



External Quality Control Review

of the
City of Albuquerque Office of
Internal Audit

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



Association of Local Government Auditors

October 11, 2013

Debra Yoshimura, Internal Audit Director
City of Albuquerque Office of Internal Audit
P. O. Box 1293
Albuquerque, NM 87103

Dear Ms. Yoshimura,

We have completed a peer review of the City of Albuquerque Internal Audit Office for the period of July 1, 2010 through June 30, 2013. 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 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.

Based on the results of our review, it is our opinion that the City of Albuquerque Internal Audit Office's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit engagements during the period of July 1, 2010 through June 30, 2013

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


Lori Brooks
City of Richmond, VA


Judith DeVilliers
Multnomah County, OR


Mary Hull Caballero
Metro Regional Government,
Portland, OR



Association of Local Government Auditors

October 11, 2013

Debra Yoshimura, Internal Audit Director
City of Albuquerque Office of Internal Auditor
P. O. Box 1293
Albuquerque, NM 87103

Dear Ms. Yoshimura,

We have completed a peer review of the City of Albuquerque Internal Audit Office for the period of July 1, 2010 through June 30, 2013, and issued our report thereon dated October 11, 2013. 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 engagement planning process is well designed and executed, including extensive engagement level risk assessment.
- Management and staff exhibit a high level of dedication and professionalism.
- Audit report findings are properly supported by well-organized working papers.

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

- GAS 6.79 states auditors must prepare audit documentation related to planning, conducting, and reporting. GAS 6.58 states that in assessing evidence, auditors should evaluate whether the evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions. GAS 6.82 states audit documentation is an essential element of audit quality and forms the basis for quality reviews. We did not find documentation during our audit engagement reviews that evidence "taken as a whole" had been assessed as required by 6.58. Quality control review notes had been prepared but not retained, so the Peer Review Team could not assess this aspect of audit quality. We recommend the overall assessments be documented and available for future reviews of audit quality.
- GAS 3.76 states each auditor performing work in accordance with GAGAS should complete, every two years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. It further requires auditors obtain a total of 80 CPE hours each two-year CPE period with at least 20 hours in each year. We noted at least one instance where an employee did not obtain the required hours of CPE. We recommend that management ensures that each employee is provided adequate opportunities for CPE hours and enhances CPE tracking to ensure all employees are in compliance with GAS 3.76.
- GAS 3.92 states when performing GAGAS audits, audit organizations should have policies and procedures for the safe custody and retention of audit documentation for a time sufficient to satisfy legal, regulatory, and administrative requirements for records retention. The standard applies to documentation in paper, electronic, or other media formats. The 2010 Peer Review noted there were no policies and procedures for electronic records. We found policies and procedures to include

electronic records had not been added. We recommend the audit organization update its policies and procedures to correct the omission.

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

Sincerely,


Lori Brooks
City of Richmond, VA


Judith DeVilliers
Multnomah County, OR


Mary Hull Caballero
Metro Regional Government,
Portland, OR



City of Albuquerque

Office of Internal Audit
P.O. BOX 1293, ALBUQUERQUE, NM 87103

October 11, 2013

Lori Brooks
Peer Review Team Leader
City of Richmond, VA
Office of the City Auditor

Dear Ms. Brooks:

Thank you for your external quality control review report dated October 11, 2013. We are pleased with your opinion that the Office of Internal Audit was in full compliance with Government Auditing Standards during the period July 1, 2010 through June 30, 2013.

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. We concur with the suggestions offered and we will implement changes to improve our procedures.

We will document our evaluation that audit documentation, taken as a whole, is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions. We will ensure auditors have adequate CPE to comply with GAO standards. We will update our Policies and Procedures to include the safe custody and retention of audit files maintained in electronic and other media formats.

Our office is committed to continuously improving our audit processes. We appreciate the professionalism and time and effort you devoted to help us become a top-quality audit organization.

Sincerely,

Debra D. Yoshimura, CPA, CIA, CGAP, CICA
Director