

Understanding the Audit Process

Audit Yorkshire offers a professional Internal Audit service conforming to the [Public Sector Internal Audit Standards](#).

The primary purpose of Internal Audit is to provide independent assurance to client Audit Committees that their organisation's systems and processes are working efficiently and effectively.

We have an Internal Audit Charter in place with all our clients. This sets out our purpose and authority to operate at our clients, including access to records and data.

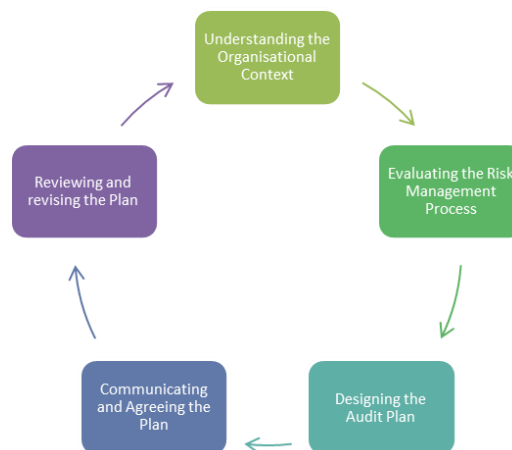
Developing the Audit Plan

Our audit plans are linked to the strategic risks, controls and objectives identified in our clients' Board Assurance Framework (BAF), risk register and strategy.

The audit plan is developed through a review of the organisation's strategy, BAF and risk registers and through discussions with senior officers and members of the Board. This informs a risk assessment which is used to develop a three-year strategic internal audit plan. From this an annual audit plan is produced. The strategic internal audit plan is kept under review to ensure each annual plan remains relevant.

Both the strategic internal audit plan and annual audit plan are presented to the Audit Committee for approval.

The diagram below sets out the audit planning cycle.



Once approved the plans are kept under regular review so that they remain relevant to the organisation's key risks, objectives and assurance requirements.

Progress in terms of delivering the audit plan is routinely monitored by the Audit Committee. Any changes required to the planned programme of work are reported to and approved by the Audit Committee.

Scoping and Agreeing Individual Reviews

An audit brief is developed for each audit review. This sets out the objectives, risks, scope, timing and methodology. The key individuals involved in the review, both from the internal audit and organisation's perspective, are also identified. The audit brief is agreed with the Audit Sponsor, usually the relevant Executive Director, and other key individuals as agreed. These are usually agreed at least two weeks before the commencement of the review. It is identified in the approved internal audit plan which quarter the audit work will take place in.

Undertaking the review



Once the audit brief has been approved the auditor will meet with nominated operational leads to make sure our understanding of the system to be audited is up to date. In the case of new audit areas this will involve documenting the system so we are able to identify how the risks associated with the system are managed. After evaluating the design of the system we will create a testing programme to assess how it is working in practice. During this time, auditors may request additional information about how the system works and will request documentation relevant to the testing programme. The generates the evidence we need to support the audit findings and recommendations.

Audit Reporting

After completing the fieldwork, we will confirm the accuracy of our findings with the relevant operational leads. We will then issue a draft report for discussion and agreement. The draft report may contain some recommendations to address the audit findings. An action plan is then agreed with responsible action owners and dates for completion recorded. The action plan will be agreed with the relevant Executive Directors and Audit Sponsor before being issued as a final report.

Most audit reports, except in the case of advisory audit work, are given an audit opinion. The assurance outcomes across all audit reviews completed are used to inform the Annual Head of Internal Audit Opinion. This is used by the organisation to inform its Annual Governance Statement.

Reporting to the Audit Committee

Once the final audit report has been agreed and issued the report is presented to the Audit Committee (or equivalent) which enables them to drive positive change, whilst recognising good practice within the organisation.

The Audit Committee receives regular reports detailing the progress made in the implementation of agreed actions.