

**UNIVERSITY OF NAIROBI  
INTERNAL AUDIT DEPARTMENT  
BUDGETARY COMPLIANCE AUDIT PROGRAMME.**

**Overall Objective.**

**1. Statement of Comparison of Budget and Actual Amounts in the Financial Statements.**

**I. Confirmation of Approvals**

**Objective**

**To confirm whether the initial budget and adjustment thereof in the financial statements were both approved.**

<b>Steps</b>	<b>Test results</b>	<b>Initials/Date</b>
1. Get copies of the budget and adjustments made to check if they were approved by the University Council. 2. Compare the figures in the approved budget to those in the financial statement to ascertain that they were correctly transitioned.		

**II. Budget and Actual comparison**

**Objective**

**To confirm the compliance of the budget to the actual amounts.**

<b>Steps</b>	<b>Test</b>	<b>Initials/Date</b>
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	<b>results</b>	
<ol style="list-style-type: none"> <li>1. Review the Statement of Budget and actual amounts in the financial statements.</li> <li>2. Analyze the variances between the budget and the actual figures'</li> <li>3. Establish that there was a need for budget Variance.</li> <li>4. Seek explanations for variances above 15%.</li> </ol>		

<b>III. Compliance Controls.</b>		
<b>Objective</b>		
<b>To verify whether basic financial controls are in place during execution.</b>		
<b>Steps</b>	<b>Test results</b>	<b>Initials/Date</b>
Verify whether; <ol style="list-style-type: none"> <li>1. budgetary process is carried out in accordance with the PFM Act and Regulations</li> <li>2. feedback is taken into account in budget formulation through involvement of the budget holders</li> <li>3. A suitable budgetary control framework has been developed</li> <li>4. The proposal to spend money has been approved by an authorized person.</li> <li>5. Money has been appropriated for the purpose in the budget and sufficient funds remain available in the proper category expenditure.</li> <li>6. The expenditure is proposed under the correct category.</li> </ol>		

<b>IV. Confirmation of performance</b>
<b>Objective</b>
<b>To confirm actual performance concerning revenue and expenditure.</b>

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<b>Steps</b>	<b>Test results</b>	<b>Initials/Date</b>
<ol style="list-style-type: none"> <li>1. Review the supporting general vote analysis for any variances</li> <li>2. Review IGU vote analysis for variances.</li> <li>3. Analyze balances for both general and IGU votes.</li> <li>4. Seek explanation for any variances above 15%.</li> <li>5. Compare figures from the vote balances obtained from colleges to those in the notes in the financial statements.</li> <li>6. Seek explanation for any variances.</li> </ol> <p>The evidence should be obtained from the source of supporting documents and not from financial statement notes.</p>		

**2. Budget planning**

**Objective**

To ascertain the existence of the entity's strategic plan and confirm that activities in the budget are aligned.

<b>Steps</b>	<b>Test results</b>	<b>Initials/Date</b>
<ol style="list-style-type: none"> <li>1. Establish whether budgets are linked to entity's objectives and targets outlined in the strategic plan.</li> <li>2. Establish whether budgets are based on the resources needed to achieve the operational plan rather than historic budget figures.</li> <li>3. Confirm that the budgetary process has been communicated to all senior management involved in budget formulation.</li> <li>4. Establish whether plans from individual budget holders are supported by an objective analysis of costs, and expenditure items category</li> <li>5. Confirm that all vote holders who are going to control the budgets are involved in their development and agree with the final budget or are at least provided with adequate information /explanation for the level of</li> </ol>		

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budget that is finally agreed.		
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<b>3. Budget Control</b>		
<b>Objective</b>		
To confirm existence of appropriate authority for budget Execution-Authority to Incur Expenditure(AIE) and the Authorized approvers in each unit		
<b>Steps</b>	<b>Test results</b>	<b>Initials/Date</b>
<ol style="list-style-type: none"> <li>1. Confirm the existence and effectiveness of a Budget Implementation Committee</li> <li>2. Establish whether budgets are reviewed periodically to ensure that they are adequately controlled;</li> <li>3. Establish whether accounting officers receive details of actual income and expenditure compared to the annual budget on periodical basis.</li> <li>4. Establish whether budgets are devolved to the vote holders who actually control the expenditure.</li> <li>5. Establish if there is supervision and coordination of budget holders, promoting efficient use of resources</li> </ol>		

<b>4. Budget Reallocation</b>
<b>Transfers between line-items (virements)</b>
<b>Objective</b>

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<b>To confirm whether virements have approval by the Chief Executive Officer.</b>		
<b>Steps</b>	<b>Test results</b>	<b>Initials/Date</b>
<ol style="list-style-type: none"><li>1. Obtain a schedule of votes with virements.</li><li>2. Request for individual approvals.</li><li>3. Establish whether the budget implementers from which reallocations were made were consulted and they consented to this re-allocation</li></ol>		