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# External Quality Control Review

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of the  
City of Arlington

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period October 1, 2013 through September  
30, 2016

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## Association of Local Government Auditors

October 14, 2016

Lori Brooks, CPA, CIA  
City Auditor  
City of Arlington  
101 W. Abram Street  
Arlington, TX 76004

Dear Ms. Brooks,

We have completed a peer review of the City of Arlington, City Auditor's Office, for the period October 1, 2013, through September 30, 2016. 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 and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee 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.

Based on the results of our review, it is our opinion that the City of Arlington, City Auditor's Office'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, 2013 through September 30, 2016.

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

Robert Rubel, MBA, CPA,  
CIA, CISA  
City of Dallas – Office of the  
City Auditor  
Assistant City Auditor

Courtney Smith, MBA,  
CPA, CIA, CFE  
City of Houston - Office of  
the City Controller, Audit  
Division  
City Auditor

Ricky Brown, CPA, CISA  
Fairfax County Government,  
Internal Audit Office, Fairfax,  
VA  
IT Auditor



## Association of Local Government Auditors

October 14, 2016

Lori Brooks, CPA, CIA  
City Auditor  
City of Arlington  
101 W. Abram Street  
Arlington, TX 76004

Dear Ms. Brooks,

We have completed a peer review of the City of Arlington, City Auditor's Office for the period October 1, 2013, through September 30, 2016, and issued our report thereon dated October 14, 2016. 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:

- Quality of Staff and Experience
- Organization of working papers
- Quality Control program for individual audits

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

- Standards 6.12f and 6.51 require the auditor to prepare and update a written audit plan. In reviewing the Office's workpapers, we observed one instance from a report dated 2-28-2014 where a written audit program was not developed.

We recommend a written audit program be utilized in all audits to document the work that was planned and completed, as well as deviations from the written audit plan.

- Standard 6.11a-f requires that auditors assess audit risk and significance within the context of the audit objectives. In addition, Standard 6.07 requires auditors to assess significance and audit risk and apply these assessments in defining the audit objectives and scope and the methodology to address these objectives. In reviewing the Office's workpapers, we observed one instance from a report dated 2-28-2014 where a risk assessment was not sufficiently detailed to document the evaluation of identified risks and where those identified risks were addressed in the written audit program.

We recommend that each risk assessment be sufficiently detailed and include quantitative and qualitative analysis of risk factors, and that identified risks and the respective assessment be cross-referenced to applicable audit program steps.



## Association of Local Government Auditors

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,

Robert Rubel, MBA, CPA,  
CIA, CISA  
City of Dallas – Office of the  
City Auditor  
Assistant City Auditor

Courtney Smith, MBA,  
CPA, CIA, CFE  
City of Houston - Office of  
the City Controller, Audit  
Division  
City Auditor

Ricky Brown, CPA, CISA  
Fairfax County Government,  
Internal Audit Office, Fairfax,  
VA  
IT Auditor





**City of Arlington, TX**  
**City Auditor's Office**  
Lori Brooks, City Auditor  
101 W. Abram Street  
Arlington, TX 76004

October 19, 2016

Dear ALGA Peer Review Team,

*Robert Rubel, MBA, CPA, CIA, CISA*  
*Courtney Smith, MBA, CPA, CIA, CFE*  
*Ricky Brown, CPA, CISA*

We would like to thank the team, as well as the Association of Local Government Auditors, for your time and effort in conducting the external quality control review. We are pleased with your opinion that the City of Arlington City Auditor's Office was in full compliance with Government Auditing Standards during the period of October 1, 2013 through September 30, 2016.

We appreciate the review team's efforts to recognize areas in which our office excels. We also appreciate the review team's suggestions to enhance our organization's demonstrated adherence to Government Auditing Standards.

As noted below, we plan to implement your suggestions that will improve our quality control system.

**Peer Review Observation 1:**

*Standards 6.12f and 6.51 require the auditor to prepare and update a written audit plan. In reviewing the Office's workpapers, we observed one instance from a report dated 2/28/14 where a written audit program was not developed.*

**Peer Review Recommendation:**

*We recommend a written audit program be utilized in all audits to document the work that was planned and completed, as well as deviations from the written audit plan*

**City of Arlington City Auditor's Response:**

*We agree that a written plan should be used in all audits. The referenced audit report dated 2/28/14 was issued prior to my employment on May 19, 2014 with the City of Arlington City Auditor's Office. It*

*appears the audit project was substantially complete, with the first draft report prepared in July 2013, prior to the peer review period of October 2013 through September 2016. The working papers document that after conducting preliminary control assessment, the audit team determined an audit program would not be developed and further audit test activity would be discontinued based on the findings during the preliminary stage. This is not typical and appears to be an isolated event. This condition was neither noted in the other eight project files reviewed during this peer review, nor was this condition identified in prior peer reviews. However, your observation is a reminder to ensure adherence to standards and consistency in all projects. Since my employment, the City Auditor's Office has and will continue to develop and include a written audit plan for each audit project.*

**Peer Review Observation 2:**

*Standard 6.11a-f requires that auditors assess audit risk and significance within the context of the audit objectives. In addition, Standard 6.07 requires auditors to assess significance and audit risk and apply these assessments in defining the audit objectives and scope and the methodology to address these objectives. In reviewing the Office's workpapers, we observed one instance from a report dated 2/28/14 where a risk assessment was not sufficiently detailed to document the evaluation of identified risks and where those identified risks were addressed in the written audit program.*

**Peer Review Recommendation:**

*We recommend that each risk assessment be sufficiently detailed and include quantitative and qualitative analysis of risk factors, and that identified risks and the respective assessment be cross-referenced to applicable audit program steps*

**Response:**

*We agree with your recommendation. As noted above in the response to Observation 1, this same audit report dated 2/28/14 was issued prior to my employment with the City of Arlington's City Auditor's Office. The City Auditor's office has and will continue to prepare and include a risk assessment in our working papers for each audit project. We appreciate your suggestions for enhancing the individual project risk assessment documentation. We plan to utilize these suggestions and ensure consistency in the development of the project level risk assessment.*

Again, we extend our sincere thanks to you for your thoroughness and professionalism in completing the peer review for the City of Arlington City Auditor's Office for the period of October 1, 2013 to September 30, 2016. Our office is committed to continuously improving our audit process.

Sincerely,



Lori Brooks, CPA, CIA, CGAP, CRMA