
External Quality Control Review

of the
Office of the Inspector General for
Public Safety
City of Seattle, Washington

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period July 2019 – June 2022



Association of Local Government Auditors

6 October 2022

Lisa Judge, Inspector General
700 5th Ave
Seattle, WA 98101

Dear Inspector General Judge,

We have completed a peer review of the City of Seattle Office of the Inspector General for Public Safety (OIG) for the period July 2019 – June 2022. 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. Seattle OIG for Public Safety has received a rating of pass.

Further, based on the results of our review, it is our opinion that the City of Seattle Office of the Inspector General for Public Safety'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, attestation engagements, and reviews of financial statements during the review period.

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

/s/ Brittney Harvey

Brittney Harvey
Senior Program Performance Auditor
City of San José, CA

/s/ Chris Harding

Chris Harding, CPA, CFE, CIA
County Auditor
Salt Lake County, UT



Association of Local Government Auditors

6 October 2022

Lisa Judge, Inspector General
700 5th Ave
Seattle, WA 98101

Dear Inspector General Judge,

We have completed a peer review of the City of Seattle Office of the Inspector General (OIG) for Public Safety for the period July 2019 - June 2022 and issued our report thereon dated October 6, 2022. 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:

- **Improvements to the Audit Manual** – The Office's recent audit manual updates make great progress toward aligning policy with Government Auditing Standards (GAS).
- **Improved Processes Over the Last 3 Years** – The Office has shown an improvement in its processes, including, workpaper organization, documentation, and use of templates. For example, the Office has implemented a clear and effective internal controls assessment which ensures ease of use, especially with a newer staff.
- **Commitment to Professional Development** – The Office has shown a commitment to continuing professional education and training to develop and enhance the skills and abilities of its staff.

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

- Standard 3.19 requires: *Auditors and audit organizations should avoid situations that could lead reasonable and informed third parties to conclude that the auditors and audit organizations are not independent and thus are not capable of exercising objective and impartial judgment on all issues associated with conducting the engagement and reporting on the work. (GAS 3.19)*

Observation: In reviewing the structure of the Office of the Inspector General for Public Safety (OIG or Office) and associated procedures, we observed there are not any written procedures in place to distinguish independence between the audit work provided by the Audit Unit and the policy and investigative work provided by other respective units within the OIG. Although we did not find any instance suggesting occurrence of any impairment to independence during our review of engagements, we are of the opinion that the Audit Unit has the potential to appear as not independent.

We suggest the Office memorialize the relationship between the audit work and the other areas of responsibility within OIG and implement safeguards to reduce the threat of independence to an acceptable level.

- Standard 8.71 requires: *Auditors should assess the risk of fraud occurring that is significant within the context of the audit objectives. Audit team members should discuss among the team fraud risks, including factors such as individuals' incentives or pressures to commit, the opportunity for fraud to occur, and rationalizations or attitudes that could increase the risk of fraud. Auditors should gather and assess information to identify the risk of fraud that is significant within the scope of the audit objectives or that could affect the findings and conclusions. (GAS 8.71)*

Observation: In reviewing the Office's audit engagements and respective workpapers, we observed that the office does not adequately assess the risk of fraud in its audit engagements. Further, while the Office reports that it in practice refers instances of potential fraud to the appropriate authorities, this is not documented in its workpapers or audit manual.

We suggest the Office develop policies and procedures to address the risk of fraud and memorialize the practice of reporting known or likely instances of fraud to the appropriate parties.

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

Sincerely,

/s/ Brittney Harvey

Brittney Harvey
Senior Program Performance Auditor
Office of the City Auditor
City of San José, CA

/s/Chris Harding

Chris Harding, CPA, CFE, CIA
County Auditor
Office of the Salt Lake County Auditor
Salt Lake County, UT



Seattle Office of Inspector General

To: Brittney Harvey, Senior Program Performance Auditor, City of San José, CA
Chris Harding, County Auditor, Salt Lake County, UT

From: Lisa Judge, Inspector General for Public Safety

Date: 10/7/2022

Re: Response to External Quality Control Review

On behalf of the Seattle Office of Inspector General, I would like to thank you, as well as the Association of Local Government Auditors (ALGA), for your time and effort in providing us with this valuable service. This was our first ALGA peer review since the office was established in 2018. I appreciate the thorough review and critical feedback—this has been a beneficial experience.

I am pleased that your independent peer review team found our internal quality control system 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 outlining ways we have improved as a newer office, as well as areas where we can improve internal control systems. We will immediately work to implement the recommended improvements.

Above all, we appreciate your time, effort, and thoughtfulness in conducting this review.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Judge".

Lisa Judge
Inspector General for Public Safety