ensuring operation, procurements of						
2.7.	Legal support						
2.8.	Information technologies management						
3.	Management implementation systems of the European Union funded programmes and projects and of the foreign financial assistance projects						
3.1.							
3.2.							

Designation.

n – last figure of the current year number.

Comments.

Table 2

1.2. Coverage of audited systems, sub-systems and processes in the ministry and subordinate institutions of the ministry for a current reporting year and previous four year of the strategic plan

No.	Audited system, sub-system, process of the system or sub-system	Priority	Ministry	Subordinate institution 1	Subordinate institution 2
1	2	3	4	5	6
1.	Core activity systems of the ministry or institution				
1.1.	System				
1.1.1.	Sub-system				
1.1.1.1.	Process				
2.	Systems of the management and support functions				
2.1.	System				
2.1.1.	Process				
3.	Management implementation systems of the European Union funded programmes and projects and of the foreign financial assistance projects:				
3.1.	Sub-system				
3.1.1.	Process				

Table shall be completed by the ministries. In the table columns “Ministry”, ”Subordinate institution 1” and “Subordinate institution 2” shall be specified the last five auditing years of

the system, sub-system or process in the ministry and subordinate institutions thereof that are included in the scope of work of the internal audit unit.

Comments.

Table 3

2. Plans of the internal audit unit in compliance with which the internal audit unit was operating in the reporting year

Plan	Date of approval	Person performing approval
1	2	3
Strategic Plan		
Annual Plan		

Comments.

Table 4

3. Number of days used for the internal audit

No.	Days	Head of the department	Internal auditor 1	Internal auditor 2
1	2	3	4	5
1.	Number of days spent on internal audit			
2.	Monitoring of the implementation of recommendations of external and internal audits			
3.	Provision of consultations			
4.	Ensuring of the work of the internal audit			
5.	In total: Days related to internal audit (5) = (1) + (2) + (3) + (4)			
6.	Internal audit training			
7.	Other work assignments not related to internal audit			
In total				

4. Employees of the internal audit unit

Permanent positions as of the end of the reporting year	Vacant permanent positions as of the end of the reporting year	Employees admitted during the reporting period	Employees released during the reporting period	Reasons for dismissal of the employees	Additionally required permanent positions
1	2	3	4	5	6

Comments.

5. Work performance and quality indicators

Indicate actual work performance and quality indicators achieved during a reporting year, calculation thereof, where applicable, and assessment of the achieved work performance and quality indicators.

6. Other significant information

Date _____

Head of the Internal Audit Unit _____
 (given name, surname) (signature)

Acting for the Minister for Finance –
 the Minister for Interior

Rihards Kozlovskis

Summary of the Implementation of Recommendations of the Internal Audits of the European Economic Area Financial Mechanism, the Norwegian Financial Mechanism and Swiss-Latvian Co-operation Programme

Name of the internal audit							
Internal audit number							
European Economic Area Financial Mechanism, the Norwegian Financial Mechanism or Swiss-Latvian Co-operation Programme							
Institution audited							
Estimated internal audit time							
				from ... to ...			
Actual time of the internal audit							
				from ... to ...			
No. ¹	Deficiencies determined by internal auditors	Recommendation ²	Priority	Deadline for implementation ³	Responsible official	Information on the implementation of the recommendation ⁴	Evidence of the implementation ⁵

Notes.

¹ The sequence number of the recommendation from the time-table for the implementation of the recommendations of the internal audit.

² All recommendations included in the approved time-table for the implementation of the recommendations of the internal audit shall be indicated.

³ The deadline for the implementation of the recommendations indicated in the approved time-table for the implementation of the recommendations of the internal audit.

⁴ Information regarding the implementation of the recommendations (yes/no) and the actual date of implementation of the recommendation shall be indicated.

⁵ Information regarding the measures taken to implement the recommendation shall be specified.

Acting for the Minister for Finance –
the Minister for Interior

Rihards Kozlovskis