



External Quality Control Review

of the
City of Atlanta
City Auditor's Office

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

for the period November 17, 2006, through
November 13, 2009.



Association of Local Government Auditors

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MEMBER SERVICES

449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503
Phone: (859) 276-0686
Fax: (859) 278-0507

www.governmentauditors.org
memberservices@governmentauditors.org

November 19, 2009

Ms. Leslie Ward
City Auditor
City Auditor's Office
68 Mitchell Street SW, Suite 12100
Atlanta, Georgia 30303-0312

Dear Ms. Ward,

We have completed a peer review of the City of Atlanta's City Auditor's Office for the period November 17, 2006, to November 13, 2009. 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 Atlanta's 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 November 17, 2006, to November 13, 2009.

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

Mike Edmonds, CIA

Corrie Stokes, CIA, CGAP
City of Austin

Tammy Willis
City of Oakland



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Ms. Leslie Ward
City Auditor
City Auditor's Office
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Dear Ms. Ward,

We have completed a peer review of the City of Atlanta's City Auditor's Office for the period November 17, 2006, through November 13, 2009, and issued our report dated November 19, 2009. We are issuing this companion letter noting areas where your office excels and offering suggestions for enhancing the office's compliance with Government Auditing Standards.

We would like to mention some of the areas in which we believe your office excels:

- The office has established a number of strong quality control processes to provide reasonable assurance of complying with Government Auditing Standards. These quality control processes include:
 - Written policies and procedures;
 - Various reviews;
 - Supervision;
 - Staff development, including regular performance feedback;
 - Ongoing project management;
 - Continuous monitoring; and
 - Annual quality control summary.
- Audit reports are well-written and are clear, convincing, and concise. We also noted the use of visual aids and a variety of formats to effectively communicate information to the report reader.
- Staff training is appropriate to meet individual training needs. For instance, new auditors receive training appropriate for their level of experience and information technology auditors receive training on information systems

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

- **Observation #1:** Section 3.10 of *Government Auditing Standards* states that audit organizations must be free from external impairments to independence, which are defined as factors external to the audit organization that may restrict the work or interfere with the auditors' ability to form independent and objective opinions, findings, and conclusions. The standard identifies conditions under which the auditors may not have complete freedom to make an independent and objective judgment on an audit, including when management or oversight organizations of the audited entity have authority to overrule or to inappropriately influence the auditors' judgment as to the appropriate content of the report.

While we noted no impairments to independence in our review of your work, we believe that Charter provisions regarding the composition and duties of the Audit Committee could create an external impairment, or the appearance of an external impairment, to the City Auditor's work. Section 2, Chapter 604 establishes an Audit Committee to ensure the independence of the audit function. The Committee comprises five voting members: the Mayor or Mayor's representative, the president of the Council or the president of the Council's representative, and three at-large members appointed by the City Council. Audit Committee duties include reviewing and approving audit reports before the final audit report is issued; sending copies of the draft and final audit report to the Mayor, president of the Council, and members of the Council; and performing an annual evaluation of the City Auditor.

Because the Mayor or Mayor's representative sits on the Audit Committee and the Committee is responsible for reviewing and approving audit reports and for annually evaluating the performance of the City Auditor, the Charter potentially allows the Mayor to influence the content of audit reports and to influence the City Auditor's performance evaluation based on disagreement with the contents of an audit report. The Mayor, as chief executive of the city, is ultimately responsible for the management of the city and the City Auditor audits how effectively the city is managed. In instances where the City Auditor audits the City Council, the Council President's role on the Audit Committee could also create a potential impairment.

Recommendation #1: To enhance the independence of the City Auditor's Office, we suggest that you discuss with the Audit Committee current Charter provisions relating to the composition and duties of the Audit Committee and the potential for these provisions to create an external impairment to the City Auditor's work. If warranted, you should work with the Audit Committee to develop language to amend the Charter to enhance

the independence of the City Auditor's Office and submit any proposed amendments to the Council for their consideration.

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

Sincerely,



Mike Edmonds, CIA



Corrie Stokes, CIA, CGAP
City of Austin



Tammy Willis
City of Oakland



CITY OF ATLANTA

LESLIE WARD

City Auditor

ward1@atlantaga.gov**AMANDA NOBLE**

Deputy City Auditor

anoble@atlantaga.gov**CITY AUDITOR'S OFFICE**

68 MITCHELL STREET SW, SUITE 12100

ATLANTA, GEORGIA 30303-0312

(404) 330-6452

FAX: (404) 658-6077

AUDIT COMMITTEE

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November 19, 2009

Mike Edmonds, CIA

Corrie Stokes, CIA, CGAP
City of AustinTammy Willis
City of Oakland

Dear Mr. Edmonds:

Thank you and your colleagues for conducting a peer review of the City of Atlanta's City Auditor's Office. We appreciate your thorough review and thoughtful feedback on our audit processes. We are pleased that you found our internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* during the period November 17, 2006, to November 13, 2009.

We agree with your recommendation to work with the Audit Committee to ensure that the composition and duties of the Committee pose no potential conflicts. We also agree with your informal recommendations to strengthen aspects of our documentation and to formalize staff development plans.

Sincerely,

Leslie Ward
City Auditor