



CITY OF ORLANDO

MEMORANDUM

To: The Honorable Buddy Dyer, Mayor

From: J. T. Sirak, Director *J. T. Sirak*
Office of Audit Services and Management Support

Date: April 6, 2011

Subject: Peer Review of the Office of Audit Services and Management Support

The Office of Audit Services and Management Support recently underwent a peer review of its compliance with Government Auditing Standards during the period of January 1, 2008 through December 31, 2010. City Policies and Procedures state that our audits will be conducted according to these standards, one of which requires triennial peer reviews.

The Peer Review team, consisting of auditors from two peer local governments, concluded that the Office was in compliance with applicable government auditing standards. The team further noted that:

- management staff is “well qualified with significant experience and background in governmental auditing”; and,
- audit work papers are “thorough and provided sufficient evidence to support report findings.”

The review team did have three minor recommendations designed to enhance our documentation of our quality controls and systems. We intend to move forward with implementing these recommendations.

Attached for your information are the report and management letter of the review team as well as our responses to the team’s recommendations.

Attachments

c: City Commissioners
Audit Board Members
Frank W. Billingsley, Chief of Staff
Byron W. Brooks, Chief Administrative Officer
Mayanne Downs, City Attorney
Rebecca W. Sutton, Chief Financial Officer



External Quality Control Review

Peer Review of the
City of Orlando Office of Audit
Services and Management
Support

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**

for the period January 1, 2008 to
December 31, 2010



Association of Local Government Auditors

March 31, 2011

Jack Sirak, Director
City of Orlando, Office of Audit Services and Management Support
400 S. Orange Avenue, P.O. Box 4990
Orlando, Florida 32802-4990

Dear Mr. Jack Sirak,

We have completed a peer review of the City of Orlando, Office of Audit Services and Management Support for the period January 1, 2008 to December 31, 2010. 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 City of Orlando, Office of Audit Services and Management Support's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits during the period, January 1, 2008 to December 31, 2010.

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

Paul Geib
Milwaukee Public Schools

Linda Schlager
Office of Inspector General-City of Jacksonville



Association of Local Government Auditors

March 31, 2011

Jack Sirak, Director
City of Orlando, Office of Audit Services and Management Support
400 S. Orange Avenue, P.O. Box 4990
Orlando, Florida 32802-4990

Dear Mr. Jack Sirak,

We have completed a peer review of the City of Orlando, Office of Audit Services and Management Support for the period January 1, 2008 to December 31, 2010 and issued our report thereon dated March 31, 2011. 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 positive aspects of City of Orlando's Audit Services and Management Support:

- The management staff was well qualified with significant experience and background in governmental auditing.
- The department's work papers were thorough and provided sufficient evidence to support report findings.
- The previous peer review recommendations have been implemented.

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

- Standard 3.08, Personal Impairments, states "Audit organizations should include as part of their quality control system procedures to identify personal impairments and help ensure compliance with GAGAS independence requirements. At a minimum, audit organizations should . . . establish internal policies and procedures to monitor compliance with the audit organization's policies and procedures." Our review of two of seven performance audit engagements noted that Independence and Confidentiality Statements were not signed by all audit staff.

We recommend that the Audit Director ensure all engagements citing GAGAS, include signed independence statements for auditors and reviewers.

- **Standard 3.48, Continuing Professional Education, states "The audit organization should have quality control procedures to help ensure that auditors meet the continuing education requirements, including documentation of the CPE completed." Our review of the Operations Manual noted that there were not clearly documented requirements on tracking, monitoring and periodically reporting CPE activities, the specified two year reporting period, and adherence to 24 hour government audit and 80 hour total CPE hours requirements.**

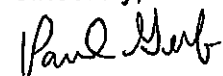
We recommend that the Operations Manual is updated to include specific provisions for defining the two year reporting period, as well as tracking, monitoring and reporting CPE compliance.

- **Standard 3.52, System of Quality Control, states "The audit organization should document compliance with its quality control policies and procedures and maintain such documentation for a period of time sufficient to enable those performing monitoring procedures and peer reviews to evaluate the extent of the audit organization's compliance with its quality control policies and procedures." Our review of seven performance audit engagements identified that three did not include Quality Assurance Working Paper Review Checklists.**

We recommend that the Audit Director ensure all engagements that cite GAGAS, include a completed Quality Assurance Working Paper Review Checklist to document their compliance with their quality control policies and procedures.

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

Sincerely,



Paul Geib
Milwaukee Public Schools



Linda Schlager
Office of the Inspector General-City of Jacksonville



CITY OF ORLANDO

March 31, 2011

Paul Geib
Milwaukee Public Schools

Linda Schlager
Office of the Inspector General- City of Jacksonville

Dear Peer Review Team:

Thank you for your work in performing an external quality control review of the Office of Audit Services and Management Support in the City of Orlando. We offer the following response to your specific recommendations.

We concur with your recommendations and will take the necessary actions:

- *To ensure that all engagements citing generally accepted government audit standards (GAGAS) include a signed independence statement from both auditors and reviewers.*
- *To update our Audit Operations Manual to include specific provisions for defining the two year continuing professional education (CPE) reporting period and tracking, monitoring and reporting CPE compliance.*
- *To ensure that all engagements citing GAGAS include a completed Quality Assurance Working Paper Review Checklist to document compliance with our quality control policies and procedures.*

Thank you for your time and effort spent on the external quality control review. We appreciate your insights and commitment to our profession. We believe this quality control review will further enhance the effectiveness of our office and add value to City government.

Sincerely,

A handwritten signature in cursive script, appearing to read "John T. Sirak".

John T. Sirak, CPA
Director, Audit Services and Management Support

c: ALGA Peer Review Committee Chairman, Drew Harmon
ALGA Peer Review Region I Coordinator, Gary Chapman