

**COUNTY OF ORANGE
AUDIT OVERSIGHT COMMITTEE
ADMINISTRATIVE PROCEDURE**

Effective Date: May 22, 1996
 Revision Date: N/A
 Authority: Board of Supervisors

Subject: Reporting On External Audits

PURPOSE

To provide a uniform procedure for County departments/agencies so that the Internal Audit Department can report on audits, other than the "All Funds Audit", performed by third party auditors and can communicate significant audit findings (weaknesses or suggestions for improvement) to the Audit Oversight Committee. This procedure includes the requirements for 1) written communications between the Internal Audit Department and the department/agency being audited, 2) preparation of a log by the Internal Audit Department to track the third party audits, 3) quarterly certification by Departments Heads that, based on all external audits conducted during the period, either (a) there were no significant findings or (b) a written discussion of the significant findings/recommendations and that no other significant findings were noted, and 4) communication by the Internal Audit Department of significant findings/recommendations noted in the Department's communication, to the Audit Oversight Committee.

For purposes of this procedure a "third party auditor" is defined as 1) any organization, company, firm or individual hired by a County department/agency to perform a financial audit, review or compilation of the department's/agency's books or records or to perform an organizational or operational review or management audit of the department/agency or 2) any organization, company, firm or individual hired by an organization, company, firm or individual outside the County which has the contractual or statutory right to perform or require to be performed a financial audit, review or compilation of the department's/agency's books or records or to perform an organizational or operational review or management audit of the department/agency.

SCOPE

This procedure is applicable to all County departments/agencies governed by the Board of Supervisors.

PROCEDURES

1. All County Departments/Agencies are required to notify the Internal Audit Director, in writing, of all third party audits. This procedure requires that:

- a. By March 31st of each fiscal year, the Internal Audit Department will send a letter to each County department/agency requesting a written list of all third party audits expected to be performed during the upcoming fiscal year and any other potential third party audits. The list shall be submitted to the Internal Audit Department by April 15th and should contain the following information:
 - Department/Agency name
 - Name of third party auditor
 - Program/process or area to be audited
 - Audit period and frequency
 - Date last audited
 - Audit scope
 - b. County departments/agencies will immediately notify Internal Audit about any additional third party audits to be conducted during the year.
2. Department/Agency Heads will provide a quarterly certification to the Internal Audit Department indicating all audits conducted during the period and either that there were no significant findings/recommendations or a brief discussion of the significant items and a statement that there were no other significant items noted.
 3. The Internal Audit Department will maintain a log detailing the information received in 1. and 2. above.
 4. The Internal Audit Department shall provide a summary of the information received in 1. - 3. above to the Audit Oversight Committee at least once a year.