

OFFICE OF THE COMMISSION AUDITOR

Miami-Dade County Board of County Commissioners

Policies & Procedures Manual

Promoting the ethical principles of the public interest, integrity, objectivity, professional behavior, and the proper use of government information, resources and positions.

September 30, 2014 Revision



THIS PAGE INTENTIONALLY BLANK



**BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**

M E M O R A N D U M

TO: Office of the Commission Auditor

FROM: Charles Anderson
Commission Auditor

A handwritten signature in black ink, appearing to read "Charles Anderson", is written over the printed name and title.

DATE: April 8, 2015

SUBJECT: Issuance of OCA Policies & Procedures Manual *Revised*

The September 30, 2014 revision of the Office of the Commission Auditor (OCA) Policies & Procedures Manual (P&P) is hereby issued and is applicable to all OCA staff. It is effective as of this date and supersedes the September 30, 2012 revision.

This P&P is comprised of four (4) sections.

- Section 1, General Policies and Procedures, provides standards and procedures that apply to all OCA employees, including Audit, Budget, Legislative and Administrative personnel.
- Section 2, Audit Policies and Procedures, provides standards and procedures for OCA Audit Staff. It also applies to any audit team member or reviewer, including non audit staff members and/or outside specialists who participate in an OCA audit.
- Section 3, Budget Policies and Procedures, establishes internal standards and procedures for OCA Budget Staff.
- Section 4, Research Policies and Procedures, provides guidelines and procedures for the OCA Research Staff.

The intent of this P&P is to set overarching policies and procedures, not to describe the details of every project and task that needs to be performed by the OCA. Project and task specific plans, procedures and forms will be developed separately, as needs arise.

THIS PAGE INTENTIONALLY BLANK

Table of Contents

Cover Memo iii

Table of Contents v

Section 1 General Policies and Procedures 1-1

 1.1 Authority 1-1

 1.1.1 Miami-Dade County Home Rule Charter 1-1

 1.1.2 Functions, Responsibilities and Audit Charter 1-1

 1.1.3 Functions and Responsibilities Specified by Legislation 1-1

 1.2 Organizational Chart 1-7

 1.3 General Administration 1-8

 1.3.1 Time and Attendance 1-8

 1.3.2 Leave 1-8

 1.3.3 Disciplinary Action 1-9

 1.3.4 Outside Employment & Gratuities 1-9

 1.3.5 Procurement 1-9

 1.3.6 Performance Evaluation 1-9

 1.3.7 Recruitment 1-10

 1.3.8 County Property 1-10

 1.3.9 Information Technology 1-10

 1.3.10 Safety 1-11

 1.3.11 Personal Telephone Calls 1-11

 1.4 Ethics 1-11

 1.4.1 Ethics Requirements for All OCA Staff 1-11

 1.4.2 Additional Ethics Requirements for OCA auditors 1-12

 1.5 Code of Professional Conduct 1-12

 1.5.1 Annual Statement of Independence 1-12

 1.5.2 Conflict of Interest 1-12

 1.5.3 Integrity and Objectivity 1-13

 1.5.4 Confidentiality 1-13

 1.5.5 Demeanor 1-13

 1.5.6 Employees Arrested On or Off Duty 1-13

 1.5.7 Alcohol & Drug Screening 1-13

 1.6 Work Plan and Annual Report 1-14

 1.7 Public Records Access 1-14

 1.8 Electronic Document Archive 1-15

 1.9 Paperwork Management and Document Retention 1-15

Section 2 Audit Policies & Procedures 2-1

 2.1 Quality Control System - Foundation And Ethical Principles 2-1

 2.1.1 Ethical Principles in Government Auditing 2-1

 2.2 Quality Control System - General Standards 2-2

Office of the Commission Auditor
Policies & Procedures Manual
Table of Contents

2.2.1	Independence	2-2
	(1) GAGAS Conceptual Framework Approach to Independence	2-3
	(2) Audit Organization Structure	2-4
	(3) Provision of Nonaudit Services to Audited Entities including Consideration of Specific Nonaudit Services	2-4
	(4) Documentation	2-6
2.2.2	Professional Judgment	2-6
2.2.3	Competence.....	2-6
	(1) Technical Knowledge	2-7
	(2) Continuing Professional Education.....	2-7
2.2.4	Quality Control and Assurance.....	2-9
	(1) System of Quality Control	2-9
	(2) Monitoring of Quality	2-9
	(3) External Peer Review.....	2-11
2.3	Quality Control System - Standards for Financial Audits and Attestation Engagements	2-12
2.3.1	Standards for Financial Audits and Attestation Engagements.....	2-12
	(1) AICPA Standards.....	2-12
	(2) Auditor Communications.....	2-13
	(3) Previous Audits and Attestation Engagements	2-13
	(4) Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse	2-14
	(5) Elements of a Finding	2-14
	(6) Documentation	2-15
2.3.2	Reporting Standards for Financial Audits and Attestation Engagements	2-16
	(1) Reporting Auditors' Compliance with GAGAS	2-17
	(2) Reporting on Internal Control and Compliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements	2-17
	(3) Reporting Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse	2-18
	(4) Reporting Views of Responsible Officials	2-20
	(5) Reporting Confidential and Sensitive Information	2-20
	(6) Report Issuance And Distribution.....	2-21
2.3.3	Additional GAGAS Considerations for Financial Audits and Examination Engagements	2-21
	(1) Materiality in GAGAS.....	2-21
2.3.4	Additional GAGAS Requirements for Review and Agreed-Upon Procedures Engagements	2-22
2.4	Quality Control System - Standards for Performance Audits.....	2-23
2.4.1	Fieldwork Standards for Performance Audits.....	2-23
	(1) Planning	2-23
	(2) Supervision	2-26
	(3) Evidence.....	2-26
	(4) Documentation.....	2-27

Office of the Commission Auditor
Policies & Procedures Manual
Table of Contents

2.4.2	Reporting Standards for Performance Audits	2-27
	(1) Reporting.....	2-27
	(2) Report Contents	2-28
	(3) Distributing Reports.....	2-31
2.5	Audit Procedures	2-32
2.5.1	Audit Working Papers.....	2-32
2.5.2	Starting the Audit.....	2-33
2.5.3	Risk Analysis	2-34
2.5.4	Audit Program.....	2-34
2.5.5	Audit Authorization	2-34
2.5.6	Certificate of Independence	2-35
2.5.7	Preparing for the Entrance Conference.....	2-35
2.5.8	Performing the Preliminary Review	2-36
2.5.9	Conducting the Fieldwork.....	2-39
2.5.10	Report Phase	2-42
2.5.11	Preparing for the Exit Conference	2-48
2.5.12	Preparing the Final Draft	2-49
2.5.13	Reviewing of Audit Reports	2-50
2.5.14	Final Report Distribution	2-51
2.5.15	Filing Work Papers	2-51
2.5.16	Requests for Audit Documentation from Outside Parties.....	2-52
2.5.17	Follow-Up.....	2-53
2.5.18	Audit Termination Prior to Issuance of Final Report	2-54
Section 3	Budget Policies and Procedures.....	3-1
3.1	Purpose and Authority	3-1
3.2	Duties	3-1
3.2.1	Functional Duties	3-2
	(1) Budget Manager.....	3-2
	(2) Budget Coordinator.....	3-2
	(3) Senior Budget Analysts.....	3-2
	(4) Budget Analyst 3.....	3-3
3.2.2	Special Assignments	3-3
3.3	Resource Allocation Plan Cycle	3-4
3.4	Budget Section Work Plan.....	3-4
3.5	Available Budget Training.....	3-6
3.6	Getting Started – Budget’s Big Four	3-7
3.7	Budget Concepts Overview	3-8
	3.7.1 Definition of Organizational Charts.....	3-8
	3.7.2 Definitions of Operating and Non-Operating Expenditures	3-9
3.8	Traditional Budgeting vs. Budgeting for Outcomes	3-9
3.9	Financial Forecasting	3-10
Section 4	Research Policies and Procedures	4-1

Office of the Commission Auditor
Policies & Procedures Manual
Table of Contents

4.1	Purpose.....	4-1
4.2	Duties, shall include, but are not limited to	4-1
4.3	General Procedures for Preparing Analyses	4-1
	4.3.1 Writing Guidelines.....	4-1
	4.3.2 Deadlines and Timelines.....	4-2
	4.3.3 Submission of Analyses.....	4-2
	4.3.4 Postings.....	4-2
4.4	BCC / Committee Meetings.....	4-2
4.5	Special Assignments	4-2

Appendices

Appendix A – Acronyms	A-1
-----------------------------	-----

Section 1 – General Policies and Procedures

1.1 Authority

1.1.1. Miami-Dade County Home Rule Charter

Authority for the Office of the Commission Auditor (OCA) is derived from a Miami-Dade County Home Rule Charter Amendment adopted by the voters on September 10, 2002, which created the Commission Auditor's position and office. The Amendment: (a) empowered the Board of County Commissioners (BCC) to provide by ordinance for the Commission Auditor's specific functions and responsibilities; and (b) indicated that the Commission Auditor's functions and responsibilities shall include but not be limited to providing the BCC with independent budgetary, audit, management, revenue forecasting, and fiscal analyses of BCC policies, and county services and contracts.

1.1.2. Functions, Responsibilities and Audit Charter

Ordinances providing functions and responsibilities for OCA are codified in the Code of Miami-Dade County (Code), primarily in Sections 2-471 through 2-481. These sections of the Code, as may be periodically amended, function as OCA's audit charter.

1.1.3. Functions and Responsibilities Specified by Legislation

Ordinance No. 03-2, adopted by the BCC on January 23, 2003, delineated OCA's functions and responsibilities as authorized by the Home Rule Charter. This ordinance:

- Provided authority for OCA access to all books and records of all departments, boards, agencies, and other entities of the County;
- Specified responsibilities for audits; management and legislative analyses; program evaluations; review of proposed budgets and revenue forecasts; fiscal analyses of County policies, services and contracts; and, if requested by the BCC, preparation of a budget;
- Indicated that the work of OCA is not intended to duplicate that of the County's internal auditor, Inspector General or Clerk of the Circuit and County Courts although audits or investigations may from time to time address issues arising from the same function or activity;
- Required that matters regarding fraud, abuse or illegality be referred to the Office of the Inspector General for follow-up;
- Stipulated that the organization and administration of OCA is required to be sufficiently independent to ensure that no interference or influence external to the office could adversely affect the independence and objectivity of the Commission Auditor.

Office of the Commission Auditor
Policies & Procedures Manual
Section 1 – General Policies & Procedures

- Clarified that Commission Auditor reports solely to and receives direction from the BCC;
- Required the Commission Auditor to submit a Work Plan for each fiscal year for approval by the BCC;
- Indicated that the approved Work Plan may be amended by a majority vote of the members present to meet circumstances and address concerns of the BCC; and
- Directed that the Commission Auditor will, without amendment to the Work Plan, respond to requests for assistance from individual members of the BCC provided the response requires a relatively minor effort that can be accomplished without disruption to the approved Work Plan.

Ordinance No. 03-65, adopted April 8, 2003, directed the County Manager to develop a schedule and apply performance based program review principles in reviewing the programs of each County department and agency, including all trusts and entities falling under the jurisdiction of Miami-Dade County government, at least once every eight years, commencing with the Fiscal Year 2004-2005 Budget Cycle. The ordinance directed that all performance based program reviews be performed in coordination with OCA.

FY 2004-05 Adopted Budget, adopted September 23, 2004, instituted requirement for OCA review of certain HIV/AIDS community based organizations' expenditures pursuant to General Fund contracts. This requirement was subsequently approved for removal in the FY 2008-09 OCA Work Plan.

Ordinances No. 05-15 and 07-76, adopted January 20, 2005 and June 26, 2007, respectively, required OCA review and periodic reporting of the Manager's exercise of authority delegated in Section 2-8.1 of the Code, which section is entitled "Contracts and purchases generally."

Ordinance No. 05-26, adopted January 27, 2005, established a twelve-month Expedited Purchasing Program (EPP) and required OCA review, evaluate and periodically report on the operation of the EPP. Ordinances Nos. 06-15, 07-49, 08-42, and 09-12 each extended the duration of the EPP. Ordinance No. 09-12 deleted the required for EPP specific reviews, indicating that OCA would henceforth consider the EPP within the scope of the Review of the County Manager's Exercise of Delegated Authorities Pursuant to Section 2-8.1.

Resolution No. R-195-05, adopted February 1, 2005, directed the Commission Auditor to review, analyze and make a recommendation to the BCC regarding all budget amendments proposed by the County Manager.

Ordinance No. 07-45, adopted March 6, 2007, required that long and short term financial and capital improvement plans containing estimates be developed utilizing a professional revenue estimating process. Participants include, but are

Office of the Commission Auditor
Policies & Procedures Manual
Section 1 – General Policies & Procedures

not limited to, the Director of the Office of Strategic Business Management, the Director of the Finance Department, and the Commission Auditor, or their respective designees.

Resolution No. R-506-07, adopted April 26, 2007, created a Budget Section within the Office of the Commission Auditor.

Ordinance No. 07-83, adopted June 26, 2007, conditioned the County's grant to the Performing Arts Center Trust (PACT) of \$4.1 million in operational subsidies, and any prospective funding, upon the PACT's agreement to County Manager and Commission Auditor oversight.

Resolution R-917-07, adopted July 26, 2007, required OCA observe the County's contract negotiations for the purchase of optical scan voting equipment. This project ended with BCC approval of the contract award on November 6, 2007.

Ordinance 08-08, adopted January 10, 2008, modified County budget processes, including OCA's role, and clarified OCA's access to documents, data and personnel. It:

- Modified the County's budget processes;
- Defined OCA responsibilities in these processes; and
- Provided for OCA access to any and all financial, data, and reporting systems of the County and access to all books, memoranda and other documents, including both those internally and externally created;
- Specified that OCA has authority to make direct inquiries of any officer, agent, or employee of any department, board, agency or other County entity to clarify matters under his or her purview.

Ordinance 08-86, adopted July 1, 2008, required that the Metro-Miami Action Plan Trust provide quarterly and annual reports to OCA. Although the ordinance did not require specific actions by OCA, the information impacts OCA's analyses of County budgets.

Ordinance No. 08-42, adopted May 6, 2008, extended the term of the Expedited Purchasing Program (EPP) through March 16, 2009 and modified the program description to no longer call it a pilot program. Requirement for Commission Auditor review and evaluation of the EPP remained although any reference to frequency was removed.

Ordinance No. 08-86, adopted July 1, 2008, amended Article XLVII of the Code of Miami-Dade County, Florida, relating to Metro-Miami Action Plan Trust. The Trust shall present quarterly financial reports including a current statement of all accounts, to the Commission Auditor and the County Manager.

Resolution No. 229-09, adopted March 3, 2009, directed Commission Auditor to include with each agenda item placed on the agenda a copy of legislative analysis for that particular item.

Resolution No. R-552-09, adopted May 5, 2009, directed the Commission Auditor to prepare quarterly reports to the Board of County Commissioners on the Beacon Council's use of eight percent of the business tax previously used by the Metro-Miami Action Plan Trust

Ordinance No. 09-104, adopted November 17, 2009, amended Section 2-1795 of the Code, relating to procedures to be followed in the preparation and adoption of the County's annual budget. This ordinance provided that a Committee of the Whole rather than the Budget Conference Committee will meet between August 15th and the first budget hearing and between the first and second budget hearings to review and discuss the proposed budget in accordance with the Commission's approved budget priorities and policy objectives and the findings, results, and recommendations of the Commission Auditor.

Resolution No. R-256-10, adopted March 2, 2010, directed the Commission Auditor to utilize directives database maintained by the Clerk of the Board to track and follow up on directives and requests contained therein.

Resolution No. R-258-10, adopted March 2, 2010, directed The County Mayor to include in all award items presented to the Board of County Commissioners for ratification under the County's Stimulus Plan the names and of all firms awarded contracts, details describing the solicitation process used to select such firms awarded contracts, details describing the solicitation process awards. The Mayor is further directed to present this information to the Commission Auditor and to the Board of County Commissioners prior to ratification by the Board of County Commissioners

Resolution No. R-530-10, adopted May 4, 2010, directed the Commission Auditor to track all agenda items with a fiscal impact for the required financial budgetary impact analysis, and identify for the required financial budgetary impact analysis, and identify for the Board those items which do not include the required information.

Ordinance No. 10-36, adopted June 3, 2010, amending section 2-1795 of the Code of Miami-Dade County, Florida related to procedures to be followed by the Commission Auditor in the preparation and adoption of the County's Annual Budget. This ordinance provided that the Commission Auditor prepare a separate budget for the BCC and all departments and divisions that report to the Board. In addition, the committee amendment provides that the Commission Auditor shall review any mid-year and year-end budget amendments proposed by the Mayor

and present his or her recommendations to the Board regarding such proposed amendments.

Ordinance No. 10-43, adopted July 8, 2010, created the Miami-Dade County Performance and Efficiency Commission. The Office of the Commission Auditor will provide primary staff support to the Commission and its committees to include providing requested information, developing reports and assisting the PEC in drafting the quarterly reports required by this ordinance.

Ordinance No. 10-46, adopted July 8, 2010, amended 2-481 of the Code of Miami-Dade County related to the Commission Auditor's access to information. This ordinance provided that access to information shall be provided to the Commission Auditor within five (5) business days from the date of the Commission Auditor's request; provided, however, if it is not reasonably possible to comply with the Commission Auditor's request within five (5) days, then access to the requested information shall be provided within the limited reasonable time necessary to retrieve the information. The information must be provided in the medium requested if the record is maintained in that medium.

Resolution R-30-11, adopted January 20, 2011, establishing the Miami-Dade County Hospital Governance Taskforce to study and report on alternative models of operating the public health trust to ensure it has the governing and financial structure necessary to fulfill its crucial mission. Staff for the Taskforce will be provided by the Commission Auditor and additional staff will be provided by the Mayor or Mayor's designee.

Resolution R-581-11, adopted July 7, 2011 setting policy for Miami-Dade County whereby the commissioner Auditor shall provide a tourism impact statement on certain legislative matters before the County Commission; and the office of Intergovernmental affairs shall track bills in the Florida legislature for potential impact on Miami-Dade County tourism.

Ordinance No. 12-46, adopted July 3, 2012, amended Section 2-1 of the Code of Miami-Dade County, Florida relating to rules of procedure of the Board of County Commissioners that pertain to the Annual Budget; amending Sections 2-1793 through 2-1796 and Sections 2-1798 through 2-1800 of the Code of Miami-Dade County, Florida related to strategic and business planning, the development, review and form of the County's annual line item budget, managerial accountability and performance, performance based program review, reserve funds and the line item budget format; amending Resolution No. R-96-05 relating to quarterly reporting of long-term vacant positions.

Ordinance No. 13-29, adopted April 2, 2013, amending Section 2-1 of the Code of Miami-Dade County, Florida; requesting that the Commission Auditor complete background research on the person, organization, place or thing that is

Office of the Commission Auditor
Policies & Procedures Manual
Section 1 – General Policies & Procedures

the subject of a naming, renaming or co-designation item and prepare a report detailing the findings of said research; directing the Clerk of the Board to place the report on the agenda as a supplement; providing severability, inclusion in the code and an effect date.

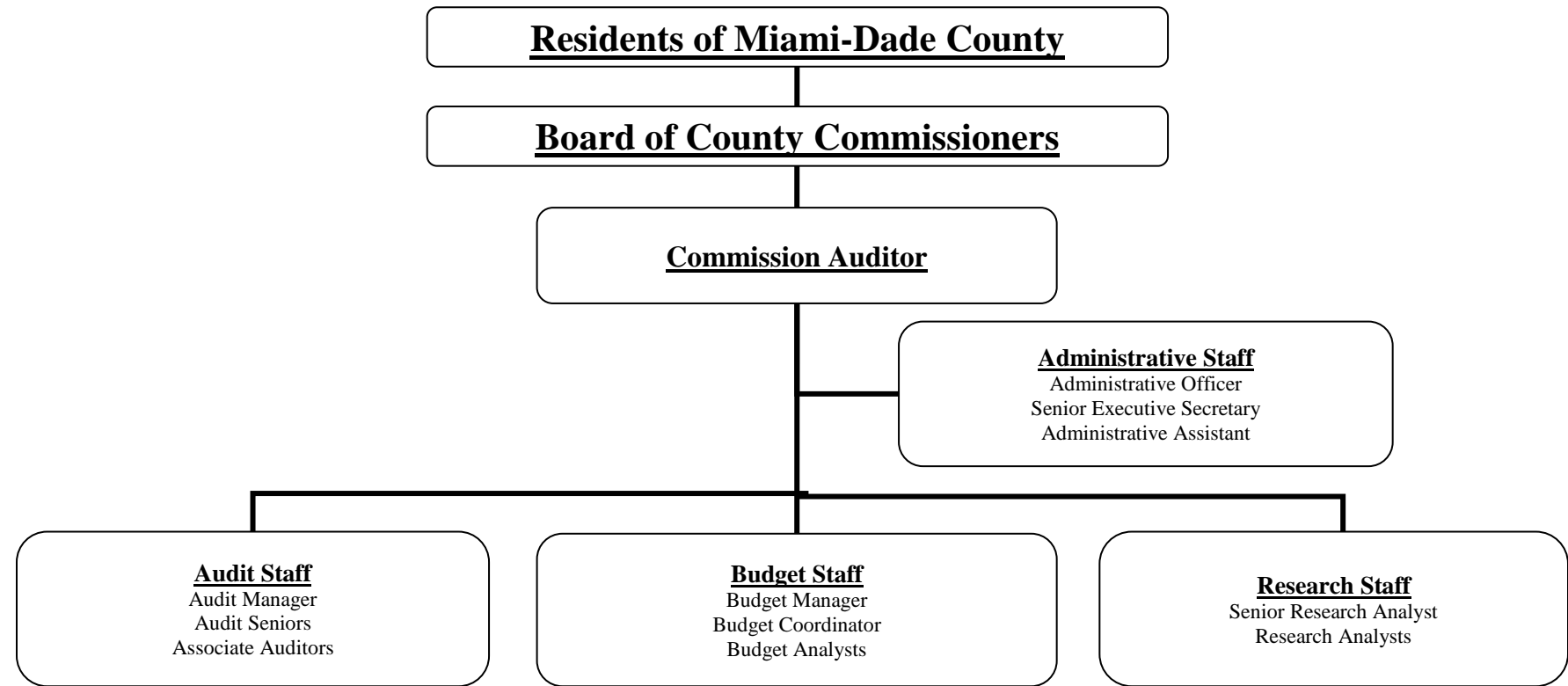
Resolution No. R-868-13, adopted October 22, 2013, approving the Implementing Order 3-59, the Commission Auditor and Inspector General shall review all procurements undertaken by the Military Affairs Board pursuant to this Implementing Order. On a quarterly basis, the Commission Auditor or Inspector General shall present a report to the Board of County Commissioners regarding all procurements undertaken by the Military Affairs Board pursuant to this Implementing Order.

Resolution No. R-449-14, adopted May 6, 2014, directing the Commission Auditor to conduct background checks on members serving on Evaluation and Selection Committees.

Resolution No. 541-14, adopted June 3, 2014, amending the Commission Auditor's Annual Work Program to include the task of analyzing the County's Budget to identify savings that can be attained without impacting delivery of services; and directing the Commission Auditor to report the results of this analysis within sixty days; and directing the Mayor or the Mayor's Designee to provide the Commission Auditor with access to the information needed to accomplish such task in a timely manner.

Resolution No. R-636-14, adopted July 1, 2014, directing the Commission Auditor to complete background research on applicants being considered to serve on County Boards and Trusts that require nominations and/or appointments by the Board of County Commissioners and to prepare a report detailing the findings of said research.

1.2 Office of the Commission Auditor Organizational Chart



<u>Current Positions FY 2014-15</u>	
Commission Auditor	1
Audit Staff	7
Budget Staff	6
Research Staff	2
<u>Administrative Staff</u>	<u>3</u>
Total	19

1.3 **General Administration**

1.3.1 **Time and Attendance**

Normal working hours are 8:30 a.m. to 5:30 p.m. or as otherwise approved by the Commission Auditor. Time and attendance recording for payroll purposes will be accomplished in accordance with County policy.

All OCA staff members are job basis, exempt employees of the Miami-Dade County Board of County Commissioners. After-hours work, including evenings and weekends, is sometimes required. During and after emergencies, OCA staff may be recalled to assist with the County's disaster relief and recovery operations at various locations even when County offices are otherwise closed for business.

OCA staff members are required to complete a weekly timesheet. All OCA work hours, whether in or out of the office, shall be reported and accounted for, including leave time. The timesheet will be submitted to the employee's supervisor for approval on the Monday following the end of the biweekly reporting period

1.3.2 **Leave**

Leave administration shall be in accordance with the County Leave Manual. Leave requests will be initialed by the requesting staff member's supervisor(s), thereby indicating concurrence, and must be approved by the Commission Auditor. Annual leave will normally be requested well in advance, particularly if for more than a few days. Exceptions to the advance approval requirement will be considered for extenuating circumstances but will be limited, and will be subject to workload considerations and Commission Auditor's approval. Non-refundable travel reservations should not be made until after first obtaining approval for any required leave. Documentation may be required to justify sick leave and categories of leave other than annual, birthday, floating, and holiday leave. Administrative leave must also be approved in advance by the Commission Auditor.

As noted in the Time and Attendance section above and in OCA job descriptions, all OCA staff members are job basis, exempt employees of the Miami-Dade County Board of County Commissioners. Being job basis means we put in the time necessary to get the job done. After-hours work, including evenings and weekends, is to be expected. However, offsetting administrative leave or compensatory time off (comp time) is not an entitlement or a right. Nevertheless, OCA recognizes that staff members sometimes work a significant number of extra hours, and the OCA audit manager, budget manager and chief legislative analyst are delegated the authority to use flexible work hours to adjust, when workloads and job performance permit. The granting of administrative leave or comp time is

subject to approval by the Commission Auditor, and any request to use such time must be approved by the Commission Auditor before the time is taken.

Effective January 2011, accumulated administrative leave will be approved for a maximum of up to three (3) consecutive days per month.

1.3.3 Disciplinary Action

It is the responsibility of all supervisors to maintain standards of employee conduct in accordance with the Personnel Rules of Metropolitan Dade County, and any stated rules, policies and procedures of the Office of the Commission Auditor.

Insubordination occurs when an employee willfully disobeys or disregards a superior legitimate directive. Insubordination is clearly not acceptable in the OCA and any OCA employee can be disciplined or fired for such behavior.

As exempt employees of the Board of County Commissioners, an OCA employee may be reprimanded, suspended, reduced in grade or dismissed by the Commission Auditor.

1.3.4 Outside Employment & Gratuities

County policy requires approval from the Commission Auditor for outside employment, including self-employment, prior to engaging in outside employment. Avoidance of perception of conflict of interest or other impairment of independence is paramount in obtaining the Commission Auditor's approval for outside employment. These approvals will be renewed on an annual basis. Copies of outside employment approvals shall be maintained in the centralized personnel files of the Human Resources Department (HR) and the OCA administrative files.

No OCA employee shall accept any tip or gratuity for the discharge of his/her public duties.

1.3.5 Procurement

All procurement activities shall be processed through OCA support staff and require approval of the Commission Auditor.

1.3.6 Performance Evaluation

Formal performance evaluations will be provided each OCA staff member at least annually. It is policy of OCA that less than satisfactory performance and

necessary corrective actions or improvements be discussed on a timely basis and should not be a surprise in a performance evaluation.

Constructive, informal, one-on-one 360-degree feedback and dialog are strongly encouraged as ongoing quality enhancement and team building tools.

1.3.7 Recruitment

Recruitment actions are to be done in accordance with County personnel practices as adapted for the Board of County Commissioners (AO# 7-21). Recruitments are processed through OCA support staff and require approval of the Commission Auditor. In preparation of recruitments and in selection processes, due consideration will be given to the necessary skills, education, experience, and available opportunities for professional development that ensure that OCA staff collectively possess adequate professional competence for the tasks required.

1.3.8 County Property

Property records shall be maintained in accordance with County policy.

Each staff member is individually responsible for any County property in their possession and shall provide reasonable security of any County property that they may remove from the office.

County property shall be used only for County-related work purposes. County property shall not be used for outside employment.

Upon termination of employment with OCA, all County-owned property, including but not limited to keys, computers, cellular phones, flash drives, portable hard drives, and transit passes, shall be returned to OCA Support Staff before departing OCA. Disposition of public records and other documents in the departing person's possession, including computer files, will be as directed by the appropriate OCA supervisor/manager, and the directed disposition shall be accomplished before departure from OCA.

1.3.9 Information Technology

OCA staff members are entrusted with a variety of expensive, and sometimes sensitive, information technology equipment, software, data, email and internet access. It is each OCA staff member's responsibility to safeguard and use the resources responsibly, to report needed maintenance, and to return it when OCA employment ends or earlier on request. Loss or damage must be promptly reported to supervisors and the Commission Auditor. These resources are provided for use in work-related purposes in accordance with County and OCA

policies including, but not limited to, A.O. 6-7, "Access to and Use of Internet Services and Electronic Mail."

County-owned information technology resources shall not be used for outside employment. With Commission Auditor's approval, county computers may be used for educational and ongoing professional development, such as doing homework or CIA/CPA certification exam studies, provided it is done on personal time, and not during working hours. Use for educational courses is limited to courses that are eligible for participation in the County's tuition reimbursement program.

1.3.10 Safety

Ensuring the safety of employees, the public and County resources is paramount. Maintaining a safe, healthy work environment is everyone's responsibility. The Miami-Dade County Safety Manual shall be used as a guide.

1.3.11 Personal Telephone Calls

To maintain productivity and professionalism, personal phone calls shall be kept at a minimum in both quantity and duration.

1.4 Ethics

Management sets the tone for ethical behavior throughout the organization by maintaining an ethical culture, clearly communicating acceptable behavior and expectations to each employee, and creating an environment that reinforces and encourages ethical behavior throughout all levels of the organization. The ethical tone maintained and demonstrated by management and staff is an essential element of a positive ethical environment.

OCA is, at its core, an "audit organization" even though many OCA staff members are not auditors. Because auditing is essential to government accountability to the public, the public expects audit organizations and auditors who conduct their work in accordance with Generally Accepted Government Accounting Standards (GAGAS) to follow ethical principles. GAGAS are published by the Comptroller General of the United States in the United States Government Accountability Office publication, *Government Auditing Standards* (GAS).

1.4.1 Ethics Requirements for All OCA Staff

The ethical principles that guide the work of OCA auditors who conduct audits in accordance with GAGAS are: public interest; integrity; objectivity; proper use of government information, resources, and position; and professional behavior (GAS 1.10 – 1.24) and apply in general to all OCA staff, including non auditors.

Each OCA staff member is required to adhere to applicable provision of laws and policies that apply to employees of the Board of County Commissions including, but not limited to, the:

- a. *Code of Ethics for Public Officers and Employees* (Florida Statutes, Chapter 112, Part III);
- b. *Citizens' Bill of Rights* (Miami-Dade County Home Rule Charter);
- c. *Miami-Dade County Conflict of Interest and Code of Ethics Ordinance*, (Code, Section 2-11.1); and
- d. *Protection of Employees Disclosing Specified Information* (Code, Section 2-56.28).

Each OCA staff member must also comply with the ethics requirements of his/her professional licensure if such licensure is a job requirement, is used to justify a pay supplement, and/or is used in OCA business cards, nameplates, email or other work products.

1.4.2 Additional Ethics Requirements for OCA auditors

OCA auditors must comply with both the ethics requirements of GAGAS and the Code of Ethics of the Institute of Internal OCA auditors (IIA).

1.5 Code of Professional Conduct

1.5.1 Annual Statement of Independence

OCA's work products are intended to add value to the BCC's considerations of policies, practices and operations of Miami-Dade County and shall be based on facts, evidence and analysis, without interference or undue influence by outside elements. Independence permits employees to render the impartial and unbiased judgments essential to the proper conduct of audits, analyses, and other non-audit services. To enable proactively addressing and avoiding potential impairments to independence, each professional OCA staff member shall annually provide an Annual Statement of Independence form listing any known impairments to independence, which shall then be reviewed and approved by the Commission Auditor and maintained by OCA Administrative Staff in OCA's personnel folder.

The Statement of Independence shall be filed in OCA personnel files.

1.5.2 Conflict of Interest

OCA staff shall be neither advocates nor adversaries of any special interest. At no time should OCA staff allow personal views or situations to impair their judgment and depth of reporting. Any official, professional, personal or financial

relationships that might affect the staff member's objectivity or limit the extent of the analysis or the disclosure of findings shall be indicated to the Commission Auditor prior to the beginning of an assignment.

1.5.3 Integrity and Objectivity

OCA staff shall not knowingly misrepresent the facts. To demonstrate OCA staff integrity, it is imperative that work assignments be adequately planned and that sufficient research and analysis take place to reasonably support findings, conclusions, and recommendations.

1.5.4 Confidentiality

No legally protected/confidential information obtained in the conduct of work assignments shall be disclosed to others except as authorized by law. See Section 1.7 for additional information.

1.5.5 Demeanor

OCA staff shall project a professional image in their appearance and shall display a demeanor that reflects positively on the image of the Office of the Commission Auditor and Miami-Dade County. The standard dress code for the department is business professional, which is appropriate for attending a professional meeting with management. Medically necessary modifications and disability accommodations are authorized. The Commission Auditor will identify business casual days and will approve other exceptions as may be appropriate.

1.5.6 Employees Arrested On or Off Duty

Any OCA employee who is arrested on duty or off duty shall within a reasonable amount of time, not to exceed three (3) calendar days, notify the Commission Auditor. Upon notification of the employee's arrest, the Commission Auditor will immediately review the circumstances and take appropriate action, as required. Failure of any OCA employee to notify his/her department of an arrest may result in administrative action up to and including dismissal from County service.

1.5.7 Alcohol & Drug Screening

Employee substance and alcohol abuse can have an adverse impact on Miami-Dade government, the effective delivery of County services, the image of employees and the general health, wealth, and safety of employees and the public. County policy on alcohol and drug screening is provided for in A.O. 7-29. The authority to require that an OCA employee submit to alcohol and drug screening rests with the Commission Auditor.

1.6 **Work Plan and Annual Report**

At the beginning of each fiscal year, OCA is required to submit a one-year work program (Work Plan) to the BCC for approval (Code Sec. 2-478). OCA policy is to prepare the Work Plan in consultation with the members of the BCC committee having oversight responsibility for OCA and to incorporate such other input and risk analyses as is deemed appropriate by the Commission Auditor.

OCA is also required to submit an Annual Report to the BCC within 60 days after the close of the fiscal year. The Annual Report shall indicate audits completed, major findings, corrective actions taken by the County Manager, and significant findings which have not been fully addressed by the County Manager” (Code Sec. 2-479).

1.7 **Public Records Access**

Except as provided for by law, OCA work products are public records that are available for inspection by and release to the public. To the extent that OCA work products include information required by law to remain confidential or protected, OCA will redact any such information prior to issuance or release of any report, correspondence, recording, email or other document, in any form.

Section 119.0713(2), Florida Statutes, which relates specifically to internal audits prepared for a unit of local government, provides the following exemption from public record requirements until audit reports become final.

"The audit report of an internal auditor prepared for or on behalf of a unit of local government becomes a public record when the audit becomes final. As used in this subsection, the term 'unit of local government' means a county, municipality, special district, local agency, authority, consolidated city-county government, or any other local governmental body or public body corporate or politic authorized or created by general or special law. An audit becomes final when the audit report is presented to the unit of local government. Audit work papers and notes related to such audit report are confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution until the audit is completed and the audit report becomes final."

Section 119.07(6), Florida Statutes, provides as follows for internal auditors' access, upon written request, to information that is otherwise exempted from public release by general or special public law.

"An exemption contained in this chapter [Chapter 119, F.S.] or in any other general or special law shall not limit the access of ... any state, county, municipal, university, board of community college, school district, or special district internal auditor to public records when such person states in writing that

such records are needed for a properly authorized audit, examination, or investigation. Such person shall maintain the exempt or confidential status of that public record and shall be subject to the same penalties as the custodian of that record for public disclosure of such record.”

1.8 **Electronic Document Archive**

An electronic copy of each officially issued OCA report to the Board of County Commissioners or a committee thereof shall be maintained in the OCA electronic archive. This requirement does not pertain to responses to individual commissioner’s requests for background information or data provided the requests and responses are informal in nature.

1.9 **Paperwork Management and Document Retention**

Paperwork management and document retention shall be in accordance with applicable County policies and State law. Document retention longer than required by policies and law is to be kept to the minimum necessary to carry out OCA duties.

Section 2 – Audit Policies & Procedures

2.1 Quality Control System - Foundation And Ethical Principles

Generally Accepted Government Accounting Standards (GAGAS) provide a framework for conducting high quality audits with competence, integrity, objectivity, and independence. GAGAS contains standards for audits and requirements and guidance dealing with ethics, independence, auditors' professional judgment and competence, quality control, performance of the audit, and reporting. Section 2-476 of the Code requires that OCA audits comply with GAGAS to the extent provided for in the annual work plan. OCA performs its audits in accordance with GAGAS.

2.1.1 Ethical Principles in Government Auditing

Ethical principles provide the foundation, discipline, and structure, as well as the climate that influence the application of GAGAS. Because auditing is essential to government accountability to the public, the public expects the OCA audit organization and OCA auditors who conduct their work in accordance with GAGAS to follow ethical principles.

OCA management sets the tone for ethical behavior throughout the organization by maintaining an ethical culture, clearly communicating acceptable behavior and expectations to each employee, and creating an environment that reinforces and encourages ethical behavior throughout all levels of the organization. The ethical tone maintained and demonstrated by management and staff is an essential element of a positive ethical environment for the OCA audit organization.

Conducting audit work in accordance with ethical principles is a matter of personal and organizational responsibility. OCA follows ethical principles that apply in preserving auditor independence, taking on only work that the audit organization is competent to perform, performing high-quality work, and following the applicable standards cited in the auditors' report. Integrity and objectivity are maintained when OCA auditors perform their work and make decisions that are consistent with the broader interest of those relying on the auditors' report, including the public.

Other ethical requirements or codes of professional conduct are also applicable to OCA auditors who conduct audits in accordance with GAGAS. Individual OCA auditors who are members of professional organizations or are licensed or certified professionals are also subject to ethical requirements of those professional organizations or licensing bodies. OCA auditors are also subject to Miami-Dade County government ethics laws and regulations.

The ethical principles that guide the work of the OCA auditors who conduct audits in accordance with GAGAS are: public interest; integrity; objectivity;

proper use of government information, resources, and position; and professional behavior. (GAS 1.10 – 1.24)

2.2 **Quality Control System – General Standards**

General standards, along with the overarching ethical principles, establish a foundation for the credibility of auditors' work. These general standards emphasize the importance of the independence of the audit organization and its individual auditors; the exercise of professional judgment in the performance of work and the preparation of related reports; the competence of staff; and quality control and assurance.

2.2.1 Independence

In all matters relating to the audit work, OCA as an audit organization, and the individual auditor, whether government or public, must be independent in mind and appearance. (GAS 3.02-03).

OCA auditors must be independent during the period covered by the subject matter of the audit and the period of the engagement. (GAS 3.05)

OCA auditors should be independent from an audited entity during:

- (a) any period of time that falls within the period covered by the financial statements or subject matter of the audit, and
 - (b) the period of the professional engagement, which begins when the auditors either sign an initial engagement letter or other agreement to perform an audit or begin to perform an audit, whichever is earlier. The period lasts for the entire duration of the professional relationship (which, for recurring audits, could cover many periods) and ends with the formal or informal notification, either by the auditors or the audited entity, of the termination of the professional relationship or by the issuance of a report, whichever is later.
- The Annual Independence and Ethics Statement form submission to the Commission Auditor allows proactive consideration and resolution of potential impairments to independence; and
 - Project-specific Certificate of Independence submission reconfirms independence for each individual audit during the period covered by the subject matter of the audit and the period of the engagement and requires review and approval by the Audit Manager and Commission Auditor.

(1) GAGAS Conceptual Framework Approach to Independence

GAGAS establishes a conceptual framework that OCA auditors use to identify, evaluate, and apply safeguards to address threats to independence. (GAS 3.07)

OCA auditors use professional judgment to determine whether the facts and circumstances created by an event warrant use of the conceptual framework. Whenever relevant new information about a threat to independence comes to the attention of the auditor during the audit, the auditor should evaluate the significance of the threat in accordance with the conceptual framework. (GAS 3.21)

OCA auditors identify threats to independence, evaluate their significance, determine if identified threats to independence have been eliminated or are at an acceptable level, and apply and document safeguards as necessary. (GAS 3.08, 3.20-3.23, 3.24, 3.59)

- (a) OCA auditors shall evaluate the categories of threats to independence: self-interest, self-review, bias, familiarity, undue influence, management participation, and structural. (GAS 3.14)
- (b) OCA auditors shall decline or terminate the audit if threats cannot be eliminated or reduced to an acceptable level. OCA's annual audit work plan development process, the work plan's annual approval by the BCC, and the authority granted in Code Sec. 2-478 (3) for the Commission Auditor to reject project requests that conflict with performance of the approved work plan, allow the Commission Auditor to: decline or terminate audits if threats to independence cannot be eliminated or reduced to an acceptable level. (GAS 3.25)
- (c) OCA auditors shall evaluate the impacts of threats identified after report issuance and take appropriate steps. (GAS 3.26)
- (d) Annual Independence and Ethics Statements are maintained in OCA personnel records and will include documentation of steps taken to identify threats to independence including self-interest, self-review, bias, familiarity, undue influence, management participation, and structural; project-specific independence statements and documentation of project-specific impairments will be included in audit working papers.
- (e) If impairment or evidentiary issues are identified after report issuance, OCA auditors shall notify audit management, and the Commission Auditor shall consider the issues, notify appropriate parties, and remove the report from the OCA website. Additional audit work may be authorized to reissue a revised/updated report.

(2) Audit Organization Structure

OCA, as an audit organization, is structurally located within Miami-Dade County (the government entity). OCA performs various types of GAGAS audits of Miami-Dade County departments organizationally under the Mayor, of Miami-Dade County agencies and instrumentalities including the Public Health Trust, and of other entities (altogether in total the audited entity) as directed by the Miami-Dade County Board of County Commissioners (BCC). OCA is subject to constitutional or statutory safeguards that mitigate the effects of structural threats to independence. (GAS 3.28)

- (a) OCA is placed within a different branch of government from that of the audited entity. OCA is accountable only to the BCC which is the legislative body of Miami-Dade County. OCA auditors are legislative auditors auditing the executive branch of Miami-Dade County. (GAS 3.28b)
- (b) The Commission Auditor, the head of the OCA audit organization, is appointed by the BCC, a legislative body, subject to removal by a legislative body, and reports the results of audits to and is accountable to a legislative body. The Commission Auditor reports solely to the BCC, receives direction from the BCC, and performs its functions and responsibilities on behalf of the BCC. OCA's functions and responsibilities include but are not limited to providing the BCC with independent budgetary, audit, management, revenue forecasting, and fiscal analyses of BCC policies and county services and contracts. (GAS 3.29b)
- (c) OCA has statutory protections, including Ordinance No. 03-2, adopted by the BCC on January 23, 2003 and Ordinance No. 10-46, adopted July 8, 2010, that prevent the audited entity from interfering with audit reporting; statutory protections that require the OCA audit organization to report to a legislative body; statutory protections that give the OCA audit organization sole authority over the selection, retention, advancement, and dismissal of its staff; and statutory access to records and documents related to the agency, program, or function being audited and access to government officials or other individuals as needed to conduct the audit. (GAS 3.30)

(3) Provision of Nonaudit Services to Audited Entities including Consideration of Specific Nonaudit Services

OCA does not provide nonaudit services to the audited entity as discussed in GAS 3.33 – 3.58. All of OCA's services, audit and nonaudit services, are statutorily provided for the BCC and on behalf of the BCC. OCA's functions and responsibilities include but are not limited to providing the BCC with independent budgetary, audit, management, revenue forecasting, and fiscal

analyses of BCC policies, county services and contracts. (GAS 3.29b)

- (a) The Commission Auditor has determined that performance of the duties specified for OCA in the Miami-Dade County Home Rule Charter and in Sections 2-471 through 2-481 of the Code of Miami-Dade County do not create an impairment to independence in fact or appearance because:
- OCA only provides advice or assistance to the audited entity on an informal basis as part of an audit. Such routine activities typically are insignificant in terms of time incurred or resources expended and do not result in a specific project or engagement or in the OCA auditors producing a formal report or other formal work product. (GAS 3.46)
 - OCA does neither perform management functions, nor make management decisions, nor assume management responsibilities, including management responsibilities such as those listed in GAS 3.36 (GAS 3.49);
 - OCA does not prepare accounting records and financial statements nor accepts responsibility for the preparation and fair presentation of financial statements (GAS 3.50–3.51)
 - OCA does not accept responsibility for designing, implementing or maintaining internal control which includes accepting responsibility for designing, implementing, or maintaining monitoring procedures. (GAS 3.54-3.55)
 - OCA does not perform services related to information technology (IT) systems which include the design or implementation of hardware or software systems. (GAS 3.56)
 - OCA does not perform any services as described in GAS 3.58.
 - OCA's annual audit work plan development process, the work plan's annual approval by the BCC, and the authority granted in Code Sec. 2-478 (3) for the Commission Auditor to reject project requests that conflict with performance of the approved work plan, allow the Commission Auditor to: consider whether nonaudit services could potentially be significant or material to the subject matter of OCA audits; reject project requests that conflict with ongoing or planned audits, and decline to perform and / or terminate a nonaudit service that is incompatible with audit responsibilities. (GAS 3.44)

(4) Documentation

Documentation of independence considerations provides evidence of the OCA auditor's judgments in forming conclusions regarding compliance with independence requirements. The independence standard includes the following documentation requirements:

- (a) Document threats to independence that require the application of safeguards, along with safeguards applied, in accordance with the conceptual framework for independence as required by paragraph 3.24;
- (b) Document the safeguards required by paragraph 3.30 if an audit organization is structurally located within a government entity and is considered independent based on those safeguards;
- (c) Document consideration of audited entity management's ability to effectively oversee a nonaudit service to be provided by the auditor as indicated in paragraph 3.34; and
- (d) Document the auditor's understanding with an audited entity for which the auditor will perform a nonaudit service as indicated in paragraph 3.39.
(GAS 3.59)

2.2.2 Professional Judgment

OCA auditors must use professional judgment in planning and performing audits and attestation engagements and in reporting the results. (GAS 3.60) Professional judgment includes exercising reasonable care and professional skepticism.

- Professional skepticism is an attitude that includes a questioning mind and a critical assessment of evidence.
- Professional skepticism includes a mindset neither in which auditors assume that management is dishonest nor of unquestioned honesty.
- Professional judgment may involve collaboration with other stakeholders, outside experts, and management in the audit organization.
- Using professional judgment is important in determining the required level of understanding of the audit subject matter and related circumstances.
- OCA auditors should document significant decisions affecting the audit's objectives, scope, and methodology; findings; conclusions; and recommendations resulting from professional judgment. (GAS 3.61 – 3.68)

2.2.3 Competence

The OCA staff assigned to perform the audit must collectively possess adequate professional competence needed to address the audit objectives and perform the work in accordance with GAGAS. (GAS 3.69)

OCA Audit management should assess skill needs to consider whether its workforce has the essential skills that match those necessary to fulfill a particular audit mandate or scope of audits to be performed.(GAS 3.70)

OCA Audit management shall consider the special skills and competence needed to maintain a competent workforce in the design and execution of OCA's recruitment, hiring, continuous development, assignment, and evaluation processes. (GAS 3.70)

(1) Technical Knowledge

The OCA staff assigned to conduct an audit in accordance with GAGAS should collectively possess the technical knowledge, skills, and experience necessary to be competent for the type of work being performed before beginning work on that audit. The staff assigned to a GAGAS audit should collectively possess:

- (a) knowledge of GAGAS applicable to the type of work they are assigned and the education, skills, and experience to apply this knowledge to the work being performed;
- (b) general knowledge of the environment in which the audited entity operates and the subject matter;
- (c) skills to communicate clearly and effectively, both orally and in writing; and
- (d) skills appropriate for the work being performed; for example, skills in
 - i. statistical or nonstatistical sampling if the work involves use of sampling;
 - ii. information technology if the work involves review of information systems;
 - iii. engineering if the work involves review of complex engineering data;
 - iv. specialized audit methodologies or analytical techniques, such as the use of complex survey instruments, actuarial-based estimates, or statistical analysis tests, as applicable; or
 - v. specialized knowledge in subject matters, such as scientific, medical, environmental, educational, or any other specialized subject matter, if the work calls for such expertise. (GAS 3.72)

OCA auditors performing financial audits or attestation engagements should be knowledgeable in U.S. generally accepted accounting principles (GAAP), American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS), AICPA general attestation standard related to criteria, the AICPA attestation standards for field work and reporting, and the related Statements on Standards for Attestation Engagements (SSAE), and the application of these standards. (GAS 3.73-3.75)

(2) Continuing Professional Education

OCA auditors performing work in accordance with GAGAS, including planning, directing, performing audit procedures, or reporting on an audit conducted in accordance with GAGAS, should maintain their professional competence through continuing professional education (CPE). Each OCA 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. OCA auditors involved in any amount of planning, directing, or reporting on GAGAS assignments and those auditors who spend 20 percent or more of their time annually to GAGAS assignments 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. Auditors required to take the total 80 hours of CPE should complete at least 20 hours of CPE in each year of the 2-year periods. Auditors hired or initially assigned to GAGAS audits after the beginning of an audit organization's 2-year CPE period should complete a prorated number of CPE hours. (GAS 3.76)

OCA Audit management should have quality control procedures to help ensure that auditors meet the continuing education requirements, including documentation of the CPE completed. (GAS 3.78)

- Each OCA auditor is required to prepare and submit to the Commission Auditor, a CPE Tracking Forms for each designated two-year tracking period, using the form provided in the Audit Forms Library.
- CPE Tracking Forms are maintained in OCA personnel files.
- The Audit Manager reviews and coordinates auditor CPE trainings to ensure needed competencies are addressed.

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. OCA auditors should assess the professional qualifications of such specialists and document their findings and conclusions. (GAS 3.79-3.81)

OCA auditors are encouraged to continue their professional education and to demonstrate their proficiency by obtaining appropriate professional certifications.

- The County's Tuition Refund Program may be available to assist with the cost of professional education. See Administrative Order 7-4 for details.

OCA auditors with professional certification must comply with the CPE requirements of their professional certification if such certification is a job requirement, is used to justify a pay supplement, and/or is used in the auditor's OCA business cards, nameplates, email or other work products.

2.2.4 Quality Control and Assurance

As an audit organization performing audits or attestation engagements in accordance with GAGAS, OCA must: (a) establish a system of quality control that is designed to provide the audit organization with reasonable assurance that the organization and its personnel comply with professional standards and applicable legal and regulatory requirements, and (b) have an external peer review at least once every 3 years. (GAS 3.82)

(1) System of Quality Control

OCA's system of quality control encompasses OCA's leadership, OCA's emphasis on performing high quality work, and OCA's policies and procedures designed to provide reasonable assurance of complying with professional standards and applicable legal and regulatory requirements. (GAS 3.83)

OCA's quality control policies and procedures are documented in the Policies & Procedures Manual, are incorporated in standard audit forms and the QCS checklist in OCA's on-line Audit Forms Library that become part of audit working papers, and are communicated in internal trainings and one-on-one counseling. OCA compliance with its quality control policies and procedures shall be documented in audit working papers and other OCA files 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. (GAS 3.84)

OCA policies and procedures collectively address:

- a. Leadership responsibilities for quality within the audit organization;
- b. Independence, legal, and ethical requirements;
- c. Initiation, acceptance, and continuance of audits;
- d. Human resources;
- e. Audit performance, documentation, and reporting; and
- f. Monitoring of quality. (GAS 3.85)

(2) Monitoring of Quality

OCA should establish policies and procedures for monitoring of quality in the OCA. Monitoring of quality is an ongoing, periodic assessment of work completed on audits designed to provide OCA management with reasonable assurance that the policies and procedures related to the OCA system of quality control are suitably designed and operating effectively in practice. The purpose of monitoring compliance with quality control policies and procedures is to provide an evaluation of whether the:

- a. professional standards and legal and regulatory requirements have been followed,
- b. quality control system has been appropriately designed, and
- c. quality control policies and procedures are operating effectively and complied with in practice. (GAS 3.93)

OCA should analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action. OCA should communicate to appropriate personnel any deficiencies noted during the monitoring process and make recommendations for appropriate remedial action. (GAS 3.95)

- (a) Monitoring is to be performed by OCA staff who do not have responsibility for the specific activity being monitored (e.g., for specific audits or specific centralized processes). The OCA staff member or team of OCA staff members assigned with responsibility for the monitoring process collectively need sufficient and appropriate competence and authority in the audit organization to assume that responsibility. The OCA staff member or the team of staff members performing the monitoring are apart from the normal audit supervision associated with individual audits.
- (b) Monitoring procedures to enable OCA to assess compliance with applicable professional standards and quality control policies and procedures shall include:
 - i. Examination of selected administrative and personnel records pertaining to quality control, which may include tests of:
 - compliance with policies and procedures on independence;
 - compliance with continuing professional development policies, including training;
 - procedures related to recruitment and hiring of qualified personnel, including hiring of specialists or consultants when needed;
 - procedures related to performance evaluation and advancement of personnel;
 - procedures related to initiation, acceptance, and continuance of audits;
 - audit organization personnel's understanding of the quality control policies and procedures, and implementation of these policies and procedures; and
 - audit organization's process for updating its policies and procedures.

- ii. Review of selected audit documentation and reports;
 - iii. Discussions with the audit organization’s personnel (as applicable and appropriate);
 - iv. Periodic summarization of the findings from the monitoring procedures in writing (at least annually), and consideration of the systematic causes of findings that indicate improvements are needed;
 - v. Determination of any corrective actions to be taken or improvements to be made with respect to the specific audits reviewed or the audit organization’s quality control policies and procedures;
 - vi. Communication of the identified findings to OCA audit management with subsequent follow-up to allow OCA to take prompt and appropriate action where necessary, which may include:
 - a description of the monitoring procedures performed;
 - the conclusions drawn from the monitoring procedures;
 - where relevant, a description of the systemic, repetitive, or other significant deficiencies and of the actions taken to resolve those deficiencies.
 - vii. Consideration of findings by appropriate OCA management who also determine whether actions necessary, including necessary modifications to the quality control system, are performed on a timely basis.
- (c) Follow-up on previous findings. Monitoring procedures include an evaluation of whether OCA has taken appropriate corrective action to address findings and recommendations from previous monitoring and peer reviews. Personnel involved in monitoring use this information as part of the assessment of risk associated with the design and implementation of OCA’s quality control system and in determining the nature, timing, and extent of monitoring procedures.

(3) External Peer Review

OCA, as an audit organization performing audits and attestation engagements in accordance with GAGAS, 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 with applicable professional standards. (GAS 3.96)

The most recent peer review report will be made publicly available on the OCA website. The overall results and the availability of the external peer review report will be communicated to the BCC. (GAS 3.105)

When using another audit organization's work in an OCA audit by OCA auditors, OCA auditors should request a copy of the other audit organization's latest peer review report and any other written communication issued. (GAS 3.107)

2.3 **Quality Control System - Standards for Financial Audits and Attestation Engagements**

2.3.1 **Standards for Financial Audits and Attestation Engagements**

(1) **AICPA Standards**

For financial audits:

Financial audits provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) are presented fairly in accordance with recognized criteria. Financial audits performed in accordance with GAGAS include financial statement audits and other related financial audits, which are described in more depth in GAS 2.07.

GAGAS incorporates by reference the American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards (SAS), as discussed in GAS 2.08. All sections of the SASs are incorporated, including the introduction, objectives, definitions, requirements, and application and other explanatory material. (GAS 4.01)

GAGAS establishes requirements for performing financial audits in addition to the requirements contained in the AICPA standards. OCA auditors should comply with these additional requirements, along with the incorporated SASs, when citing GAGAS in their reports. The additional requirements for performing financial audits relate to:

- a. auditor communication;
- b. previous audits and attestation engagements;
- c. fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse;
- d. developing elements of a finding; and
- e. audit documentation. (GAS 4.02)

For attestation engagements:

Attestation engagements can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion depending on

the users' needs. Attestation engagements result in an examination, a review, or an agreed-upon procedures report on a subject matter or on an assertion about a subject matter that is the responsibility of another party. The three types of attestation engagements are described in more depth in GAS 2.09.

GAGAS incorporates by reference the AICPA's general attestation standard on criteria, the field work and reporting attestation standards, and the corresponding Statements on Standards for Attestation Engagements (SSAE) as discussed in GAS 2.09 and 5.01. OCA auditors performing attestation engagements in accordance with GAGAS should also comply with the additional requirements in Chapter 5 - *Standards for Attestation Engagements*. (GAS 5.01)

An attestation engagement can provide one of three levels of service as defined by the AICPA, namely an examination engagement, a review engagement, or an agreed-upon procedures engagement. OCA auditors performing an attestation engagement should determine which of the three levels of service apply to that engagement and refer to the appropriate AICPA standards and GAGAS section for applicable requirements and considerations. (GAS 5.02)

(2) Auditor Communications

In addition to the AICPA requirements for auditor communication, OCA auditors should communicate, in writing, pertinent information that in the auditors' professional judgment needs to be communicated to individuals contracting for or requesting the audit or examination engagement, and to cognizant legislative committees when OCA auditors perform the audit pursuant to law or regulation, or they conduct the work for the legislative committee that has oversight. (GAS 4.03-4.04, GAS 5.04-5.05)

(3) Previous Audits and Attestation Engagements

OCA auditors should evaluate whether appropriate corrective action has been taken and recommendations implemented to address findings and recommendations from previous audits, attestation engagements, and other studies directly related to the objectives of the audit. OCA auditors should use this information in assessing risk and determining the nature, timing, and extent of current work and determining the extent to which testing of the corrective actions is applicable to the audit objectives. (GAS 4.05. 5.06)

(4) Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse

For financial audits:

OCA auditors extend the AICPA requirements pertaining to the auditors' responsibilities for laws and regulations to also apply to consideration of compliance with provisions of contracts or grant agreements. If OCA auditors become aware of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives, OCA auditors should apply audit procedures specifically directed to ascertain the potential effect on the financial statements or other financial data significant to the audit objectives. (GAS 4.06, 4.08)

For examination-level attestation engagements:

OCA auditors design the engagement to detect instances of fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that may have a material effect on the subject matter or the assertion thereon of the examination engagement. If OCA auditors become aware of abuse that could be quantitatively or qualitatively material, auditors should apply procedures specifically directed to ascertain the potential effect on the subject matter, or the assertion thereon, or other data significant to the objective of the examination engagement. (GAS 5.07, 5.09)

For financial audits and examination-level attestation engagements:

If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor's responsibility. OCA auditors' responsibilities are to report the evidence encountered to audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics. (Code Sec. 2-478)

OCA auditors should avoid interfering with investigations or legal proceedings in their pursuance of indications of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse. (GAS 4.09, 5.10)

(5) Elements of a Finding

OCA auditors should plan and perform procedures to develop the elements of findings that are relevant and necessary to achieve the audit or examination engagement objectives. The elements of an audit finding are:

criteria, condition, cause, and effect or potential effect. (GAS 4.10-4.14, 5.11-5.15)

Criteria: The laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. Criteria provide a context for evaluating evidence and understanding the findings. (GAS 4.11, 5.12)

Condition: Condition is a situation that exists. The condition is determined and documented during the audit or engagement. (GAS 4.12, 5.13)

Cause: The cause identifies the reason or explanation for the condition or the factor or factors responsible for the difference between the situation that exists (condition) and the required or desired state (criteria), which may also serve as a basis for recommendations for corrective actions. Common factors include poorly designed policies, procedures, or criteria; inconsistent, incomplete, or incorrect implementation; or factors beyond the control of program management. OCA auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor or factors contributing to the difference between the condition and the criteria. (GAS 4.13, 5.14)

Effect or potential effect: The effect is a clear, logical link to establish the impact or potential impact of the difference between the situation that exists (condition) and the required or desired state (criteria). The effect or potential effect identifies the outcomes or consequences of the condition. When the audit or engagement objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit or engagement, “effect” is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks. (GAS 4.14)

(6) Documentation

For financial audits:

In addition to the AICPA requirements for audit documentation, OCA auditors should comply with the following additional requirements when performing a GAGAS financial audit:

- (a) Document supervisory review, before the report release date, of the evidence that supports the findings, conclusions, and recommendations contained in the auditors' report. (GAS 4.15)
- (b) Document any departures from the GAGAS requirements and the impact on the audit and on the OCA auditors' conclusions when the audit is not in compliance with applicable GAGAS requirements due to law, regulation, scope limitations, restrictions on access to records, or other issues impacting the audit. (GAS 4.15)

For examination-level attestation engagements:

In addition to the AICPA requirements for audit documentation, OCA auditors should comply with the following additional requirements when performing a GAGAS examination engagement:

- (a) Prepare attest documentation in sufficient detail to enable an experienced auditor to understand the nature, timing, extent, and results of procedures performed, the evidence obtained, the sources of evidence, and the conclusions reached. (GAS 5.16)
- (b) Document supervisory review, before the date of the examination report, of the evidence that supports the findings, conclusions, and recommendations contained in the examination report. (GAS 5.16)
- (c) Document any departures from the GAGAS requirements and the impact on the engagement and on the auditors' conclusions when the examination is not in compliance with applicable GAGAS requirements due to law, regulation, scope limitations, restrictions on access to records, or other issues impacting the audit. (GAS 5.16)

For financial audits and examination-level attestation engagements:

When performing GAGAS financial audits or examination engagements, OCA auditors should make appropriate individuals, as well as audit or attest documentation available upon request and in a timely manner to other auditors or reviewers; subject to applicable laws and regulations. (GAS 4.16, 5.17)

2.3.2 Reporting Standards for Financial Audits and Attestation Engagements

In addition to the AICPA requirements for reporting, OCA auditors should comply with the following additional requirements when citing GAGAS in their reports. The additional requirements relate to:

- (1) reporting auditors' compliance with GAGAS;
- (2) reporting on internal control and compliance with provisions of laws, regulations, contracts, and grant agreements;
- (3) communicating deficiencies in internal control, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse;
- (4) reporting views of responsible officials;
- (5) reporting confidential or sensitive information; and
- (6) distributing reports. (GAS 4.17, 5.18)

(1) Reporting Auditors' Compliance with GAGAS

Reports should state that the audit or examination engagement was performed in accordance with GAGAS. When OCA auditors do not comply with applicable requirement(s), they should assess the significance of the noncompliance to the audit objectives, document the assessments, along with their reasons for not following the requirement(s) and determine the type of GAGAS compliance statement. (GAS 2.24, 2.25, 4.18, 5.19)

(2) Reporting on Internal Control and Compliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements

For financial audits:

When providing an opinion or a disclaimer on financial statements, OCA auditors must also report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the financial statements. (GAS 4.19)

- (a) OCA auditors should include a description of the scope of the auditors' testing of internal controls and compliance. OCA auditors should state in the reports whether tests they performed provided sufficient, appropriate evidence to support an opinion on the effectiveness of internal control and on compliance. (GAS 4.20)
- (b) If separate report(s) are issued, the OCA auditor should:
 - Include a reference to the separate reports in the report on financial statements;
 - State in the financial statement audit report that they are issuing those additional reports;
 - State that the reports on internal control over financial reporting and compliance are an integral part of a GAGAS audit in

considering internal control over financial reporting and compliance. (GAS 4.22)

(3) Reporting Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse

(a) If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor's responsibility. OCA auditors' responsibilities are to report the evidence encountered to OCA audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics. (Code Sec. 2-478)

(b) For financial audits:

OCA auditors should communicate in the report, based on the work performed, on internal control over financial reporting and compliance

- Significant deficiencies and material weaknesses in internal control,
- Instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter and any other instances that warrant attention of those charged with governance,
- Noncompliance with provisions of contracts or grant agreements that has a material effect on the audit,
- Abuse that has a material effect on the subject matter. (GAS 4.23)

(c) For examination engagements:

OCA auditors should report, based upon the work performed:

- Significant deficiencies and material weaknesses in internal control,
- Instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter and any other instances that warrant attention of those charged with governance,
- Noncompliance with provisions of contracts or grant agreements that has a material effect on the subject matter or an assertion about the subject matter of the engagement, and
- Abuse that has a material effect on the subject matter.

If separate report(s) are issued, the examination report should include a reference to the separate report(s) and state the separate report(s) are an integral part of the examination engagement. (GAS 5.20-5.23).

(d) For financial audits and examination-level attestation engagements:

When OCA auditors conclude, for financial audits and examination engagements, that any of the following has occurred or is likely to have occurred, they should include in their report the relevant information about:

- Fraud and noncompliance that have a material effect on the subject matter/financial statements and any other instances that warrant the attention of those charged with governance; (GAS 4.25, 5.24)
- Abuse that is material, either quantitatively or qualitatively. (GAS 4.25, 5.24)

When OCA auditors detect instances of noncompliance or abuse that are less than material but warrant the attention of those charged with governance, they should communicate those findings in writing to audited entity officials. (GAS 4.26, 5.25)

(e) Presenting Findings in the Auditors' Report

For financial audits and examination engagements:

Develop the elements of the findings to the extent necessary to assist with understanding the need for taking corrective actions and making recommendations. OCA auditors should place their findings in perspective by describing the nature and extent of the issues being reported and the extent of work performed. The findings should be related to the population or number of cases examined or other measures as appropriate. If results cannot be projected, the OCA auditors' conclusions should be appropriately limited. (GAS 4.28-4.29, 5.27-5.28)

(f) Reporting Findings Directly to Parties Outside the Audited Entity.

For financial audits and examination engagements:

Report known or likely fraud or noncompliance with laws, regulations, contracts, or grant agreements or abuse to outside parties when: 1) management fails to report as required or 2) management fails to take timely and appropriate steps to respond to fraud or noncompliance even if they have resigned or been dismissed from the engagement prior to its completion. Obtain sufficient, appropriate evidence to corroborate assertions that such findings have been reported in accordance with laws, regulations, or funding agreements. If OCA auditors are unable to do so, then such information should be reported directly by the OCA auditor. (GAS 4.30-4.32, 5.29-5.31)

(4) Reporting Views of Responsible Officials

For financial audits and examination engagements:

If the OCA auditors' report discloses deficiencies in internal control, fraud, noncompliance with provision of laws, regulations, contracts, or grant agreements, or abuse, OCA auditors should obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as planned corrective actions. (GAS 4.33, 5.32)

(a) OCA auditors should include in their report a copy of the officials' written comments or a summary. Auditors should include a summary of any oral comments received once they are reviewed for accuracy by the responsible officials. (GAS 4.35, 5.34)

(b) OCA auditors should include in the report an evaluation of the comments, as appropriate. (GAS 4.36, 5.35)

(c) When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, or when planned corrective actions do not adequately address the OCA auditors' recommendations, the OCA auditors should evaluate the validity of the audited entity's comments. If the OCA auditors disagree with the comments, they should explain in the report their reasons for disagreement. Conversely, the OCA auditors should modify their report as necessary if they find the comments valid and supported with sufficient, appropriate evidence. (GAS 4.38, 5.37)

(d) If the officials refuse to provide comments or are unable to provide comments in a reasonable timeframe, the OCA auditors should indicate in the report that the audited entity did not provide comments. (GAS 4.39, 5.38)

(5) Reporting Confidential and Sensitive Information

For financial audits and examination engagements:

If certain pertinent information is prohibited from public disclosure or excluded from the report due to confidential or sensitive nature of the information, auditors should disclose in the report that certain information has been omitted and the reason or other circumstance that makes the omission necessary. Auditors should evaluate whether this omission could distort the audit or examination engagement results or conceal improper or illegal practices. When the audit organizations are subject to public records laws, auditors should determine whether these laws could impact the availability of classified or limited use reports and affect how they might communicate results. (GAS 4.40-4.44, 5.39-5.43)

See Section 1.7 of this manual and Chapter 119, Florida Statutes for additional guidance.

- (6) Report Issuance And Distribution
For financial audits, and examination, review, and agreed upon attestation agreements
OCA auditors should document any limitation on report distribution.
- (a) OCA auditors should distribute reports to those charged with governance, to the appropriate officials of the audited entity, and to the appropriate oversight bodies. As appropriate, OCA auditors should also distribute copies of the report to other officials who have legal oversight authority or who may be responsible for acting on findings and recommendations, and to others authorized to receive such reports. (GAS 4.45, 5.44, 5.52, 5.62)
- (b) As a minimum, standard distribution of OCA audit reports includes:
- The department/agency director(s) of the audited entity/entities;
 - Mayor;
 - Chairperson and Members of the Board of County Commissioners;
 - County Attorney;
 - Inspector General;
 - Director, Audit and Management Services Department; and
 - Electronic copies posted to OCA document archive and website.

2.3.3 Additional GAGAS Considerations for Financial Audits and Examination Engagements

(1) Materiality in GAGAS

For financial audits:

OCA auditors are required to apply the concept of materiality appropriately in planning and performing the audit. (GAS 4.47)

For examination engagements:

The AICPA Standards require that one of the factors to be considered when planning the engagement includes preliminary judgments about attestation risk and materiality for attest purposes. (GAS 5.46)

2.3.4 Additional GAGAS Requirements for Review and Agreed-Upon Procedures Engagements

- (1) *For review and agreed-upon procedures engagements*
If, on the basis of conducting the procedures necessary to perform a review, significant deficiencies; material weaknesses; instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse come to the OCA auditors' attention that warrant the attention of those charged with governance, GAGAS requires that OCA auditors should communicate such matters to audited entity officials. (GAS 5.49, 5.59)
- (2) *For review and agreed-upon procedures engagements*
When OCA auditors comply with all applicable requirements for a review engagement conducted in accordance with GAGAS, they should include a statement in the report that they performed the engagement in accordance with GAGAS. (GAS 5.51, 5.61)
- (3) *For review and agreed-upon procedures engagements*
The AICPA standards require OCA auditors to establish an understanding with the BCC and the audited entity* regarding the services to be performed. The understanding includes the objectives of the engagement, responsibilities of entity management, responsibilities of auditors, and limitations of the engagement. (GAS 5.54, 5.64)

*Clarification: All of OCA's services, audit and nonaudit services, are statutorily provided for the BCC and on behalf of the BCC. In all cases, OCA auditors may find it appropriate to communicate information regarding the services to be performed to the individuals requesting the engagement (BCC), as well as the audited entity management. Such an understanding can help OCA auditors avoid any misunderstandings regarding the nature of the engagement.
- (4) *For review engagements*
The AICPA standards require that the OCA auditors' review report be in the form of a conclusion expressed in the form of negative assurance. (GAS 5.56)
- (5) *For agreed-upon procedures engagements*
The AICPA standards require that the OCA auditors' report on agreed-upon procedures engagements be in the form of procedures and findings and specifies the required elements to be contained in the report. (GAS 5.66)

2.4 **Quality Control System - Standards for Performance Audits**

2.4.1 Fieldwork Standards for Performance Audits

The purpose of field work requirements is to establish an overall approach for auditors to apply in obtaining reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions. The field work requirements for performance audits relate to planning the audit; supervising staff; obtaining sufficient, appropriate evidence; and preparing audit documentation. (GAS 6.01)

In performance audits that comply with GAGAS, OCA auditors obtain reasonable assurance that evidence is sufficient and appropriate to support the auditors' findings and conclusions in relation to the audit objectives. (GAS 6.03)

Significance is defined as the relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors. Such factors include the magnitude of the matter in relation to the subject matter of the audit, the nature and effect of the matter, the relevance of the matter, the needs and interests of an objective third party with knowledge of the relevant information, and the impact of the matter to the audited program or activity. (GAS 6.04)

Audit risk is the possibility that the OCA auditors' findings, conclusions, recommendations, or assurance may be improper or incomplete, as a result of factors such as evidence that is not sufficient and/or appropriate, an inadequate audit process, or intentional omissions or misleading information due to misrepresentation or fraud. The assessment of audit risk involves both qualitative and quantitative considerations. Audit risk includes the risk that auditors will not detect a mistake, inconsistency, significant error, or fraud in the evidence supporting the audit. (GAS 6.05)

(1) Planning

- (a) OCA auditors must adequately plan and document the planning of the work necessary to address the audit objectives. (GAS 6.06)

OCA auditors must plan the audit to reduce audit risk to an appropriate level for the auditors to obtain reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions. In planning the audit, OCA auditors should assess significance and audit risk and apply these assessments in defining the audit objectives and the scope and methodology to address those objectives. Planning is a continuous process throughout the audit.

Therefore, auditors may need to adjust the audit objectives, scope, and methodology as work is being completed. (GAS 6.07)

The objectives are what the audit is intended to accomplish. They identify the audit subject matter and performance aspects to be included, and may also include the potential findings and reporting elements that the auditors expect to develop. (GAS 6.08)

Scope is the boundary of the audit and is directly tied to the audit objectives. The scope defines the subject matter that the OCA auditors will assess and report on, such as a particular program or aspect of a program, the necessary documents or records, the period of time reviewed, and the locations that will be included. (GAS 6.09)

The methodology describes the nature and extent of audit procedures for gathering and analyzing evidence to address the audit objectives. Audit procedures are the specific steps and tests OCA auditors perform to address the audit objectives. OCA auditors should design the methodology to obtain reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions in relation to the audit objectives and to reduce audit risk to an acceptable level. (GAS 6.10)

- (b) OCA auditors should assess audit risk and significance within the context of the audit objectives by gaining an understanding of the following:
- i. the nature and profile of the programs and the needs of potential users of the audit report; (GAS 6.11a, 6.13)
 - ii. internal control as it relates to the specific objectives and scope of the audit; (GAS 6.11b, 6.16)
 - iii. information systems controls for purposes of assessing audit risk and planning the audit within the context of the audit objectives; (GAS 6.11c, 6.24, 6.27)
 - iv. provisions of laws, regulations, contracts, and grant agreements, and potential fraud, and abuse that are significant within the context of the audit objectives; (GAS 6.11d, 6.28, 6.30-6.32, 6.34)
 - v. ongoing investigations or legal proceedings within the context of the audit objectives; (GAS 6.11e, 6.35), and
 - vi. the results of previous audits and attestation engagements that directly relate to the current audit objectives. (GAS 6.11f, 6.36)
- (c) To the extent relevant to the audit objectives, OCA auditors should identify potential criteria and sources of audit evidence, including the

work of other auditors or experts, necessary to plan the audit work. (GAS 6.12 a-c, 6.37, 6.38, 6.40-6.42)

- (d) Based on assessment of the information gained, OCA auditors should determine the type and amount of evidence needed to obtain sufficient, appropriate evidence to address the audit objectives. When OCA auditors conclude that sufficient, appropriate evidence is not available, OCA auditors should evaluate whether internal control or other program weaknesses are the cause. (GAS 6.39)
- (e) OCA auditors should extend audit procedures when there are indications that fraud or abuse significant to the audit objectives may have occurred. If the potential fraud is not significant to the audit objectives, auditors may conduct additional work as a separate engagement or refer the matter to other parties with oversight responsibility. OCA auditors should avoid interfering with legal proceedings or investigations. (GAS 6.32, 6.34-6.35)
- (f) OCA auditors who intend to use the work of a specialist should assess the specialist's professional qualifications and independence, which involves the following:
 - Professional Certifications
 - Licenses, or other recognition of competence
 - Reputation and standing with peers
 - Experience and previous work
 - Prior experience the auditor has had with the specialist.

Assessing independence includes identifying threats and applying safeguards in the same manner as would apply to assigned OCA auditors. (GAS 6.12d, 6.43-6.44)

- (g) OCA audit management should assign a sufficient number of staff with the appropriate collective skill and competence to perform the audit, including staff and supervisors, providing for on-the-job training of staff, and engaging specialists when necessary. OCA auditors should document the nature and scope of work to be performed by specialists engaged. (GAS 6.12d, 6.45-6.46)
- (h) OCA auditors should communicate an overview of the planned objectives, scope, methodology, timing and reporting of the performance audit to management of the audited entity, those charged with governance, and requestors as applicable; except when communication would impair ability to obtain evidence.

OCA auditors should document the communication and any process used to identify those who should receive communications.

If an audit is terminated before it is completed and no audit report is issued, OCA auditors should document the results of their work to date and why it was terminated. (GAS 6.12e, 6.47-6.50)

- (i) OCA auditors must prepare a written audit plan for each audit. OCA auditors should update the plan as necessary. (GAS 6.12f; 6.51)

(2) Supervision

OCA audit supervisors must properly supervise OCA audit staff. Elements of supervision include:

- Directing and guiding OCA staff members in conducting work and following standards,
- Staying informed about significant problems encountered,
- Reviewing the work performed before the audit report is issued, and
- Providing effective on-the-job training.

The nature and extent of supervision of staff and the review of audit work may vary depending on a number of factors. Reviews of audit work should be documented. (GAS 6.53-6.55, 6.83c)

(3) Evidence

- (a) OCA auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions. Sufficiency refers to the amount of evidence gathered and presented. Appropriateness refers to the quality of evidence including its relevance to the audit objectives, reliability, and validity. (GAS 6.56-5.57)
- (b) OCA auditors document assessment that evidence taken as a whole is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions. (GAS 6.58, 6.67, 6.69)
- (c) OCA auditors evaluate testimonial evidence and information provided by officials when used as evidence. (GAS 6.62, 6.65)
- (d) OCA auditors Assess sufficiency and appropriateness of computer-processed information. (GAS 6.66)

- (e) OCA auditors, based on the assessment of the evidence, apply additional procedures, redefine the audit objectives, or revise the findings and conclusions, if necessary. (GAS 6.71-6.72)
- (f) OCA auditors plan and perform procedures to develop the elements of a finding to address audit objectives and develop recommendations for corrective action. (GAS 6.73)

(4) Documentation

- (a) OCA auditors must prepare audit documentation related to planning, conducting, and reporting for each audit before issuing the report. Documentation should provide enough detail for an experienced auditor to understand the nature, timing, extent and results of work; evidence obtained; sources of evidence; and auditors' conclusions and significant judgments including:
 - objectives, scope, methodology of the audit;
 - work performed and evidence obtained to support significant judgments and conclusions, including descriptions of transactions and records examined;
 - evidence of supervisory review of the evidence that supports the findings, conclusions, and recommendations. (GAS 6.79-6.83)
- (b) OCA auditors should document departures from GAS requirements and the impact on the audit and auditors' conclusions (GAS 6.84)
- (c) OCA should make appropriate individuals and audit documentation available to other auditors or reviewers upon request, subject to applicable laws and regulations. (GAS 6.85)

2.4.2 Reporting Standards for Performance Audits

(1) Reporting

- (a) OCA auditors must issue audit reports communicating the results of each completed performance audit. OCA auditors should use a form of the audit report that is appropriate for its intended use and is in writing or in some other retrievable form. The purposes of audit reports are to:
 - Communicate the results of audits to the appropriate officials
 - Make results less susceptible to misunderstanding
 - Make results available to the public, unless specifically limited (see 7.40)

- Facilitate follow-up to determine whether appropriate corrective actions have been taken (GAS 7.03-05)
- (b) If an audit is terminated before it is completed and no audit report is issued, OCA auditors should document results of their work to date and why it was terminated. (GAS 7.06)
- (c) If after the report is issued, OCA auditors discover that they did not have sufficient, appropriate evidence, OCA auditors should communicate this information to appropriate officials, remove the report from publicly accessible websites, and determine whether to conduct additional audit work necessary to revise or confirm the original findings and conclusions. (GAS 7.07)

(2) Report Contents

(a) OCA auditors should prepare audit reports that contain:

- Objectives, scope (including limitations and constraints), and methodology of the audit;
- Audit results, including findings, conclusions, and recommendations, as appropriate;
- Statement about the auditors' compliance with GAGAS;
- Summary of the views of responsible officials; and
- Nature of any confidential or sensitive information omitted, if applicable. (GAS 7.08-13)

(b) In the audit report, OCA auditors should present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives.

OCA auditors should describe limitations or uncertainties with the reliability or validity of evidence, should place their findings in perspective by describing the nature and extent of the issues, should disclose significant facts relevant to the objectives of their work, and should report deficiencies in internal control; instances of fraud, non-compliance with laws or regulations, contracts, or grant agreements; or abuse that are significant within the context of the audit objectives. (GAS 7.14-7.18)

(c) OCA auditors should include in the audit report:

The scope of their work on internal control, and any deficiencies in internal control that are significant within the context of the audit objectives and based upon the audit work performed.

OCA auditors should document and refer to any written communication regarding internal control deficiencies in the audit report if such communication is separate from the audit report. (GAS 7.19)

- (d) When OCA auditors conclude, based on sufficient, appropriate evidence, that fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse either has occurred or is likely to have occurred which is significant to the audit objectives, they should report the matter, in writing, as a finding. (GAS 7.21-7.22)

If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor's responsibility. OCA auditors' responsibilities are to report the evidence encountered to audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics. (Code Sec. 2-478)

- (e) OCA auditors should report known or likely fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse directly to parties outside the audited entity when, (a) entity management fails to satisfy legal or regulatory requirements to report such information to external parties, and/or (b) when entity management fails to take timely and appropriate steps to respond to known or likely fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse. (GAS 7.24-7.26)

If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor's responsibility. OCA auditors' responsibilities are to report the evidence encountered to audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics. (Code Sec. 2-478)

- (f) OCA auditors should report conclusions based on the audit objectives and the audit findings. Report conclusions are logical inferences about the program based on the auditors' findings, not merely a summary of the findings. (GAS 7.27)

- (g) OCA auditors should recommend actions to correct problems identified during the audit and to improve programs and operations when the potential for improvement in programs, operations, and performance is substantiated by the reported findings and conclusions. OCA auditors should make recommendations that flow logically from the findings and conclusions, are directed at resolving the cause of identified problems, and clearly state the actions recommended. (GAS 7.28-7.29)
- (h) When OCA auditors comply with all applicable GAGAS requirements, they should use the following language, which represents an unmodified GAGAS compliance statement, in the audit report to indicate that they performed the audit in accordance with GAGAS. [See GAS 2.24, 2.25]

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

When OCA auditors do not comply with all applicable GAGAS requirements, they should include a modified GAGAS compliance statement in the audit report.

[See GAS 2.24, 2.25]. (GAS 7.08, 7.30-7.31)

- (i) Providing a draft report with findings for review and comment by responsible officials of the audited entity and others helps the OCA auditors develop a report that is fair, complete, and objective. Including responsible officials' views results in a report that presents not only the auditors' findings, conclusions, and recommendations, but also the perspectives of the responsible officials of the audited entity and the corrective actions they plan to take.

Obtaining the comments in writing is preferred, but oral comments are acceptable.

OCA auditors should include in their report a copy of any written comments from responsible officials when received or a summary of the written or oral comments. Where appropriate, auditors should include an evaluation of the comments, and if OCA auditors disagree with the comments, they should explain their reasons. Conversely,

OCA auditors should modify their report if they find the comments valid and supported with sufficient, appropriate evidence.
(GAS 7.08, 7.32-7.38)

- (j) If certain pertinent information is prohibited from public disclosure or is excluded from a report due to the confidential or sensitive nature of the information, OCA auditors should disclose in the report that certain information has been omitted and the reason or other circumstances that makes the omission necessary.

When certain information is classified or otherwise prohibited from general disclosure by federal, state, or local laws or regulations, OCA auditors may issue a separate, classified or limited use report to only persons authorized by law or regulation to receive it.

OCA auditors should evaluate whether excluding certain information is appropriate considering the broad public interest in the program or activity under review. When audit organizations are subject to public records laws, auditors should determine whether those laws could impact the availability of classified or limited use reports and whether other means of communicating to officials would be more appropriate.
(GAS 7.08, 7.39-7.43)

(3) Distributing Reports

OCA auditors should document any limitation on report distribution.
(GAS 7.44)

OCA should distribute audit reports to:

- Those charged with governance
- Appropriate officials of the audited entity
- Appropriate oversight bodies or organizations requiring or arranging for the audits
- Others authorized to receive such reports as appropriate

Standard distribution of OCA audit reports includes:

- The department/agency director(s) of the audited entity/entities;
- Mayor;
- Chairperson and Members of the Board of County Commissioners;
- County Attorney;
- Inspector General;
- Director of Audit and Management Services Department; and
- Electronic copies posted to OCA document archive and website.

2.5 Audit Procedures

2.5.1 Audit Working Papers

OCA auditors must prepare audit documentation related to planning, conducting, and reporting for each audit. OCA 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. OCA auditors should prepare audit documentation that contains support for findings, conclusions, and recommendations before they issue their report.

Working papers are used to document audit work, results, findings and recommendations of audit projects.

(1) Creating a Working Paper

Standard forms in the Audit Forms Library, [\\S0020097\oca\COMMON\Audit Forms Library](#), are established to help provide reasonable assurance of compliance of the audit with applicable Audit Standards. Standard forms shall be used for applicable work papers during the course of an audit. The forms may be tailored by the auditor to best suit project needs.

Other types of working papers will be created by the auditor or will consist of other documents incorporated as appropriate to best suit project needs and evidentiary requirements.

(2) Each working paper created shall include the following information:

- Purpose/heading/source (on the first page);
- Signature/initials of both the auditor and reviewer;
- Dates of when working paper was prepared and reviewed;
- Working paper number and number of pages (if more than 1);
- Tick mark explanation (if used); and
- References to other working papers as needed.

(3) All working paper numbers shall follow the numbering convention of Audit Program.

(4) At the completion of each phase of the audit, working papers shall be reviewed by auditor in charge and subsequently submitted to audit supervisor for review and signature/initials.

- (5) The working paper number and page numbers shall be placed at the bottom of the page. Tick mark explanation (if used) shall be placed together in a visible position on the working paper. Any references to other working papers shall be placed beside what it relates to. Remember to put the source, date of receipt, and purpose on the first page of each working paper you include in the working paper file.
- (6) If the incorporated working paper is less than five (5) pages, the auditor shall include all the steps from the prior paragraph on all pages.
- (7) If the incorporated working paper is more than five (5) pages, the auditor shall include all the steps from the prior paragraph on the first page only and put the working paper number and consecutive page numbers on the rest of the pages.

2.5.2 Starting the Audit

The steps listed below shall be followed when assigned an audit:

- (1) Get a hard backed binder with pockets.
- (2) Create an electronic folder to store your audit files.
- (3) OCA auditors must plan the audit in accordance with GAGAS Audit Standards to reduce audit risk to an appropriate level for the auditors to provide reasonable assurance that the evidence is sufficient and appropriate to support the auditors' findings and conclusions. This determination is a matter of collective professional judgment by the auditor in charge and audit management, with the Commission Auditor making the final determination. In planning the audit, OCA auditors should assess significance and audit risk, and apply these assessments in defining the audit objectives and the scope and methodology to address those objectives.
- (4) Schedule a planning meeting with the Audit Manager/Supervisor to develop the objective, scope, materiality and the engagement letter of the audit. Use the preliminary phase of the Planning Memo format from the Audit Forms Library for documentation. If the area had been previously audited, review the permanent files, including audits from other organizations, for familiarization with unique operation of the unit. Consider best practices and audit programs/experiences from other organizations, when appropriate, and consider audit team skills and opportunities for on-the-job training. Evaluate and discuss new developments that may impact the planned audit and the audited entity. For financial audits and attestation engagements, consider applicable

AICPA standards required by GAS or other standards and criteria determined appropriate by audit management.

- (5) It is always wise to create an index. The index is used to maintain a listing of all working papers with their respective working paper numbers that are in the binder(s). The index should be kept up-to-date; however, you do not have to print a copy every time something is added. Use your judgment. The printed copy should be stored in the front side pocket of the binder for easy reference.
- (6) An Interview-Contact Log may be employed using the form in the Audit Forms Library to track project activities and to better enable timely, accurate follow-up on information requests for the audit. Save the file to the audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit. This file is updated throughout the audit process.

2.5.3. Risk Analysis

Risk analysis is a procedure to identify threats and vulnerabilities in the area to be audited. It is the quantitative or qualitative measurement of the potential loss and probability of occurrence of an adverse event in the organization. During the planning stage, the auditor should perform an analysis of the audit risks that impact on the auditee to detect high-risk areas where audit effort can be concentrated. Audit can thus focus on areas which are likely to generate better assurance instead of sampling and testing of larger but low risk areas. It structures the audit procedures and re-organizes the audit work in terms of risk perception.

2.5.4 Audit Program

The audit program shell that is located in the Audit Forms Library is a planning document that outlines the steps to be performed during the audit process. When completed by the auditor, it includes all compliance and substantive test to be performed during the audit. Save the file to the audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit. The file shall be updated throughout the audit process.

2.5.5 Audit Authorization

Complete an Audit Authorization form. The audit authorization is formal authorization to begin a project and also results in the assignment of a Project Number. Save the file using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit. Items to be

determined include the estimated completion date and budgeted hours. Consult with the Audit Manager/Supervisor before completing this form.

After the form is completed and has been reviewed by your supervisor and manager, it shall be submitted to the Commission Auditor for approval and project number assignment. The authorization and any other working papers created shall be placed in the working papers.

2.5.6 Certificate Of Independence

Complete a Certificate of Independence. This gives the assurance that all staff members involved in the audit are objective and independent from the subject(s) being audited.

OCA auditors and audit organizations must maintain independence so that their opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by objective third parties with knowledge of the relevant information. OCA auditors should avoid situations that could lead objective third parties with knowledge of the relevant information to conclude that the auditors are not able to maintain independence and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the audit and reporting on the work.

Save the file to your audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit. Before printing the form, enter the Project Name, Number and Date fields in the footer. Print the form and route to all staff members involved in your audit. When all members have completed the form and the Audit Manager has signed the form, place the form in the audit binder.

As other auditors become involved in the audit, they will also acknowledge their independence on this Certificate of Independence.

2.5.7 Preparing for the Entrance Conference

The Entrance Conference is conducted to establish contact with the Department staff that will be affected by our audit process. It also serves to promote understanding between the audit team and the auditee as to the nature, timing and extent of the audit. The audit objective, audit process, and report format is explained at the conference. The auditee also designates a contact person available for question from the audit team, as necessary. The Department staff may ask questions or discuss their concerns during this meeting.

To prepare for the Entrance Conference, you should follow the steps listed below:

- Determine who should attend the Entrance Conference. The Commission Auditor and the Audit Manager shall always be included as attendees to the entrance conference.
- Draft the Entrance Conference letter. The entrance conference letter is formal notification to the Department(s) or Division(s) of OCA’s intent to begin the audit and to confirm the date and time of the entrance conference. For financial audits only: In communicating the nature of services and level of assurance provided, OCA auditors should specifically address their planned work and reporting related to testing internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements.
- After the Entrance Conference has been approved by the Audit Manager, contact the Support person requesting her/him to set up an entrance conference for this audit. Make sure you provide him/her with a list of all attendees. The Support person should notify you and all participants in Office of the Commission Auditor when an entrance Conference has been scheduled.
- Prepare the Entrance Conference Agenda. The agenda is used by the Commission Auditor to keep the conference discussion on target. Save the file to your audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit.. Consult with your supervisor if you have any questions.
- Attend the Entrance Conference. Be sure to take copies of the agenda to the conference to pass around to attendees. The Commission Auditor will introduce the audit team and discuss the audit objective and scope, the Audit Manager will explain the audit process and the Auditor-in-Charge will discuss the preliminary review and fieldwork. Take notes of the conference including who is attending, from where, and job titles.
- Write the Entrance Conference Summary. The summary should be completed by the end of business on the day of the entrance conference. The longer you wait, the less you may remember to complete your notes. Save the file to the audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit.

2.5.8 Performing the Preliminary Review

The preliminary review is the research performed to determine what steps could be included in the audit program to achieve the objectives. It helps to identify the risks the auditee may be exposed to and the potential impact such risks might have on the County. Preliminary reviews are typically completed through narratives, flowcharts, document samples, and internal control questionnaires. Internal Control Questionnaires help evaluate internal controls related to the recording of business transactions, safeguarding County assets, compliance with policies, and promotion of operational efficiency. Below are common area usually reviewed when performing your preliminary review. This may vary with each project.

Do not underestimate the importance of the preliminary review. It is a primary mechanism for determining what documentation will be needed from the audited entity. Inadequate preliminary review can substantially increase the time necessary to complete an audit and can manifest itself in the need for repeated requests for additional documentation from an audited entity.

- (1) Legal Background Summary – Review and summarize all Federal Rules, State Statutes, Miami-Dade County Code, Resolutions, and Implementing/Administrative Orders that relate to your project. Remember this should help identify issues of concern. Only supporting documentation relating to the audit should be included in your working papers.
- (2) Department Strategic Plan Summary – If necessary, review and summarize the Department/Division's Strategic Plan to identify areas of concern. Number and include in working papers.
- (3) Supporting Documentation – Supporting documentation, such as pages from the Department Strategic Plan or Division Plan, etc., should be referenced or consist of extracts of only the information that is needed. When appropriate, include only extracts of pages of references cited in your summary. Include appropriate attribution for extracts, quotations and references to material from other documents.
- (4) Financial Background Summary – If necessary, review and summarize the financial background information to identify areas of concern. Number and include in working paper.

Supporting documentation, such as pages in the various budget documents/reports, etc., should be referenced. When appropriate, include only extracts from references cited in your summary. Include appropriate attribution for extracts, quotations and references to material from other documents.

- (5) Related Reports Summary – OCA auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements that are significant within the context of the audit objectives. Review and summarize all available related reports. When incorporating the work of other auditors, request and review a copy of their most recent external peer review/quality assurance review and any applicable management letter.

Supporting documentation, such as pages from internal, state or federal audit reports should be referenced. When appropriate, include only

extracts from references cited in your summary. Include appropriate attribution for extracts, quotations and references to material from other documents.

- (6) Department Policies and Procedures Summary – Review and summarize the Department’s Policies and Procedures.

Supporting documentation, such as pages from the related administrative or internal policies and/or procedures should be referenced. When appropriate, include only extracts from references cited in your summary.

- (7) Organization Charts - A copy of each related organization chart shall be included in the working papers, when appropriate. The Human Resources Department is the official keeper of organizational charts for the County. However, the audited entity or the OCA Budget Staff may have additional charts, such as functional or more detailed organization charts, that may be useful.

- (8) Position Descriptions - A copy of each related position description shall be included in the working papers, when appropriate. These positions may either be determined during your preliminary survey or afterwards.

- (9) Other Related Material - Depending on the type of audit being conducted, additional information related to organizational structures, time intervals, inputs/outputs/outcomes, etc. may be collected such as through use of preliminary surveys. Add this information at this point to the audit program. Remember to put the source, date of receipt, and purpose for the documents on the first page of any working paper you include in the working paper file which you have not created.

- (10) Preliminary Interviews - These types of interviews are conducted during the preliminary review phase to gather background information, understand the expectations of affected staff and to establish rapport. Staff to be interviewed should include Department Directors, Division Directors, program managers and staff responsible for day-to-day operations of the process being audited. Before interviewing any staff, develop a list of questions to ask.

- (11) Interview Summary – When you complete an interview, write the interview summary by the end of business on the day of the interview. The longer you wait, the less you may remember to complete your notes. Use the standard form in the Audit Library to summarize these interviews. Save the file to your audit directory using different file name for each interview form you use to distinguish the interviews. Remember to use file naming convention that can be easily understood by an experienced

auditor having no previous connection to the audit. Also remember to document any concerns that may have come up during the interview.

- (12) Review of Working Papers - All of the above steps shall be completed before you begin the field work phase of your audit. All working papers shall be completed, reviewed, signed and put in the binder. All review notes must be cleared and each page of working papers signed before inclusion in the binder. (Review notes shall also be included in the binder. See the audit program for location of inclusion.) The index and audit program should be updated and current at this point.
- (13) Internal Controls – To the extent relevant to audit objectives, assess significance and audit risk by evaluating and documenting the design and implementation of internal controls, including the information technology environment.
- (14) Fraud, Illegal Acts, Violations, and Abuse - To the extent relevant to audit objectives, assess significance and audit risk by evaluating and documenting the potential for fraud, illegal acts, violations and abuse. Based on the review of internal controls, if it is determined that the entity has been exposed, the auditor should:
 - Design tests to obtain reasonable assurance that no fraud, illegal acts, violations and abuse have occurred;
 - Bring evidence of fraud, illegal acts, violations and abuse to the attention of audit management and the Commission Auditor; and
 - Document in working papers.

If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor's responsibility. OCA auditors' responsibilities are to report the evidence encountered to audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics. (Code Sec. 2-478)

2.5.9 Conducting Fieldwork

When the Preliminary Review has been completed, the audit program is refined (as it is continuously through the audit) fieldwork steps are developed and undertaken to accomplish the audit objectives. Substantive tests, which may include physical examinations, financial and statistical analyses, interviews, surveys, sampling, checklists and other methodologies, shall be conducted to achieve audit objectives.

OCA auditors must obtain sufficient appropriate evidence to provide a reasonable basis for their findings and conclusions. Information in the report must be supported by documentation...not assumptions or speculation. When OCA auditors conclude that sufficient, appropriate evidence is not available, OCA auditors should evaluate whether internal control or other program weaknesses are the cause.

OCA auditors should exercise professional judgment in pursuing indications of possible fraud, illegal acts, violations of provisions of contracts and grant agreements, or abuse in order not to interfere with potential investigations, legal proceedings, or both. If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor's responsibility. OCA auditors' responsibilities are to report the evidence encountered to audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics.

- (1) Physical Examination – This is an inspection or count by an auditor of tangible assets to determine existence and condition. When appropriate, OCA auditors shall physically inspect tangible assets with inherent value to provide a reasonable basis for their findings and conclusions. Materiality and significance will be considered.
- (2) Analytical Procedures – Analytical audit procedures provide internal auditors with efficient and effective means of assessing and evaluating information collected in an engagement. Analytical procedures are performed by comparing information obtained with expectations identified or developed with the premise that, in the absence of known conditions to the contrary, relationships among information may reasonably be expected to exist and continue. Audit analytical software, such as ACL, statistical software, such as SPSS, or other resources may be used in the analyses.
- (3) Interviews - If interviews are conducted, the information shall be recorded using an interview summary working paper. A copy of a interview summary is located in the Audit Forms Library. Interviews conducted with individuals who are not biased and have direct knowledge about the area are generally more reliable than interviews conducted with individuals who are biased or have indirect or partial knowledge about the area. Remember to write interview summaries and save the files to your directory using different file names for each interview form to distinguish between the interviews.
- (4) Surveys - Surveys generally provide self-reported information about existing condition or programs. Evaluation of survey design and

administration assists auditors in evaluating the objectivity, credibility, and reliability of the self-reported information in the survey. Surveys can be conducted at any point during an audit, but usually are used during the preliminary or field work phase. Surveys may include all related staff of the affected audit area or it may include a sample of the staff. The size of the sample to whom the survey will be administered depends on the audit objectives and available time. If survey responses will be used to infer characteristics of a larger population, both the sample and the survey must be carefully designed to provide reliable results. Consult with OCA audit management prior when designing surveys.

Surveys may be conducted by in-person interviews, e-mail or interoffice mail. Again, the type of delivery depends on the audit and staff time. Surveys should be carefully designed to obtain information that will add to the value of the audit. Review prior audit surveys and any books or information that will assist in developing useful survey tools. Before conducting the survey, always test the survey on OCA staff to ensure the survey can be understood and is easy to complete. If e-mail is used, be sure to include instructions in a memo to which the survey is attached.

When surveys are completed, the information should be compiled in either a spreadsheet or database. The size of and/or the number of questions contained in the responses should dictate which software to use. When the information has been compiled, analyzed and reviewed, complete a write-up of the information including conclusions and observations.

- (5) Sampling - When appropriate, population sampling shall be conducted instead of reviewing the entire universe. Before beginning the testing, consult the Audit Manager/Supervisor to determine whether the selection of a statistical or judgmental sample is appropriate to achieve the audit objectives. (Sampling will usually be discussed when developing the audit plan.)
- (6) Checklist - Checklists can be useful tools during an audit. Depending on the subject matter, a checklist may already be developed for the type of audit being performed. Research the internet and prior audits to determine if any are available.
- (7) Other Types of Documentation - During the fieldwork phase, other types of documentation may be used to record information. Whatever the method, be sure to prepare the working papers as required by OCA working paper procedures.

- (8) Review of Working Papers - All working papers must be reviewed by the Audit Manager/Supervisor. All review notes must be cleared and all pages signed before including any working paper in the binder. (Review notes are to be included in working papers to document supervisory reviews. If multiple review notes are provided by from the same reviewer, the most recent review notes from that reviewer may be included in the working papers instead of including all review notes. See the audit program for the place of inclusion.)
- The ALGA Peer Review Audit/Engagement Documentation Checklist will be utilized by the auditor during all phases of the audit and will be reviewed by a supervisor prior to draft report submission.
 - The following forms will be used to document supervisory reviews during all phases of the audit:
 - Quality control Report – Phase 3 (Reporting Phase),
 - Quality control Report – Phase 2 (Field Work), and
 - Quality control Report – Phase 1 (Planning).

2.5.10 Report Phase

(1) Findings Worksheets

The auditor shall complete Findings Worksheets when the auditor finds possible opportunities of improvement, discrepancies, errors, irregularities, weaknesses or deviations from internal control standards, regulations or policies. The Findings Worksheets shall document the elements of a finding: condition, criteria, cause, effect (or potential effect). Recommendations will also be included on Findings Worksheets. Preparation of the worksheet should assist the auditor in preparing to discuss the observation with the auditee .

- The condition statement should be concise but provide detail to support the reader’s understanding of the problem.
- Criteria refers to the standards, measures or expectations used in making an evaluation and/or verification.
- Cause is the reason for the difference between expected and actual conditions.
- Effect is the statement of risks which the organization may be exposed to if that clarifies the reason for reporting the observation.
- Recommendation is the corrective action to be proposed to the auditee.

Prior to submitting Finding Worksheets for review by the Audit Manager/Supervisor, the Finding Worksheets must be cross-referenced to working papers.

Note—Preparation by the auditor of a Finding Worksheet does not mean that the finding will necessarily appear in the report. Inclusion of the draft finding remains subject to other considerations by OCA audit management, such as materiality and significance, and to possible consolidation or reframing by OCA audit management.

(2) The Audit Report

The audit report shall be developed after the fieldwork phase has been completed. However, OCA auditors can start to develop parts of the report as they complete each step of the audit cycle.

Prior to submitting a draft report for review by the Audit Manager/Supervisor, the draft report must be cross-referenced to findings and/or working papers and the cross-referenced draft report must have been reviewed by at least one other OCA auditor.

Be sure that all working papers have been reviewed and signed by the Audit Manager/Supervisor at the start of the report writing phase. The index and the audit program should also be checked to ensure that all necessary steps have been completed.

The audit report should be developed with clear, concise sentences. In effect, the audit report tells the “story” of the audit. Use easy to understand language and short sentences, when possible. When possible, have one or more other OCA auditors to read and comment on the report before presenting it to audit management.

The report format includes the following: a cover page, memo (which includes a distribution list), table of contents, scope and objectives, executive summary, and related findings and recommendations. Depending on the type of audit, other information pages may be added. A copy of a sample report is located in the Audit Forms Library.

- The cover page - The cover page includes the title of the report, Project number, names and titles of staff responsible for the report, and the date issued. Update the fields with information from the assigned project. The information is centered and fitted to the OCA report template.
- Memo - A copy of the memo is located in the Audit Forms Library. Update the memo with the information related to your report.

- Table of Contents - The table of contents is a listing of the topics covered in the report as arranged by sections including the corresponding page numbers. Make sure to review the sections to determine if they match with the corresponding page numbers.
- Body – The body of the report shall contain the scope and objectives, methodology, executive summary and the related findings and recommendations.
 - Audit objectives are broad statements defining the intended audit accomplishments.
 - Audit scope defines the subject matter that the auditors will assess and report on, such as a particular program or aspect of a program, the necessary documents or records, the period of time reviewed, and the locations that will be included.
 - Methodology describes the nature and extent of audit procedures for gathering and analyzing evidence to address the audit objectives. It shall also outline the audit standards followed (OCA is required to follow GAGAS) and any departures from GAGAS and the impact on the audit and on the auditor’s conclusions.
 - Executive summary previews the main points of the report. It contains enough information familiarize the reader with the full report without reading the entire report.
 - Audit Findings are pertinent statements of fact. It emerges from a process of comparing what should be and what is.
 - Audit Recommendations are actions the internal auditor believes necessary to correct existing conditions or improve operations.
 - Audit Conclusions (Opinions) for performance audits and attestation engagements are logical inferences about the program based on the auditors’ findings, not merely a summary of the findings. The strength of the auditors’ conclusions depends on the sufficiency and appropriateness of the evidence supporting the findings and the soundness of the logic used to formulate the conclusions. Conclusions are stronger if they lead to the auditors’ recommendations and convince the knowledgeable user of the report that action is necessary. See *Sawyer’s Internal Auditing*, Chapter 17, for additional guidance.
 - For performance audits, if after the report is issued, OCA auditors discover that they did not have sufficient, appropriate evidence, they should communicate this information to appropriate officials, remove the report from any publicly accessible website, and determine whether to conduct additional audit work necessary to reissue the report with revised findings or conclusions.
 - For financial audits:
 - The report must state whether the financial statements are presented in accordance with generally accepted accounting

principles (GAAP). The report must identify those circumstances in which such principles have not been consistently observed in the current period in relation to the preceding period. The report must state when informative disclosures are not reasonably adequate. The report must either contain an expression of opinion regarding the financial statements, taken as a whole, or state that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefore should be stated in the report. In all cases where an auditor's name is associated with financial statements, the report should clearly indicate the character of the auditor's work, if any, and the degree of responsibility the auditor is taking in the auditor's report.

- When providing an opinion or a disclaimer on financial statements, OCA auditors must also report on internal control over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements. To form a basis for expressing an opinion, the auditor must plan and perform the examination to obtain reasonable assurance about whether the entity maintained, in all material respects, effective internal control as of a point in time or for a specified period.
- Include all significant deficiencies in the auditor's report on internal control and indicate those that represent material weaknesses. If the OCA auditors obtain sufficient evidence supporting the remediation of a significant deficiency prior to the issuance of the audit report, the OCA auditors should report the significant deficiency and its remediation.
- Following AICPA standard AU 561, Discovery of Facts Existing at the Date of the Auditor's Report, if OCA auditors become aware of new information that might have affected their opinion on previously issued financial statement(s), then the OCA auditors should advise management to determine the potential effect(s) of the new information on the previously issued financial statement(s) as soon as reasonably possible. If there are any material misstatements requiring restatement and reissue of the statements, the OCA auditors should advise management to make appropriate disclosure of the new information and their impact on the financial statements to those who are likely to rely on the financial statements.

Before scheduling the exit conference, all working papers and the draft report should be reviewed for confidential or sensitive information, such as Social Security numbers, Driver License Numbers, and/or information pertaining to public safety or security concerns that are protected by law

from public release. Protected information, if any, must be completely redacted.

If certain pertinent information is prohibited from public disclosure or is excluded from a report due to the confidential or sensitive nature of the information, OCA auditors should disclose in the report that certain information has been omitted and the reason or other circumstances that makes the omission necessary.

In the very rare circumstance that protected information must be retained in working papers, the working paper binder/folder shall be clearly marked “Contains protected information; not for public release,” and the protected information should be flagged to enable it to be redacted in the future if a public records request is received.

If the Commission Auditor determines that there is serious concern regarding fraud, abuse or illegality, the Commission Auditor shall refer the matter to the Office of the Inspector General (OIG). This determination and the decision to refer it to the OIG is the Commission Auditor’s responsibility. OCA auditors’ responsibilities are to report the evidence encountered to audit management, to the Commission Auditor for consideration, and as otherwise may be required by law and professional ethics. (Code Sec. 2-478)

(3) Developing and Writing the Performance Audit Report

OCA auditors may use the report quality elements of timely, complete, accurate, objective, convincing, clear, and concise when developing and writing the audit report as the subject permits. (GAS A7.01 – 7.02)

(a) Accurate: An accurate report is supported by sufficient, appropriate evidence with key facts, figures, and findings being traceable to the audit evidence. Reports that are fact-based, with a clear statement of sources, methods, and assumptions so that report users can judge how much weight to give the evidence reported, assist in achieving accuracy. Referencing is a process in which an experienced auditor who is independent of the audit checks that statements of facts, figures, and dates are correctly reported, that the findings are adequately supported by the evidence in the audit documentation, and that the conclusions and recommendations flow logically from the evidence.

(b) Objective: Objective means that the presentation of the report is balanced in content and tone. A report’s credibility is significantly enhanced when it presents evidence in an unbiased manner and in the

proper context. This means presenting the audit results impartially and fairly. Audit reports are more objective when they demonstrate that the work has been performed by professional, unbiased, independent, and knowledgeable staff.

- (c) Complete: Being complete means that the report contains sufficient, appropriate evidence needed to satisfy the audit objectives and promote an understanding of the matters reported. It also means the report states evidence and findings without omission of significant relevant information related to the audit objectives. Being complete also means clearly stating what was and was not done and explicitly describing data limitations, constraints imposed by restrictions on access to records, or other issues.
- (d) Convincing: Being convincing means that the audit results are responsive to the audit objectives, that the findings are presented persuasively, and that the conclusions and recommendations flow logically from the facts presented. The validity of the findings, the reasonableness of the conclusions, and the benefit of implementing the recommendations are more convincing when supported by sufficient, appropriate evidence.
- (e) Clear: Clarity means the report is easy for the intended user to read and understand. Preparing the report in language as clear and simple as the subject permits assists auditors in achieving this goal. Use of straightforward, nontechnical language is helpful to simplify presentation. If a summary is used, it is helpful if it focuses on the specific answers to the questions in the audit objectives, summarizes the audit's most significant findings and the report's principal conclusions, and prepares users to anticipate the major recommendations.
- (f) Concise: Being concise means that the report is not longer than necessary to convey and support the message.
- (g) Timely: To be of maximum use, providing relevant evidence in time to respond to officials of the audited entity, legislative officials, and other users' legitimate needs is the auditors' goal. Likewise, the evidence provided in the report is more helpful if it is current. Therefore, the timely issuance of the report is an important reporting goal for OCA auditors. During the audit, the auditors may provide interim reports of significant matters to appropriate entity officials. Such communication alerts officials to matters needing immediate attention and allows them to take corrective action before the final report is completed.

- Timeliness is one of the most important components of relevancy. Timeliness, that is, having information available to decision makers before it loses its capacity to influence decisions, is an ancillary aspect of relevance. If information is not available when it is needed or becomes available so long after the reported events that it has no value for future action, it lacks relevance and is of little or no use. Timeliness alone cannot make information relevant, but a lack of timeliness can rob information of relevance it might otherwise have had.
- The cause of poor timeliness may be difficult to ascertain, especially in complex audits. The causes are generally scope creep, inability to receive test data, or poor planning. Tracking efforts should be discussed in periodic OCA staff meetings so that no project is left unmonitored for a long period of time. In addition, rewarding employees for timely audits and documentation of known delays in ongoing audits may encourage quicker turnaround times.
- OCA will document the causes of significant delays in the audit workpapers. When using the Activity Log, OCA auditors will include events such as draft report submission, review sheet return, and explanatory remarks concerning extraordinary delays.

2.5.11 Preparing for the Exit Conference

After the report has been reviewed and cleared by the Audit Manager/Supervisor, the Exit Conference is scheduled to discuss the contents of the “Exit Conference Discussion Draft” audit report/review with Department staff who have been involved with the audit process. This meeting is intended to explain the draft report, go over the report page by page for content and clarity, and to obtain feedback. It also provides an opportunity to explain the formal response process for the final draft that OCA will subsequently provide to the Department for their written response within 30 days as required by the Code. During the Exit Conference, the Department staff may ask questions, discuss rewording or clarification of the report content, and explain alternative views about the draft. Feedback from the Exit Conference will be considered in preparation of OCA’s final draft report.

To prepare for the Exit Conference, you should follow the steps listed below:

- Consult with the Audit Manager/Supervisor to determine who should receive a copy of the discussion draft report and who should attend the Exit Conference. Prepare an exit conference memo using the format of the sample in the Audit Forms Library. With Audit Manager/Supervisor concurrence,

request the Commission Auditor’s Executive Secretary schedule the Exit Conference. The Exit Conference will usually be in the OCA Conference Room.

- Once it is approved, scheduled and signed, the Commission Auditor’s Executive Secretary will send the exit conference memo notifying all audit participants and appropriate OCA staff of the proposed exit conference with the related details necessary (date, time, and location). The memo shall be placed in the working papers and saved to the audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit.
- Prepare the Exit Conference Agenda. The agenda is used by the Commission Auditor to keep the conference discussion on target. A copy of the Exit Conference memo is located in the Audit Forms Library. The agenda shall be placed in the working paper binder and saved to the audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit.
- Attend the Exit Conference. Be sure to take copies of the agenda to the conference to pass around to attendees. The Audit Manager will explain the audit process and the Auditor-in-Charge will discuss the findings and recommendations, if any. Take notes of the conference including who is attending, from where, and job title if possible.
- Write the Exit Conference Summary. The summary shall be completed by the end of business on the day of the entrance conference. The longer you wait, the less you may remember to complete your notes. After the summary has been reviewed by the Audit Manager/Supervisor, file a copy in the working paper folder and save the file to the audit directory using file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit.

2.5.12 Preparing the Final Draft

Sec. 2-478 of the Code provides the following.

A final draft of each audit report shall be forwarded to the audited County agency, department or entity and the chief executive officer or department director for review and comment regarding the contents of the audit before it is released. The agency, department or entity shall respond in writing and specify agreement with the audit findings and recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to issues identified in the report and a timetable to complete such activities. The response must be forwarded to the Commission Auditor within 30

days. The Commission Auditor shall consider the response and, at a minimum, include the response in the report. If no response is received, the Commission Auditor shall note that fact in the transmittal letter and release the audit report.

In preparing the Final Draft, the following steps shall be followed:

- (1) Incorporate exit conference comments into the draft report. Comments to be incorporated shall be agreed upon by the Auditor-in-Charge, Audit Manager/Supervisor and Commission Auditor.
- (2) A cover memo for the Final Draft shall be prepared by the auditor in charge and forwarded along with the Final Draft for the Commission Auditor's signature. Follow the format of the "Memo-Final Draft" in the Audit Forms Library. File a copy in the working paper folder and save the file to the auditor in charge's directory using a file naming convention that can be easily understood by an experienced auditor having no previous connection to the audit. If there is more than one audited entity, consult with the Audit Manager/Supervisor to determine whether or not different memos will be provided for each audited entity.
- (3) After the Commission Auditor signs the memo(s), attach a copy of each memo to the Final Draft and distribute the report. Note: Final drafts do not become public record until the final report is issued. Therefore, distribution of final drafts will be strictly limited.
- (4) Written management response is due within 30 days of the date the Final Draft is issued. If management response has not been received one week before the due date, send an email to the audited entity to remind them of the due date and to request their estimate of when it will be provided.
- (5) If management response is received by the due date, it shall be considered and incorporated into the audit report. At a minimum, a copy of the response will be included in the final report.
- (6) If no management response is received by the due date, the Commission Auditor shall note that fact in the final report's transmittal letter and release the audit report.

2.5.13 Reviewing of Audit Reports

Under GAGAS, OCA auditors also should document, before the audit report is issued, evidence of supervisory review of the work performed that supports findings, conclusions, and recommendations contained in the audit report.

- The ALGA Peer Review Audit/Engagement Documentation Checklist will be utilized by the auditor during all phases of the audit and will be reviewed by a supervisor prior to draft report submission.
- When using the Activity Log, its use will include documentation of supervisory review planning communications, including impromptu supervisory audit guidance.
- The following forms will be used to document supervisory reviews during all phases of the audit:
 - Quality control Report – Phase 3 (Reporting Phase),
 - Quality control Report – Phase 2 (Field Work), and
 - Quality control Report – Phase 1 (Planning).

Audit documentation for financial audits and attestation engagements verifies that accounting records agree/reconcile with the audited financial statements or other audited information.

Prior to submitting a draft report for review by the Audit Manager/Supervisor, the draft report must be cross-referenced to findings and/or working papers and the cross-referenced draft report must have been reviewed by at least one other OCA auditor.

The Audit Manager/Supervisor shall review audit report drafts for completeness, accuracy and editorial considerations. The Audit Manager will then give the report to the Commission Auditor for his/her review. If there are no changes required by either the Audit Manager or the Commission Auditor, prepare the cover memo for the Commission Auditor's signature. A copy of the Final Report memo is located in the Audit Forms Library.

2.5.14 Final Report Distribution

After an audit report has been signed by the Commission Auditor, OCA Support Staff will assist with printing, binding and distribution of the report. At least one copy will be given to the auditor to place with the working papers and to the Audit Supervisor, Audit Manager and Commission Auditor. Other distribution shall be in accordance Section 2.4.2 (3), with exceptions or additions as directed by the Commission Auditor.

2.5.15 Filing Working Papers

Audit organizations should establish policies and procedures for the safe custody and retention of audit documentation for a time sufficient to satisfy legal, regulatory, and administrative requirements for record retention. Whether audit

documentation is in paper, electronic, or other media, the integrity, accessibility, and retrievability of the underlying information could be compromised if the documentation is altered, added to, or deleted without the auditors' knowledge, or if the documentation is lost or damaged. For audit documentation that is retained electronically, the audit organization should establish information systems controls concerning accessing and updating the audit documentation.

When the report has been issued, the Auditor should prepare the working papers to be filed in the appropriate filing cabinet. Ask OCA Support Staff for binders to use in preparation. The index and audit program for the project should be complete.

When there is more than one binder for the working papers of a project, separate the index to reflect which working papers are in each binder. Each binder should have a label with the Project Number, Project title and book number of (total books). EXAMPLE: Book 2 of 3.

In the very rare circumstance that protected information must be retained in working papers, the working paper binder shall be clearly marked "Contains protected information; not for public release," and the protected information should be flagged to enable it to be redacted in the future if a public records request is received.

The Audit Manager/Supervisor should review the package before the binders are filed to ensure completeness.

2.5.16 Requests for Audit Documentation from Outside Parties

The requirement that audit organizations develop policies to address requests by outside parties to obtain access to audit documentation has been removed in the 2011 revision of Government Auditing Standards. (2011 Government Auditing Standards Listing of Technical Changes).

Nevertheless, and except for documents related to audit reports that have not yet been issued as final reports, OCA work products are public records that are available for inspection by and release to the public. To the extent that OCA work products include information required by law to remain confidential or protected, OCA shall redact any such information prior to issuance or release of any report, correspondence, recording, email or other document, in any form.

Section 119.0713(2), Florida Statutes, which relates specifically to internal audits prepared for a unit of local government, provides the following exemption from public record requirements until audit reports become final.

"The audit report of an internal auditor prepared for or on behalf of a unit of local government becomes a public record when the audit becomes final. As used in this subsection, the term 'unit of local government' means a county, municipality, special district, local agency, authority, consolidated city-county government, or any other local governmental body or public body corporate or politic authorized or created by general or special law. An audit becomes final when the audit report is presented to the unit of local government. Audit work papers and notes related to such audit report are confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution until the audit is completed and the audit report becomes final."

OCA, subject to applicable laws and regulations, will make available appropriate individuals, as well as audit documentation, upon request and in a timely manner to other auditors or reviewers to avoid duplication of efforts.

Because the auditor may have an ethical, and in some situations legal, obligation to maintain the confidentiality of auditee 's information and because audit documentation often contain confidential information, all efforts must be made to maintain control over the audit documentation. If required by law, regulation or audit contract to provide access to audit documentation, the Commission Auditor shall make appropriate arrangements regarding the date, time and location of access. Maintaining control of audit documentation is necessary to ensure the continued integrity of the audit documentation.

2.5.17 Follow-Up

This is a process by which OCA determines the efficiency, effectiveness, and timeliness of actions taken by management on reported engagement observations and recommendations. Monitoring procedures include an evaluation of whether the audit organization has taken appropriate corrective action to address findings and recommendations or if management has assumed the risk of not taking corrective actions on reported observations.

Follow-up activities shall be scheduled within approximately one (1) year from the time of the final report and in time for inclusion of appropriate information in OCA's Annual Report to the BCC pursuant to Sec. 2-479 of the Code. The Audit Manager/Supervisor shall schedule follow-up based on the risk and exposure involved, as well as the degree of difficulty and the significance of timing in implementing corrective actions.

To facilitate the follow-up process, the auditor in charge is required to maintain a Findings Status Form, a spreadsheet of outstanding audit findings and recommendations which tracks identifying information about the audit report along with a summary of each finding in the report, the position responsible for taking corrective action, and the estimated completion date for corrective action.

It shall also provide for the auditee to specify whether or not a finding has been corrected, what was done to correct the issue and the date corrective action was complete.

The auditor conducting the follow-up will prepare an email or memo to the audited entity that notifies them of the follow-up process. This memo should include:

- Timeframes for the follow-up;
- A request that they provide the information requested; and
- Notification that results will be reported to the Board of County Commissioners.

As the follow-up responses are returned to OCA, the information should be reviewed for reasonableness, completeness and adequacy and included in the spreadsheet. The auditor shall use professional judgment to determine whether corrective actions should be tested and what level of testing is appropriate, if any. Working papers and work programs should be updated, reviewed and signed as with other phases of the audit project.

Follow-up results and documentation will be maintained with the audit permanent file.

2.5.18 Audit Termination Prior to Issuance of Final Report

The Commission Auditor conducts audits in accordance with GAS to the extent required by the Board of County Commissioners' approved OCA Work Plan. (Code Sec. 2-476) Therefore, approval of removal of an audit from the Work Plan is also documented in an approved Work Plan. Additionally, the Board of County Commissioners may, by 2/3 vote all commissioners present, terminate an audit in progress. (Code Sec. 2-478)

Notification of termination of an audit in progress shall be provided to the audited entity, and the reason for termination will be documented in the audit working papers.

Section 3 – Budget Policies & Procedures

3.1 Purpose & Authority

The Budget Staff will monitor the general fund, internal service funds, special revenue fund, and enterprise funds budgets countywide through financial analysis and reporting.

The Budget Staff will also identify sources of revenue necessary for the delivery of County services. They will monitor the Ad Valorem Tax, miscellaneous taxes, service fees, gas taxes and license fees for the County.

The Budget Staff will review annual budgets regularly to seek ways to use county funds efficiently.

Authorities are addressed in Section 1 of this manual.

3.2 Duties

The Budget Section will work with the Office of Management and Budget (OMB) in the development of the proposed budget.

Once copies of the proposed budget are received the Budget Staff will then commence an in-depth review and analysis of such budget giving full consideration to the County Commission's adopted priorities and policy directives. The in-depth review and analysis shall include any changes to such proposed budget made as a result of the budget prepared and recommended by the County Mayor and presented to the Commission.

Prior to the first budget hearing and after consultation with the Commission Chair and the Chair of the committee having jurisdiction over budgetary matters, the Budget Staff, in cooperation with the Mayor or his/her designee, shall prepare and issue any recommended written changes to the proposed budget and shall present same together with proposed budget amendments to the County Commission at the first budget hearing.

Between the first budget hearing and the second budget hearing, a Committee of the Whole shall meet to discuss any proposed changes and recommendations which may result from the first budget hearing.

At the second budget hearing, after consultation with the Chair of the Commission and the Chair of the committee having jurisdiction over budgetary matters and in cooperation with the Mayor or his/her designee, the Budget Staff shall issue any final recommended written changes to the tentative budget and then present implementing amendments thereto to the County Commission.

The Budget Staff will have read-only access to any and all financial, data, and reporting systems of the County and access to all books, records, memoranda and other documents, including both those internally or externally created, of all departments, boards, agencies,

and other entities of the County. Information shall be provided to the Commission Auditor within five (5) days, however if it not reasonably possible, then access shall be provided within a limited reasonable time.

- To the extent such information is required by law to remain confidential and/or exempt from disclosure, such information shall also be maintained by the Budget Staff as confidential and/or exempt.
- The Budget Staff may make direct inquiries of any officer, agent, or employee of any department, board, agency or other County entity to clarify matters under his or her purview.

3.2.1 Functional Duties

- (1) Budget Manager
 - Conduct budget and financial analyses for the Commission
 - Develop fiscal recommendations for Commission
 - Analyze annual budget submission for effectiveness and efficiency
 - Supervise staff providing budget and fiscal data
 - Develop annual goals and objectives
- (2) Budget Coordinator
 - Provide direct supervision of Budget Analysts
 - Conduct periodic revenue and expenditure forecasts
 - Evaluate variances related to authorized budget levels
 - Review/draft response on budget amendments and supplements
 - Monitor vacancies, budget and performance levels as set by ordinance
- (3) Senior Budget Analyst
 - Develop budget impact statements for legislative items
 - Review revenue variances with assigned staff
 - Review expenditure variances with assigned staff
 - Discuss personnel vacancies with assigned staff for impact, and report as needed
 - Prepare special analyses

- (4) Budget Analyst 3
- Research quarterly variances 10% and over
 - Revenue reports
 - Expenditure reports
 - Review departmental performance measures based on Commission priorities
 - Review Commission and Committee agenda items for budgetary impact
 - Attend assigned committee and resource allocation meetings
 - Analyze Long Term Vacancy Report quarterly
 - Review monthly budget transactions to ensure adherence to legislative policy
 - Review annual Business Plans for future trends and issues
 - Verify new fiscal year budget in FAMIS against the adopted budget book for accuracy after first quarter
 - Prepare special analyses

3.2.2 Special Assignments:

Budget Manager

Supervise the budget section

Budget Coordinator

Supervise budget analysts and perform complex financial analyses

Economic Prosperity Committee

Metropolitan Services Committee

Strategic Planning and Government Operations Committee

Trade and Tourism Committee

Transit and Mobility Services Committee

UMSA Committee

3.3 Resource Allocation Plan Cycle

Ordinance amending Sec. 2-1795 of the County Code (preparation and adoption of the Annual Budget). Passed January 10, 2008.

Timeline	Action
December - January	Resource allocation forecasting for coming year
January – February	Mayor’s resource allocation priorities provided
February – March	Resource allocation preparation and meetings with OMB, Departments and OCA
March	Mayor’s budget address
April	Commission Committees provide budget priorities
April – June	Commission Auditor conducts review/analysis of the proposed budget in consideration of the Commission’s budget priorities
July	Tax roll released
August	Commission Auditor attends Committee of the Whole and provides recommendation
September	Commission Auditor attends 1 st and 2 nd budget hearings and provides recommendation
October	New budget becomes effective

3.4 Budget Section Work Plan

1. Review the reasonableness of all revenue estimates included in the Mayor’s proposed budget
 - Review information on economic and revenue conferences sponsored by the State of Florida Economic Demographic Research Department, the Florida Senate and the Florida House of Representatives for the latest revenue updates (October-December) and (June-August).
 - Analyze State of Florida revenue distributed to the counties for local trends and the potential of future adjustments to revenue streams.
 - Develop revenue assumptions and analyze historical data for utilization at the County Revenue Estimating Conferences (as needed between February - September).
 - Conduct an in-depth review and analysis on the proposed budget revenue (July-September).

2. Assist the Commission, if requested, in compiling its Budget Priorities
 - Develop a list of potential priorities for Commission consideration with pertinent justifications.
 - Meet with Committee Chair, as needed, to review budget priorities.
 - Correlate BCC priorities with the Mayor’s budget priorities by Committee (January-March).

3. Offer input throughout the budgetary process
 - Meet with department personnel to obtain better understanding of major issues.
 - Review State of Florida budgetary issues and determine any impact on the County budget, offering insights to the Commission as needed.
 - Review departmental business plans and performance indicators for future goals and objectives from County administration to analyze their alignment with Commission goals and objectives (February-April).
 - Review departmental budget submission drafts, attend departmental resource allocation hearings and discuss issues of concern as required (February-April).

4. Analyze the Mayor’s proposed budget and make recommendations to the Commission regarding adjustments to the proposed budgets
 - Conduct in-depth review and analysis of the proposed budget giving full consideration to the Commission’s adopted priorities.
 - Develop budgetary reports, by Committee and by Department, on activities cost, staffing changes, overall revenue and expenditure direction, reorganizations, selected line item review, and span-of-control analysis (July-September).
 - Develop budget recommendations for the Committee of the Whole meetings.
 - Develop first and second budget hearing recommendations for Commission (September).

5. Provide periodic reports to the Commission which shall include, but not limited to the following:
 - Create written correspondence, as necessary and/or requested, for various budgetary issues during the year.
 - Review Commission Committee agendas for concerns within legislative items and coordinate with the OCA Research Division (Monthly).
 - Provide assistance to the Audit and Research staffs as requested.

6. Monitor budget performance
 - Review, analyze and make recommendations to the Commission regarding all budget amendments proposed by the Mayor.
 - Monitor the County’s budget as necessary and identify specific expenditures incurred by any County department, agency or entity.
 - Review intradepartmental budget amendments for compliance with Ordinance No. 07-45 and report to the Commission.
 - Review interdepartmental budget transfers for compliance with Ordinance No. 07-168 and report to the Commission.

- Evaluate the quarterly budget report to the Commission, compare the report to existing County budget and financial systems, and issue reports on budget performance, as appropriate.
 - Examine the County’s five-year financial plan for accuracy in budgetary assumptions utilizing historical data and future funding trends.
7. Perform special budgetary, financial and taxation analyses and provide policy assistance to the Commission as required
- Arrange for site visits to each Department to enhance understanding of its mission, business plan, strategic initiatives, and performance measures.
 - Provide special reports as requested.

3.5 Available Budget Training

- Budgeting Analysis Tool (BAT)
 - ✓ This new system is a budgeting tool, particularly for forecasting departmental salary, fringe benefit, and other personnel costs. This system also provides the greatest detail regarding where and how departmental expenditures and revenues are organized:
 - ✓ The smallest cost unit entered into BAT is the subject (line-items)
 - ✓ The smallest organizing unit of sub-object costs is the index code
- Resourcing for results online (RFRO)
 - ✓ This web-based system was introduced during January 2006. This application generates summary reports that are used by Office of Management & Budget (OMB), County Administration, and the Commission during the various resource allocation planning meetings and presentations.
 - ✓ The cost units entered into RFRO tend to be summary categories (such as salary, fringe, etc.), although the system will indicate when further detail is requested
 - ✓ The smallest organizing unit of the RFRO cost unit is the sub activity.
- Access to these trainings must be coordinated with OMB.

3.6 Getting Started – Budget’s BIG Four

THE END-OF-YEAR PROJECTION	THE BASE	THE ENHANCEMENT	THE REDUCTION
<p>Departments must provide accurate fiscal year projections along with their base budget submissions for the next fiscal year. Projections should be based on actual revenue and expenditures experience, not the department’s authorized budget. These projections should be updated in the County’s resource allocation planning systems as changes occur throughout the year.</p> <p>End of year projections, together with submitted resource allocation plans and proposed property tax rates, are the major components from which OMB balances the Mayor’s proposed resource allocation plan.</p> <p>This is one of the reasons why entering an accurate and updated current fiscal year projection is crucial to the County’s fiscal planning process.</p>	<p>Departments must submit an operating resource allocation plan that forecasts the costs needed to provide the same services in the next fiscal year as in the previous year. This is the base budget, and is the portion of the submission that will take the most time to enter into the County’s resource allocation plan systems. Another way to think of the base budget is to consider it a status quo operating budget.</p> <p>Base estimates should not be an incremental exercise which assumes that all resources currently in the base are still required into the next fiscal year. The department should carefully analyze the current level of resources assigned to the department and information derived from the projections should be used to assess the possibility of further efficiencies, that may allow the department to deliver the same services with fewer resources.</p>	<p>The County’s resource allocation plan systems provide the means for departments to enter all costs needed to implement desired additional amounts of current services, new services, and/or improved services. When proposing enhancements, take into account reasonable lead times that may affect the implementation of any new program or activity such as hiring processing time, procurement delays, etc.</p> <p>Anticipated results from service enhancements also should be determined. Service enhancements will not be incorporated into the resource allocation plan until reviewed and approved by the Mayor.</p>	<p>The County’s budget systems provide the means for departments to enter all personnel and other operating savings associated with deliberate reductions in the provision of services. As with enhancements, the resulting impacts of service reductions should be determined.</p> <p>Reductions will not be incorporated into the resource allocation plan until reviewed and approved by the Mayor.</p>

3.7 **Budget Concepts Overview:**

3.7.1 Definition of organizational charts: There are two types of organizational charts required as part of the fiscal year’s departmental resource allocation plan submission:

- (1) Functional Table of Organization
- (2) Staffing Chart

Both organizational charts are very important in the planning process as they provide insight into the department’s overall management structure, the relationship between divisions, positions within a division, and divisional responsibility.

In preparing the organizational charts, the following personnel terminology are used:

In-stationed: An in-stationed employee is funded by another department but assigned to yours for work. In-stationed employees must be listed separately on the divisional staffing chart and in your departmental position count totals.

Out-stationed: An out-stationed employee is funded by the department but assigned to another. Out-stationed must be listed separately on the divisional staffing chart but are not counted in the position totals.

Part-time full-time equivalent (FTE): Any number of part-time employees whose work equals the output of one full-time employee.

Functional table of organization: The purpose of the functional table of organization (TO) is to show the relationship between divisions and provide a brief synopsis of the objectives within each divisional unit.

3.7.2 Definitions of operating and non-operating expenditures at the activity level:

Operating: Salary expenditures
Fringe expenditures
Other-operating expenditures
Capital expenditures
Transfer of other departments area is considered an operating expenditure, if they directly support the operations of this activity

Non-operating: Reserves
Debt payments
Transfer to other activities within the same department (INTRADEPT)
Other transfers

3.8 **Traditional Budgeting vs. Budgeting for Outcomes**

Traditional Budgeting	Budgeting for Outcomes
Start with last year as the base “entitlement”	Start by determining the price of government – how much citizens are willing to spend for services
Focus on adding/subtracting from base entitlement	Focus on buying results that matter to citizens from competing offers
Autopilot increase = new base	Since there is no base, there is no adding and subtracting
“Cut” from new base	Since there is no base, there is no adding and subtracting
Justification for needs and costs, plus extra	Offer to deliver results at the set price
Incentives to build up costs and make cuts difficult	Incentives to produce the most results that matter, at a set price
Find hidden/unnecessary costs	Validate offers or find better choices
Choose to cut services or raise taxes	Choose the best offers, to get the most results for citizens at the price they will pay
Debate what to cut, what to tax	Debate how to achieve even better results

3.9 **Financial Forecasting**

- Project major revenues and expenditures for at least 3 to 5 years beyond budget
 - Combine into single forecast
- Regularly monitor and periodically update
- Make forecast available
 - Include underlying assumptions
 - Include methodology
 - Reference in final budget document
- Analyze variances

Planned necessary resources to meet current and future operating and capital needs (priority outcome)

- Ensure adequate revenue streams
- Ensure adherence to required reserve levels
- Ensure a capital plan to assure adequate financial resources for replacement, repair and maintenance of critical assets

4.1 **Purpose**

To provide legislative research to support the Commission in decision-making on agenda items at regular BCC meetings, Committee meetings, as well as workshops or special meetings of the BCC. The Research Division shall work with all county departments to acquire pertinent information.

4.2 **Duties shall include, but are not limited to:**

- Reviewing each agenda to evaluate the reasonableness and completeness of the information presented, as well as evaluating the merits and impacts of the proposed transactions and/or legislation;
- Completing background research on any person, organization, place or thing that is the subject of a naming, renaming or co-designation item.
- Conducting background checks of all individuals serving on evaluation/selection committees, and members of his or her immediate family (spouse, domestic partner, parents, stepparents, children and stepchildren).
- Completing background research on all applicants being considered to serve on County boards and trusts that require nominations and/or appointments by the BCC and to prepare a report detailing the findings of said research.
- Conducting research and providing reports pursuant to BCC directive or Commissioner's request, which shall include (where appropriate): best practices and comparative analysis;
- Reviewing and analyzing proposed policy recommendations put forth by the BCC and the County Mayor;

4.3 **General Procedure for Preparing Analyses**

- Each Research Analyst shall be assigned to selected departments and specific BCC committees and shall prepare analyses and/or reports accordingly.
- All analyses shall be reviewed and approved by the Senior Research Analyst prior to posting.
- Upon request, the Senior Research Analyst shall brief Board members or their staff members before each Commission meeting.

4.3.1 **Writing Guidelines**

- Analyses shall be written based on the facts and findings from diligent research. No personal opinions shall be expressed in an analysis.
- In writing an objective analysis, quotations and source authorities shall be properly attributed, as appropriate.
- Be it incidental or deliberate, legalese may be particularly resistant to

misinterpretation, and should be used at a minimum.

- The general sequence of the research notes will be: Agenda Item, File Number, Date of Analysis, Type of Item, Sponsor/Requestor or Commission District, Summary, Background and Relevant Legislation, Additional Notes, and Prepared by.

4.3.2 **Deadlines and Timelines**

- To enhance efficiency, staff shall adhere to deadline dates and timelines and will be held accountable.
- In the event, a deadline is not feasible, due to lack of information or source, it shall be the responsibility of the Research Analyst to notify the Senior Research Analyst as soon as possible.

4.3.3. **Submission of Analyses**

- Research notes shall be compiled and distributed to BCC and appropriate staff members at least two (2) days prior to specified meeting.

4.3.4 **Postings**

- Research notes shall be posted online on the Office of the Commission Auditor website as soon as practical.
- After the Official Agenda is published, if the Senior Research Analyst determines that additional legislative notes are necessary, a supplemental research notes package is to be prepared following the normal procedures and submittal policies.

4.4 **BCC/ Committee Meetings**

- On regular BCC meeting days, the Senior Research Analyst shall sit in the Chamber designated area for the Office of the Commission Auditor.
- For committee meetings, Research Analyst is required to follow their corresponding committee meeting.

4.5 **Special Assignments**

Pursuant to Resolution No. 256-10, the Research Division shall utilize the Directives Database to inquire and determine the status of directives contained therein and submit a quarterly report to the Commission, which shall be added to the Commission's agenda, indicating the status of directives

Appendix A

Acronyms

ABDS	Automated Budget Development System
AICPA	American Institute of Certified Public Accountants
AIDS	Acquired Immune Deficiency Syndrome
AMS	Audit and Management Services Department
AO	Administrative Order
BCC	Board of County Commissioners
CEO	County Executive Offices
CODE	Miami-Dade County Code
CPE	Continuing Professional Education
EPP	Expedited Purchasing Program
FAMIS	Financial Accounting Management Information System
F.S.	Florida Statute
FTE	Full Time Equivalent
FY	Fiscal Year
GAGAS	Generally Accepted Government Auditing Standards
GAS	<i>Government Auditing Standards</i> (a.k.a. Yellow Book)
HIV	Human Immunodeficiency Virus
IIA	Institute of Internal Auditors
IIA Standards	<i>The Professional Practices Framework</i> (a.k.a. Red Book)
IT	Information Technology
MMAP	Metro-Miami Action Plan Trust
OCA	Office of Commission Auditor
OIG	Office of the Inspector General
OSBM	Office of Strategic Business Management
QCS	Quality Control System
PACT	Performing Arts Center Trust
RFRO	Resources for Results Online
SAS	Statements on Auditing Standards
SSAE	Statements on Standards for Attestation Engagements
TO	Table of Organization