



Office of the City Auditor
Sharon W. Erickson, City Auditor

December 10, 2009

Honorable Mayor and Members of the City Council
200 East Santa Clara Street
San Jose, CA 95113

Attached is the independent auditor's report, *External Quality Control Review of the Office of the City Auditor, San Jose, CA*, which representatives of the Association of Local Government Auditors (ALGA) prepared on November 19, 2009. Our comments in response to the audit report are also included.

The report will be presented to the Public Safety, Finance and Strategic Support Committee at its December 17, 2009 meeting.

If you have any questions, please contact me at extension 51238.

Respectfully submitted,
Sharon W. Erickson
Sharon W. Erickson
City Auditor

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Attachments



External Quality Control Review

of the
Office of the City Auditor
City of San Jose, CA

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors** for the period July 1, 2007 through June 30,
2009



Association of Local Government Auditors

November 19, 2009

Sharon Erickson
City Auditor
City of San Jose
200 East Santa Clara Street
San Jose, California 95113

Dear Ms. Erickson,

We have completed a peer review of the City of San Jose's Office of the City Auditor, for the period July 1, 2007 through June 30, 2009. 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 Office of the City Auditor'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 July 1, 2007 through June 30, 2009.

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

Tina Adams, CPA, CIA
City of Charlotte, NC

Wendy Gamble, CFE, CFS
Los Angeles Police Dept., CA

Danica Rogers, CPA, CIA, CFE
City of Long Beach, CA



Association of Local Government Auditors

November 19, 2009

Sharon Erickson
City Auditor
City of San Jose
200 East Santa Clara Street
San Jose, California 95113

Dear Ms. Erickson,

We have completed a peer review of the Office of the City Auditor, City of San Jose, for the period July 1, 2007 through June 30, 2009 and issued our report thereon dated November 19, 2009. 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 City Auditor's Office staff is well qualified and knowledgeable. Each staff member exhibits a comprehensive understanding of the office's policies and procedures. Additionally, the audit staff functions as a cohesive team which positively impacts the execution of the Office's mission.
- Reports issued by the City Auditor's Office are well written and logically structured. Recommendations are based on documented and supported findings and are communicated to the auditee in a constructive manner.
- The City Auditor's Office has an effective approach to supervision. We commend the City Auditor's hands-on involvement in the performance of the audits.

Government Auditing Standards provide audit organizations flexibility in determining the nature and extent of their internal quality control systems. Your established quality control system meets the standards; however, we offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- The performance audit reporting language required by *Government Auditing Standards* was altered. We suggest that you ensure that all reports contain the exact language cited in the *Government Auditing Standards*.
- The Office has a centralized process for collecting and maintaining documentation of continuing professional education (CPE). However, we noted that the required supporting documentation was not always present in the files. To improve your quality control system, we suggest that you increase monitoring of CPE earned by each auditor and maintain CPE documentation as stated in the standards.
- The Office has a quality control procedure which was established to meet the independence standard cited in the *Government Auditing Standards*. The procedure requires that staff complete and sign an independence statement prior to beginning an audit. We noted instances where the statement was signed after the report was issued. We suggest that staff assert its independence before beginning an audit.

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,



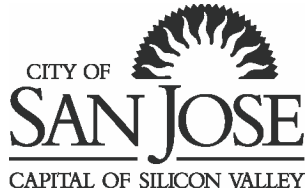
Tina Adams, CPA, CIA
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Office of the City Auditor
Sharon W. Erickson, City Auditor

November 19, 2009

Ms. Tina Adams, Senior Internal Auditor
City of Charlotte
600 E. 4th Street
Charlotte, NC 28202

Dear Ms. Adams:

The Office of the City Auditor submits the following comments in response to the audit of its operations.

I am pleased that the independent auditors did not find any significant weaknesses in the Office of the City Auditor's (Office) internal quality control system. The auditors stated that our system of internal control provided reasonable assurance of compliance with Government Auditing Standards and met the objectives of the Association of Local Government Auditors quality control guidelines during the period audited.

I am also extremely gratified that in the management letter the auditors noted a number of areas in which the Office excels.

The management letter also included three suggestions to enhance the Office's demonstrated commitment and adherence to Government Auditing Standards. We concur with these suggestions and will take appropriate steps to implement them.

The Office is committed to continuously improving and refining its audit processes. As such, we welcome the auditors' review and suggestions. We believe that their insights and perspectives will be helpful in improving the Office's work. We also wish to thank the auditors, Danica Rogers, Wendy Gamble and yourself for your professionalism, openness, cooperation, and courtesy during the audit.

Sincerely,

Sharon W. Erickson
City Auditor

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