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# External Quality Control Review

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of the  
Internal Audit Program  
Deschutes County, Oregon

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period July 1, 2011 through June 30, 2014

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## Association of Local Government Auditors

September 10, 2014

Mr. David Givans, CPA, CIA, CGMA  
County Internal Auditor  
1300 NW Wall St, Suite 206  
Bend, OR 97708-6005

Dear Mr. Givans,

We have completed a peer review of the Deschutes County Internal Audit Program for the period July 1, 2011 through June 30, 2014. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

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

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

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

Based on the results of our review, it is our opinion that the Deschutes County Internal Audit Program internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period July 1, 2011 through June 30, 2014.

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

Eileen Donahue, CPA, CIA, CGAP  
City of Glendale, CA

Manijeh Taherynia, CPA, CFE, CRMA  
City and County of Denver



## Association of Local Government Auditors

September 10, 2014

Mr. David Givans, CPA, CIA, CGMA  
County Internal Auditor  
1300 NW Wall St, Suite 206  
Bend, OR 97708-6005

Dear Mr. Givans,

We have completed a peer review of the Deschutes County Internal Audit Program for the period July 1, 2011 through June 30, 2014 and issued our report thereon dated September 10, 2014. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

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

- As the County Internal Auditor, you demonstrate a high level of technical expertise through application of data analytics in the audit process and development of solid conclusions.
- The implementation and navigation of a paperless audit documentation system to build efficiencies in documenting the audit process.
- The issuance of high quality reports that are well written and concise with useful recommendations.

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

- Standard 6.79 requires that auditors prepare audit documentation related to planning, conducting, and reporting for each audit. Auditors should prepare audit documentation in sufficient detail to enable an experienced auditor, having no previous connection to the audit, to understand from the audit documentation the nature, timing, extent, and results of audit procedures performed, the audit evidence obtained and its source and the conclusions reached, including evidence that supports the auditors' significant judgments and conclusions. In reviewing the audit engagements supported by the paperless system, we observed that the detail of audit results and conclusions reached as documented in the audit report were not effectively articulated in the electronic audit documentation.

We suggest that for future engagements utilizing the paperless system, the audit documentation sufficiently articulate the results of audit procedures, conclusions reached and audit issues identified. This could be accomplished through summary level workpapers and accurate links in audit documentation.

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

Sincerely,

Eileen Donahue, CPA, CIA, CGAP  
City of Glendale, CA

Manijeh Taherynia, CPA, CFE, CRMA  
City and County of Denver



**Deschutes County Internal Audit Program**  
**David Givans, CPA, CIA, CGMA - County Internal Auditor**

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(541) 330-4674 - Fax (541) 385-3202  
[David.Givans@Deschutes.org](mailto:David.Givans@Deschutes.org)

September 10, 2014

Eileen Donahue, Principal Internal Auditor  
Peer Review Team Leader  
City of Glendale  
141 N Glendale Ave. Rm 328  
Glendale, CA 91206-4975

Manijeh Taherynia, Senior Internal Auditor  
Peer Review Team Member  
City and County of Denver  
201 W Colfax Ave., Dept. 705  
Denver, CO 80202

Dear Ms. Donahue and Ms. Taherynia,

I have reviewed your report of September 10, 2014 containing the results of your external quality control review of the Deschutes County Internal Audit Program. I am pleased you found the work performed from July 1, 2011 through June 30, 2014 was in full compliance with the 2011 revision of generally accepted government auditing standards.

The Deschutes County Internal Audit Program is proud to follow national standards for government auditing. The standards provide assurances to the public that the program conducts its work professionally. Government audit offices nationwide – at the federal, state, and local level – are required by these standards to maintain systems of internal quality control and to have an external quality review once every three years. Successful completion of reviews, like this one, allows the program to state in each audit report that work conducted was in accordance with generally accepted government auditing standards. Each report meets the requirements for issues like auditor independence, due care, professional education, fieldwork, and audit reporting.

I am always looking for ways to further improve. I am pleased to have your thoughtful comments about the areas where you found the program excels. It is important to the program that management respects and responds to findings presented in audit reports. This program was the first one-person organization to have undergone a peer review through ALGA, and I am proud the program continues to demonstrate adherence to professional standards.

I appreciate your observations and suggestions to further enhance the work being performed. I believe your recommendations will help the Internal Audit Program improve its operations and continue to ensure that appropriate standards are met. I am in agreement with your comments and plan to take action, as appropriate, to implement your suggestions. The following are specific responses to your comments.

- Standard 6.79 requires auditors prepare audit documentation related to planning, conducting, and reporting for each audit.

I think the peer review team had some difficulty following the electronic workpapers for a couple of audits performed in the new electronic workpaper software. Utilizing this software has been good, but I have not yet fully transitioned all of my workpaper practices. I welcome your recommendation to use more summary level workpapers and will surely try to be more comprehensive in how I provide linkage/referencing in these electronic workpapers. These will aide in making the documentation more complete and effective.

I extend my personal thanks to both of you for participating in the peer review process and your organizations for allowing you to take the time to review Deschutes County's Internal Audit Program. I also thank Erin Kenney, Departmental Audit Manager-Internal Audit Section for the Los Angeles Fire and Police Pensions, who helped coordinate this peer review on behalf of Association of Local Government Auditors (A.L.G.A.). I found the review process to be a valuable and constructive process. I appreciate the review team's professionalism and thoroughness in conducting the review. I will share your report with the Audit Committee, County Administrator, and Board of County Commissioners and make it available to the public and the media.

Sincerely,



David Givans, CPA, CIA, CGMA  
County Internal Auditor



The Association of Local Government Auditors

Awards this

# *Certificate of Compliance*

to

## *Deschutes County Internal Audit Program*

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit and attestation engagements during the period July 1, 2011 through June 30, 2014.

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Matt Weller  
ALGA Peer Review Committee Chair

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Corrie Stokes  
ALGA President