



External Quality Control Review

of the
City of San Antonio Office of the
City Auditor

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period August 1, 2014 to July 31, 2017



Association of Local Government Auditors

September 22, 2017

Mr. Kevin W. Barthold, City Auditor
100 W. Houston Street, 18th Floor
San Antonio, TX 78205

Dear Mr. Barthold,

We have completed a peer review of the City of San Antonio's Office of the City Auditor for the period August 1, 2014 to July 31, 2017. 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 City of San Antonio's Office of the City Auditor 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 August 1, 2014 to July 31, 2017.

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

Shirley McFadden, CPA,
CIA, CGAP
City of Raleigh

Heidi Pinner, CIA, CISA,
CFE, CRMA
Hillsborough County Clerk
of Court and Comptroller

Vanessa C.
Martinez,
City of Fort Worth



Association of Local Government Auditors

September 22, 2017

Mr. Kevin W. Barthold, City Auditor
100 W. Houston Street, 18th Floor
San Antonio, TX 78205

Dear Mr. Barthold,

We have completed a peer review of the City of San Antonio Office of the City Auditor (OCA) for the period August 1, 2014 – July 31, 2017, and issued our report thereon dated September 22, 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:

- OCA positions itself as a go to resource, working collaboratively with the organization to provide audits of value including many which are requested by management.
- OCA places an emphasis on establishing a culture of trust and respect with others throughout the organization by utilizing effective audit planning, research, and ongoing communication throughout the audit engagement.
- OCA places a value on education and professional development for department staff through its commitment to continuous improvement and use of professional development growth plans.

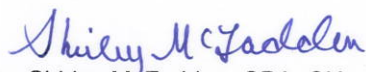
We offer the following observation and suggestion to enhance your organization's demonstrated adherence to *Government Auditing Standards*:


- The City Auditor is required by ordinance to appoint and manage a Compliance Auditor whose responsibilities include receiving and investigating evidence related to complaints that allege City Code ethics violations. These responsibilities are not audits and do not relate to the audit services provided by OCA. When an audit entity provides a service other than audits, the audit entity should determine whether providing such a service would create a threat to independence to any GAGAS audits the entity performs and document this determination and any safeguards, if applicable. *Standard 3.34 and 3.59*. OCA has not documented their determination.


We recommend OCA document their assessment of the threat to independence and safeguards, if applicable, that offering this service creates with respect to other audits performed by OCA.

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,


Shirley McFadden, CPA, CIA,
CGAP
City of Raleigh


Heidi Pinner, CIA, CISA,
CFE, CRMA
Hillsborough County Clerk of
Court and Comptroller


Vanessa C.
Martinez,
City of Fort Worth



CITY OF SAN ANTONIO

P. O. BOX 839966
SAN ANTONIO TEXAS 78283-3966

September 27, 2017

Erin Kinney, ALGA Peer Review Committee Chair

Dear Ms. Erin Kenney:

We are in receipt of the 2017 Peer Review Report for the Office of the City Auditor. The review team concluded that our internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards for audits during the period August 1, 2014 to July 31, 2017.

The Peer Review Team further recognized a number of areas in which they believe we excel. The Team also offered the following observation to enhance our adherence to Government Auditing Standards:

The City Auditor is required by ordinance to appoint and manage a Compliance Auditor whose responsibilities include receiving and investigating evidence related to complaints that allege City Code ethics violations. These responsibilities are not audits and do not relate to the audit services provided by OCA. When an audit entity provides a service other than audits, the audit entity should determine whether providing such a service would create a threat to independence to any GAGAS audits the entity performs and document this determination and any safeguards, if applicable, Standard 3.34 and 3.59. OCA has not documented their determination.

We recommend OCA document their assessment of the threat to independence and safeguards, if applicable, that offering this service creates with respect to other audits performed by OCA.

Our response to the recommendation above is that while our office has considered the risk of any threat to independence that may be created by the required responsibilities of the Compliance Auditor, we have not formally documented these potential threats. We will formally document any potential

threats to our independence as a result of performing the requirements of the Ethics Code and update our internal procedures accordingly.

I would like to thank the Association of Local Government Auditors and the Peer Review Team for the balanced and comprehensive approach it took during the review.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Kevin Barthold', is positioned above the printed name.

Kevin Barthold, CPA, CIA, CISA, CRMA
City Auditor
City of San Antonio