



External Quality Control Review

of the
City Auditor's Office
Lawrence, Kansas

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period
September 2, 2011 through June 30, 2015



Association of Local Government Auditors

July 30, 2015

Mr. Michael Eglinski
City Auditor – City of Lawrence, Kansas
6 East 6th Street
Lawrence, KS 66044

Dear Mr. Eglinski,

We have completed a peer review of the City Auditor's Office, Lawrence, Kansas, for the period September 2, 2011, through June 30, 2015. 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 whether 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. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit working papers.
- Reviewing documents related to the City Auditor's independence and training.

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 Auditor's 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 (Review Period).

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

Harriet Richardson, CPA, CIA, CGAP, CRMA
City of Palo Alto, CA

Liza Kerr, CPA, CISA, CIA
City of Santa Fe, NM



Association of Local Government Auditors

July 30, 2015

Mr. Michael Eglinski
City Auditor – City of Lawrence, Kansas
6 East 6th Street
Lawrence, KS 66044

Dear Mr. Eglinski,

We have completed a peer review of the City Auditor's Office, Lawrence, Kansas, for the period September 2, 2011, through June 30, 2015 and issued our report thereon dated July 30, 2015. 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 City Auditor's planning documents provide a clear path for narrowing the audit scope and objectives and keeping the audit focused.
- The City Auditor makes exemplary use of data analysis techniques, including statistical sampling and text mining.
- The City Auditor's audit reports are well written, very clear, and as concise as the subject matter allows, and make excellent use of tables, graphs, and text boxes to display important information.
- The City Auditor often presents at professional conferences and writes articles for the *Local Government Auditing Quarterly*.

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

- Standard 6.69 states that auditors should perform and document an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence. Standard 6.82 states that audit documentation is an essential element of audit quality and forms the basis for quality reviews. During our engagement reviews, we did not find documentation that an overall assessment of evidence had been performed as required by GAS 6.69, and procedures do not specifically require it.

We recommend that the Policies and Procedures Manual be updated to reflect the requirement to perform and document an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments to conclude on the validity and reliability of specific evidence, for each audit.

- Standard 3.76 requires auditors who perform work in accordance with GAGAS to maintain their professional competence through continuing professional education (CPE) by completing at least 24 hours of CPE every two years that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates, and an additional 56 hours of CPE in every two-year period that enhances the auditor's professional proficiency to perform audits, for a total of 80 hours of CPE in each two-year period. Standard 3.78 requires the audit organization to have quality control procedures to help ensure that auditors meet the CPE requirements, including documentation of the CPE completed. Standard 3.78 references the GAO guidance document, *Government Auditing Standards: Guidance on GAGAS Requirements for Continuing Professional Education*. Paragraphs 35 and 36 of that document states that documentation should include:
 - o name of the organization providing the CPE
 - o title of the training program, including the subject matter or field of study and participation dates
 - o number of CPE hours earned toward the 80-hour total requirement and 24-hour government requirement
 - o a certificate or other evidence of completion from the CPE provider, if provided
 - o documentation of CPE courses presented and/or course materials developed, along with a written statement supporting the number of CPE hours claimed
 - o a copy of the published book, article, or materials that names the writer as author or contributor, a written statement from the writer supporting the number of CPE hours claimed, and the name and contact information of the publisher, if applicable

Although the CPE requirement was met, we observed that the CPE documentation did not specifically identify the number of CPE hours that met the 24-hour versus the 56-hour requirement and that other than copies of a slide presentation, there was not clear evidence of completion of some CPE programs.

We recommend that quality control procedures be established to ensure that the 24- and 56-hour CPE requirements (80 hours total) are met, including the documentation requirements cited above.

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,



Harriet Richardson, CPA, CIA, CGAP, CRMA
City of Palo Alto, CA



Liza Kerr, CPA, CISA, CIA
City of Santa Fe, NM



City of Lawrence

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August 3, 2015

Harriet Richardson, CPA, CIA, CGAP, CRMA
City of Palo Alto, California

Liza Kerr, CPA, CISA, CIA
City of Santa Fe, New Mexico

Dear Ms. Richardson and Ms. Kerr,

I reviewed your report, dated July 30, 2015, of the results of your external quality control review of the City Auditor's Office.

I am pleased that you found that the office's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards*. I also appreciate your recognition of areas where the office excels.

I am proud to follow national standards for government auditing. The standards provide assurances to the public that performance audits are conducted professionally. Government audit offices nationwide – at the federal, state, and local level – are required by these standards to maintain systems of internal quality control and to have an external quality review once every three years. Successful completion of reviews, like this one, allows the City Auditor's Office to state in each audit report that work conducted was in accordance with generally accepted government auditing standards. Each report meets the requirements such as auditor independence, due care, continuing professional education, fieldwork, and audit reporting.

I am always looking to improve. I appreciate the suggestions to enhance the office's operations and ensure standards are met. I plan to implement the recommendations. I will revise my policies and procedures to:

- Better document my overall assessment of the evidence to support findings and recommendations by adding an item to my engagement review checklist.
- Better identify continuing education that addresses government auditing, the government environment or the unique environment in which the city of Lawrence operates by adding a column to my training tracking spreadsheet.



I want to thank both of you for your work on the review. I also want to thank Erin Kenney, Departmental Audit Manager-Internal Audit Section for the Los Angeles Fire and Police Pensions, who coordinated this review on behalf of the Association of Local Government Auditors.

Sincerely,



Michael Eglinski
City Auditor