

## Public Agenda Item #6

### *Review of Audit Administrative Items: Annual Internal Audit Independence Assessment*

August 19, 2020

Tony Chavez, Director of Internal Audit  
Tressie Landry, Audit Manager, Internal Audit

# Annual Internal Audit Independence Assessment

Tony Chavez, Internal Audit Director

Tressie Landry, Audit Manager

# Auditor Independence Criteria

Texas Government Code requires adherence to:

- Standards for the Professional Practice of Internal Auditing
- Generally Accepted Government Auditing Standards (GAGAS)

*Independence—The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.*

*(Source: The Institute of Internal Auditors)*

# Independence Assessment

GAGAS conceptual framework for independence:

- a) Identify threats to independence;
- b) Evaluate the significance of the threats identified;
- c) Apply safeguards as necessary to eliminate the threats or reduce them to an acceptable level

## **Types of Threats to Independence**

- Self-interest threat
- Self-review threat
- Bias threat
- Familiarity threat
- Undue influence threat
- Management participation threat
- Structural threat

*Source: GAGAS*

# Independence Assessment Results



- Auditor Independence (individual) – staff free from impairments to independence
- Organizational independence – audit function is free from interference
- Non-Audit Services – safeguards are in place to prevent non-audit services from impacting independence

Questions?