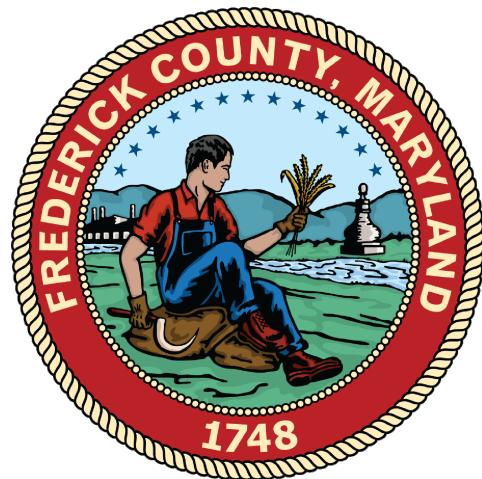


FREDERICK COUNTY GOVERNMENT

INTERNAL AUDIT DIVISION

AUDIT MANUAL



2021 REVISION

2021 Frederick County Government Interagency Internal Audit Authority Audit Manual Revision

Introduction/Background

This revision to the Interagency Internal Authority Audit (IIAA) Manual implements the 2018 revision to the *Government Auditing Standards* issued by the Comptroller General of the United States. These standards are commonly referred to as generally accepted government auditing standards (GAGAS). GAGAS revisions were effective for financial audits and attestation engagements for periods ending on or after June 30, 2020, and for performance audits beginning on or after July 1, 2019. Other authoritative guidance the Internal Audit Division shall utilize will be the Governmental Accounting Standards Board (GASB) Statements of Governmental Accounting Standards (GAS), the Office of Management and Budget (OMB) Uniform Guidance as it relates to federal funding and awards and the Government Finance Officers Association (GFOA) Governmental Accounting, Auditing, and Financial Reporting (GAAFR) Blue Book.

The Internal Audit Division is required to follow GAGAS in conducting audits as authorized by Frederick County Bill No. 18-12 effective June 16, 2018. Auditors shall comply with this audit manual, including any supplemental Operating Procedures Memorandums (OPMs) issued by the Internal Audit Division Director (Division Director) after this manual is released in final form.

During fiscal year 2013 the Internal Audit Division by vote of the Board of County Commissioners downsized staff and determined the need to contract internal audit services through the direction of a Division Director. This manual will outline engagements performed by the department along with guidance on the use of contracted entities.

Each staff member and authority member shall be provided with a link to the audit manual online and any subsequent revisions and OPMs. Staff shall read and understand the requirements contained in the manual and are encouraged to identify any changes as needed. To be a useful tool, this manual should reflect current policies and procedures and provide clear guidance for each auditor to follow and refer to as needed. An electronic version of the manual will be maintained. As a backup to the audit manual staff shall use professional guidance and follow GAGAS, GAS, the OMB and GAAFR.

Approval: Tricia A. Reaver Date: 06/16/2021

Tricia A. Reaver

Director, Internal Audit Division

Approval: Steven C. Darr Date: 6/16/21

Steven C. Darr, Chair

Interagency Internal Audit Authority

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IA. Statement of Authority & Responsibility:

Authority:

The Interagency Internal Audit Authority (IIAA) is authorized by the County Council of Frederick County, Maryland, Bill No. 18-12 to direct a broad comprehensive program of internal auditing within Frederick County Government (the County), the Board of Education and Frederick Community College. In accomplishing its activities, the IIAA and the Internal Audit Division are authorized to order the production of all records and materials necessary to perform audits of any commission or agency that receives County funds.

Responsibility:

The IIAA is responsible for:

- Determining the need and use of contracted internal auditors.
- Providing for the establishment of an internal audit staff, if staff are deemed necessary to conduct the business of the division.
- Approving an annual budget request for the Internal Audit Division for submission to the Frederick County Budget Office, the County Executive's office and the County Council under the county's budgeting procedures.
- Approving an annual strategic plan outlining major risk areas and a five-year plan to provide audit coverage of those areas.
- Approving a detailed annual work plan reflecting each audit planned and corresponding budgeted hours.
- Establishing policies for the auditing activity and providing counsel and direction regarding its technical and administrative functions.
- Authorizing the distribution of reports on the results of audit examinations, including recommendations for improvement of management controls.
- Appraising the adequacy of the action proposed or taken by management to correct deficient conditions.
- Reviewing and approving/disapproving special requests for audit services received from the Frederick County Council, other government officials or government divisions and departments.

In carrying out the above responsibilities, it shall be the policy of the IIAA that:

- Organizations within the County are reviewed at appropriate intervals to determine whether they are effectively carrying out their functions of planning, accounting, custody, and control in accordance with management instructions, policies, and procedures and in a manner that is consonant both with County objectives and with high standards of administrative practice.
- The results of the examination made by the internal auditors and those they contract with and the recommendations they make are promptly reported to management personnel for appropriate action.
- Further discussions held with the auditee to achieve satisfactory disposition if the auditee refuses to take corrective action or actions taken or planned are not considered to be satisfactory. In the event that such disposition cannot be achieved, the IIAA shall bring the matter to the highest level of management capable of taking corrective action. If such management accepts the risk of not taking adequate corrective action, no further action is required by the IIAA.
- Requests for audits deemed to be politically motivated, not within the scope as previously described or, due to their technical nature, are considered to be beyond the expertise of the internal audit staff or its contractors and will not be approved for performance.

- IIAA members shall recuse themselves from voting on reports, plans, or other matters if they cannot be independent in fact or appearance. If an IIAA member cannot perform the duties required of a Board member because of an overarching independence impairment, the member shall promptly notify the IIAA and eliminate the impairment or resign.

The Internal Audit Division is responsible for administration of the internal audit function under the direction of the IIAA which includes:

- Preparing the Annual Budget Request, Annual Audit Work Plan with Strategic 5-year Plan, preparing and monitoring an on-going Risk Assessment, and the Annual Audit Report. The division also prepares master logs of work performed and hotline communication matters,
- Performing audits in accordance with the work plan approved by the IIAA and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States,
- Reviewing contractor prepared audit reports including findings and recommendations for corrective action,
- Conducting non-attest services that do not impair independence, such as preparing special project memorandums, following-up on prior audit recommendation; investigating allegations of fraud, waste, or abuse; and providing limited technical advice.
- Working directly with third party contractors overseeing contracted audits and reviews.

IB. Legal Basis:

See appendix A for Frederick County, Maryland, Bill No. 18-12, effective June 16, 2018. .

IC. IIAA Appointment, Removal, and Meetings:

Appointment of IIAA Members:

Members are eligible to serve two consecutive four-year terms and are subsequently eligible for reappointment if at least one year has elapsed since the end of their last term. Members who are appointed to partial terms are eligible to serve two additional consecutive terms.

Vacancies (including expired terms) of public member positions on the Authority will be advertised by the Internal Audit Division in the local newspaper and on the County's website. Any member who is eligible and desires to serve an additional term should notify the Internal Audit Division in writing.

Names of applicants, letters of interest and resumes are presented to the Authority for review and then forwarded to the County Council with a recommendation for the appointment confirmation. The Internal Audit Division will notify the applicants of their appointment in writing via e-mail communication.

Removal of IIAA Members:

It shall be the policy of the IIAA that IIAA members may be recommended for removal from the IIAA only for the following reasons:

- a. Dereliction of duty in the carrying out of the responsibilities of an IIAA member as set forth by the enabling legislation or County code creating the IIAA;
- b. Declaration of being of unsound mind or an incompetent by final order of a court of competent jurisdiction;
- c. Conviction of a felony while a member;

- d. Failure to attend three consecutive meetings or absence from one-third of the meetings during the fiscal year;
- e. Termination of membership in the class which the member was selected to represent; or
- f. Termination of residence in Frederick County.

The decision to recommend a member for removal to the County Council shall be decided by a two-thirds majority vote of those present and voting at a legally constituted meeting.

IIAA Meetings:

Requirements to hold IIAA meetings are contained in Section 1-2-135 of Frederick County Bill No. 18-12, effective June 16, 2018. The requirements include holding a minimum of four meetings during each fiscal year and keeping minutes that reflect topics of discussion and decisions and recommendations.

Date, Purpose, and Attendance

-Generally, the IIAA meets on the third Wednesday of each month. The approval of the Chair is required to cancel a meeting in the event of a probable lack of quorum or other reason as deemed appropriate. The primary purpose of IIAA meetings is to approve proposed final reports on audits or attestation engagements for issuance, and to provide technical advice to the Internal Audit Division. IIAA meetings are also held to approve the proposed budget for the Internal Audit Division prior to submission to the Budget Office and to approve the Division's Annual Audit and Strategic 5-Year Work Plans as required by County Bill No. 18-12. At each meeting, the Internal Audit Division also discusses the status of assignments and any issues deemed necessary by the Director, as well as the on-going risk assessment, hotline investigations, or other departmental investigative requests.

-Although it is expected that IIAA members will attend all IIAA meetings, there may be unexpected emergencies or conflicts, which prevent attendance. In such cases the Chair of the IIAA or the Director of Internal Audit should be notified as soon as it is known that the member will be unable to attend the IIAA meeting.

Notification of Meetings

- IIAA meetings are subject to the Maryland Open Meetings Act, which is codified as Title 3 of the Annotated Code of Maryland, General Provisions Article 3-101 through 3-501 of the Open Meetings Act Manual at <http://www.oag.state.md.us/Opengov/Openmeetings/support.htm> describe all requirements of the Act. IIAA meetings are also subject to the open meetings policy enacted by the Frederick County Council on April 17, 2018, effective June 16, 2018, as Bill No. 18-12 (Frederick County Code, Chapter 1-2, Section(s) 131), which complies with the State law.

-The Internal Audit Division's Coordinator is responsible for ensuring that reasonable advance notification of upcoming meetings is placed on the Frederick County Government Internal Audit Division's webpage in compliance with the Maryland Open Meetings Act. §3-202 Notice of the meeting is required even if the session may be closed under one of the Act's exceptions. The written notification shall include the date, time, and place of its meeting and whether all or a part of its meeting is in closed session. §3-305

-The Coordinator is also responsible for providing an agenda and materials, approved by the Director, at least 3 to 4 days before the upcoming meeting and for inviting guests, as appropriate. The Internal Audit Division invites officials responsible for the program, activity, or function being audited, if the proposed final audit report is being discussed.

Justification for Holding Closed Meetings

-IIAA meetings are open, unless the meeting relates to one of the fifteen exceptions provided for in State Government Article §3-305, Appendix A of the Open Meetings Act Manual. The Act entitles members of the public to observe open sessions of public bodies, but it does not afford the public any right to participate in the discussion unless invited to do so.

-Also, with the exception of certain provisions dealing with minutes, the Open Meetings Act does not regulate access to documents. Instead, the Maryland Public Information Act governs public access to State and local records. <http://www.oag.state.md.us/Opengov/pia.htm> Therefore, even if certain documents are referred to at an IIAA open meeting, the Open Meetings Act does not require that the documents themselves be made public. The status of the documents would be determined by the Maryland Public Information Act or other law.

Several reasons that the IIAA may have a closed session are to:

- Discuss the appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or any other personnel matter that affects one or more specific individuals, or
- Consult with counsel to obtain legal advice on a legal matter, or
- Conduct or discuss an investigative proceeding on actual or possible criminal conduct.

-The IIAA Chair is responsible for ensuring that a written statement is prepared setting out the reason for closing the meeting, the specific provision of the Open Meetings Act that allows the meeting to be closed, and the topics to be discussed at the closed session. §3-305. All justification for closing a meeting must be presented at this time. If there are questions regarding the authority to hold a closed meeting, the Internal Audit Division shall consult with the County Attorney.

Voting

-In general, the Open Meeting Act does not lay out rules of parliamentary procedure. It is not intended to supplant or substitute for a public body's own rules or guidelines, such as Robert's Rules of Order, for the conduct of meetings. In particular, the Act does not dictate how a public body organizes its consideration of issues that are permitted in closed session; it may meet for a closed session unconnected with an open meeting session, or it may hold a closed session before or after an open session.

-The Act requires certain formal steps before a public body may meet in closed session. First, the presiding officer, the IIAA Chair, must "conduct a recorded vote on the closing of the session." In accordance with customary parliamentary procedures, this vote would occur on a motion, properly seconded, to close the meeting. The motion should state the legal basis for the proposed closing. The body may hold the closed session only if the motion is supported by a majority of the members present and voting. This vote must take place in an open session immediately before the closed session.

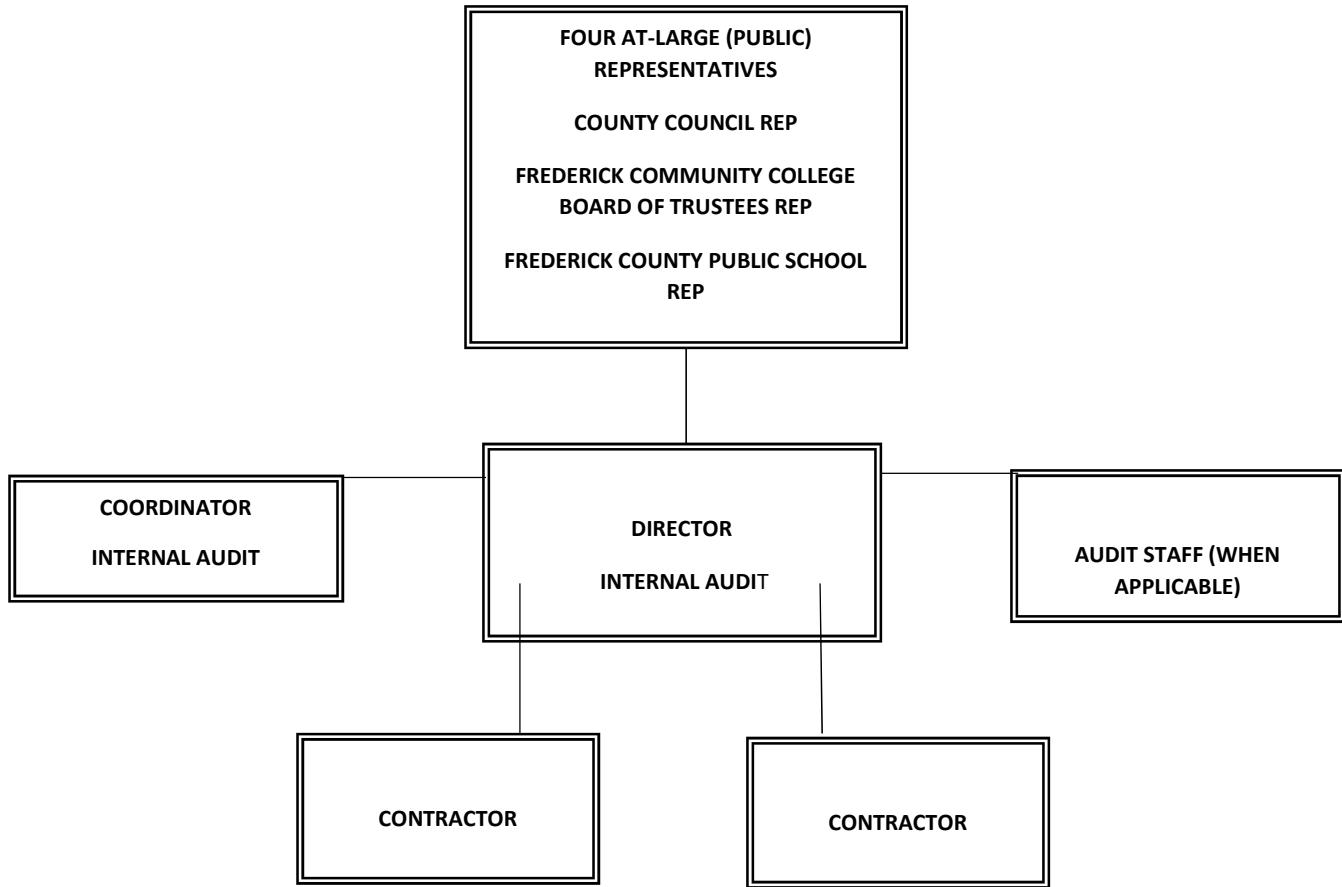
Minutes

-The Internal Audit Division Coordinator is responsible for preparing written minutes of all IIAA meetings, open and closed, in accordance with the Open Meetings Act. The minutes shall be promptly prepared and, after approval of the Internal Audit Division Director, distributed to IIAA members in ample time prior to the next meeting. The minutes and any recording of a closed session are generally not open to public inspection, unless the majority of the public body votes in favor of disclosing them.

-In accordance with the Open Meetings Act, minutes of the IIAA meetings and any recordings made must be kept for at least a year after the date of the session. The Internal Audit Division will maintain all meeting minutes approved by the IIAA. Audio of the meetings shall be held a year after the date of the meeting, unless a complaint is made to the Open Meetings Compliance Board about possible violation of the Open Meetings Act. If such a complaint is made, the recording will be kept until the complaint is resolved.

-To comply with the Open Meetings Act, the minutes of the next open meeting must include “a statement of the time, place, and purpose of the (previous) closed session,” a record of how the members voted on the motion to close the session, a citation of the provision of the Act that allowed the meeting to be closed, and “a listing of the topics of discussion, persons present, and each action taken during the session.”

ID. Organizational Chart:



IE. Fraud Hotline:

The Internal Audit Division operates a Fraud Hotline to allow County employees to report their concerns regarding fraud, waste, and abuse within the County Government confidentially and anonymously, if they so choose. County employees can submit a Hotline complaint through the Fraud Hotline, which can be accessed through the County's Intranet, or by phone, mail, fax, in person meeting, mail or hand-delivery to the Internal Audit Division.

Employees should use the Hotline to report apparent unlawful or wasteful acts committed by County employees or acts of others, such as vendors, contractors, or other parties against the good of the County. The Fraud Hotline is meant to be used for instances when a County employee has reasonable suspicions of fraud, waste, misuse of property or theft. If it is feasible, the employee should first attempt to resolve these issues by notifying his or her supervisor. No identifying information is captured when someone submits an online form (due to the phone and fax system of the County, identifying information may show up when these tools are utilized).

The Internal Audit Division will review:

- Illegal acts, such as theft, fraud, kickbacks, price fixing, or conflict of interest by County employees and its vendors/contractors,
- Misuse or abuse of County property, including County buildings, vehicles, equipment or County time by County employees, and

The Internal Audit Division will not review improper activities by City, State or Federal employees or entities or improper activities by private parties not related to County Government. Also, if a complaint involves a management/personnel issue such as attendance or time reporting, the Internal Audit Division will forward the complaint to the appropriate Division Director or Department head asking for an investigation and response within 30 business days. Some matters may arise as human resources related, in these cases the Internal Audit Division will provide information of the report to human resources for follow up.

The Internal Audit Division has made the hotline open for use by both Frederick County Public Schools (FCPS) and Frederick Community College (FCC). FCPS has elected to utilize a third party vendor, Lighthouse, for their hotline. They do however, make their reports available to the Internal Audit Division to determine if proper follow up has taken place and if an Internal Audit Division investigation is necessary. FCC has elected to utilize the Maryland Ethic Commission for reporting. The Internal Audit Division follows up monthly with the FCC finance team to determine if any known reports or complaints have been made.

The Director of the Internal Audit Division shall communicate by e-mail advertisement for the hotline at least on a biannual basis to all County employees. The e-mail shall also include a PDF flyer for department directors to post for employees who do not have access to County computer systems. This will ensure proper communication and understanding of the hotline to all County employees.

Fraud Hotline Announcement

Frederick County Government is committed to upholding an ethical work environment and has a hotline/tip-line for employees to report suspected fraud, waste or abuse.

Items to report:

- ❖ Illegal acts such as theft, fraud, kickbacks, price fixing, or conflict of interest by County employees and its vendors/contractors.
- ❖ Misuse or abuse of County property, including County buildings, vehicles, equipment, or County time by County employees.
- ❖ Misconduct, incompetence, or inefficiency by county employees.

Internal Audit Hotline Reporting

Via Telephone: **301-600-6010**

(Phone line is not fully anonymous; calls come in with identifying features, but are not maintained)

Via Internet: **On-line Form (County Intra-net):**

LINK: <https://fcqapps/hotline/index.htm>

& E-mail (AsktheAuditor@frederickcountymd.gov):

(Intranet link: Independent agencies/Internal Audit/Internal Audit Hotline, link to on-line form is an anonymous form of reporting. E-mail: e-mail is not anonymous)

Via Mail: **Frederick County Government**

Internal Audit

Attn: Internal Audit Hotline Program

12 E. Church St. 2nd floor

Frederick, MD 21701

Please have the following information available when you contact internal audit:

- ❖ Date(s), time(s), and place(s) the incident(s) occurred
- ❖ Why you believe the incident(s) is improper
- ❖ Person(s) involved and department, agency or vendor/contractor name, etc.
- ❖ Suspected person(s), phone number(s) or extension(s)
- ❖ Circumstances of the incident(s)
- ❖ Any available evidence/documentation and location
- ❖ Credible witnesses, if available

IIA. Government Auditing Standards:

Frederick County Bill No. 18-12, provides that audits shall be conducted in accordance with *Government Auditing Standards* (GAS). <https://www.gao.gov/assets/700/693136.pdf>

Chapter 1 of the standards describes the use and application of *Generally Accepted Government Auditing Standards* (GAGAS). GAGAS provides a framework for conducting high quality government audits and attestation engagements with competence, integrity, objectivity, and independence. GAGAS contain requirements and guidance dealing with ethics, independence, auditors' professional competence and judgment, quality control, the performance of field work, and reporting. Audits and attestation engagements performed under GAGAS provide information used for oversight, accountability, and improvements of government programs and operations.

The Internal Audit Division is committed to achieving a high level of audit quality and we follow GAGAS in all of our audit work. The Division Director is to fully understand *Government Auditing Standards* and is responsible for becoming familiar with and adhering to its requirements. Audits performed by third party contractors will obtain quality control through their own quality control procedures and peer review process. When contracted a contractor should be checked for their most previous peer review report. During the contract term, if a new peer review has taken place with the contractor, the contractor will need to provide the Internal Audit Division with their updated peer review report.

If the Internal Audit Division adds staff audit positions, each staff auditor shall be required to be fully trained in and have the proper certified professional education (CPE) in GAGAS field work and reporting standards that apply to the specific type of audit: financial, performance, or attestation engagement before beginning each assignment. Auditors should consult with the Division Director to determine the type of engagement and assigned and the related GAGAS requirements.

GAGAS defines the types of audits as follows:

- “Financial audits provide an independent assessment of whether an entities reported financial information (e.g., financial condition, results, and use of resources) is presented fairly, in all material respects, in accordance with recognized criteria. Financial audits conducted in accordance with GAGAS include financial statement audits and other related financial audits.” (GAS 1.17) This section of the standard goes on to explain the definition of financial statement audits and the information other types of financial audits may include. As noted in GAS 1.17(b), GAGAS incorporates by reference the American Institute of Certified Public Accountants (AICPA) Professional Standards.
- “Attestation engagements can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion depending on the users’ needs. In an attestation engagement, the subject matter or an assertion by a party other than the auditors is measured or evaluated in accordance with suitable criteria. The work the auditors perform and the level of assurance associated with the report vary based on the type of attestation

engagement.” There are three types of attestation engagements outlined by GAGAS, 1) Examination engagement 2). Review engagement 3). Agreed-upon procedures engagement. GAGAS incorporates by reference the AICPA’s Professional Standards for attestation engagements. Additional requirements for performing attestation engagements in accordance with GAGAS are contained in chapter 7. In GAS 1.18 (a), (b) & (c) an explanation of the differences between an examination, a review and an agreed-upon procedures engagement are provided.

- “Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective action, and contributing to public accountability.” (GAS 1.21)

Chapters IIIE through IIIG of this audit manual refer to audit fieldwork and reporting standards, respectively, for financial audits and attestation engagements, but do not restate them since the Internal Audit Division conducts mostly performance audits and contracts out most all audit assignments. These chapters do summarize GAGAS requirements applicable to all types of assignments, including specific requirements for performance audits. Since the Internal Audit Division follows GAGAS and also contracts out most of its audit work, this guide should be taken as a summary and not as the full guidelines.

Stating Compliance with GAGAS in the Audit Reports

Reports on audits and attestation engagements issued by the Internal Audit Division shall include either an unmodified or modified GAGAS compliance statement in accordance with GAS 2.17 (a) and (b). When auditors do not comply with applicable GAGAS requirement(s), auditors shall comply with GAS 2.19 and “(1) assess the significance of noncompliance to the engagement objectives, (2) document the assessment, along with their reasons for not following the requirement(s); and (3) determine the type of GAGAS compliance statement.” The auditors’ determination will depend on the significance of the requirements not followed in relation to the engagement objective.

GAGAS do not cover professional services other than audits or attestation engagements. These professional services are known as non-attest services. Therefore, auditors must not report that non-attest services were conducted in accordance with GAGAS, however a modified GAGAS statement may be added if an auditor utilized various compliance components in their work.

IIIB. Ethical Principles:

The Internal Audit Division shall follow Chapter3 of the 2018 Revision to the *Government Auditing Standards*, which provide the ethical principles that are expected of audit organizations and auditors who conduct their work in accordance with the standards. The ethical principles that guide the work of auditors are: a. the public interest; b. integrity; c. objectivity; d. proper use of government information, resources, and positions; and e. professional behavior.

In addition, the Internal Audit Division subscribes to all ethics demanded of County employees in accordance with Section 1-7.1 of the *Frederick County Code*. Refer to Section 1-7.1-5 for conflict of interest requirements.

IIC. Confidentiality:

All information, reports, documents, etc., passing through the Internal Audit Division concerning auditees are to be treated as confidential to the extent allowed by the Public Information Act (PIA). <http://www.oag.state.md.us/Opengov/pia.htm>

This also means that all engagement observations, findings, conclusions, and recommendations are to be discussed only with the IIAA, authorized representatives of the auditee or authorized representatives of the auditee's external auditor. Exceptions to this rule must be authorized by the IIAA or authorized representatives of the auditee. The word "all," underlined above, is emphasized because even the most inconsequential information may become troublesome to an auditee, the County, or the IIAA when taken out of context or misinterpreted by an unauthorized party.

While our final reports and work papers are subject to the PIA, it is the Internal Audit Division's intention to take precautions to avoid misinterpretation of the information by external parties. Requests for such information should be handled in accordance with Chapter IV A, Public Access to Records.

Draft reports, including discussion drafts, are subject to change and are, therefore, not considered "final" until a response is received from the auditee and the proposed final report is approved by the IIAA. Reports in the draft stage are not subject to the PIA. Draft reports shall be stamped "Confidential" or "Draft" before being distributed to authorized parties and shall not be shared with any other parties without the approval of the Internal Audit Division Director.

Since work papers and final reports are considered public information, our policy is to refrain from using names of individuals in our work papers and reports in connection with noted deficiencies and, rather, state only the position title of the individual(s) involved. Our goal is to obtain corrective action for deficiencies, not to place blame on any individual. In addition, it is important to maintain the trust and cooperation of auditees, which cannot be accomplished if they have concerns regarding retribution due to information they provide to us.

In verbal communications with management during the engagement or exit interview, auditors should use discretion in revealing the name of a staff person relative to a deficiency noted. Our policy is to not become involved in disciplinary action and, as such, care must be taken not to imply to management that specific individuals are responsible. The above, however, applies only to deficiencies involving lack of adherence to policies and procedures, and not to illegal acts. If a contractor or auditor deems it reasonably certain that an illegal act has occurred, it should be reported to the Internal Audit Division Director, who will take appropriate action.

In cases where certain pertinent information is prohibited from disclosure in the engagement report due to federal, state or local laws or regulations, the report should state the nature of the omitted information and the requirement that makes the omission necessary. If necessary, an opinion from the County Attorney's Office should be obtained as assurance that a valid requirement for omission exists.

IID. Independence:

GAGAS Chapter 3, General Standards, emphasize, among other things, the independence of the audit organization and its individual auditors. GAGAS provides that “In all matters relating to the GAGAS engagement, auditors and audit organizations must be independent from the audited entity.” In accordance with standards independence includes independence of mind, and appearance.

If there is a personal, external, or organizational impairment on an engagement, the Internal Audit Division will attempt to remove the impairment. If an impairment cannot be removed, the Internal Audit Division shall promptly consult with the IIAA to consider not performing the work. The Internal Audit Division shall decline to perform the work unless there is a legislative requirement or other reason where the work cannot be declined. In those cases, the Internal Audit Division shall disclose the impairment in the scope section of the written engagement report and the GAGAS compliance statement will be modified as required by the standards. The Internal Audit Division is an internal audit function and therefore will also follow the Institute of Internal Auditors (IIA) Standards in conjunction with GAGAS.

If an impairment is identified after issuance of a report, the Internal Audit Division will assess the impact of the impairment on the engagement. If the Internal Audit Division concludes that it did not comply with GAGAS, it will promptly notify the IIAA, determine the impact on the engagement report, and notify appropriate parties in writing about the independence impairment and the impact on the engagement. The Internal Audit Division shall re-release the report with the appropriate modified GAGAS compliance statement.

During the planning stages of contracted internal audit services, the Internal Audit Division will inquire with the contractor on their determination of independence. The contractor will be responsible for ensuring their independence and adherence to GAGAS. The Internal Audit Division will require the contractor provide its most recent peer review report, if not already held by the Internal Audit Division from the original request for proposal response.

Each auditor within the Internal Audit Division must comply with GAGAS independence requirements. Chapter IIB, Ethical Principles, also requires that auditors comply with GAGAS ethical principles and Section 1-7.1 of the *Frederick County Code*, which contains the County’s conflict of interest requirements.

[2020---FINAL-12121-Amended-Frederick-County-Charter---November-2020 \(frederickcountymd.gov\)](http://frederickcountymd.gov)

The Internal Audit Division has also established a procedure for auditors, when using the work of a specialist, to assess the specialist’s ability to perform the work and report results impartially. The procedure requires specialists to complete a Certificate of Independence-Specialist form before beginning work on an audit. If the specialist’s independence is impaired, the auditors shall not utilize the specialist’s work.

Within the 2018 GAS revision, GAGAS has implemented a conceptual framework approach to independence. This framework is based on the ability of the auditor to apply the framework at different levels with the ability to 1) identify threats to independence 2) evaluate the significance of those threats and 3) apply safeguards to eliminate or reduce those threats to acceptable levels. During audit engagements the Internal Audit Division shall maintain cognizance of threats and the safeguards which can eliminate or reduce those threats. If threats are noted during an audit engagement the internal audit team shall document those threats along with any safeguards which might work against those threats.

Threats

Threats are explained in GAGAS section 3.30 which lays out seven broad categories 1) Self-interest threats 2) Self-review threats 3) Bias threats 4) Familiarity threats 5) Undue influence threats 6) Management participation threats and 7) Structural threats.

Safeguards

Safeguards are internal controls which can eliminate or reduce independence threats. GAGAS section 3.49 provides examples of safeguards which can assist an auditor in reducing and eliminating independence threats. These examples are not all-inclusive and are just examples for the audit to use as a base.

The Internal Audit Division maintains its independence, free from external impairments, by reporting directly to the IIAA, established as an independent agency of Frederick County, Maryland. The IIAA has the sole authority to approve the Internal Audit Division's annual work plan and all requests for audits or studies submitted by the County Council, department heads or employees of the County, FCC or FCPS. It is the IIAA's policy to reject requests that are in conflict with independence requirements contained in GAS. Frederick County Code Sections 2-7-69 and 2-7-70 provide the Internal Audit Division access to records and materials needed to perform audits (Chapter 1A, Statement of Authority and Responsibility). Under GAGAS 3.56 the ability for an internal auditor to maintain independence is explained and under the guidance the Internal Audit Division needs to meet all of the following criteria:

1. Is accountable to the head or deputy head of the government entity or those charged with governance
2. Reports the engagement results both to the head or deputy head of the government entity and to those charged with governance
3. Is located organizationally outside the staff or line-management function of the unit under audit
4. Has access to those charged with governance; and
5. Is sufficiently removed from pressures to conduct engagements and report findings, opinions and conclusions objectively without fear of reprisal

The Internal Audit Division structure and use of the IIAA allows the Internal Audit Division to meet these criteria fully and conduct itself in an independent manner as appropriate and in accordance with GAS.

Non-Attest Services

GAGAS requires audit organizations that provide nonaudit services (professional services other than audits or attestation engagements) to establish policies procedures and evaluate whether providing the services creates an impairment to independence in fact or appearance or in the aggregate with respect to the entities they audit.

The Internal Audit Division only provides non-attest services that do not impair auditor independence, as described in *Government Auditing Standards*. These services typically involve following-up on prior audit recommendations, conducting investigations, conducting inventory counts and providing technical advice based on an auditor's technical knowledge and expertise and do not require supplemental safeguards. When performing nonaudit services such as providing technical advice, the Internal Audit Division shall communicate, as appropriate, with the management officials that the scope of the work performed does not constitute an audit under GAGAS and that their services shall not be rendered as management decisions, and instead recommendations made to management.

If the Internal Audit Division is requested to perform nonaudit services that would impair our ability to meet either or both of the overarching principles for certain types of audit/engagement work, the Internal Audit Division will inform the requestor and the audited entity that performing the nonaudit services would

impair the auditors' independence with regard to subsequent audit or attestation engagements the auditor would then also need to modify the GAGAS compliance statement accordingly.

III. Professional Judgment:

GAGAS requires using professional judgment in planning and performing audits and attestation engagements and in reporting the results in Chapter 3.

The Internal Audit Division shall comply with these requirements, which state in part:

Professional judgment includes exercising reasonable care and professional skepticism.

- Reasonable care includes acting diligently in accordance with applicable professional standards and ethical principles. Attributes of professional skepticism include a questioning mind, awareness of conditions that may indicate possible misstatement owing to error or fraud, and a critical assessment of evidence. It includes a mindset in which auditors assume neither that management is dishonest nor of unquestioned honesty.
- Using the auditors' professional knowledge, skills, and abilities, in good faith and with integrity, to diligently gather information and objectively evaluate the sufficiency and appropriateness of evidence is a critical component of GAGAS engagements. Professional judgment may involve consultation with other stakeholders, specialists, and management in the audit organization.
- Using professional judgment is important in carrying out professional responsibilities including independence standards and the conceptual framework including considerations of threats and safeguards. Objectivity should encompass the assignment of competent staff, defining the scope of work, evaluating, documenting and reporting the results of the work and maintaining appropriate quality control over the full audit process.
- Using professional judgment is important in determining the required level of understanding of the audit subject matter and related circumstances.
- Using professional judgment to consider the risk level of each assignment and the sufficiency and appropriateness of evidence to be used to support audit findings, conclusions and recommendations.

IIF. Competence:

GAGAS require that the staff assigned to perform the audit or attestation engagement must collectively possess adequate professional competence for the tasks required.

- The Internal Audit Division shall comply with GAGAS competence requirements including technical knowledge and continuing professional education requirements (CPE).
- The Division Director identifies skills necessary to conduct a particular audit or scope of audits to be performed and assigns contractors and/or staff accordingly.
- As required by GAGAS, the Internal Audit Division has a process for recruitment, hiring, continuous development, assignment, and evaluation of staff to maintain a competent workforce. The current model of the Internal Audit Division, holds one audit professional (the Division Director) which shall adhere fully to GAGAS requirements. If the Division determines that staff are needed, those staff will be fully vetted to meet GAGAS requirements.

-The Internal Audit Division follows the Frederick County Government Human Resources Policies and Procedures Manual, Recruitment/Hiring process. The Internal Audit Division routinely reviews and updates requirements for education, experience, and technical knowledge. These changes are reflected in specific job descriptions and duties, which are used in recruiting for a position.

-The Internal Audit Division continuously develops its audit staff by providing CPE in accordance with GAS Chapter 4. Each auditor performing work under GAGAS should complete, every 2 years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. Auditors should also obtain at least an additional 56 hours of CPE (for a total of 80 hours of CPE in every 2 year period) that enhances the auditor's professional proficiency to perform audits or attestation engagements. Auditors required to take the total 80 hours of CPE should complete at least 20 hours of CPE in each year of the two-year period. If a staff is a licensed CPA, that staff member must also comply with their state regulator for hours per regulation period (for the state of Maryland and the Maryland Association of Certified Public Accountants (MACPA) you must complete 80 CPE hours in a 2 year period, which shall include 4 hours of ethics CPE).

- As a quality control, the Internal Audit Division's Coordinator is responsible for tracking CPEs, maintaining documentation of CPEs completed, and providing CPE reports to the Director for any staff that the Division may hire. The Division Director shall assist the Coordinator, as needed, to ensure the accuracy of the CPE records and to monitor and ensure compliance with GAGAS CPE requirements. All staff members shall have all CPE approved before signing up for coursework to ensure they are following a proper learning plan in connection with their planned assignments.

- External specialists assisting in performing a GAGAS assignment should be qualified and maintain professional competence in their areas of specialization, but are not required to meet

the GAGAS CPE requirements. (“Specialist” should not be confused with contracted internal auditing professionals. Contracted internal auditing professionals shall fall under the requirements of the quality control processes established by their firms as accepted by the Internal Audit Division’s contract with those professionals and the results of their peer review report.). Auditors should assess the professional qualifications of such specialists and document their findings and conclusions. GAGAS require that internal specialists, who are part of the organization and perform as party of the audit team should comply with GAGAS, including the CPE requirements. The Internal Audit Division does not have internal specialists. When outside consultants are used, their knowledge, skills, and experience are evaluated through the selection process.

Auditors performing financial audits or attestation engagements should be knowledgeable in the relevant GAGAS, generally accepted accounting principles (GAAP), AICPA Professional Standards, and the application of these standards. If auditors use GAGAS in conjunction with any other standards, they should be knowledgeable and competent in applying those standards. Internal Audit Division auditors are required to be knowledgeable of all relevant standards and training is provided through formal training courses and webinars.

IIG. Internal Quality Control:

GAGAS require that each organization performing audits or attestation engagements must:

- Establish a system of quality control that is designed to provide the organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements.
- Document its quality control policies and procedures and communicate those policies and procedures to its personnel.
- Document compliance with its quality control policies and procedures and maintain such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent of the audit organization's compliance with its quality control policies and procedures.

The Internal Audit Division employs one audit professional (the Division Director) and contracts engagements, other than special projects, to external professional contractors. The IIAA, along with the Division Director will vet contractors based on their professional expertise, quality control procedures and past peer review reports. Through this process, the IIAA along with the Division Director will rely on the quality control of the external contractor for workpaper preparation and initial reporting. For reporting purposes, the Division Director shall be responsible for the quality of external contractor drafted reports prior to their release to the IIAA. Once approved by the Division Director, the IIAA will have final review and voting privileges over the report.

In regards to special projects performed solely by the Internal Audit Division, without the use of an external contractor, the reports shall be prepared by the Division Director or qualified staff member. Special project reports must be reviewed by and approved by the IIAA by majority vote before release. Special project reports are not audit or attest engagements and do not follow GAGAS, therefore, must state that fact in the opening paragraph. Special project reports shall be written in the form of a memorandum.

Chapter IA, Statement of Authority and Responsibilities, states that the Internal Audit Division, under the direction of the IIAA, is responsible for ensuring that engagements are performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The Division Director is responsible for ensuring engagement quality prior to release to the IIAA for final review and vote.

IIH. External Peer Review:

GAGAS require that each organization performing audits or attestation engagements must have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years. The review should be sufficient in scope to provide a reasonable basis for determining whether, for the period under review, the reviewed audit organization's system of quality control was suitably designed and whether the audit organization is complying with its quality control system in order to provide the audit organization with reasonable assurance of conforming to applicable professional standards. See GAS Chapter 5.

The IIAA, along with the Division Director will vet contractors based on their professional expertise and past peer review reports. Due to this fact, the Internal Audit Division does not require a peer review as they do not release self-prepared GAGAS reports. The Internal Audit Division does require that external contractors have good standing updated peer review reports which reflect that the entity is in adherence with GAS.

III. Accomplishment Reporting:

It is essential that the Internal Audit Division track accomplishments throughout the year to identify its success in completing the Annual Audit Plan (“Audit Plan” or “5 Year Audit Plan”). The number of reports issued should not be the sole measure of success, but rather the management improvements through recommendations and cost savings that were a result of engagements.

At each IIAA meeting, the Internal Audit Division Director shall provide a monthly status update that reflects the status of completion of each engagement and a comparison of hours budgeted to hours used on each engagement. Contractor reports shall be included in the monthly meeting packets.

The Internal Audit Division Director shall provide an annual report to the IIAA summarizing the accomplishments of the division. The report shall identify the engagement reports issued, management improvements that have occurred as a result of the audit reports including the number of recommendations provided and utilized and any cost savings that are quantifiable as a result of the engagement. The annual report should also include accomplishments that occurred in the fiscal year that related to engagement reports issued in prior periods. A primary source of this information is the monthly project status reports provided to the IIAA and the Master Log utilized to log the status of engagements and follow up recommendations.

III.A. Overview of the Audit/Engagement Process:

The process followed in conducting engagements, submitting reports to the IIAA for approval, and issuing reports to auditee management consists of the following phases:

Audit/Engagement Selection - The Division Director selects engagements from the Audit Plan approved by the IIAA prior to the start of each fiscal year. The plan may be adjusted during the year because of unanticipated engagement requests or allegations of fraud, waste, or abuse made to the Fraud Hotline that require immediate attention or brought forth by department directors or management. The Director shall keep the IIAA informed as to any changes to the plan that are needed by providing the IIAA an update of the risk assessment and work plan at each IIAA meeting. At this time the Division Director shall determine if the audit will be externally or internally provided.

Initiating the Audit/Engagement (Chapter IIIC)-The Division Director assigns staff/contractor and identifies the type of engagement (financial audit, performance audit, attestation engagement or special project; see Chapter IIA Government Auditing Standards). The Division Director shall also determine which external contractor is best suited based on their expertise and knowledge areas at this time if the audit will be externally provided by a contractor. After that, the Internal Audit Division shall:

- Request a Project Number from the Coordinator;
- Create a workpaper file on the R: drive including the following sections: planning, fieldwork & research, deliverables & follow up;
- Prepare a task order for the contractor(s) to respond to, detailing the engagement objectives, task, and expected timeline;
- Obtain a response from the contractor(s) and determine contractor selection based on skill and budgeted costs;
- Present the task order and response to the IIAA for approval;
- Once approved, the audit may begin with a planning meeting. The Division Director will assist the contractor in scheduling a planning meeting with required parties;
- Obtain any planning materials from the contractor for the planning meeting (engagement announcement, presentation slides, or prepared by client listings) ahead of time and review for approval.

Audit/Engagement Planning (Chapter IIID)-Depending upon the engagement, the Division Director or the contractor will conduct a preliminary survey to familiarize themselves with the subject matter within the task order or engagement by conducting interviews and reviewing information, including criteria, policies and procedures, and internal controls. They conduct a risk assessment to identify the highest risk areas requiring testing during fieldwork and identify evidence needed to support potential findings. They determine the engagement objectives, scope, and methodology; staffing needs and schedule. When a contractor is utilized, the planning is fully conducted by the contractor however the Division Director shall be involved in the planning meeting and in the understanding of the planning process from the contractor.

Audit/Engagement Fieldwork (Chapters IIIE and IIIF)-Fieldwork consists of data collection, analysis, and other activities designed to address audit objectives. During fieldwork, auditors are required to obtain sufficient appropriate evidence to provide a reasonable basis for engagement findings and conclusions and prepare engagement documentation. Auditors must follow GAGAS Fieldwork standards for the specific

type of engagement being performed as described in Chapter IIIE. When a contractor is utilized, audit fieldwork is fully conducted by the contractor. However, the Division Director shall maintain an understanding of the progress of fieldwork and assist the contractor in obtaining needed information from departments as well as assist the contractor in determining that engagement objectives are being captured by the engagement/audit process. At any given time the Division Director shall have an understanding of the status of the engagement being conducted by a contractor and shall obtain monthly status reports from the contractor for presentation at the IIAA meetings.

Reporting (Chapter IIIG and IIIH) - Reporting is the preparation of the written report which communicates engagement observations or findings, conclusions, and recommendations to responsible managers of the entity and other appropriate officials. Contractor auditors must follow GAGAS Reporting Standards for the specific type of engagement being performed. Special projects internally performed will be written in the form of a memorandum and include a modified paragraph regarding not meeting GAGAS standards due to the limitations of the division. Special project reports shall also include observations or findings, conclusions and recommendations to responsible managers of the entity. When a contractor is utilized, reporting is prepared and reviewed first with the contractor and then provided in draft form to the Division Director for review and approval. Once approved by the Division Director, the IIAA will also review the report and the report will also be discussed with the audited entity prior to being fully approved for final release by the contractor.

Report Distribution (Chapter III I)- The IIAA will determine if a report shall be held public or confidential. After the engagement report is approved by the IIAA and a final version is obtained from the contractor or Division Director, the report may be distributed to appropriate officials of the entity who can address the engagement results and recommendations, and to other appropriate officials. If the report is to be publicly held, the report is promptly made available to the public by placing it on the Internal Audit Division's website, unless the report contains "Confidential" or "Sensitive" information and is marked as such.

Follow-Up (Chapter III J)- The Internal Audit Division conducts a follow-up review approximately 6 months to 1 year after report issuance and tracks each recommendation until implementation or mitigating controls are put into place. Follow-up reports or memorandums are issued to the responsible managers and other appropriate officials. Follow-up reports or memorandums are considered non-attest services and do not fall under GAGAS requirements.

Non-Attest Services / Special Projects (Chapter III K)- The Internal Audit Division may at times provide non-attest or special project services to departments. These services will usually include engagements conducted solely by the Division Director rather than a contractor. Follow-up procedures and investigations or analysis as requested through the hotline or department heads also falls under non-attest or special project services. These services are not subject to GAGAS and will be reported as such, however a modified paragraph shall be included for special project memorandums. These services will be communicated through memorandum from the Internal Audit Division to the respected Department or requesting party.

IIIB. Audit/Engagement Selection:

Audits and attestation engagements are selected from the Annual Risk Assessment which is submitted to and approved by the IIAA each fiscal year and is discussed with the IIAA regularly as risk areas continually change. The Division also receives engagement requests from directors and managers within the County, Frederick County Public Schools, and Frederick Community College.

Developing the Risk Assessment and Audit Plan

Annually, the Internal Audit Division Director will have live meetings with division/department directors and managers to go over risk assessment within the three entities. These meetings will allow the Internal Audit Division internal departmental insight and properly weigh risk based on high, medium and low categories. The Director then prepares a formal Risk Assessment and Audit Plan that identifies potential audit areas based on risks within each entity. The Risk Assessment identifies certain divisions and departments; and programs, activities, or functions within them; where the probability of something going wrong and the exposure, or cost, of something going wrong, is the greatest. Examples of such risks that should be considered are business disruption risk, customer service risk, data integrity risk, financial/external report misstatement risk, fraud risk, legal and regulatory risks, risk of waste and abuse and physical harm risk.

When assessing risks, the following factors should also be considered:

- Significance: Potential for savings/service improvement, risk of loss or abuse due to large expenditures or inherent program risk, materiality, and volume of activity
- Sensitivity: Interest of management, public or the media; social, environmental or economic impact; and confidentiality of data
- Susceptibility: Evidence of problems or wrongdoing; impact from possible non-compliance with laws, regulations, policies; changes in key personnel or operations; perceived need for new systems, procedures; and lack of performance measures and system for monitoring
- Prior Audit Coverage: Prior significant findings, lack of recent audit, external audit findings

The Risk Assessment will reflect each engagement area, the risk rating, the year the engagement is tentatively scheduled over a 5 year period, and notes if an area was specifically requested. Using the Risk Assessment, the Director prepares the Audit Plan to focus resources on the highest risk areas, any mandated audits, and audit work that is required to support external auditors. The plan also includes non-attest / special project services and allows time for unanticipated audit requests or allegations of fraud, waste, or abuse made to the Fraud Hotline that requires immediate attention. It also includes time to complete engagements started from the prior fiscal year. The Audit Plan will reflect each area to be audited and budgeted contractor hours for each of the three entities.

The Director submits Risk Assessment and Audit Plan to the IIAA for approval. Once the Risk Assessments and audit plan have been approved by the IIAA, the Director will forward them to members of the FCPS Board of Education, FCC Board of Trustees, Frederick County Government County Council, and appropriate management/director level staff for each entity.

On an on-going basis the Director selects engagements, and special project services from the Risk Assessment and Audit Plan. The Director considers the experience and skills of contractors, coverage provided to each of the three entities, and mandated engagement completion or report issuance dates. The Director shall keep the IIAA informed as to any changes to the plan that are needed. The plan can continually change throughout the fiscal year with on-going risk assessment and requests. These changes will be discussed with the IIAA at their regular meetings.

Requests for Audits or Other Services

Each year, when risk assessment meetings are performed, the Internal Audit Division opens the meetings up for roundtable discussion on suggestions for engagement areas. A form may also be utilized and is kept on file with the internal audit, the Audit Suggestion Form. The Director reviews requests and notes from open discussion points from each meeting and incorporates them into the audit plans pending the merit of the request, availability of contractor hours and expertise area. The Director summarizes the audit requests received and places them in the Risk Assessment if deemed appropriate. From the Risk Assessment, the engagement can potentially make it to the Audit Plan. Through use of the Audit Plan the Director recommends to the IIAA which ones should be included on an annual basis. Requests for engagements or other services, such as providing technical advice on internal controls contained in a written procedure, are also received during the year. Requests can come from verbal meetings with directors, in writing by internal memorandum form or by e-mail to the Division Director. Requests for consulting services, and non-attest services, will be reviewed in accordance with Chapter IID, Independence.

The IIAA's policy, as stated in Chapter IA, Statement of Authority and Responsibility, is that requests for engagements deemed to be politically motivated, not within the IIAA's scope or authority, or beyond the expertise of the Internal Audit Division will not be approved for performance. Also, as stated in Chapter IID, Independence, the Internal Audit Division will only provide non-attest services that do not impair auditor independence.

The Internal Audit Division Director shall have the authority to approve or disapprove all requests for engagement or other services, which are estimated to require less than thirty-five (35) hours to perform. All other requests for engagement or consulting services requiring 35 hours or more to perform must be approved or disapproved by the IIAA. Prior to disapproval of any request that will require less than 35 hours to perform, the Director shall consult with the Chair of the IIAA. In addition, all disapproved special requests will be reviewed by the IIAA at its monthly meetings. If a request originally estimated to require less than thirty-five (35) hours to complete cannot be completed in that time, the Director will seek approval from the IIAA prior to continuance of work on the request.

IIIC. Initiating the Audit/Engagement:

The following tasks are required before beginning an engagement:

Obtain a Project Number

Upon the commencement of a new engagement a project number must be obtained from the Coordinator. The project number and the budgeted hours included in the Audit Plan approved by the IIAA are then checked to ensure budgeted funds are available. The Coordinator will keep an on-going Master Log. The Master Log will include engagement projects logged, engagement reports logged and non-audit/special project services logged. The Master Log will be maintained to track the jobs and project numbers will be assigned by entity, type of and the fiscal year and the numerical sequence of the job (Frederick County Government will be under FCG, Frederick Community College will be listed as FCC, and Frederick County Public Schools will be listed at FCPS). For example, an audit for Frederick County Government started in fiscal year 2021 is the fourth audit for FCG then the project number would be FCG 21-04.

Establish a Working Paper File

For engagements performed by the external contractors, full workpaper files are prepared and maintained by the contractor. The Division Director may request copies of any workpapers from the contractor at any time. The Division Director must also create an electronic workpaper file for all engagements (including those performed by the contractors) on the County R: Drive. The workpaper folder must contain the following sections: planning, fieldwork & research, deliverables and follow up. The Division workpaper file is utilized to maintain Division Director notes and other information obtained for the engagement over the course of the engagement period.

In addition to the workpaper file, the Division Director or Coordinator must also create folders for each engagement under the engagement name on the R: Drive. These folders are as follows: status reports, and invoices. These folders will allow for the electronic file keeping of each projects monthly status reports and invoices from the contractors.

Prepare an Engagement Task Order

For each engagement the Division Director shall prepare a task order. Task orders may be sent to either contractor or both contractors depending upon the need for a budgetary cost search or specialized expertise by a particular contractor. The task order shall include the project number, a summary of the engagement, the engagement objectives, a reference to the standing contract with the contractor, the request for a detailed engagement task order response, expected timeframe of the engagement, engagement cost section and signature lines for the IIAA, the Division Director and the contractor.

Once the task order has been drafted it may be shared with the contractor(s) to obtain a detailed response. Once the contractor response is obtained the draft task order along with the contractor response shall be presented to the IIAA for review and vote.

Task orders may be presented to the IIAA at one time to include both the planning and testing phase of the engagement. The testing phase budget may not be available under after a planning phase has completed, thus the testing phase budget section of the task order may be left open until that time as "TBD" (to be determined).

Independence

For services provided by an external contractor, independence must be maintained and responsibility held by the contractor as required by the contractor quality control procedures.

Planning Meeting & Planning Materials

Once a Task Order is approved by the IIAA the engagement may be started. The Division Director will work with the contractor and management of the auditee (the entity, division and departments involved in the engagement) to schedule a kick off meeting. The Division Director is responsible for communicating to the auditee until full introductions are made with the contractor. The contractor may draft a planning meeting memorandum for the Division to the auditee as well as presentation materials and a list of client provided items for the auditee to be presented and provided to the auditee ahead of the kick off meeting.

IID. Audit/Engagement Planning:

Depending upon the engagement, the Division Director or the contractor will conduct a preliminary survey to familiarize themselves with the subject matter within the task order or engagement by conducting interviews and reviewing information, including criteria, policies and procedures, and internal controls. They conduct a risk assessment to identify the highest risk areas requiring testing during fieldwork and identify evidence needed to support potential findings. They determine the engagement objectives, scope, and methodology; staffing needs and schedule. When a contractor is utilized, the planning phase is fully conducted by the contractor however the Division Director shall be involved in the planning meeting and in the understanding of the planning process from the contractor. The planning phase is the discovery phase from which the audit/engagement testing or fieldwork plan will be derived from.

Government Auditing Standards require auditors to adequately plan their work. They must plan the engagement to reduce audit risk to an appropriate level to provide reasonable assurance that the evidence is sufficient and appropriate to support their findings and conclusions. Auditors shall review the standards to be followed for planning and conducting engagements for the specific type of assignment.

The Internal Audit Division utilizes contractors for GAS engagements and therefore the formal engagement planning phase falls under the contractor duties. The Internal Audit Division calls for the contractor to ensure they follow all GAS standards in their work by means of their formally signed contract.

III.E. Audit/Engagement Fieldwork Standards:

Fieldwork consists of data collection, analysis, and other activities designed to address audit objectives. During fieldwork, auditors are required to obtain sufficient appropriate evidence to provide a reasonable basis for engagement findings and conclusions and prepare engagement documentation. Auditors must follow GAGAS Fieldwork standards for the specific type of engagement being performed. When a contractor is utilized, audit fieldwork is fully conducted by the contractor. However, the Division Director shall maintain an understanding of the progress of fieldwork and assist the contractor in obtaining needed information from departments as well as assist the contractor in determining that engagement objectives are being captured by the engagement/audit process. At any given time, the Division Director shall have an understanding of the status of the engagement being conducted by a contractor and shall obtain monthly status reports from the contractor for presentation at the IIAA meetings.

Once the Division Director approves the contractor audit/engagement program, auditors begin the fieldwork phase. It is the Internal Audit Division's policy to follow the Fieldwork Standards contained in the 2018 revision to the *Government Auditing Standards* (GAGAS) for the type of engagement being performed (Financial Audit, Attestation Engagement, or Performance Audit).

Auditors must continually focus on ensuring that audit/engagement work is performed in accordance with GAGAS. Contractors should discuss any anticipated departures from GAGAS with the Division Director and shall document any departures from GAGAS and the impact on their conclusions.

Contractors are required to follow GAGAS standards under their contract with the County. The contractor will be responsible for adhering to the standards and conducting their own quality control process. The Division Director will be responsible for governance over the audit process and for obtaining monthly project status reports from the contractor. The Director will also be utilized to have full understanding of the fieldwork process by the contractor at any time and assist in guiding the contractor and helping the contractor communicate to the auditee department.

III.F. Audit/Engagement Fieldwork Policies and Procedures:

Contractors shall discuss methods to determine and amount of sample size with the Division Director once the testing phase is being kicked off. Contractors and auditors shall select a sample of transactions to test, usually using random or haphazard sampling techniques or utilizing data extraction software either as maintained by the Internal Audit Division or by request to contracted internal auditors for use of their data extraction software. Contractors and auditors shall document the sampling methodology in the working papers.

If contractors or auditors find that evidence that is significant to the audit findings and conclusions have limitations or uncertainties, they shall promptly notify the Division Director for instructions on applying additional procedures as appropriate. Such procedures include seeking independent corroborating evidence, redefining the audit objectives or limiting the scope, or revise the findings and conclusions accordingly. Contractors must also inform the Division Director of any changes to the engagement budget this might cause.

Contractors and auditors shall communicate with auditee staff and management throughout the engagement to discuss their potential findings and recommendations. If needed, the auditors shall hold an interim meeting with auditee management to discuss the status of the engagement along with any issues found to date. If engagement findings require immediate management attention, the auditors shall promptly advise the Division Director, who will provide guidance on the need for an interim meeting with the auditee and the need for a potential management letter. The Division Director shall advise the Interagency Internal Audit Authority (IIAA) of the findings and the Division's plans to issue a management letter.

Auditors shall be alert to indications of fraud, waste, or abuse and immediately report any indications of irregularities or illegal acts to the Division Director. The Director shall promptly consult with the IIAA Chair and the County Attorney's Office to determine the appropriate course of action.

In conducting fieldwork, auditors need to make sure that information gathered provides adequate support for the audit findings. The framework widely recognized in government auditing as the best approach for developing and presenting audit findings. Contractors are expected to follow GAS in all details of their fieldwork.

Working papers shall not be released outside the Internal Audit Division until the audit is completed, the report is issued, and the report is made public when posted on the Internal Audit Division's web-site. Requests for working papers on completed assignments shall be handled in accordance with Chapter IVA, Public Access to Records. Record retention is discussed in Chapter IVB, Record Retention.

Since the Internal Audit Division contracts engagements to an external contractor, the fieldwork process is run and maintained by the contractor. The Division Director shall at any given time have a full understanding of the status of fieldwork and how the work relates to the audit objectives as laid out in the task order and the entrance conference. During fieldwork the Division Director shall obtain and review monthly project reports from the contractor and work closely with the contractor in understanding that the objectives are on target and that the work is being completed as planned in a timely and efficient manner. Once fieldwork is complete the Division Director will review the draft report and have full access to contractor workpapers when requested. The Division Director must review and approve the full draft report prior to review and approval by

the IIAA. The discussion draft may be reviewed by both the IIAA and the auditee simultaneously in an effort to save time in the review and approval process.

IIIG. Audit/Engagement Reporting and Standards:

Reporting is the preparation of the written report which communicates engagement observations or findings, conclusions, and recommendations to responsible managers of the entity and other appropriate officials. Contractor auditors must follow GAGAS Reporting Standards for the specific type of engagement being performed. Special projects internally performed will be written in the form of a memorandum and include a modified paragraph regarding not meeting GAGAS standards due to the limitations of the division. Special project reports shall also include observations or findings, conclusions and recommendations to responsible managers of the entity. When a contractor is utilized, reporting is prepared and reviewed first with the contractor and then provided in draft form to the Division Director for review and approval. Once approved by the Division Director, the IIAA will also review the report and the report will also be discussed with the audited entity prior to being fully approved for final release by the contractor.

As stated in Chapter IIA, “Reports on audits and attestation engagements issued by the Internal Audit Division shall include either an unmodified or modified GAGAS compliance statement in accordance with GAS. When auditors do not comply with any applicable GAGAS requirement(s), auditors shall comply with GAS 2.19.” When reporting on financial audits or attestation engagements, auditors may also cite AICPA Standards in addition to citing compliance with GAGAS.

GAS specifically addresses both financial audit and performance audit reporting. The Division Director is tasked with ensuring during draft review that contractor reports are in conformance with the standards. The IIAA is tasked as the review function for reports released by the Division Director (ie, special project reports).

The external contractors utilized to perform an engagement are required to prepare the report in accordance with GAGAS under their contract with the County. The Division Director shall work closely with the contractor to review and approve their draft report and communicate with the auditee department and IIAA to obtain approvals and written responses for the contractor. The Director must review and approve the report prior to the IIAA or the auditee reviewing the report so that any requested changes can be made prior to an updated final draft is released. The updated final draft may be provided to the IIAA and the auditee for review simultaneously to avoid any wasted time in the review process. The Division Director will manage the draft report approval process and work with the Division Coordinator to ensure that written responses from the auditee are appropriately added to the report and that the final report is appropriately released for public view (when appropriate) via the Internal Audit website.

IIII Audit/Engagement Reporting Policies and Procedures:

Reports shall be presented in a fair and objective manner. Reports should cite positive accomplishments, as well as the need for improvement. Reports should include management's views of the findings and recognize actions taken as a result of the engagement to correct conditions found. The tone of the report should be constructive and inflammatory words should not be used.

Reports should be written in a clear, convincing manner, and conclusions and recommendations should follow logically from the facts. Language used should be clear and simple and technical terms, abbreviations, and acronyms shall be defined. As stated in Chapter IIIF, Audit/Engagement Fieldwork Policies and Procedures, the best approach for developing and presenting audit findings is to identify the condition, criteria, cause, effect, and recommendation.

Reports should be as concise as possible and include charts and graphs, when appropriate, to help facilitate the reader's understanding of the finding(s)/recommendations. Information presented should be sufficient to persuade the reader of the significance of the findings/recommendations, the reasonableness of the conclusions, and the importance of taking action to correct the identified deficiencies. Management improvements and cost savings should be clearly identified.

➤ Stages of the Report Writing Process

Internal Draft: Reports are considered Internal Drafts until the report is issued to the auditee's management as a Discussion Draft.

Discussion Draft: This report is submitted to the auditee's management prior to or at the exit conference. The purpose of the Discussion Draft is to obtain the auditee's comments on the findings and recommendations through discussion, especially whether they agree with the facts as stated. The discussion draft may be released to the auditee at the same time the internal draft is issued to the IIAA as a time saving effort in the review process as long as the Division Director has reviewed and approved the internal draft first.

Draft Report: This draft is post discussion with the auditee and if any edits are necessary. The report is then issued to the auditee requesting a written response to any audit findings and recommendations. The auditee is usually given 3 weeks to respond, although the auditee may agree to less time if the 3 weeks is not needed. The Discussion Draft and Draft Report could at times coincide with one another due to timing.

Final Draft Report: The Final Draft Report includes the auditee's written response to the Draft Report, a brief summary of the response, and auditor comments, if needed. The Final Draft Report is the report in which the IIAA will vote upon.

Final Report: Once all edits from the auditee and IIAA have been completed and the Final Draft has been voted upon in favor of releasing the report, the report will be placed as a Final Report.

Management Letters: GAS states that, for financial audits, if auditors issue or intend to issue a management letter on internal control over financial reporting and compliance with laws and regulations and provisions of contracts or grant agreements, they should state in the financial statement audit report that they are issuing a separate written communication to management at the end of the internal control report. GAS states that, for performance audits, auditors may include deficiencies in internal control that are not significant to the objectives of the audit in the audit report or communicate it to management in writing separately. If it is communicated separately, it should be referred to in the audit report. Proposed management letters shall be submitted to the IIAA for approval in the same manner as proposed final reports.

Management Letters may also be used for non-attest services, such as investigations, follow-up reviews, or when providing technical advice. Special project non-attest services are formulated in memorandum format

to the division or department in question and therefore management comments will be formulated within the memorandum.

All reports are confidential until issued in Final and shall have the “Confidential” or “Draft” watermark.

➤ **Review and Approval**

The external contractor is responsible for putting engagement reports together under their quality control processes. The Division Director will be required to manage the draft and final report process ensuring that all approval paths, corrections and public release (if applicable) are carried out.

All reports are submitted to the Division Director for review and approval. In addition, the Coordinator reviews the draft and final reports for grammar, tone, and format. The Division Director is authorized to share internal drafts, discussion drafts and draft reports with the auditee for review without IIAA approval.

Once the Division Director approves the proposed final draft report, which incorporates the auditee’s written response(s), it is submitted to the IIAA for approval in advance of the next IIAA Meeting. The auditee’s management is invited to the meeting when the proposed report is discussed. The report becomes final after the IIAA approves it.

After the report is approved, the report number and date are added to the report cover by the contractor through the contractor’s formal finalization process. The report is dated the day the IIAA approves the final report. Once the contractor releases the final report to the Division Director it may be released. The Coordinator shall obtain approval of the Division Director prior to distribution of the report.

Report distribution procedures are contained in Chapter III I, Report Distribution.

III I Report Distribution:

The Internal Audit Division shall follow GAGAS reporting standards related to report issuance and Distribution.

Once approved by the IIAA, the report becomes public information, unless the audit involves material that is classified for security purposes or contains confidential or sensitive information, which limits report distribution. If certain pertinent information is prohibited from public disclosure in accordance with Maryland's Public Information Act, or is excluded from a report due to the confidential or sensitive nature of the information, auditors shall disclose in the report that certain information has been omitted and state the reasons why. Consideration shall be given to issuing a separate, classified, or limited use report to only authorized persons.

It is our policy to distribute audit reports to the appropriate officials of the audited entity who can ensure that the results are given due consideration and to the appropriate officials of the organizations requiring or arranging for the engagement. In addition, we also send copies of the reports to other officials who have legal oversight authority or who may be responsible for acting on the findings and recommendations and to others authorized to receive such reports. Auditors should document any limitation on report distribution in the workpaper file.

Upon approval of the Division Director, Coordinator shall promptly distribute reports as follows, unless there are restrictions that limit report distribution as stated above. This distribution list may be expanded as necessary for a specific report.

County Reports

To: County Council, County Executive, County Administrative Office, Division Director, and Department Head

Copies: IIAA, Internal Audit Division staff and County external financial auditors

Frederick County Public School System (FCPS) Reports

To: Superintendent, BOE, Division Director, and Department Head

Copies: IIAA, Internal Audit Division staff, and FCPS' external financial auditors

FCC Reports

To: President of FCC; FCC Board of Trustees; Vice President for Administration, FCC; Division Director, and Department Head

Copies: IIAA, Internal Audit Division staff, and FCC's external financial auditors

Website

Unless the report is restricted by law or regulation, or contains privileged or confidential information, audit and engagement reports are public information and, therefore, are made available to the public. Promptly after report issuance, the Coordinator shall add the report to the Internal Audit Division's website at <https://www.frederickcountymd.gov/1194/Audit-Reports>, upon approval of the Division Director, to make the reports available to the public.

Note: The Internal Audit Division shall coordinate Maryland Public Information Act (MPIA) media requests with the County's Public Information Officer, in accordance with Public Information Officer Communication Policy and Procedures, No. 08-04 effective November 12, 2019.

➤ Recording of Report Distribution

The Coordinator shall enter the report in the Master Log by report number. The Coordinator will assign a report number in numerical sequence for that fiscal year and in accordance with the assigned project number. The master log will include the report number/project number, audit title, report issue date and names of staff assigned to each project when performed internally.

The logs also include a recommendations and accomplishments log to track the status of recommendations and to identify accomplishments made as a result of our audit work. This log will be updated upon audit follow up as discussed in Chapter IIIJ.

IIIJ Follow-Up:

To ensure that our findings and recommendations are satisfactorily addressed, the Internal Audit Division conducts a follow-up review approximately 6 months to 1 year (a longer period is understood for areas where new policies and procedures are awaiting finalization or new software or programs are being implemented) after report issuance and tracks each recommendation until implementation or other mitigating controls are put into place or the item is addressed. The follow up process shall begin with a memorandum to the auditee in order to notify them of the follow up procedures and request the status of each recommendation to the Internal Audit Division. For recommendations addressed, the auditee shall also provide supporting documentation showing the Division Director that the recommendations have in fact been addressed or implemented.

In order to track this process the Division Director will maintain a recommendations status worksheet. The worksheet will be utilized to track the status of recommendations and to identify accomplishments made as a result of audit work performed through the follow up process. The worksheet will be maintained by the Division Director and will be used to identify recommendations that have not been implemented and will prompt a regular follow-up review.

The Coordinator will remind the Division Director to prepare a follow-up memorandum to the auditee 6 months to 1 year after the report issue date. The Coordinator and Division Director will be responsible for ensuring that the memorandum is prepared and released to the auditee. The Division Director is responsible for following up with the auditee and seeing that a response is received. The Division Director will review and approve the supporting documentation from the auditee and determine if recommendations were implemented as stated by the auditee. At the direction of the Division Director, the Coordinator will then draft a memorandum to be approved by and signed by the Division Director prior to release to the auditee explaining if the recommendations have been satisfactorily cleared. Recommendations cleared and un-cleared should be recorded in the worksheet and master log along with implementation date (if applicable). This process will be repeated every 6 months to 1 year to identify recommendations that have not been implemented. The Division Director shall periodically (usually monthly for the status report to the IIAA) review this log to ensure that it is kept up to date.

It is not necessary to conduct a full follow-up review on every engagement, especially if there is sufficient evidence that the recommendations were implemented and controls are in place to prevent the prior conditions from recurring. However, if significant risks remain in the program or activity being audited, a follow-up review should be performed. This determination shall be made by the Division Director, based on the status and knowledge of events within the divisions or departments as gathered during the annual risk assessment process.

Follow-up reports or memorandums are issued to the responsible managers and other appropriate officials. Recommendations not implemented within one to two years (depending on the circumstances) of report issuance will be brought to the attention of the Interagency Internal Audit Authority (IIAA) for advice on further action that should be taken, such as informing top-level management that issues found in the audit or engagement have not been adequately addressed.

The Division Director shall be responsible for maintaining documentation regarding the implementation of recommendations. This documentation shall be filed in the engagement workpaper file.

According to the definitions of non-attest services engagement recommendation follow-ups and reports are considered to be non-attest services. GAGAS does not cover non-attest services. However, auditors shall maintain documentation of follow-up reviews in working papers and any report or memorandum resulting from the review. The Internal Audit Division should assess threats to independence when performing all non-attest services including follow-up work that is extensive.

IIIK Non-Audit Services:

The Internal Audit Division will assist departments with internal control recommendations through special projects which are considered non-attest services. The department mainly outsources audits and engagements to an external contractor, internal staffing is held by one Division Director and the Coordinator to manage the contractor process. The Internal Audit Division relies on the contractor for quality control over their work. For work performed internally by the Division Director, the only quality control review is the volunteer IIAA board which does not function as quality control review in accordance with GAGAS. Therefore, all internally performed engagements shall fall under non-audit services. At the Division Director's discretion and approval of the IIAA the Internal Audit Division may assist in engagements or investigations and audit follow ups that are considered non-attest services. These services can include assisting with internal inventory counts and investigation of poor or improper controls or policies and procedures that could cause fraud, waste or abuse. When these services are conducted they must be logged in the Master Log with the Coordinator and the Division Director will utilize the time-tracking system for time on projects. Results from the work performed should be released in memorandum format addressed to the investigated division/department and copied to the IIAA. The memorandum shall note that the procedures are not in accordance with GAGAS and are considered non-attest services.

The non-attest documentation file will be located on the Internal Audit Division network file (R: drive). The documentation must include any planning documentation with the division/department including task orders if applicable, fieldwork or research utilized during the project, draft documents and final documents. Non-attest special projects are located by year under the "Special Projects" folder and follow-up document shall be kept under the designated audit folder.

IVA Public Access to Records:

Internal Audit Division records are subject to Maryland's Public Information Act ("PIA"), which gives the public the right to access government records without unnecessary cost and delay. The PIA is found in the State Government Article ("SG"), Maryland Code, General Provisions, §§4-202 – 4-203. <http://www.oag.state.md.us/Opengov/pia.htm>

Upon issuance, Internal Audit Division reports and working papers become public information, unless they involve privileged or confidential information, or inspection is contrary to State law, a Federal law or regulation, court rules or an order of the court, as stated in the PIA. Required denials are included in SG§§4-202 – 4-203. A determination as to whether particular records qualify under any of these exemptions must be made on a case-by-case basis only after review of the specific statutory language for each exemption. The statute contains detailed qualification requirements and limitations on the application of each exemption.

Unless reports contain privileged or confidential information, they are placed on the Internal Audit Division's website upon issuance at <https://www.frederickcountymd.gov/1191/Internal-Audit> and can be viewed by the public.

A determination as to whether any of the exemptions apply should be made only after consultation with the County Attorney's Office. The Internal Audit Division shall also consult with the Interagency Internal Audit Authority (IIAA) when there is uncertainty about providing the requested information.

The County Attorney's Office has provided the following guidance for handling PIA requests.

➤ Application and Definitions

The PIA applies to documents made or received by the Frederick County Government in connection with the transaction of public business. This includes all units and instrumentalities of the County government.

The term "public record" is broadly defined. It includes not only printed documents, but also includes photographs, films, recordings, tapes, computerized records, maps, drawings and any copy of a printed record. Both printed and electronically stored versions of e-mail messages are included in the definition. Although there may be some exceptions, the Internal Audit Division shall generally assume that documents, including e-mail messages, will be considered public records and open to the public for inspection. The PIA applies to records the Internal Audit Division receives as well as to those sent to others and only applies to documents already in existence when the request is made.

The following link will take you to the Frederick County Government's current Public Information Act Policy.

<https://www.frederickcountymd.gov/DocumentCenter/View/322471/Public-Information-Act-Policy>

IVB. Record Retention:

Article 10, Subtitle 6, of the State Government Article of the Maryland Annotated Code and COMAR Title 14, Subtitle 18, require every State, county or local government agency to develop a program to efficiently manage its records. This includes the establishment and/or regular revision of records retention and disposition schedules. Frederick County Government Records Retention and Disposal Schedule (Policy No. 09-03 dated September 17, 2009) established the record retention policy, procedures and guidelines for use in the disposition and disposal of the records of Frederick County Government in accordance with administrative, legal, fiscal and historical value to government operations.

On September 1, 2009, the Board of County Commissioners adopted the initial record retention and disposal schedule attached to Resolution 09-24. The records retention and disposal schedule will be submitted to the Maryland State Archivist for approval. In addition, a retention and disposal schedule specifically related to audit/engagement master logs, IIAA meeting audio tapes, audit peer review workpapers (if applicable), audit/engagement and investigative workpapers, and audit/engagement, investigative and peer review reports has been submitted to the County Chief Administrative Officer's Office. The Division's Coordinator, under the direction of the Division Director, will comply with the County and Division's retention and disposal schedule once approval from the Maryland State Archivist is obtained.

In 2021, Frederick County Government is working on updating this policy. Any updates shall be adhered to by the Internal Audit Division once finalized.

IVC Personnel Rules:

The Internal Audit Division is required to follow Frederick County Personnel Rules, amended and effective August 1, 2015, for personnel matters. New employees to the Internal Audit Division are provided these rules by the Human Resources Division. The Division Director is responsible for ensuring compliance with such procedures, and working with the Human Resources Division, as necessary.

Specific chapters contained in the rules are as follows:

Chapter I General Provisions

Chapter II Classification Plan

Chapter III Compensation Plan

Chapter IV Types of Employees and Applicable Benefits

Chapter V Employee Performance Evaluations/Pay for Performance

Chapter VI Disciplinary Action

Chapter VII Separations

Chapter VIII Abolishment of Divisions, Sections of Divisions or Positions; Merger of Divisions or Sections of Divisions into New Divisions; Transfer of Position from One Division to Another Division; Inter-Division Transfers; Reclassification; Reinstatement

Chapter IX Appeals Procedure

Chapter X Attendance, Holidays and Leave

Chapter XI Miscellaneous Insurance and Benefits

Chapter XII Employee Educational Program

From time to time the Human Resources Division may update sections of this manual without a full manual update. The Division Director and Coordinator shall have a full understanding of updated personnel rules. Personnel rules may be found on the County intranet (Sharepoint portal).

The County's Ethics Ordinance is also contained in the Personnel Rules. (See Chapter IIB, Ethical Principles, in this Audit Manual).

During 2020 the Internal Audit Division created a Telecommuting Policy. The Division shall follow this policy as it supersedes the Human Resource Division Telecommuting Policy from 2010. If the Human Resources Division releases a new policy, the Internal Audit Division shall update their policy to coincide with the County wide policy.

IVD Time Reporting:

Internal Audit Division Director shall record time spent on audits and other assignments on a daily basis in the Project Tracking System. If professional staff join the Internal Audit Division, those staff members shall also record their time in the Project Tracking System. The time tracked should match the employees' time sheet.

Tracking of actual time spent is needed to:

- Report to the IIAA on time spent on each assignment,
- Manage the assignment,
- Track time spent vs time budgeted on assignments,
- Evaluate staff's ability to meet established budgets and deadlines,
- Estimate time needed for future assignments
- Incorporate proper internal controls and monitoring, and
- Provide peer reviewers with the amount of time spent on each assignment, if necessary.

It is expected that there will be indirect time charged in addition to direct time, other than annual or sick leave and training. The Division Director, is charged with managing the Division and contracts and will be expected to have indirect time associated with those activities on a daily basis. Professional staff, if utilized, shall ensure that indirect time is kept to a minimum to ensure that staff time is used effectively on specific audits and assignments.

As stated in Chapter IVC, Personnel, the Internal Audit Division is required to follow Frederick County Personnel Rules, amended and effective August 1, 2015, which includes rules on attendance and leave. It is the Division's policy that staff notify either the Division Director by 9am, in case of unanticipated absence from work or the need to work remotely. The Internal Audit Division office hours are from 8:00 am until 4:00 pm Monday to Friday. The Division is able to work on a flex work schedule by allowing work from home, night, holiday or weekend so long as staff notify the Division Director in a timely manner and assigned tasks are being completed timely and as assigned. The Division Director shall be notified in advance when planning to work flexible hours.

Requests for annual leave shall be made to the Division Director. It is the division's policy to approve requested leave to the extent possible, as long as it does not adversely impact an assignment. Requests for extended leave of a week or more should be made as far ahead of time as possible, to minimize any disruption to the Division.