Internal Audit Report  
XXX

Issue Date: XXX

Limitations and Disclaimer

The report we prepared is intended for internal use by XXXX only, and it is based on the work we performed under the terms of reference, which are summarized in the report and available separately. We made every effort to ensure the accuracy of the information in the report, but the XXXX does not accept responsibility or liability for any errors of fact, omission, interpretation, or opinion that may be present. Moreover, the XXXX is not liable for the consequences of any decisions made based on this report's information.

When XX conducted procedures on behalf of XX Internal Audit, it was not an assurance engagement or audit according to the New Zealand Standards for Assurance Engagements or Auditing. Therefore, we did not provide any assurance conclusion or audit opinion in our report.

Our work was performed with some limitations, which we outlined in the report. First, we relied on observations, sample testing, and best practices guidelines to make our assessments, and these assessments were compared to our expectations. Additionally, our team compared the processes we reviewed to other similar processes we have assessed in the past.

However, there are inherent limitations to internal control structures, which means that errors or irregularities may occur and not be detected during our procedures. Therefore, we could not detect all weaknesses in control procedures as we did not perform tests continuously throughout the period and our tests were on a sample basis.

Furthermore, any projections we made about the evaluation of control procedures to future periods are subject to the risk that the systems may become inadequate due to changes in conditions, or the degree of compliance may deteriorate.

It is also important to note that the matters we raised in the report are only those that we identified during our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that could be made. We cannot examine every activity and procedure, and our report should not be used as a substitute for management's responsibility to maintain adequate controls over all levels of operations and to prevent and detect irregularities, including fraud.

In conclusion, management should not rely solely on our report to identify all potential weaknesses or instances of non-compliance that may exist, and they are responsible for maintaining adequate controls and detecting irregularities, including fraud.

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# **Executive Summary**

## **Background and Context**

XXXXXXX

## **Objectives and Scope**

Objectives

The objective of this audit is to assess the extent to which XXXX

Scope

Key scope areas for this review include assessment of the following areas (with a focus on XXX):

1. XXXX

Out of scope

This review does not include the following:

1. XXXX

## **Overall Conclusion**

Overall, XXXXXX….

Strengths and good practice are summarised below in section 1.4 and areas for improvement are summarised at section 1.5 below.

Accordingly, the overall rating for this report is:

|  |  |
| --- | --- |
| Report Rating | Requires Improvement |

In total, XX issues were identified with the following ratings (refer Audit ratings in Appendix 1):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Issue rating | **Extreme** | **High** | **Medium** | **Low** | **Total** |
| Number of issues | – | – | – | – | – |

The controls we reviewed, and our conclusions and observations are detailed later in this report. We primarily reviewed controls needed to satisfy the objectives of this audit.

**Overall Assessment (area of scope):**

With respect to the scope of areas listed above:

**XXXXXXX**

## **Summary of Strengths and Good Practice**

In undertaking our audit work, we noted the following key strengths:

* <Insert “Strength / Good Practice” identified here>

This section is included to provide balance in the report and acknowledge / highlight areas of strength and good practice. Areas that have issues can still have strengths to acknowledge. However, do not overstate the situation just to record a strength. If there really are no strengths, then remove the section and adjust referencing accordingly.

For example:

* XXXXX's Certification and Accreditation framework which assesses the security of new and existing systems has a strong design, but areas for improvement in its operationalisation have been identified.
* Security patches on the sampled Microsoft Windows server operating systems are generally kept up to date in the Production and User Acceptance Testing environments.
* XXXXX is using a risk-based approach to information security and use the criticality and sensitivity of central systems as a means to prioritise security work.

Delete this text box.

## **Summary of Areas for Improvement**

The following issues were identified during this review. They are rated using the risk definitions detailed with the XXXXX Internal Audit Rating Scale (refer to Appendix One).

| **Ref** | **Key Issues** | **Issue Rating** |
| --- | --- | --- |
| 2.1 | <Copy heading from the detailed finding> | **LOW** |
| 2.2 | <Copy heading from the detailed finding> |  |

## **Acknowledgement**

We take this opportunity to thank the various teams involved in the XXX process for their assistance and cooperation during this review, including:

* XXX

We would also like to thank staff the XX and staff from the XXXX for their assistance and cooperation during this review.

# Detailed Audit Issues and Agreed Actions

Within this section, Audit Issues should be presented in descending risk order i.e. highest first. Each Issue should be no more than two pages. Consider using appendices where there is too much detailed information.

Delete this text box.

|  |  |
| --- | --- |
| Name for Issue is a concise summary of the key finding | ISSUE RATING |
| LOW |

### Background and Context

<**If necessary**, insert appropriate background and context **specific to this issue**>

In some instances, it may be necessary to include background and contextual information specific to this issue. Delete this text box.

### Evaluation Criteria

In an internal audit report, "criteria" refers to the standard or benchmark used to evaluate the performance or effectiveness of the audited process or system. The criteria can be established by an external regulatory authority or a professional body, or it can be internally developed by the internal audit team based on the organization's policies, procedures, and best practices.

The criteria help the internal auditor to determine whether the process or system being audited is operating effectively and efficiently and to identify any weaknesses or areas for improvement. The auditor compares the actual performance of the process or system with the established criteria to determine whether there are any deviations or non-compliance.

### Key findings

<What did we find and what is the impact? Acknowledge key controls that exist.>

What did we find and how was that different from the criteria / expectation? Identify relevant key controls that do exist that (may) reduce the impact. Include a brief description of how this may cause adverse results.

During the audit **we must look for evidence** of actual instances where the event has occurred. We must then state EITHER that no instances were identified list instances found (we don’t need to identify all instances or list all instances found here – consider using an appendix if necessary.

Delete this text.

### Agreed Management Actions

The following actions will be undertaken and completed by the associated due dates to address the key findings identified above:

|  | **Agreed action** |
| --- | --- |
| 2 | Action Owner: Business owner for the action – name & title>  Due Date: <Due date for this action>  <Describe suggested management action. Write this from the business owner’s perspective>  Write SMART actions from the business owner’s perspective. Do not use “we recommended or consider …”. Examples:  We will develop the new policy and procedures, supported by training, and communicate this to all staff by xx/xx/xx.  We will undertake detailed planning to inform a business case either for approval by DDaT committee by xx/xx/xx. If the business case is not approved, DDaT will be asked to formally accept the identified risk. If the business case is approved, the initiative (including remediating the audit issue) will be completed by xx/xx/xx. |
|  | Action Owner: Business owner for the action – name & title>  Due Date: <Due date for this action>  <Describe suggested management action. Write this from the business owner’s perspective> |

1. **Audit Rating Scales**

### **Audit Issues**

The criterion for audit finding ratings is outlined below. This is only a guideline as discretion may be applied by the XXXXX Audit Team based on the nature of audit findings and observations.

| Rating | Description |
| --- | --- |
| **EXTREME** | Issue represents a catastrophic control breakdown, which is critical to business continuity and may also result in a >$10M financial impact, strategic objectives not being achieved, significant prosecution and/or fines, very significant litigation, extensive adverse media coverage causing long term reputation damage and/or multiple disabling injuries or fatalities. |
| **HIGH** | Issue represents a control breakdown, which is causing severe disruption to the process and may result in a significant financial impact $5-$10M, difficulty in achieving strategic objectives (possibly requiring a strategic change), major breach of regulation / major litigation, multiple complaints requiring SLT attention, multiple adverse media reports and/or a disabling injury or fatality. |
| **MEDIUM** | Issue represents a control weakness, which could have or is having an adverse effect on the ability to achieve process objectives and may result in a moderate financial impact $1-5M, noticeable challenges to achieving strategic objectives, serious legal or compliance breach, multiple complaints, isolated media reports and/or extensive OHS incident. |
| **LOW** | Issue represents a minor control weakness or process improvement that may lead to a relatively minor financial impact <$1M, strategic impact, legal or compliance breaches, formal complaint, and/or minor OHS incident. |

### **Audit Report Rating**

The criterion for the overall report rating is outlined below. This is only a guideline as discretion may be applied by the XXXXX Audit Team based on the nature of audit findings and observations.

| Rating | Description |
| --- | --- |
| **Effective** | The internal control environment and risk management systems have been established appropriately and are operating effectively as designed. The issues raised as a result of this audit are not considered to have an adverse impact on the Ministry’s activities assessed in this audit. |
| **Requires Improvement** | Although a control framework has been implemented, deficiencies exist in the design and/or operation of risk management systems and internal control environment. The issues raised as a result of this audit are likely to impact the Ministry’s activities and need appropriate management attention. |
| **Ineffective** | Serious and systemic deficiencies or weaknesses exist in the design and operation of the risk management systems and internal control environment. The issues identified during this audit may have an adverse impact on the Ministry’s activities and need immediate management attention. |

1. **Another Appendix**

Include other appendices as necessary.