



Workpaper Guidelines

	Internal Audit	
Effective Date: 01/01/2016	Last Revision: 03/03/2016	Page 1 of 5

1.0 Purpose

The purpose of these guidelines is to assist the staff of the Internal Audit Division to create workpapers that are clear, concise and conclusive of the results of the audit.

2.0 Authority

The County Auditor shall be responsible for the implementation and interpretation of this procedure, as well as enforcement of the procedure. The County Auditor shall issue, maintain and update any procedure, control and form needed to ensure compliance with this procedure.

3.0 Workpaper Documentation

At the beginning of a field audit, create workpaper folders in the W-drive. Name the folders as follows (including the numbers):

- 1. Audit Report
 - This folder shall include the draft copies of the audit report, the final audit report, the Commissioners Court agenda packet and the agenda. Once the final audit report has been approved for Commissioners Court, the drafts of the audit report may be deleted from this folder.
- 2. Correspondence
 - This folder shall include any pertinent correspondence with the client, including but not limited to, the engagement letter signed by the department head, the transmittal letter to the client and the transmittal letter to Commissioners Court. All correspondence on the office letter head shall be reviewed, approved and signed by the County Auditor.
- 3. Audit Program
 - This folder should include a separate folder for each test performed in the audit. The sub-folders in this section will be dependent on the audit being performed. For example, there will be a Cash Count sub-folder for all audits where a cash count is performed. This sub-folder will contain the cash count narrative, the cash count form and any supporting documentation.
- 4. Internal Control
 - This folder shall include the internal control questionnaire, an organizational chart and any other documentation retained during the audit that relates to the client's internal control procedures.
- 5. Statistical Analysis
 - This folder is dependent on if a statistical analysis will be performed on the audit. If a statistical analysis is performed, the folder will contain the test spreadsheet and any support documentation.
- 6. Downloads
 - This folder is created to hold any projects created through ACL or IDEA. If these programs are not used when performing audit tests, the folder will remain empty.



4.0 Excel Test Workbooks

All information associated with an audit test should be in one (1) excel workbook. This workbook shall be saved in its corresponding sub-folder of the "3. Audit Program" folder. Test workbooks contain Summary, Test, Population, Sample, Statute, How To and miscellaneous spreadsheets.

- **Summary Spreadsheet**

The header on the "Summary" tab shall include Galveston County Auditor's Office, the office being audited, the test being performed, the audit period and the name of the auditor conducting the test as shown here:

**GALVESTON COUNTY AUDITOR'S OFFICE
JUSTICE OF THE PEACE PRECINCT 1
DEPOSIT IMAGE TEST
AUDIT PERIOD 01/01/2015 THROUGH 08/31/2015
CONDUCTED BY: "AUDITOR'S NAME"**

This spreadsheet shall provide the following sections:

- **Objective**
 - The objective is the basis of the audit test. The objective states the subject matter under examination, the purpose of the test and how performance will be assessed.
- **Criteria**
 - The criteria is a policy, procedure and/or statute used as a reference to compare audit evidence. The criteria section will include any statutes or policies that pertain to the test, along with a brief description of the statute or policy. Create a link to a new tab with the statute's number or policy name. Provide a screenshot of the statute/policy on the new tab. Create a separate tab for each statute or policy that is referenced in the criteria section.
- **Testing**
 - The testing section will have any procedures that will be performed to complete the test.
 - Include how the population is determined and how it was obtained. If it is provided by an individual, include their name and title. Create a link to a "Population" tab with the entire population provided. On the "Population" tab, include total and count columns.
 - Include how the sample size is determined and how the sample was extracted from the population. Create a link to a "Sample" tab with the sample that will be tested. On the "Sample" tab, include total and count columns.
 - If reports are obtained from another system, create a link to a "How-To" tab explaining the steps to retrieve the report and which parameters to select.
- **Findings**
 - Create a table containing the population, sample size, number of errors and error rate for each office location.
 - Include any findings that will be reported on the audit report.
 - Make a note of any findings that are immaterial that should be discussed in



the exit conference.

- Recommendations
 - Include any recommendations that will be reported on the audit report.
- **Test Spreadsheet**

The “Test” tab should be organized in the order the data is tested. For example, a deposit test includes the range of receipts, verifying money was deposited in the bank and verifying the bank deposit was recorded in ONESolution. The test spreadsheet should be organized in the same order:

- Sample Data
- Bank Statement Confirmation
- ONESolution Confirmation
- Test (Pass/Fail)
- Auditor Comments

When creating the test spreadsheet, if there are questions regarding the organization of the data, talk to the lead auditor or the Internal Audit (IA) Manager for guidance.

Each section of the test spreadsheet should contain a title and column headings. The reader should be able to determine what each section and column of data represents.

When working with dollar amounts, always use the “Accounting” format, right justified in Excel.

Formulas shall be used as often as possible.

When applicable, compare the totals on the test spreadsheet with the population or sample totals for accuracy and completeness. For example, if the “Population” tab was totaled and the number of transactions are 9,906 and total \$2,761,192.20, the “Test” spreadsheet shall be totaled and the total shall be compared to the “Population” tab for accuracy.

In the example below, the population count and total is linked directly to the “Population” tab. The “differ” amount should always be zero. If it is not zero, there is an error that shall be corrected.

		9906	\$ 2,761,192.20
	<i>Population</i>	9906	\$ 2,761,192.20
	<i>differ</i>	-	0.00

- **Miscellaneous Spreadsheets**
Occasionally miscellaneous spreadsheets will be included. These may or may not be referenced in the test and may be for the purpose of providing information. Indicate on the spreadsheet what the data represents, who provided the information and the date.

5.0 Draft Audit Report

After completing all tests, create a draft audit report with the following information:

- Use the last day of field work for the date of the report.
- Include DRAFT on the cover page.
- On the introduction page, include the auditor’s name and title.
- If a section continues on a second page, the second page shall have the page title with “(cont.)” after the title. For example, “Reliability and Integrity of Information (cont.)”.



- Submit the report to the lead auditor for review.
- For each revision made, create a copy of the draft and add the revision number after DRAFT.
- Submit the final draft report and all previous drafts to the IA Manager for review.
- The IA Manager will submit the draft audit report to the First Assistant, Director of Auditing for review.
- Upon final approval by the First Assistant, Director of Auditing:
 - Draft a transmittal letter to the client.
 - Print a new copy of the draft audit report without the revision number.
 - Submit all documents to the County Auditor for signature.
 - Scan a copy of the final draft audit report and signed transmittal letter into the W-drive in the "1. Audit Report" folder and MKinsight.
 - Deliver the audit report to the client.
 - If a response letter has not been received or an exit conference has not been scheduled after one week, email the client a "friendly reminder". The Auditor's Office prefers the response to be on the client's letterhead.

6.0 Exit Conference

Not all audits require an exit conference. If the field audit resulted in no findings or minimal findings, the client may not want to have an exit conference.

In the event an exit conference is scheduled, bring a list of topics to discuss during the meeting. If the client has expressed concerns regarding certain findings, bring adequate support documents regarding the findings to provide to the client. Audit work is only shared with the auditee that is specific to the finding in question, as our workpapers are confidential.

NEVER ATTEND AN EXIT CONFERENCE UNPREPARED!

7.0 Final Audit Report

Prepare the final audit report for Commissioners Court:

- Draft a transmittal letter to Commissioners Court.
 - The date of the letter shall be the date of the agenda on which the report will appear. This date shall be confirmed with the Administrative Assistant.
 - Audit reports must be submitted to the Administrative Assistant by noon the Tuesday before the next Commissioners Court date.
- Print a colored copy of the final audit report with "Draft" removed from the report.
- Print a copy of the response letter from the client and the transmittal letter.
- Submit the final audit report, response letter and transmittal letter unstapled to the First Assistant, Director of Auditing for review and then to the County Auditor for signature.
 - Scan the documents in the W-drive and in MKinsight with the file name "CC Agenda Packet MM/DD/YYYY". Use the date Commissioners Court is held.
 - Make a copy of the packet for the First Assistant, Director of Auditing and give the original to the Administrative Assistant.
- The Administrative Assistant will email a copy of the agenda to all staff. Using the comments tool within the PDF, draw a rectangle around the agenda item that reflects the audit report.
- Save a copy of the agenda into the W-drive and in MKinsight. Include the date of the agenda in the title of the PDF.



8.0 Completing the Audit

In order for the audit to be “closed” in MKinsight, the audit must have an “Approved” status and the following pertinent documents have been attached:

- Signed Engagement Letter
- Internal Control Questionnaire
- Organizational Chart
- Flowcharts
- Test Spreadsheets
- Signed Transmittal Letter to Court
- Final Audit Report
- Copy of the agenda on which the audit report appeared

Only check “Make permanent” for the Final Audit Report and Agenda.