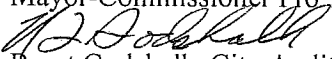


City of
Gainesville

Inter-Office Communication

January 5, 2009

TO: Audit, Finance and Legislative Committee
Mayor Pegeen Hanrahan, Chair
Mayor-Commissioner Pro Tem Jack Donovan, Member

FROM: 
Brent Godshalk, City Auditor

SUBJECT: External Quality Control Review of the City Auditor's Office for the period October 2005 through September 2008

Recommendation

The Audit, Finance and Legislative Committee recommend the City Commission accept the External Quality Control Review report prepared by the Association of Local Government Auditors Review Team and the City Auditor's response.

Explanation

The City Auditor's Office conducts all audits in accordance with Government Auditing Standards, 2007 Revision, issued by the Comptroller General of the United States. These standards are broad statements of auditors' responsibilities and provide an overall framework for ensuring that auditors have the competence, integrity, objectivity and independence in planning, conducting and reporting on their work. In order to maintain compliance with Government Auditing Standards, the City Auditor's Office is required to undergo an external quality assurance review every three years.

The Association of Local Government Auditors (ALGA) has an established peer review program intended to assist member organizations in their efforts to comply with Government Auditing Standards. ALGA assigned Sheila Roberts, CPA, CIA, from the Orange County, Florida Comptroller's Office and Kim Taylor, CPA, from the City of Jacksonville, Florida Council Auditor's Office to conduct an external quality control review of the City Auditor's Office.

The review team began their work in November 2008, reviewing the operating policies and procedures of the City Auditor's Office and relevant background information. During the week of December 8th, 2008, the team conducted a site visit in Gainesville, examining the internal quality control system and a sample of audit reports, including the audit workpapers supporting the reports, issued by the City Auditor's Office. The primary objective of the examination was to determine whether audit work performed by the City Auditor's Office during the three year period from October 2005 through September 2008 complied with Government Auditing Standards issued by the Comptroller General of the United States.

Conclusion

We are pleased to report the review team found that the City Auditor's system of internal quality control was suitably designed and provided reasonable assurance that Government Auditing Standards were followed in audit work performed. The team also concluded that the City Auditor's quality controls were working effectively and that audits were conducted in conformance with applicable standards during the period under review. The reviewers issued a companion letter with their report, offering several observations in which they believe the City Auditor's Office excels and providing a suggestion to enhance our demonstrated adherence to Government Auditing Standards, further strengthening the internal quality control system of the City Auditor's Office and increasing its value to the City of Gainesville. Both reports and a written response to their recommendation for improvement are attached.



External Quality Control Review

of the
Office of the City Auditor
City of Gainesville, Florida

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

for the period
October 1, 2005, through September 30, 2008



Association of Local Government Auditors

December 11, 2008

Mr. Brent Godshalk, City Auditor
Office of the City Auditor
P.O. Box 490 – Station 17
Gainesville, Florida 32602

Dear Mr. Godshalk:

We have completed a peer review of the Office of the City Auditor, City of Gainesville, Florida for the period October 1, 2005 through September 30, 2008. 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 Office of 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 period October 1, 2005 through September 30, 2008.

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

Sheila M. Roberts, CPA, CIA
Orange County Comptroller, Florida

Kim Taylor, CPA
Council Auditor's Office, Jacksonville, Florida



Association of Local Government Auditors

December 11, 2008

Mr. Brent Godshalk, City Auditor
Office of the City Auditor
P.O. Box 490 – Station 17
Gainesville, Florida 32602

Dear Mr. Godshalk:

We have completed a peer review of the Office of the City Auditor, City of Gainesville, Florida for the period October 1, 2005 through September 30, 2008, and issued our report thereon dated December 11, 2008. 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:

- Commitment to following standards by consistently undergoing external quality control reviews and implementing the recommendation from the previous review;
- Recruiting and retaining qualified staff with the knowledge, skills, and experiences necessary for conducting work under the audit standards; and,
- Quantifying and communicating to the City the value and savings possible through implementing recommendations included in audit reports.

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

- In one report (statutorily required annual report on General Fund and Other Sources of Funds Revenue Forecasts) classified as conducted in accordance with GAGAS, the report, audit program, and work papers did not adequately document consideration or testing of internal controls significant to the audit objectives as required by GAS 7.11 (2003 Revision Yellow Book). However, this type of engagement is identified in the 2007 Yellow Book Supplemental Guidance Appendix 1, A3.02 and A3.03, as a non-audit service that does not impair auditor independence.

We recommend that in the future this particular recurring report be considered as a non-audit service or that consideration of internal controls significant to the audit objectives be documented in the audit programs, supporting work papers and final report.

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,


Sheila M. Roberts, CPA, CIA
Orange County Comptroller, Florida


Kim Taylor, CPA
Council Auditor's Office, Jacksonville, Florida

City of
Gainesville

Office of the City Auditor

December 18, 2008

Sheila M. Roberts, CPA, CIA
Kim Taylor, CPA
ALGA Quality Control Review Team

Thank you for participating in the External Quality Control Review of the Gainesville City Auditor's Office using guidelines established by the Association of Local Government Auditors (ALGA). I appreciate the valuable time you spent with me and my staff in discussing our ongoing role in enhancing government effectiveness, efficiency and accountability.

Your review is a valuable part of our continuing efforts to improve the quality of our audits and we are pleased you found that audits performed by the Gainesville City Auditor's Office comply with Government Auditing Standards issued by the United States Government Accountability Office (GAO). I also would like to thank you for your mention of several areas in which you believe our office excels.

Just as significant, suggestions provided in your companion letter will help us to improve our audit process. We agree with your suggestion to improve audit documentation regarding our annual Review of General Fund Forecasted Revenues, when significant to our audit objectives.

Our entire office found the quality control review to be a valuable and constructive process. We appreciate the professionalism with which you carried out your responsibilities as peer reviewers, as well as the insights gained from your own organizations.

Sincerely,



Brent Godshalk
City Auditor