



External Quality Control Review

of the
City of Seattle
Office of the City Auditor

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



Association of Local Government Auditors

December 2, 2021

David Jones, City Auditor
Office of the City Auditor
City of Seattle
700 Fifth Avenue, Ste. 2410
Seattle, WA, 98104

Dear Mr. Jones,

We have completed a peer review of the Seattle Office of the City Auditor for the period September 30, 2018 through October 1, 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, 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 Seattle 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 Seattle 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 audit and non-audit services during September 30, 2018 through October 1, 2021.

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

Sincerely,

Kelsey Thompson
Supervising Senior Auditor
City of Austin, TX

Jennifer Folds
Internal Auditor
City of Fort Wayne, IN



Association of Local Government Auditors

December 2, 2021

David Jones, City Auditor
Office of the City Auditor
City of Seattle
700 Fifth Avenue, Ste. 2410
Seattle, WA, 98104

Dear Mr. Jones,

We have completed a peer review of the Seattle Office of the City Auditor for the period September 30, 2018 through October 1, 2021 and issued our report thereon dated December 2, 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:

- The office demonstrates a commitment to equity through the Race and Social Justice Initiative, which includes processes to consider equity throughout all phases of their engagements.
- The experienced and dedicated staff members are very knowledgeable about the Government Auditing Standards, and staff demonstrates their abilities to research audit subject matters and identify appropriate audit criteria that inform established audit objectives.
- The office received the 2020 Exemplary Knighton Award as a Medium Shop for the Audit of Seattle Department of Transportation: Strategic Approach to Vehicle Bridge Maintenance is Warranted.
- The office continues to maintain a highly esteemed reputation, as an objective organization, through a well-defined relationship with the executive and legislative branches, as demonstrated by the number of requests for audits and nonaudit services.

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

- Standard 5.24 requires the audit organization establish policies and procedures designed to provide it with reasonable assurance that appropriate consultation takes place on difficult or contentious issues that arise among engagement team members. This is a new standard as part of the 2018 revision to the *Government Auditing Standards*. We observed that there was not an established policy or procedure for the office to address these types of difficult or contentious issues.

We suggest updating your policies and procedures to include a process to address and document difficult or contentious issues that arise among engagement team members.

- Standard 5.23 requires auditors to document revised engagement objectives and the reasons for the changes if engagement objectives change. We observed that there was not an

established procedure for the office to document when an objective changes and observed one instance in which a changed objective was not clearly documented. This is also a new standard as part of the 2018 revision to the *Government Auditing Standards*

We suggest including a procedure in your policies and procedures to address how to document when an objective changes and implementing this procedure in all engagements.

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,

Kelsey Thompson
Supervising Senior Auditor
City of Austin, TX



Jennifer Folds
Internal Auditor
City of Fort Wayne, IN





City of Seattle
Office of City Auditor

December 2, 2021

Ms. Kelsey Thompson, Supervising Senior Auditor
Office of the City Auditor
City of Austin
Austin, TX

Dear Ms. Thompson:

On behalf of Seattle's Office of City Auditor, I want to thank you, the Association of Local Government Auditors (ALGA), and the other member of your peer review team (Jennifer Folds, Internal Auditor, City of Fort Wayne) for the recently performed ALGA peer review of our office. This was the fourth time that our office, which began operations in 1993, has undergone a formal ALGA peer review, and as was the case with our previous ALGA peer reviews, we benefited greatly from the experience.

We were pleased to learn that your independent peer review team concluded that our internal quality control system is suitably designed and operated to provide reasonable assurance of compliance with the *Government Auditing Standards* issued by the Comptroller General of the United States. We also appreciate the companion letter to the report that described those areas in which we excelled as well as areas in which we could improve our internal control systems. We concur with each of the improvement suggestions, and will act to implement each of them as follows:

Standard 5.23: Change in Engagement Objectives

We will include a procedure in our policies and procedures to address how to document when an audit objective changes and implement this procedure for all audit engagements.

Standard 5.24: Contentious Issues

We will revise our policies and procedures to include a process to address and document difficult or contentious issues that arise among engagement team members.

We appreciate the thorough work performed by the peer review team during the time it spent in our office. We thank you for your leadership of the team, and ALGA for providing such a strong team of auditors to perform the review.

Sincerely,

David G. Jones, CGFM, CIA, CISA
Seattle City Auditor

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