

Volusia County Internal Audit Guidelines

Introduction

Internal auditing is an independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations and transparency of Volusia County. Internal audit achieves its mission by providing key information to stakeholders and the public to maintain accountability; to help improve program performance and operations; to reduce costs; to facilitate decision-making; to stimulate improvements; and to identify current and projected issues that may impact county programs and the people those programs serve.

Role

The internal audit activity was established by the Council by Ordinance 2018-21 and codified in section 2-113(j), Code of Ordinances, County of Volusia ("Code"). The internal audit activity's responsibilities are defined by the Council as part of their oversight role.

Professionalism

The internal audit activity will govern itself by adherence to the *International Standards for the Professional Practice of Internal Auditing (Standards)* of the Institute of Internal Auditors. The internal auditing activity shall govern themselves by adherence to the Internal Auditors' "Code of Ethics."

Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all departments, offices, boards, agencies, contracts, grants, and any other operation or program under the direction or responsibility of the Council, including functions for which the Council provides financial support.

The internal audit activity will allocate resources, set frequencies, select subjects, determine audit scope, and apply the applicable audit techniques required to accomplish the audit objectives.

The internal audit activity will obtain the necessary cooperation of personnel in departments where audits are being performed as well as other specialized services and third parties, when needed, from within or outside Volusia County.

The internal audit activity will hold with high regards the strictest confidentiality and accountability while conducting an audit to the degree permitted by law, and in the course of employment, in regards to all records, property, findings, or other information relevant to the business of the department or its employees.

Independence, Objectivity and Organization

Internal audit is required to be independent in mind and in appearance in order to conduct audits and form conclusions on the audit subject matter without bias and the appearance of conflicts. In order to accomplish this requirement, the internal audit activity must be free from conflicts of interest and free from interference in how the work is conducted and reported.

The internal audit activity will remain free from interference including matters of audit selection, scope, procedures, frequency, timing, or audit reports.

The internal audit activity will have no direct operational responsibility or authority over any of the activities audited so as not to impair the auditor's independence or objectivity. Furthermore, they will not direct the activities of any County employee not assigned to the internal audit department.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests, or by others, in forming judgments.

The Internal Auditor will report functionally to the Council and administratively (i.e. day to day operations) to the County Manager.

The Council will approve the internal audit guidelines and an annual risk-based internal audit plan. All completed and final audit reports shall be submitted simultaneously to the Council and County Manager.

Responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of county governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the county's stated goals and objectives. This includes:

- Developing a flexible annual audit plan using appropriate risk-based methodology after soliciting input from the Council and County Manager;
- Evaluating the risk exposure relating to the achievement of county strategic objectives;
- Evaluating the reliability, integrity, and timeliness of information and the means used to identify, measure, classify, and report such information;
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the county;
- Evaluating the means of safeguarding assets, and as appropriate, verifying the existence of such assets;
- Evaluating the effectiveness and efficiency with which resources are employed;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being achieved as planned;
- Monitoring and evaluating governance processes;
- Monitoring and evaluating the effectiveness of the county's risk management processes;

- Performing consulting and advisory services related to governance, risk management and controls as appropriate for the county;
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan;
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by County Council;
- Evaluating specific operations or programs at the request of the County Council or County Manager, as appropriate;
- Maintaining adequate documentation to support conclusions in the form of work paper files that can also be reviewed for efficiency, relevance to audit plan and program future audit work, and quality assessment purposes; and
- Considering the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal coverage, avoiding duplication of effort, building professional rapport, and further developing reliance on credibility and validity of the internal audit function to create efficiencies and reducing costs.

Internal Audit Plan

On an annual basis, the Internal Auditor will submit to Council an internal audit plan for approval. The plan will be developed based on prioritization using a risk-based methodology, after soliciting input of Council, County Manager, and/or senior management. The Internal Auditor will review and adjust the plan, as necessary, in response to changes in county business, risks, operations, programs, systems, and controls. Any significant deviation from the approved plan will be communicated to the Council and County Manager upon approval of the County Council as an amendment to said plan.

Reporting and Monitoring

A written report will be prepared and issued by the Internal Auditor following the conclusion of each internal audit engagement and will be distributed simultaneously to the Council and County Manager.

The report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Auditor will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Internal Auditor will periodically report to Council and County Manager on the internal audit activity's purpose, authority, and responsibility, as well as the performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by County Council or the County Manager.

According to section 119.0713 (2), Florida Statutes, “the audit report of an internal auditor prepared for or on behalf of a unit of local government becomes public record when the audit becomes final. An audit becomes final when the audit report is presented to the unit of local government.”

Quality Assurance and Improvement Program

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the *Standards* and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Internal Auditor will communicate to the Council and County Manager on the internal audit activity’s quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

