

# **Quality Assurance and Improvement Program - Internal Assessments**

Florida Audit Forum

February 9, 2018

# Introduction

- ▶ Tim Parks, CIA, CIG
- ▶ Chief Internal Audit Officer/  
Inspector General
- ▶ Lee County Clerk of Circuit Court &  
Comptroller
- ▶ 24 years with LeeClerk

# Objective

- ▶ *This session will cover the who, what, when, where, why, and how of internal self-assessments.*
- ▶ *Real life examples will be described from the perspective of the Lee County Clerk of Court's recent experience in preparing for a peer review.*

# Today's Presentation Agenda

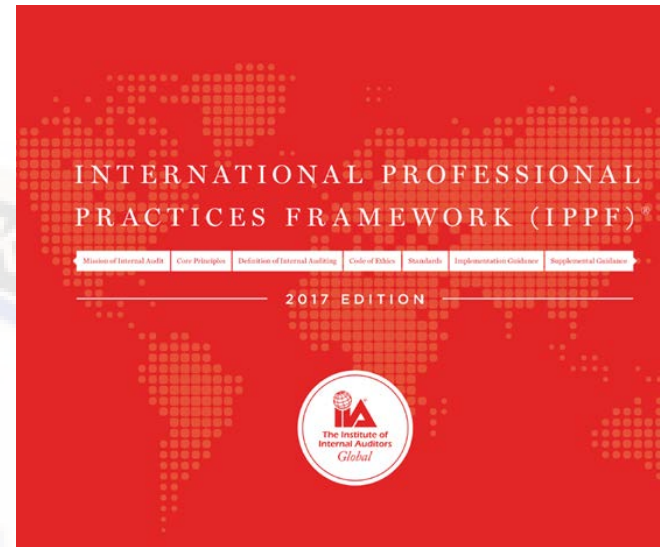
## Six Sections

- ▶ Who?
- ▶ Where?
- ▶ What?
- ▶ Why?
- ▶ When?
- ▶ How?\*

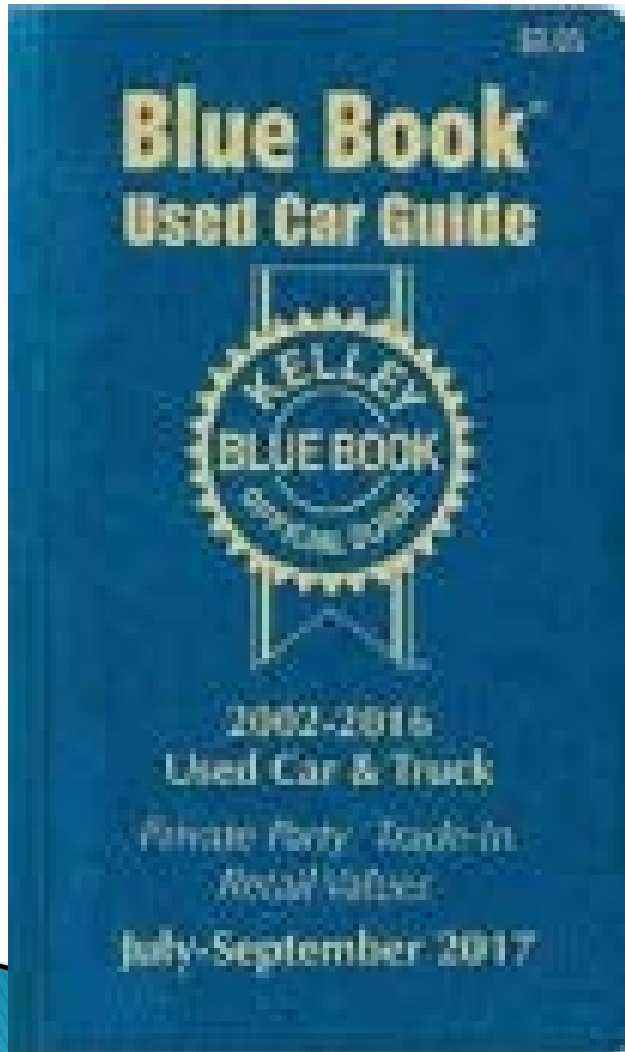
\* How we do it in Lee County Clerk of Court

# Informal Survey

- ▶ Peer reviewed audit shops?
- ▶ “Red Book” Standards?
- ▶ “Yellow Book” Standards?



# Other Trusted Professionals and the “Blue Book”



**Nurses** top the list, besting doctors by about 15 percent in the trustworthy department. The bottom of the list is populated by the obvious: **car salespeople** and members of Congress.

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»» **Who?**

# Who? (according to Red Book Standard)

## 1300: Quality Assurance and Improvement Program

- ▶ The **chief audit executive must** develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.



# Who? (according to Yellow Book Standard)

**3.82 Each audit organization** performing audits in accordance with GAGAS **must:**

- ▶ **a.** establish and maintain a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements.

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»» What?

# What? (Red Book)

- ▶ A quality assurance and improvement program (QAIP) covers the entire spectrum of assurance and consulting work performed by the internal audit activity as prescribed in the **internal audit charter**.
- ▶ A QAIP includes **internal** and external **assessments**.

(Practice Advisory 1300-1)

# What? (according to Yellow Book Standard)

**3.82** Each audit organization performing audits in accordance with GAGAS **must**:

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» When?

# When? (Red Book)

- ▶ Internal assessments include **ongoing** monitoring and **periodic** self-assessments.
- ▶ The QAIP should be considered during **annual** planning activities. Individual sections of the program should be updated **continuously**.

(Practice Advisory 1300-1)

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» Where?

# Where?

- ▶ Where ever there is a **chartered** Internal Audit Department
- ▶ Where ever there is a need to build credibility
- ▶ Where ever there is a need to demonstrate conformance with professional standards



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»» Why?

# Why? (Story Time Line!)

- ▶ **The Lee County Clerk of Circuit Court & Comptroller Internal Audit Department – History in six stages:**
  - **1986 to 2000 (The good old days!)**
  - **2000 to 2011 (Cruise control)**
  - **2012 (Election and deflection)**
  - **2013 (Reflection and selection)**
  - **2014 to present (Rebuilding the brand)**
  - **2016 Receipt of Letter from Peer Review**

# Why?

## **2100: Use of “Conforms with the *International Standards for the Professional Practice of Internal Auditing*”**

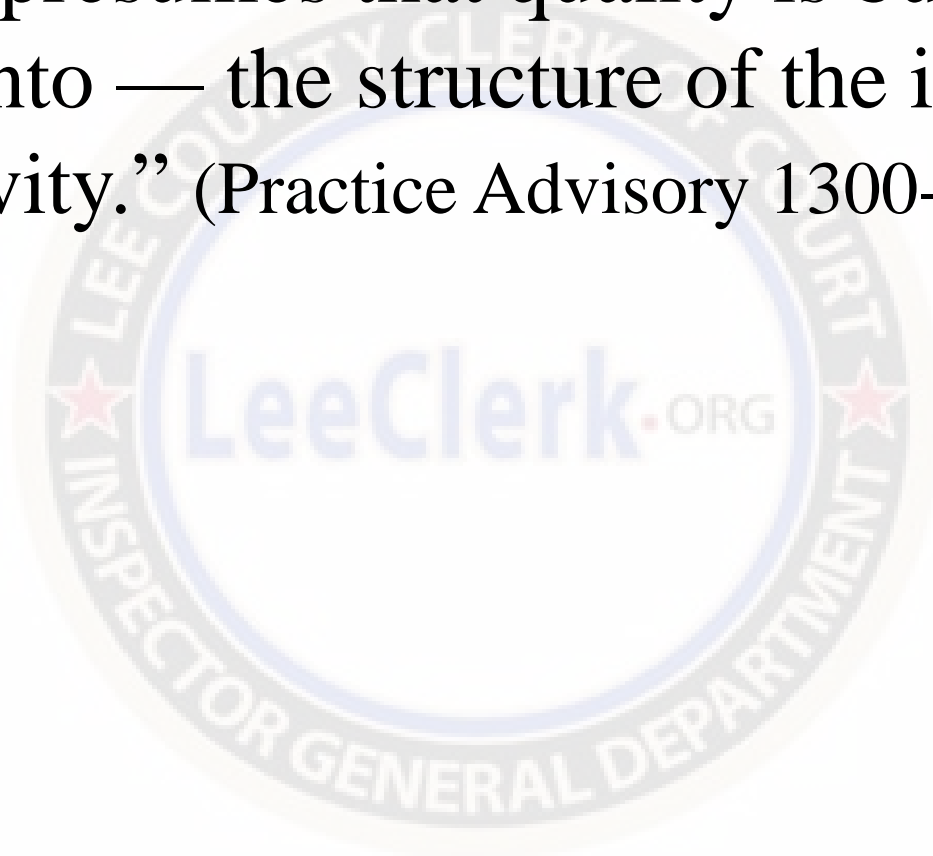
- ▶ The chief audit executive **must** state that the internal audit activity conforms with the *International Standards for the Professional Practice of Internal Auditing* **only if** the results of the quality assurance and improvement program support this statement.

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» How?

# How? (Lee County IG)

“A QAIP presumes that quality is built into — and not onto — the structure of the internal audit activity.” (Practice Advisory 1300-1)



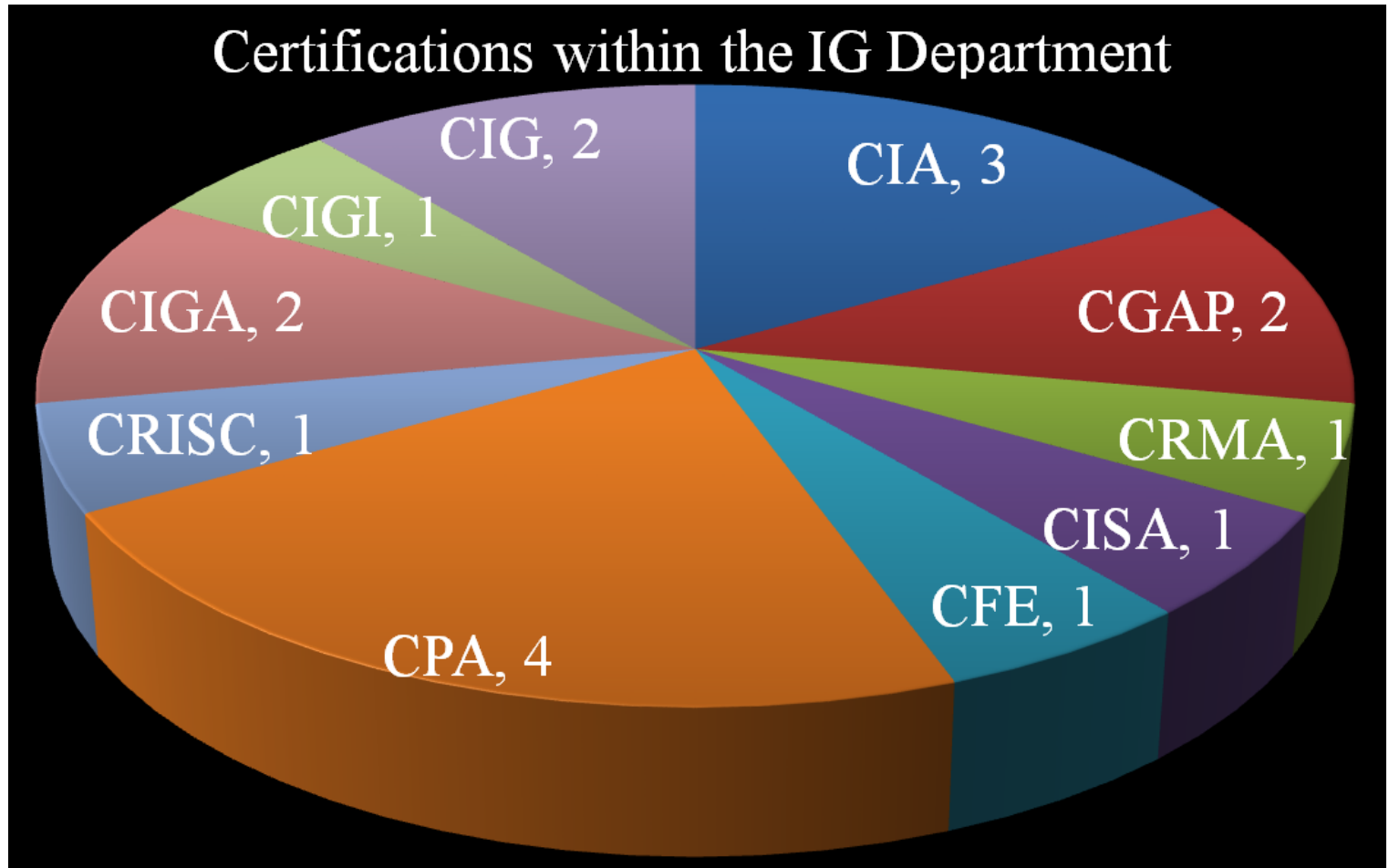
# How?

- ▶ Build a Quality Team
  - “Internal auditors **must** possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively **must** possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.” (Standard #1210)

# How?

- ▶ Training:
  - “Collaboration Meetings” (Standards Moment)
  - Internal auditors **must** enhance their knowledge, skills, and other competencies through continuing professional development. (Standard #1230)
- ▶ Measurement:
  - Planning (annual and by project)
  - Budgeting (annual and by project)
  - Expectations (annual and by project)

# How?





# How? (Lee County IG)

“If it isn’t documented, it didn’t happen.”  
(Sandy Bottone)

- ▶ Policy and Procedures! (Ok to borrow from others)
- ▶ Supervision – All projects are supervised (document)
- ▶ Review – The Manager/Supervisor’s tool (document)

# Supervision and Review

ARC	Title	State
4 A.1.PRG(14)	Preliminary Steps and Planning	<input type="checkbox"/>
	<b>Conflict of Interest Statement</b>	<input type="checkbox"/>
	BOCC Intent to Audit Memo & Pre-Eng...	<input type="checkbox"/>
	LCCC Intent to Audit Memo	<input type="checkbox"/>
	LCPA Intent to Audit Memo	<input type="checkbox"/>
	Develop Draft Audit Objectives, Scope a...	<input type="checkbox"/>
	Entrance Conference	<input type="checkbox"/>
	Review Regulations & Guidance	<input type="checkbox"/>
	Review Prior Reports/Work Papers	<input type="checkbox"/>
	Additional Preliminary Survey Steps	<input type="checkbox"/>
	Identify Information Systems Used	<input type="checkbox"/>
	Complete Project Risk Assessment & Int...	<input type="checkbox"/>
	Prepare an Audit Plan (Program/s)	<input type="checkbox"/>
	Prepare a Project Budget	<input type="checkbox"/>
	Complete Audit Profile	<input type="checkbox"/>

DLR 8/4/2017  tp 8/16/2017

Title: Conflict of Interest Statement

Assign:

■ Audit Steps Guidelines ■ Policy/Standard Objective (FieldWork)

1. Access the Auditor Project Assignment and Conflict of Interest Statement from the TeamStore.
2. Print, sign, and scan the Auditor Project Assignment and Conflict of Interest Statement.
3. Obtain CIAO/IG or DIAO signature on the Statement.
4. Add the scanned statement as a Work Paper.

v.20170425

■ Record of Work Done ■ Conclusion References(1)

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Conflict of Interest & Independence Statement Human Services

# How? (Specific Documents)

- ▶ Code of Ethics – Mandatory ethics training (document)
- ▶ Templates – They really provide structure and focus (document)
- ▶ Conflict of Interest Statement in every project (document)
- ▶ Checklist in every project (document)
- ▶ Annual Independence & Conflict of Interest Statement, Code of Ethics, Confidentiality, and Continuing Professional Development/ Education Agreement (in Certification File)
- ▶ Annual Internal Q A Report (Published)

# How?

- ▶ Accreditation Manager (if resources are available)
  - Don't be shy!!!
  - Specialist in Standards – (IIA Training)
  - Provides additional review of projects
  - Continual assessment (mandatory)
  - Training opportunities noted

# How? (Accreditation Manager)

- ▶ Raise the bar!
- ▶ The Path to Quality – IIA presentation
- ▶ Formal training

## Maturity Model Levels to Quality

Level 1: Introductory

Level 2: Emerging

Level 3: Established

Level 4: Progressive

Level 5: Advanced

# Summary

- ▶ Who? (You – and specifically CAE’s)
- ▶ What? (Quality Assurance and Improvement Program – Specifically Internal Assessments)
- ▶ When? (All the time – “continuously”)
- ▶ Where? (Anywhere there is a professional IA shop – “as prescribed in the IA Charter”)
- ▶ Why? (Credibility – before being called out)
- ▶ How? (Build a QAIP structure within the IA program that is always visible – use all the necessary tools, and document everything!)

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» Questions  
and/or  
Comments?