



Audit Office Authority Functions Policy

Policy # FM009
Revised:

Policy Owner: Director, Office of Audit

Policy Contact: Quality Assurance Coordinator, Office of Audit

Policy Statement

The MnDOT Office of Audit must comply with [Generally Accepted Government Auditing Standards \(Yellow Book\)](#). The Office of Audit provides independent and objective auditing, assurance, and management advisory services based on systematic examination of evidence to ensure that the agency's operations, programs, and activities are operating as intended and in compliance with applicable state and federal requirements.

The Office of Audit has the authority to provide professional audit services department wide, regardless of MnDOT's organizational reporting structure, and is unrestricted in the scope of its audit work. To comply with Yellow Book standards, audit personnel must have full access to all sources of information deemed necessary by the Office of Audit to perform audits. The Office of Audit will comply with all applicable requirements to maintain confidentiality of data. Auditees must respond to requests for information from the Office of Audit and provide documentation by the established deadline.

The Office of Audit must also comply with the [Minnesota Government Data Practices Act](#) (Minnesota Statutes, Chapter 13). Any data determined to be classified as nonpublic or protected nonpublic must not be disclosed to any third party except as required by applicable state or federal law or pursuant to a court order. Data that are no longer needed for an audit are maintained in compliance with the Records Retention Schedule.

Independence and Objectivity

The Office of Audit must maintain independence and objectivity. Therefore, it:

- requires each auditor to attest to their independence and objectivity annually and with each audit
- conducts all engagement activities with integrity, objectivity, and independence to ensure engagement results have not been compromised
- addresses external audit reports to the MnDOT office or district that requested the audit
- addresses internal and highway construction audit reports to the Commissioner and Deputy Commissioners
- provides management advisory services and feedback regarding the effectiveness of internal controls, but does not make operational decisions or implement controls

Reason for Policy

This policy documents the MnDOT Office of Audit's authority to conduct audits and investigations in compliance with Yellow Book standards.

Additionally, [Minnesota Statutes §16A.057, subd. 8](#) states that the head of each executive agency is responsible for designing, implementing, and maintaining an effective internal control system within the agency.

This policy describes how the MnDOT Office of Audit fulfills its function to:

- provide feedback regarding the adequacy and effectiveness of internal controls;
- assess MnDOT's compliance with applicable laws, rules, and regulations; and
- help MnDOT accomplish its operational goals of excellence in customer trust, operational excellence, and workforce excellence.

Applicability

All MnDOT offices, districts, and employees, third parties who have contracts with MnDOT, and subrecipients/grantees must comply with this policy.

Key stakeholders with responsibilities under this policy include:

- Office of Audit
- Auditees
- Deputy Commissioners
- Managers, Supervisors, and Program Coordinators
- Office of Chief Counsel
- All employees

Responsibilities

Office of Audit

- Establish an annual audit plan.
- Conduct internal and external audits.
- Conduct investigations.
- Publish final audit reports.
- Distribute internal memos and investigation reports, as applicable.
- Follow up with auditee on the status of corrective action for prior audit findings.
- Provide feedback about the adequacy and effectiveness of internal controls.
- Communicate with the MnDOT commissioner and deputy commissioners on findings of fraud, waste, or abuse.
- Notify the appropriate state and federal government entities of audit and investigation findings as required by law.
- Comply with the Data Practices Act as it relates to audit reports and investigations.

Auditee

- Promptly respond to requests for information from the Office of Audit.

- Attend entrance and exit conferences as requested by the Office of Audit.
- Provide written response to audit findings by the deadline established by the Office of Audit.
- Develop and implement corrective action for audit findings and provide status updates to management and the Office of Audit, as requested.

Deputy Commissioners

- Direct the auditee to provide a written response to audit findings.
- Review and approve the auditee's response to audit findings and consult with the auditee and the Office of Audit, as needed.
- Sign the final audit report.
- Ensure the auditee develops and implements corrective action for audit findings.

Managers, Supervisors, and Program Coordinators

- Fulfill responsibilities of the auditee, when applicable.
- Request special reviews, including assessments of economy and efficiency, and investigations of alleged wrongdoing.

Office of Chief Counsel

- Assist the Office of Audit in responding to requests for data and determining its classification under the Data Practices Act.

All Employees

- Report allegations of wrongdoing.
- Report assets that are lost, stolen, or damaged.

Policy Owner (Director, Office of Audit)

- Review the policy every two years, or sooner as necessary, to ensure the policy remains up-to-date.
- Ensure documents associated with the policy remain current.
- Monitor state, federal, enterprise, agency, or other requirements that apply to the policy or procedures.
- Ensure the policy and procedures remain compliant with all state, federal, enterprise, agency, or other requirements and that necessary approvals by state or federal agencies are obtained before changes to the policy or procedures are implemented.
- Work with the Policy Coordinator to revise the policy and/or confirm its accuracy.
- Communicate policy revisions, reviews, and retirements to stakeholders.

Resources and Related Information

Forms

- [Request a Special Review/Audit Form](#)
- [Report Wrongdoing / Questionable Activity Form](#)
- [Stolen, Lost, Damaged, or Recovered Property Report](#)

Resources

- [Generally Accepted Government Auditing Standards \(Yellow Book\)](#)
- [Federal Acquisition Regulation, 48 CFR Parts 1 - 99](#)
- [Cost Accounting Standards, 48 CFR Part 9904](#)

- [Grants and Agreements, 2 CFR Part 200](#)
- [Minnesota Government Data Practices Act](#)
- [Minnesota Statutes §16A.057, subd. 8](#)
- Business Data Catalog (BDC) – accessible from employee Intranet
- MnDOT's [Policy Website](#)

History & Updates

Initial Adoption

Date: 8-20-2013

Comments: Policy #FM009 adopted

Superseded:

- Guideline 2.82.A-G2 – Administration No. 82-1A-G2A, Audit Section Follow-Up
 - o Effective: 11-23-1992
- Guideline 2.84.3A-G1 – Administration No. 84-3-G1A, Audit Section Authority Functions
 - o Effective: 11-23-1992

First Revision

Date: 3-5-2019

Comments: Updated references to the agency's organizational structure

Second Revision

Date:

Comments: Complete policy re-write to clarify policy statement, reason for policy, and responsibilities.

Authorization

Policy Owner:

Electronic Signature: _____
Director – Office of Audit

Governance Committee has reviewed this policy and recommends approval:

Electronic Signature: _____
Governance Committee Chair

Responsible Senior Officer:

Electronic Signature: _____
Deputy Commissioner – Chief Administrative Officer

Policy Review

This policy has been reviewed by the Policy Owner, the policy content is current, and no significant modifications are needed. Minor modifications have been noted in the “Comments” section.

First Review

Policy Owner Signature and Date: _____

Comments:

Second Review

Policy Owner Signature and Date: _____

Comments: