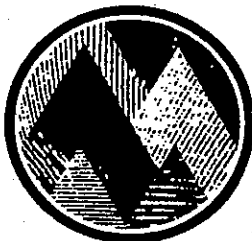


Metro
Office of the Auditor

External Quality Control Review

June 1998

A Report by the Office of the Auditor



METRO

1998-10128-AUD

Alexis Dow, CPA
Metro Auditor



METRO
OFFICE OF THE AUDITOR

June 26, 1998

Councilor Jon Kvistad, Presiding Officer
Councilor Patricia McCaig
Councilor Ruth McFarland
Councilor Susan McLain
Councilor Don Morissette
Councilor Ed Washington
Mike Burton, Executive Officer

Re: Peer review of Office of the Auditor

The accompanying report covers the external quality control review of our office's operations. Professional standards require such a peer review of our operations every three years, and this was the first external quality control review of our office since its inception in 1995.

Auditors affiliated with the National Association of Local Government Auditors conducted the review. Their report is attached and includes several recommendations that we will implement.

The peer reviewers concluded that we comply with government auditing standards in our work. Further, they were impressed with how quickly we formed a well-developed audit function at Metro. We are pleased with the peer reviewers' endorsement of our commitment to the high standards of our profession.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alexis Dow'. The signature is fluid and cursive, with a prominent flourish at the end.

Alexis Dow, CPA
Metro Auditor

AD:ems

NALGA

National Association of Local Government Auditors

June 4, 1998

Alexis Dow, CPA
Office of the Auditor
Metro
Portland, Oregon

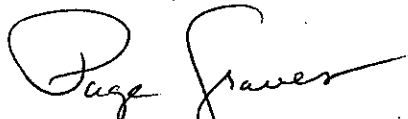
Dear Ms. Dow:

We have completed an external quality control review of the Office of the Auditor, Metro, for audits issued during the period January 3, 1995, through May 31, 1998. In conducting our review, we followed the standards and guidelines contained in the *NALGA Quality Control Review Guide* published in May 1995 by the National Association of Local Government Auditors.


As prescribed by the *NALGA Guide*, we reviewed the internal quality control system of your audit organization and tested a sample of audits conducted by your office for compliance with government auditing standards issued by the Comptroller General of the United States. Due to variance in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

We have concluded from our review that your system of internal quality control was suitably designed and provided reasonable assurance that applicable government auditing standards were followed in your audit work. We have also concluded from the sample of audits tested that your quality controls were working effectively and that audits were conducted in conformance with applicable standards during the period under review.

It is our opinion, therefore, that the Office of the Auditor, Metro, was in compliance with government auditing standards during the period January 1995 through May 1998. We have prepared a separate letter to management which offers suggestions for further strengthening your internal quality controls.



Page Graves
City of Austin, TX



Susan Reed
County of Missoula, MT

NALGA

National Association of Local Government Auditors

June 4, 1998

Ms. Alexis Dow, CPA
Office of the Auditor
Metro
Portland, Oregon

Dear Ms. Dow:

We have completed an external quality control review of the Office of the Auditor, Metro, for audits issued during the period beginning January 3, 1995, and ending May 31, 1998. We have issued a report stating our opinion concerning the Office of the Auditor's overall level of compliance with *Government Auditing Standards, 1994* revision, issued by the Comptroller General of the United States. This letter should be read in conjunction with that report.

In selecting the audit engagements for review, we followed the standards and guidelines contained in the *NALGA Quality Control Review Guide* published in May 1995 by the National Association of Local Government Auditors. We reviewed seven of 14 reports issued during the period reviewed. In addition, we examined some non-audit work produced by the Office of the Auditor.

Overall the review team was favorably impressed with the quality of the reports issued. The Office of the Auditor, through its audit reports and other publications, MetroAudit and AuditReviews, keeps the public well informed about its activities and results. We also commend the organization for its well developed system for follow-up on implementation of audit recommendations.

We noted that your office has many strengths, including your professional expertise and your due professional care. We are pleased with the efforts of the Auditor's Office to continually enhance the quality of its work. However, we offer the following suggestions as possible improvements.



METRO
OFFICE OF THE AUDITOR

June 4, 1998

Page Graves, Assistant City Auditor, Austin, TX
Susan Reed, County Auditor, Missoula, MT

Dear Peer Review Team:

Thank you for the opportunity to review and comment on your quality control review of the Office of the Auditor. I am pleased with your conclusion that my office was in compliance with government auditing standards during the review period, January 1995 through May 1998. In your management letter, you list four recommendations to further enhance the quality of our work. I agree with all four recommendations and will implement them.

We enjoyed working with you and appreciate your suggestions for improvement.

Very truly yours,

A handwritten signature in cursive script that reads "Alexis Dow".

Alexis Dow, CPA
Metro Auditor

AD:ems