



External Quality Control Review

of the
Cobb County Internal Audit
Department

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**

for the period January 1, 2017 to December 31,
2021



Association of Local Government Auditors

September 30, 2022

Latona Thomas, CPA, CIA
Cobb County Internal Audit Department
100 Cherokee Street Suite 250
Marietta, GA 30090

Dear Latona,

We have completed a peer review of the Cobb County Internal Audit Department for the period January 1, 2017 to December 31, 2021. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with International Standards for the Professional Practice of Internal Auditing* by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors as part of their *Professional Practices Framework*. Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that Cobb County Internal Audit Department internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with *the Standards* for assurance and consulting engagements during the review period of January 1, 2017 to December 31, 2021.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

Edmundo S. Calderon, CIA, CGAP, CRMA
Chief Internal Auditor
City of El Paso, Texas

Claudia L. Casasola, MBA
Auditor II
Southern California Regional
Railroad Authority



Association of Local Government Auditors

September 30, 2022

Latona Thomas, CPA, CIA
Cobb County Internal Audit
100 Cherokee Street Suite 250
Marietta, GA 30090

Dear Latona

We have completed a peer review of the Cobb County Internal Audit Department for the period January 1, 2017 to December 31, 2021 and issued our report dated September 30, 2022. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- Very well, developed Annual Audit Plan tied in to a documented Risk Assessment Model that identifies high risks areas to be included in yearly work plan.
- The Quality Assurance and Improvement Program is very effective. The use of the Administrative Staff in the QAIP is commendable. The practice adds an additional resource in reviewing audit reports and monitoring outstanding findings.
- The use of Audit Alerts in order to communicate current internal controls with Cobb County Departments.

We offer the following observations and suggestions to enhance your organization's demonstrated conformance to *International Standards for the Professional Practice of Internal Auditing*:

- Observation 1 –
Standard 1120 – Individual Objectivity states, “Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.” During our review of completed engagements, we were unable to determine if a written document existed containing confirmation of any Conflict of Interest identified by the auditing staff.

Suggestion 1 – As suggested by the Implementation Guidance, a revision should be made to your Policies & Procedures requiring auditing staff complete an annual statement indicating no potential threats exists or acknowledging any known potential threats.

▪ Observation 2

Standard 1130 Impairment to Independence or Objectivity states, “If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties.” During our review of completed engagements, we were unable to determine if a work paper existed disclosing any impairment in fact or appearance to independence or objectivity to appropriate parties, if existing at the engagement level.

Suggestion 2 – As suggested by the Implementation Guidance, a revision should be made to your Policies & Procedures requiring documentation demonstrating conformance with the standard. The details of the requirement should be established by the Chief Audit Executive.

We extend our thanks to you, your staff and the other Cobb County Officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,



Edmundo S. Calderon, CIA, CGAP, CRMA
Chief Internal Auditor
City of El Paso, Texas



Claudia L. Casasola
Auditor II
Sothern California Regional
Railroad Authority



COBB COUNTY INTERNAL AUDIT

Latona Thomas, CPA, CIA

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Director

October 5, 2022

Edmundo S. Calderon, CIA, CGAP, CRMA
Chief Internal Auditor
City of El Paso, Texas
Peer Review Team Leader

Claudia L. Casasola, MBA
Auditor II
Southern California Regional
Railroad Authority
Peer Review Team Member

Dear Mr. Calderon and Ms. Casasola,

Thank you for conducting a review of the Cobb County Government Internal Audit Department internal quality control system for the period January 1, 2017 through December 31, 2021. We are pleased to learn that the peer review concluded that our internal quality control system is suitably designed and operating effectively to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)* issued by the Institute of Internal Auditors. This determination is the highest level of conformance that can be achieved.

We also appreciate the companion letter that highlights specific areas in which our department excels, as well as the two (2) observations and suggestions to further enhance our department's continued conformance with the *Standards*. We concur with both observations and suggestions and below is our response to each:

Observation 1 – Standard 1120: Individual Objectivity states, “Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.” During our review of completed engagements, we were unable to determine if a written document existed containing confirmation of any Conflict of Interest identified by the auditing staff.

Suggestion 1 – As suggested by the Implementation Guidance, a revision should be made to your Policies & Procedures requiring auditing staff complete an annual statement indicating no potential threats exists or acknowledging any known potential threats.

Cobb County Response to Observation/Suggestion 1

Employee conflicts of interest are currently evaluated and used as criteria when assigning individual engagements, in addition to an annual requirement to complete two hours of continuing professional education (CPE) training on the topic of Ethics. In concurrence with the suggestion, we will implement a requirement for audit staff to complete an initial (*upon hiring*) and annual statement indicating no conflicts of interest/potential threats exists or acknowledging any known conflicts of interest/potential threats. Compliance with the requirement will be documented in each employee's initial department personnel file and annual performance appraisal each year.

Observation 2 – Standard 1130: Impairment to Independence or Objectivity states, “If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties,” During our review of completed engagements, we were unable to determine if a workpaper existed disclosing any impairment in fact or appearance to independence or objectivity to appropriate parties, if existing at the engagement level.

Suggestion 2 – As suggested by the Implementation Guidance, a revision should be made to your Policies & Procedures requiring documentation demonstrating conformance with the standard. The details of the requirement should be established by the Chief Audit Executive.

Cobb County Response to Observation/Suggestion 2

Our current procedures require impairments to be evaluated and communicated to the affected parties, as deemed necessary. We also include an overall statement relative to our organizational independence in our annual report. In concurrence with the suggestion, we will create and require audit staff to complete an ‘Auditor Objectivity Statement’ with each assurance and consulting engagement. The statement will be documented in the planning folder of our electronic management software tool and implemented for each current and future engagements.

On behalf of our team, thank you for your knowledge, professionalism, and willingness to share insights and resources. We also thank Paula Ward, CPA, Association of Local Government Auditors (ALGA) Peer Review Coordinator, for coordinating our peer review process. We will continue our efforts to maintain and improve our system of quality control as we move forward.

Sincerely,



Latona R. Thomas, CPA, CIA
Internal Audit Director

Cc: Paula Ward, CPA, ALGA Peer Review Coordinator
Cobb County Government Audit Committee
Internal Audit Department File