The Audit Process

Notification of Audit

Step 01

The DIA schedules audits during the year. Prior to the start, a Letter of Notification is sent to the appropriate officials in the audited area.

Step 02

Entrance Conference

Normally the Chief Audit Executive and auditor in charge hold an entrance conference with the responsible official of the audited department prior to beginning, to introduce the staff, communicate the nature of the audit, establish contacts, and agree on a start date. It also gives the official opportunity to contribute to the audit process.

Step 03

Walkthrough

The auditor makes a preliminary survey of the area under review in order to become familiar with the policies and procedures which might impact the area being audited. The following would be typical steps taken:

1. Gain understanding of existing procedures through observation, by discussions with staff, or review of documentation

2. Identify existing internal and accounting controls applicable to the area being audited

3. Establish the scope of the audit based on information obtained and risk assessment

4. Review applicable policies and/or procedures

5. Prepare an audit program which outlines the nature and the extent of audit tests that will be performed

Perform Audit Tests: Tests are designed to determine if controls and procedures are functioning as intended, through use of selected samples of transactions. They are not intended to detect all error or irregularities.

Document The Audit Work: Information gathered during an audit is assembled into work papers and any conditions that require corrective action are documented in them as "issues."

Review audit work: The audit manager reviews the work papers and provides follow up questions as necessary.

Draft Audit Report: The auditor in charge prepares a report summarizing the results of the audit assignment, although reports vary according the nature of the assignment, they follow an established format. The audit manager then reviews before submitting to the CAE.

Discuss Audit Issues: Once noted, an issue is discussed with the appropriate level management in the audited area. Suggested actions are discussed and become the basis of the auditor's recommendations.

Circulate Draft Audit Report: A draft of the report is circulated to appropriate officials for comments on issues. They will be asked to provide responses to recommendations, which consist of three components: whether they agree or disagree with the issue and the corrective action plan, the individual responsible for the correction, and the expected completion date. The corrective plan should be discussed with senior management prior to writing a formal response to DIA.

Exit Conference

An exit conference will be held so that the audit team and appropriate officials can discuss the draft audit report and review management responses. Every effort is made to correct statements that may be misleading or subject to a wrong interpretation. This is an opportunity to discuss how the audit went and any remaining issues.

Issuance of the Audit report

After the formal management responses to recommendations are received, they are reviewed by the auditor in charge and included in the audit report. Each response is shown immediately following the recommendation to which it relates. Once the final report has been approved by the Chief Audit Executive, copies of the report are sent to the President, the responsible cabinet member, and to all involved Institute officials. After a final report is distributed a client survey is sent to those directly related to the client audit.

Follow-up on Responses

DIA follows-up on the responses to the recommendations made in the audit report. The follow-up may be informal observations of corrective action or, in some instances, may take the form of a subsequent audit. The nature of the follow-up will be dictated by the seriousness and complexity of the deficiencies noted.