#### Carson City Audit Committee Agenda Report

Date Submitted: September 19, 2011	Agenda Date Requested: September 27, 2011			
<b>Γο:</b> Audit Committee				
From: William Prowse, Chair				
Subject Title: For Discussion Only: Internal Audit Organization Structure.				
Type of Action Requested: (check one)  ( ) Resolution ( ) Formal Action/Motion	( ) Ordinance ( X ) Other (Specify) <u>Discussion Only</u>			
Does This Action Require A Business Impact Statement: ( ) Yes ( X) No				
Recommended Committee Action: No action.				
Explanation for Recommended Committee Action: N/A				
Applicable Statute, Code, Policy, Rule or Regulation: N/A				
Fiscal Impact: None				
Explanation of Impact: N/A				
Funding Source: N/A				
Alternatives: None				
Supporting Material: 2003 State Government Auditing Survey (selected pages).				
Prepared By: Janet Busse, City Manager's Office				

Reviewed By: _	Will Manht	Date:	21/11
Board Action	Taken:		
Motion:			
		Member	Aye/Na
	1)		
	2)		
	3)		

# IIA/NASACT/NALGA State Government Auditing Survey October 2003

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### Overview

The survey in September 2003 was undertaken jointly by three organizations: NASACT, NALGA, and The IIA.

The survey was sent to 555 state government auditors with valid email addresses provided by NASACT. The survey was also emailed to IIA members at the state level and was available on The IIA web site. 210 valid responses were received representing 37 states plus Puerto Rico.

No responses were received from thirteen states: Alabama, Delaware, Idaho, Indiana, Iowa, Massachusetts, Montana, Nebraska, Nevada, New Mexico, Rhode Island, South Dakota, and Wyoming.

Of those responding, Maine and Vermont indicated they did not have any internal audit functions. Although Oklahoma and Georgia indicated they did not have a central function but that individual agencies could establish internal audit functions, no responses from any agencies were received.

#### Following are the states for which multiple responses were received:

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Texas, 36	New York, 7	Alaska, 5	California, 3
Virginia, 19	Utah, 6	Kentucky, 4	Wisconsin, 3
Tennessee, 19	South Carolina, 6	Colorado, 4	North Dakota, 2
Washington, 13	Michigan, 6	Arizona, 4	Arkansas, 2
Louisiana, 9	Illinois, 6	New Jersey, 4	Missouri, 2
Florida, 9	Ohio, 5	Minnesota, 4	Oklahoma, 2
Oregon, 8	Maryland, 5	North Carolina, 3	Puerto Rico, 2



### Overview (Cont.)

The variety of formats of organizations made the survey difficult for many respondents to answer – quasi government organizations, universities with reporting responsibilities to a state Board of Regents or Chancellor exclusive of the state auditor or with separate internal audit acts, agencies and central pools of auditors. Several agencies indicated their internal auditing functions were relatively new, or less than two years old, so complete procedures/processes were not yet in place.

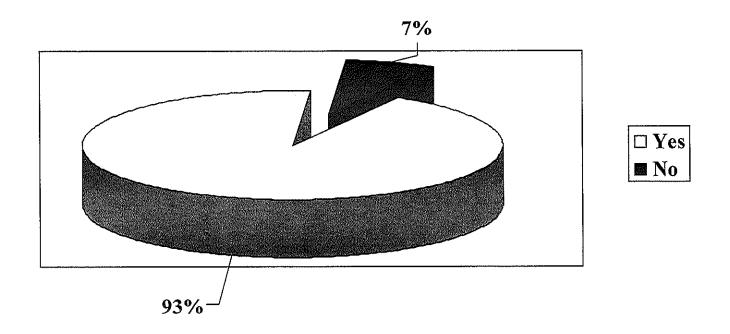
For most states, internal auditing is conducted at the agency level, some with mandated legislation, but most voluntary. Some provided commentary on the overall state of internal auditing within their state:

**PENNSYLVANIA:** Of the approximate 55 agencies under the Governor's jurisdiction, only a few have internal auditors. These are usually assigned to a specific program with the intent to review for compliance with policies and procedures. There is audit policy issued through the Commonwealth Management Directives system which is applicable to all agencies under the addition to the limited agency internal audit staff, Comptroller Operations in the Office of the Budget is responsible for auditing Commonwealth agencies' programs, activities and functions. Comptroller Operations also audits certain recipients of Commonwealth funded grants. The audit function in Comptroller Operations reports to the Deputy Secretary for Comptroller Operations. The audit reports are issued to the auditee, i.e. agency head responsible for the program being audited or Chief Executive of the grant recipient. Comptroller Operations usually performs performance or financial related audits in accordance with Government Auditing Standards. This includes assessment of risk as well as documentation of controls. There are also security reviews and EDP audits performed on information systems. As part of the audit planning process, agencies, along with their Comptrollers, are to perform risk assessments to determine audit efforts. However, many audit areas are mandated by law or regulation which limits the opportunity to fully utilize a risk assessment to identify audit areas.

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## Are internal auditors in your organization required to follow professional standards?

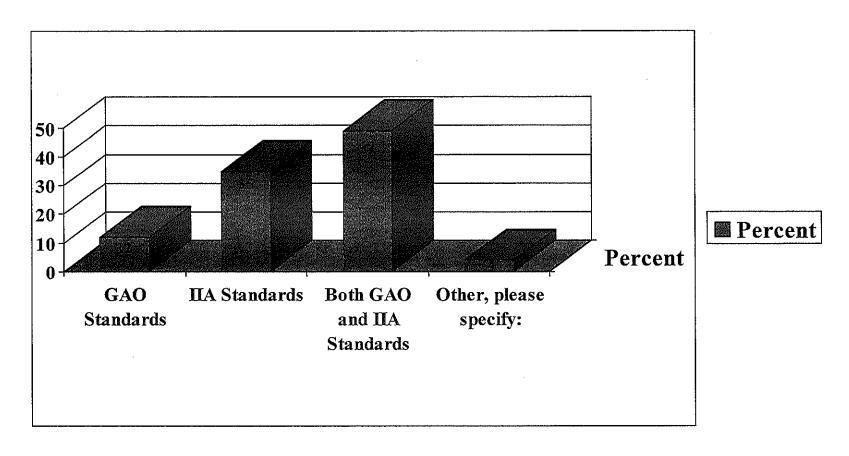


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## If you follow professional standards, which ones are they?



"Other" standards followed included those of state codes or statutes, AICPA, and ISACA.

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## Types of Audite Performed

