



# External Quality Control Review

of the  
Summit County, Ohio  
Internal Audit Department

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period November 1, 2010 through  
October 31, 2013



## Association of Local Government Auditors

November 22, 2013

Ms. Lisa Skapura, CIA, CFE  
Audit Director  
Internal Audit Department  
Summit County, Ohio  
175 S Main Street, Rm 202  
Akron, OH 43308

Dear Ms. Skapura,

We have completed a peer review of the Summit County, Ohio Internal Audit Department for the period November 1, 2010 through October 31, 2013. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Summit County, Ohio Internal Audit Department internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period November 1, 2010 through October 31, 2013.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

David A. Schroeder CPA, CISA  
Audit Division, Office of the City Controller  
Houston, Texas

Debra D. Yoshimura CPA, CIA, CGAP  
City of Albuquerque Office of Internal Audit  
Albuquerque, New Mexico



## Association of Local Government Auditors

November 22, 2013

Ms. Lisa Skapura, CIA, CFE  
Audit Director  
Internal Audit Department  
Summit County, Ohio  
175 S Main Street, Rm 202  
Akron, OH 43308

Dear Ms. Skapura,

We have completed a peer review of the Summit County, Ohio Internal Audit Department for the period November 1, 2010 through October 31, 2013 and issued our report thereon dated November 22, 2013. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- You have developed and maintained a strong and positive professional relationship with the Audit Committee and specifically the elected operational representatives (County Executive and County Fiscal Officer). This reflects mutual respect and value for the internal audit function.
- The tone exhibited at the top and throughout the internal audit department shows a high degree of professionalism that also demonstrates the presence of a solid ethical environment.
- The progressive approach of assigning a dollar value correlated to services provided is well received in and out of the County government structure and demonstrates the value of internal audit.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- GAGAS 7.27 states "*Auditors should report conclusions based on the audit objectives and the audit findings. Report conclusions are logical inferences about the program based on the auditors' findings, not merely a summary of the findings. The strength of the auditors' conclusions depends on the sufficiency and appropriateness of the evidence supporting the findings and the soundness of the logic used to formulate the conclusions. Conclusions are more compelling if they lead to the auditors' recommendations and convince the knowledgeable user of the report that action is necessary.*"

We noted that the reports issued as performance audits did not contain conclusions related to the stated objectives, but rather provided the detailed findings as the results.

We recommend that the audit organization phrase their audit objectives to contain language that easily yields conclusions that utilize the overall evidence when taken as a whole and include overall conclusions related to each audit objective in the report. The findings can be assessed, ranked, or prioritized to better facilitate development of conclusions as the audit organization does for its' follow-up audits.

- GAGAS 3.82 - 3.107 outline the requirements for the Quality Control and Assurance processes within the audit organization as a part of the General Standards. One element identified in 3.85(e) "*audit performance, documentation and reporting.*" as further described

in sections 3.91 and 3.92 states "Audit organizations should establish policies and procedures for audit performance, documentation, and reporting that are designed to provide the audit organization with reasonable assurance that audits are performed and reports are issued in accordance with professional standards and legal and regulatory requirements." Also, GAGAS Chapters 4 and 5 provide the framework required to perform financial and attestation engagements.

In performing our review of the QCS documentation and the policies and procedures manual of the Summit County, Ohio Internal Audit Department, and the follow-up procedures related to the previous peer review performed in 2010, we noted the following:

- Sections in the P&P (primarily C4.1 and C4.2), which are intended to provide guidance to the auditor in executing these types of audits, were not inclusive of materiality, documentation requirements, elements of findings, supervisory review, and levels of assurance related to financial audits and attestation engagements;
- Processes for selecting external consultants/internal specialists based on qualifications and the independence of external consultants were not present as required by GAGAS 3.79-3.81; and
- Process for performing and documenting an overall assessment of the evidence when taken as a whole to be sufficient and appropriate to support findings and conclusions against stated audit objectives was not present as required by GAGAS 6.69.

We recommend that the audit organization update their policies and procedures to support all the required elements of financial audits and attestation engagements by expanding the internal cross-referencing contained within P&P sections C4.1 and C4.2. We also recommend adding language, where necessary, to define the financial audits and attestation engagements where there are specific considerations (e.g. describe the different levels of assurance for attestations, etc.) as required by GAGAS.

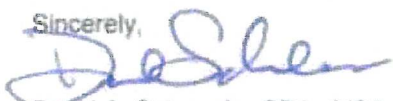
- GAGAS Sections 6.06-6.12 define and describe the planning process and its primary elements. Section 6.11 specifically identifies components to which the auditor should gain an understanding in order to set the audit objectives and the related scope or boundaries to obtain sufficient and appropriate evidence that support findings and conclusions.

The audit organization classifies follow-up audits as performance audits. However, we noted that the workpaper documentation for follow-up audits performed during the peer review period did not contain all of the required planning documents (e.g., risk assessment) needed to support the selection of various procedures, as significant program or process changes could have occurred since the original audit. Summit County currently performs follow-up audits only as a review of previously executed audit procedures, resulting issues, and the corresponding corrective action plans submitted by management.

We recommend that the audit organization update and utilize existing key documents from their original performance audits in supporting the elements of planning for the follow-up audits or evaluate the follow-up work to determine if it should be classified as other services. If such a determination is made, we recommend that the audit organization modify their policies and procedures to reflect the change as well as include language in the reports stating that they did not follow standards.

We extend our thanks to you, your staff and the other county officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,



David A. Schroeder CPA, CISA  
Audit Division, Office of the City Controller  
Houston, Texas



Debra D. Yoshimura CPA, CIA, CGAP  
City of Albuquerque, Office of Internal Audit  
Albuquerque, New Mexico



# COUNTY OF SUMMIT, OHIO

## Internal Audit Department

---

December 4, 2013

Mr. David Schroeder  
City Auditor/CAE  
City of Houston Controller's Office  
901 Bagby, 9<sup>th</sup> Fl, City Hall  
P.O. Box 1562  
Houston, TX 77002

Ms. Debra Yoshimura  
Director  
City of Albuquerque, Internal Audit  
P.O. Box 1293  
Albuquerque, NM 87103

Dear Mr. Schroeder & Ms. Yoshimura:

In response to your Management Letter dated November 22, 2013, this will serve as the Management Action Plan in response to the County of Summit Government Accountability Office Yellow Book Peer Review conducted November 18-22, 2013. The following procedures will be incorporated to respond to your observations and suggestions to enhance our organization's adherence to Government Auditing Standards:

1. In accordance with Standard 7.27, Internal Audit will include written overall conclusions of the audit work performed, in addition to the audit findings and recommendations, based on audit objectives and audit findings. In addition, this process will be included in the policy and procedure manual.
2. Internal Audit will update their policy and procedure manual to include the following:
  - Materiality, documentation requirements, elements of findings, supervisory review, and levels of assurance related to financial audits and attestation engagements;
  - Internal consideration of qualifications and independence, in addition to bidding requirements, when selecting external consultants/internal specialists as required by GAGAS 3.79-3.81;
  - Include a process for performing and documenting an overall assessment of the evidence when taken as a whole to be sufficient and appropriate to support findings and conclusions against stated audit objectives as required by GAGAS 6.69.
3. Based on the fact that follow-up audits are not a requirement under the GAO Yellow Book Standards and are currently being conducted as an evaluation of whether the audit organization has taken appropriate corrective action to address findings; Internal Audit will no longer cite adherence to GAO Standards in the report, classify them as "other services" and include the same in the policies and procedures manual.

Mr. David Schroeder  
Ms. Debra Yoshimura  
Page 2

On behalf of Summit County Internal Audit Department and the Summit County Audit Committee, I would like to thank you both, as well as the Association of Local Government Auditors, for your time and effort in providing us with this valuable service.

Sincerely,

A handwritten signature in cursive script that reads "Lisa L. Skapura".

Lisa L. Skapura, CIA, CFE, CGAP  
Director, Summit County Internal Audit Dept.