



ITEM ID: 2023-171-0

TRANSMITTAL DATE: April 7, 2023

MEETING DATE: April 14, 2023

TO: Audit and Finance Committee

FROM: Elisabeth Lazuardi, Senior Manager, Audit

SUBJECT: Internal Audit Department's External Quality Control Review Report

Issue

The Association of Local Government Auditors (ALGA) performed an external quality control review of the Internal Audit Department (Internal Audit or the Department), as required by the auditing standards the Department follows.

Recommendation

Receive and file.

Strategic Commitment

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Internal Audit's compliance to the auditing standards contributes to the Internal Audit's effectiveness to the Authority.

Background

An external quality control review (peer review) should be performed at least once every three years, in accordance with the Internal Audit Policies and Procedures IA-1.1, and as required by the auditing standards. The Department follows two auditing standards:

- Government Auditing Standards (the Yellow Book)
- International Standards for the Professional Practice of Internal Auditing (the Red Book)

The auditing standards require the Department obtain a peer review by a qualified, independent assessment team from outside the organization to provide reasonable assurance of the Internal Audit Department's compliance and conformance with the auditing standards.

To comply with the auditing standards, the Department sought ALGA's assistance to perform the peer review. ALGA's peer review program is independent, well developed, and rotational in nature. By agreeing to volunteer on peer review teams of other agencies, the Department received this reciprocal peer review at minimal cost by reimbursing expenses, related to the review, to the peer review team members. The estimated cost of the peer review is \$5,000. The peer review was performed on-site between March 6, 2023, through March 10, 2023.

Discussion

The peer review covered the period of January 1, 2020, through December 31, 2022. The Department's staff work to schedule the review with the ALGA peer review coordinator began a few months prior to the site visit. The coordinator solicited volunteers nationally and evaluated those volunteers' independence with regard to the Authority and the Department's personnel.

The ALGA peer review team consisted of internal auditors from agencies based in the City of Tallahassee, Florida and Ventura County, California. The review team brought approximately 38 years of combined auditing experience to the peer review process and possessed multiple certifications, including CIA, CPA, CFE, CIG and CISA.

Staff provided the Department's policies and procedures, audit manual, organizational chart and staff information, the Authority's background information, and inventory of audits completed during the three-year period, as well as the description of Internal Audit's control system.

Once on site, the peer review team conducted interviews with internal audit staff, the Chairman of the Board of Directors, the Chairman of the Audit and Finance Committee, and the Chief Executive Officer. The team reviewed audit workpapers, reports, quarterly audit plan updates, and other documents produced by Internal Audit. The team also evaluated the Department's independence, and reviewed staff training records.

The peer review team concluded that Internal Audit's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the auditing standards for the period reviewed.

The External Quality Control Review Report is attached to this report. There are no findings in the report.

Next Steps

The Internal Audit Department will continue maintaining compliance with applicable auditing

standards and the quality control system.

Prepared by: Claudia Casasola, Auditor II

Approved by: Elisabeth Lazuardi, Senior Manager, Audit

Attachment(s)

[Attachment A - 2023 ALGA External Quality Control Review Report](#)