

Sec. 16-8-3. Examination and workpaper standards

(a) Engagement management

(1) The consulting firm's or management audit team's Engagement Director and/or Project Manager shall properly manage the audit. This individual shall have sole responsibility and authority over the work performed by the team assigned, and shall ensure that every aspect of the engagement is adequately planned and assistants, if any, are properly supervised. The Engagement Director and/or Project Manager shall be the primary contact with the department.

(2) As part of the control over the engagement, the Engagement Director and/or Project Manager shall also establish and oversee plans to carry out the responsibilities of each team member to ensure that the project is completed on time and in a manner satisfactory to the department.

(b) Audit methodology/procedures. In order to sufficiently plan for the conduct of the audit, all audit methodologies/procedures, as required by the department, shall be specifically identified and agreed upon by the consulting firm or management audit team and the department prior to commencing field work and shall be adhered to by the consulting firm or management audit team.

(c) Identification of issues and questions

(1) The consulting firm or management audit teams shall be required to conduct sufficient fieldwork to assure that all significant issues within the scope of the audit have been identified.

(2) As issues are identified, and after consultation with the auditee, the consultants and management audit teams shall inform the department of the issue, the potential impact, and the practical solution of the pending recommendation.

(3) In the event the consultants and management audit teams believe an identified issue warrants further study in order to provide a practical solution, the consultant shall notify the auditee and the department as early as possible of the issue, the reasons for the need for further study, and the potential impact of the study, including potential costs and benefits.

(d) Compliance with RFP, contract, laws, and regulations

(1) Consultants and management audit teams shall review the methodologies/procedures planned to be used during the audit to ensure compliance with all aspects of the department's needs and request for proposal, including all policies, plans, and procedures specified, and laws and regulations which could impact the audit, and shall ensure that the consultant's approach is in compliance with the requirements.

(2) In the event that some aspect of the consultant's approach does not comply with any of the policies, procedures, laws and regulations, it is the consultant's responsibility to notify the department of such deficiency and amend the approach in a manner which is acceptable to the department.

(e) Planning and workplan content

(1) Consulting firms or management audit teams shall ensure that the engagement is well planned so that sufficient and relevant information is obtained and evaluated. Planning also includes the proper scheduling of personnel and events so that the conduct of the engagement shall be efficient and cost effective.

(2) Consulting firms or management audit teams shall submit a detailed workplan for

the proposed review in accordance with the specific requirements of the department. The workplan shall reflect a clear understanding of the activities and functions under review. Every aspect of the work should be adequately planned by the consulting firm or management audit teams in such a manner as to identify the who, what, when, where, why, and how of each anticipated audit step. The workplan shall set up specific criteria for identifying ways to measure performances of the auditee and reflect professional objectivity and judgment in comparing the current performance of the auditee against the established standards. The workplan should lead to the preparation and communication of findings and conclusions in areas that are efficient, and recommendations in areas where there are opportunities for improvement.

(3) The department shall be notified immediately of any deviations from the identified plan of action.

(f) Supervision, control, and scheduling

(1) Consulting firms or management audit teams shall demonstrate a commitment to the quality of their advice, assistance and resultant products through sufficient planning, reviews, and controls.

(2) Consultants and management audit teams shall assure that audits are properly supervised. Such assurances shall include, but not be limited to, elements of experience and project controls, both manual and automated, which shall ensure that the audit shall be completed in a timely and effective manner.

(3) Audits shall be properly supervised so as to provide adequate control over the entire audit team. Worksteps shall be scheduled far enough in advance so as to allow preparation by all parties, which shall minimize disruption to the auditee. Consulting firms and management audit teams shall place specific emphasis on completing the audit in accordance with the schedule agreed to by the consulting firm, the department, and the auditee, and the budget agreed to by the consulting firm and the department.

(g) **Timeliness.** Reports are to be issued by the consultant or the management audit team on or before the dates agreed upon by the department, consultant, management audit team and the auditee. Reports are to be issued promptly so as to make the information available for timely use by the department, auditee, and other interested parties. Any anticipated deviation from the agreed upon dates shall be communicated to the department and the auditee as early as possible, and shall require the prior agreement of the department and the auditee.

(h) Workpapers, evidence, documents, and supporting data

(1) Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the consultant's findings, conclusions, and recommendations regarding the organization, program, activity, or function under examination. All evidentiary materials upon which conclusions or recommendations are based must be filed in a systematic, easily retrievable manner in the form of working papers. The collection, usage, filing and retention of documents shall be consistent with the department's requirements.

(2) Evidence supporting each and every factual statement, exhibit, or graph shall be documented and retained in the form of working papers. Consultants shall assure the reliability and integrity of all relevant information.

(i) **Third party views.** If required by the department, the consulting firm shall solicit

and collect views of appropriate third parties, and shall report responses as survey results or use the information for planning follow-up audit work, as directed by the department.

(j) **Impairments.** When external factors restrict the audit or interfere with the consulting firm's ability to meet the engagement objectives or form objective opinions and conclusions, the consultant shall attempt to remove the limitation or, failing that, report the limitation to the department.

(k) **Information sources**

(1) Consulting firms shall ensure the integrity and completeness of all source information relied upon in the course of the engagement.

(2) If industry comparisons are utilized in the course of the review, the exact purpose of the comparisons, the extent of the reliance upon and use of comparisons, and the relevance of the comparisons should be clearly set forth and approved by the department. All industry comparisons must be supported by sufficient and credible evidence. Industry comparisons shall not be used as the sole basis for a recommended improvement or underlying conclusion.

(Effective October 24, 1995)