

Internal Operations Manual

SUBJECT: External Audit Process **NUMBER:** 107-01-060

DIVISION: Director's Office **EFFECTIVE DATE:** 10-01-00

APPROVED: 

**POLICY/
PURPOSE:**

It is the policy of DAS to coordinate the external audit process in a business-like manner. These procedures are designed to:

1. Promote consistency in the external audit process.
2. Ensure audit value is received.
3. Avoid duplication of work.
4. Ensure management responses are prepared in an appropriate manner.
5. Provide for follow-up on audit findings.

AUTHORITY: DAS Audit Committee Charter

APPLICABILITY: All DAS Divisions involved in an external audit.

ATTACHMENTS: N/A

DEFINITIONS: N/A

GUIDELINES: N/A

PROCEDURES:

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
1.	Auditee	Notified an external audit will be performed. Contacts the Internal Audit Manager and invites them to the entrance conference.
2.	Auditee and Internal Audit Manager	<p>At the Entrance Conference:</p> <ol style="list-style-type: none"> a. Gain an understanding of the scope of work and any specific risks that prompted the audit. b. Consider whether the external auditor may rely upon existing internal audit work. As appropriate, invites the external auditor to review internal audit reports and work papers. c. Determine the length of the audit (in terms of hours and time frame). d. Review charges for the audit. Determines whether charges are being allocated appropriately for audits affecting the entire state. e. Identify information and documents required by the auditor. f. Identify impact on staff as well as physical accommodations for on-site auditors. g. Schedule regular update conferences.
3.	Auditee and Internal Audit Manager	<p>Attend regular Update Conferences. Determine:</p> <ol style="list-style-type: none"> a. How many hours have been spent on the audit. b. The estimated hours to completion.

<u>Step</u>	<u>Responsible Party</u>	<u>Action</u>
		<ul style="list-style-type: none">c. Any obstacles to quick completion.d. Any potential findings.e. If it would be appropriate to take immediate action to correct any significant findings.
4.	Auditee and Internal Audit Manager	Attend the Exit Conference . <ul style="list-style-type: none">a. Assess the appropriateness of the findings.b. Agree on timelines for draft report review, management responses and other pertinent information.
5.	Auditee and Internal Audit Manager	<ul style="list-style-type: none">a. Review draft report.b. Correct any factual misstatements.c. Make suggestions for content and tone where appropriate.
6.	Auditee	Draft responses within two weeks of receipt of draft audit report or audit findings. The response should be brief and state: <ul style="list-style-type: none">a. Whether management agrees with the finding.b. What corrective action, if any, will be taken.c. When the corrective action will be implemented.d. The individual, section or division responsible for implementing the corrective action. Issue draft response to Internal Audit Manager at least one week before it is due to the external auditor.
7.	Internal Audit Manager	<ul style="list-style-type: none">a. Review the response for adequacy.b. Discuss any proposed revisions with auditee.c. Provide the management response to the Director of Operations for review and approval.
8.	Director of Operations	Review and provide final approval of management response.
9.	Auditee	Submit approved management response to the Director.
10.	Director	Review and sign audit response.
11.	Director's Executive Assistant	Distribute signed response to: <ul style="list-style-type: none">a. Oregon Audits Division.b. Appropriate DAS management.c. Division Administrator (auditee).d. Internal Audit Manager.e. DAS Internal Audit Committee members.
12.	Internal Audit Manager	Annually, follow-up on audit findings to determine if corrective action has been implemented.