



**Pakistan Institute
of Public Finance Accountants**

**Model
Solutions
Internal Audit
Framework - WAPDA
(Application)**

WAPDA

May Exam-2026

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Q.1. Justifications for Internal Audit:

Internal Audit is essential because it helps the organization because internal audit---:

- i. Assesses the efficiency and effectiveness of internal controls, policies, and procedures to ensure they are functioning as intended.
- ii. Identify, analyze, and mitigate risks that could hinder the achievement of organizational goals.
- iii. Ensure the organization complies with legal, regulatory, and contractual obligations.
- iv. Identify bottlenecks, waste, or inefficiencies to streamline processes and reduce unnecessary expenses.
- v. Uncover unauthorized transactions, embezzlement, or other fraudulent activities to protect company assets.
- vi. Provide the board and management with objective insights to enhance decision-making and oversight.
- vii. Reduces risks and ensuring the company is prepared for external audits, thereby reducing external audit costs and stress.

Internal audits add value by acting as the "eyes and ears" of management, fostering transparency, and driving continuous improvement. It is significant because internal Audit also---:

- a) Provides objective insight
- b) Improves efficiency of operations
- c) Evaluates risks and protects assets
- d) Assesses organizational controls
- e) Ensures legal compliance

Q.2. The Deputy Chief Auditor, will impart general and specific information of the office and the auditee which should include:

General introduction:

- Meeting with the head of internal audit.
- Introduction with all other internal audit staff members on site.
- Assigning an office desk.
- Organization chart of the audit function.
- General audit manual of internal audit.
- Organization chart of the Ministry or Department or audit entities.

Internal Audit Division information:

- Internal audit charter
- Reporting relationships with the auditee division/wing.
- An introduction to various administrative arrangements
- The risk assessment process, the planning and objectives process, the detailed audit program, audit documentation and audit reporting and follow-up should all be covered.

Audit Entity information:

- The Organization Chart of the audit entities.
- Introduction to the senior management teams of the audit entities
- Compilation of policies, directives and procedures and manuals about the respective entities.



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- The entities' latest annual report
- The Chart of Accounts
- Discussion about each of the auditable segment within the entity and what their functional roles are.

Information Systems introduction:

- The roles and responsibilities of the Information Systems function.
- The operating systems (hardware/software) maintained.
- The interface with other internal audit staff.

Q.3. Mode definition: The most frequent number which means the number that occurs the highest number of times in a data set.

To find the mode of a certain data is a very simple question. In the question examinees are asked to find the mode of the following data set:

95,29,79,94,61,57,61,48,63,63,62,28,57,79,48,61,28,61,21,62,29,21

Finding the mode is as under:

First arrange the data in ascending order as following

21,21,28,28, 29,29,48,48,57,57,62,62,63,63,63,61,61,61,79,79,95 Now identify the most frequent number-it is 61 in this case So, Answer is: 61

Q.4. Necessary information is given in the question. The examinees are required to draft an audit observation on the prescribed format which comprises following parts:

- Audit criteria
- Condition
- Effect of the condition
- Causes
- Recommendations

Q.5. Quality assurance (QA) in internal audit is a systematic, ongoing process that ensures audit work conforms to professional standards, adheres to internal policies, and adds value through accurate, objective, and well-documented findings. It includes internal assessments, performance reviews, and mandatory external assessments.

Purposes:

- Compliance and Standards Adherence
- Continuous Improvement
- Enhanced Credibility and Stakeholder Confidence
- Risk Mitigation
- Effective Resource Management
- Value Addition



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How to ensure QA:

The Chief Auditor WAPDA shall ensure that all audit staff are equipped with necessary knowledge, technical skills and competencies in discharging their duties and responsibilities and that audit work is carried out in line with the International Standards for the Professional Practice of Internal Auditing as adopted by Government independent entities. Following measures may be employed to ensure quality assurance:

- Ensuring compliance with the internal auditing standards and manual.
- Providing suitable instructions at the outset of an audit activity
- Approving audit objectives and work plans.
- Ensuring audits are conducted as planned or that variations are approved.
- Ensuring that appropriate audit techniques are used.
- Ensuring that audit findings, conclusions and recommendations are adequately supported by relevant and sufficient evidence.
- Ensuring that reports are accurate, objective, clear, concise and timely.
- Ensuring that work is achieved within resource budgets, or variations are approved.

Q.6. Internal Audit vs External Audit

Features	Internal Audit	External Audit
Who is the Auditor	Inside employees or hired consultants	Auditor General of Pakistan or Independent third-party CA firms
Purpose	Improve operations & controls	Verify financial statement accuracy, performance and compliance audit
Reports to whom	Management	Parliament, investors and regulators
Is it mandatory	Yes, to some extent	Yes, constitutional obligation
Scope of audit	Operations, risks	Financial statements & compliance

Q.7. Planning individual audit

Individual audits are planned to achieve the following objectives:

- Appropriate and sufficient evidence is obtained
- Auditing standards are complied with
- Only necessary work is performed.

Receipts control risk assessment

For assessment of control risks for receipts the following aspects of internal control structure will be examined:

1. Are there defined and authorized procedures for handling receipts
2. Is there regular reconciliation of moneys banked with record of sums received
3. Is there adequate separation of duties
4. Have all potential receipt types and locations been identified
5. Are the records considered adequate to uncover the completeness objective
6. Are relevant suspense accounts properly controlled
7. Has the preliminary examination of computer application controls been completed
