

EBAP/06/32

CONFIDENTIAL

March 17, 2006

To: Members of the Executive Board

From: The Secretary

Subject: **Internal Audit Function in the Fund—Background Information and Activity Report**

The attached paper provides background information and activity report on the internal audit function in the Fund for an informal briefing by the Executive Board on **Wednesday, March 22, 2006** and is circulated for the **information** of Executive Directors.

This paper is intended for the use of the Executive Board only. The staff does not propose the publication of this paper after the Informal Briefing.

Questions may be referred to Mr. Keuppens (ext. 37813) and Mr. Nelson (ext. 38132) in OIA.

Att: (1)

INTERNATIONAL MONETARY FUND

The Internal Audit Function in the Fund**Background Information and Activity Report**

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Approved by Bert E. Keuppens

March 17, 2006

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I. INTRODUCTION

1. **This note provides background information on the internal audit process and an activity report by the Office of Internal Audit and Inspection (OIA),** in line with the Managing Director's proposal on information sharing regarding "Control- and Audit-Related Matters."¹

2. **The Managing Director's proposal regarding the internal audit function in the Fund stated that:**

An annual internal audit activity report will be circulated to the Executive Board, containing the following elements:

- *Information on implementation of the OIA work program in the preceding financial year, in the format of a list of audits and reviews conducted by OIA, and comparison to the OIA work plan approved by management and endorsed by the EAC. The internal audit plan for the current year would also be circulated for information.*
- *Main issues and findings emerging from the OIA projects and reviews, including a summary of the more important recommendations issued by OIA, and of the actions undertaken or planned by the concerned departments and offices.*
- *Status of implementation of audit recommendations, including information on aging of open recommendations and time lapsed to implement those that were closed.*

3. **This note is organized as follows.** Since this is the first briefing on this subject, Section II provides general information on the functioning of the internal audit process in the Fund; Section III discusses OIA's work program; Section IV turns to reporting and main findings emerging from OIA projects and reviews; and Section V provides information on the status of audit recommendations. Appendix I lists the audits and reviews planned and completed in FY 2005 and FY 2006, and Appendix II provides statistics about the aging of recommendations. Appendix III summarizes objectives and scope of the audits completed in FY 2005 and part of FY 2006, together with the key issues and recommendations. Appendix IV provides GAO No. 14 which governs the internal audit function.

II. INTERNAL AUDIT: BACKGROUND

4. **The goal of internal auditing is to provide reasonable assurance concerning the proper working of the organization's internal controls.** An authoritative definition of

¹ *Control- and Audit-Related Matters—Information Sharing with the Executive Board* (FO/DIS/05/153, 12/20/05) and EBM 06/17 (2/22/06).

internal auditing by the Institute of Internal Auditors (IIA) is presented in Box 1.² In line with this definition, internal auditing in the Fund is intended to provide management and the Board, via the External Audit Committee (EAC), reasonable assurance that the Fund's internal controls are working to assure effective and efficient Fund operations and compliance with Fund rules and policies approved by management and the Board.

5. **In the Fund, OIA's mission is set forth in GAO No. 14 as follows (see Appendix IV):³**

- to “provide independent and objective examinations and reviews of the effectiveness of the risk management, control, and governance processes of the Fund, and present analyses and advice to Fund management and staff for improvement, guided by professional standards;” and
- to “review the Fund's business processes and work practices to help ensure that they are structured and conducted in a manner that enables the Fund to fulfill its objectives effectively and efficiently.”

6. **The Institute of Internal Auditors has developed standards for the professional practice of internal auditing and a Code of Ethics for internal auditors.** Use of these standards constitutes best practice for internal audit operations and, together with the Code of Ethics, is mandatory for practicing auditors who have earned a professional certification from the IIA. The IIA has also developed guidance notes to aid with the implementation of the standards in different audit environments.

² The IIA is an international professional association and considered the global voice of the internal audit profession.

³ OIA is also tasked with conducting, or assisting in conducting, internal investigations requested by the Managing Director, and assisting the external audit process and supporting the activities of the EAC.

Box 1. Internal Auditing: Definition and Framework

The Institute of Internal Auditors (IIA) defines internal auditing as follows:¹

“Internal auditing is an independent, objective *assurance* and *consulting* activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.” (italics added)

The IIA explains that “*assurance* services involve the internal auditor’s objective assessment of evidence to provide an independent opinion or conclusions regarding a process, system or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor.” On the other hand, “*consulting* services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client.”²

The IIA maintains the “International Standards for the Professional Practice of Internal Auditing.”

¹ See *The Professional Practices Framework*, IIA, 2004.

² This paper generally uses the term “advisory” instead of “consulting” services.

7. **In the Fund, the internal audit function fully complies with the professional standards of the IIA.** OIA was reviewed by the IIA in 1999 and 2004.⁴ The latest review was conducted by a team of highly qualified professionals including the World Bank’s former Auditor General. The review found that OIA operations fully comply with the IIA’s standards on internal auditing (see Boxes 2 and 3).⁵

⁴ The IIA requires that “External assessments, such as quality assurance reviews, should be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization” (IIA Standard 1312).

⁵ OIA has developed a Policies and Procedures Handbook (available at <http://www-int.imf.org/depts/oia/what/what.html>) that documents its operating principles, processes, and procedures in accordance with IIA Standards.

Box 2. Best Internal Audit Practices

The IIA endorses the following best practices regarding the independence of internal auditing, its role in the organization's risk management process, and the provision of internal advisory services.

Organizational independence.¹ The chief audit executive (CAE) should report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. For administrative purposes, in most circumstances, the CAE should report directly to the chief executive officer of the organization (to facilitate the day-to-day operations of the internal audit function). To achieve necessary independence, the CAE should report functionally to the audit committee or its equivalent. The functional reporting line for the internal audit function is the ultimate source of its independence and authority. At all times, the CAE should have open and direct access to the chair of the audit committee and its members.

The internal auditor's role in the organization's risk management process.² The internal audit activity should assist the organization by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.

Performance of internal advisory activities.³ Such services can be defined as follows: advisory and related client service activities, the nature and scope of which are agreed with the client and which are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training. Internal auditors may conduct advisory services as part of their normal or routine activities as well as in response to requests by management. Once approved, the internal audit charter should be amended to include authority and responsibilities for advisory activities, and the internal audit activity should develop appropriate policies and procedures for conducting such engagements.

¹ IIA Standard 1110 and IIA Practice Advisories 1110-1 and 1110-2.

² IIA Standard 2110.

³ IIA Standard for Consulting Services 1000.1, and IIA Practice Advisory for Consulting Services 1000.1-1 and 1000.1-2.

8. **OIA is part of the Office of the Managing Director and reports to the Managing Director.** This arrangement ensures OIA's independence from the departments or work units that it audits. A key attribute of the internal audit function, according to IIA standards, is its independence from the conduct of operations of an organization to reduce the potential for conflicts of interest. This independence implies that an internal auditor should also not be responsible for the conduct of any operations.

Box 3. Selected Internal Audit Standards

Purpose, authority, and responsibility of the internal audit activity (IIA Standard 1000).

The nature of assurance services provided to the organization should be defined in the audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances should also be defined in the charter.

Independence (IIA Standard 1100). The internal audit activity should be independent, and internal auditors should be objective in performing their work.

Proficiency (IIA Standard 1210). Internal auditors should possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively should possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Due professional care (IIA Standard 1220). Internal auditors should apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

Quality assurance and improvement program (IIA Standard 1300). The chief audit executive should develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitors its effectiveness. This program includes periodic internal and external quality assessments and ongoing internal monitoring.

Planning (IIA Standard 2010). The chief audit executive should establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals.

Monitoring progress (IIA Standard 2500). The chief audit executive should establish and maintain a system to monitor the disposition of results communicated to management. The chief audit executive should establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

9. **OIA also reports to the EAC.** This reporting line further guarantees OIA's independence in line with IIA standards. In turn, the EAC reports to the Executive Board and transmits the report issued by the external audit firm that conducts the external audit to the Board of Governors.⁶ Going forward, it is intended that the Executive Board will receive periodic briefings on audit- and control-related matters, including briefings on OIA's work program, main issues and findings, and status of audit recommendations.⁷

⁶ See By-Laws, Sec. 20 (f).

⁷ Currently, summaries of OIA reports on departmental reviews are shared with the Committee on the Budget and OIA's intranet website includes a list of the completed audits that have been issued in the
(continued)

10. **OIA benefits from a wide variety of expertise on its staff.** OIA has a complement of 18 regular staff consisting of 3 B-level staff, 12 A9-A15 staff, and 3 A1-A8 staff. In addition, OIA employs 2 contractuels and utilizes an average of 2-3 external consultants. OIA professionals include certified auditors (11), economists (2) and work practices specialists (2). Most staff have professional certifications in areas such as auditing, accounting, and change management. The 2004 review by the IIA of OIA noted that “an exceptionally high percentage of the staff” was certified and that “such a degree of professionalism is extraordinary.”

11. **The staffing and the budget of OIA are broadly in line with internal audit staffing and budget levels in other international organizations.** OIA accounts for 0.6 percent of the Fund’s staff and 0.5 percent of the budget.

III. WORK PROGRAM

12. **About two-thirds of OIA’s total resources are devoted to audits and reviews, and about one-third to internal advisory services (Table 1).**

Table 1. OIA Resource Allocation, FY 2005-06

- The traditional audits and reviews provide assurance that Fund activities and systems are adequately controlled, operate in compliance with relevant policies and procedures, and are effective and efficient in achieving their stated objectives.

		FY 2005		FY 2006
		Budget	Projected outturn	Planned
(In US\$ million)				
Total resources		4.2	3.9	4.3
(In percent)				
Total resources		100	100	100
Audits, reviews, and investigations		66	62	65
Advisory services		34	38	35
Work practices		27	23	28
Other		7	15	7

Source: OIA baseline study of FY 2006 (available at: [http://www.omb.gov/omb/audit/audit.html](#)).

Source: OIA business plan for FY 2006 (available on OBP website).

- The traditional audits and reviews provide assurance that Fund activities and systems are adequately controlled, operate in compliance with relevant policies and procedures, and are effective and efficient in achieving their stated objectives.
- In line with best practices in internal auditing, OIA also offers internal advisory services. These services are primarily rendered by OIA’s Work Practices Section to help organizational units develop and implement new and more efficient ways of working, including to take full advantage of efficiencies made possible by technology. OIA also assesses the adequacy of controls before major new information technology systems are implemented.

The resources required for each project vary widely according to the topic. Narrowly focused audits can require as little as a few weeks of effort, while reviews of entire departments can

last three years. OIA also posts its work program on its website, and a number of final reports that are considered of general interest.

require 1.5–2 FTEs per year of OIA’s resources. Similarly, while some advisory services involve mainly oversight and monitoring activities, others entail very intensive hands-on assistance with process streamlining.

13. Audits and reviews, and advisory services, have a number of distinguishing characteristics:

- Advisory services have a greater forward looking component than audits and reviews as they are typically rendered in the preparation phase of new Fund activities or the streamlining of existing activities. Audits and reviews, on the other hand, typically examine how existing Fund activities have been carried out.
- Audits and reviews are normally initiated by OIA or management, while OIA’s advisory services are provided in response to departmental requests, often to help identify procedural streamlining opportunities. OIA prioritizes—throughout the year and depending on relative business risks—the provision of its advisory services, for which there is excess demand.
- Audit recommendations are reviewed by Fund management, and compliance with those recommendations endorsed by management is strictly monitored by OIA on management’s behalf.

Table 2. OIA Output, FY 2005-06

	Planned	
	FY 2005	FY 2006
Total completed projects	44	40
Audits, reviews, and investigations	22	20
Advisory services	22	20
Work practices	10	12
Other	12	8

Sources: OIA project log submitted to EAC (FY 2005), and OIA business plan for FY 2006.

14. OIA completes about 20 audits, reviews, and investigations and 10 work practices projects per year (Table 2).⁸

In addition to the audits, reviews, investigations, and work practices projects, OIA may be engaged in some 10 other activities per year, which concern mostly participation in, or heading of, task forces.

A. Work Program for Audits and Reviews

15. OIA prepares a risk-based annual work program for its audit and review activities, in line with best practice and as recommended by the IIA. Before the start of each financial year, OIA prepares its audit and review work program taking into account an assessment of risks. The degree of risk is measured by factors including: the nature of the activity; the level of financial resources involved; the adequacy of control exercised over the

⁸ Investigations are those type of internal audits that are requested by management of one-time suspected irregularities in accordance with GAO No. 14, Section 2.03.

activity; the complexity of the activity; and the extent of technology and human resource risks accompanying the activity.⁹ In developing its work program, OIA supplements its own analysis with views collected from staff outside of OIA and from the EAC. Work programs in recent years have emphasized audits of controls over potential risks in the financial and technology areas, as well as reviews of Fund departments.

16. OIA's work program for audits and reviews is approved by management and reviewed by the EAC. Projects may be added during the year at the request of management, the EAC, or the Ethics Officer. Such requests include the conduct by OIA of special investigations, and reviews and consultations with the Ethics Officer, as needed. The work program is also coordinated with the external audit firm and takes account of the work of the Independent Evaluation Office to avoid overlap or duplication.

17. The following discusses the types of audits and reviews that are conducted and their resource utilization.

- **Organizational reviews**, including the zero-based reviews of departments, utilize 15-20 percent of OIA's resources.¹⁰ The aim of organizational reviews is to review and improve effectiveness and efficiency of departments.
- **Operational audits and audits of information technology systems** utilize 15-20 percent of OIA's resources. These are designed to provide assurance that administrative and operational activities (e.g., procurement) are effective and efficient, and that internal controls to mitigate risks (e.g., firewalls) are adequate.
- **Financial audits** utilize 15–20 percent of OIA's resources. These audits help provide reasonable assurance that the Fund's financial assets are protected and accounting and reporting are accurate.

⁹ The Fund-wide risk management efforts that are currently under way are much wider than the risk assessment that OIA carries out to help it determine its work program. Fund wide, there are strategic, core mission, operational, and financial risks, while OIA typically focuses only on the latter two. Once the Fund-wide risk management efforts have been better defined, OIA will follow best practice and utilize the results in the risk-based determination of its work program.

¹⁰ Zero-based reviews assess whether the outputs and activities of the department are aligned with the current goals and objectives of the Fund.

- **Planning and follow-up** utilize about 5 percent of OIA's resources and consist of the preparation of work plans, oversight to ensure the quality of OIA activities, activity reports, and reports on the status of implementation of recommendations.¹¹
- **Ad hoc requests** from management and investigations require varying amounts of resources and are accommodated, if necessary, by postponing activities in other areas.

18. **Substitutions in the work program take place when needed, to accommodate ad hoc requests by management.** Given their urgent nature, in-year additions requested by management can divert resources from the planned work program. For example, the OIA work program approved by management at the beginning of FY 2005 comprised 20 audits and reviews, but 9 additional projects—including 3 related to the 2004 compensation error—were added during the year. In the end, 22 audits, reviews, and investigations were completed during FY 2005, including 14 that had been in the work program at the beginning of the year.

19. **Appendix I lists the audits and reviews conducted by OIA in FY 2005–06.** The FY 2005 audits and reviews are provided in comparison with the original work program, together with their progress status. Appendix I also includes the internal audit plan for FY 2006 with an indication of the progress so far.

B. Advisory Services

20. **Most of the internal advisory projects relate to major technology initiatives requiring streamlining of work processes before new technologies are implemented.** Under the Fund's Integrated Project Approach (IPA) methodology—used for all major IT initiatives—projects are managed by end-users assisted by a staff team made up of representatives from TGS, OIA's Work Practices Section, and HRD (training). The role of OIA is to facilitate process streamlining and to ensure that technology designs reflect user needs. This results in greater efficiency and better use of technology to maximize the benefits realized from technology investments. OIA assistance is also sought for non-technology projects aimed at improving the effectiveness of specific activities.

21. **Demands for OIA's advisory services are greater than what the regular staff resources available for this work can satisfy.** The imbalance is addressed through priority setting and the use of external consultants. By focusing on projects with the highest priority, OIA avoids dilution of its efforts, which could jeopardize the quality of advice.

22. **OIA has remained engaged in a large number of advisory services projects during the current financial year.** The outcome for FY 2005 was that OIA provided assistance to 18 information technology projects and 7 projects outside the technology area.

¹¹ In accordance with IIA Standards, OIA follows an internal quality assessment program including solicitation of feedback from auditees, self-assessments, documentation of audit policies and procedures, and training.

IV. REPORTING AND MAIN FINDINGS

23. **OIA reporting to management and the EAC includes the following:**

- OIA agrees its work plan with management.
- Management and the EAC routinely receive summaries of all audits and reviews completed by OIA.
- OIA provides management with semi-annual status reports with an indication of the status of the recommendations. These reports include the responses from the department or unit responsible for implementing the recommendation. OIA closes recommendations after its assessment of the adequacy of the actions taken by departments, in consultation with management.

24. **The reporting relationship of OIA to the EAC enables the EAC to be kept apprised of issues related to internal auditing and provides a vehicle for OIA to communicate directly and independently with the EAC.** To be kept informed, the EAC holds regular discussions with OIA staff via telephone or video conference, and through semi-annual visits to Washington. Since the EAC is tasked with the oversight of the internal and external audit processes at the Fund, it also provides input and direction for OIA's work program.¹² Furthermore, the audit work of OIA is taken into account by the external audit firm.

25. **The EAC, in turn, reports important internal audit issues to the Board.** Under International Standards of Auditing, auditors are required to report to those "charged with governance" material weaknesses in internal control. As explained in Box 4, material weaknesses would need to be reported to the Executive Board. So far, no such weaknesses have needed to be reported.

26. **OIA classifies the recommendations that result from its audits and reviews according to their potential mitigation of risk.** Key recommendations (i.e., those that OIA considers will mitigate high or medium levels of risk) are reported to management and are followed up by OIA for implementation. Less critical recommendations (i.e., those that OIA judges of a lower risk level) are reported to the work unit only.

¹² See *The Fund's External Audit Function—Terms of Reference for the External Audit Committee* (EBS/99/137, 7/23/99).

Box 4. Reportable Audit Conditions

Under International Standards of Auditing (ISA), “matters of governance interest” need to be reported to those “in charge of governance.” In the Fund, reporting to the Executive Board would be incumbent upon the EAC, which has general oversight over the audit processes.

Matters that would need to be communicated include the following:

- any audit scope limitation;
- changes in accounting policies that have a material effect;
- material risks that should be disclosed in the financial statements;
- audit adjustments and significant uncertainties affecting the continuation of operations;
- disagreements with management, if any, that affect the financial statements;
- expected audit qualifications;
- material weaknesses in internal control; and
- questions regarding management’s integrity and fraud involving management.

Audit guidelines define a material weakness as “a significant control deficiency that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.”

Any deficiency that qualifies as a material weakness in internal control would need to be communicated to the Executive Board. So far, no such weaknesses have been discovered.

27. **A list of the completed OIA audits and reviews during FY 2005–06, including synopses and main conclusions, is included in Appendix III.** Some findings are as follows:

- Financial controls in the administration of the Staff Retirement Plans are adequate but could be enhanced to mitigate further the risk of error.
- The Fund’s IT infrastructure is secured by best-of-breed firewall products in strategic locations within the Fund’s network, but controls could be tightened in some areas.
- Most HRD activities and initiatives perform necessary operational functions; some opportunities for cost savings and strengthening of the organization were identified.
- While measures were implemented to provide reasonable assurance that the HQ2 building would be constructed within the approved budget and the agreed schedule, a number of risks were identified and additional controls implemented.
- Cellular telephone services are competently managed and timely reimbursements are generally made by Fund staff for personal phone charges, but controls could be strengthened.

- Reasonable budgetary and expenditures controls exist in the Fund's devolved procurement operations, but OIA identified opportunities for improvement.
- Training provided by INS is highly valued and requested in excess of what a constrained budget provides—as could be expected for a good provided mostly free of charge. While INS is well managed overall, some opportunities were identified to streamline staffing and operations.¹³
- While strong controls are in place to secure the SWIFT infrastructure (used to make international payments), security controls and the segregation of operational duties could be further strengthened.
- Outputs and services provided by LEG are of high priority and quality, and are appreciated by all of its clients. OIA's review identified some opportunities for cost saving through possible staff reductions.¹³

V. STATUS OF RECOMMENDATIONS

28. **Recommendations are generally implemented on a timely basis.** Over 800 recommendations have been formulated since FY 2000 (see Table 1, Appendix II). About 95 percent of OIA's recommendations are fully or partially implemented as formulated, and about 5 percent are closed taking into account new developments that justify such action. Recommendations are generally implemented in about nine months on average (Table 2, Appendix II). Fewer than 10 percent of recommendations that were open midway through the current financial year originated in audits before FY 2004.

¹³ Implementation of recommendations is being considered in the light of the ongoing Strategic Review.

OIA Audits and Reviews—FY 2005-06

FY 2005
as of April 30, 2005

Project Code	Title	Project Originated from	OIA Completion in FY 05
<i>Financial</i>			
04001	Review of Controls in Determining Eligibility for Selected Benefits and Allowances	FY 04 Work Plan	Yes
04003	Financial Controls Audit of the SRP	FY 04 Work Plan	Yes
04005	MBP Claims Audit	FY 04 Work Plan	Yes
05001	Risk Management at the Fund: Preliminary Considerations	FY 05 Work Plan	FY 06
05002	Financial Controls in Overseas Facilities Procurement	FY 05 Work Plan	Yes
05003	Controls in Devolved Procurement Operations	FY 05 Work Plan	FY 06
05004	Financial Controls Audit of Food Service Operations	FY 05 Work Plan	Yes
<i>Information Technology</i>			
05201	IT Risk Assessment	FY 05 Work Plan	Yes
05202	Security Controls in External Communications	FY 05 Work Plan	Cancelled ^{1/}
05206	Review of Security of the Fund's Firewall Infrastructure	FY 05 Work Plan	Yes
05209	Data Center General Controls	FY 05 Work Plan	Yes
<i>Operational and Effectiveness</i>			
03201	Administrative Operations of the Res Rep Program ^{2/}	FY 03 Work Plan	Yes
04402	Review of HRD	FY 04 Work Plan	Yes
04404	Review of Video Conferencing	FY 04 Work Plan	Yes
04406	Review of Financial Management Controls of HQ2	FY 04 Work Plan	Yes
05401	Review of LEG	FY 05 Work Plan	Being finalized ^{3/}
05402	Review of INS	FY 05 Work Plan	FY 06
05403	Acquisition and Utilization of Cellular Telephones	FY 05 Work Plan	FY 06
05404	Oversight of External Assessment of Field Security	FY 05 Work Plan	Yes
05405	External Assessment of Business Continuity Plan	FY 05 Work Plan	FY 06
<i>Other Reviews</i> ^{4/}			
05809	Compensation Errors (two reports and a supplement)	FY 05 Addition	Yes

^{1/} Incorporated in audit 06205.

^{2/} A delay in completion was due to the desire for synchronization with the findings of the Resident Representative Task Force.

^{3/} Report is with management and is being considered in the light of the ongoing Strategic Review.

^{4/} Five other investigations and one case of assistance to the Ethics Officer were also completed.

FY 2006
as of January, 2006^{1/}

Project Code	Title	Project Originated from	OIA Completion in FY 06
<i>Financial</i>			
05001	Risk Management at the Fund: Preliminary Considerations	FY 05 Work Plan	Yes
05003	Controls in Devolved Procurement Operations	FY 05 Work Plan	Yes
06001	Review of Controls over Telephone Charges	FY 06 Work Plan	Yes
06002	Review of Burden Sharing	FY 06 Work Plan	In progress
06003	Follow-up Audit of iFIN	FY 06 Work Plan	In progress
06004	Contractual SRP Service Credits (Buy-backs)	FY 06 Work Plan	In progress
06005	Capital Budget Projects	FY 06 Work Plan	In progress
06006	Closeout Audit of HQ2	FY 06 Work Plan	To start
<i>Information Technology</i>			
06201	Controls over SWIFT Administration and Access	FY 06 Work Plan	Yes
06202	IT System Change Management and Control	FY 06 Work Plan	In progress
06203	Protecting the Fund Network from Viruses, Adware, and Spyware	FY 06 Work Plan	In progress
06204	Wireless Networks	FY 06 Work Plan	In progress
06205	Review of E-mail Services	FY 06 Work Plan	In progress
<i>Operational and Effectiveness</i>			
05402	Review of INS	FY 05 Work Plan	Being Finalized ^{2/}
05403	Acquisition and Utilization of Cellular Telephones	FY 05 Work Plan	Yes
05405	External Assessment of Business Continuity Plan	FY 05 Work Plan	Yes
06401	Review of PDR	FY 06 Work Plan	In progress
06402	Resources Needed to Implement Res Rep Devolved Budgeting	FY 06 Work Plan	To start
06403	Review of Standard Costs in Donor Reporting	FY 06 Work Plan	To start
06404	Physical Security	FY 06 Work Plan	In progress
06405	Controls in the Corporate Travel Operations	FY 06 Work Plan	In progress
<i>Other Reviews</i> ^{3/}			

^{1/} Status reflects progress as reported to EAC in January 2006.

^{2/} Report is with management and is being considered in the light of the ongoing Strategic Review.

^{3/} Two investigations were completed.

Status of Recommendations, FY 2000–06

Table 1. Implementation Status of OIA Recommendations
as of October 31, 2005

	Issued in Financial Year							Cumulative
	2000	2001	2002	2003	2004	2005	2006	
(Number of recommendations)								
Total	124	102	122	116	137	150	84	835
Implemented ^{1/}	120	102	118	111	124	81	37	693
Open	4 ^{2/}	0	4	5	13	69	47	142
Memorandum items:								
Implemented ^{1/} (in percent of total)	97	100	97	96	91	54	44	83
Average implementation lapse time (in months) ^{3/}	12.6	9.1	10.1	9.1	8.8	9.9

1/ Through October 31, 2005, which is the date of latest semi-annual update. Includes recommendations that are closed without implementation taking into account new developments that justify such action. These account for about 5 percent of closed recommendations.

2/ Recommendations expected to be implemented shortly.

3/ Average number of months to implement recommendations that were issued, and implemented, during the preceding four years.

Table 2. Open Recommendations by Impact and Financial Year
as of October 31, 2005

	Issued in Financial Year							Cumulative
	2000	2001	2002	2003	2004	2005	2006	
(Number of recommendations)								
Total open	4 ^{1/}	0	4	5	13	69	47	142
High impact	0	0	1 ^{1/}	0	7	18	21	47
Medium impact	4	0	3	1	4	32	22	66
Low impact	0	0	0	4	2	19	4	29

^{1/} Recommendations expected to be implemented shortly.

Summary of Audits and Reviews Completed During FY 2005—Mid FY 2006¹⁴**Audit Code 04001: Review of Controls in Determining Eligibility for Selected Benefits and Allowances (July 2004)***Objectives and Scope*

This audit assessed the extent, adequacy and effectiveness of controls used to determine staffs' eligibility for certain benefits and allowances, and reviewed the accuracy and consistency of dependent information provided by staff to support receipt of those benefits and allowances. The benefits and allowances included in the audit were Home Leave (HL), Spouse and Child Allowances (SCA), Education Allowances (EA), and the Medical Benefits Plan (MBP)).

Main Issues and Findings

The audit found that reasonable and effective controls are in place for verifying and approving eligibility and that dependent information provided by staff is reasonably accurate and consistent.

The review identified and made a number of recommendations to address some control weaknesses.

HRD was in general agreement with the recommendations and provided a plan for implementing them.

Audit Code 04003: Financial Controls Audit of the Staff Retirement Plans (January 2005)*Objectives and Scope*

The audit focused on the controls established to reduce the risk of unintentional misstatements or omissions in the accounts and financial statements of pension operations.

The audit examined and tested pension-related control activities involving: written policies and procedures; formal reviews, approvals, and authorizations; staffing and accountability; verifications and reconciliations; and transaction and activity reviews. Controls in these areas are generally accepted as the key preventive and detective measures for mitigating the risk of errors in financial accounts and statements.

¹⁴ The date in parentheses after the title of each audit/review refers to the date of (substantial) completion by OIA.

Main Issues and Findings

The audit determined that the financial controls established for accounting and reporting of Fund pension operations appear (i) sufficient to minimize the risk of significant unintentional misstatement or omission, and (ii) to provide reasonable assurance that transactions are recorded as necessary to permit the proper maintenance of accounts and financial statement preparation.

Controls were found to be generally sufficient and the audit identified some opportunities for improvement, mainly involving areas where financial controls could be enhanced to mitigate further the risk of errors.

FIN and HRD generally agreed with and accepted the audit recommendations.

Audit Code 04005: Medical Benefits Plan Claims Audit (October 2004)

Objectives and Scope

OIA participated with consultants from Mercer Human Resource Consulting (Mercer) in the claims audit of the Medical Benefits Plan (MBP) currently administered by the National Claims Administrative Services (NCAS). For privacy and confidentiality reasons, only Mercer conducted the detailed review of a sample of medical claims.

The objectives of the audit were to: (a) verify that NCAS has adequate systems and procedures in place to administer claims in accordance with IMF MBP provisions; (b) perform a due diligence audit of medical, eligibility, and customer service administration; (c) measure processing efficiency and accuracy for claims processed during the 12-month period ending December 31, 2003 against the performance standards set in the service agreement between NCAS and the Fund; and (d) determine error trends for the period covered by the audit and make appropriate recommendations.

Main Issues and Findings

The audit found (i) accuracy ratios below industry expectations; (ii) processing cycle time below industry expectations; and (iii) opportunities for improving MBP eligibility administration.

Measures were formulated to improve the processing accuracy and timeliness of MBP claims (additional training for the claims processors; strengthening documentation of pricing adjustments; instituting pre-payment audits of claims and pricing sheets from PHCS (Private Healthcare Systems) service providers; and strengthening internal auditing of claims.

NCAS generally agreed with the results of the audit and provided an action plan to address the recommendations.

**Audit Code 05004: Financial Controls Audit of Food Service Operations
(April 2005)**

Objectives and Scope

The objective of the audit was to gain reasonable assurance that the on-site financial controls of the Fund's food service provider, Guckenheimer, are adequate and effective to ensure accurate and timely invoicing of official catering and dining room charges.

Main Issues and Findings

OIA concluded that operational controls exist to ensure that Guckenheimer operates within the confines of its contractual obligations to the Fund, and financial controls over official charges are sufficient to provide reasonable assurance that transactions are recorded accurately and timely. However, the audit also made recommendations to strengthen operational and financial controls.

TGS generally agreed with and accepted the audit recommendations.

**Audit Code 05201: IT Risk Assessment
(February 2005)**

Objectives and Scope

OIA undertook an assessment of risks in the Fund IT universe as input to its audit work programs for FY 2005 and beyond. The assessment expanded upon and updated the results of an assessment in FY 2002 that focused on network security.

This exercise assessed risks of the auditable entities classified by OIA into nine broad categories: IT governance; application services; telephony services; network services; remote access services; email services; workstation services; client services; and creative services.

Main Issues and Findings

The assessment identified potential risk areas in one or more subcomponents of five of the nine main areas.

OIA shared its risk methodology and the assessment results with TGS, and indicated plans to review the assessment results annually with a view to adjusting risk ratings as necessary to reflect changes in the IT environment.

TGS was in general agreement with the risk assessment results.

**Audit Code 05206: Review of the Security of the Fund's Firewall Infrastructure
(April 2005)**

Objectives and Scope

The objective of the audit was to determine the effectiveness of the controls in the Fund's firewall infrastructure in ensuring the confidentiality, integrity, and availability of the Fund's information resources to authorized user groups.

The scope of the review included an analysis of the policies and procedures in place to manage and administer the Fund's external and internal firewalls as well as desktop firewalls.

Main Issues and Findings

OIA concluded that the Network Engineering team (NE) of TGS has done adequate work to secure the Fund's IT infrastructure by implementing best-of-breed firewall products in strategic locations within the Fund's network.

This progress notwithstanding, TGS agreed to tighten controls in some areas and made a commitment to applying the recommended corrective measures.

**Audit Code 05209: Data Center General Controls
(April 2005)**

Objectives and Scope

The objective of the review was to evaluate the effectiveness of internal controls in the Fund's data center that ensure the confidentiality, integrity and availability of information resources hosted there.

The scope of the review included an analysis of policies, procedures and systems in place to manage and administer the Fund's data center.

Main Issues and Findings

OIA concluded that TGS has done adequate work to operate and support the Fund's data center and maintain the integrity of information systems hosted there. This progress notwithstanding, TGS needs to tighten data center controls in some areas since there were some vulnerabilities.

TGS found the draft report comprehensive and generally agreed with the recommendations.

**Audit Code 03201: Administrative Operations of the Resident Representative Program
and
Audit Code 05002: Financial Controls in Overseas Facilities Procurement
(March 2005)**

Objectives and Scope

In parallel with the Strategic Review of the Resident Representative Program (reported in EB/CB/05/2), OIA conducted two administrative reviews, of a more narrow scope. The first review focused on program administration, controls for safeguarding assets in the field, and practices involved in the formulation and monitoring of the budget. The objective of the second review was to evaluate the effectiveness and adequacy of the controls over the leasing of resident representative residences and offices. One report was produced covering both reviews.

Main Issues and Findings

The OIA reviews concluded that the administration of the program complies in all material respects with existing policies and procedures. At the same time, OIA identified opportunities to improve the cost effectiveness of administrative operations—especially those relating to leasing, furnishing, and refurbishing resident representative residences and offices. Savings should be possible by: (i) implementing greater controls over real estate services, including rental ceilings; (ii) increasing the use of local procurement and the leasing of furnished residences to reduce expenses associated with procuring, storing, moving, and disposing of furniture and furnishings; and (iii) streamlining policies for residence maintenance expenditures.

Departments that reviewed the draft report generally supported the recommendations.

**Audit Code 04402: Review of the Human Resources Department
(August 2004)**

Objectives and Scope

The review of HRD aimed at identifying HRD outputs that are of lower priority in terms of meeting the current goals of the Fund or could be produced at lower cost, and at assessing the effectiveness and quality of HRD's internal management processes.

Main Issues and Findings

The major conclusions and recommendations (also presented to the COB) were that:

- Most HRD activities perform necessary operational functions, but cost savings opportunities exist (an estimated \$1 to \$1.5 million annually).

- Productivity of the Fund's general HR management could be improved in the long term by better integrating the HR management operations of HRD and of the departmental Assistant to the Personnel Manager (ASPM) function.
- Some aspects of HRD's internal management could be strengthened, including improved vertical and horizontal intradepartmental communication and a more proactive counseling and management of HRD staffs' career expectations.

In February 2005, the Committee on the Budget (COB) considered the recommendations arising from the zero-based portion of the review (EB/CB/05/1). Steps are being taken to address the recommendations.

Audit Code 04404: Review of Video Conferencing (October 2004)

Objectives and Scope

The objective of the review was to determine the cost effectiveness of video conferencing (VC) in the Fund.

Main Issues and Findings

The review found that the Fund's centralized business model and need for intensive contact with authorities are not suited for large-scale use of VC.

The review recommended continued restraint with VC investments pending the completion of the pilot, and full implementation of the pilot's evaluation framework. It also recommended that more technological information about VC be obtained from other institutions.

A summary of the report was presented to the COB in December 2004, due to the previously expressed interest in potential cost savings from using video conferencing (EB/CB/04/8).

Audit Code 04406: Review of Financial Management Controls of the HQ2 Building Construction Project (August 2004)

Objectives and Scope

This review assessed the adequacy and effectiveness of management controls of the HQ2 Construction Project, as implemented by CADI and by the Fund.

Main Issues and Findings

Several measures were implemented to provide reasonable assurance that the HQ2 building would be constructed within the approved budget and the agreed schedule.

A number of risks were identified and OIA recommended several measures to control costs and monitor adherence to the project schedule.

TGS and FIN agreed to take steps to implement most of the audit recommendations.

Audit Code 05401: Review of the Legal Department (April 2005)

Objectives and Scope

The review of the Legal Department (LEG) is the third of OIA's reviews of the Fund's economic and functional departments to undertake a "zero-based" assessment of a department's activities.

Main Issues and Findings

The COB will receive a summary of this review; the findings of the report are being considered before being finalized. OIA concluded that (i) all outputs have a strong and recent mandate and (ii) the department is efficiently managed.

OIA formulated some recommendations primarily focused on opportunities for cost savings in staffing resources.

In its comments on the draft report, LEG broadly agreed with most recommendations and is considering other recommendations. The review is currently with management and is being considered in the light of the ongoing Strategic Review. A summary of the report will be made available to the COB.

Audit Code 05404: Oversight of External Assessment of Field Security (February 2005)

Objectives and Scope

This evaluation was undertaken to determine if the programs and resources in place to provide physical security for the Fund's personnel working outside Washington, D.C. are fully appropriate to address the current level of global security risk.

OIA's involvement in the review was requested by TGS. TGS engaged external experts to perform this review and requested OIA participation to assure its independence and appropriate conduct.

Main Issues and Findings

The consultant made recommendations to address findings that the Fund's planning, staffing structure and capabilities for delivering security services could be further improved to address the current and projected future security needs of the organization.

TGS is addressing the recommendations.

Audit Code 05809: Compensation Errors (March 2005)

Objectives and Scope

OIA reviewed errors discovered in the 2004 compensation review exercise and issued two reports (and a supplementary note) on the revised data calculations and the causes of the errors and recommended preventive measures.

Key Issues

The reports were distributed to the Board (EBAP/05/27, EBAP/05/27 Supplement 1, and FO/DIS/05/40).

Audit Code 05001: Risk Management at the Fund: Preliminary Considerations (June 2005)

Project Description

At the request of the External Audit Committee (EAC) a paper was prepared to review the Fund's risk management practices. It provided an initial overview of emerging best practices in enterprise risk management, the types of risks facing the Fund, and the mechanisms in place to manage these risks. By comparing Fund practices to emerging best practices, it also provides preliminary considerations for the issues going forward.

Fund management established an inter-departmental Task Force in June 2005 to carry this work forward. As a first step, the function of the Task Force was to take stock of the Fund's current risk and control mechanisms, review practices in comparator organizations, and report on gaps and possible reform options. A paper to the Executive Board (EBS/06/4) was issued and discussed. The Task Force continues its work.

**Audit Code 05003: Controls in Devolved Procurement Operations
(October 2005)**

Objectives and Scope

The purpose of this audit was to assess and obtain reasonable assurance regarding the effectiveness and adequacy of controls in devolved procurement operations and to determine the extent to which these operations comply with the Fund's procurement policies. Devolved procurements are those undertaken directly by individual departments (rather than by a central unit on behalf of departments) based on delegated authority conferred through the Registry of Signatory Authority.

Main Issues and Findings

OIA concluded that reasonable budgetary and expenditure controls are present in devolved procurement operations, but also noted opportunities for improvement.

TGS, FIN, the units with devolved procurement authority, and the other departments and offices agreed to and responded proactively to the recommendations.

**Audit Code 06001: Review of Controls over Telephone Charges
(November 2005)**

Objectives and Scope

The objectives of this audit were to provide reasonable assurance that: (i) staff are reimbursing the Fund for the cost of personal long distance telephone calls; and (ii) departments have procedures for monitoring expenses and obtaining reimbursements.

Main Issues and Findings

OIA deems the current honor system in effect at the Fund generally adequate. OIA made recommendations to tighten controls.

Departments were in general agreement with the report and recommendations.

**Audit Code 06201: Controls over SWIFT Administration and Access
(September 2005)**

Objectives and Scope

The audit was undertaken to determine the effectiveness of controls in the Society for Worldwide Inter-bank Financial Telecommunications (SWIFT) system implemented in the Fund since November 2002. This system is used to make international payments.

Main Issues and Findings

OIA found strong controls in place to secure the SWIFT infrastructure. OIA recommended actions to strengthen controls in some areas.

TGS and FIN broadly supported the recommendations.

**Audit Code 05402: Review of the IMF Institute
(November 2005)**

Objectives and Scope

As part of its program of zero-based departmental reviews, OIA reviewed the IMF Institute (INS).

Main Issues and Findings

OIA found that INS training services are highly valued by the membership, are requested in excess of what a constrained budget provides—as may be expected for a good provided mostly free of charge—and are well managed overall.

A number of recommendations related to potential cost savings and recovery of costs are being considered. The findings are being considered in the light of the ongoing Strategic Review. A summary of the report will be made available to the COB.

**Audit Code 05403: Acquisition and Utilization of Cellular Telephones
(August 2005)**

Objectives and Scope

The objective of this audit was to review acquisition and utilization of cellular phone services.

Main Issues and Findings

Overall, OIA found that cellular phone operations are competently conducted by TGS in accordance with applicable policies.

OIA also found opportunities to further strengthen internal controls and improve the effectiveness of present operations.

TGS was in broad agreement with the main findings and recommendations.

**Audit Code 05405: External Assessment of Business Continuity Plan
(July 2005)**

Objectives and Scope

The Fund engaged external consultants to conduct an in-depth review and analysis of the Fund's Business Continuity Plan (BCP), which had been developed as a Fund-wide initiative. The review evaluated the structure and coverage of the BCP, and ascertained the adequacy of procedures for its activation. OIA partnered with TGS in overseeing and supporting the external consultant.

Main Issues and Findings

The consultants concluded that the Fund has made a conscious effort to develop a comprehensive BCP that has a number of strengths.

These strengths notwithstanding, the consultants identified certain improvements that could further enhance the BCP.

The consultant's recommendations were well received and are being implemented. The departmental contacts for business continuity issues generally agreed that the report provides a sensible approach to strengthening the BCP and broadly agreed with the implementation strategy. TGS accepted the recommendations and has developed an action program for phased implementation.

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<p><i>Section 1. Purpose</i></p> <p>The purpose of this Order is to:</p> <p>1.01 Set forth the mission of the Office of Internal Audit and Inspection;</p> <p>1.02 Define the accountability of the Office;</p> <p>1.03 Outline the functions and responsibilities of the Office;</p> <p>1.05 Define the independence of the Office;</p> <p>1.06 Define the authority of the Director of the Office;</p> <p>1.07 Set forth the professional standards to be followed in the Office.</p> <p><i>Section 2. Mission</i></p> <p>The mission of the Office of Internal Audit and Inspection is to:</p> <p>2.01 provide independent and objective examinations and reviews of the effectiveness of the risk management, control, and governance processes of the Fund, and present analyses and advice to Fund management and staff for improvement, guided by professional standards;</p> <p>2.02 review the Fund's business processes and work practices to help ensure that they are structured and conducted in a manner that enables the Fund to fulfill its objectives effectively and efficiently;</p> <p>2.03 conduct, or assist in conducting, internal investigations requested by the Managing Director;¹</p> <p>2.04 assist the external audit process and support the activities of the External Audit Committee.</p> <p><i>Section 3. Accountability</i></p> <p>3.01 The Office of Internal Audit and Inspection shall be part of the Office of the Managing Director.</p> <p>3.02 The Director of the Office of Internal Audit and Inspection shall be directly accountable to the Managing Director to:</p> <p>3.02.1 propose an annual work program for the Office consistent with a risk assessment of the Fund organization and operations;</p> <p>3.02.2 periodically provide information on the status and results of the annual work program, and on the status of the implementation of recommendations arising from previous audits and reviews conducted by the Office of Internal Audit and Inspection;</p> <p>3.02.3 identify, for resolution by the Managing Director, significant audit issues that cannot be resolved between the Director of the Office of Internal Audit and Inspection and the departments concerned.</p> <p>3.03 The Director of the Office of Internal Audit and Inspection shall report to the External Audit Committee on:</p>		
<p>¹Or a Deputy Managing Director, when delegated by the Managing Director. This authority applies to references to the Managing Director throughout this document.</p>		

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<p>3.03.1 the adequacy of the internal control system and of the processes in place to identify, evaluate, and respond to potential risks that may impact the achievement of the objectives of the Fund;</p> <p>3.03.2 the annual work plan of the Office of Internal Audit and Inspection and the results of the audits and reviews conducted.</p> <p><i>Section 4. Functions and Responsibilities</i></p> <p>4.01 The Office of Internal Audit and Inspection is authorized to conduct financial, operational, and systems audits; carry out organizational reviews; support the External Audit process; and perform internal investigations at the request of the Managing Director.</p> <p>4.02 The Office shall also help ensure that Fund work practices are structured and conducted in a manner that takes full advantage of technology and enables the institution to fulfill its objectives effectively and efficiently.</p> <p>4.03 In undertaking financial audits, the Office of Internal Audit and Inspection shall, in consultation with other departments as appropriate, evaluate whether:</p> <p>4.03.1 the financial transactions and operations of the Fund are in compliance with International Accounting Standards, the Articles of Agreement, the By-Laws, the Rules and Regulations, and the decisions of the Fund;</p> <p>4.03.2 the systems of internal control are effective and efficient and, in particular, ensure the protection and conservation of the Fund's assets and the assets of the accounts administered by the Fund.</p> <p>4.04 Operational and systems audits are designed to:</p> <p>4.04.1 provide reasonable assurance that the administrative and operational activities are carried out efficiently and in a cost-effective manner;</p> <p>4.04.2 determine whether the system and the operations of internal controls are effective.</p> <p>4.05 Organizational reviews are performed to determine whether:</p> <p>4.05.1 the methods of carrying out functions, activities, and programs are efficient and effective;</p> <p>4.05.2 the Fund's objectives and goals are being attained through the activities being reviewed.</p> <p>4.06 The Office of Internal Audit and Inspection provides support to the External Audit process through its regular contact with, and the review of its audit activities by, the External Audit Committee and its cooperation with the independent external auditors.</p> <p>4.07 The Office of Internal Audit and Inspection shall undertake or assist in any internal investigation as the Managing Director may request, in coordination with the Ethics Officer as needed.</p> <p>4.08 The Office of Internal Audit and Inspection shall coordinate with the Independent Evaluation Office to ensure that their respective activities offer appropriate coverage and avoid unnecessary duplication.</p>		

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<p><i>Section 5. Independence</i></p> <p>5.01 To provide for the independence of the Office of Internal Audit and Inspection vis-à-vis Fund Departments, Bureaus, and Offices, the Director shall report directly to the Managing Director (who may inform the Executive Board), and shall maintain a direct relationship with the External Audit Committee.</p> <p>5.02 When participating in working groups and task forces affecting Fund-wide issues, the Office shall limit its involvement to an advisory capacity and shall reserve its right to audit the operations relating to these issues.</p> <p><i>Section 6. Authority</i></p> <p>6.01 In carrying out the aforementioned functions, the Director and staff of the Office of Internal Audit and Inspection are authorized to:</p> <p>6.01.1 have unrestricted access to all personnel, property and records of the Fund, and other information as needed for the proper discharge of audit and review duties;</p> <p>6.01.2 allocate resources, set frequencies, select objects, determine scopes of work, and apply the techniques required to accomplish audit and review objectives;</p> <p>6.01.3 obtain the necessary assistance of Fund personnel in units where audits and reviews are performed, as well as other specialized services from within or outside the Fund.</p> <p>6.02 The Office of Internal Audit and Inspection is not authorized to:</p> <p>6.02.1 assume direct responsibility for, or authority over, any of the activities audited or to carry out functions other than of an advisory nature;</p> <p>6.02.2 direct the activities of any Fund staff not employed by the Office of Internal Audit and Inspection, except to the extent such staff have been appropriately assigned to assist the staff of the Office of Internal Audit and Inspection.</p> <p>6.03 Audits and reviews undertaken by the Office of Internal Audit and Inspection shall be coordinated with the appropriate Heads of Departments, Bureaus, and Offices, and other staff, as needed.</p> <p><i>Section 7. Professional Standards</i></p> <p>7.01 In the performance of audit and review duties, the Director and staff of the Office of Internal Audit and Inspection shall be guided by the "Standards for the Professional Practice of Internal Auditing" and the "Code of Professional Ethics" prescribed by the Institute of Internal Auditors, as appropriate to the performance of their functions and responsibilities.</p> <p><i>Section 8. Relationship to Other Administrative Orders</i></p> <p>8.01 This Order supersedes General Administrative Order No. 14, Revision 2, dated June 21, 1991.</p> <p><i>Section 9. Effective Date</i></p> <p>9.01 The effective date of this Order is October 1, 2001.</p>		

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<div>Shigemitsu Sugisaki Deputy Managing Director</div>		