



Government Audit Committees – Part 3 – There's more to consider: Internal audit function, independent auditors and risk management

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The audit committee governance and accountability responsibilities to both the internal audit function and the oversight of the independent auditors are shaped by the entity's risk appetite and tolerance, limitations and are affected by the determined mitigation options and outcomes. The ongoing monitoring of both the internal and independent auditors ensures independence and objectivity are in place is a significant function to ensure a robust risk management program.

The considerations highlighted within this report address internal controls, mitigation, and analysis within the entity's strategies and objectives as they are carried out by both the internal audit function and the independent auditors. The performance of the internal audit function is assessed with a focus upon the implementation and maintenance of quality control improvements. In order to execute their function, the areas of spotlight begin with qualifications, training, reporting lines and outsourcing as necessary. This enables assurance of independence, completeness and effectiveness as the internal audit function maintains a balance between financial and operational involvement in execution and reporting.

The audit committee's responsibility with the independent auditor lies in the charge to hire, compensate, evaluate, and terminate the independent auditor. Ensuring that the auditor has necessary staff, training, and experience is the beginning of any assessment. Reviewing documentation that support the independent auditor is working with and leveraging the work of the internal audit department, providing open communication throughout the planning, execution and reporting stages and preserving independence is the responsibility of the audit committee. At times, the audit committee may need to engage others outside of the services of the independent auditor and those considerations are addressed within this report as well.

This article links to the [full report](#) which includes tools for the audit committee to assess both the internal and independent auditors to ensure independence, objectivity and performance. For more information, refer to [Part 1](#) – Charter, Roles and Responsibilities and [Part 2](#) - Hitting your stride: Understanding internal controls, fraud and audit findings of the series.

Author Bio

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Lori Sexton is a Senior Technical Manager, Management Accounting with the Association of International Certified Professional Accountants (AICPA). Research and development of management accounting resources, serving as an advocate for the public sector and liaison to the Government Performance and Accountability Committee (GPAC) are included among her responsibilities. Other experiences include providing audit, attest, tax and consulting services to public sector and not-for-profit entities as well as those in healthcare, manufacturing, financial services and other niche sectors. Her roles within the private sector included international financial services and GSEs (Government Sponsored Entities) with a focus on financial and risk management.