



External Quality Control Review

of the
City of San Antonio
Internal Audit Department

Conducted in accordance with guidelines of
the

Association of Local Government Auditors

for the period August 1, 2008, through July 31,
2011



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September 23, 2011

Mr. Kevin Barthold, CPA, CISA, CIA
City Auditor
Internal Audit Department
City of San Antonio
111 Soledad
San Antonio, TX

Dear Mr. Barthold,

We have completed a peer review of the City of San Antonio's Internal Audit Department for the period August 1, 2008 to July 31, 2011. In conducting our review, we followed standards and guidelines in the *Peer Review Guide* published by the Association of Local Government Auditors.

We reviewed your organization's internal quality control system 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. 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 San Antonio's Internal Audit Department's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit engagements conducted during the period August 1, 2008 to July 31, 2011.

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

Craig Hametner
CPA, CIA, CMA, CFE
Team Leader
City of Garland

Ross Tate
CMA, CIA, CGFM
Team Member
Maricopa County

Alexandra Fercak
Team Member
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September 23, 2011

Mr. Kevin Barthold, CPA, CISA, CIA
Acting City Auditor
Office of the City Auditor
111 Soledad, Suite 600
San Antonio, Texas 78205

Dear Mr. Barthold,

We have completed a peer review of the Office of the City Auditor (OCA) for the period August 1, 2008 through July 31, 2011 and issued our full compliance report on September 23, 2011. 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:

- Work paper documentation, overall, was excellent. In specific, the memos for planning and fraud considerations were detailed and substantive.
- OCA staff members have excellent educational backgrounds, including appropriate certifications that enhance the skills and credibility of the office. Reviews of staff members occur not only annually, but also after each engagement, further enhancing professional development and growth.
- All issues from the previous Peer Review were embraced and implemented, strengthening the Office's adherence to standards.

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

- With regard to the monitoring procedures for audit organization's system of quality control, Standard 3.54 requires an audit organization to analyze and summarize the results of its monitoring procedures at least annually, with identification of any systemic issues needing improvement, along with recommendations for corrective action.

In addition, OCA Audit Administrative Guide (AAG) states that periodic reviews are necessary to evaluate the success of the quality control plan. (AAG 1.1) Internal procedures also state that an annual review of quality control measures may be conducted. (AAG 1.10)

We did not see evidence that an annual analysis and summary of OCA's monitoring procedures was occurring. This periodic assessment can be beneficial in identifying trends and making improvements in monitoring procedures.

We recommend that an analysis and summary of quality control monitoring procedures be conducted at least annually, and that evidence of this review be maintained. We also recommend that AAG 1.10 be modified to state that this review will be conducted and documented at least annually.

We extend our thanks to you, your staff, and to the other city officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,



Craig Hametner
CPA, CIA, CMA, CFE
Team Leader
City of Garland



Ross Tate
CMA, CIA, CGFM
Team Member
Maricopa County



Alexandra Fercak
Team Member
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