



# Memo

To: Audit Committee Members

From: Stephanie Fox, Director of Internal Audit

Date: July 28, 2021

Re: Reporting on the Quality Assurance and Improvement Program

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In accordance with Standard 1300 of the International Professional Practices Framework (the Standards), we maintain a quality assurance and improvement program (QAIP) within the department. The QAIP has three main components where quality is evaluated: (1) ongoing monitoring, (2) periodic self assessments, and (3) external assessments or peer reviews. Ongoing monitoring is performed at the conclusion of each engagement. This review is limited and is documented within the workpapers for each audit. The requirement for periodic self assessment is met with our annual quality review. This assessment utilizes peer review resources from the Association of Local Government Auditors to evaluate conformance with the Standards. At this time, we have not undergone an external assessment; however, we tentatively plan to meet this requirement in FY 2023. Standard 1320 requires that we communicate the results of the QAIP with senior management and the Audit Committee.

Based on the results of the FY 2020 annual quality review, we updated processes and standard workpapers to ensure both assurance and consulting engagements clearly demonstrate conformance with the Standards. These updates were reviewed as part of the FY 2021 annual quality review, along with the department's quality control system as documented in policies and procedures. Documentation for specific engagements was also reviewed for proper evidence of conformance.

## **Results of the Annual Quality Review for FY 2021**

We are happy to report the results of the FY 2021 review, which support conformance to the Standards at this time. In our evaluation, the Internal Audit Charter, policies, and procedures addressed requirements of the Standards. Additionally, engagement specific documentation reviewed showed evidence of conformance to the Standards.

## **Note on Standard 1321 - External Assessments**

The Standards require an external assessment every five years as part of the QAIP. Although we have not yet undergone an external assessment, guidance allows the use of a conformance



statement in engagement results communications if a documented internal assessment supports conformance and the internal audit activity has been in existence fewer than five years. Although our department has been in existence more than five years, we followed a different set of auditing standards prior to our transition to the International Professional Practices Framework in October 2018. As October 2023 will mark five years since adopting the Standards, our first external assessment would not be required before that time. The results of this internal assessment support conformance; therefore, we will begin using conformance language in future engagement reports.