

Association of Local Government Auditors

March 26, 2010

Mr. Gary White, City Auditor City of Kansas City, Missouri 414 E. 12th Street, Suite 2103 Kansas City, Missouri 64106

Dear Mr. White,

We have completed a peer review of the Kansas City, Missouri City Auditor's Office for the period September 1, 2006 to August 31, 2009. In conducting our review, we followed the applicable 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 Kansas City, Missouri City Auditor's Office 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 September 1, 2006 to August 31, 2009.

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

Sincerely

Assistant Chief Auditor

& Compliance Audits,

Miami-Dade County

Public Schools

Arnie R. Adams, CFE, CIA

Audit Manager

The Office of Management City of Houston Office of the

Controller's Audit Division

Lynette L. Fridley Internal Auditor

City of Albuquerque Office of Internal

Audit &

Investigations



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Mr. Gary White, City Auditor City of Kansas City, Missouri 414 E. 12th Street, Suite 2103 Kansas City, Missouri 64106

Dear Mr. White,

We have completed a peer review of the Kansas City, Missouri City Auditor's Office for the period September 1, 2006 to August 31, 2009 and issued our report thereon dated March 26, 2010. 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 office has a very detailed Policy and Procedures Manual, which is appropriately referenced to and in compliance with *Government Auditing Standards*.
- The office's overall system of quality control is rather extensive and ensures that the audits completed are of high quality.
- The presentation format, content, and readability of the reports are impressive.
- The audit planning process is detailed, but targeted to the audit objectives and results in a thorough comprehensive audit report.
- The work paper files are organized and easy to follow.
- The office staff is highly qualified, competent, and varied in their background, which contributes to producing more comprehensive reports.
- The level of staff development and training afforded the staff is impressive.

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

Observation 1 – GAS 7.30 – Fraud

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Standard 7.30 requires auditors to consider and discuss potential fraud risks that could significantly affect their audit objectives and the results of their audits. In reviewing a sample of the office's work papers, we observed that while potential fraud risks may have been considered in planning the audit, those considerations were not always documented. We suggest the office improve its documentation of the audit team's consideration and discussion of fraud, waste, and abuse as required in GAS 7.30 (2007).

 Observation 2 – GAS 1.33 – Professional Services Other Than Audits (Nonaudit Services) Provided by Audit Organizations

Standard 1.33 requires that audit organizations providing nonaudit services report that the nonaudit services were not performed in accordance with GAGAS.

In reviewing the office's workpapers, we noted a project listed as a nonaudit service did not contain the required disclaimer that the nonaudit service was not conducted in accordance with GAGAS. We recommend the office review GAS 1.33 with respect to reporting requirements for nonaudit services.

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,

Trevor L. Williams

Assistant Chief Auditor

& Compliance Audits, Miami-Dade County

Public Schools

Arnie R. Adams, CFE, CIA

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Audit Manager

The Office of Management City of Houston Office of the

Controller's Audit Division

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City of Albuquerque Office of Internal

Audit &

Investigations

Office of the City Auditor



21 st Floor, City Hall 414 East 12th Street Kansas City, Missouri 64106

(816) 513-3300 Fax: (816) 513-3305

March 26, 2010

Trevor L. Williams, CPA
Assistant Chief Auditor, Operations & Performance Audits
Miami-Dade County Public Schools
1450 NE 2nd Avenue, Room 415
Miami, FL 33132

Dear Mr. Williams:

This letter is my response to your reports on the external quality control review of our office. My comments address both the opinion letter and the management letter.

I am pleased that the review team concluded that the City Auditor's Office complies with Government Auditing Standards. The audit staff has devoted a great deal of effort to developing and implementing an internal quality control system to help us achieve this goal. I also appreciate your positive comments on the review team's overall impression of the office.

I appreciate your suggestions for improvement. We have updated our planning work plan template to include a step to document the risk factors we identify. We will also update our policies and procedures to include a disclaimer in non-audit work reports/memos that clarifies that the report/memo does not constitute an audit under Government Auditing Standards.

We appreciate you and the audit team taking the time to conduct our peer review. I appreciate the thoroughness and professionalism with which you, Arnie Adams, and Lynette Fridley conducted the review.

Sincerely,

Gary White

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City Auditor

cc: Arnie Adams, Audit Manager, City of Houston Controller's Office Lynette L. Fridley, Internal Auditor, City of Albuquerque