STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES **Policy and Procedure**		POLICY AND PROCEDURE NUMBER **01.04.010**	PAGE 1 of 3
		EFFECTIVE DATE September 20, 2005	
SUBJECT **Office of Internal Review**		SUPERSEDES DPOL 01.04.010	DATED May 1, 1996
CHAPTER **Office of the Commissioner**	SECTION **Internal Review**	APPROVED BY Mike Barton 9/16/5	

PURPOSE

This formalizes the policy and procedure of the department on the mission, objectives, and duties of the Office of Internal Review.

POLICY

The Office of Internal Review is a separate section in the Office of the Commissioner that reports directly and is accountable solely to the commissioner. The chief of Internal Review will inform the commissioner of all of the section's activities, will coordinate activities with the deputy commissioners as needed, and will periodically inform the regional/division directors and system directors/managers of activities conducted and planned.

The Office of Internal Review will be staffed with employees who collectively possess adequate professional proficiency for the conduct of all audit assignments.

Mission and Objectives

The mission of the Office of Internal Review is to assist department managers in the effective discharge of their duties and responsibilities by:

1. providing assurance that department operations are performed in accordance with federal and state laws and regulations, and with state and department policies, procedures, rules, and programs;

2. reviewing the efficiency, effectiveness, and economies of department programs and services;

3. furnishing managers with objective and independent assessments of department performance through analyses, appraisals, comments, and recommendations concerning the programs, activities, or functions reviewed, and providing information to improve public accountability and facilitate corrective action; and

4. performing external audits required by federal aid guidelines, audits of other state and local grant programs administered by the department or under sister agency delegations of (construction) authority, and audits of state concession, lease, and other contractual agreements.

State Single Audit

The Office of Internal Review will assist the Division of Legislative Audit in the conduct of the annual state single audit. The Single Audit Act of 1984 and implementing OMB circular A-133 require an organization-wide audit of the state conducted in accordance with the US General Accounting Office (GAO) Governmental Auditing Standards. The Division of Legislative Audit performs this audit annually. A memorandum of agreement, revision effective August 22, 1990, between DOT&PF and the Federal Highway Administration (FHWA) also provides that such single audits will include coverage of department operations. Internal Review assists Legislative Audit in auditing department operations and coordinates related activities, including followup of audit findings, with department managers and the FHWA.

Interface with Department Employees

The Office of Internal Review may conduct periodic audits of any program within the authority of the department. Department employees will assist Internal Review employees, after proper identification, by providing free access to all property, documents, records, and other information pertinent to their work. Internal Review employees have full authority to inspect and copy any pertinent records and to contact and interview any department employee in conjunction with an audit or review.

The activities and functions of the Office of Internal Review are advisory in nature. No authority may be exercised over the department employees whose work is under audit or review. Internal Review operations are in addition to line management activities and do not replace managers' responsibility for overview and control of their operations.

PROCEDURE

Standards

Various federal laws require that the US GAO Governmental Auditing Standards or Generally Accepted Government Auditing Standards normally be followed for audits of state and local government agencies (and contracting parties) that receive federal financial assistance. The Office of Internal Review hereby adopts the GAO Governmental Auditing Standards ("Yellowbook"), current version, for professional

standards of performance of audits and documentation of audit work except as noted below or in a separate policy and procedure document.

The Office of Internal Review reserves the right to use alternate procedures in the performance of some audits and reviews. Alternate procedures may be used when compliance with all Yellowbook requirements is not practical or cost effective, or when audit risk is low. When alternate procedures are used, Internal Review staff will create a unique audit program that identifies audit or review steps to be completed on that particular assignment.

Interface with Department Employees

Unless illegal acts or fraud is suspected, the Office of Internal Review will conduct entrance and exit conferences with department or external managers responsible for the operations or programs being audited or reviewed.

Reports and Access to Documents

The Office of Internal Review will issue a report on an audit or review. The report will outline the scope of the examination, the results of detailed testing, findings of fact and conclusions reached, and recommendations for improvements or corrective actions.

Access to all audit reports, report drafts, related memoranda, and workpapers will be restricted until the appropriate department manager has prepared any required response to the report, or for 42 days after the final report is issued, whichever occurs first. Time extensions to respond may be granted on a case-by-case basis. Audit reports and workpapers containing sensitive and proprietary information will be further restricted as necessary.

AUTHORITY

AS 44.17.010, .020, and .040
AS 44.62.640(a)(3)

IMPLEMENTATION RESPONSIBILITY

Chief of the Office of Internal Review

DISTRIBUTION

All department employees via the DOT&PF website