

Comprehensive Auditing

12.53 Audit reports should be addressed to the deputy head with a covering letter drawing to his attention issues he should consider. Copies should also be sent to members of the audit committee. The internal audit group should systematically follow up their audit findings and advise the deputy head if adequate action is not taken to resolve matters previously reported. This is of special importance to the establishment and maintenance of effective management control by the deputy head and members of the top management team in departments.

12.54 We noted several deficiencies common to many departments in the reporting of audit findings including:

- Reports were issued long after completion of the audit work, making the information of little value. In these cases the reports could hardly be considered a constructive vehicle for change.
- Problems were not adequately identified and their significance was not clearly stated.
- Restrictions in the scope of the audit were not reported. This could leave management with a false sense of security, possibly believing that the scope of the audit had been much greater than it was.
- Reports were addressed to officials other than the deputy head or an audit committee, leaving it uncertain whether all findings were drawn to the attention of the deputy head. Frequently, the addressee had no authority to effect remedial action.
- Audit findings were not systematically followed up to determine what action has been taken.

12.55 Use of audit committees. Audit groups should have the leadership and support of an audit committee composed of senior management and suitably qualified persons from outside the department to provide additional objectivity. Preferably, the deputy head or a person of equivalent stature from inside or outside the public service should chair the audit committee.

12.56 The deputy minister should appoint an audit committee of appropriate senior departmental officials and suitably qualified persons from outside. The committee should provide guidance and support to the audit group by:

- approving audit plans and programs;
- ensuring that all programs and activities of the department are considered when selecting areas for audit;