

County of Ventura  
**AUDITOR-CONTROLLER**  
MEMORANDUM

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To: Barbara Beatty, Deputy Director Auditor-Controller

Date: April 29, 2009

From: Andrew Saavedra, Internal Auditor AS

Subject: FY 2007-08 INTERNAL QUALITY ASSURANCE REVIEW

I have completed the Internal Quality Assurance Review of the Ventura County Internal Audit Division (Audit Division) for the period July 1, 2007 through June 30, 2008. 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, performance audits were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing (IIA Standards)* promulgated by the Institute of Internal Auditors. Financial audits were conducted 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 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 Audit Division established and implemented appropriate methods, policies, and procedures to comply with *IIA Standards* and *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 certain findings noted in the prior internal quality assurance reviews dated March 29, 2005, June 13, 2007, October 9, 2007, and February 19, 2008, 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 Association of Local Government Auditors, conflict of interest statements, and applicable auditing standards. The review covered audit reports issued from July 1, 2007 through June 30, 2008.

**FINDINGS:**

Overall, the Audit Division followed established policies and procedures and applicable auditing standards when conducting performance and financial audits. Although an area for continued improvement was identified, that area did not impact compliance with the standards; therefore, appropriate action was discussed with management. Appropriate action included implementing further procedures to ensure audits were completed in a more timely fashion. Specifically, management has implemented Lean Six Sigma to improve audit cycle time.

In addition, appropriate action had been taken to address issues from the prior internal and external quality assurance reports. Such action included implementing procedures to ensure that all conflict of interest forms were signed by Audit Division management in a timely manner. In addition, appropriate action was taken to ensure compliance with audit standards regarding limitations on distribution and use of audit reports. Action was taken to improve documented evidence of work paper completion and supervision and tracking of budgeted audit hours by objective to assist the auditor in meeting budgeted hours. Lastly, division policies and procedures providing guidance on performance and financial audits were properly updated and a schedule was established to ensure that all procedures are updated on a periodic basis.

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