



# THE ADVISOR

Internal Audit Advisory Services Newsletter – Issue 2  
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## Control Self-Assessment

The City's Internal Audit team partners with departments to promote efficient and effective delivery of various City services.

In addition to performance audits, the Internal Audit team is available to provide non-audit consulting, assurance, and monitoring services. One specific type of non-audit consulting service offered is the Control Self-Assessment.

### What is Control Self-Assessment

A control self-assessment (CSA) is a procedure used by many organizations to assess the effectiveness of their internal control processes, identifying any risks that are evident, and implementing the necessary preventive and/or corrective actions to address those risks. For example, an Information Technology CIO would assign personnel in the appropriate division to analyze their cybersecurity internal controls, and apply the needed actions to address any control issues present.

### Control Self-Assessment Benefits

- Employees at all levels better understand and assume responsibility and accountability for effective control and risk management;
- Corrective action can be more effective because participants of CSA “own” the results;
- Provides broader coverage on important issues because the subject matter experts, can quickly focus on key risks and controls;
- Improves communication at all levels since they can include multiple locations, departments, functions, and levels of personnel;
- Motivates personnel to carefully design and implement control processes and continually improve operating control processes; and
- Teaches participants how to analyze and report on internal control.



## Audit Tips & Tools

The first half of 2017 will bring the next round of external performance and financial audits to the City. Regardless of whether it is an internal or an external audit you may be preparing for, here are **10 suggestions to help ensure that your audit goes as smoothly as possible:**

- Make sure you have up-to-date policies and procedures
- Ensure authorization limits are communicated within your department
- Ensure all assets (especially cash) are safeguarded at all times
- Establish document control (especially for spreadsheets)
- Ensure approval signatures are visible and legible on all required documentation
- Make sure confidential data are only accessible by authorized personnel
- Understand your department's risks
- Ensure adherence to City policies and regulations
- Establish objectives and measures for your department/function for major programs
- Track performance to evaluate your success

Because of the participative and collaborative approach of a control self-assessment, it can help strengthen the working relationship between Internal Audit and City departments. A successfully implemented CSA program can also positively influence organizational culture through empowering employees and enhancing decision-making and creativity at all levels.

### How Control Self-Assessment Works

Unlike a traditional audit that is conducted by an internal auditing department, a CSA is performed by the department's staff who perform the applicable tasks on a day-to-day basis. The Internal Audit team is available to assist City departments to prepare for a CSA with the help of a questionnaire containing simple "Yes/No" or "Have/Have Not" responses.

### Responsibilities of Parties Involved

If engaged, Internal Audit will provide overall facilitation of the CSA program, including education and/or training department personnel on CSA methods, concepts, and ideas. Internal Audit will also provide independent validation or testing of the CSA team's evaluation of their risks and internal controls.

Departmental objectives and scope to be utilized for a CSA will be the responsibility of management, along with the assessment of the adequacy of risks and internal controls. Management will determine individual team members that will participate in the CSA, and those team members will perform the CSA evaluation.

### The Control Self-Assessment Process

For departments interested in conducting a CSA, Internal Audit will meet with department personnel to discuss the objectives, scope, and potential project timelines. Internal Audit will collaborate with the department to develop a questionnaire or survey based upon the selected process or function being reviewed.

Department managers will appoint essential personnel to review their processes/functions and provide their responses on the questionnaire being used. Upon completion and submittal of the questionnaire to Internal Audit, a mutually agreed upon day and time will be set for Internal Audit to independently validate the department's CSA evaluation of its controls. Internal Audit may make recommendations, or will concur with departmental corrective actions already taken, to address items where controls need improvement.

Once the validation has been completed, Internal Audit will draft a report for Department Management summarizing the results of both the department's CSA evaluation and Internal Audit's validation of the department's CSA.

Excerpts of this article are from Control Self-Assessment: A Practical Guide, the Institute of Internal Auditors.



The Internal Audit Division staff is committed to providing independent and objective assurance and consulting services, designed to add value and improve the City's operations. These services help City departments accomplish their goals and objectives by bringing a systematic, disciplined approach to evaluate and improve effectiveness and efficiency.

Internal Audit strives to work in partnership with the City Council, executive management and all City employees. In addition to performance audits, and monitoring activities (p-cards, grants, etc.), we are available to answer questions, provide advice regarding policies and procedures, and act as consultants on internal controls.

To find out more, please visit

**[RiversideCA.gov/audit](https://www.riversideca.gov/audit)**

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