

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Barbara Beatty, Deputy Director Auditor-Controller

Date: March 4, 2011

From: Kameron McCoy, Internal Auditor 

Subject: FISCAL YEAR (FY) 2009-10 INTERNAL QUALITY ASSURANCE REVIEW

I have completed the Internal Quality Assurance Review of the Ventura County Internal Audit Division (IAD) for the period July 1, 2009 through June 30, 2010. The results of my review are summarized below.

BACKGROUND

The IAD, through cooperation with County management, accomplishes timely audits that foster positive change to reduce risk and enhance the economy, efficiency, and effectiveness of Ventura County departments and agencies. During FY 2009-10, the IAD was allocated 8 budgeted positions and issued 18 reports.

In accordance with Government Code Section 1236, the IAD conducts audits in accordance with the *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* promulgated by the Institute of Internal Auditors, or where appropriate, *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards provide a framework for conducting high quality audits with competence, integrity, objectivity, and independence. To this end, a quality assurance program has been established to provide reasonable assurance of the IAD's conformance/compliance with the standards. The IAD's quality assurance program includes both internal and external assessments.

SCOPE

The overall objective was to determine whether the IAD's internal quality control system was in place and operating effectively to provide reasonable assurance that established policies and procedures and applicable auditing standards were followed. Specifically, the review determined whether:

- the IAD established and implemented appropriate methods, policies, and procedures to comply with *IIA Standards* and *Government Auditing Standards*;
- the IAD's methods, polices, and procedures were effective for auditors, during the course of an audit, to comply with applicable attribute and performance standards required by the *IIA Standards* and applicable general, field work, and reporting standards required by the *Government Auditing Standards*; and
- corrective action was taken to address findings noted in the most recent internal quality assurance review dated April 29, 2009, and the latest external quality assurance review dated November 20, 2009.

The review included the evaluation of reports and work papers from three judgmentally selected engagements (two performance audits and one financial audit). The review also included evaluation of annual conflict of interest statements, continuing professional education documents, IAD desk procedures, and applicable auditing standards. The review covered audit reports issued from July 1, 2009 through June 30, 2010.

FINDINGS

Overall, the IAD followed established policies and procedures and applicable auditing standards required by the *IIA Standards* and *Government Auditing Standards*. In addition, appropriate action had been taken to address issues from the prior internal and external quality assurance reports. Such action included implementing procedures that decreased the total number of audit days by 36 percent since the implementation of Lean Six Sigma processes. In addition, appropriate action was taken to incorporate the external quality assessment into the audit contract for the firm selected to perform the County's Single Audit. The IAD also established a centralized electronic system of maintaining documentation of continuing professional education certificates for all members of the IAD. Lastly, the IAD updated a number of processes to strengthen conformity with applicable American Institute of Certified Public Accountants field work and reporting standards.

This report does not contain findings requiring corrective action by IAD management.

Thank you for your cooperation and assistance during this review.

cc: Honorable Christine L. Cohen, Auditor-Controller
Honorable Linda Parks, Chair, Board of Supervisors
Honorable John C. Zaragoza, Vice Chair, Board of Supervisors
Honorable Steve Bennett, Board of Supervisors
Honorable Peter C. Foy, Board of Supervisors
Honorable Kathy Long, Board of Supervisors
Marty Robinson, County Executive Officer