



Association of Local Government Auditors

August 11, 2017

Amarilis Hernandez, Deputy City Auditor
Office of the City Auditor
City of Richmond
900 East Broad Street, Room 806
Richmond, VA 23219

Dear Ms. Hernandez,

We have completed a peer review of the City of Richmond, Office of the City Auditor for the period July 1, 2014 through June 30, 2017. 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).

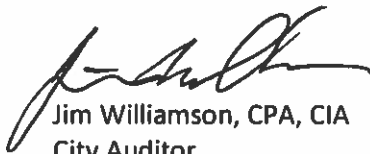
We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United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

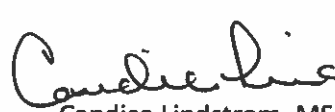
- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management to assess their understanding of, and compliance with, relevant quality control 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 of Richmond, 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 the period July 1, 2014 through June 30, 2017.

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


Jim Williamson, CPA, CIA
City Auditor
Oklahoma City, OK


Candice Lindstrom, MS
Lead Auditor
Milwaukee County, WI


Maurice Lopez, CPA, CIA
Senior Auditor
DFW Airport, TX



Association of Local Government Auditors

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Amarilis Hernandez, Deputy City Auditor
Office of the City Auditor
City of Richmond
900 East Broad Street, Room 806
Richmond, VA 23219

Dear Ms. Hernandez,

We have completed a peer review of the City of Richmond, Office of the City Auditor for the period July 1, 2014 through June 30, 2017 and issued our report thereon dated August 11, 2017. 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:

- **High Impact Audit Results:** The Office of the City Auditor conducts audits with the potential for significant impact that are responsive to the needs and concerns of decision-makers and/or the public. Related audit conclusions are persuasive and supported by evidence gathered using appropriate research methods and tools. Audit recommendations are feasible and designed to make government programs more effective and efficient. Audit results are then communicated in a clear, concise way.
- **Staff Development:** Involvement of audit staff during the audit planning strategy meetings, weekly status meetings and post-audit debriefings as well as providing auditors with high-quality training and support in pursuing professional certification demonstrates a commitment to staff development, which ultimately leads to the Office of the City Auditor delivering higher quality audit services.

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

Annual Monitoring of Quality

Standards 3.93, 3.94, and A3.10.c require audit organizations to establish policies and procedures for monitoring quality in the audit organization. The purpose of this requirement includes providing management with reasonable assurance that established policies and procedures are being carried out. We suggest performing an annual monitoring process including reviews of engagement working papers and relevant administrative files to provide assurance that established policies and procedures are being carried out in practice.

Ms. Amarilis Hernandez

August 11, 2017

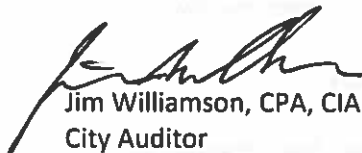
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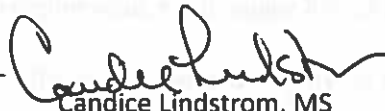
Nonaudit Service Assessments

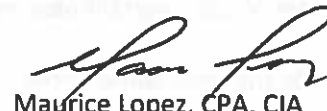
Standard 3.59 states documentation of independence considerations provides evidence of the auditor's judgments in forming conclusions regarding compliance with independence requirements. We suggest documenting assessments of potential threats to independence, any safeguards applied, and consideration of management's role in and understanding of the project prior to providing any nonaudit service.

We extend our thanks to you and your staff for the hospitality and cooperation extended to us during our review.

Sincerely,


Jim Williamson, CPA, CIA
City Auditor
Oklahoma City, OK


Candice Lindstrom, MS
Lead Auditor
Milwaukee County, WI


Maurice Lopez, CPA, CIA
Senior Auditor
DFW Airport, TX



CITY OF RICHMOND
CITY AUDITOR

August 11, 2017

Mr. Jim Williamson, CPA, CIA
City Auditor
Oklahoma City, OK

Dear Mr. Williamson:

I would like to thank you and your team for conducting the peer review for the City of Richmond, Virginia Office of the City Auditor. I appreciate your offering of excellent observations and suggestions to enhance our operation and the quality of delivering services.

In response to your observations and suggestions, I offer the following:

1. Standards 3.93, 3.94, and A3.10.c establish policies and procedures for monitoring quality in the audit organization:

We concur with your observation to perform an annual monitoring process to provide assurance that established policies and procedures are being carried out during our audit engagements.

We will conduct an annual monitoring process including reviews of engagement working papers and relevant administrative files. The results of the reviews will be documented and retained.

2. Standard 3.59 – Nonaudit Service Assessments:

We concur with your observation that possible threats to independence for nonaudit services were not assessed and documented, as required by the Standard.

We will revise our policies and procedures and include specific guidance for nonaudit services. The guidance will include assessing and documenting potential threats to independence, any safeguards applied, and consideration of management's role and understanding of the project prior to providing any nonaudit service.

It was a pleasure working with you and your team. We appreciate your professionalism and sharing the wealth of knowledge you have gained from your years of audit experience. I am confident that due to your observations we will be better postured as we move forward,

Sincerely,



Amarilis M. Hernandez, CPA, CIA, CGAP
Deputy City Auditor

Richmond _____
CITY AUDITOR