



TITLE	POLICY NUMBER	
Internal Audit Authority	DCS 07-11	
RESPONSIBLE AREA	EFFECTIVE DATE	REVISION
Audit Management Services	Feb. 8, 2017	2

**I. POLICY STATEMENT**

The Department of Child Safety’s (DCS) Audit Management Services (AMS) conducts internal audits of the Department’s operational areas to determine compliance with applicable laws, rules, policies, procedures, and standards. AMS identifies audit actions to ensure the method employed yields valid factual findings and develops recommendations based on those findings.

AMS assesses potential areas of weakness leading to non-compliance, provide guidance on policy issues, identify areas of opportunity and process improvements, and monitor recommendation implementation.

AMS assists DCS leadership and Business Owners in promoting a culture of “compliance consciousness”, integrating compliance into daily functions rather than considering it a separate or additional process.

**II. APPLICABILITY**

This policy applies to all DCS employees, programs, and operations. DCS employees shall fully cooperate with AMS auditors in the performance of their duties.

**III. AUTHORITY**

[A.R.S. § 8-453](#) Powers and duties

[A.R.S. § 8-458](#) Inspections bureau; monitoring and evaluation;

quality assurance process

#### IV. DEFINITIONS

Assigned Auditor: The AMS auditor(s) responsible for the audit. The Assigned Auditor is the primary point of contact throughout the audit cycle.

Audit Management Services (AMS): The entity within DCS that performs internal compliance audits and manages external audits.

Audit Recommendation Implementation Plan: A document used to identify recommendations, target dates, person responsible, and implementation response.

Business Owners: Department leadership identified as the owner of the functional area during the audit monitoring.

Charter: A formal document that defines the audit's purpose, authority, and responsibility. The charter includes the background, objective, scope, deliverables, timeline, resources and contingencies of the audit.

Compliance Audit: The independent and objective review of operational adherence to regulations, rules, and guidelines.

Department or DCS: The Arizona Department of Child Safety.

Findings: Results from a process that evaluates audit evidence and compares it against audit criteria.

Inquiry: A special request to conduct a review/audit outside of the audit schedule.

Interview: The formal one-on-one communication between an Assigned Auditor and employees.

Methodology: The systematic process utilized by an auditor to ensure the fieldwork is sufficient to support findings and recommendations. The methodology is supported by a program guide, work papers, audit report, and an Audit Recommendation Implementation Plan.

Objective: The subject matter under review; defines the expected audit outcome, i.e. what the audit is expected to accomplish.

Program guide: A step-by-step guide outlining all audit procedures necessary to achieve the audit objectives.

Project plan: A formal approved document used to guide both project execution and control. It defines how and when objectives are to be achieved through major tasks and milestones.

Scope: The boundary of the audit directly tied to the audit objectives; defines the subject matter that is the basis of the auditor's assessment and report.

Vendor: A service provider contracted with the Department.

Work papers: Documents utilized to record information obtained during an audit which also provides support for principal evidence to findings.

## **V. POLICY**

### Roles and Responsibilities

- A. Assigned Auditor: A team member from AMS will be assigned to conduct the audit; the Assigned Auditor will complete all audit review activity, analyze and compile audit results, and develop and distribute audit reports.
- B. Business Owners: The appropriate Department leadership will be identified by AMS at the onset of the audit; Business Owners will be informed by AMS throughout the audit process and will be ultimately responsible for the identified actions and implementation.
- C. Department staff: All staff involved in the audit or inquiry will cooperate with AMS, assist with requests, answer questions, and provide information.
- D. Vendor: The vendor's point of contact in the audit or inquiry will cooperate with AMS, assist with requests, answer questions, and provide information.

## **VI. PROCEDURES**

## A. Audit Process

### 1. Research and Planning

Upon notification of a compliance audit, the Assigned Auditor (hereafter referred to as “Auditor”) performs research. Preliminary versions of the charter, project plan, and methodology are developed during this phase of the audit process. These comprise the fundamental components of the audit.

### 2. Entrance Conference

The Auditor emails a notification of audit to the Business Owner or vendor, with a copy to the Audit Administrator.

The Auditor schedules an Entrance Conference with the Audit Administrator, Business Owner, and any point of contact for the unit, as necessary. The entrance conference is the introductory meeting to discuss the audit charter, required resources, and logistics. AMS will explain the audit scope, objectives, schedule, and protocols.

### 3. Field Work

The Auditor will:

- a. identify documents and samples;
- b. revise the charter, project plan, and methodology as needed;
- c. develop program guides and work papers;
- d. execute field work;
- e. review documents and conduct interviews;
- f. analyze preliminary findings and discuss with the Audit Administrator.

### 4. Reporting

The Auditor will:

- a. develop a draft Audit Report;

- b. review the draft report with the Audit Administrator;
- c. review the draft findings and recommendations with the Business Owner or vendor, as necessary;
- d. revise and finalize the Audit Report;
- e. create an [Audit Recommendation Implementation Plan](#) in conjunction with the Business Owner.

The Audit Administrator reviews the [Audit Recommendation Implementation Plan](#) and Audit Report and submits the report to the Business Owner and Assistant Director of Budget and Finance.

#### 5. Post-Audit Follow Up and Monitoring

The Auditor will review the [Audit Recommendation Implementation Plan](#) with the Business Owner for an update one month prior to the identified target date.

The Auditor and the Audit Administrator meet to review the documentation. The Auditor updates the spreadsheet to reflect the implementation status after each target date review.

#### B. File Retention

Audit documents are archived and stored as directed in the Arizona State Library Archives and Public Records [Schedule Number GS 1046](#).

#### C. Post-Audit Analysis

All audit recommendations will be reviewed and analyzed by AMS. Department trends and risks will be identified and elevated to executive leadership.

## VII. FORMS INDEX

[DCS-1853 Audit Recommendation Implementation Plan](#)