Services and Role of Internal Auditing
Level 3 – Integrated
Performance/Value-for-Money Audits

Purpose — To assess and report on the efficiency, effectiveness, and economy of operations, activities, or programs; or conduct engagements on governance, risk management, and control. Performance/value-for-money auditing covers the full spectrum of operating and business processes, the associated management controls, and the results achieved. Program effectiveness auditing is sometimes called “program evaluation.”

Essential Activities
• Include in the internal audit charter the nature of the assurance services provided to the organization and revise, as necessary.
• Plan the internal audit engagement:
  o Communicate with client management.
  o Determine the objectives, scope, criteria, and approach of the audit engagement.¹
  o Understand the subject of the engagement, its environment, business objectives, etc.
  o Develop the detailed audit engagement plan.
• Perform the audit engagement:
  o Conduct specific audit tests or methodologies that are relevant to achieve the audit objectives.
  o Draw specific conclusions and develop recommendations.
  o Provide overall assurance and/or conclusions on the results of the audit engagement.
• Communicate the results of the audit engagement:
  o Prepare the report or other mechanism to communicate the engagement results.
  o Establish and maintain a system to monitor the disposition of results communicated to management (e.g., a follow-up process to ensure management actions have been effectively implemented).

Outputs
• Documented audit engagement results/report are provided to the appropriate parties (including the external auditor, where relevant).
• Working-paper file that supports the audit conclusions and contents of the audit engagement product/report.
• Management action plan, if necessary.

Outcomes
• Improved governance, risk management, and control processes of the subject of the audit engagement.
• Influencing change to contribute to and maintain more efficient, effective, and high-performing government operations.
• Reducing the organization’s risk exposures.

Institutionalizing Practice Examples
• Internal audit charter includes the nature of the assurance services provided to the organization.
• Documented audit programs and procedures.
• Internal audit procedures manual.
• Internal audit training on performance/value-for-money auditing.

¹For example, the objectives could relate to the effectiveness and adequacy of governance, risk management, and control processes of the subject of the engagement or be more focused; that is to say, auditing the performance management systems based on authoritative auditing standards or assessing the quality of performance information or performance reports.