



Association of Local Government Auditors

April 2, 2015

Arlena Sones, City Auditor
City of Corpus Christi, Texas
City Auditor's Office
1201 Leopard Street
Corpus Christi, TX 78401

Dear Ms. Sones,

We have completed a peer review of the City of Corpus Christi City Auditor's Office for the period January 1, 2014 through December 31, 2014. 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 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 Corpus Christi City Auditor's Office 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 from January 1, 2014 through December 31, 2014.

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

Teresa Neumeier, CIA
Internal Audit Department
Fort Wayne, Indiana

Amanda Tenuta, CPA, CIA, CFA, CIGA
Sarasota County Clerk of Circuit Courts and Comptroller's Office
Sarasota, Florida



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Arlena Sones, City Auditor
City of Corpus Christi, Texas
City Auditor's Office
1201 Leopard Street
Corpus Christi, TX 78401

Dear Ms. Sones,

We have completed a peer review of the City of Corpus Christi; City Auditor's Office for the period January 1, 2014 through December 31, 2014 and issued our report thereon dated April 2, 2015. 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:

- In understanding the needs of your City and your flexible approach to audit coverage.
- Open communications and a team approach resulting in value added audit services.
- Earning the support and trust of the Audit Committee.

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

- Standards 3.93-3.95 require audit organizations to establish policies and procedures for monitoring quality in the audit organization and to analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement along with corrective action. The audit organization should communicate to appropriate personnel any deficiencies noted during the monitoring process and make recommendations for appropriate remedial action. A quality control monitoring process has not been put into practice by the office and current policies and procedures do not address monitoring of quality.

We recommend the office design procedures and revise its audit guide to include a quality control monitoring process and perform an assessment of their quality control monitoring process at least annually.

- Standard 6.53 states audit supervisors or those designated to supervise auditors must properly supervise audit staff. The City Auditor's Internal Audit Guide Procedure 3.20 indicates the reviewer will record significant comments in the electronic workpaper database. The preparer will need to respond to the comments and sign-off. The reviewer sign-off signifies that corrections were adequately performed. However, upon review of three audit files, we noted one did not contain a documented supervisory review, and none of the files contained preparer comments to address supervisory review or evidence to signify the review notes were addressed.

We recommend that the City Auditor ensure that audit supervision takes place and that the guidelines for review established in the Internal Audit Guide are being followed.

- Standard 6.58 requires auditors to evaluate whether the evidence, taken as a whole, is sufficient and appropriate for addressing the audit objectives and supporting findings and conclusions. Standard 6.69 requires auditors to perform and document an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence. Standards 7.14 - 7.18 indicate that audit reports should include a presentation of sufficient, appropriate evidence to support the findings and conclusions in relation to audit objectives and describe any evidence limitations and deficiencies in internal control. In three out of the three completed audits reviewed, we could not identify an overall evaluation of the sufficiency of audit evidence to support the findings and conclusions nor did we identify departmental policies or procedures that address this topic.

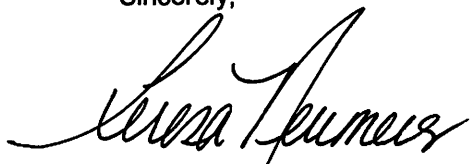
We recommend the office revise its audit guide and design procedures to ensure audit evidence, taken as a whole, is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions; that an overall assessment is conducted and documented and that audit report contents present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives.

- Standard 7.13 requires auditors to report their evidence gathering and analysis techniques in sufficient detail to allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives. Standard 7.13 also requires that, when sampling significantly supports the auditors' findings and conclusions, the report include a description of the sample design, the reason the design was chosen, and whether the results can be projected to the intended population. In three out of three completed audits reviewed, we determined the audit reports did not contain this information nor did we identify departmental policies or procedures that address this process.

We recommend the office revise its audit guide and design procedures to ensure auditors document and include language in the report describing the specific evidence gathering and analysis techniques used, any sampling methodology used, the reason they chose the sampling methodology, how they chose the sample and whether the results are able to be projected to the intended population.

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,



Teresa Neumeier, CIA
Internal Audit Department
Fort Wayne, Indiana



Amanda Tenuta, CPA, CIA, CFA, CIGA
Sarasota County Clerk of Circuit Courts and Comptroller's Office
Sarasota, Florida



City of Corpus Christi

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April 14, 2015

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Amanda Tenuta
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1660 Ringling Blvd
Sarasota, FL 34232

We have received the results from the ALGA peer review performed for our office, and we are pleased with the favorable results. We appreciate that your report includes both the areas in which you believe our office excels as well as the areas needing improvement.

We have carefully reviewed the issues and recommendations presented in the peer review, and our plans to correct the issues are described below. We will revise our audit guide accordingly.

- *We recommend the office design procedures and revise its audit guide to include a quality control monitoring process and perform an assessment of their quality control monitoring process at least annually.*

We will design procedures for a quality control monitoring process, and we will implement an annual assessment of this process.

- *We recommend that the City Auditor ensure that audit supervision takes place and that the guidelines for review established in the Internal Audit Guide are being followed.*

All audits are properly supervised; however, we acknowledge the lack of documentation of supervisory review for one audit. In the future, when the review and correction of workpapers takes place simultaneously, as happened in this audit, we will document the results of the review.



- *We recommend the office revise its audit guide and design procedures to ensure audit evidence, taken as a whole, is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions; that an overall assessment is conducted and documented and that audit report contents present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives.*

We will design procedures to document our overall assessment that audit evidence, taken as a whole, is sufficient and appropriate for addressing audit objectives and supporting findings and conclusions.

- *We recommend the office revise its audit guide and design procedures to ensure auditors document and include language in the report describing the specific evidence gathering and analysis techniques used, any sampling methodology used, the reason they chose the sampling methodology, how they chose the sample and whether the results are able to be projected to the intended population.*

We will design procedures to document and include language in the report describing the specific evidence gathering and analysis techniques used, any sampling methodology used, the reason they chose the sampling methodology, how they chose the sample and whether the results are able to be projected to the intended population.

Tracy and Amanda, thank you for your dedication to ALGA and to the profession of internal auditing. We appreciate the professionalism you demonstrated during the review, and we value the ideas and suggestions provided to us.

Sincerely,



Arlena Sones, CPA, CIA, CGAP
City Auditor
City of Corpus Christi, Texas

Cc: Kelly Hammond