



External Quality Control Review

of the
Deschutes County Internal Audit
Program

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**

for the period 7/1/2018 to 6/30/2021



Association of Local Government Auditors

October 20, 2021

David Givans
Deschutes County Internal Auditor
1300 NW Wall St. Ste 206
Bend, Oregon 97703

Dear Mr. Givans,

We have completed a peer review of the Deschutes County Internal Audit Program for the period 7/1/2018 to 6/30/2021. In accordance with generally accepted government auditing standards peer review requirements, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

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

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case but does imply adherence in most situations. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Deschutes County Internal Audit Program has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Deschutes County Internal Audit Program internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for audits during the review period.

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

Elizabeth Pape
Performance Auditor
Team Leader
City of Portland Oregon

Carol Holley
Senior Internal Auditor
Team Member
City of Surprise Arizona



Association of Local Government Auditors

October 20, 2021

David Givans
Deschutes County Internal Auditor
1300 NW Wall St. Ste 206
Bend, Oregon 97703

Dear Mr. Givans,

We have completed a peer review of the Deschutes County Internal Audit Program for the period 7/1/2018 to 6/30/2021 and issued our report thereon dated October 20, 2021. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

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

- Adding value to the County through extensive knowledge of the County's financial systems and increased efficiency through understanding of information technology.
- Productivity with a high number of audits produced each year.
- Good relationships with County Commissioners and administrative staff. The commissioners and staff we met during our review were positive about the audit and peer review process.
- Your contribution to the profession by being active in ALGA and offering mentorship and advice to other shops, especially other small audit shops.

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

- Standard 8.27 requires that auditors inquire of management about the status of any legal proceedings significant to the audit objectives and evaluate the effect of any legal proceedings on the audit. In reviewing the Office's work papers, we could not find documentation that the auditor made these inquiries. The auditor said that he works in proximity to County administrator staff, including legal counsel, and therefore is generally familiar with any proceedings and avoids audit work in those areas.

We suggest that you develop a standard way to document the inquiry.

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

Sincerely,

Elizabeth Pape
Performance Auditor
Team Leader
City of Portland Oregon

Carol Holley
Senior Internal Auditor
Team Member
City of Surprise Arizona



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

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October 20, 2021

Elizabeth Pape, Performance Auditor
Peer Review Team Leader
City of Portland
1221 SW Fourth Avenue
Portland, OR 97204

Carol Holley, Senior Internal Auditor
Peer Review Team Member
City of Surprise
16000 N Civic Center Plaza
Surprise, AZ 85374

Dear Ms. Pape and Ms. Holley,

I have reviewed your report of October 20, 2021 containing the results of your external quality control review of the Deschutes County Internal Audit Program. I am pleased you found the work performed from July 1, 2018 through June 30, 2021 was sufficient to pass compliance with the 2018 revision of generally accepted government auditing standards.

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

I am always looking for ways to further improve. I am pleased to have your thoughtful comments about the areas where you found the program excels. It is important to the program that management respects and responds to findings

presented in audit reports. This program was the first one-person organization to have undergone a peer review through ALGA, and I am proud the program continues to demonstrate adherence to professional standards.

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

- Standard 8.27 requires that auditors inquire of management about the status of any legal proceedings significant to the audit objectives and evaluate the effect of any legal proceedings on the audit.

The peer review team has suggested using a standard way to document the inquiry.

I welcome the recommendation to make this inquiry part of my normal engagement start process and will make sure it gets documented as part of that process.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Givans", with a stylized flourish at the end.

David Givans, CPA, CIA
County Internal Auditor