

Preparing for an Internal Audit

Internal Audit & Advisory Services Ministry of Finance

Introduction

Internal Audit & Advisory Services (IAAS) within the Ministry of Finance provides a wide range of internal audit and consulting services to the B.C. Government (Government) and the broader public sector. Reporting to a Deputy Minister Audit Committee, IAAS provides independent and objective assurance and advice to support effective financial management, governance, accountability and performance management practices in government. Audits are chosen based on significant operational, financial and risk management factors. Internal audits can vary between three months to eight months depending on the complexity of the program area being audited.

What does it mean if I have been selected for an internal audit?

- Each year IAAS prepares an Audit Plan of audits, reviews and advisory projects that are planned or expected to begin during the year.
- The topic list (Audit Plan) is based on an annual risk assessment of Government programs, issues and priorities.
- Once a project begins, IAAS contacts the relevant program area staff to work with them to develop the purpose and scope for the project, which is formalized in a Terms of Reference.

How do I prepare for an internal audit?

- After the introductory meetings, IAAS will seek to gather relevant background information from the program area to help determine and define the areas of review. Typical information that is requested include:
 - relevant governance and operational information that helps IAAS understand the relevant responsibilities and accountabilities of the organization;
 - financial information including financial statements; and
 - results of other audits, reviews or consulting engagements that helps identify work already performed and establish areas of previous audit coverage.

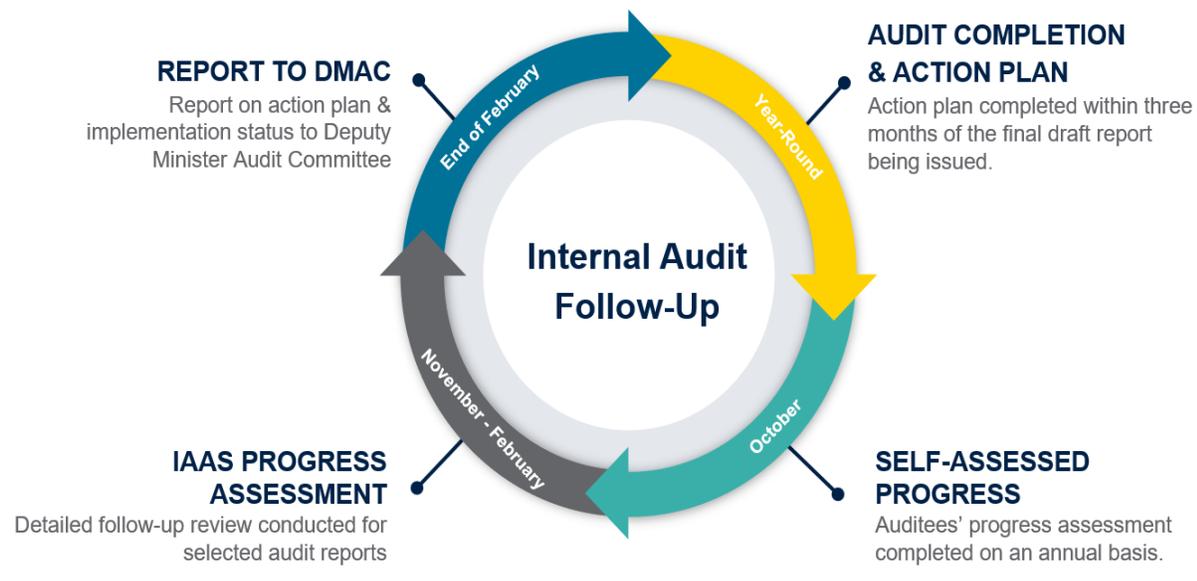
- IAAS may seek information through staff interviews to further understand business processes and to establish review criteria.
- IAAS works with the organization to finalize the purpose, scope and objectives and timelines of the work that is envisioned. Once a sufficient understanding of the program has been obtained, a Terms of Reference will be finalized and signed by an executive from the auditee and IAAS.

What should I expect during an internal audit?

- An internal audit has four distinct phases: planning, fieldwork, reporting and follow-up.
- During the planning phase, IAAS staff will continue to develop their understanding of the business areas or programs under review to develop an audit program with audit procedures that will address any important risk areas. IAAS also prepares a Workplan, to provide the program area with supplementary information to the Terms of Reference to clarify our audit approach and tentative timelines.
- The fieldwork phase is when the audit team collects evidence and conducts interviews, often at the premise(s) of the ministry or agency responsible for the program. This phase usually takes one to three months and is the most time-consuming audit phase for ministry/agency staff due to interviews and document requests. The culmination of this phase is when the audit procedures are completed and IAAS has developed findings that it shares with the ministry or agency. IAAS will meet with the auditee staff and management to review the findings during an exit meeting. This allows the auditee to provide comments about any findings that arise.
- Once the fieldwork is completed, the audit team begins its reporting phase which typically requires minimal time investment from the ministry or agency. IAAS compiles the significant findings collected over the course of the audit into a concise draft report. The ministry or agency will have an opportunity during this phase to review the draft report and provide feedback on its accuracy and tone. This phase can take two to three months. IAAS presents the final report to a Deputy Minister Audit Committee for approval to publicly release the report on our website.

What should I expect after an internal audit?

- Once the report is finalized, the ministry or agency completes an Action Plan in order to document the level of agreement with the report's recommendations and the timeframe and actions required for implementation to address those recommendations.
- In order to provide an update to Government about the progress being made on the recommendations, IAAS annually conducts follow-up procedures on previously conducted audits. The recommendation follow-up cycle (illustrated below) is designed to determine whether our recommendations are implemented in a timely manner and address the underlying issues and risks. This process fosters good governance, transparency and accountability and ensures British Columbians receive the full value of our work.



Other Resources:

The Internal Audit & Advisory Services website:

<https://www2.gov.bc.ca/gov/content/governments/services-for-government/internal-corporate-services/internal-audits>