One might think that because Internal Audit and Compliance is positioned within the Office of the Chief Financial Officer our focus is solely on financial auditing. Although IA&C serves as a liaison for WAPA’s financial statement audit and performs analyses of certain financial and accounting processes, the office has evolved over the past couple years. The office transitioned to a work plan consisting primarily of performance and operational audits. It is true that a performance audit typically entails some level of financial-related analysis, but it also focuses on WAPA’s compliance with governing laws and regulations and policies and procedures. Further, IA&C tries to identify opportunities for improvement and ways for WAPA to become more efficient and effective in its operations.
Examples of IA&C’s current audits include WAPA’s overtime expenditures, the fitness reimbursement program and travel and aviation card programs. In the near future, IA&C plans to audit WAPA’s:
- Telework program
- Continuing service agreements
- Relocation, retention and recruitment incentives
- Procurement program

For those currently, or who may later be, involved in one of these audits, IA&C has developed the Audit Stages and Responsibilities diagram (above) to better explain what to expect during an internal audit.

**Audit process explained**

Throughout the year, IA&C collects information from various internal and external sources relevant to WAPA’s operations, such as previous audit results, media attention, WAPA’s initiation of new programs or focus areas and suggestions from management. This information is used to develop an annual audit plan and to select a program for audit. If a program is selected, involved employees will be notified via email, receive an audit announcement letter and be requested to participate in a kick-off meeting, called an ‘entrance conference.’ During the entrance conference, IA&C explains the purpose of the audit, the scope, methodology and reporting timeframes, and answers any questions participants may have.

Following the entrance conference, auditors request information and documentation and schedule interviews with key officials to help them gain better understanding of the program. Next, IA&C performs analyses and arrives at preliminary observations and conclusions, which are shared with the program’s management. IA&C’s observations and conclusions are also communicated in a series of draft and final reports in which program and senior management are given the opportunity to review and respond.

Once the final report is issued, the audit team and management hold an exit conference and management is encouraged to complete a short survey to help IA&C improve its process for the next audit. If the audit report contains recommendations, IA&C will track and monitor WAPA’s implementation of the corrective actions and will not consider the audit process complete until all of the corrective actions are implemented. This same process is then followed for the next program audit that IA&C performs. In this way, WAPA’s process is also similar to that of the Department of Energy Inspector General’s office and the Government Accountability Office.

Beyond audits, IA&C is also a resource for employees who may have questions on internal controls. The office maintains confidentiality and will not discuss any information outside the team. IA&C also ensures confidentiality of documentation received and work papers created through secure systems.

IA&C realizes audits can cause a strain on employee time and resources and is dedicated to minimizing interruptions. IA&C strives to build more business and organizational excellence into day-to-day operations, WAPA-wide.