



# External Quality Control Review

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of the  
City of Charlotte  
Office of Internal Audit

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

for the period  
January 1, 2011 through December 31, 2013

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## Association of Local Government Auditors

February 14, 2014

Gregory McDowell, City Auditor  
Office of Internal Audit  
600 East Fourth Street  
Charlotte, NC 28202

Dear Mr. McDowell,

We have completed a peer review of the City of Charlotte, Office of Internal Audit for the period January 1, 2011 through December 31, 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 and attestation 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 Charlotte, Office of Internal Audit'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 January 1, 2011 through December 31, 2013.

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

Terrie Pyeatt  
Director of Internal Audit  
Virginia Beach City Public  
Schools

Christine Glover  
Internal Audit Director  
City of Tampa

Sonal Patel  
Assistant Director of Audit  
Services  
City of Durham



## Association of Local Government Auditors

February 14, 2014

Gregory McDowell, City Auditor  
Office of Internal Audit  
600 East Fourth Street  
Charlotte, NC 28202

Dear Mr. McDowell,

We have completed a peer review of the City of Charlotte, Office of Internal Audit for the period January 1, 2011 through December 31, 2013 and issued our report thereon dated February 14, 2014. 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 office has a very thorough risk assessment process that incorporates risks from the various aspects of the area under audit. The assessment includes the audit objectives, any associated risks, and controls to mitigate these risks.
- The fieldwork evidence was documented very well. The work papers were easy to follow and the exceptions linked in directly to the development of the findings.
- The reports were clear and concise and easily understandable.

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

- GAS Section 5.60 requires audit organizations to follow the reporting requirements contained in the AICPA standards. AT Section 201.31 states that an Agreed-Upon Procedures report must contain certain required elements including a title that includes the word independent, a statement that the practitioner was not engaged to and did not conduct an examination, and a statement of restrictions on the use of the report. We found that the Agreed-Upon Procedures reports did not have these elements.

We suggest that Internal Audit revise its standard report wording for Agreed-Upon Procedures engagements to include all of the required elements.

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,

Terrie Pyeatt  
Director of Internal Audit  
Virginia Beach City Public  
Schools

Christine Glover  
Internal Audit Director  
City of Tampa

Sonal Patel  
Assistant Director of Audit  
Services  
City of Durham



February 14, 2014

Terrie Pyeatt, Virginia Beach City Public Schools  
Christine Glover, City of Tampa  
Sonal Patel, City of Durham

Thank you all for conducting this Office's external peer review for the period January 1, 2011 through December 31, 2013. I have reviewed your report dated February 14, 2014 containing the results of your review and the accompanying management letter which offered a suggestion to improve our organization's demonstrated adherence to *Government Auditing Standards*. I submit the following response to that suggestion.

**Suggestion:** We suggest that Internal Audit revise its standard report wording for Agreed-Upon Procedures engagements to include all of the required elements.

**Response:** We agree that the reports for our Agreed-Upon Procedures engagements lacked some of the required language specified in AT Section 201.31 and will ensure we include the necessary language in future engagements. We will update our Internal Audit Policies and Procedures Manual to include a process to address this issue.

Again, my office appreciates your efforts on our behalf. Thank you all for your professionalism and cooperation during the audit.

Sincerely,

Gregory L. McDowell, CPA, CIA  
City Auditor  
City of Charlotte, NC