

Global Internal Audit Services

Conducted in Accordance with the International Standards for the Professional Practice of Internal Auditing.

Organizational unit:
Unit XY

Report No.:

15/2007

Audit Title: Purchasing Audit

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Management Summary

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Implementation Report

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Organizational Chart

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Audit Implementation Report No.: 15/2007					Organizational unit: Purchasing				
Audit Status: Basic Audit					Auditor(s): John Miller, Jane Myers, Bill Smith				
Audit Items					Monitoring				
No.	Classification	Observation/Finding	Risk Category	Recommendation	Action/ Management Responses	Responsible	Completion date	Status Local Management	Status GIAS
		Strategy and organizational structure							
1	B	<p><u>Signature policy</u></p> <p><u>Risk condition:</u> The signature policy has not been adapted to the current organizational structure and is thus not up-to-date.</p> <p><u>Risk consequence:</u> There is a risk that unauthorized persons might sign documents to the disadvantage of the company.</p>	Business risk	The signature policy is to be adapted to the current organizational structure as laid out in the organizational chart.	Recommendation will be implemented	Catherine Dubois	03/2007	O	New
		Accounting							
2	L	<p><u>Finance and administration responsibilities</u></p> <p>All accounting entries, including supplier invoices, are to be carried out by the financial accounting department. GIAS found out that all supplier invoices related to the car pool are being entered into the accounting system not by the financial accounting department but by the respective area within Purchasing.</p> <p><u>Risk condition:</u> Segregation of duties and the dual control principle are not guaranteed.</p> <p><u>Risk consequence:</u> Risk of incorrect accounting entries.</p>	Financial risk	All supplier invoices are to be entered into the system by the financial accounting department.	Recommendation will be implemented	Catherine Dubois	03/2007	O	New

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		Purchasing process							
3	B	<p><u>Vendor selection and competitive bidding process</u></p> <p><u>Risk condition:</u> (1) Good business practice requires that at least two offers from external vendors be available prior to award of contract. This requirement has not been included in the purchasing guidelines. (2) The practice of soliciting at least two bids from external vendors prior to award of contract has not been implemented in all Purchasing areas.</p> <p><u>Risk consequence:</u> There is a risk that the supplier selection process is not guided by efficiency and effectiveness considerations. This may lead to financial and/or quality loss.</p>	Business and financial risk	A rule is to be added to the purchasing guidelines requiring the solicitation of at least two offers from external vendors. This rule is to be implemented in all Purchasing areas.	Recommendation will be implemented	Catherine Dubois	03/2007	O	New

Organizational Chart Purchasing

