



To: Justin Robinson, Director
West Virginia Post Audit Division

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Subject: 2020 Peer Review of the West Virginia Post Audit Division

Robin Vos
Assembly Speaker
Wisconsin
President, NCSL

Martha R. Wigton
Director
House Budget
& Research Office
Georgia
Staff Chair, NCSL

Tim Storey
Executive Director

At your request, and under the terms of a 2020 contract executed with the National Conference of State Legislatures (NCSL), we reviewed the system of quality control of the Post Audit Division of the West Virginia Legislature’s Joint Committee on Government Finance (Post Audit Division or PAD) in effect for a three-year compliance period from 2017 to 2020.

Section 3.101 of “Government Auditing Standards, 2011 Revision”—or Section 5.72 of “Government Auditing Standards, 2018 Revision”—by the Comptroller General of the United States (i.e., the Yellow Book or GAGAS) allows the peer-reviewed agency to receive one of three possible ratings—pass, pass with deficiencies, or fail.

The Post Audit Division has a quality control system that is suitably designed and followed, providing reasonable assurance that the office is performing and reporting performance audit engagements in conformity with applicable “Government Auditing Standards” for the period reviewed in all material ways with one exception. Therefore, based on the rating definitions set forth in the Yellow Book sections noted above, the peer review team gives a rating of “pass with deficiencies” to the Post Audit Division of the West Virginia Legislature’s Joint Committee on Government Finance. In the peer review team’s professional judgment, the office must improve its processes to maintain a consistent visible record of documentation.

The purpose of documentation is to create an official written record for work done and decisions made—that is, a visible workflow trail. A peer review team’s role is to ascertain, with reasonable assurance, whether an office’s quality control system is suitably designed and followed, and to do so, the team examines an office’s procedural manuals and a sampling of audits and their work papers. Peer review team members should be able to find and understand the written records establishing an audit’s workflow trail with minimal assistance from the audit office’s staff. The peer review team found, however, the Post Audit Division’s written records for documentation were not always maintained in such a way to allow an

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experienced auditor, with no connection to the audit, to understand the nature, timing, and extent of audit procedures performed from the recorded audit documentation alone.

The Post Audit Division processes for physically recording its documentation actions do not need major revision. Minor process adjustments, standardized forms and consistent application may accomplish most of the task. The office should especially focus on improving maintenance of its written records detailing audit documentation, supervisory review and data reliability. The addition and completion of a standardized cover sheet, finding sheet, bridging document, checklist or other form for each work paper would expand the visible workflow trail of an auditor's conclusions, what specific work the auditor performed to arrive at the conclusions and the source of the information used. Use "prepared by" and "reviewed by" notations, tick marks or other methods to create a visible record of supervisory review. Include a spreadsheet or other document to show what data reliability work was conducted and whether the team determined the data to be reliable or not. Whatever methods are chosen to improve documentation, the office should ensure that procedures are used consistently across audits.

The peer review team's assessment is based on observations made during a remote peer review conducted Nov. 16-20, 2020. The team reviewed statutes relevant to the office, the office's audit-related policies and procedures, four performance audits and continuing professional education records. Team members also interviewed one member of the Post Audits Subcommittee, five legislative staff from outside PAD, and PAD office managers and selected staff. The team notes that the conduct of the peer review work was not impaired in any way. To the extent allowed under West Virginia law, team members were granted access to relevant reports, work papers, supporting documentation and staff.

The peer review team appreciates the courtesy and cooperation extended to us in conducting this review. We commend you for your willingness to contract for this peer review to obtain an independent assessment of your performance audit procedures.