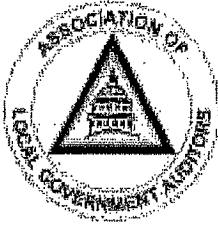




External Quality Control Review

of the
City of Richmond
Office of the City Auditor

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period July 1, 2018 through June 30, 2021



Association of Local Government Auditors

October 7, 2021

Lou Lassiter, City Auditor
Office of the City Auditor
City of Richmond
900 East Broad Street, Room 806
Richmond, VA 23219

Dear Mr. Lassiter,

We have completed a peer review of the City of Richmond, Office of the City Auditor for the period July 1, 2018 through June 30, 2021. In accordance with generally accepted government auditing standards peer review requirements, 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 was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. 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, management, and the Audit Committee Chair 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. City of Richmond, Office of the City Auditor has received a rating of pass.

Further, 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 adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for audits during the July 1, 2018 through June 30, 2021.

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


Esther Ko, CPA, CIA, CFE
Auditor General
Fairfax County Public Schools


Oliver Arthur, CPA, CICA
Manager of Auditing
Berks County



Association of Local Government Auditors

October 7, 2021

Lou Lassiter, City Auditor
Office of the City Auditor
City of Richmond
900 East Broad Street, Room 806
Richmond, VA 23219

Dear Mr. Lassiter,

We have completed a peer review of the City of Richmond, Office of the City Auditor for the period July 1, 2018 through June 30, 2021 and issued our report thereon dated October 7, 2021. 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:

- Standardized audit steps and templates in the automated work paper system, where reviewers could understand the audits independently.
- Robust workpaper documentation, including cross-referencing links to the sources of reference.

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

Investigations or Legal Proceedings

Standard 8.27 requires auditors to inquire of management of the audited entity whether any investigations or legal proceedings significant to the audit objectives have been initiated or are in process with respect to the period under audit, and should evaluate the effect of initiated or in-process investigations or legal proceedings on the current audit. We observed the Policy and Procedure did not include the requirement to inquire management of legal proceedings or investigations. In addition, the performance audits reviewed did not include written evidence of inquiry of management about any legal proceedings or investigations. We suggest the Policy and Procedure be updated to include GAGAS requirement for Investigations and Legal Proceedings. In addition, to include documentation in the engagement to support evidence of inquiry of management about any legal proceedings or investigations.

Sampling Methodology

Standard 9.14 requires in reporting audit methodology, auditors should explain the sampling methodology when the results of sample testing significantly support the auditors' findings, conclusions, or recommendations. If it applies, the auditors should describe the sample design and state why the design was chosen, including whether the results can be projected to the intended population.

We observed the Policy and Procedure did not include the requirement to document sampling methodology in the report. As well as in 3 out of 5 performance audits reviewed did not include sampling methodology, when the results of sample testing significantly support the auditors' findings, conclusions, or recommendations. We suggest the Policy and Procedure be updated to include GAGAS requirement for sampling methodology. In addition, to include sampling methodology in audit reports, when sampling significantly supports findings, conclusions, or recommendations.

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

Sincerely,



Esther Ko, CPA, CIA, CFE
Auditor General
Fairfax County Public Schools



Oliver Arthur, CPA, CICA
Manager of Auditing
Berks County