

County of Ventura
AUDITOR-CONTROLLER
MEMORANDUM

To: Barbara Beatty

Date: June 13, 2007

From: Hortensia Pizano *HP*

Subject: FY 2004-05 INTERNAL QUALITY ASSURANCE REVIEW

I have completed the Internal Quality Assurance Review of the Ventura County Internal Audit Division (Audit Division) for the period of July 1, 2004 through June 30, 2005. The results of my review are summarized below.

BACKGROUND: The Audit Division, 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/agencies. At the time of my review, audit engagements were performed, primarily, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The Audit Division also followed standards promulgated by the American Institute of Certified Public Accountants and statutes of the State of California, as applicable. The Audit Division's policies and procedures require that an internal quality assurance review be conducted annually.

SCOPE:

The overall objective was to determine whether the Audit Division's internal quality control system was operating effectively to provide reasonable assurance that established policies and procedures and applicable auditing standards were followed. Specifically, the review determined whether: the Audit Division established and implemented appropriate methods, policies, and procedures to comply with *Government Auditing Standards*; the Audit Division's methods, policies, and procedures were operating effectively for auditors, during the performance of an audit, to comply with applicable auditing standards; and corrective action was taken to address significant findings noted in the prior internal quality assurance reviews dated January 6, 2004, and March 29, 2005, and the latest external quality assurance review dated August 2, 2004.

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 guidance published by the National Association of Local Government Auditors, conflict of interest statements, and applicable auditing standards. The review covered audit reports issued from July 1, 2004 through June 30, 2005.

FINDINGS:

Overall, the Audit Division followed established policies and procedures and applicable auditing standards when conducting performance and financial audits. Although several areas for improvement were identified, none significantly impacted on compliance with the standards; therefore, the improvements were

Barbara Beatty
June 13, 2007
Page 2

discussed with management. For example, we discussed: implementing a new audit calendar to better manage audit deadlines; and including a work paper checklist to ensure that work papers are initialed/dated by the auditor and supervisor, audit programs are cross-referenced to work papers, and auditors assess their independence prior to an audit.

Also, although some issues from the last internal quality assurance report could not be fairly evaluated at this time, appropriate action was taken to address certain other issues, including: using confidential information appropriately; tracking audit hours by audit objectives; documenting evidence of the auditor's understanding of internal controls; and obtaining written representation by management as required by Statements on Standards for Accounting and Review Services.

OVERALL EVALUATION OF MANAGEMENT ACTION: I believe that management actions taken or planned to address the issues discussed were responsive.

Thank you for your cooperation and assistance during this review.

cc: Christine L. Cohen, Auditor-Controller