



Office of Pasco County Clerk & Comptroller

INTRAOFFICE MEMORANDUM

DATE: April 26, 2021

TO: Nikki Alvarez-Sowles, Esq., Clerk & Comptroller

THROUGH: Patrice Monaco-McBride, Inspector General 

FROM: Erika Hendricks, Auditor III 

DEPARTMENT: DEPARTMENT OF INSPECTOR GENERAL

SUBJECT: 2021-03 Internal Quality Self-Assessment Report

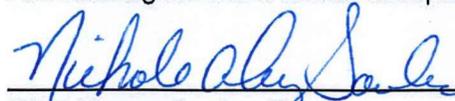
Enclosed is Report No. 2021-03, the Internal Quality Self-Assessment Report for the Department of Inspector General (Department). The objectives of this review were to evaluate the Department's conformance to the *International Standards for the Professional Practice of Internal Auditing* (Standards), internal policies and procedures, competencies, quality of work and supervision, performance metrics, and identified opportunities to enhance its management and work processes.

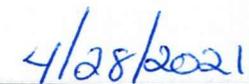
Standard 1300- Quality Assurance and Improvement Program required that the Inspector General/Chief Audit Executive develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. Standards 1311- Internal Assessments required the quality and improvement program to include periodic self-assessments. This internal quality assessment report complies with Standard 1311.

It was concluded that the internal audit activities were operating effectively and generally conformed to all applicable Standards except for Standard 1312 – External Assessments. An independent external quality assessment conducted by the Association of Inspectors General was scheduled to take place in July 2021. The Department will become compliant with this standard after this external quality assessment is completed. The internal quality self-assessment disclosed instances of non-compliance with internal policies and procedures and some practices that could be improved.

We request the Clerk & Comptroller acknowledge and accept this report.

Acknowledgment and formal acceptance:


Nikki Alvarez-Sowles, Esq.


Date

Office of Nikki Alvarez-Sowles, Esq.

Pasco County Clerk & Comptroller

INTERNAL QUALITY SELF-ASSESSMENT REPORT

April 26, 2021



Department of Inspector General

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Inspector General

Erika Hendricks, CIA, CIGA, CFE
Auditor III

Report No. 2021-03

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EXECUTIVE SUMMARY

Background

In compliance with the *International Standards for the Professional Practice of Internal Auditing* as promulgated by the Institute of Internal Auditors (Standards), the Department of Inspector General (Department) conducted an internal quality self-assessment of the Clerk & Comptroller's and the Board of County Commissioners' internal audit activities for the period October 1, 2020 through March 31, 2021.

The internal quality self-assessment team consisted of two members with sufficient knowledge of the Standards and the audit process. The members held Certified Internal Auditor (CIA) and/or Certified Inspector General Auditor (CIGA) designations. Therefore, these members met the qualifications to perform an internal assessment in accordance with the Standards.

The Standards (No. 1300-1312) required the chief audit executive to develop and maintain a quality assurance and improvement program (QAIP) that covered all aspects of internal audit activity. The QAIP was required to include both internal and external assessments. Internal assessments included ongoing monitoring of the performance of the internal audit activity and periodic self-assessments. External assessments were required to be conducted at least once every five years by a qualified, independent assessor or assessment from outside the organization.

An independent limited-scope external quality assessment conducted by the Association of Inspectors General was scheduled to take place in July 2021. This will be the Department's first external quality assessment.

Objectives

The objectives of this internal quality self-assessment were to evaluate the Department's conformance to the Standards, internal policies and procedures, competencies, quality of work and supervision, and performance metrics. Opportunities to enhance the effectiveness, efficiency, and value of the Department were identified.

Scope and Methodology

The Department reviewed and conducted tests of its internal quality control system for the period of October 1, 2020 through March 31, 2021 to determine if it provided reasonable assurance of conformance with the Standards. In conducting this review, information was compiled and prepared to determine compliance with the Standards, the Code of Ethics, Department policies, procedures, and practices to the extent necessary for this assessment. The procedures performed to conduct this self-assessment included, but were not limited to:

- Reviewed the Department's Charter and Procedure Manual (effective October 1, 2020 and any revisions thereafter).
- Reviewed audit workpapers, audit reports, and follow-up activities to verify conformity to the Standards and the Department's policies and procedures.
- Reviewed the objectivity of the audit work performed to determine the independence of the Department.

- Reviewed administrative records to evaluate the Department teammates' knowledge, skills, abilities, performance evaluation process, and training.
- Reviewed the scope and performance of planned and completed audit work.
- Reviewed the process of communicating audit results and audit recommendation follow-ups.
- Reviewed post-engagement surveys completed by the Board of County Commissioners' and the Clerk & Comptroller's teammates.
- Determined conformity to each Standard and then made an overall conclusion based on those determinations.

Conclusion

The internal quality self-assessment team concluded that the internal audit activities were operating effectively and generally conformed to all applicable Standards except for Standard 1312 – External Assessments. The Department will become compliant with this standard in July 2021, when an independent external quality assessment is conducted by the Association of Inspectors General. The internal audit environment was well structured. The Standards were understood and management provided useful tools and implemented appropriate practices. The following was noted:

- The Department used the AutoAudit software system, which contained all audit files.
- Standardized audit plan and workpaper templates were used to ensure consistency and compliance with the Standards.
- Files were well organized and easy to follow and understand.
- Professional training for teammates was frequent and encouraged.
- The Department maintained a good reputation and credibility with Clerk & Comptroller customers.

The internal quality self-assessment disclosed instances of non-compliance with internal policies and procedures, and some practices that could be improved. Opportunities for improvement and recommendations were discussed with the Inspector General/Chief Audit Executive and verbatim responses were included in this report.

The Department commends the Inspector General/Chief Audit Executive for leading an internal audit activity with a forward-thinking approach and striving to continuously improve the Department's operations.

Based on the documentation reviewed and procedures performed, the Department identified four opportunities for improvement:

No.	Description	Page Reference
Compliance:		
1.	One teammate’s file did not contain the required signed acknowledgement forms and proper documentation of professional continuing development.	4
Control:		
2.	Department Policy and Procedure Manual did not reflect the current procedures for some internal processes related to monitoring of time.	5
3.	Documented policies and procedures for continuous monitoring and post-engagement surveys did not exist.	6
4.	One internal process related to budget amendment revisions could be improved to increase efficiency.	7

AUDIT COMMENTS AND RECOMMENDATIONS

Compliance Activities: Compliance is adhering to approved policies and procedures, agreements, contracts, laws, rules, and regulations. Listed below was a comment that represents instances of non-compliance with these requirements.

1. One teammate’s file did not contain the required signed acknowledgement forms and proper documentation of professional continuing development.

During the review, the following was noted:

- The Mission Statement Acknowledgement Form was signed by the teammate, but was not submitted to the Inspector General for signature as required by internal policies and procedures.
- The Procedure Manual Acknowledgement Change Form, effective 10/01/2020, was signed by the teammate, but was not submitted to the Inspector General for signature as required by internal policies and procedures.
- Continuing professional education (CPE) hours were not tracked and certificates earned were not maintained in AutoAudit as required by internal policies and procedures.

Recommendation: Since compliance with agreements, contracts, laws, rules, regulations, policies, procedures, and administrative directives was expected; a recommendation was not provided.

Management Response: *Agreed.*

Corrective Action Plan: *Additional training regarding the importance of tracking and documenting these items was discussed in a coaching session with the new teammate. All required documentation was executed, filed, and in compliance as of March 4, 2021.*

Target Implementation Date: *Completed March 4, 2021.*

Control Activities: Listed below were comments that represent opportunities to strengthen the internal controls. For each comment, a recommendation has been included.

2. Department Policy and Procedure Manual did not reflect the current procedures for some internal processes related to monitoring of time.

During the review, the following was noted:

- The Audit Project Time Tracker was not being used or completed by the teammates as required by internal policies and procedures. After discussion with Department teammates, it was determined that this tracker was created by a former teammate to assist them with their weekly timesheet duties. It was not being used because it was designed as a tool to assist the former teammate, and was no longer useful in performing assigned duties. The Department's Policy and Procedure Manual was not updated to remove this requirement after it was deemed no longer necessary or beneficial.
- Time for each engagement was monitored with Audit Time Reports that were generated periodically, not weekly as reflected in internal policies and procedures. These reports were maintained in the various budget reassessment workpapers. According to Department teammates, reviewing engagement time weekly was not the most efficient use of their time.
- The budget reassessment workpaper was not always completed at the end of each phase as reflected in internal policies and procedures. According to Department teammates, a budget reassessment workpaper was not completed at the end of Audit Preparation and sometimes not at the end of Reporting. The budget reassessment workpaper for Preliminary Survey included Audit Preparation. A budget reassessment completed during the Reporting phase seemed redundant when the final budget workpaper was completed during Quality Assurance, which immediately followed, and was simultaneous with Reporting.

Recommendation:

- Revise the Department Policy and Procedure Manual to reflect current procedures for monitoring hours charged to engagements.
- Consider requiring the Audit Time Report to be run at least bi-weekly.
- Consider using one budget reassessment workpaper throughout an engagement and include all Audit Time Reports and budget revisions.

Management Response: *Agreed.*

Corrective Action Plan:

- *The Department procedure manual will be updated to reflect current and actual steps for monitoring hours charged to engagements.*
- *The Department procedure manual will be updated to reflect a requirement for bi-weekly documentation of budget versus actual time tracking. The procedure will also require a single tracking schedule that will be updated throughout the engagement process and will reflect a final approval at the end of the engagement.*

Target Implementation Date: *May 28, 2021.*

3. Documented policies and procedures for continuous monitoring and post-engagement surveys did not exist.

During the review, it was noted the Department Policy and Procedure Manual did not provide detailed guidance for the following processes that were effective October 1, 2020:

- Verifying and reporting the continuous tracking of open recommendations and corrective actions. As a result, this process may be performed and reported inconsistently by teammates.
- Sending and receiving post-engagement surveys or a requirement that these duties be separated or completed by multiple teammates. As a result, the engagement lead auditor sent the post-engagement surveys to management and also received the completed surveys.

Documented policies and procedures were critical to ensure teammates understood the required procedures and rules related to continuous monitoring of open recommendations, corrective actions, and the post-engagement survey process.

Recommendation:

- Revise the Department Policy and Procedure Manual to provide detailed guidance for verifying and reporting continuous monitoring of open recommendations and corrective actions.
- Require the post-engagement surveys completed by management to be submitted directly to the Inspector General. This will help ensure all completed post-engagement surveys are accounted for and properly reviewed. Revise the Department Policy and Procedure Manual to reflect this requirement and provide detailed guidance for sending, receiving, and tracking post-engagement surveys.

Management Response: *Agreed.*

Corrective Action Plan:

- *The Department's procedure manual will be amended to include all necessary steps related to the monitoring of recommendations. A schedule of recommendations and target implementation dates will be included as required documented procedures.*
- *The Department's procedure manual will be updated to reflect the recommendation above related to post-engagement surveys.*

Target Implementation Date: *May 28, 2021.*

4. One internal process related to budget amendment revisions could be improved to increase efficiency.

According to the Department's Procedure Manual, a request to revise the budget more than 10% was required to be submitted to the Inspector General via email. It was determined submitting these requests via email were not as efficient or substantiated as using AutoAudit for this purpose.

Recommendation: Revise the Department Policy and Procedure Manual to require the budget amendment revision workpaper be submitted to the Inspector General for review and approval via AutoAudit. Using the features included in AutoAudit will help the review and tracking processes.

Management Response: *Agreed.*

Corrective Action Plan: *Training will be provided to the team and the Department's procedure manual will be updated to reflect the recommendation above.*

Target Implementation Date: *May 28, 2021.*