

STATE OF SOUTH DAKOTA CLASS SPECIFICATION

Class Title: Senior Internal Auditor

Class Code: 10177

Pay Grade: GI

A. Purpose:

The Senior Internal Auditor conducts a variety of comprehensive large-scale audits of external organizations, programs, and contracts to ensure compliance with state and federal rules and policies.

B. Distinguishing Feature:

Senior Internal Auditors conduct comprehensive audits covering a variety of topics governed by a large number of regulations. These audits involve businesses with diverse funding sources, or previously identified irregularities such as inadequate cost accounting systems or a lack of internal controls, multiple facilities operated under a corporate setting, or facilities offering a variety of services to ensure that costs are reasonable, necessary, and related. Internal Auditors perform a variety of standard audit assignments involving businesses/individuals with a past history of accurate record keeping and accounting systems and/or limited problem areas, and works with a limited number of applicable regulations.

C. Functions:

(These are examples only; any one position may not include all of the listed examples nor do the listed examples include all functions which may be found in positions of this class.)

1. Conducts pre-award and post-award audits of claims arising under negotiated contracts to determine if costs are allowable based upon applicable accounting/auditing principles, contract terms, and the funding source's laws and policies.
 - a. Reviews previous audits to identify prior areas of non-compliance with cost requirements or contract terms and weaknesses in internal controls.
 - b. Determines scope and extent necessary to adequately evaluate the accounting system.
 - c. Prepares an analysis of the components to indirect cost rates and identifies potential trends that could affect claims for reimbursement.
 - d. Determines sampling methods and selects initial samples.
 - e. Conducts entrance and exit conferences with facility or business management and/or accounting staff.
 - f. Tests internal controls and evaluates the entities accounting system and adjusts sample size if necessary.
 - g. Tests selected transactions to support audit opinions.
 - h. Determines whether selected transactions comply with all applicable standards, laws, and contract terms.
 - i. Determines allowable contract costs and summarizes findings.
 - j. Prepares recommendations for identified internal control weaknesses or significant areas of non-compliance.
 - k. Prepares audit reports and supporting schedules.
 - l. Signs and issues a final audit report after supervisory review.
 - m. Works with program staff and businesses to resolve outstanding findings or cost differences.
2. Conducts risk analysis to identify and decrease the department's degree of vulnerability to potential risks.

- a. Identifies and assess the value of agency assets.
 - b. Identifies current and potential vulnerabilities and threats that would cause the loss of assets and rates those vulnerabilities.
 - c. Determines the appropriate method of review analyzing state and federal requirements and regulations as well as agency policies.
 - d. Develops a work plan.
 - e. Reviews agency safeguards and internal controls and determines if they are being followed.
 - f. Develops and recommends cost effective countermeasures or safeguards.
 - g. Develops a cost-benefit analysis to measure savings if controls are implemented.
 - h. Writes a final report summarizing review findings and recommendations for changes.
 - i. Presents and discusses risk analysis findings.
3. Conducts comprehensive external audits of group and residential care facilities, hospitals, or hospital affiliated long-term care nursing facilities offering a variety of related care services with different regulations or different programs and funding sources to determine compliance with department and program laws and policies.
 - a. Performs preliminary research and analysis to identify inconsistent reimbursement methods and the scope of the audit.
 - b. Obtains and reviews contracts, cost statements, grant documents, correspondence and closing statements.
 - c. Contacts businesses to obtain background information and to initiate the on-site audit.
 - d. Conducts entrance and exit conferences when doing on-site audits.
 - e. Reviews organizational policies and procedures and reconciles financial statements with fiscal reports and supporting documentation.
 - f. Scrutinizes cash disbursement and receipt journals for non-allowable costs and income.
 - g. Reviews accounts receivables and payables, bank statements, canceled checks, invoices, payroll records, inventories, depreciation, capital purchase agreements, capital costs, and resident census records.
 - h. Determines applicable reimbursement costs and if properly allocated.
 - i. Prepares audit reports based on work papers and other documentation generated from the audit.
 - j. Completes audits that deal with specialized audit problems which may expose the department to payments for questionable services.
4. Creates comprehensive review programs to be utilized by other independent auditors or accountants to evaluate if external providers activities meet the criteria and comply with federal and state rules, policies, and reporting procedures.
 - a. Identifies procedures, responsibility of users and reviewers, and reporting requirements.
 - b. Provides technical assistance to external organizations regarding federal, state, and departmental requirements and contract provisions.
5. Establishes, revises, and maintains cost data and reporting systems to provide information.
 - a. Creates and revises reporting documents and formulas to calculate costs and develop per unit rates.
 - b. Breaks out costs, on cost reports, by services and by service centers.
 - c. Utilizes reported costs for cost comparisons between providers.
6. Performs Medicaid cost settlements for hospitals to ensure proper payment for services.
 - a. Compiles interim and final settlements.
 - b. Interprets and applies Medicare rules and payment mechanisms.
7. Researches reimbursement issues and writes or revises provider instructional materials and reporting forms.

8. Performs other work as assigned.

D. Reporting Relationships:

Reports to a program manager. May provide training, work direction, and review the work of other internal auditors as requested.

E. Challenges and Problems:

Challenged to adapt to diverse external organizations, accounting structures, and programs which are complex and constantly changing. This is difficult because of the need to keep up-to-date with applicable statutes, regulations, and agency policies and procedures and of the need to be aware of unique fiscal requirements.

Typical problems include identifying allowable costs and ensuring proper reimbursement for those costs, convincing entities of the need to change inadequate accounting systems and add internal controls, having to employ new approaches and innovative audit procedures to achieve objectives, keeping informed and up-to-date on new governmental auditing standards, finding practical solutions to unsatisfactory conditions acceptable to all parties, changes in policies of entities being audited, understanding state and federal accounting and reporting requirements which deviate from generally accepted principles, businesses appealing decisions due to incomplete or misunderstandings of audit reports, maintaining review programs that are current with federal and state regulations, being able to analyze ramifications both internally and externally by policy and financial changes, working with programs that have ambiguous rules and regulations, working with reports that have complex cost finding and cost apportionment procedures, providers offering unique services with different methods of accounting for business activities, resolving conflicts with others during reviews, and determining the cost of an intangible asset.

F. Decision-making Authority:

Decisions made include the level of testing necessary to satisfy auditing standards and requirements, the effectiveness of internal control structures, whether an audit report is sufficient to support the department's monitoring responsibilities, if findings are significant and must be included in an audit report or they are minor and can be discussed verbally, whether the work of field assistants meets generally accepted governmental auditing standards, if state and federal reporting requirements are being met, the rules and regulations that will be applied to an audit and the supporting documentation that will be accepted, the most cost effective review plan to obtain data from external sources, the cause and recommended corrective action when a policy or procedure is not followed, and where to focus risk analysis activity.

Decisions referred include which entity or provider will be audited, final approval of audit reports, whether the working papers of an independent audit need to be reviewed, whether additional audit procedures need to be performed, final approval on whether findings are significant and must be included in an audit report or can be discussed verbally, final approval of adjustments, final approval of rates, and whether intentional negligence, fraud, or abuse has occurred and how to deal with it.

G. Contact with Others:

Daily contact with various department managers and employees, private and public facility administrators, company owners, and financial managers to arrange audits and meetings, obtain

information, conduct audit assignments, and explain audit findings; monthly contact with applicable federal agencies to review quality and timeliness of audits; and frequent contact with other agency officials, contractors, CPA firm representatives, and state and local government officials to obtain information, provide advice or guidance, coordinate work efforts, and resolve problems or discrepancies that arise during the course of or after an audit.

H. Working Conditions:

Works in a typical office environment. Travel is required.

I. Knowledge, Skills and Abilities:

Knowledge of:

- generally accepted accounting principles (GAAP), standards, and practices;
- generally accepted auditing standards (GAAS);
- government auditing standards;
- cost accounting standards;
- governmental accounting practices.

Ability to:

- plan and conduct accurate and complete audits;
- gather, analyze, and appraise facts;
- deal tactfully with others;
- direct the work of others;
- communicate audit findings and other information clearly and concisely.