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1000 Quality Assurance Review Manual Overview

Overview

- .01 The University of California Systemwide Audit Manual emphasizes the importance of delivering quality products and services to our customers. Quality is ensured through the practice of adequately supervising and reviewing the work of staff and periodically conducting internal and external quality assurance reviews. This Quality Assurance Review Manual describes the process adopted by the University of California to evaluate and ensure the quality of the various campus/lab internal auditing programs through the periodic performance of quality assurance reviews. It also demonstrates compliance with *Attribute Standard 1300* of the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*, which states:

"The chief audit executive should develop and maintain a quality assurance and improvement program that covers all aspects of the internal auditing activity and continuously monitors its effectiveness. This program includes periodic internal and external quality assessments and ongoing internal monitoring. Each part of the program should be designed to help the internal auditing activity add value and improve the organization's operations and to provide assurance that the internal audit activity is in conformity with the Standards and the Code of Ethics."

The foundation of a quality assurance review program is the set of professional standards that has been adopted by the internal audit department. The University of California has adopted the *International Standards for the Professional Practice of Internal Auditing* and the *Code of Ethics*, both issued by the Institute of Internal Auditors, and has incorporated these in its own systemwide Standards, issued as the University of California Systemwide Audit Manual. The Quality Assurance Review teams will use these Standards along with knowledge of exemplary practices to assess the quality of the campus/lab internal audit department's work.

Internal vs. External Assessments

A Quality Assurance Review conducted in accordance with this manual meets the definition of a periodic internal assessment. Internal assessments are described in *Attribute Standard 1311*, which states:

"Internal assessments should include:

- *Ongoing reviews of the performance of the internal audit activity; and*

1000 Quality Assurance Review Manual Overview

**Internal vs.
External
Assessments
(cont'd)**

- *Periodic reviews performed through self-assessment or by other persons within the organization, with knowledge of internal audit practices and the Standards.”*

The periodic internal assessments performed in compliance with the provisions of this Quality Assurance Review Manual provide critical input to and are fundamental elements of the external quality assessment referred to in Attribute Standard 1300. Consequently, it is imperative that the reviews be performed timely and with rigor and objectivity.

External assessments are quality assurance reviews conducted at least once every 5 years by a qualified, independent reviewer or review team from outside the organization. External assessments evaluate the systemwide audit program and are arranged through the University Auditor’s Office.

The term “Quality Assurance Review,” as used throughout this manual, should be treated as an equivalent term to “periodic internal assessments.”

1100 Quality Assurance Review Overview

Purpose of a Quality Assurance Review

.01 The primary purpose of conducting a Quality Assurance Review is to provide the internal audit director and the organization's management with an assessment of the campus/lab internal audit department's compliance with the University of California Systemwide Audit Manual, the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing*, and the IIA's *Code of Ethics*, collectively referred to as the Standards. Additional purposes are to:

- identify exemplary practices implemented by internal audit programs,
- identify opportunities to enhance the value provided by the campus/lab internal audit program and, by extension, the systemwide audit program,
- evaluate customer satisfaction with audit and advisory services provided, and
- share ideas, issues, and exemplary practices among the internal audit director group.

A Quality Assurance Review will be conducted at a campus/lab location once every three to five years. The Quality Assurance Review is estimated to take three to five days on site. The results of the review, along with a draft report, will be presented and discussed with the internal audit director and staff prior to the team's leaving the site.

Scope of Review

.02 The Quality Assurance Review encompasses all activities of the internal audit department from the date of the last review to the present, with emphasis on current practices and activities. All projects reported on Schedule 3 of the Quarterly Reports, whether or not a report was issued, are subject to selection and review by the Quality Assurance Review team. The internal audit director may also select one project for inclusion in the review sample.

Elements of the Quality Assurance Review

.03 The Quality Assurance Review team:

- obtains and reviews the Director's Self-Assessment,
- evaluates a sample of workpapers,
- reviews a sample of reports issued, and
- interviews campus/lab Audit Committee members, the Vice Chancellor (Audit Director's campus supervisor), the University Auditor, clients, and internal audit staff.

1100 Quality Assurance Review Overview

Elements of the Quality Assurance Review (cont'd)

The results of these activities are shared with the internal audit director and staff before the Quality Assurance Review team leaves the campus/lab site. At the end of the review, a Quality Assurance Review Report is issued to the director, with copies to the director's campus supervisor, the University Auditor, and the campus/lab Audit Committee Chair.

Evaluation Criteria

.04 The activities and practices of the campus/lab internal audit departments are evaluated using tools and criteria described in this Manual. The tools and criteria are based on the Standards adopted by the systemwide audit program and exemplary practices either known to or identified by the Quality Assurance Review team.

Quality Assurance Review Reports

.05 At the end of a Quality Assurance Review, the Quality Assurance Review team will issue a report containing their conclusion that the internal audit department either (1) "Generally Complies," (2) "Partially Complies," or (3) "Does Not Comply" with the Standards.

An internal audit department that "generally complies" with the Standards in all material respects will receive a standard Quality Assurance Review Report. A "generally complies" conclusion can be reached even in cases where there are significant opportunities for improvement; however, these should not represent situations where the internal audit department has not implemented the Standards or the Code of Ethics, is not applying them effectively, or in not achieving their stated objectives.

See Section 2200.06 for additional information on "Generally Complies" Quality Assurance Review Reports.

If the Quality Assurance Review team concludes that the internal audit department is making good faith efforts to comply with the requirements of the Standards and Code of Ethics but has fallen short of achieving some of their major objectives, the Quality Assurance Review report should state that the department "partially complies" with the Standards. The decision to issue a Quality Assurance Review Report with a "partially complies" conclusion must be discussed in advance with the University Auditor, who must concur with the decision.

See Section 2200.07 for additional information on "Partially Complies" Quality Assurance Review Reports.

Quality Assurance Review Reports (cont'd)

If the Quality Assurance Review team concludes that the internal audit department is not aware of, is not making good faith efforts to comply with, or is failing to achieve many or all of the objectives of the Standards and Code of Ethics, then the Quality Assurance Review Report should conclude that the department “does not comply” with the Standards. The deficiencies that lead to a conclusion of “does not comply” usually have a significant negative impact on the department’s effectiveness and its potential to add value to the organization. The decision to issue a Quality Assurance Review Report with a “does not comply” conclusion must be discussed in advance with the University Auditor, who must concur with the decision.

See Section 2200.08 for additional information on “Does Not Comply” Quality Assurance Review Reports.

See Section 2200.10 for additional information on “reportable conditions.”

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Conducting the Quality Assurance Review

**Section
Overview**

.01 This section of the Quality Assurance Review Manual describes the activities involved in conducting the Quality Assurance Review. The Quality Assurance Review includes pre-site, on-site, and post-site visit activities.

The sections following more fully describe the specific activities that occur during each phase of the framework. Also included are standard templates and exhibits for use by the Quality Assurance Review team.

**Quality
Assurance
Review
Framework**

.02 The *Pre-site Visit* consists of the following activities:

Completion of the Director's Self-assessment Questionnaire and Information Request

- Responses and data from internal audit director
- Analysis of responses and data by Quality Assurance Review team

Review of a sample of workpapers

Review of a sample of reports issued

Scheduling of interviews with and distribution of interview questionnaires to

- IA Staff Members
- Audit Committee members
- Vice Chancellor (Audit Director's Campus Supervisor)
- University Auditor
- Clients

Communications with internal audit director

- Engagement Letter

See Section 2100 for more detailed information on the Pre-site Visit.

The *Site Visit* consists of the following activities:

Validation of data from Director's Self-Assessment and inquiries

Clarification of questions on workpapers and reports

Conducting interviews with

- IA Staff Members
- Audit Committee members
- Vice Chancellor (Audit Director's Campus Supervisor)
- University Auditor
- Clients

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Conducting the Quality Assurance Review

Quality Assurance Review Framework (cont'd)

Communications with internal audit director

- Entrance conference
- Ongoing/daily interaction and feedback
- Exit conference and Quality Assurance Review report draft

See Section 2200 for more detailed information on the Site Visit.

The *Post-site Visit* consists of:

- Distribution of Quality Assurance Review final report
- Assembling Quality Assurance Review workpapers and sending them to the University Auditor's Office
- Sharing exemplary practices noted in the Quality Assurance Review
- Conducting follow up, if warranted

See Section 2300 for more detailed information on the Post-site Visit.

Team Leader's Task List

- .03** A summary of all the activities that comprise the Quality Assurance Review along with team leader guidance appears in the *Team Leader Task List*, a tool that has been prepared to assist the review team and to ensure a consistent approach from one review to another.

The Team Leader Task List is included as Exhibit 1 at the end of this section.

Workpaper Index

- .04** A standard workpaper index has been prepared and should be used for the Quality Assurance Reviews.

The Standard Workpaper Index is included as Exhibit 2 at the end of this section.

University of California Quality Assurance Program

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Conducting the Quality Assurance Review

Exhibit 1

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
QAR TEAM LEADER'S TASK LIST**

Audit Department _____

Team Leader _____

Activity	Done	Date
<u>Preparatory Activities</u>		
1. Contact team members and IA Director to determine exact dates of the on site QAR.		
2. Conduct planning session by phone or in person with team members. Discuss QAR process and logistics and determine assignments. Ensure team is familiar with provisions of the UC QAR Manual, UC Audit Manual, and IIA <i>Standards</i> .		
3. Send engagement letter to IA Director at least 60 days in advance of the on site review. [See Exhibit 3] Request that the IA Director complete the Director's Self-assessment Questionnaire and Information Request and return the specified data and information items 45 days in advance of the on site review. [See Exhibit 4]		
4. In consultation with team members, select audit projects for workpaper review at least 30 days prior to the on site review. Make arrangements with IA Director to have selected workpapers sent to team members.		
<u>Pre-Site Visit Activities</u>		
1. Review workpapers using the Workpaper Review Guide in the QAR Manual. [See Exhibit 10] Review completed client satisfaction survey forms for those workpapers selected in the sample. Identify any additional information needed in connection with pre-site visit workpaper review and formulate any questions to be asked on site.		

University of California Quality Assurance Program

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Exhibit 1

Activity	Done	Date
2. In consultation with team members and the IA Director, identify those individuals to be interviewed in person during the site visit. Arrange for the IA Director to schedule the interviews with the selected individuals and to provide them with an advance copy of the interview questionnaire.		
3. Review completed Director's Self-assessment Questionnaire and Information Request submitted by the IA Director. Obtain clarifying information, as needed, pre-site visit and formulate any questions related to information provided for follow up on site.		
4. Read reports issued by the Internal Audit Department (reports can be found in the data warehouse).		
<u>Site Visit Tasks</u>		
1. Conduct planning meeting with team members.		
2. Conduct entrance conferences with 1) the IA Director and 2) the IA Director and audit staff. [See Exhibit 11]		
3. Conduct interviews with selected audit staff, Audit Committee members, IA Director's campus supervisor, senior management (including the Chancellor), clients and University Auditor to: (a) follow up on any open questions from returned survey forms, (b) determine their views on the Internal Audit Department, and (c) follow up on responses to the self-assessment as needed.		
4. Use point sheets to summarize verbal comments (exemplary practices noted and opportunities for improvement) and any reportable conditions. [See Exhibits 17 and 18 for Other Observations and Exemplary Practices Lists and Exhibit 19 for Reportable Condition Point Sheet.]		
5. Meet with the IA Director daily during the course of the site visit to discuss progress of the QAR and observations. [See Exhibit 12] Provide verbal comments and any reportable conditions to the IA Director and obtain Director's response.		

2000 Conducting the Quality Assurance Review

Exhibit 1

Activity	Done	Date
6. If the Quality Assurance Review team is considering issuing a report containing an opinion that the department “partially complies” or “does not comply” with the Standards, contact the University Auditor to discuss the issues leading to this conclusion. Note: the University Auditor must concur with the team’s conclusion in order for a report with a “partially complies” or “does not comply” opinion to be issued.		
7. Prepare the formal draft or final report in accordance with the sample reports in the QAR Manual and provide a copy to the IA Director and other recipients as appropriate. [See Exhibits 14, 15, and 16]		
8. Conduct exit conferences at the end of the site visit with 1) the IA Director and 2) the IA Director and audit staff to discuss the results of the review. [See Exhibit 13]		
9. If possible, conduct exit conference with the IA Director’s campus supervisor while on site to discuss results of the review including any reportable conditions. Otherwise, schedule telephone exit conference after the site visit.		
<u>Post Site Visit</u>		
1. Issue formal report to IAD and other designated recipients within 10 days of the site visit if not done on site. [See Exhibits 14, 15, and 16]		
2. Assemble workpapers using Standard Workpaper Index and send them to the University Auditor’s Office within two months after the site visit. [See Exhibit 2 for Standard Workpaper Index.]		
3. Follow established protocol for sharing exemplary practices identified during the QAR. [See Exhibit 17]		
4. Conduct follow up six months after completion of site visit to evaluate corrective action for any reportable conditions. If no reportable conditions were identified, a follow up is not necessary.		

2000 Conducting the Quality Assurance Review

Exhibit 2

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
STANDARD WORKPAPER INDEX**

Section	Content Description
A	Quality Assurance Review Summary <ul style="list-style-type: none">• Quality Assurance Review Report• Reportable Condition Point Sheets (if any)• Other Observations and Exemplary Practices Lists
B	Planning and Administration <ul style="list-style-type: none">• Team Leader’s Task List• Engagement Letter• Other Planning Notes and Documents (optional)
C	Detailed Workpapers <ul style="list-style-type: none">• Director’s Self-assessment Questionnaire and Information Request Summary Memo Prepared by the Review Team Completed Director’s Self-assessment Questionnaire and Information Request• Interviews Summary Memo Prepared by the Review Team• Workpaper Review Summary Memo Prepared by the Review Team Workpaper Review Checklists• Report Review Summary Memo Prepared by the Review Team

2100 Pre-Site Visit Activities

Overview .01 During the pre-site visit phase, the Quality Assurance Review team develops detailed plans for the Quality Assurance Review, collects and analyzes data, arranges to interview key constituents of the internal audit department, and reviews a sample of workpapers and reports.

Engagement Letter .02 At least 60 days in advance of the site visit, the review team leader sends an engagement letter to the director of the internal audit department being reviewed. The engagement letter clarifies and confirms any preliminary conversations and agreements that have occurred between the team leader and the internal audit director, such as the dates and the scope of the Quality Assurance Review and the members of the team. It also requests that the director complete the *Director’s Self-assessment Questionnaire and Information Request* and return it to the team leader by an agreed upon date.

An Engagement Letter template is included as Exhibit 3 at the end of this section.

Director’s Self-Assessment .03 The *Director’s Self-assessment Questionnaire and Information Request* is sent to the internal audit director along with the engagement letter. The director completes the self-assessment questionnaire and information request and returns it to the Quality Assurance Review team leader by the agreed upon due date. Before visiting the campus/lab location, the Quality Assurance Review team reviews the director’s responses for completeness and identifies areas for follow-up and/or validation during the site visit. Areas for follow-up and/or validation may include potential exemplary practices, responses requiring clarification, or processes that appear to deviate from expected Standards.

The Director’s Self-assessment Questionnaire and Information Request is included as Exhibit 4 at the end of this section.

Request for Information .04 The Quality Assurance Review team will review various data in addition to the director’s responses to the self-assessment. The request for data has been integrated into the *Director’s Self-assessment Questionnaire and Information Request*. As noted above, the engagement letter will include a request for this information, along with an agreed upon due date.

2100 Pre-Site Visit Activities

Request for Information (cont'd)

The information to be requested from the internal audit director is shown in the Director's Self-assessment Questionnaire and Information Request that is included as Exhibit 4 at the end of this section.

Client, Staff, Audit Committee members, Vice Chancellor, and University Auditor Interviews

- .05 In order to assess the quality of and value added by the activities, products, and services provided by the internal audit department, the Quality Assurance Review team will identify members of the Audit Committee, members of the internal audit staff, a sample of clients, the University Auditor, and the Vice Chancellor or other manager to whom the internal audit director reports to interview. An advance copy of the relevant interview questionnaire will be sent to the interviewee during the pre-site period. The Quality Assurance Review team will conduct the interviews during the site visit.

Questionnaires prepared for Audit Committee Members, the Vice Chancellor (Audit Director's Campus Supervisor), the University Auditor, Professional Staff, and Clients are included as Exhibits 5, 6, 7, 8, and 9 at the end of this section.

Helpful Hints

Ask the internal audit director to schedule interviews during the morning, leaving the afternoon free for the Quality Assurance Review team to discuss their progress, observations, etc., among themselves and prepare for the daily briefing with the internal audit director.

Because not all members will be meeting with every individual selected to be interviewed, ask the internal audit director to schedule concurrent interviews to facilitate the team's completion of the interview schedule. If there are interviews where the entire team is planning to attend, for example, the interview with the campus chancellor, make sure to let the internal audit director know so conflicts do not occur.

Workpaper Review

- .06 The Quality Assurance Review team will review a sample of workpapers during the pre-site period. The size of the sample will be subjectively determined by the Quality Assurance Review team. The selection will be made from all projects listed on Schedule 3 of the Quarterly Reports submitted since the date of the last Quality Assurance Review, with emphasis on more current projects. The projects selected should represent the range of services provided by the campus/lab, that is, audit, IT audit, investigation, and advisory services. As noted in the Team Leader's Task List, the Quality Assurance Review team leader is to select the projects for

**Workpaper
Review (cont'd)**

review and notify the internal audit director of the selected projects at least 30 days prior to the site visit. The internal audit director may elect to choose one project for inclusion in the sample. The Quality Assurance Review team will evaluate the sample workpapers using the Audit Workpaper Review Checklist. The workpaper review is to be completed prior to the start of the site visit. During the site visit, the Quality Assurance Review team will follow up with the internal audit director to obtain clarification or explanations for any questions raised as a result of the workpaper review.

The Audit Workpaper Review Checklist is included as Exhibit 10 at the end of this section.

Report Review

During the pre-site period, the Quality Assurance Review team will also review a sample of audit and/or advisory service reports. The selection will be made from all projects listed on Schedule 3 of the Quarterly Reports submitted since the date of the last Quality Assurance Review, with emphasis on more current projects. The reports can be obtained through the data warehouse, which is a part of the University Auditor's website. The purpose of reviewing reports is to give the Quality Assurance Review team some insight into the type of activities that are conducted by the department, the number and significance of issues raised, and management's responsiveness. The report review is to be completed prior to the start of the site visit. During the site visit, the Quality Assurance Review team will follow up with the internal audit director to obtain clarification or explanations for any questions raised as a result of the review.

University of California Quality Assurance Program

2100 Pre-Site Visit Activities

Exhibit 3

ENGAGEMENT LETTER TEMPLATE

Date

<Name>
<Institution>
<Address>

Subject: Quality Assurance Review

Dear <Name>:

The <Institution> Internal Audit Department is scheduled for a Quality Assurance Review (QAR) as part of its ongoing quality assurance program. This review will cover the period from the last QAR to present with emphasis on current practices and conditions, and will follow steps outlined in the University of California Quality Assurance Review manual. The review team will begin fieldwork on <Start Date>, and complete fieldwork and provide a report by <End Date>. Please complete the attached Director's Self-assessment Questionnaire, assemble items listed in the Request for Information and submit this information to my office by <Date>.

Objective and Scope of Quality Assurance Review

The primary QAR objective is to provide reasonable assurance that the internal audit program at <Institution> complies with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and *Code of Ethics*, and the University of California Internal Audit Manual, collectively referred to as "Standards." An additional goal of the QAR is to identify your exemplary practices and promote knowledge sharing.

To accomplish these objectives, our review will include the following activities:

1. Review items assembled from the enclosed *Director's Self-assessment Questionnaire* and *Request for Information* about your internal audit function and organizational environment.
2. Review workpapers for a sample of audits completed during the review period. We will advise you of the workpapers selected for the sample. In addition, you may choose one set of workpapers to be added to the sample.
3. Review a sample of audit and/or advisory service reports issued during the review period to gain a better understanding of the work you perform for and the value you provide to your organization.
4. Interview you, selected institutional officials, clients, internal audit staff, and Audit Committee members. We will advise you of interviews that need to be scheduled.
5. Conduct periodic conferences with you during our review and issue a formal written report on our overall conclusions. We will also informally communicate other observations and exemplary practices identified.

The following individuals will serve as members of the review team; <Names(s)>, <Institution(s)>. If you have questions, I can be reached at <Telephone#> or <Email>.

Sincerely,

<Name>, Team Leader
<Title>, <Institution>

Enclosures

cc: <Name of Supervisor of Internal Audit Director>
<Name of University Auditor>
<Audit Committee Chair>
QAR Team Members

2100 Pre-Site Visit Activities

Exhibit 4

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
DIRECTOR'S SELF-ASSESSMENT QUESTIONNAIRE
AND
INFORMATION REQUEST**

The Director's Self-Assessment Questionnaire and the Information Request have been combined into a single, integrated document to facilitate workpaper organization and review by the QAR team. Please provide your responses to the following questions and the requested documents in a 3-ring binder organized as indicated below. Each response and document should be referenced to the section, question, and document number to which it relates. For example, the organization chart would be referenced as 1.1.A and the list of Audit Committee members would be referenced as 2.1.A. Please note the reference number in the lower right hand corner of each response and exhibit.

SECTION 1 – DEPARTMENT OVERVIEW

- 1. What are some of your department's major accomplishments? Explain how your department's accomplishments align with your goals and the Systemwide Program's strategic goals.**

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 1:

- Organization Chart
 - Completed Data Sheet on personnel, career counseling and development practices (Excel spreadsheet attached) (see Audit Manual Section 4000)
 - Department budget for the current and prior fiscal year and most recent budget to actual analysis
 - Personnel Statistics/Analysis (number of authorized professional positions, professionals at the start of the current fiscal year, current number of professionals, and number of unfilled positions)
 - Turnover analysis
- 2. What are some of the professional and managerial challenges you face?**
 - 3. How do you ensure that auditor independence and objectivity are maintained?**

SECTION 2 – AUDIT COMMITTEE ACTIVITIES

1. Describe your relationship with your Audit Committee.

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 2:

- A. List of Audit Committee Members
- B. Audit Committee Charter
- C. Copies of Audit Committee meeting materials (agendas, minutes) for the past 12 months

SECTION 3 – RISK ASSESSMENT AND ANNUAL PLANNING

1. How do you go about assessing risk for annual planning purposes?

2. Describe how you ensure broad coverage of the audit universe (that is, balancing high risk and core business audit universe coverage).

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 3:

- A. Department's audit plan for the current fiscal year
- B. Department's audit plan for the prior fiscal year
- C. Department's risk analysis for the current fiscal year
- D. Coverage of audit universe
- E. Coverage of core elements of the audit universe

SECTION 4 – DEPARTMENT OPERATIONS

1. Describe the processes for planning, scheduling, and managing audit assignments. Attach sample reports, if not already provided.

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 4:

- A. Copies of status reports, such as annual or other periodic reports, presented to management during the past year
- B. Copies of project management system reports
- C. Fourth Quarter Quarterly Report for the prior fiscal year
- D. Most recent Quarterly Report (Schedules 1 through 3 with narrative)

2100 Pre-Site Visit Activities

Exhibit 4

2. Describe the process for following up to ensure that appropriate corrective action has been taken on audit findings. Attach sample reports, if not already provided.

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 4:

- A. List of all open items from Audit Tracker
- B. List of all open items rated “High” from Audit Tracker
- C. Aging report showing all open past due items

3. Describe the Department’s local quality assurance program. Comment specifically on the elements of the program related to supervision, pre-report issuance quality assurance activities, and post-report issuance quality assurance activities.
4. Describe processes and activities associated with the Client Satisfaction Survey. Comment specifically on activities that occur after the completed survey is returned by the client, such as tracking and analyzing results and following up on client comments.

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 4:

- A. Copies of all Client Satisfaction Surveys for the last 12 months and the most recent summary reports, analyses, etc.
- B. Client Satisfaction Survey overall average rating
- C. Client Satisfaction Survey average rating per question

SECTION 5 – KNOWLEDGE, SKILLS, AND COMPETENCIES

1. How do you ensure that audit staff possesses the appropriate skills and knowledge to perform assigned audits?
2. How do you ensure that the Internal Audit Department possesses or acquires the appropriate level of skills and knowledge required to complete the audit plan?
3. Describe how you ensure that the members of your staff receive the continuing professional education/training credits required to maintain their professional certifications and develop and enhance new and existing skills.

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 5:

- A. Copies of reports used to track Continuing Professional Education/staff training
- B. Amount of time and dollars spent on training in the current and prior fiscal year
- C. Result of skills assessments surveys
- D. Analysis of skills required to complete the annual audit plan and plans to fill any identified gaps

2100 Pre-Site Visit Activities

Exhibit 4

SECTION 6 – AUDIT MANUAL COMPLIANCE

- 1. What actions have you taken to ensure that audit staff is familiar with the policies and procedures described in the UC Audit Manual?**

- 2. How do you ensure compliance with the Audit Manual?**

SECTION 7 – AUDIT PRACTICES AND OPPORTUNITIES

- 1. What do you consider to be the characteristics of a good audit program?**

- 2. Which of your processes would you consider to be “exemplary practices?” Why? What benefits has it provided you?**

PLEASE PROVIDE THE FOLLOWING DOCUMENTS IN SECTION 7:

- A. Copies of any local procedures or Audit Manual supplements that you consider to be “exemplary practices”

- 3. Which of your processes would you like to improve? Why? What benefits would you hope to attain from improving the process?**

SECTION 8 – OTHER ISSUES

- 1. How do you coordinate your activities with those of the external auditor (PWC) to leverage resources, ensure overall breadth of coverage, and avoid or limit duplication of effort?**

- 2. Please provide these other documents in Section 8:**
 - A. Listing of consultants, if any, used by the department in the current and prior year fiscal year. Include their names, titles, organizations, areas of expertise, the projects in which they were involved, the type of assistance provided, and cost.
 - B. List of all committees, task forces, work groups, etc., and which audit staff participated and the name of the staff member.
 - C. List of IGA/IN reports filed in the current and prior fiscal year.

2100 Pre-Site Visit Activities

Exhibit 5

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
AUDIT COMMITTEE MEMBER QUESTIONNAIRE**

These interview questions have been prepared to assist the QAR team in soliciting feedback from Audit Committee members about the composition, function, and operations of the Audit Committee. The questions should be used as guides to ensure that the content is adequately covered; however, modifications to question wording and order should be made, as necessary, to adapt to the conversation flow.

- 1) Is the present composition of the committee sufficiently representative of the vital constituents of this campus/lab?
- 2) Do you feel that the roles and responsibilities of the committee are well articulated and understood by the present members?
- 3) Do you think the committee is receiving information to promote dialogue on risk identification and sensitive matters/findings affecting the campus/lab?
- 4) What changes would you suggest to improve the way the committee presently operates or functions?
- 5) Overall, how well do you feel the committee is fulfilling its obligations?
- 6) Do you personally feel that the Audit function is accomplishing its operating objectives?
- 7) What things could or should be done to further the visibility, respect, credibility and support of the Audit function?
- 8) What other kind of services or skills would you like to see the Department provide or develop?
- 9) What comments do you have on the campus/lab's internal control environment and management processes?

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
VICE CHANCELLOR (AUDIT DIRECTOR'S CAMPUS SUPERVISOR)
QUESTIONNAIRE**

These interview questions have been prepared to assist the QAR team in soliciting feedback from the Vice Chancellor or the Audit Director's immediate supervisor, if other than the Vice Chancellor. Specific questions are included on communications with the Audit Director, involvement in the risk assessment process, and perception of and support for Department activities. The questions should be used as guides to ensure that the content is adequately covered; however, modifications to question wording and order should be made, as necessary, to adapt to the conversation flow.

Communications and interrelationships:

- 1) How often do you meet with the Audit Director and what topics of discussion are normally on the agenda?

- 2) Do you think you receive sufficient on-going information on changes and progress in the audit plan, major investigations and other audit activities to be well informed on the Department's operations?

- 3) How do you perceive the relationship between Audit and the University Auditor's Office is working, relative to the dual reporting responsibilities?

- 4) For those campuses where Audit and the Controllershship function both report to the same Vice Chancellor, how do you perceive the relationship between Audit and the Controllershship function is working?

Risk Assessment and Exposure:

- 5) What input and information do you provide to the Department's risk assessment and planning process?

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Exhibit 6

- 6) In the context of the annual audit plan, do you feel that the risks and exposures of this campus/lab are adequately addressed?
- 7) Do you think the senior managers on this campus/lab understand the concept of risk identification and control? How can the Internal Audit Department assist them?

Funding and Growth:

- 8) What sectors of the Department's activities and services would you like to grow and cultivate into greater areas of importance?
- 9) Do you think the Department is properly positioned, adequately funded and effectively staffed to carry out its operational responsibilities presently and in the future?
- 10) Do you think the Department presently has the capacity to quickly respond to an immediate major request? (e.g., investigation, special project, urgent troubleshooting, etc.)

Customer Satisfaction and Demand:

- 11) Do you think the demand for the Department's services is growing? What is the Department doing about the increase/decrease in demand?
- 11) What is your impression of the level of customer satisfaction from constituents who have used the Department's services?
- 12) Does the range of services currently provided by the Audit Department meet the campus' changing needs?

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
UNIVERSITY AUDITOR QUESTIONNAIRE**

These interview questions have been prepared to assist the QAR team in soliciting feedback from the University Auditor (UA). Specific questions are included on communications with the Audit Director, involvement in the risk assessment process, and perception of and support for Department activities. The questions should be used as guides to ensure that the content is adequately covered; however, modifications to question wording and order should be made, as necessary, to adapt to the conversation flow.

Communications and interrelationships:

- 1) How often do you confer with the Audit Director and his/her Vice Chancellor or Deputy Director? What is your perception of the relationship between the Audit Director and the Vice Chancellor?

- 2) Do you think you receive sufficient on-going information on changes and progress in the audit plan, investigations and other audit activities to be well informed on the Department's operations? Is the information complete and accurate, received timely, and in the format requested?

- 3) Do you attend the local Audit Committee meetings? Do you believe the members are:
 - Adequately informed about their roles and responsibilities?
 - Active participants in committee business (e.g., attend the meetings and take an active role in committee discussions)?
 - Knowledgeable of the risk assessment process and take an active role in molding the annual audit plan?
 - Informed of strategic initiatives that the Department is involved in and actively provide support to the Department?

- 4) Do you believe that the Department has adequately contributed to the strategic planning initiatives and been active in the workgroups? Does the Department have the capacity to do more?

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Exhibit 7

Risk Assessment and Exposure:

- 5) Do you believe the risks and exposures of this campus are adequately addressed in the annual audit plan? Do you have confidence in the quality of the planning process?
- 6) Do you think the senior management on this campus understands the concept of risk assessment and control, and how the Department can assist them in these areas?

Customer Satisfaction and Demand:

- 7) How do you perceive management's reliance on the Department and its staff in relation to:
- Important campus based initiatives and committee memberships?
 - Strategic planning efforts?
 - Current management needs?
- 8) Do you think the Department presently has the capacity to quickly respond to an immediate major request? (Investigations, special projects, urgent troubleshooting, etc.)
- 9) Given the current staffing and resources, what is your perception of the Department's:
- Productivity?
 - Advisory Services efforts?
 - Training and development?
 - Visibility and demand?
- 10) Where do you believe the Department needs to focus its improvement efforts?
- 11) Have you discussed with the Audit Director any areas of concerns expressed to the QAR team based on the above questions and the areas where you believe the Department needs to focus its improvement efforts?

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
PROFESSIONAL STAFF QUESTIONNAIRE**

These interview questions have been prepared to assist the QAR team in soliciting feedback from members of the professional staff about the work environment, management style, effectiveness of communications, and operations of the Department. The questions should be used as guides to ensure that the content is adequately covered; however, modifications to question wording and order should be made, as necessary, to adapt to the conversation flow.

- 1) How would you describe the operating atmosphere/culture of this office?

- 2) What opportunities have you had to grow as a professional and improve your skills? Have your training needs been met?

- 3) What actions has the Department taken to familiarize staff members with the contents of the UC Audit Manual to ensure adequate compliance?

- 4) How would you describe your relationship with the clients in general and the way they perceive your department?

- 5) Overall, how well do you feel the Department is fulfilling its obligations to the clients and the campus/lab?

- 6) How involved are you with the annual audit planning, risk assessments and goals /objectives setting? Would you like to be more/less involved?

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Exhibit 8

- 7) Does the Department demonstrate an interest in identifying best practices and continuously improving its operating processes?

- 8) What do you think are the strengths of this Department?

- 9) What areas should the Internal Audit Department be working on to improve and operate more effectively and efficiently?

- 10) For new employees, describe the orientation process in your Department. What, if anything, would you change about the orientation process?

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
CLIENT QUESTIONNAIRE**

These interview questions have been prepared to assist the QAR team in soliciting feedback from clients of the Audit Department about the type and quality of services provided by the Department and the nature of the working relationship that exists between the client and the Department. Additionally, there are specific questions that follow-up on the client's responses to the Client Satisfaction Survey. The questions should be used as guides to ensure that the content is adequately covered; however, modifications to question wording and order should be made, as necessary, to adapt to the conversation flow.

Audit Services and Relationships:

- 1) How would you characterize your dealings/relationship with the Audit Department?

- 2) During the planning process, did the Audit Department work cooperatively to incorporate your division's risks/exposures into the audit or project plan? Did the Audit Department demonstrate an understanding of your business?

- 3) What value-added services has the Audit Department provided to your organization or department?

- 4) Have you ever or would you consider engaging the Audit Department to assist you with projects and engagements that would otherwise have gone to an outside party?

- 5) What one thing should the Audit Department be working on improving?

- 6) How can the Audit Department serve you better?

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Exhibit 9

Follow-up questions to Client Satisfaction Survey responses:

- 1) Were the objectives of the assignment/project clearly communicated in a manner that was easily understood?

- 2) Did the auditors demonstrate courtesy, professionalism, and technical proficiency throughout the assignment?

- 3) Were the audit status and results communicated to you during the project in a timely and adequate manner? How was this done?

- 4) Were the audit recommendations constructive and actionable?

University of California Quality Assurance Program

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Exhibit 10

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
AUDIT WORKPAPER REVIEW CHECKLIST**

Audit/Project Reviewed: _____

Auditor in Charge: _____

Reviewer: _____

The Review Team Leader shall select a representative sample of audit projects completed during the review period. The following review steps shall be performed for the selected projects:

Audit Manual Requirement	Present in Workpapers?		
	Yes	No	N/A
<u>Planning the Audit (see UC Audit Manual Section 6100)</u>			
1. The following documents are included in the workpapers and each document includes the elements prescribed by the Audit Manual:			
• Copy of engagement or notification letter			
• Assignment sheet signed by the Associate Director/Manager and Director			
• Preliminary survey summary memo signed by the Associate Director/Manager and Director			
• Audit program, signed by the Associate Director/Manager and Director			
<u>Workpaper Documentation (see UC Audit Manual Section 6200)</u>			
1. The workpapers include documented approval of changes to the audit scope and/or the audit program by the Associate Director/Manager and/or the Director.			
2. There is evidence that the workpapers have been independently reviewed, including a detailed review by the supervisor of the Auditor in Charge or Associate Director/Manager, and a summary review by the Director.			
3. The Director’s summary review included audit planning documents, the audit program, and the summary of audit findings and their disposition.			

University of California Quality Assurance Program

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Exhibit 10

Audit Manual Requirement	Present in Workpapers?		
	Yes	No	N/A
4. For audit work performed by the Associate Director/Manager, there is evidence of a detailed review of the audit workpapers by the Director.			
5. For audit work performed by the Director, there is evidence of a detailed review of the audit workpapers by the Associate Director/Manager or another experienced member of the audit staff.			
6. The workpapers include attestation statements signed and dated by the Auditor in Charge, Associate Director/Manager and Director.			
7. The workpapers have been signed and dated by the workpaper preparer and reviewer.			
8. An entrance conference was held with the client.			
9. An exit conference was held with the client.			
10. This project met the criteria for an investigation (see Audit Manual Section 7200.01).			
<u>Reporting Results (see UC Audit Manual Section 6300)</u>			
1. A report was issued covering the results of the audit.			
2. The report includes the following elements:			
• Letter of transmittal signed by the Director			
• Title page			
• Contents page (as appropriate considering report length)			
• Executive summary			
• Purpose of the audit, including origin or source, as appropriate			
• Scope of the audit, including time period covered, functions or processes reviewed, and audit techniques used			
• Background information			
• Audit results, including findings, conclusions or opinions and recommendations			
• Management response or management action plan			
• Schedules and attachments as appropriate			

University of California Quality Assurance Program

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Exhibit 10

Audit Manual Requirement	Present in Workpapers?		
	Yes	No	N/A
3. The final report distribution is consistent with UC Audit Manual requirements.			
4. If the project met the criteria for an investigation,			
<ul style="list-style-type: none"> • Investigation guidelines were followed (see UC Audit Manual Sections 6300 and 7200.02). 			
<ul style="list-style-type: none"> • Information was communicated to appropriate parties. 			
<u>Audit Follow-up (see UC Audit Manual Section 6400)</u>			
1. Audit follow-up procedures were performed within 12 months of the report issue date and documented in the workpaper file.			
2. The next higher level of management and/or the local audit committee were informed of unsatisfactory responses or actions as well as those corrective actions which are overdue.			
<u>QAR Team Evaluation</u>			
Based on the results of the review steps, the workpapers comply with UC Audit Manual sections 6000 - 6300.			

Comments:

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Overview

.01 During the site visit, the Quality Assurance Review team:

- follows up on questions that were raised as a result of their pre-site visit activities
- validates practices described by the director in his or her responses to the Director's Self-assessment Questionnaire and Information Request
- interviews campus/lab Audit Committee members, the Vice Chancellor (Audit Director's campus supervisor), the University Auditor, clients, and internal audit staff
- identifies exemplary practices and opportunities for improvement
- meets at least daily with the director to communicate interim observations
- summarizes and documents the team's activities.

Communications

.02 *The Entrance Conference* – The Quality Assurance Review team meets with 1) the internal audit director and 2) the internal audit director and staff to describe the Quality Assurance Review process and the team's objectives and planned activities. The team emphasizes the benefits to be derived from this process, including the identification of exemplary practices developed by the internal audit department and the opportunity to share ideas and practices with other internal audit program professionals. The team also explains that, at the end of the review, they will issue a report on the internal audit department's compliance with the Standards.

An Entrance Conference Guide and Agenda is included as Exhibit 11 at the end of this section.

.03 *Ongoing/Daily Interactions* - The Quality Assurance Review team is expected to maintain ongoing interactions with the internal audit director. The team is expected to meet at least daily with the director to:

- review their activities and progress,
- provide feedback from their interviews with campus/lab Audit Committee members, the Vice Chancellor (Audit Director's campus supervisor), the University Auditor, clients, and internal audit staff, and
- discuss their observations with respect to exemplary practices and opportunities for improvement.

If, during the team's performance of their Quality Assurance Review

2200 Site Visit Activities

Communications (cont'd)

activities, they become aware of a potentially reportable condition, they should, after discussing the matter with and obtaining the concurrence of the University Auditor, bring the matter to the attention of the internal audit director immediately.

A Daily Briefing Template is included as Exhibit 12 at the end of this section.

- .04** *The Exit Conference* – On the last day of the site visit, the Quality Assurance Review team meets with 1) the internal audit director and 2) the internal audit director and staff to review the results of their activities and to express their opinion on the internal audit department’s compliance with the Standards. The team summarizes the results of interviews, workpaper reviews, report reviews, and data analyses they conducted. Compliments should be shared freely and positive aspects of the program should be specifically credited. Opportunities for improving the department’s current processes should also be discussed.

An Exit Conference Guide and Agenda is included as Exhibit 13 at the end of this section.

Reports

- .05** By the end of the site visit, the Quality Assurance Review team has all of the information necessary to form their opinion on the campus/lab internal audit department’s compliance with the Standards and should be ready to issue their report. The determination as to the type of report to be issued is the responsibility of the Quality Assurance Review team; however, the decision to issue a Quality Assurance Review Report with a conclusion that the department “partially complies” or “does not comply” with the Standards must be discussed in advance with the University Auditor, who must concur with the decision. The following report options are available:
- .06** *“Generally Complies” Quality Assurance Review Report* - If, in the opinion of the Quality Assurance Review team, the campus/lab internal audit department complies with the Standards in all material respects, a “generally complies” conclusion has been reached and the standard Quality Assurance Review Report is issued. The standard Quality Assurance Review Report will include attachments describing the department’s exemplary practices and the team’s other observations.

A “Generally Complies” Quality Assurance Review Report template is

2200 **Site Visit Activities**

Reports (cont'd) *included as Exhibit 14 at the end of this section.*

- .07** *“Partially Complies” Quality Assurance Review Report* - If, in the opinion of the Quality Assurance Review team, the campus/lab internal audit department is making good faith efforts to comply with the requirements of the Standards and Code of Ethics but has fallen short of achieving some of their major objectives, the Quality Assurance Review report should state that the department “partially complies” with the Standards. The decision to issue a Quality Assurance Review Report with a “partially complies” conclusion must be discussed in advance with the University Auditor, who must concur with the decision.

In the event that a “Partially Complies” Quality Assurance Review Report is to be issued, the report will state the Standard requirement along with a description of the campus/lab internal audit department’s deviation from the Standard. The report will also state that, given the matter described in the report, the campus/lab internal audit department partially complied with the Standards in all material respects during the period under review. The “Partially Complies” Quality Assurance Review Report will include attachments describing the department’s exemplary practices and the team’s other observations.

A “Partially Complies” Quality Assurance Review Report template is included as Exhibit 15 at the end of this section.

- .08** *“Does Not Comply” Quality Assurance Review Report* – If, in the course of their work, the Quality Assurance Review team identifies policies or practices that significantly deviate from required Standards and have a material negative impact on the operations or quality of the location’s audit program, the Quality Assurance Review Report should state that the department “does not comply” with the Standards. The decision to issue a Quality Assurance Review Report with a “does not comply” conclusion must be discussed in advance with the University Auditor, who must concur with the decision.

In the event that a “Does Not Comply” Quality Assurance Review Report is to be issued, the report will state the Standard requirement along with a description of the campus/lab internal audit department’s deviation from the Standard. A more detailed description of the reportable condition and

Reports (cont'd)

its impact on the audit program will be included in an attachment to the report, along with management's planned corrective actions. The "Does Not Comply" Quality Assurance Review Report will also include attachments describing the department's exemplary practices and the team's other observations. A "Does Not Comply" Quality Assurance Review Report requires that follow-up be performed within six months to ensure that the reportable condition has been corrected.

A "Does Not Comply" Quality Assurance Review Report template is included as Exhibit 16 at the end of this section.

Exemplary Practices and Other Observations Lists

- .09** *Exemplary Practices and Other Observations Lists* are used by the Quality Assurance Review team to record their observations for both exemplary practices and opportunities for improvement. The lists are intended to capture simply and succinctly the information the Quality Assurance Review team will be communicating to the campus/lab internal audit director at the daily briefings. The Quality Assurance Review team should give copies of the lists to the internal audit director to document that they have communicated their observations to the director and to remind the director of actions he or she might want to consider to improve the campus/lab audit program. Exemplary Practices and Other Observations will be summarized, attached to, and shared with all recipients of the Quality Assurance Review Report.

Exemplary Practices and Other Observations List templates are included as Exhibits 17 and 18 at the end of this section.

Reportable Conditions

- .10** A reportable condition is a serious and significant departure from required Standards that has material adverse consequences on the operations or quality of a campus/lab internal audit department's program. In determining whether or not a specific condition or set of situations results in a reportable condition, the Quality Assurance Review team needs to exercise its professional judgement and consider, among other things, the nature of the departure, whether it is an isolated occurrence or an indicator of more pervasive problems, the consequences resulting from the departure, and any mitigating factors that may limit the adverse consequences. If the Quality Assurance Review team identifies what they believe to be a potential reportable condition, they must discuss the matter with the University Auditor. The University Auditor must concur that the matter represents a reportable condition that would result in a "Does Not Comply" Quality

**Reportable
Conditions
(cont'd)**

Assurance Review Report. If such a decision is reached, the Quality Assurance Review team should immediately bring the matter to the attention of the campus/lab internal audit director.

- .11** A *Reportable Condition Point Sheet* is the tool used by the Quality Assurance Review team to document any reportable conditions identified during the Quality Assurance Review. Because of the more serious nature of reportable conditions, the Reportable Condition Point Sheet is a formal document that requires a fuller explanation of the condition identified and the impact on the campus/lab internal audit program. The Reportable Condition Point Sheet also requires documentation of the director's planned actions to correct the identified condition.

A Reportable Condition Point Sheet template is included as Exhibit 19 at the end of this section.

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Exhibit 11

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
ENTRANCE CONFERENCE GUIDELINES**

- The QAR team leader shall contact the audit director prior to the site visit to schedule the entrance conference, including date, time and location.
- Entrance conference participants shall include the QAR team, the audit director and audit staff.
- The purpose of the entrance conference is to introduce the QAR team to the audit staff, to set a positive, cooperative tone for the review, to give the audit staff an overview of the QAR objectives and process, and to answer any questions regarding the QAR objectives, plan and process.
- During the entrance conference, the members of the QAR team should emphasize the benefits to be derived from the QAR process, including the identification of exemplary practices developed by the internal audit department and sharing ideas and suggestions for incorporating additional practices with members of other internal audit departments.
- The QAR team should inform the participants that, at the end of the review, they will conduct an exit conference with the internal audit director and audit staff to review the QAR results.
- A conference agenda shall be provided to the participants in advance of the meeting.
- The QAR team leader shall prepare a brief summary of the entrance conference proceedings for inclusion in the QAR workpapers.

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Exhibit 11

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
ENTRANCE CONFERENCE GUIDELINES
Entrance Conference Agenda**

(LOCATION)

**QUALITY ASSURANCE REVIEW
ENTRANCE CONFERENCE AGENDA**

(Date)

1. Introductions
2. QAR Objectives, Scope and Process
3. Exit Conference – (Date and time)
4. Questions

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Exhibit 11

UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
ENTRANCE CONFERENCE GUIDELINES
Entrance Conference Team Leader Script

(LOCATION)

QUALITY ASSURANCE REVIEW
ENTRANCE CONFERENCE AGENDA (Script)

(Date)

1. Introductions

Team: Name, Team Leader, campus/lab

Team Member, campus/lab

Team Member, campus/lab

2. QAR Objective, Scope and Process

Objective: To provide the IAD and organization's management with an assessment of the (campus) audit department's compliance with the UC Audit Manual, the IIA Standards and the IIA Code of Ethics.

Purpose:

- Identify exemplary practices implemented at (campus) IAD,
- Identify opportunities to enhance the value provided by the campus/lab internal audit program and, by extension, the systemwide audit program,

2200 Site Visit Activities

Exhibit 11

- Evaluate customer satisfaction with audit and advisory services provided, and
- Share ideas, issues and exemplary practices among the IA group.

Scope: QAR encompasses all activities of the IAD from the date of the last review to the present, with emphasis on current practices and activities.

In the case of (campus), we selected one project for each staff member. In addition, the IAD selected one project for inclusion in the review sample.

Elements:

- Self-assessment prepared by IAD
- Workpaper sample evaluation
- Review of audit and advisory service reports issued
- Interviews with Audit Committee members, the Vice Chancellor (Audit Director's campus supervisor), the University Auditor, clients and IA staff.

QAR team members will be scheduling meetings with each (or a number, as applicable) of you. (If less than all staff are to be interviewed, provide an opportunity for those who want to meet with the team to be able to do so.)

Process: Team will meet with IAD (and Manager, if applicable) daily to review activities and progress, and to provide feedback.

In addition, the Team will hold an exit conference with IAD (and Manager, if applicable) on (date) and with the full staff on (date).

3. Exit Conference – (Date and time)

Review the results of the Team’s activities and express our opinion on the department’s compliance with the Standards.

4. Questions

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Exhibit 12

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
DAILY BRIEFING TEMPLATE**

BRIEFING MEETING WITH (NAME)

(DATE)

Exemplary Practices

List exemplary practices identified by the QAR team

Commendations

Describe commendable practices identified by the QAR team and share compliments, etc., received from members of the Audit Committee, the Vice Chancellor, the University Auditor, and clients

Observations

List opportunities for improvement noted during the review

Discussion Items

Other issues or items to be discussed

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Exhibit 13

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
EXIT CONFERENCE GUIDELINES**

- The QAR team leader shall confer with the audit director prior to the site visit to schedule the exit conference, including date, time and location.
- The exit conference participants shall include the QAR team, the audit director and audit staff.
- The purpose of the exit conference is to discuss the QAR results, including the draft QAR report and any additional matters disclosed in the review which the QAR team wants to share with the participants and to provide a forum for the director and audit staff to ask questions and provide feedback on the QAR results and process.
- During the exit conference, the QAR team summarizes the results of interviews, workpaper reviews, report reviews, and data analyses they conducted.
- Compliments should be shared freely and positive aspects of the program should be specifically credited. Opportunities for improving the department's current processes should also be discussed.
- The QAR team leader shall prepare a brief summary of the exit conference proceedings for inclusion in the QAR workpapers.

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Exhibit 13

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
EXIT CONFERENCE GUIDELINES
Exit Conference Agenda**

(LOCATION)

**QUALITY ASSURANCE REVIEW
EXIT CONFERENCE WITH STAFF**

AGENDA

(Date)

- 1. Results of QAR**
 - Exemplary Practices
 - Observations
- 2. QAR Report**
- 3. Feedback on QAR Process**

University of California Quality Assurance Program

2200 Site Visit Activities

Exhibit 14

“GENERALLY COMPLIES” QUALITY ASSURANCE REVIEW REPORT

Date

Name of Internal Audit Director

Name of Institution

Address of Institution

Subject: Report of Quality Assurance Review

Dear Name of Internal Audit Director:

We have completed a Quality Assurance Review of the Name of Institution Internal Audit Department. The review was conducted on Dates of Review and covered the period from the date of the last review to the present, with emphasis on current practices. The objective of the Quality Assurance Review was to provide reasonable assurance that the internal auditing program at the Name of Institution complied with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* and the University of California Internal Audit Manual, collectively referred to as “the Standards.” The objective was achieved by means of interviews with selected customers, members of the internal audit staff, and internal audit department management, review of quality control processes implemented by the department, and evaluation of the department's work products.

In our opinion, the Name of Institution Internal Audit Department generally complied with the Standards in all material respects during the period under review. A summary of the department's exemplary practices and the team's observations for program enhancements is attached to this report.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of the Name of Institution Internal Audit Department and campus community.

Sincerely,

Name of Team Leader

Team Leader

Team Members:

Team Member 1

Team Member 2

Team Member 3

Attachment

cc: Name and Title of Director's Campus Supervisor
University Auditor
Audit Committee Chair

University of California Quality Assurance Program

2200 Site Visit Activities

Exhibit 15

“PARTIALLY COMPLIES” QUALITY ASSURANCE REVIEW REPORT

Date

Name of Internal Audit Director

Name of Institution

Address of Institution

Subject: Report of Quality Assurance Review

Dear Name of Internal Audit Director:

We have completed a Quality Assurance Review of the Name of Institution Internal Audit Department. The review was conducted on Dates of Review and covered the period from the date of the last review to the present, with emphasis on current practices. The objective of the Quality Assurance Review was to provide reasonable assurance that the internal auditing program at the Name of Institution complied with the Institute of Internal Auditors’ *Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* and the University of California Internal Audit Manual, collectively referred to as “the Standards.” The objective was achieved by means of interviews with selected customers, members of the internal audit staff, and internal audit department management, review of quality control processes implemented by the department, and evaluation of the department’s work products.

The Standards require (describe the requirement). The internal auditing program at the Name of Institution (describe what is or is not done in relation to the requirement). In our opinion, given the matter just described, the Name of Institution Internal Audit Department partially complied with the Standards in all material respects during the period under review. A summary of the department’s exemplary practices and the team’s observations for program enhancements is attached to this report.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of the Name of Institution Internal Audit Department and campus community.

Sincerely,

Name of Team Leader

Team Leader

Team Members:

Team Member 1

Team Member 2

Team Member 3

Attachment

cc: Name and Title of Director’s Campus Supervisor

University Auditor

Audit Committee Chair

University of California Quality Assurance Program

2200 Site Visit Activities

Exhibit 16

“DOES NOT COMPLY” QUALITY ASSURANCE REVIEW REPORT

Date

Name of Internal Audit Director

Name of Institution

Address of Institution

Subject: Report of Quality Assurance Review

Dear Name of Internal Audit Director:

We have completed a Quality Assurance Review of the Name of Institution Internal Audit Department. The review was conducted on Dates of Review and covered the period from the date of the last review to the present, with emphasis on current practices. The objective of the Quality Assurance Review was to provide reasonable assurance that the internal auditing program at the Name of Institution complied with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and *Code of Ethics* and the University of California Internal Audit Manual, collectively referred to as “the Standards.” The objective was achieved by means of interviews with selected customers, members of the internal audit staff, and internal audit department management, review of quality control processes implemented by the department, and evaluation of the department’s work products.

The Standards require (describe the requirement). The internal auditing program at the Name of Institution (describe what is or is not done in relation to the requirement). This situation gives rise to a reportable condition. A more detailed description of the reportable condition along with management’s planned actions is attached.

In our opinion, given the matter described in the paragraph above, the Name of Institution Internal Audit Department did not comply with the Standards during the period under review. Despite this conclusion, the department employed some exemplary practices. A summary of the department’s exemplary practices and the team’s observations for program enhancements is also attached to this report.

As required by the Quality Assurance Review Manual, the Quality Assurance Review Team will perform follow-up work within six months to ensure that the reportable condition has been corrected.

We appreciate the cooperation and assistance provided to us throughout the course of our review by the members of the Name of Institution Internal Audit Department and campus community.

Sincerely,
Name of Team Leader
Team Leader

Team Members:
Team Member 1
Team Member 2
Team Member 3

Attachment

cc: Name and Title of Director’s Campus Supervisor
University Auditor
Audit Committee Chair

2200 Site Visit Activities

“DOES NOT COMPLY” QUALITY ASSURANCE REVIEW REPORT (cont’d)

Reportable Condition from Quality Assurance Review

1. *Briefly describe the reportable condition identified during the Quality Assurance Review. Try to limit this description to a one sentence “header.”*

In one or two paragraphs, more fully describe the reportable condition and the impact on the Internal Audit Department’s operations, program, or compliance with Standards.

Management’s Comments: Incorporate or summarize the audit director’s comments and action plan to correct the reportable condition.

2200 Site Visit Activities

Exhibit 17

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW**

LIST OF EXEMPLARY PRACTICES

2200 Site Visit Activities

Exhibit 18

**UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW**

LIST OF OTHER OBSERVATIONS

University of California Quality Assurance Program

2200 Site Visit Activities

Exhibit 19

UNIVERSITY OF CALIFORNIA
INTERNAL AUDIT PROGRAM
QUALITY ASSURANCE REVIEW
REPORTABLE CONDITIONS POINT SHEET

Organization Reviewed: _____

Area of Review: _____

Workpaper Ref: _____

Report observation #: _____

Observation:

Recommendation:

Date Discussed with Director:

Director's Response:

Prepared By:

2300 Post-Site Visit Activities

Overview

- .01** During the post-site visit, the Quality Assurance Review team wraps up the Quality Assurance Review. Activities include:
- Issuing the formal Quality Assurance Review report within 10 days of the site visit, if it was not issued at the end of the site visit,
 - Assembling the Quality Assurance Review workpapers (*see Standard Workpaper Index described in Section 2000.04*),
 - Forwarding the workpapers to the University Auditor's Office within 2 months of the site visit,
 - Sharing exemplary practices identified during the Quality Assurance Review with all members of the systemwide internal audit program, and
 - Conducting follow-up, if required.

Sharing Exemplary Practices

- .02** One of the primary objectives of the Quality Assurance Review is to identify and share exemplary practices being used throughout the University of California systemwide internal audit program. During the Quality Assurance Review, the team members identified exemplary practices at the campus/lab location being reviewed and documented them on the *Exemplary Practices List*. At the conclusion of the review, the team leader should forward the list of exemplary practices identified to the Manager – University Auditor's Office. The Manager – University Auditor's Office will review the list and post the exemplary practices to the University Auditor's web site where they will be accessible to all members of the systemwide audit program.

See description of the Other Observations and Exemplary Practices List templates at Section 2200.09 and sample Exemplary Practices template at Exhibit 17 at the end of that section.

Following Up

- .03** Follow-up work is required for any Quality Assurance Review where a Quality Assurance Review Report with Reportable Condition was issued. Follow-up work is to be conducted 6 months after completion of the site visit to ensure that the reportable condition has been corrected. If there were no reportable conditions, no follow-up work is required.

3000 Administrative Issues

Funding .01 Travel costs for the review team will be funded by the University Auditor's Office.

Frequency and Order .02 A Quality Assurance Review will be performed every three to five years. The order in which audit departments are scheduled for review will be based on the following:

- Change in internal audit director.
- Results of the most recent Quality Assurance Review.
- Length of time since the last Quality Assurance Review.
- Other considerations which may override all other considerations (to be determined by the University Auditor).

Based on the criteria established above, a schedule has been proposed.

The Proposed Schedule and Team Composition for Quality Assurance Reviews, which lists the order in which reviews will be conducted and the members of the team, is included as Exhibit 20 at the end of this section.

Workpaper Retention .03 The University Auditor's Office is the office of record for retention of the report and supporting working papers. The team leader is responsible for ensuring that the workpapers have been completed and forwarded to the University Auditor's Office within 2 months of the site visit.

Staffing .04 A Quality Assurance Review team generally consists of three internal audit directors. Four internal audit directors may be assigned to the larger campuses. One of the team members will serve as team leader.

For small campuses, the Quality Assurance Review team will generally consist of two directors from small campuses and the remaining director from a large campus or one of the labs; for large campuses, the composition of the team will be reversed. For campuses with Health Sciences Schools and/or hospitals, at least one of the team members will be from a Health Sciences campus.

For DOE laboratories, each DOE Quality Assurance Review team will include one of the other lab audit department directors. Consideration is also being given to including a non-lab director as a member of the lab QAR teams to ensure the requirements of the UC Audit Manual are being appropriately applied.

University of California Quality Assurance Program

3000 Administrative Issues

Exhibit 20

**UNIVERSITY OF CALIFORNIA
QUALITY ASSURANCE REVIEW
PROPOSED SCHEDULE AND TEAM COMPOSITION
FOR QUALITY ASSURANCE REVIEWS**

Date	Location	Team Members
July - September 2005	Davis	Murphy**, Riley, Pierce
July - September 2005	San Francisco	Burke**, Valness, Gail (Lohse=Adjunct)
October – December 2005	Santa Barbara	Jenson**, Siri, Pierce
October – December 2005	UCOP	Catalano**, Burke, Schafer
January – March 2006	Irvine	Gail**, Zubov, Hamilton
July – September 2006	Santa Cruz	Riley**, Murphy, Jenson
October – December 2006	San Diego	Valness**, Catalano, Zubov
October – December 2006	Berkeley	Pierce**, Gail, Murphy
January – March 2007	Los Angeles	Zubov**, Burke, Jenson (Heins=Adjunct)
July – September 2007	Riverside	Siri**, Riley, Catalano

**Team Leader