



External Quality Control Review

of the
Office of the Metro Auditor
Portland, OR

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



Association of Local Government Auditors

November 5, 2009

Suzanne Flynn
Metro Auditor
600 NE Grand Ave
Portland, OR 97232-2736

Dear Ms. Flynn:

We have completed a peer review of the Office of the Metro Auditor for the period November 1, 2006 through October 31, 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 Metro 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 from November 1, 2006 through October 31, 2009.

We have prepared a separate letter identifying strengths and offering a suggestion to improve your internal quality control system.


Joanne W. Griggs, CPA
Virginia Beach, VA


Debra L. DeVault, CPA, CFE
City of Phoenix, AZ



Association of Local Government Auditors

November 5, 2009

Suzanne Flynn
Metro Auditor
600 NE Grand Ave
Portland, OR 97232-2736

Dear Ms. Flynn:

We have completed a peer review of the Office of the Metro Auditor for the period November 1, 2006 through October 31, 2009 and issued our report thereon dated November 5, 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 Policies and Procedures manual is comprehensive and easy to follow.
- We found consistency in all phases of the audit process from planning the fieldwork through reporting. Staff collaboration and teamwork contributed to producing a quality product.
- The administrative workpapers are well developed. We especially liked the effective use of the *Survey Memo* and the *Development of a Finding Worksheet*.
- Automated workpapers allow for easy referencing of evidence.
- We commend you on the timely implementation of a monitoring process as required by the 2007 revised Government Auditing Standards.


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

The 2007 revised Government Auditing Standards emphasized the requirement that auditors assess the risk of fraud in performing their audit work. We found inconsistencies in following this requirement in the audits we reviewed. During the monitoring process, you identified this as an area that needs improvement.


We suggest that you review your procedures and consider adding more emphasis to evaluating fraud risk in future audits.

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

Sincerely,



Joanne W. Griggs, CPA
Virginia Beach, VA



Debra L. DeVault, CPA, CFE
City of Phoenix, AZ



Suzanne Flynn
Metro Auditor

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Portland, OR 97232-2736
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November 5, 2009

Joanne Griggs, CPA
Peer Review Team Leader
Virginia Beach, VA

Debra DeVault, CPA, CFE
City of Phoenix, AZ

Dear Ms. Griggs and Ms. DeVault:

I have reviewed the report of November 5, 2009 containing the results of your review of my office's operations to determine if we comply with *Government Auditing Standards*. I am pleased that you have found our office in compliance with these standards. The Metro Code requires my office to comply with these standards, so I greatly value your work and this finding.

I found your additional observations, both during the course of the review and those contained in your supplemental letter, as very helpful and gratifying. I especially appreciated your recognition of our workpaper excellence, the consistency of our work, and the implementation of a new monitoring process.

You have suggested that we strengthen our work in the area of assessing the risk of fraud. As you stated, we had already determined this as an area for improvement. We will add more emphasis in our procedures to evaluating the risk of fraud. My staff and I will also increase our efforts to be consistent in applying this new standard.

Thank you for volunteering to participate with the Association of Local Government Auditors in the Peer Review Program. I appreciate your time and dedication to this effort.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Suzanne Flynn'.

Suzanne Flynn
Metro Auditor
