



Department of
Children's Services



Internal Audit Guide

Tennessee Department of Children's Services | Office of Internal Audit Policy | April 2025



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Introduction

The Department of Children's Services (DCS) Internal Audit Procedural Guide is a reference guide for DCS Internal Audit personnel. Periodically, as additional procedures are developed or procedural changes become necessary, this guide will be modified, and audit personnel will be advised of the updated sections. It is the responsibility of each internal audit staff member to review this guide.

This version supersedes the latest update printed in March 2018. This procedural guide is an extension of DCS Policy [1.5 Internal Audits](#), effective February 2025.

A. Internal Auditing for DCS

The Institute of Internal Auditors (IIA) Global Internal Audit Standards™ define internal auditing as “an independent, objective assurance, and advisory activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.”

The Department of Children's Services, Office of Internal Audit is an independent evaluation function for all offices and units of the Department. It assists the Department's management in the effective execution of its responsibilities by furnishing them with analysis, recommendations, and comments concerning the activities reviewed. Internal Audit provides reviews to assure the department's plans are carried out, policies and procedures are observed, assets are accounted for, and records and reports are reliable.

1. Purpose of the Office of Internal Audit for DCS

As stated in policy, the Office of Internal Audit independently evaluates the efficiency and effectiveness of programs, management and departmental responsibilities through audit engagements, reviews, and advisory services to provide assurance that the Department of Children's Services objectives are carried out as intended.

2. Mission of the Office of Internal Audit for DCS

Internal Audit will provide independent, objective assurance and advisory services that add value and improve the Department of Children's Services operations.

3. Internal Audit Charter

The purpose, authority, and responsibility of the internal audit activity is formally defined in the Office of Internal Audit Charter. The Charter is consistent with the mission of Internal Audit as well as the required elements of the Institute of Internal Auditors (IIA) Global Internal Audit Standards™. The chief audit executive (i.e. Director of Internal Audit) periodically reviews the Charter and provides it to the Commissioner of DCS and State of Tennessee Executive Internal Auditor (EIA) for final approval.

B. Office of Internal Audit

1. Ethics, Objectivity, and Independence

In accordance with the Global Internal Audit Standards™, the internal audit function must be independent, and the auditors must be objective in performing their work. The following practices are followed to mitigate against the appearance of lack of objectivity or independence:

- Staff assignments are made and rotated, when possible, to help prevent apparent or actual conflicts of interest or biases.
- All team members will sign an annual statement of independence, objectivity, and ethics. Team members are responsible for notifying their supervisor should any events occur throughout the year that may have an impact on their annual statement of independence, objectivity, and ethics.
- Audit staff should report to their supervisor and to the Director of Internal Audit any situations in which a conflict of interest or bias is present or may be inferred.
- Internal auditors will not assume operating responsibilities while reporting to the Office of Internal Audit.
- Staff who join the Office of Internal Audit from another internal group will not be assigned to audit activities he/she previously performed until a reasonable period has elapsed.
- The results of audit work will be reviewed before the audit is issued to provide reasonable assurance that the work was performed in an objective manner.
- Internal auditors must perform their work with honesty and professional courage.
- Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications.
- Internal auditors must not engage or be a party to any activity that is illegal.
- Internal auditors must avoid conflicts of interest and must recognize and avoid or mitigate actual, potential, and perceived impairments to objectivity.
- Internal auditors must not accept any tangible or intangible item, that may impair or be presumed to impair objectivity.

2. Competency

Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills,

and ability suitable for their current job position and responsibilities of their current level of experience. Internal auditors must possess or develop knowledge of IIA's Global Internal Audit Standards.

Internal auditors are encouraged to obtain professional certifications, including the following:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Fraud Examiner (CFE)
- Certified Information Systems Auditor (CISA)
- Certified Governmental Financial Manager (CGFM)

3. Continuing Professional Development

New employees are expected to read the **New Employee Orientation Guidebook**, which outlines details regarding the internal audit process and workpaper documentation.

Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors who have attained professional certifications must track and maintain the continuing professional education requirements applicable to their certifications.

All auditors must obtain 40 (forty) hours of continuing professional education (CPE) annually. Two hours of those annual CPE hours will include a form of Ethics training. Every effort will be made to provide auditors with the required training.

4. Responsibilities of the Office of Internal Audit

a) Internal Audit Plan

In accordance with guidance from the Executive Internal Auditor, the Director of Internal Audit will develop and submit a risk-based internal audit plan to the Commissioner of DCS and Executive Internal Auditor for review and approval. The Office of Internal Audit is responsible for carrying out the internal audit plan. The Director of Internal Audit is responsible for communicating changes to the internal audit plan to the Executive Internal Auditor and Commissioner.

b) Financial Integrity Act

DCS Internal Audit will coordinate the Department's management report for complying with the Financial Integrity Act (TCA 9-18-101; 9-18-102; 9-18-103, and 9-18-104). The Office of Internal Audit will distribute Finance and Administration's (F&A) recommended templates or equivalent templates to be completed by DCS management. The Office of Internal Audit will consolidate management's responses and the required report/letter signed by the DCS Commissioner to submit the Commissioner of F&A and Comptroller.

c) Comptroller's Audits (<https://www.comptroller.tn.gov/sa/>)

Internal Audit, specifically the Internal Audit Director, acts as the liaison between the Comptroller's auditors and the DCS staff. This involves coordinating all information

requests, follow-up of all exception lists, attending meetings with the Comptroller's audit staff, and ensuring that all required audit follow-up is properly prepared and submitted timely.

DCS Management is required to submit formal audit responses for the initial audit findings, and audit follow-up requests. The initial audit findings responses are included in the printed audit report issued by the Comptroller's office. In each of the instances above, all management's responses are submitted to the Internal Audit Director or designee. All responses are reviewed for accuracy, validity, and verified with DCS staff prior to submission.

d) Fraud, Waste & Abuse

DCS Internal Audit is a liaison for the Department with the Comptroller of State Treasury for reported allegations of fraudulent activity within or affecting DCS' workforce along with the Office of Internal Affairs. The Office of Internal Audit and/or Internal Affairs is required to provide response of inquire for those allegations.

APPENDIX A

Global Internal Audit Standards™

[**Global Internal Audit Standards**](#)

APPENDIX B

[**Annual Statement of Independence, Objectivity, and Ethics**](#)

APPENDIX C

[**Quality Assurance and Improvement Program Guide**](#)