

Frequently Asked Questions

Who are internal auditors?

As defined by the Institute of Internal Auditors (IIA), "Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes."

Internal auditors' roles include monitoring, assessing, and analyzing organizational risk and controls as well as reviewing compliance with policies, procedures, and laws. Working in partnership with each department's leadership, internal auditors provide assurance to the County Commissioners, management, and citizens that risks are mitigated and that the organization's governance is strong and effective. And, when there is room for improvement, internal auditors make recommendations for enhancing processes, policies, and procedures.

Why does Berks County have an internal audit function?

The Internal Audit Department exists by Pennsylvania County Code to assist County Controllers in effectively fulfilling their responsibilities. We are charged with examining and evaluating the policies, procedures, and systems which are in place to ensure: the reliability and integrity of information; compliance with policies, plans, laws, and regulations; the safeguarding of assets; and, the economical and efficient use of resources.

In simpler words, we are here to help.

Where does the audit function fit in the organization?

The Internal Audit Department is under the authority of the Elected County Controller.

We are a small office with a big job.

What is the difference between external and internal auditors?

External auditors can be government auditors or independent public accounting firms that the county hires. Government auditors focus primarily on compliance with government regulations and award terms. Since both federal and state governments fund a significant portion of the county's activities, they want to make sure we use their money as they intended.

Independent public accounting firms review the county's annual financial statements to ensure the information presented accurately portrays Berks County's financial condition. Government agencies, County Commissioners, and bond rating agencies rely on the independent auditor's opinion of Berks County's financial statements.

Internal auditors sometimes look at the same data or perform some of the same steps as external auditors. If there is a problem, it is better to find it and fix it before external auditors review our practices.

What are internal auditors looking for?

Internal auditors are primarily looking at compliance with county policies and sound internal controls. Berks County's policies are designed to help ensure that we all comply with applicable laws and regulations, and operate efficiently. By following these policies, we help protect the county from unnecessary risks and help ensure sound business practices are consistently applied throughout the county. However, not all internal controls can be codified in policy. If we find control weaknesses, we regularly make recommendations to implement a control even though it may not be specifically required by policy.

What if something is not handled correctly?

We will make recommendations for improvement. The recommendations are realistic because we want you to implement them successfully. It is the responsibility of management to weigh possible additional costs of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

Can a department request an audit?

Yes! We consider requests for audit work, although our ability to perform the audit might be affected by our staffing levels, or year-end deadlines. Still, if you are concerned about an area in your department, we will try to make time for a limited examination of the area.

We are also available to do presentations and training for your department.

How long does an audit take?

We budget between 80 and 300 hours for a typical audit, depending on the size and complexity of the area. We normally have one auditor leading the audit, and auditors will sometimes have more than one audit in process at a time, so an audit could take from two months to six months to complete.

What if I don't have the time to deal with the auditors? What if it's a bad time for an audit because (choose one):

- a) we're short-staffed**
- b) the department manager just quit**
- c) it is our busy season**
- d) we are crawling with customers!**
- e) we are trying to close out the year.**

During the audit opening meeting, we will discuss the audit schedule and try to accommodate time constraints that you may have. Although 80 to 300 hours looks like a lot of time, much of our work is done behind the scenes. Many people operate under the mistaken belief that in doing an audit we will spend lots of time with you and take time away from your other obligations. We may need to meet key personnel on the audit only two or three times for an hour or less at a time over the audit period. We may spend equal amounts of time, or perhaps less, with others in the department. We will not be monopolizing anyone's time in the department and much of our work, such as audit planning and report writing, is done in our offices.

Who will receive my audit report?

We send copies of audit reports to the County Commissioners, Chief Administrative Officer, County Solicitor, Pennsylvania State Auditor General, the external auditors (Reinsel Kuntz Leshner) and to others depending on the type of audit. Reports on Magisterial District Courts are also sent to the President Judge, Administrative Office of PA Courts, and Berks County District Court Administrator and Special Courts Administrator.

Who audits the Audit Office?

Excellent question! Actually, we are audited every three years by other auditors under guidelines set forth by the National Association of Local Government Auditors. This "peer review" process draws upon the standards and guidelines set forth by the Institute of Internal Auditors in their *International Standards for the Professional Practice of Internal Auditing*. The peer reviewers typically include auditors from other counties, public accounting firms, or specialists in an audit area and they issue a report with findings and recommendations, just as we do when we audit county departments.

If I call you with information about a possible irregularity, will my identity be kept a secret?

This is a hard question to answer without knowing whether or not the specific circumstance you are reporting will end up in legal action. As a general rule, we do not reveal our sources to the person being investigated, and we always try to corroborate any accusations with our own observation. If an irregularity is referred to the District Attorney for legal prosecution and your testimony would be critical to the outcome of the case, it may become necessary to involve you in the investigation. In addition, the County Fraud, Misuse, and Abuse Hotline provides for anonymous report of financial irregularities.