12.31 The responsibilities of most departmental internal audit groups are not defined and in certain instances the internal auditors do not adequately plan their audits to cover all significant aspects of the department's activities. These circumstances, coupled with staffing and other organizational problems, often lead to inconsistencies in the scope of audits and certain areas are never audited. In some departments the audit scope is consciously restricted.

12.32 As examples of unrestricted scope, three departments, National Health and Welfare, National Revenue - Customs and Excise and the Canada Employment and Immigration Commission, have defined the scope of internal audit well. They are in the process of implementing mandates for their internal auditors which aim at giving senior management an independent objective assessment of: the efficiency, economy and effectiveness of operations; the degree of compliance with financial and administrative policies and procedures established by the ministers and deputy ministers and by central agencies; and the integrity of the information used to acquire public funds and account for their expenditure.

12.33 **Audit planning.** *Audit planning should ensure that all activities of the department are identified, potential audit areas ranked in order of priority and appropriate audit objectives determined for each area selected for audit.*

12.34 To effect improvements in audit planning:

- a model of the department should be prepared identifying all organizational components, programs and activities, and revenue from outside sources when applicable, as potential audit areas and the audits should be planned to avoid gaps or duplication in audit coverage;

- the model should be updated at least annually;

- all potential audits should be assessed according to defined criteria based on materiality, importance to management and degree of risk or opportunity; and

- the objectives and scope in each area subject to audit should be established and an annual work plan prepared.

12.35 Our study revealed that many departments do not review their operations in sufficient detail to identify all activities that should be subject to audit.