



Association of Local Government Auditors

6/10/2016

Kathleen Patterson, D.C. Auditor
Office of the District of Columbia
717 14th Street, N.W., Suite 900
Washington, D.C., 20005

Dear Ms. Patterson,

We have completed a peer review of the Office of the District of Columbia Auditor (OCDA) for the period October 1, 2012 through September 30, 2015 and issued our report thereon dated June 10, 2016. 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:

- Government Auditing Standards Sections 3.93-3.95 require audit organizations to establish policies and procedures to monitor audit quality to evaluate whether professional standards and legal requirements are followed, and whether quality control systems have been appropriately designed and are operating effectively. These standards also require auditors to analyze and summarize its monitoring efforts, at least annually. OCDA prepares a semi-annual quality assurance review report. This report is an excellent tool for assessing the effectiveness of OCDA's quality control system and identifying areas for improvement.
- Government Auditing Standards Section 6.69 establishes that auditors should perform and document an overall assessment of the collective evidence used to support findings and conclusions. OCDA has a specific policy requiring auditors to perform and document an overall assessment of the collective evidence used to support findings and conclusions. The Overall Assessment of Evidence work paper is a thorough and effective way to assess the sufficiency and appropriateness of audit evidence and provide the audit supervisor and management with a summary of all work completed.
- Auditors use a de-briefing document at the completion of various phases of the audit. This document is an effective way for summarizing the results of the work completed to date and for identifying work that still needs to be done to complete the audit.

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

- Government Auditing Standards Sections 6.30-6.31 require that in planning the audit, auditors should assess risks of fraud occurring that are significant within the context of the audit objectives. When auditors identify factors or risks related to fraud that has occurred or is likely to have occurred that they believe are significant within the context of the audit objectives, they should design procedures to obtain reasonable assurance of detecting any such fraud. Although the workpapers generally documented the consideration of fraud risks,

auditors did not clearly document that procedures were extended to provide reasonable assurance of detecting fraud.

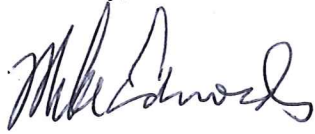
We recommend that when auditors identify factors or risks related to fraud that has occurred or is likely to have occurred, they clearly document any additional steps taken to provide reasonable assurance of detecting fraud.

- Government Auditing Standard Section 6.11 and 6.16 requires auditors to gain an understanding of internal controls as it relates to the specific objectives and scope of the audit and to assess whether internal controls have been properly designed and implemented. In addition, Government Auditing Standard Section 6.16 requires auditors to assess information system controls for the purposes of assessing audit risk and planning the audit within the context of the audit objectives. Further, Government Auditing Standards Section 6.24 requires auditors to evaluate the design and operating effectiveness of information controls, when significant to the audit objectives or when the effectiveness of significant controls is dependent on the effectiveness of information system controls. In at least two audits, the auditors did not adequately document their analysis and assessment of internal and information systems controls.

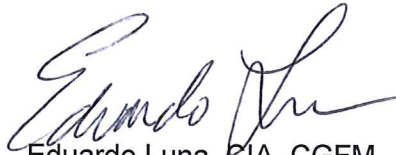
We recommend that OCDA ensure that its analysis and assessment of internal and information systems controls are documented in the audit workpapers.

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.

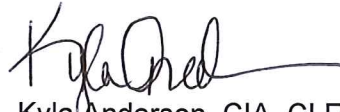
Sincerely,



Mike Edmonds, CIA
Retired



Eduardo Luna, CIA, CGFM
City Auditor's Office
San Diego, CA



Kyla Anderson, CIA, CLEA
City Auditor's Office
Scottsdale, AZ