MEMORANDUM

To: Mayor and City Commission

From: Sam M. McCall, City Auditor

Date: March 24, 2009

Subject: Association of Local Government Auditors Report on Quality Control Standards followed by the Office of the City Auditor

I am pleased to inform you that the Association of Local Government Auditors recently completed a review of audits issued by our Office. The three-person team concluded our audit reports, supporting working papers, and internal and external systems of quality control meet all Standards issued by the U.S. Government Accountability Office that issues Generally Accepted Government Auditing Standards, and all Standards issued by the Institute of Internal Auditors that issues standards that guide the work of internal auditors. As you may be aware, in 2005, our Office was the first local government office in the United States to request and receive an unqualified opinion on our work under both standards. This was our second review under both sets of Standards.

The period of the review was for audits issued from October 1, 2005, to September 30, 2008. A three-person review team assigned by the Association of Local Government Auditors (ALGA) performed this review. Reports issued are attached and include:

1. The ALGA opinion letter dated March 11, 2009, stating that the system of quality control of the Office of the City Auditor of Tallahassee complied with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States.
2. The ALGA opinion letter dated March 11, 2009, stating that the system of quality control of the Office of the City Auditor of Tallahassee complied with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.
3. The ALGA Management Letter dated March 11, 2009, that included one suggestion to further enhance the office's quality control system.
4. The City Auditor's March 24, 2009, response to the above three reports.

For your information, external quality control reviews are required once every three years in order for this office to continue to state that our work complies with professional auditing standards. The audit engagements reviewed by the ALGA team represented a cross section of work over the three-year period.

The ALGA program requires us to pay only for each review member's travel expenses. We do not pay for any salary costs for the review team. In turn, our staff participates in reviews of other cities. That experience is invaluable as a training tool, and the exchange of ideas with other local government auditors often results in additional improvements in our audit processes. As commented on by the review team and as noted by each of you during my annual evaluation, the City is very fortunate to have such a competent and professional audit staff.

If you have any questions relating to this review, please do not hesitate to contact me.

SMM

attachments

Copy: City Audit Committee
Appointed Officials
City Auditor Staff
March 11, 2009

Sam McCall
City Auditor
300 South Adams Street
Tallahassee, FL 32301

Dear Mr. McCall:

We have completed a peer review of the Office of the City Auditor for the period October 1, 2005, through September 30, 2008. 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 if 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. 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 Office of the City Auditor's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards for audits and attestation engagements during October 1, 2005, through September 30, 2008.

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

Don H. Whitworth Jr.
Hillsborough County Aviation Authority

Doug Kinney
Wake County Public School System

Audrey Evins
City of Las Cruces
March 11, 2009

Sam McCall
City Auditor
300 South Adams Street
Tallahassee, FL 32301

Dear Mr. McCall:

We have completed a peer review of the Office of the City Auditor for the period October 1, 2005, through September 30, 2008. In conducting our review, we followed the standards and guidelines contained in the Peer Review Guide for Assessing Compliance with International Standards for the Professional Practice of Internal Auditing, published in July 2007 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 if your internal quality control system operated to provide reasonable assurance of compliance with the International Standards for the Professional Practice of Internal Auditing (the Standards) issued by the Institute of Internal Auditors as part of their Professional Practices Framework. 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 Office of the City Auditor's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the Standards for assurance and consulting engagements during the October 1, 2005, through September 30, 2008.

Don H. Whitworth  Jr.
Hillsborough County
Aviation Authority

Doug Kinney
Wake County Public
School System

Audrey Evins
City of Las Cruces
March 11, 2009

Sam McCall
City Auditor
300 South Adams Street
Tallahassee, FL 32301

Dear Mr. McCall:

We have completed a peer review of the Office of the City Auditor for the period October 1, 2005, through September 30, 2008 and issued our report thereon dated March 11, 2009. 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:

- Audit follow-ups to ensure management action on findings
- Volume of work performed
- Demonstrated ability to translate issues on confidential areas into report without requiring distribution restrictions (Homeland Security)
- Audit planning was extremely comprehensive
- Uniform organization of work papers allowed expediency of peer review

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

Guidance on GAGAS Requirements for Continuing Education (GAO-05 568G), April 2005 states that individual auditors are responsible for monitoring their own progress toward meeting the CPE requirements. Page 25, section 35 states the organization's records should include the number of CPE hours earned toward the 80-hour and 24-hour requirements. Our review determined that your staff is in compliance, but when logging CPE hours they do not designate those hours specifically taken to comply with the 24-hour requirement. We recommend that the spreadsheet used by staff to track CPE hours be modified to allow designation of those hours specifically taken to comply with the 24-hour requirement.

We extend our thanks to you, your staff and the other city officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Don H. Whitworth Jr.
Hillsborough County Aviation Authority

Doug Kenney
Wake County Public School System

Audrey Evins
City of Las Cruces

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website: www.governmentauditors.org
March 24, 2009

Mr. Don H. Whitworth, CPA, CFE  
Hillsborough County Aviation Authority  
Post Office Box 22287  
Tampa, FL 33622  

Dear Mr. Whitworth:

I am responding to the Association of Local Government Auditors' (ALGA) external quality control report issued on the Office of the City Auditor of Tallahassee. The review addressed audits issued during the period October 1, 2005, through September 30, 2008. We are pleased that the review team concluded that the system of quality control for audits issued during the period was working effectively and that audits and procedures performed by the Office of the City Auditor complied with Government Auditing Standards issued by the Comptroller General of the United States and the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors.

In addition to your opinion report, the review team issued a separate letter report indicating strengths in our quality control review system and provided one recommendation for further improvement. We are pleased that you identified five areas where our office excels to include audit planning, our audit follow-up process to ensure management action on findings, and the volume of work produced.

I continue to be appreciative for ALGA's willingness to accommodate our desire to demonstrate that our work complied with both Government Auditing Standards and the Standards for the Professional Practice of Internal Auditing. We also thank the ALGA Peer Review Committee for developing the additional IIA quality control review guides.

The ALGA team made one recommendation to improve our system of quality control. The recommendation and our response is as follows:

Recommendation: The spreadsheet used by staff to track CPE should be modified to allow designation of those hours specifically taken to comply with the 24-hour requirement for continuing professional education related to government or the government environment. Our review determined that your staff is in compliance.

I am pleased that your review of our CPE records and supporting documentation showed that we are in compliance with the 24-hour requirement. As we indicated at the exit conference, most CPE obtained by staff relates to the government or the government environment, as we are government auditors and we generally obtain CPE from government organizations. However, as you properly note we do not currently identify our government CPE separately on our summary spreadsheet. I am pleased to report that based upon the team recommendation, we have added a column to our CPE spreadsheet that will now identify government CPE.
We are extremely pleased with this report. We thank the ALGA team members that took time from their busy schedules to travel to Tallahassee, for their professionalism while conducting the review, and for the helpful verbal suggestions provided throughout the review.

Sincerely,

Sam M. McCall
City Auditor

Copy: Audrey Evins, CPA
Doug Kinney, CPA, CIA, CFE
Mayor and City Commission
Appointed Officials
City Audit Committee