

INTERNAL AUDIT: DISCUSSION SCENARIO

A retired pastor (John Alfred) lives in a remote village, several hours from the nearest town. He does not have a bank account and prefers to receive funds in cash. Access to the village can be challenging in the rainy season.











Funds are currently given in cash from the CBO to a District Superintendent to distribute the funds. For the Lusanga Village the DS will often ask another Pastor to disburse the funds.

The CBO has never met or spoken with John Alfred as connectivity is challenging. The data in the Excel report was provided by the previous CBO and there are no documents maintained at the CBO office.

Information in the Excel report:

Clergy/Employee Name	Clergy/Employee Date of Birth (mm/dd/yyyy)	Clergy/Employee Service Start Date (mm/dd/yyyy)	Clergy/Employee Retirement Date	Years of Active Service	Monthly Pension Amount (USD)
John Alfred	1930	1955	1985	30	\$10

Signed Acknowledgement form received by the CBO from the District Superintendent for Quarter 1. These are usually received from the DS when collecting the next quarter cash funds.

Name	Location	Quarterly	Signed received
John Alfred	Lusanga Village	\$30	
Joseph Ndlovu	Lusanga Village	\$21	
Peter Chukwuma	Tigogo Village	\$45	
Grace Wanjiru	Tigogo Village	\$15	
Samuel Mbele	Tigogo Village	\$15	
Thandiwe Ncube	Kipala City	\$30	
Isaac Band	Kipala City	\$30	
Hope Mwala	Kipala City	\$30	
Paul Mutiso	Kipala City	\$21	
Michael County	Kipala City	\$45	

CONSIDER:

1. What are the risks and issues in this scenario?
2. What controls would you introduce to reduce the risks and issues you have identified.

1. What are the risks and issues in this scenario?

Age of pastor 95.

Cash is risky – can he access a bank?

Never spoken or met with the retiree to confirm existence.

There is no data or documentation to even confirm existence.

Who is the Pastor? Has the CBO met them?

If there are different people disbursing funds then how is one schedule completed?

Why are the signatures the same – could this be the pastor's signature?

Why is it taking so long to submit the forms to prove disbursement?

2. What controls would you introduce to reduce the risks and issues you have identified.

Call / Meet with the pensioner?

Call / meet with the Pastor?

Accompany them one quarter to see what is happening?

Ask for ID cards or other evidence / photo evidence.

Identify whether bank or mobile payments are an option?

Annual declarations – details obtained to validate information.