

METRO
Office of the Auditor

External Quality Control Review

July 2004

A Report by the Office of the Auditor



METRO

PEOPLE PLACES
OPEN SPACES

Alexis Dow, CPA
Metro Auditor



METRO
OFFICE OF THE AUDITOR

July 6, 2004

To the Metro Council and citizens of the Metro region:

The accompanying report covers the external quality control review of Metro Auditor operations. Professional standards require such a peer review of auditor operations every three years, and this was the third external quality control review of the Metro Auditor office since its inception in 1995. The first peer review was completed in June 1998, and the second in June 2001.

Auditors affiliated with the National Association of Local Government Auditors conducted the review to determine whether the Metro Auditor office complied with Government Auditing Standards. Their completed report is attached. I am happy to receive a positive report from them.

The peer reviewers concluded that the Metro Auditor office complied with government auditing standards in the performance of its work. They were impressed with the effective quality controls, and specifically recognized the high caliber of audit staff and the quality of audit documentation, which reflects commitment to the high standards of the auditing profession.

Very truly yours,

Alexis Dow, CPA
Metro Auditor



External Quality Control Review

of the
Office of the Auditor
Metro
Portland, Oregon

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

for the period
June 1, 2001 to May 31, 2004



National Association of Local Government Auditors

July 1, 2004

Alexis Dow, Metro Auditor
Office of the Auditor
600 Northeast Grand Avenue
Portland, Oregon 97232-2736

Dear Ms. Dow,

We have completed a peer review of the Office of the Auditor, Metro for the period June 1, 2001 to May 31, 2004. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published in May, 2004, by the National Association of Local Government Auditors (N.A.L.G.A.).

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 Auditor, Metro'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 June 1, 2001 to May 31, 2004.

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

Sincerely,

Ruth Merino, CISA
Senior Program Performance Auditor
City Auditor's Office
City of San Jose, CA

Sue Polys, CGAP
Senior Auditor
City Auditor's Office
City of Kansas City, MO



National Association of Local Government Auditors

July 1, 2004

Alexis Dow, Metro Auditor
Office of the Auditor
600 Northeast Grand Avenue
Portland, Oregon 97232-2736

Dear Ms. Dow,

We have completed a peer review of the Office of the Auditor, Metro for the period June 1, 2001 to May 31, 2004 and issued our report thereon dated July 1, 2004. We are issuing this companion letter to offer observations and a suggestion stemming from our peer review.

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

- Your office has succeeded in attracting and retaining highly qualified, experienced staff members.
- Your office has already revised its policies and procedures manual to ensure compliance with the June 2003 Government Auditing Standards revision.
- Work papers are well organized, accessible and easy to use.

We offer the following suggestion to enhance your organization's demonstrated adherence to government auditing standards:

The Office of the Auditor provides both audit and nonaudit services. The recently amended Government Auditing Standard on Independence changed requirements relating to nonaudit services. The standard identifies two overarching principles that govern the auditor's role and identifies specific elements of a quality control system to ensure compliance with the standard. Your office has already revised its policies and procedures to meet the standard. We suggest that you can further strengthen compliance with the standard by expanding your policies and procedures to identify whether work performed is an audit or nonaudit service, or a routine activity. This will help ensure that work is properly categorized and that the appropriate standards are followed.

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

Sincerely,

Ruth Merino, CISA
Senior Program Performance Auditor
City Auditor's Office
City of San Jose, CA

Sue Polys, CGAP
Senior Auditor
City Auditor's Office
City of Kansas City, MO

Metro

People places • open spaces

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 24 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

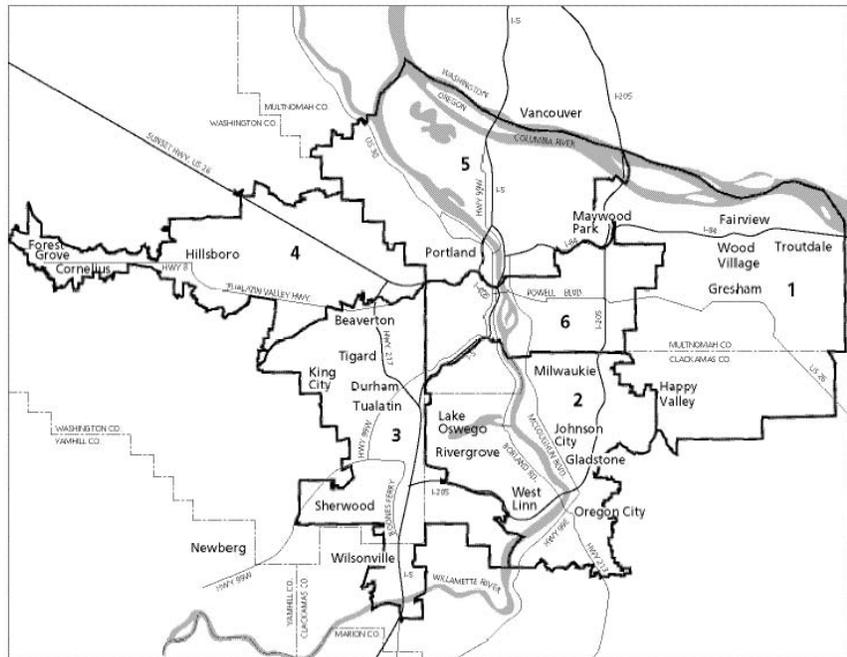
Your Metro representatives

Metro Council President – David Bragdon

Metro Councilors – Rod Park, District 1; Brian Newman, deputy council president, District 2; Carl Hosticka, District 3; Susan McLain, District 4; Rex Burkholder, District 5; Rod Monroe, District 6.

Auditor – Alexis Dow, CPA

Web site: www.metro-region.org



Council districts

You are welcome to keep this copy if it is useful to you.
If you no longer need this copy, you are encouraged to return it to:

Metro Auditor

Metro Regional Center
600 NE Grand Avenue
Portland, OR 97232-2736

If you would like more information about the Office of the Auditor
or copies of past reports, please call

Metro Auditor Alexis Dow, CPA
(503) 797-1891

Metro Auditor Suggestion Hotline:
(503) 230-0600 ♦ MetroAuditor@metro-region.org