



## Memorandum

**DATE:** June 22, 2018  
**TO:** Paula Rivera, Audit Office  
**FROM:** Alicia Lauron, Audit Office  
**CC:**  
**SUBJECT:** Internal Assessments for FY2017-18

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We have completed the internal assessments of audits performed by CHSRA Audit Office. The purpose of the internal assessments was to determine whether audits performed by CHSRA Audit Office comply with the International Standards for the Professional Practice of Internal Auditing (ISPPIA), and the CHSRA Audit Office Audit Manual (Audit Manual). Our internal assessments covered the period from July 1, 2017 to June 12, 2018.

Audit Manual 2.1.5 Quality Assurance Program states “The Audit Office maintains quality assurance through effective assignment, planning, and performance, supervision, administration, and management review. An important part of the process is the review of all final and draft reports, memos, and correspondence prior to issuance. Management ensures through the review process that all work is competent, relevant, complete and supported”.

ISPPIA Standards:

- 2210-A1 Internal Auditors must conduct a preliminary assessment of the risks relevant to the activity under review.
- 2240 Internal Auditors must develop and document work programs that achieve the engagement objectives.
- 2340 Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

For the fiscal year 2017/2018, the audit office completed two audits. We examined the following two completed audits: HSR 16-02 Third Party Estimating and HSR 15-07 PCM Materials Oversight. Based on our review, we found 37 of the 48 areas tested complied with its audit manual. For specific details per audit, please see Attachment A.

**Internal Quality Assurance Review**

**OBJECTIVE**

To comply with CHSRA Audit Office's policies and procedures and audit standards of the International Standards for the Professional Practice of Internal Audits (Red Book) and the Generally Accepted Government Auditing Standards (Yellow Book).

**PURPOSE**

To summarize the results of our QA review of FY17-18 audits/reviews.

**SOURCE**

- CHSRA Audit Manual (revised March 2014)
- CHSRA Audit Division audit/review files

**METHODOLOGY**

- Determine criteria.
- Select sample.
- Review selected files for attributes from/compliance with CHSRA Audit Manual (revised March 2014).

**ANALYSIS**

Item	Manual	ATTRIBUTE	AUDIT NUMBER		IQA Reviewers Comment on N
			IC 16-02	IC 15-07	
1	3.4.4	Final audit report	Y	N	Final report not in file
2	3.4.3	Recommendations	Y	Y	
3	3.4.4	Response	Y	Y	
4	3.4.4	Draft audit report	Y	Y	
5	3.2.5	Engagement letter	Y	Y	
6	3.2.6	Entrance conference	N	Y	Not documented
7	3.3.10	Pre-Exit/Exit conference	N	Y	Not documented
8	3.2.2	Audit planning memo (APM)	Y	Y	
9		APM signed by auditor(s)	Y	Y	
10		APM approved by audit manager/chief	Y	Y	
11	3.2.3	Statement of independence	Y	Y	
12	3.2.7	Risk assessment/analysis	N	Y	No supervisory review signature
13	3.2.8	Audit program	Y	Y	
14	3.2.8	Audit program approved by audit manager/chief	Y	Y	
15	3.5.2	Supervisor review	Y	N	C.16 pg 2, C.17 pg 2, C.19 pgs 1 - 7 - no supervisory review signatures
16	3.5.1	Supervisor review notes addressed by auditor	N	N	First level supervisor review notes not documented
17	3.5.1	Review notes cleared by audit manager/chief	N	N	Second level review notes not cleared
18	3.5.1	Work papers initialed and dated by auditor	Y	N	WP A pgs 3 & 4, C.6 pg 2 - not signed by Auditor
19	3.3.4	Work papers include PSAC, where applicable	Y	Y	

**Internal Quality Assurance Review**

20	3.3.8	5 Elements of findings	Y	Y	
21	3.4.3	Work papers support findings/exceptions/discussion items/observations	Y	Y	
22		Work papers address audit objectives and support findings/exceptions, conclusions, recommendations of audit report	Y	Y	
23	3.3.5	Work papers indexed and referenced to source data/documents	Y	Y	
24		Work papers referenced in audit program	N	Y	WP reference are incorrect
<b>Notes</b>					

IC Internal control audit

**Item Notes**

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**CONCLUSION**

CHSRA Audit Office is not consistently adhering to the requirements of its audit manual. The quality of the audit files are deficient and needed improvements to comply with its manual and audit standards (i.e., Red Book).