DATE: 2/22/22

TO: Distribution List

FROM: Lydia Musick
             Deputy City Auditor

SUBJECT: Internal Quality Assurance Review

To ensure consistent quality in our audit work, The Office of the City Auditor follows the International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors.

- As chief audit executive, the City Auditor is responsible for establishing a Quality Assurance and Improvement Program that meets the requirements of Standard 1300. The required elements include ongoing quality assurance activities, periodic internal quality assessments, and external quality assessments every five years.

- The report on the internal quality assurance review for fiscal years 2019 and 2020 is attached. We are pleased to have received the highest rating, "generally conforms," for complying with IIA Standards and Code of Ethics and an overall "excellent" rating for customer service satisfaction.

Distribution List:
Mayor
City Council
Deputy Mayor
Mayor's Chief of Staff
Mayor's Deputy Chief of Staff
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Senior Administrative Officer
Controller
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Council Secretary
External Auditor
City of Tulsa Audit Committee

Internal Quality Assurance Review Report
December 2021

Subject: **Internal Quality Assurance Review (IQAR), Fiscal Years 2019 and 2020**

Auditor: Kristi Liechti, Internal Audit Manager

Scope:

For the period July 1, 2018 through June 30, 2020, determine whether the Internal Auditing Department conforms to the Institute of Internal Auditors (IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards).

Objectives:

- Appraise and express an opinion as to the Internal Auditing department's conformity with the IIA *Standards* relating to risk assessment for annual planning purposes and quality project completion.
- Determine audit customers' opinions regarding audit activity in review period.
- Determine if performance metrics are used to improve the quality of the internal audit activity.

Conclusion: (Generally Conforms, Partially Conforms, or Does Not Conform)

Generally Conforms with IIA *Standards and Code of Ethics*

Significant Results:

Audit customers were surveyed on their level of satisfaction with the quality of services provided and rated the Office of the City Auditor an average of 3.52 out of a 4.0 scale, reflecting an overall "excellent" rating. The selection of customers was based on audits and other projects performed from July 1, 2018 through June 30, 2020.

Observation:

Two out of five audits and projects reviewed lacked documentation in the workpapers of an evaluation of appropriate and sufficient resources to achieve engagement objectives.

- Standard 2230, entitled "Engagement Resource Allocation", in the *International Standards for the Professional Practice of Internal Auditing* states, "Internal Auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources."

- The scope and objectives of engagements may change during the planning phases of audits and projects. Resource allocation requirements could be substantially different from that estimated when the annual plan is developed. Confirming and

documenting appropriate resources, during the planning phase of each engagement, could reduce risk of inefficiencies and help maximize resources in the Office of the City Auditor.

Recommendation:

Evaluation of engagement resource allocation should be assessed and documented in the workpapers for each engagement.

Management Response: (Accepts recommendation, Accepts recommendation with Modifications, or Disagrees)

Agree with the finding and recommendation.

- Internal Auditing procedure 240.60 is designed to give guidance to staff for evaluation of engagement resources. Compliance with this procedure was discussed with audit staff on January 25, 2022. Project quality review will include review of compliance with the procedure.