# Section 12

Guidance for Recording and Reviewing Working Papers in MKInsight

This section provides guidance on how to utilize the electronic workpaper system – MKInsight through the various steps of the audit to ensure all key audit steps are completed, recorded and approved. The modules incorporate templates to ensure consistency among audits. These templates are periodically reviewed and updated as needed. Therefore, some audits may differ slightly in the Audit Management module. Changes made are not retroactive to existing audits and become effective for audits initiated after the updates are approved.

MKInsight has multiple modules in one system. The modules that auditors utilize during the course of the audit to document the audit steps conducted, store workpapers and where supervisors will approve are "Audit Management" and "Audit Work". Other modules used by staff are the "Time & Expense Recording" for time keeping for audit and non-audit related activities and "Recommendation Tracking" to follow up on open recommendations. The administration utilizes a web portal to report the status of their open recommendations that feeds into the "Recommendation Tracking" module.
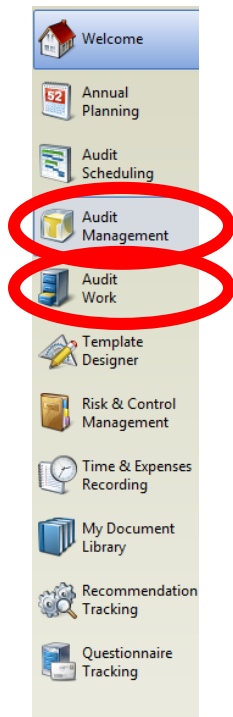
Audit Management tracks more of the administrative side of an audit by "Stages", as detailed below in *Stage 1: Administration* includes five tasks and an area for additional attachments related to those five tasks, as well as allowing for supervisor review and approval. As each area is completed, the task bar incrementally moves toward 100%. Stage 1 does not have a checklist to complete.

In **_Stage 2: Planning_**, there are six tasks (which is update from the previous four tasks) to complete which includes a "Planning Checklist" as part of Task 2.1 (see next page for more checklist details). This section provides for all the planning documents related to the audit and an area for any additional supporting documents.

The planning checklist (Task 2.1 from above) provides more details of what auditors should be looking at during the planning stages. For example, auditors should review "relevant documents" which includes all policies and procedures, Budget documents, City governing documents – City Charter, San Diego Municipal Codes, Council Policies, Administration Regulations, Process Narratives and Flow Diagrams, etc. Auditors should also "Review Previous Audits" conducted on the subject matter, whether internally or externally). To gain a better understanding of the program, process, or area under consideration for audit, auditors should conduct interview with staff to determine risks and controls and any other areas of concern while determining the scope of the audit.
During this stage, Fraud is considered and discussed with management, staff and the OCA fraud investigator, as well as reviewing and documenting any applicable IT systems and determine if an information systems control assessment is necessary.

Checklist: 2) Planning Stage					
▼ Close 💾 Save changes					
Caption	**Done**	**Date completed**	**Comments**	**Attachments**	**Contributors**
Review Relevant Document	☑	6/6/2016 ▾	See B-2.1a Budget and Govt 1-27-16 See B-2.1e Grand Jury Findings and IBA Response	< Click to add/edit attachments >	< Click to view contributors >
Review Previous Audits	☑	6/6/2016 ▾	See B-2.1h Other Audits Lead Sheet (includes review of other audits and reports/studies)	< Click to add/edit attachments >	< Click to view contributors >
Program Staff Interviews	☑	6/6/2016 ▾	See I.1.1a Interview with J. Kuwar See I.1.1b Interview with Lisa Celaya	< Click to add/edit attachments >	< Click to view contributors >
Field Observation	☑	6/6/2016 ▾	SP 4-19-16 None to date.	< Click to add/edit attachments >	< Click to view contributors >
Determine if External Assistance is Necessary	☑	6/6/2016 ▾	SP 4-19-16 None necessary to date.	< Click to add/edit attachments >	< Click to view contributors >
Review and Document IT Systems	☑	6/6/2016 ▾	Data reliability summary work paper F-1.1.1z4 Auditors found data compiled overall to be	< Click to add/edit attachments >	< Click to view contributors >
Fraud Considerations	☑	6/6/2016 ▾	See B-2.1u Ratio Analysis	< Click to add/edit attachments >	< Click to view contributors >
Identify Criteria	☑	6/6/2016 ▾	See B-2.1n Criteria Workpaper	< Click to add/edit attachments >	< Click to view contributors >

Stage 3: Risk Assessment is where all the information collected during the planning stage is used to narrow down the potential objectives by identifying the Risks and associated Controls. After the Risk Vulnerability Assessment (Task 3.1) is discussed with and approved by OCA management, the approved objectives, risks and controls are used to populate the Audit Workplan (Task 3.2) template. The Audit Workplan serves as the Audit Program to discuss how the Audit team will test each objective, risk(s) and control(s). After discussions with and approval by OCA management, the Audit Workplan template is used to populate Task 3.3 Create Audit Objectives Based on Audit Work Plan and Assign to Auditors which when pushed live to the Audit Work module, the auditors will conduct all field work testing and record all steps, methodologies and conclusions. A scope document was added to the template and labeled Task 3.5 and Task 3.5 shown below was renamed Task 3.6: Review and Approve Risk Assessment Stage Attachments. Stage 3 does not have a checklist to complete.

Stage 4: Fieldwork has two tasks to complete and an area for additional supporting documents. The checklist below provides details on the steps required completion before an audit is complete.

Part of the checklist items is to document the *Milestone Meetings with OCA Executives* (via a Planned Update Meeting Fieldwork 1/3, 2/3 and Planned Final Update Meeting when the audit team Presents Finding Development Sheets). This provides for ongoing supervision and discussion with the executive management team. During the meetings the progress of the audit is discussed, issues that are identified as of that meeting date, and feedback from OCA Executives to the audit team. The meetings help the audit team to discuss issues/findings prior to preparing the draft report outline.

Caption	Done	Date completed	Comments	Attachments	Contributors
Conduct Data Reliability Testing	☑	12/19/2016 ▼	Data reliability summary work paper F-1.1.1z4 Auditors found data compiled overall to be	< Click to add/edit attachments >	< Click to view contributors >
Complete Fieldwork Steps with Objectives	☑	12/17/2016 ▼	See Objectives in Audit Work Module	< Click to add/edit attachments >	< Click to view contributors >
Conduct Milestone Meetings with OCA Executives	☑	11/21/2016 ▼	4.1a OCA Update Meeting (2/3) 7.12.16 4.1b OCA Mngt Update 9.7.16	Attachments: 4	< Click to view contributors >
Prepare Report Outline	☑	11/21/2016 ▼	4.1e Mngt Report Outline 11.15.16	Attachments: 1	< Click to view contributors >
Conduct the Pre-Exit Meeting with Auditee	☑	12/17/2016 ▼	4.1f Pre Exit Confirmation	Attachments: 1	< Click to view contributors >

Checklist: 4) Fieldwork Stage
▼ Close | 💾 Save changes

Stage 5: Reporting Writing documents the various steps of reporting writing – from draft report to OCA management to final report issuance. This stage has a checklist as detailed below. The checklist was updated in January 2017 and is in effect for audits started in February and later 2017.

Removed Prepare Audit Standards Plan and Final Report Issuance

Stage 6: Report Issuance was added and updated in January 2017 and will be effective for audits starting in February or later 2017. *Task 6.3: Attach Final Report and Distribution Email* was added here and removed it from Report Writing as some of these items must to be completed prior to report issuance and others on the day of or within a day of report issuance.

Stage 7: Post Report Issuance documents and recorded items for staff to complete to close the audit. Executive management and audit team conduct a Debrief meeting after the audit to determine Lessons Learned from the audit and pass them along to OCA staff. Auditors prepare a self-evaluation for the audit and the Manager/Supervisor completes a project evaluation and incorporates the Auditor's self-evaluation. This becomes the basis for the auditor's Annual Performance Evaluation. The Quality Control Review is for Executive Management to perform as part of the ongoing monitoring and determine if any changes in the process or templates are required for any audits going forward. This step ensures the audit file is complete and properly approved at all stages.

Audit Work is the module auditors use to record fieldwork as determined in the Audit Work Plan (Audit Management module – Stage 3), Audit work is designed to record objectives, risks and controls and document the tests performed, test results, conclusions, and recommendations. Management and Auditors can see the progress and status of the audit at all times.

Name	Status	Progress	Review Progress	Assigned To	Score	Business Areas	Divisions
▲ 📁 **My Audits**							
						IT Audits	Deliver, Servic
						IT Audits	Deliver, Servic
						IT Audits	Deliver, Servic
▲ 📗 SAP Privileged User Access Audit; FY2016 IT Audit Workplan; IT Audit; January 2016	Audit Started					IT Audits	Deliver, Servic
						IT Audits	Deliver, Servic
						IT Audits	Deliver, Servic
						IT Audits	Deliver, Servic
						IT Audits	Deliver, Servic
🔒 Objective F	In Progress	20%		Laura Reyes-Cor... 🔒	40.0%		
📘 Objective E	Under Review	100%	100%	< All Reviewers >	20.0%		
📘 Objective D	Under Review	100%	100%	< All Reviewers >	25.8%		
▲ 📗 Performance Audit of StreetLight Utility Billing; FY2017 Line 9; Performance Audit; October 2016	Audit Started					Environmental Serv...	Energy Sustain
📘 Objective D	In Progress	0%			< n/a >		
▲ 📗 Performance Audit of San Diego Convention Center; FY2016 Line 14; Performance Audit; February 2016	Audit Work Approved					San Diego Convent...	
📘 Objective F	Approved	100%	100%		0.0%		
📘 Objective E	Approved	100%	100%		0.0%		
📘 Objective D	Approved	100%	100%		35.0%		

When the auditors are working in an objective, they will see the Overall Audit Objective Description; followed by all the risks and associated controls; lastly they will see the Testing Summary Sheets which describes the overall testing that conducted for that Risk and Associated Control. Once testing is completed, a selection is made that describes the overall assessment. The details of the testing are recorded in the Findings tab.

Audit Objectives Descriptions

D - Determine whether the City of San Diego has implemented recommendations contained in the San Diego County Grand Jury Report : San Diego Police Department Property and Evidence Room - Review of Operations, June 1, 2015

Total score: 50.0%

Risks (1/7)

D-1
SDPD has not performed a management review to identify deficiencies in property and evidence room operations, and has not addressed the deficiencies it identifies (Grand Jury Rec 15-50)

Controls (1/2)

D-1.1
Documented management review, study, or evaluation designed to identify property and evidence room operational deficiencies (TC)

D-1.2
Action plan or other strategy document to address Property Unit program management deficiencies (TC)

Testing Summary Sheets (1)

D-1.1.1
Analyze the SDPD management review deliverable to assess whether it addresses program management deficiencies

In Process (60%)   Findings

49

Progress: Done: 49, To-do: 0
Review progress: Approve: 42 Not Approve: 0 Unreviewed: 0

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The instructions for *How to Work with the Audit Objectives in Audit Work* details the step-by-step instructions to complete the necessary tabs during fieldwork. These tabs include:

- Details – Notes to auditor, Procedures and Conclusions
- Additional Notes – Testing period, Sampling Method, Sample Size, Reason for the Number in the Sample, Sample Analysis, Priority (Recommendation – Appendix in the report), Remarks, Were Exceptions Noted During Testing, Were Documentation Gaps Noted During Testing.
- WP Analysis & Finding Developments
    - Analysis – record test analysis
    - Finding Development Worksheet – Record the Finding, Condition, Criteria, Cause, and Effect
- Recommendations – Recommendation to address the cause of the finding
- Attachments
- Contributors – Log of all activity

Each Risk should have a least one control recorded, but a risk can have many controls – it is not a one for one. Conversely, there could be many risks and one control or many risks and many controls. This is where an auditor will determine if proper control(s) exist to mitigate the risk(s). If controls are weak and do not adequately address the risk then a potential finding is listed and prepared for discuss with OCA Executive management.

As fieldwork is completed, it is reviewed and approved at two levels. Audit Work records the basis for the audit report findings, condition, cause, criteria, effect and recommendation.