



December 15, 2021

Mayor Ted Wheeler
Commissioner Jo Ann Hardesty
Commissioner Mingus Mapps
Commissioner Carmen Rubio
Commissioner Dan Ryan

Dear Mayor and Commissioners:

Outside auditors conducted a peer review of Audit Services' quality control procedures and concluded they were working appropriately to ensure Portland's performance audits meet professional standards. This "audit of the auditors" provides assurance to the public that Audit Services conforms to the requirements in *Government Auditing Standards*.

A peer review typically takes up to a week to perform. The team selected a sample of nine audits and three other reviews that we published during fiscal years 2018-19 through 2020-21. The evaluation included a review of Audit Services' manual and work papers as well as interviews of my staff. Their opinion letter is attached.

City Charter requires that our performance audits follow professional standards, which establish requirements for auditor independence, continuing professional education, supervision, and reporting. The standards also require Audit Services to maintain systems of quality control and have an external review every three years.

While we always look for ways to improve, we are pleased to have our office's professionalism confirmed by our peers and their validation of our commitment to equity analyses and accessible reporting methods, including publishing translated versions of our audits.

Sincerely,

Mary Hull Caballero

Attachments





External Quality Control Review

of the
Audit Services Division
Office of the City Auditor
Portland, Oregon

Conducted in accordance with guidelines of the
Association of Local Government



Association of Local Government Auditors

November 18, 2021

Mary Hull Caballero, City Auditor
KC Jones, Audit Services Director
Office of the City Auditor
Audit Services Division
1221 S. W. 4th Avenue, Room 310
Portland, Oregon 97204

Dear Ms. Caballero and Mr. Jones,

We have completed a peer review of the City of Portland's Audit Services Division for the period July 2018 through June 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 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, investigations, 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Audit Services Division has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Audit Services Division'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 period from July 2018 through June 2021.

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

Cristina Preciado
Cristina Preciado
City of Phoenix, City
Auditor Department

Reed Partridge
Reed Partridge
Unified Government Wyandotte
County /Kansas City, KS,
Legislative Auditor's Office

Keith Salas
Keith Salas
City of Austin, Office of the
City Auditor



Association of Local Government Auditors

November 18, 2021

Mary Hull Caballero, City Auditor
KC Jones, Audit Services Director
Office of the City Auditor
Audit Services Division
1221 S. W. 4th Avenue, Room 310
Portland, Oregon 97204

Dear Ms. Caballero and Mr. Jones,

We have completed a peer review of the City of Portland's Audit Services Division for the period of July 2018 through June 2021 and issued our report thereon dated November 18, 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:

- Supervisory Review Logs – Supervisory review logs are used to document team communication with the supervisor for each project. The logs are retained with the audit file and are available for review when follow-ups are conducted.
- Emphasis on Equity – You have a work paper that documents the audit team's consideration of equity issues. This ensures equity is considered during the planning and fieldwork phases of the audit.
- Report Publication and Distribution – Your office sends a link to the press of your audit reports when they are posted to the website. Additionally, your reports are available in multiple languages.

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

- Standard 4.23 requires that training hours included in the 24-hour requirement be of a *subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates*. Additionally, Standard 4.51 states that *the audit organization may maintain documentation of CPE or may delegate responsibility to the auditor and put in place adequate procedures to ensure that its records of CPE hours earned by auditors are supported by the documentation maintained by auditors*. In reviewing the Continuing Professional Education (CPE) documents, we found several instances where evidence was not present or consistent for the 24-hour requirement.

We suggest that staff include the Documentation of Continuing Professional Education form that explains how the training qualified toward the CPE requirement with each training course. Additionally, we suggest conducting a semi-annual review of CPE documentation to ensure that courses attended by more than one auditor are consistent in their determination

ALGA Peer Review Guide for Yellow Book

of counting the hours towards the 24-hour requirement and that proof of completion is retained.

- Standard 8.108 requires the audit organization *document their assessment that the evidence taken is sufficient and appropriate to support findings and conclusions*. In reviewing the Office's work papers, we found that the assessment of evidence is noted in the fieldwork plan and through supervisory review. We did not see a statement in the reviewed engagements that the requirement was met.

We suggest developing a workpaper or adding a statement to an existing workpaper (such as the fieldwork plan) where the Audit Services Director can document their assessment of the evidence.

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,

Cristina Preciado
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Legislative Auditor's Office

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Keith Salas
City of Austin, Office of the
City Auditor



P O R T L A N D
CITY AUDITOR
Audit Services

December 3, 2021

Cristina Preciado, Peer Review Team Leader
City of Phoenix, Arizona
140 N. 3rd Avenue
Phoenix, AZ 85003

Dear Ms. Preciado:

We reviewed the results of your quality control review of the City of Portland's Audit Services Division and are pleased the peer review team found our office to be in full compliance with generally accepted government auditing standards, as required by our City Charter.

Thank you for your thoughtful comments about the areas where you found our office excels. We have worked diligently to incorporate equity analyses in our audits and make our reports accessible to a variety of audiences. We appreciate recognition from our professional peers of our efforts to promote for more equitable, accessible, and responsive city government.

We also value your additional observations and suggestions to enhance our operations. We will address the two areas you identified – more detailed documentation for training and our overall assessments of evidence – as part of our continuous improvement work in the year ahead.

We would like to extend our personal thanks to you, Reed Partridge, from United Government of Wyandotte County, Kansas; and, Keith Salas from the City of Austin, Texas. We are grateful for your willingness to volunteer as peer reviewers and take time away from your home offices to conduct this remote review during a global pandemic.

We will share your report with our City Council and make it available to the public.

Sincerely,

Mary Hull
Caballero

Digitally signed by Mary
Hull Caballero
Date: 2021.12.03
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City Auditor

Kenneth C
Jones

Digitally signed by
Kenneth C. Jones
Date: 2021.12.03
15:26:32 -08'00'

Audit Services Director

