

Audit Process

- **The Audit Process**
 - **Documentation**
 - **Internal Audit Follow-Up Procedures**
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- **The Audit Process**

The AAB audit process is governed by the Generally Accepted Government Auditing Standards (GAGAS) and is utilized in all audit related projects. See the Audit Process flow chart, (See Attachment 3).

- • **Audit Proposal**

The audit proposal is the first step of the audit process. The team lieutenant and the HCO will assign the audit to the project manager, which is to be approved by the Unit Commander. (GAGAS §4.02 – 4.11, Competence, §8.31 – 8.32, Assigning Auditors). The project manager will submit a proposal memorandum to the Unit Commander for approval. (See Attachment 4) Once the memorandum is approved, a project number is issued by Operations. The project manager will utilize the Project Manager Duties and Responsibilities Checklist to assist in the completion of each phase of the audit. (See Attachment 5)

- • **Audit Work Plan Development**

The project manager begins the planning phase of the audit and develops the Audit Work Plan (GAGAS §8.03 – 8.07, Planning, §8.33 – 8.35, Preparing a Written Audit Plan). The project manager will develop the work plan according to the scope of the audit/project. The Audit Work Plan documents the audit objectives and addresses relevant risks. The Audit Work Plan will include the audit scope and methodology, which support the audit objectives. This provides assurance that the data gathered is sufficient and appropriate. (See Attachment 6) Once the Audit Work Plan prepared, the project manager will submit it to the Unit Commander for approval.

Auditors also conduct various projects, including examinations, reviews, compilations and agreed upon procedures, and are required to apply the same auditing standards and processes (GAGAS §7.34, Examination Engagement Documentation).

The project manager should determine the audit population, including the best way to retrieve that data. The population may vary depending upon the audit. Population is defined by the Institute of Internal Auditors as the following:

...Population is defined as, the entire set of data from which a sample is selected and about which the internal auditor wishes to draw conclusions.

• • Entrance Meeting with Auditee

The entrance meeting is conducted to inform the auditee of details regarding the audit (GAGAS §8.20 - 8.26, Auditor Communication). The project manager will contact the auditee to schedule and conduct the entrance meeting. During this time, the project manager will present the entrance meeting memorandum, discuss the audit objectives, scope, time period, and request for a designated contact person. This is an interactive process in which the auditee may ask questions and make suggestions regarding audit related issues. (See Attachment 7)

• • Fieldwork/Testing/Analysis

Fieldwork is conducted according to requirements for performance audits under the guidelines of GAGAS. The fieldwork requirements relate to planning the audit; conducting the entrance meeting, providing direction to the audit team members, obtaining audit evidence; and preparing all audit documentation (GAGAS §8.02, Fieldwork Standards for Performance Audits)

The Institute of Internal Auditors defines audit evidence as the information obtained through observing conditions, interviewing people, and examining records. Audit evidence is documentation and information which supports conclusions.

The project manager may begin fieldwork as soon as the entrance meeting is completed by collecting the necessary documentation and information. The project manager will collect relevant audit evidence to address the audit objectives. The project manager may use Departmental databases or other resources to identify the population. These resources can be reconciled to ensure the completeness of all evidence. The project manager should perform inquiries with Department personnel and conduct observations. (GAGAS §8.77, Identifying Sources of Evidence and the Amount and Type of Evidence Required, and §8.108, Overall Assessment of Evidence).

The project manager is responsible for the development of the testing instrument(s). The testing instrument(s) provides the data analysis to support the results of the audit. Questions should be simple and be developed for “Yes” or “No” type responses. Other responses may include “Not Applicable” or “Unable to Determine,” for which a comment would be required. (See Attachment 8)

- • Review of Audit Results

After completing the testing instrument, the project manager will review the results and develop audit findings. Throughout the audit, the project manager will coordinate and discuss preliminary results with the auditee. These preliminary results may be used by the auditee to initiate corrective action plans before the completion of the audit. (GAGAS §8.116 – 8.131, Findings, and §9.24, Reporting Findings, Conclusions, and Recommendations).

- • Draft Report

The project manager is responsible for writing the audit report (GAGAS Chapter 9, Reporting Standards for Performance Audits). The report shall contain the following:

- Objectives, scope, and methodology of the audit.

- **Audit results, including findings, conclusions, and recommendations, as appropriate.**
- **A summary of the views of responsible officials.**
- **The report may include sections entitled “Other Related Matters” or “Additional Information.”**
 - **Other Related Matters are defined as issues that are not measured within the scope of the audit; however, they may be supported by another Department policy or procedure. Other Related Matters may pose a risk to the audit subject and may continue to do so if not addressed.**
 - **The “Additional Information” section often supplies valuable statistical data to the auditee.**

All audit reports will be watermarked with “DRAFT” until the final report is completed. The project manager is responsible for submitting the draft report for final review to the Team Lieutenant, the HCO, Operations, and ultimately the Unit Commander.

• • **Quality Assurance Review**

The project manager will provide the quality assurance reviewer with the work plan, the draft audit report, access to all audit work papers, and shared files. The quality assurance reviewer verifies the audit population, testing instrument(s), and the validity of the criteria. This process is a comprehensive review to evaluate if the results and conclusions are appropriately supported and begins during the Planning phase continuing until the draft report is completed. (GAGAS §5.22, Engagement Performance, General).

The quality assurance reviewer develops a list of notes in the established format, to include the page, section, and/or paragraph for the identifying note. (See Attachment 9) The notes should be concise, free of biased opinion, and based on factual information. The reviewer shall make every effort to perform research and communicate with the project manager to clarify information.

The project manager is responsible for responding to each note with a disposition. If the project manager disagrees with the note, they must show evidence or reason for their disposition. A meeting will be conducted to resolve disagreements of notes. Notes will be reviewed in open discussion with the team lieutenant and HCO. If an agreement cannot be reached, the Unit Commander and audit team will initiate a Round Table to resolve issues.

- • Exit Meeting and Review

The exit meeting is conducted to provide the auditee with the final results of the audit (GAGAS §8.20 - 8.26, Auditor Communication). The project manager will provide details of the findings, at which time the auditee can discuss the results. The team lieutenant and/or the HCO will attend the meeting along with the project manager and assistant project manager. After the exit meeting, Operations distributes a draft copy of the report to Executive Management. The auditee will have the opportunity to submit a formal memorandum response to be addressed to the Unit Commander of the AAB. The final draft report is also provided to the Office of the Inspector General for their review.

- • Final Report

The final report is to be completed once the formal response is received. The auditee will provide a formal response memorandum stating concurrence or non-concurrence with the audit results (GAGAS Chapter 9, Reporting Standards for Performance Audits). The project manager prepares the Executive Summary Memorandum once a response is received. If a response is not received, the project manager will summarize the exit meeting discussion within the “Views of Responsible Officials” section of the audit report.

The final report shall include the Executive Summary, the formal response memorandum (if any), and the final report. The project manager, assistant project manager, and the HCO will sign the final report before submitting to Operations for the Unit Commander’s approval.

- • Executive Distribution

Once the Unit Commander approves the final report, it is delivered to the Office of the Sheriff. (GAGAS §9.56, Report Distribution)

- **Documentation**
 - **Audit Documentation**
 - **Archiving and Retention**
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- • **Audit Documentation**

The project manager will ensure the following:

- **A binder is created to retain all work papers and original documents.**
 - **All team members shall store all work papers in the binder.**
 - **A Table of Contents is included to ensure organization.**
 - **Create and electronic file for storing audit documentation (electronic audit work papers.)**
 - **All documents containing original signatures and notes will be scanned for storage.**
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- • **Archiving and Retention**

All audit reports including original signatures are maintained in the AAB office. The project manager submits the completed audit binder and the electronic shared folder to the Team Lieutenant for review. Once this review is complete, the Team Lieutenant signs the binder review checklist and submits the documentation to the HCO for archiving.

All completed binders are stored in a secured file cabinet at AAB. The location of the file folders is documented and maintained within the shared files, entitled the AAB File Catalog folder entitled Master Archive Catalog.

Operations will update and maintain the Master Archive Catalog. The retention time of documents are processed as directed by the

Department's Manual of Policy and Procedures Section 5-07/290.15, Administrative Documentation/Materials. The minimum retention requirement for audit documentation and special project documentation is 3 years. Shooting analysis documentation is kept indefinitely. The Unit Commander has the discretion to extend the retention of all audit documents.

- **Internal Audit Follow-Up Procedures**

The follow-up phase of the audit process (interdepartmental) begins 30-days after the audit report is completed. The initial request for follow-up will be sent via County mail and Department e-mail. The due date for response to the recommendations will be indicated in the request. The status of all recommendations are categorized by the following three dispositions:

- **Implemented** – The Departmental unit(s) supported and fulfilled all elements of the recommendation.
- **In-Progress** – Based on the information provided, the Departmental unit(s) support the recommendation and are in progress of fulfilling all elements of the recommendation. Additional follow-up is required.
- **Not Implemented** – The recommendation was not fulfilled (management disagrees or; unable to implement or; process already changed).

Responses may be provided in a memorandum, completed recommendation response plan, corrective action plan, or another form of similar correspondence. Proof of practice and supporting documentation will be required in order to deem the recommendation as “Implemented.”

After the initial follow-up request, the AAB will continue to contact the concerned auditee, or designee, on an on-going basis, and request a status update of the implementation process until the recommendation(s) is categorized as “implemented” or “not-implemented.”

All responses and any actions taken by the respective executive managers in an effort to successfully resolve the recommendations will be documented. The status of all recommendations will be tracked and all

data will be provided to the Sheriff, and his staff, on a monthly basis. All recommendations that have not been implemented will be presented to the Sheriff in the Semi-Annual Recommendations Follow-Up Report, which outlines the details of all responses.
