



The Association of Local Government Auditors
Awards this

Certificate of Compliance

to

*City of Norfolk
City Auditor's Office*

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit and attestation engagements during the period January 1, 2014, through December 31, 2016.

Erin J. Kenney
ALGA Peer Review Committee Chair

Tina Adams
ALGA President



External Quality Control Review

of the
City of Norfolk,
City Auditor's Office

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

for the period January 1, 2014 through
December 31, 2016



Association of Local Government Auditors

August 31, 2017

Mr. John Sanderlin, City Auditor
City of Norfolk
810 Union St., Room 806
City of Norfolk, VA 23510

Dear Mr. Sanderlin,

We have completed a peer review of the City of Norfolk Auditor's Office for the period January 1, 2014, through December 31, 2016. 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 Norfolk, 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 January 1, 2014, through December 31, 2016.

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

DocuSigned by:

Harriet Richardson, CPA, CIA, CGFM, CRMA
Team Leader
City of Palo Alto, CA

DocuSigned by:

Sarah Reed, CPA
Team Member
Dallas Fort Worth International Airport



Association of Local Government Auditors

August 31, 2017

Mr. John Sanderlin, City Auditor
City of Norfolk
810 Union St., Room 806
City of Norfolk, VA 23510

Dear Mr. Sanderlin,

We have completed a peer review of the City of Norfolk Auditor's Office for the period January 1, 2014, through December 31, 2016, and issued our report thereon dated August 31, 2017. 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 strong procedures for planning an audit to ensure that auditors obtain an understanding of the nature and profile of the program under audit.
- The office makes good use of templates to facilitate the audit process.
- The City Auditor has implemented practices, such as the weekly audit status report, that help keep him involved and informed on each audit as it progresses.
- The office uses a Completed Assignment Checklist to ensure compliance with the Government Auditing Standards.

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

- Standard 6.66 requires auditors to assess the sufficiency and appropriateness of computer-processed information, including consideration of the completeness and accuracy of the data for the intended purposes. In reviewing the Office's work papers, we observed that although the auditors typically gain an understanding of the information system controls when using computer-processed information, there was no documentation to support if the auditors assess the sufficiency and appropriateness of the computer-processed information prior to relying on it as a basis for their findings and conclusions.

We recommend that the office become familiar with the U.S. Government Accountability Office's supplemental guidance document, *Assessing the Reliability of Computer-Processed Data*, and use it as a guide for assessing the sufficiency and appropriateness of computer-processed information prior to relying on it as a basis for audit findings and conclusions and add more detail to the office audit policies and procedures to ensure that audit staff are aware of and fully understand the requirement.

- Standards 7.12 and 7.13 require the audit report to explain the relationship between the population and the items tested, and when sampling significantly supports the auditors' findings, conclusions, or recommendations, the sample design, why the design was chosen, and whether the results can be projected to the intended population. In reviewing the Office's work papers, we observed that when sampling was used, the audit report stated the sample size but did not explain the relationship between the population and the items tested, the sample design and why it was chosen, or whether the results could be projected to the intended population.

We recommend that the office develop a procedure to ensure that auditors document their work for how they selected the sample design and sample and include in the audit reports the sample design,

why it was chosen, the relationship between the population and the sample, and whether the results can be projected to the population.

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

Sincerely,
DocuSigned by:

Harriet Richardson

Harriet Richardson, CPA, CIA, CGFM, CRMA
Team Leader
City of Palo Alto, CA

DocuSigned by:

Sarah Reed

Sarah Reed, CPA
Team Member
Dallas Fort Worth International Airport

August 31, 2017

Harriet Richardson, CPA, CIA, CGFM, CRMA
City Auditor
City of Palo Alto
250 Hamilton Avenue, 7th floor
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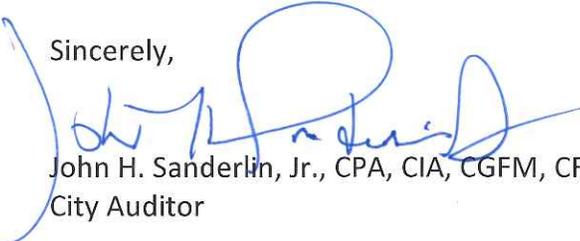
Sarah Reed, CPA
Senior Auditor
Dallas Fort Worth International Airport
P. O. Box 619428
DFW Airport, Texas 75261

Ms. Richardson and Ms. Reed,

The Office of the City Auditor thanks you for conducting our External Quality Control Review (Peer Review). We greatly appreciated your professionalism, time, effort, and the manner in which you conducted the review. Your assessment, including the exchange of ideas and best practices, was most valuable and insightful in helping us to continuously comply with Generally Accepted Government Auditing Standards (GAGAS).

We are pleased that our quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with GAGAS and are appreciative of the areas you observed for which we excel. Throughout the review, you pursued a constructive, cooperative approach that resulted in a positive experience and beneficial suggestions that will further strengthen our internal quality control.

Sincerely,



John H. Sanderlin, Jr., CPA, CIA, CGFM, CFE, CGMA
City Auditor