



INTERNAL AUDIT FUNCTION

WHO, WHAT, WHEN, WHERE, WHY & HOW?

WHO ARE INTERNAL AUDITORS? - Professional level employees that examine accounting and financial records for accuracy and completeness, appraise the internal controls, operating and administrating functions of County departments for efficiency and effectiveness, and determine the degree of compliance with the Constitution and Statutes of Texas, the federal laws and regulations for grant programs as well as Lubbock County Policies.

WHO GIVES US AUTHORITY? - Several Texas statutes and Attorney General Opinions give the auditor statutory responsibility for oversight, access and to prescribe reports relating to public funds. A few are listed below:

- ❖ LGC §115.001 The county auditor shall have continual access to the books, accounts, reports, vouchers, and other records of any officer
- ❖ LGC §115.002 The county auditor shall examine and report on all reports that are about the collection of money, at least once each quarter
- ❖ LGC §112.002 The county auditor shall prescribe the system of accounting for the county
- ❖ LGC §114.002 The county auditor shall determine the time and manner for making reports to the auditor
- ❖ CCP Art. 103.011 The county auditor shall examine the receipt book or computer records of an officer and determine if the money collected has been properly disposed of

WHAT WE DO?

- ❖ Develop an annual audit plan for oversight of all County departments collecting fees or creating financial transactions, based on risk analysis.
- ❖ Review receipts, deposits, checks, processes and internal controls for compliance with state statutes and County policies
- ❖ Provide guidance in the development of accounting standards, policies and procedures.
- ❖ Verify appropriate spending of grant dollars and other special projects.
- ❖ Evaluate risk, analyze operations, review compliance and recommend controls and changes to promote efficient and effective delivery of County services.

WHEN WILL WE AUDIT? -The internal audit department continuously performs reviews. Monthly reviews of receipts books, quarterly reviews of cash drawers, and annual departmental reviews based on statutory or policy compliance, risk assessments, as well as special project assignments.

WHERE WE GET OUR STANDARDS? - Audits are conducted in accordance with applicable government auditing standards issued by the Institute of Internal Auditors, American Institute of CPAs, Government Finance Officers Association, Uniform Grants Management Standards, and Governmental Accounts Standards Board.

WHY WE AUDIT? - To assist management in accomplishing the County's goals and objectives to assure that resources are being managed and accounted for and that Lubbock County is complying with policies, procedures, accounting standards, regulation and laws.

HOW ARE INTERNAL AUDITORS DIFFERENT FROM THE EXTERNAL AUDITORS?

- ❖ The annual outside audit by a certified public accountant (CPA), expresses a professional opinion on the material accuracy of the annual financial statements. "Material accuracy" usually implies a less stringent level of review than an internal audit.
- ❖ The external auditor's objective is to express an opinion on the financial statements of the county as a whole, not on the operations of one particular department.
- ❖ The external auditor must test for compliance with the county's system of internal controls; the auditor is not required to look for improprieties. The test of compliance is merely to determine how much additional test work must be performed to express an opinion on the accuracy of the financial statements. However, the CPA must investigate and report any improprieties discovered in the course of testing for compliance.
- ❖ Counties are highly regulated by statute. While compliance with these statutes may not affect the financial statements, the CPA will normally not test for compliance with state law.