South Carolina State Internal Auditors Association (SCSIAA)

Quality Assurance (Peer) Review

Medical University of South Carolina (MUSC)

Office of Internal Audit

Review Period

July 1, 2013 – June 30, 2014

Peer Review Team Members

Kelvin Washington, CIA Richland County School District One – Team Leader

Brian Nanney, CIA, CGAP Department of Disabilities and Special Needs – Team Member

Bettina Bennet, MBA Department of Health and Human Services – Team Member

OCTOBER 2014
October 21, 2014

Thomas L. Stephenson, Esquire
Stephenson and Murphy, LLC
207 Whitsett Street
Greenville, SC 29601

Re: Report of Quality Assurance (Peer) Review

Dear Mr. Stephenson:

At the request of the Internal Audit Department at the Medical University of South Carolina (MUSC) we conducted a quality assurance review to determine the level of compliance with current United States General Accountability Office’s Government Auditing Standards (GAGAS) – July 2011 Revision. The quality assurance review was performed by persons independent of MUSC’s internal audit department and encompassed review of policies and procedures and a sample review of audits performed during the past fiscal year.

OBJECTIVES

The primary objective of this peer review was to determine whether the internal audit department was in compliance with the Standards established by the United States General Accountability Office. A secondary objective was to foster the sharing of experiences, ideas, and approaches with other internal audit departments, in order to provide additional suggestions for improving the internal audit function.

SCOPE

The audit period was limited to review of work performed by the Office of Internal Audits from July 1, 2013 – June 30, 2014. Peer review fieldwork was conducted October 6, 2014 – October 9, 2014 with the following scope:

- Review of questionnaire responses received from internal audit staff
- Review of survey responses from areas audited by Internal Audit
- Review of the internal control system and quality control policies/procedures
- Review of a sample of audit files completed during the review period
- Interviews as necessary, with members of internal audit staff

OPINION

Based on the scope of our review, we determined that the work of the MUSC Internal Audit Department complies with the General Accountability Office’s Government Auditing Standards (GAGAS) July 2011 Revision. Since there are inherent limitations in any system of quality control, departures from the system may occur and not be detected. However, the Peer Review Team believes that the internal quality control system in place is adequate and the quality control policies and procedures are being complied with to provide more than reasonable assurance of conforming to applicable professional standards.
BACKGROUND INFORMATION/Criteria

The Government Auditing Standards issued by the United States General Accountability Office (GAO), require internal audit departments to develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity, and continuously monitors its effectiveness. The program should be designed to help the internal audit activity add value and improve the organization’s operations and to provide assurance that the internal audit activity is in conformity with the Standards.

According to GAO, “…each audit organization conducting audits in accordance with these standards should have an appropriate internal quality control system in place and undergo an external quality control review…” Those external quality control reviews should be performed at least once every 3 years.

REVIEW OF SURVEY RESULTS

We received questionnaire responses from all applicable audit staff members, responses from all five audited areas/departments surveyed and a response from Chairman of the MUSC board. Staff member responses were evaluated to determine knowledge, independence and effectiveness of the internal audit department. There was general consensus on a vast majority of questions and there were no noted deficiencies or inconsistencies.

The surveys received from audited units were analyzed to gain an understanding and overall rating of the internal audit department from individuals receiving their services. The result was an overall rating of Excellent/Good. Review of the survey from the Board Chairman revealed no deficiencies and his overall opinion of the Internal Audit department was Excellent. Results of all surveys and comments made by Internal Audit staff and audited units can be found in the workpapers.

CONFERENCES

We held conferences with the internal audit director and others throughout the course of our review. As a group, we shared experiences, approaches and other insights to be considered in further improving the work of the Internal Audit department. MUSC’s Internal Audit Department is recognized as a leader in complying with auditing standards and this peer review validated as such. Our review also confirmed effective value-added operations within the department and consequently, no additional suggestions are warranted.

ACKNOWLEDGMENTS

The team conducting this quality assurance review wishes to thank all personnel for their cooperation and assistance throughout the course of the review. The director and the entire audit staff are well versed in auditing standards, and have established a good foundation for full compliance going forward.

Sincerely,

Kelvin Washington, Peer Review Team Leader

CC: Susan Barnhart, Audit Director
    Brian Nanney, SC Dept. of Disability and Special Needs
    Bettina Bennett, SC Dept. of Health and Human Services
    Shondala Hall, SCSIIA Peer Review Committee Chair