



November 13, 2014

The Honorable Kevin Beckner
The Honorable Victor D. Crist
The Honorable Ken Hagan
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller
The Honorable Sandra L. Murman
The Honorable Stacy White

Dear Commissioners:

Attached is Audit Report # 266 outlining the results of the recent Quality Assurance Review of the County Audit Department. This tri-annual review of the County Audit Department fulfills the requirements as set for by the standards of The Institute of Internal Auditors and the U.S. Government Accountability Office (Red Book and Yellow Book, respectively).

Sincerely,
Peggy Caskey
Director of County Audit

**External Quality Assessment of
the County Audit Department at**

**Hillsborough County, Florida
Clerk of the Circuit Court**

September 2014

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EXECUTIVE SUMMARY

As requested by the Hillsborough County, Florida Clerk of the Circuit Court (CCC), IIA Quality Services, LLC, (Quality) conducted an external quality assessment (QA) of the County Audit Department (CAD) of Hillsborough Co., Florida (CCC). The principal objectives of the QA were to assess the CAD's conformity to The IIA *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*, evaluate the CAD's effectiveness in carrying out its mission (as set forth in its charter and expressed in the expectations of executive management), and identify opportunities to enhance its management and work processes, as well as its value to Hillsborough County management.

OPINION AS TO CONFORMANCE TO THE STANDARDS

In our opinion, the CAD “Generally Conforms” to both the *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*. For a detailed list of conformance to individual *Standards*, please see Attachment A.

The IIA *Quality Assessment Manual* suggests a scale of three ratings, “generally conforms,” “partially conforms,” and “does not conform.” “Generally Conforms” is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards* (or as appropriate). “Partially Conforms” means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. “Does Not Conform” means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

SCOPE AND METHODOLOGY

As part of the preparation for the QA, the CAD prepared an advanced preparation document with detailed information and sent out surveys to its staff and a sample of Hillsborough Co., Florida, executives. A summary of the survey results (without identifying the individual survey respondents) have been furnished to the CAD. Prior to commencement of the onsite work by the QA team on August 22, 2014, the team leader conducted a preliminary meeting with the CAE to gather additional background information, select executives for interviews during the onsite field work, and finalize planning and administrative arrangements for the QA.

As a part of the review, interviews were held with CCC executives, Board of County Commissioners executives including the heads of operating and support divisions, and CAD staff. Also reviewed were the CAD's risk assessment and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a representative sample of the CAD's working papers and reports.

OBSERVATIONS AND POSITIVE ATTRIBUTES

The CAD environment, where the review was performed, is well-structured and progressive, where the *Standards* are understood and management is endeavoring to provide useful audit tools and implement appropriate practices. Some successful practices observed were:

- Audit test documentation is thorough and results support conclusions.
- The CAD is earning strong support from Senior Management.
- Effective use of audit management software.
- Well-developed conclusions and recommendations.
- An audit manual that clearly documents CAD policies and procedures.
- Strong risk assessment and annual audit planning processes.
- Well rounded staff with excellent credentials and ample professional certifications.
- CAD management support for continuing education.
- The CAD Director developed an audit process pamphlet for use to distribute to clients.

No significant recommendations were found to note in the report. Other less significant observations were communicated throughout the review. We appreciate the opportunity to be of service to Hillsborough Co., Florida Clerk of the Circuit Court. The QA team will be pleased to respond to further questions concerning this report and to furnish any desired information.



Donald E. Kirkendall, CIA
Team Leader



Gina L. Eubanks, CIA, CRMA, CCSA, CISA
Vice President, Professional Services
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Team Members:

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Julie Watermolen CIA, CPA, CFE, CISA, CGFM

**HILLSBOROUGH CO., FLORIDA CLERK OF CIRCUIT COURT
COUNTY AUDIT DEPARTMENT**

		GC	PC	DNC
OVERALL EVALUATION		x		
ATTRIBUTE STANDARDS		x		
1000	Purpose, Authority, and Responsibility	x		
1010	Recognition of the Definition of Internal Auditing	x		
1100	Independence and Objectivity	x		
1110	Organizational Independence	x		
1111	Direct Interaction with the Board	x		
1120	Individual Objectivity	x		
1130	Impairments to Independence or Objectivity	x		
1200	Proficiency and Due Professional Care	x		
1210	Proficiency	x		
1220	Due Professional care	x		
1230	Continuing Professional Development	x		
1300	Quality Assurance and Improvement Program	x		
1310	Requirements of the Quality Assurance and Improvement Program	x		
1311	Internal Assessments	x		
1312	External Assessments	x		
1320	Reporting on the Quality Assurance and Improvement Program	x		
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	x		
1322	Disclosure of Nonconformance	N/A		
PERFORMANCE STANDARDS		x		
2000	Managing the Internal Audit Activity	x		
2010	Planning	x		
2020	Communication and Approval	x		
2030	Resource Management	x		

2040	Policies and Procedures	x		
2050	Coordination	x		
2060	Reporting to Senior Management and the Board	x		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	N/A		
2100	Nature of Work	x		
2110	Governance	x		
2120	Risk Management	x		
2130	Control	x		
2200	Engagement Planning	x		
2201	Planning Considerations	x		
2210	Engagement Objectives	x		
2220	Engagement Scope	x		
2230	Engagement Resource Allocation	x		
2240	Engagement Work Program	x		
2300	Performing the Engagement	x		
2310	Identifying Information	x		
2320	Analysis and Evaluation	x		
2330	Documenting Information	x		
2340	Engagement Supervision	x		
2400	Communicating Results	x		
2410	Criteria for Communicating	x		
2420	Quality of Communications	x		
2421	Errors and Omissions	x		
2430	Use of "Conducted in conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	x		
2431	Engagement Disclosure of Nonconformance	N/A		
2440	Disseminating Results	x		
2450	Overall Opinions	x		
2500	Monitoring Progress	x		
2600	Management's Acceptance of Risks	x		
	IIA Code of Ethics	x		