



External Quality Control Review

of the
Audit Services Division,
Office of the Auditor,
City and County of Denver

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period May 1, 2012 through April 30, 2015



Association of Local Government Auditors

October 1, 2015

Mr. Timothy M. O'Brien, CPA
Denver Auditor
Office of the Auditor, City and County of Denver
201 West Colfax Avenue, Department 705
Denver, Colorado 80202

Auditor O'Brien,

We have completed a peer review of the Denver Audit Services Division for the period May 1, 2012 through April 30, 2015. 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, management, and members of the Audit Committee 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 Denver 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 period May 1, 2012 through April 30, 2015.

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

Terra Van Andel
Office of the City Auditor
City of Long Beach, CA

Larry Stafford
Clark County Auditor's Office
Clark County, WA

Minh Dan Vuong
Office of the City Auditor
City of San Jose, CA



Association of Local Government Auditors

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Mr. Timothy M. O'Brien, CPA
Denver Auditor
Office of the Auditor, City and County of Denver
201 West Colfax Avenue, Department 705
Denver, Colorado 80202

Auditor O'Brien,

We have completed a peer review of the Denver Audit Services Division for the period May 1, 2012 through April 30, 2015 and issued our report thereon dated October 1, 2015. 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 Division continues to produce clear and concise reports that address concerns of Denver residents.
- Division staff are competent, highly trained and hold many professional certifications.
- The audit excellence of the Division has been recognized by multiple ALGA Knighton Awards, including three during this review period.

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

Standard 3.02 states in all matters relating to the audit work, the audit organization and the individual auditor must be independent. The Audit Services Division met Standards 3.02 through 3.26 with respect to independence during the review period. However, we recommend management determine if individuals who may reside within the Office of the Auditor, but outside of the Audit Services Division, qualify as an "auditor" within the terms described in Standard 1.07(a):

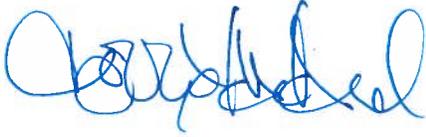
The term "auditor" as it is used throughout *Government Auditing Standards* describes individuals performing work in accordance with *Government Auditing Standards*... regardless of job title. Therefore, individuals who may have the titles auditor, analyst, practitioner, evaluator, inspector or other similar titles are considered auditors in *Government Auditing Standards*.

If it is determined that individuals meet the definition of "auditor," then we recommend those individuals follow Standards 3.02 through 3.26.

Standard 3.76 states auditors performing work in accordance with *Government Auditing Standards*, including planning, directing, performing audit procedures, or reporting on an audit conducted in accordance with *Government Auditing Standards*, should maintain their professional competence through continuing professional education (CPE). The Audit Services Division met Standard 3.76 during the review period. However, we recommend management determine if individuals who may reside within the Office of the Auditor, but outside of the Audit Services Division, qualify as an "auditor" within the terms described in Standard 1.07(a). If it is determined that individuals outside the Audit Services Division meet the definition of "auditor," then we recommend those individuals follow Standard 3.76.

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,



Terra Van Andel
Office of the City Auditor
City of Long Beach, CA



Larry Stafford
Clark County Auditor's Office
Clark County, WA



Minh Dan Vuong
Office of the City Auditor
City of San Jose, CA



City and County of Denver

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Timothy M. O'Brien, CPA
Auditor

October 2, 2015

Ms. Terra Van Andel
Deputy City Auditor
City of Long Beach
Long Beach, California

Mr. Larry Stafford
Senior Management Analyst
and Performance Auditor
Vancouver, Washington

Mr. Minh Dan Vuong
Program Performance
Auditor II
San Jose, California

Dear Ms. Van Andel, Mr. Stafford, and Mr. Dan Vuong,

I have received your peer review letter dated October 1, 2015, notifying our office that the Audit Services Division is in full compliance with *Government Auditing Standards* for our audit and non-audit service activities during the period of May 1, 2012 through April 30, 2015. I have also received and appreciate your companion management letter of the same date identifying areas where the Audit Services Division excels and including suggestions for enhancing some of our internal policies and processes.

I am pleased the review concluded that our Division fully complies with *Government Auditing Standards*. This determination is the highest level of compliance with *Government Auditing Standards* under the Association of Local Government Auditors' (ALGA) peer review program. We have worked very hard to continuously improve our internal quality control system to help us achieve this goal.

I very much appreciate the observations and suggestions identified in your management letter accompanying the compliance letter. The areas you cited where the Division excels center around our work product and our people. In particular, I am pleased the management letter highlights our ability to produce clear and concise audit reports that address concerns of Denver residents, our ultimate clients. We are very fortunate to have a competent staff that has been able to produce award winning audits, as recognized by the ALGA Knighton awards program.

We will take action to address the observation noted in the management letter related to auditor independence. Using your valuable guidance, protocols and policies will be developed after we perform additional review and discussion regarding how to best implement your valuable suggestions pertaining to Standard 1.07(a) and Standard 3.76.

Thank you for your professionalism and thoughtful feedback and for taking time away from your families and your work obligations to conduct this review. Your commitment to the audit profession and your combined experience and expertise are obvious and we thank you for providing this valuable and appreciated service to the City and County of Denver. We also extend our sincere gratitude to ALGA, especially the Peer Review Committee for their sponsorship and facilitation of this peer review.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy M. O'Brien". The signature is stylized with a large initial "T" and "O", and a long horizontal flourish extending to the right.

Timothy M. O'Brien, CPA
City Auditor