



External Quality Control Review

of the
Internal Audit Department
Durham County Government

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



Association of Local Government Auditors

November 13, 2014

Mr. Richard Edwards, Internal Audit Director
Durham County Internal Audit Department
200 East Main Street
Durham, NC 27701

Dear Mr. Edwards,

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

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

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

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

Based on the results of our review, it is our opinion that the Durham County Internal Audit Department's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit engagements during the period of November 1, 2011 through November 1, 2014.

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

Michael Eglinski
City Auditor
Lawrence, KS

Jerome Heer
Director of Audits
Milwaukee County
Comptroller's Office
Milwaukee, WI



Association of Local Government Auditors

November 13, 2014

Mr. Richard Edwards, Internal Audit Director
Durham County Internal Audit Department
200 East Main Street
Durham, NC 27701

Dear Mr. Edwards,

We have completed a peer review of the Durham County Internal Audit Department for the period November 1, 2011 through November 1, 2014 and issued our report thereon dated November 13, 2014. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

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

- The Internal Audit Department's focus on objectives allows for efficient and effective performance audit work.
- The reports we reviewed were well written, clear and concise.
- The written policies and procedures manual provides clear and useful descriptions of your processes and quality control system.
- Audit recommendations provide management with practical ways to enhance and improve processes and services. We noted that the recommendations were generally well received by management.

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

- Standard 3.95 requires the audit organization to analyze and summarize, at least annually, the results of its process for monitoring of quality in the audit organization.

In performing our review of the quality control system, we did not identify a system for conducting and documenting the review. While we saw evidence of on-going monitoring of quality, we did not see documentation on an annual basis.

We recommend the Durham County Internal Audit Department update policies and procedures to ensure the annual review is documented. One option to consider is to have an annual form summarizing the monitoring.

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

Sincerely,



Michael Eglinski
City Auditor
Lawrence, KS



Jerome Heer
Director of Audits
Milwaukee County
Comptroller's Office
Milwaukee, WI



**County of Durham
Internal Audit Department**

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Jenna Meints

November 13, 2014

Mr. Michael Eglinski
City Auditor
Lawrence, KS

Dear Mr. Eglinski:

Thank you and Mr. Jerome Heer for conducting the Peer Review for Durham County Government's Internal Audit Department. The experience was meaningful and beneficial; enhancing the value of our internal quality control system. Durham County Audit Department staff is especially appreciative of the kind remarks expressed in the management letter.

I concur with the suggestions contained in the management letter. The peer review team suggests we more closely adhere to GAS 3.95 regarding monitoring of quality. GAS 3.95 states:

“The audit organization should analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or retentive issues needing improvement, along with recommendation for corrective action. The audit organization should communicate to appropriate personnel any deficiencies noted during the monitoring process and make recommendation for appropriate remedial action.”

Durham County Internal Audit will review and update its policies and procedures manual to clarify and better define quality monitoring processes including documentation processes sufficient to address GAS 3.95. Policy and procedures will be revised and practices implemented by the end of calendar year 2014.

Again, thank you for all the time and effort you put into helping Durham County Government's Internal Audit Department become an improved audit organization.

Sincerely,

Richard Edwards,
Internal Audit Director

CC: Mr. Paul Geib, Performance Audit Manager
Milwaukee Public Schools