

2018 YELLOW BOOK IMPLEMENTATION CITY OF ATLANTA

USING TEMPLATES, TOOLS AND TABLES TO INCORPORATE REVISED
GAGAS STANDARDS IN OUR AGILE PROJECT MANAGEMENT

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KEY CHANGES TO THE YELLOW BOOK FOR PERFORMANCE AUDITS AND DEVELOPING FINDINGS

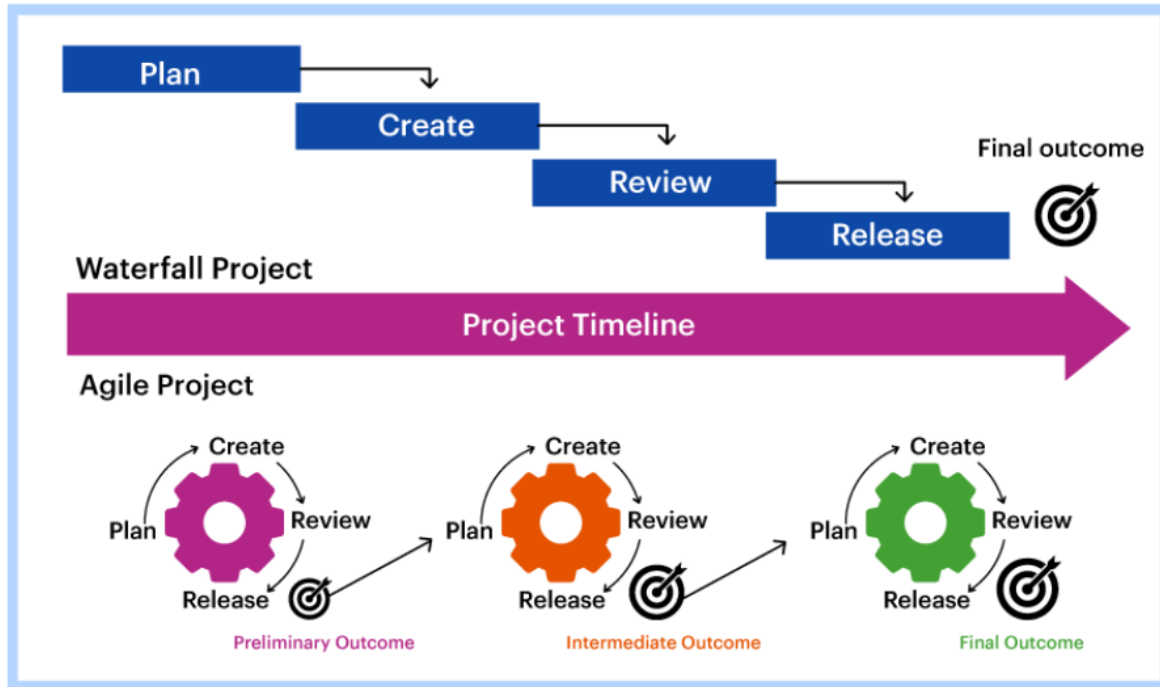
- Performance audits (Chapter 8)
 - Auditors must now consider whether internal control is significant to performance audit objectives. If it is determined that internal control is *not* significant to the audit objectives, auditors should document accordingly, and reassess as applicable, any new or refined objectives. If internal control is determined to be significant to the audit objective, then the auditor should obtain an understanding of such internal control.
 - Assess and **document** the assessment of internal controls to the extent necessary to address audit objectives
 - Evaluate and **document** the significance of identified internal control deficiencies within the context of the audit objectives
 - Consider root cause of internal control deficiencies when developing findings
 - Identify which internal control components and principles are significant in the audit report
- Finding guidance (Chapter 6)
 - Under the 2018 Yellow Book, the auditor should consider internal control deficiencies in their evaluation of identified findings when developing the **“cause”** element. This change relates to financial statement audits, reviews of financial statements and performance audits.
 - The auditor should seek to determine a cause or explanation of why the condition deviates from the criteria and be prepared to discuss the various control activities that have been designed and implemented by management to address specific risks of the organization.

OUR PROCESS FOR UPDATING OFFICEWIDE POLICIES AND PROCEDURES

- We updated our office's Policies and procedures
 - Team of about 5 staff members met over (5-6) months to update the policy
 - 100 pg PDF available to office to reference as needed
- Conducted a Staff meeting for discussion
- Updated backlog and templates accordingly (discussed later)

POLL QUESTION

- What best describes your office's project management style?
 - Traditional/Waterfall
 - Agile
 - Lean
 - Other



	Scrum	Traditional Project Management
Emphasis is on	People	Processes
Documentation	Minimal—only as required	Comprehensive
Process style	Iterative	Linear
Upfront planning	Low	High
Prioritization of Requirements	Based on business value and regularly updated	Fixed in the Project Plan
Quality assurance	Customer centric	Process centric
Organization	Self-organized	Managed
Management style	Decentralized	Centralized
Change	Updates to Productized Product Backlog	Formal Change Management System
Leadership	Collaborative, Servant Leadership	Command and control
Performance measurement	Business value	Plan conformity
Return on Investment	Early/throughout project life	End of project life
Customer involvement	High throughout the project	Varies depending on the project lifecycle

Table: Scrum vs. Traditional Project Management

PROJECT MANAGEMENT STYLES

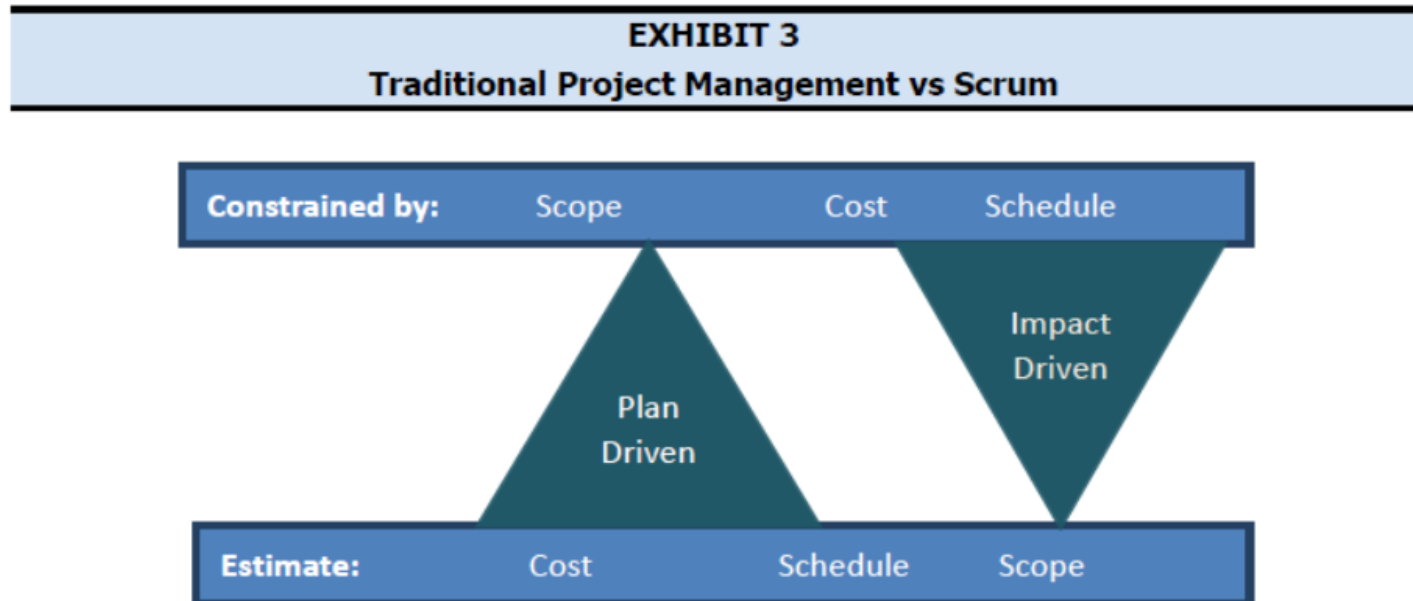
- Traditional/ Waterfall Approach
 - Clearly defined beforehand
- Agile/Scrum Approach
 - We use daily scrums and roughly bi-weekly sprints

DRAFTING THE PROJECT BACK LOG

Product Backlog

- We updated the backlog with the 2018 GAGAS statements and procedures and use this throughout the project to track tasks and manage audits

Draft the product backlog. Product backlog is a term used in “scrum” project management. The backlog expresses project expectations as a list of areas of work necessary to answer the objectives. It is a way to deal with uncertainty by iteratively planning the audit. Unlike traditional project management where we develop a detailed work plan upfront based on the proposed scope, schedule, and estimated resources, the backlog evolves and becomes more specific as the project progresses. Therefore, the level of detail of the initial project backlog will vary depending on how much we already know about the area under audit.



SAMPLE PROJECT BACKLOG

UPDATED GAGAS STATEMENTS TO REVISED 2018 YELLOW BOOK STANDARDS

Backlog Item & Policy & Procedures or Yellow Book Reference - Code Enforcement	Sprint
B. Determine significance and obtain an understanding of internal control (GAGAS 8.39 and 8.40)	
1. Determine and document whether internal control is significant to the audit objectives. Consider information from section A, and categories of objectives and components of internal control as described in the GAO Green Book.	
a. What are the risks to hiring for the city? Are they process-related, system-related, or personnel-related?	1-4
i. Are there recent media articles that mention risks associated with hiring?	1
ii. What is the cause associated with hiring not functioning as intended?	1, 3, 7, 9-10
iii. Do all departments use the same position number or classification number to hire for a position?	7, 10
iv. What is the difference between the process that HR describes and the process that the departments describe/use?	3
b. Are there any ongoing investigations, allegations or legal proceedings that would affect hiring? (Ask Ethics.)	
2. Obtain an understanding of internal control that is significant to the audit objectives. May consider entity-level and/or transaction-level controls.	
a. Obtain and review departmental policies and procedures	1
b. Obtain and review the employee handbook	1
c. Map/flowchart processes and controls	3
i. Process mapping the overall hiring process (manual and electronic) using interviews from HR and departments	4
ii. Process mapping Oracle and TALEO modules and cross-reference to overall hiring process flow	10
a. What are the automated and manual workflows in the system/module?	10
d. Identify key controls to the hiring process	3, 5
C. Assess and document the assessment of the design, implementation, and/or operating effectiveness of internal control to the extent significant to and/or necessary to address the audit objectives. (GAGAS 8.49)	
1. Design and perform procedures to obtain sufficient, appropriate evidence to support and document findings and conclusions on design, implementation, and/or operating effectiveness of significant/key controls.	
a. Are the departments served as expected from HR in order to hire candidates?	3-4
b. What are the turnaround times for hiring new employees, transfers, or promotions? Are they as expected? Are they tracked by	3, 4

POLL QUESTION

- Does your office use unique tools, templates to assist with following GAGAS?
 - Yes
 - No
 - I don't know

IMPLEMENTING REVISED STANDARDS USING THE AGILE PROCESS

- Workpapers include GAGAS statements for reference in purpose as we gather and document audit evidence
 - Assess and document the assessment of internal controls to the extent necessary to address audit objectives (GAGAS 8.49)
 - Identified key controls and missing controls. Assess and documented in workpapers, they conducted a brainstorming session and identified risks, including specifically thinking about IT risks, compliance risks, and fraud risks. They used the GAO Green Book as well as a fraud risk assessment tool and an IT risk assessment tool as frameworks to guide our brainstorming.
 - GAGAS statements used as guidance in Work Papers
- Teams use Sprint Documents to discuss as a group Sprint 4
 - The sprint 4 document now includes the website blurb and a review of the controls and processes relevant to the objectives.
 - Determined what test(s) we could perform to evaluate the implementation and operating effectiveness of the control(s) designed to mitigate each risk
 - During the sprint meeting, we discussed each risk, control, and possible test and determined which tests were “must have,” which only needed minimal testing, which were “nice to have,” and which we did not need (noted in comments).

USING A MATRIX TO IMPLEMENT FINDINGS REVISION

- Under the 2018 Yellow Book, the auditor should consider internal control deficiencies in their evaluation of identified findings when developing the “cause” element.
- The auditor should seek to determine a cause or explanation of why the condition deviates from the criteria and be prepared to discuss the various control activities that have been designed and implemented by management to address specific risks of the organization.

Fieldwork Testing:

Objective 1: Is the Hiring Process clear to all stakeholders?						
Potential Test(s)/Analysis	Data Source/ Pending Data Requests	Criteria	Condition	Cause	Effect	Recommendation
Do all new employee files contain all required documents and/or reference completed tasks?	Pre-pilot review	Per City Code, Sec. 2-231, HR provides direction for “...Planning and implementing new or revised human resource programs, policies and processes...”	Departments reported confusion around process steps to hire new employees Hiring steps do not seem to be clear and consistent (C41, pg. 2) Flowcharts created to migrate to the cloud, but HR did not have flowcharts for themselves to understand the process (C42, Tab1 p 1-2; C32, p 3)	A comprehensive overview of the hiring process was <u>not described</u> and provided to departments	All tasks may not have <u>been performed</u> or completed before a new hire came on board	Provide clear instructions for hiring new employees
What must happen before someone is <u>hired</u> ?	New Hire Checklist Candidates Hired report as of Jan 2019 Post pilot Finding	HR’s New Hire Employment Checklist (C17 Att B) Aviation’s Pre-Hire Checklist (C36 Att A) HR’s Recruiter-Recruiting Coordinator Checklist (C45 Att B) New Hire Checklist (C51 Att. A); <i>italics= legally required:</i>	Pre-Pilot Finding 6 different reference guides for the hiring process (C40 Att A-D, FG) Post Pilot Finding	The whole process from start (pre-VRB review) to finish (new hire start) is <u>not documented</u> in one guide (missing steps) (C41 Att A)	Post Roll-out P&P may not be clear to all stakeholders Slow and or bottlenecked process	

POLL QUESTION

- Have the changes increased, decreased or remained about the same for the time needed to implement yellow book revisions?
 - Increase
 - Decrease
 - I don't know yet, not sure



THE END