Martin Matson
Comptroller

Glenn Steinbrecher, CPA
Deputy Comptroller

Office of the Comptroller

Aycha Sirvanci, CPA
Special Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

October 26, 2015

Honorable Tom Barrett, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

The attached report contains the results of our most recent external quality control review, also known as a peer review. For one week, a team of local government auditors were onsite to assess our quality control system by reviewing our workpapers, policies and procedures and reports, and interviewing staff. The peer review team found that Internal Audit is in full compliance with *Government Auditing Standards* for our audit and non-audit service activities during the period July 1, 2012 through June 30, 2015.

Attached to the report is a companion letter noting areas where our Division excels and a suggestion to enhance our procedures. Following the companion letter is Internal Audit's response.

Successful completion of this review allows us to report that we conduct our audit work in accordance with generally accepted government auditing standards. This provides the auditees and the public with reasonable assurance that each audit meets requirements for quality and independence.

Please contact me if you have any questions about the peer review process or how Internal Audit implements the Government Auditing Standards.

Sincerely,

Stacey Mazmanian, CIA, CGAP
Audit Manager

External Quality Control Review

of the

Internal Audit Division
Milwaukee, WI

Conducted in accordance with guidelines of the

Association of Local Government Auditors

for the period July 2012 through June 2015

Association of Local Government Auditors

October 22, 2015

Stacey Mazmanian
Audit Manager
200 East Well Street Rm 404
Milwaukee, WI 53202

Dear Ms. Mazmanian,

We have completed a peer review of the City of Milwaukee, Internal Audit Division for the period July 1, 2012 through June 30, 2015 and issued our report thereon dated October 22, 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 control procedures
- Reviewing a sample of audits and respective working papers
- Reviewing documents related to independence, training, and development of auditing staff
- Interviewing auditing staff and management, 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 Milwaukee, Internal Audit Division 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 July 1, 2012 through June 30, 2015 time period.

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

Jeffry Phillips, DPA, CFE
Police Performance Auditor IV
Los Angeles Police Department

Ben Hebert, CPA, CFE
Staff Auditor III
City of Shreveport, LA

Rowena Nelson, CFE, CRMA
Head Compliance Officer
Los Angeles County Sheriff's Department

Association of Local Government Auditors

October 22, 2015

Stacey Mazmanian
Audit Manager
200 East Well Street Rm 404
Milwaukee, WI 53202

Dear Ms. Mazmanian,

We have completed a peer review of the City of Milwaukee, Internal Audit Division for the period July 1, 2012 through June 30, 2015 and issued our report thereon dated October 22, 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:

- Continuing Professional Education (CPE) hours exceeded the minimum required government auditing standards with very well maintained supporting documentation and tracking;
- Work papers since the inception of revised policies and procedures (P&P) in 2014 are thorough and complete; and,
- The staff was knowledgeable of their P&P and overall quality control processes within your division.

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

We noted there were audit reports prepared during the peer review scope, which did not contain the required GAGAS statement. As mandated in the Government Auditing Standards, Standards for Use and Application of GAGAS, Chapter 2.23, requires, "When auditors are required to perform an audit in accordance with GAGAS or are representing to others that they did so, they should cite compliance with GAGAS in the auditors' report as set forth in paragraphs 2.24 through 2.25."

Per discussion with management, there was some confusion as to the necessity of including the statement given the results of the prior peer review. To ensure compliance with the standard, all future audit reports must contain the necessary aforementioned statement.

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

Sincerely,

Jeffry Phillips, DPA, CFE
Police Performance Auditor IV
Los Angeles Police Department

Ben Hebert, CPA, CFE
Staff Auditor III
City of Shreveport, LA

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October 22, 2015

Jeffry Phillips, DPA, CFE
Police Performance Auditor IV
Los Angeles Police Department
Los Angeles, CA

Ben Hebert, CPA, CFE
Staff Auditor III
City of Shreveport
Shreveport, LA

Rowena Nelson, CFE, CRMA
Head Compliance Officer
Sheriff's Department
Los Angeles County, CA

Dear Dr. Phillips, Mr. Hebert, and Ms. Nelson:

I have received and reviewed your peer review letter dated October 22, 2015 notifying our office that the Internal Audit Division is in full compliance with *Government Auditing Standards* for our audit and non-audit service activities during the period July 1, 2012 through June 30, 2015. I have also received and reviewed the companion letter noting areas where our Division excels and the suggestion to enhance our procedures.

Peer Review Observation: There were audit reports prepared during the peer review scope, which did not contain the required GAGAS statement. As mandated in the Government Auditing Standards, Standards for Use and Application of GAGAS, Chapter 2.23, requires, "When auditors are required to perform an audit in accordance with GAGAS or are representing to others that they did so, they should cite compliance with GAGAS in the auditors' report as set forth in paragraphs 2.24 through 2.25."

We agree with the observation above. Beginning May 2014, coinciding with the codification of the Internal Audit Charter, Internal Audit has consistently used the GAGAS compliance statement and will continue to do so going forward.

Thank you for the thoughtful feedback. We appreciate your participation in the peer review process and taking the time to visit our office and to review our operations. This report will be communicated to our Mayor and Common Council, and will be made available to the public on our web site.

Sincerely,

Stacey Mazmanian, CIA, CGAP
Audit Manager