

## FMM 05.9 Planning Internal Audit Activities – Annual Audit Work plan

### 9.1 Introduction

The audit plan is the single most important management tool for an internal audit unit. It defines the scope, timing, and purpose of all audit work during the year. A good plan ensures that audit resources are focused where they are needed most: on high-risk, high-value areas of public spending and service delivery.

### 9.2 Mandated Policy

#### 1. Internal audit plans must:

- a. Be risk-based and aligned with the agency’s strategic and operational priorities;
- b. Reflect input from management, the audit committee and key stakeholders; and
- c. Be approved by the department head and monitored by the audit committee.

#### 2. Audit work plans are not static. Agencies must:

- a. Review progress quarterly with the Audit Committee
- b. Re-assess priorities if new risks or concerns emerge
- c. Track performance against the plan (e.g. % complete, audit time used, issues resolved)
- d. Adjust timelines if resources change—but document all changes

| Standard                          | What It Requires  |
|-----------------------------------|---|
| 2010 – Planning                   | The Head of Internal Audit must establish a risk-based plan to determine the audit function’s priorities. |
| 2020 – Communication and Approval | The plan must be communicated to senior management and the audit committee for review and approval.       |

|                                |   |
|--------------------------------|---|
| 2030 – Resource Management     | Audit plans must be realistic based on available resources/staff and budget.                              |
| 2040 – Policies and Procedures | Planning must follow documented methods and link to internal audit’s charter.                             |
| INTOSAI GOV 9100               | Internal audit in public entities should plan work to support governance, risk and performance oversight. |

### 9.2.1 Minimum content for an audit work plan

**3. The following is the minimum elements within a work plan (a recommended templates is provided as an Appendix to this FMM):**

| Component                 | Description   |
|---------------------------|---|
| Purpose and Context       | A brief overview linking the plan to the agency’s goals and associated risks. |
| Audit Universe            | A list of all auditable areas in the agency.                                  |
| Risk Assessment Summary   | How risk ratings were developed (based on risk registers, interviews, data).  |
| List of Audits            | Scope, estimated days, responsible staff, and timing for each engagement.     |
| Resources and Constraints | Number of staff, budget, tools or limitations.                                |
| Unplanned Work            | Allow for advisory tasks, investigations, or emerging risks.                  |
| Monitoring and Review     | How the plan will be tracked and revised during the year.                     |

### 9.2.2 Audit Planning and the Agency’s Business Cycle

**4. Internal audit planning must align with the agency’s broader corporate and financial planning processes, including:**

- What the agency aims to achieve over 3–5 years
- Annual activity and budget planning
- Quarterly/annual reporting that is completed on what was achieved, and where risks or weaknesses were identified.

5. Audit teams should aim to complete their annual plan by 1<sup>st</sup> quarter of each year, so that fieldwork and reporting can begin early and align with operational cycles.
6. Head of Internal Audit Division/Units should apply the required sample of Annual Internal Audit Plan Summary that should be used by all internal auditors across government agencies for formulating annual audit plans for the year (a templates is provided as an Appendix to this FMM).

### 9.3 Non-mandatory Guidance

#### 9.3.1 Assurance Mapping – A Practical Planning Tool

The agency should complete an assurance map which is reviewed annually and can be presented alongside the audit plan to the Audit Committee.

An *assurance map* is a visual or tabular tool that shows which areas of the agency are being reviewed—and by whom (internal audit, external audit, risk management, regulators, etc.). It helps to:

- Identify gaps in assurance coverage
- Avoid duplication of effort
- Prioritise areas where only internal audit can provide insight

| Strategic risks  | Risk rating | Type and level of assurance provided |                       |                       |                 |         |                       |            |                         | Risk rating after assurance | Is level of assurance adequate?<br>Yes/No | Previous and proposed internal audit activity 2015–16 to 2018–19, external audit and other independent reviews |  |
|--|-------------|--------------------------------------|-----------------------|-----------------------|-----------------|---------|-----------------------|------------|-------------------------|-----------------------------|---|--|--|
|  |             | 1st line of assurance                |                       | 2nd line of assurance |                 |         | 3rd line of assurance |            |                         |                             |   |  |  |
|  |             | Management reviews                   | Management Committees | Compliance            | Risk management | Quality | Internal audit        | VAGO audit | Independent consultants |                             |   |  |  |
| 1 Failure to keep pace with emerging technologies      | H           | ●                                    | ●                     | IT                    |                 |         |                       |            |                         |                             | H   | No   |  |
| 2 Failure to recruit, develop and retain skilled staff | H           | ●                                    | ●                     | HR                    |                 |         |                       | ●          |                         |                             | M   | Yes  | IA—Workforce planning (2015)   |
| 3 Succession planning                                  | L           | ●                                    | ●                     | HR                    |                 |         | ●                     |            |                         |                             | L   | Yes  | IA—Workforce planning (2015)   |
| 4 Ineffective financial management                     | M           | ●                                    | ●                     | ELT                   |                 |         | ●                     |            |                         |                             | L   | Yes  | IA—Long term financial planning (2017)                                   |
| 5 Failure to manage contractual arrangements           | M           | ●                                    |                       |                       |                 |         |                       | ●          |                         |                             | M   | Yes  | VAGO—Managing contracts (2015)   |
| 6 Failure to comply with legislative requirements      | M           | ●                                    |                       |                       | ●               | ●       |                       |            |                         |                             | L   | Yes  | IA—Legislative compliance framework review (2018)                        |
| 7 Failure to maintain safe work practices              | H           | ●                                    | ●                     | OHS                   |                 | ●       | ●                     | ●          |                         |                             | M   | Yes  | IA—OHS (2017).<br>XYZ Ltd—Review of OHS framework (2016)                 |
| 8 Vulnerability to cyber attack                        | H           | ●                                    |                       |                       |                 |         | ●                     | ●          |                         |                             | M   | Yes  | IA—IT Security review (2017-18)<br>ABC Ltd—IT penetration testing (2016) |

**Risk rating**

|      |        |     |
|------|--------|-----|
|      |        |     |
| High | Medium | Low |

**Level of assurance**

|   |           |
|---|-----------|
| ● | Extensive |
| ● | Good      |
| ● | Partial   |
| ● | Limited   |
| ○ | None      |

FIGURE 4 MODEL ASSURANCE MAP REPRODUCED FROM THE VICTORIAN AUDITOR GENERAL OFFICE

## 9.4 Quick Checklist

1. Is there a current audit plan, approved by the Audit Committee?
2. Was input obtained from management and key stakeholders?
3. Does the plan focus on high-risk, high-value areas of activity?
4. Is there a current assurance map to identify gaps and overlaps?
5. Is progress against the audit plan tracked and reported each quarter?

|                            |                     |
|----------------------------|---------------------|
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