



Association of Local Government Auditors

August 15, 2014

Mr. Umesh Dalal, CPA, CIA, CIG
City Auditor, City of Richmond
900 East Broad Street, Room 806
Richmond, VA 23219

Dear Mr. Dalal,

We have completed a peer review of the City Auditor's Office for the period July 1, 2011 through June 30, 2014. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).


We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:


- Reviewing your department's written policies and procedures.
- Reviewing the audit work papers for a sample of engagements.
- Reviewing essential documents addressing staff competencies, training and development, independence, and quality assurance.
- Interviewing staff and management about their understanding of, and compliance with, departmental policies and procedures.


Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the City Auditor's Office internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* during the period from July 1, 2011 through June 30, 2014.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.


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City of Roanoke, VA


Debbie Banks, CFE,
CICA, CMFO
City of Memphis, TN


James Cigan, CPA, CFE
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Dear Mr. Dalal,

We have completed a peer review of the City Auditor's Office for the period July 1, 2011 through June 30, 2014 and issued our report thereon dated August 15, 2014. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- The audit team's discussion of lessons learned after each audit provides an excellent opportunity for refining and improving your audit processes.
- The knowledge and resources checklist ensures that audit teams consider what will be needed to perform an audit and that resource needs are communicated to management.
- All of the audit engagements we reviewed were substantial and meaningful projects that reflected a well-considered and effective use of audit resources.
- Audit test work was extremely well designed, utilized persuasive criteria, was comprehensive and was thoroughly documented.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

1. Standard 3.93 states that audit organizations should conduct ongoing, periodic assessments of their work to help ensure that their policies and procedures for performing audits are operating effectively in practice.

Standard 3.95 states that audit organizations should analyze and summarize the results of their assessments at least annually, identifying any systemic or repetitive issues and the actions planned to address them.

We observed that there were elements of ongoing assessments being performed, including post audit "lessons learned" sessions and utilizing a checklist for reviewing work papers to ensure all required steps were completed. However, an annual analysis of the overall results of these assessments was not documented.

We suggest that the City Auditor perform an annual review of the lessons learned documents, the GAGAS checklists, and the work papers of a small sample of engagements

to evaluate the design and operation of the department's quality control systems. Based on this analysis and input from staff, department processes should be revised as needed. The analysis and action plan should be documented.

2. Standard 7.27 states that auditors should report conclusions based on the audit objectives and the audit findings. Conclusions are logical inferences about a program or function, not merely a summary of the findings.

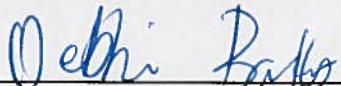
We observed that audit objectives in the reports were typically very broadly stated, one being "...to verify compliance with laws, regulations, and policies." In most cases, the reports cited a number of findings that related to the audit objectives, but did not offer conclusions that addressed all aspects of each objective.

We suggest that audit objectives be refined to be more detailed once the planning phase of each audit is completed. This would enable auditors to more easily conclude on the audit objectives and could result in more targeted testing.

We want to thank you and your staff for the cooperation we received during the review and we congratulate you on another successful peer review. We wish you continued success in the future.



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