



## Association of Local Government Auditors

July 15, 2010

Mr. Greg Kimsey  
Auditor  
1300 Franklin Street, Suite 591  
P.O. Box 5000  
Vancouver, Washington 98666-5000

Dear Mr. Kimsey,

We have completed a peer review of the Clark County, Washington Audit Services division of the Auditor's Office for the period January 1, 2009 through June 30, 2010. 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 if 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 Clark County, Washington Audit Services division'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 review period of January 1, 2009 through June 30, 2010.

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

Renata Khoshroo

City of San Jose, California  
City Auditor's Office

Judith DeVilliers

Multnomah County  
Auditor's Office





## Association of Local Government Auditors

July 15, 2010

Mr. Greg Kimsey  
Auditor  
1300 Franklin Street, Suite 591  
P.O. Box 5000  
Vancouver, Washington 98666-5000

Dear Mr. Kimsey,

We have completed a peer review of the Clark County, Washington Audit Services division of the Auditor's Office for the period January 1, 2009 through June 30, 2010 and issued our report thereon dated July 15, 2010. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

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

- Staff of Audit Services is highly experienced with an extensive background in governmental auditing.
- Through its work, Audit Services has: (1) assisted other County Departments in understanding and enhancing internal controls (2) trained employees in ethics. This work benefits the organization overall by helping to foster a culture in which internal controls and ethics are taken seriously.

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

- Supporting project files for nonaudit work did not include a documented evaluation of whether nonaudit work creates an independence impairment. GAS 3.20 states "Audit organizations that provide nonaudit services must evaluate whether providing the services creates an independence impairment either in fact or appearance with respect to entities they audit. GAS 3.21 further states "Audit organizations in government entities generally have broad audit responsibilities and, therefore, should establish policies and procedures for accepting engagements to perform nonaudit services so that independence is not impaired with respect to entities they audit."

We recommend that Audit Services document (in the relevant files) its evaluation of whether nonaudit work creates an independence impairment and revise its policies and procedures to provide for a process for determining whether an engagement may impair independence. We believe this is

especially important given the significant portion of the office's work that is classified as nonaudit.

- The County Auditor and the Finance Director did not obtain continuing professional education hours during the period under review. GAS 3.46 requires that auditors "performing work under GAGAS, including planning, directing, performing field work, or reporting on an audit or attestation engagement under GAGAS, should maintain their professional competence through continuing professional education (CPE)." GAS require 80 hours of CPE over a two-year period, including 24 hours directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

We recommend that the County Auditor and the Finance Director obtain continuing professional education hours in accordance with GAS.

- Audit Services does not maintain a central file for documentation supporting earned continuing professional education. The GAO's "Guidance on GAGAS Requirements for Continuing Professional Education" states "The audit organization is responsible for maintaining documentation of the CPE hours completed by each auditor subject to the CPE requirements."


We recommend that Audit Services establish and maintain a central file for documentation that provides evidence of completed continuing education.

- One of the audit reports we reviewed was not addressed to anyone. GAS 8.05 states that one of the purposes of audit reports is to "communicate the results of audits to those charged with governance, the appropriate officials of the audited entity, and the appropriate oversight officials." Additionally, while the report included a response from the audited private entity, it did not include a response from the agency with oversight or governance authority for the contract under audit. GAS 8.32 includes the statement, "Including the views of responsible officials results in a report that presents not only the auditors' findings, conclusions, and recommendations, but also the perspectives of the responsible officials of the audited entity and the corrective actions they plan to take."


We recommend that Audit Services address each audit report to the government official with governance and oversight authority for the audited function and also include a response from the appropriate government official (in addition to any other responses that may be included).

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,  
Renata Khoshroo

  
City of San Jose, California  
City Auditor's Office

Judith DeVilliers

  
Multnomah County  
Auditor's Office