

JUNE 2013

**QUALITY ASSURANCE REVIEW
CORRECTIVE ACTION PLAN
DIVISION OF AUDIT AND CONTROL**



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**ERIE COUNTY COMPTROLLER'S OFFICE DIVISION OF AUDIT AND CONTROL
 QUALITY ASSURANCE REVIEW CORRECTIVE ACTION PLAN
 June 2013**

Finding/Deficiency	Risk/Concern	Corrective Action	Completion Date
1. Lack of quality control processes within the Internal Audit Department	Non-compliance with IIA and GAS standards	a. Develop IAD charter that details the responsibility and authority of the audit department	12-31-2013
	Lack of credibility relating to audit efforts	b. Update the current policy and procedure manual to be more comprehensive.	12-31-2013
		c. Develop annual audit plan with project budgets by project and auditor to aid in planning and controlling individual assignments.	Completed
		d. Develop project performance evaluations for audit staff and design a survey for feedback from auditee	Completed
2. Processes are insufficient to ensure Independence (i.e. auditors are required to be impartial, objective and fair) Independence may be impaired due to personal, external and organizational influence	Non-compliance with IIA and GAS standards	a. Design a process for auditors to determine that one or more of the three categories of impairments to independence exist for an audit.	Completed
	Lack of credibility relating to audit efforts	b. Introduce legislation to expand the role and responsibility of Chief Auditor relating to independence and undue influence by others on audit results. Include language that includes oversight of other entities.	2014
3. Current audit staff may not have the education, experience, abilities and/or skills required to perform professional audits	Non-compliance with IIA and GAS standards	a. Continue to work collaboratively with Commissioner of personnel to ensure that job descriptions reflect required performance and proficiency criteria and that required skills sets are validated prior to hiring or taking civil service exams	Ongoing
	Lack of credibility relating to audit efforts	b. conduct periodic and annual performance reviews	Ongoing and 12-31-2013
4. Lack of evidence that IA Staff have met the continuing education requirements set by Industry Standards. Could not determine if required education was obtained.	Non-compliance with IIA and GAS standard	a. Budget sufficient money to provide mechanisms for obtaining CEU's	12-31-2013
	Lack of credibility relating to audit efforts	b. Develop process for tracking annual individual CEU	Completed
		c. Provide sufficient time in annual plan for attending training classes	Completed

Finding/Deficiency	Risk/Concern	Corrective Action	Completion Date
<p>5. a. Audit programs steps do not include required supervisory review</p> <p>b. There is no accountability for time spent on projects</p> <p>c. Past assignments did not assign a lead auditor</p>	<p>Work performed is not sufficient to achieve objectives.</p> <p>Evidence obtained does not support findings</p> <p>Low productivity and low number of completed projects effects credibility and justification for audit department</p>	<p>a. Update audit manual to include policies and procedures for supervising audit work. Procedures will include defined roles and responsibilities When completed, provide training to all audit staff.</p> <p>b. assign supervisory responsibilities for each audit project</p> <p>c. create monthly audit status report for Chief Auditor that compares budget to actual</p>	<p>12-31-2013</p> <p>Completed</p> <p>Completed</p>
<p>6. No written guidance on obtaining and documenting evidence and no written instructions for preparing workpapers</p>	<p>Work performed is not sufficient to achieve objectives.</p> <p>Evidence obtained does not support findings</p> <p>Low productivity and low number of completed projects effects credibility and justification for audit department</p>	<p>Update audit manual to include policies and procedures for obtaining and documenting evidence. Prepare written instructions for preparing workpapers. When completed, provide training to all audit staff.</p>	<p>12-31-2013</p>
<p>7. Audit steps are not always designed to assess the presence, effectiveness or adequacy of internal control procedures or practices</p>	<p>Internal controls may not be sufficient t ensure that risk is minimized</p>	<p>a. Provide guidance to staff on evaluating internal controls. Also provide guidance on types of risk.</p> <p>b. Include evaluation of internal controls and risk identification in audit manual.</p>	<p>Completed</p> <p>12-31-2013</p>
<p>8. Audit steps are not always designed to provide reasonable assurance that an audited entity adhered to the requirements of law and regulation</p>	<p>Departmental procedures may not be in compliance with regulatory requirements.</p>	<p>a. For all audit projects started in 2013, include audit steps to provide reasonable assurance that the audited entity adhered to requirements of law and regulation</p> <p>b. include this process in departmental audit manual</p>	<p>Completed</p> <p>12-31-2013</p>

Finding/Deficiency	Risk/Concern	Corrective Action	Completion Date
9. There is a lack of sufficient guidance covering report preparation	Issued reports may not meet the standards as prescribed by IIA and/or GAGAS	<p>a. For all audit projects completed in 2013, ensure that the report preparation process will include procedures that ensure the final report meets the standards as prescribed by IIA, GAAP and GAGAS.</p> <p>b. The department audit manual will include report preparation procedures in sufficient detail to ensure that all standards prescribed by IIA, GAAP and GAGAS are met.</p>	<p>Completed</p> <p>12-31-2013</p>
10. There is no internal audit department policy that requires monitoring of action taken on audit findings and to periodically report recommendations not resolved	Audited entities may not address deficiencies noted in audit reports	Develop written departmental policy that requires a process for monitoring of actions taken on audit findings that includes the periodic reporting of report recommendations not resolved	12-31-2013
11. There is no appropriate guidance on how and when the internal audit department is to report instances of fraud, abuse, or illegal acts	Appropriate action may not be taken to stop fraud, abuse or illegal acts	Develop guidance in conjunction with the County Executive, Comptroller and the Erie County Audit Committee.	2014