



**Internal Audit Division
Peer Review Report**

January 1, 2022 – December 31, 2024

**Bill Christianson
City Comptroller**

**Adriana Molina
Audit Manager**

June 2025

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Bill Christianson, CPFO
Comptroller

Charles Roedel, CPA, CIA
Deputy Comptroller

Toni Biscobing
Special Deputy Comptroller

Richard Bare, CPA
Special Deputy Comptroller

June 17, 2025

Honorable Cavalier Johnson, Mayor
The Members of the Common Council
City of Milwaukee
Milwaukee, WI 53202

Dear Mayor and Council Members:

The attached report communicates the results of our most recent external quality control review, also known as a peer review. For one week, a team of external government auditors were onsite to assess the Internal Audit Division's work papers, policies, procedures, and reporting in accordance to the standards and guidelines contained in the Peer Review Guide for Assessing Conformance with Government Auditing Standards (GAS) published by the Association of Local Government Auditors (ALGA). The peer review team concluded that the City of Milwaukee Internal Audit Division's internal quality control system in place from January 1, 2022 through December 31, 2024 *passed* with noted deficiencies.

The reporting includes a companion letter noting areas where the Internal Audit Division excels including our comprehensive fieldwork matrix and auditor independence assessment. Audit Management's response to the noted deficiencies is attached.

The successful completion of this peer review allows us to report that the Internal Audit Division's work exhibits an outstanding level of quality per standards and conducts its operations autonomously. This provides city leadership, auditees, and the public reasonable assurance that each audit demonstrates objectivity, accuracy, and independence in both fact and appearance.

Please contact me if you have any questions about the peer review process and how the Internal Audit Division implements and maintains compliance with GAS.

Sincerely,

A handwritten signature in blue ink that reads "Adriana Molina".

Adriana Molina, CPA
Audit Manager



Association of Local Government Auditors

May 21, 2025

Adriana Molina, Audit Manager
200 East Wells St. Room 404
Milwaukee, WI 53202

Dear Adriana,

We have completed a peer review of the City of Milwaukee Office of the City Comptroller Audit Division for the period January 1, 2022, and December 31, 2024. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with Government Auditing Standards* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests to determine whether your internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of engagements and working papers.
- Reviewing documents related to the independence, training, and development of auditing staff.
- Interviewing auditing staff and management.

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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The City of Milwaukee Office of the City Comptroller Audit Division has received a rating of pass with deficiencies.

We noted the following deficiencies in your internal quality control system that resulted in noncompliance with aspects of *Government Auditing Standards* and make the following recommendations to help your organization achieve full compliance with *Government Auditing Standards*:

- Standard 8.91 states, "In assessing the appropriateness of evidence, auditors should assess whether the evidence is relevant, valid, and reliable." The five audits reviewed lacked evidence that data provided by auditees was validated for accuracy and reliability.

We recommend validating the accuracy and reliability of data used as evidence.

- Standard 9.13 states, "In describing the work performed to address the audit objectives and support the reported findings and conclusions, auditors should, as applicable, explain the relationship between the population and the items tested; identify entities, geographic locations, and the period covered; report the kinds and sources of evidence; and explain any significant limitations or uncertainties based on the auditors' overall assessment of the sufficiency and appropriateness of the

evidence in the aggregate.” Four of the five audits reviewed did not include the population size or the relationship between the sample tested and the population.

We recommend adding the population size and describing the relationship of the sample tested to the population to give the reader a clear picture of the work completed.

- Standard 9.14 states, “In reporting audit methodology, auditors should explain how the completed audit work supports the audit objectives, including the evidence-gathering and evidence-analysis techniques, in sufficient detail to allow knowledgeable users of their reports to understand how the auditors addressed the audit objectives. Auditors should identify significant assumptions made in conducting the audit; describe comparative techniques applied; describe the criteria used; and, when the results of sample testing significantly support the auditors’ findings, conclusions, or recommendations, describe the sample design and state why the design was chosen, including whether the results can be projected to the intended population.” The five reports reviewed did not state the sample design, why the design was used, or if findings could be projected to the intended population.

We recommend including the sample design, explaining why it was used, and stating whether the results can be projected to the intended population.

- Standard 9.19 states, “Auditors should report conclusions based on the audit objectives and the audit findings.” We noted two audit reports with different findings from the audit workpapers.

We recommend referencing the draft report as recommended by guidance 9.17 a. which states, “Referencing is a process in which an experienced auditor who is independent of the audit checks that statements of facts, figures, and dates are correctly reported; the findings are adequately supported by the evidence in the audit documentation; and the conclusions and recommendations flow logically from the evidence.” Referenced reports would allow the reviewer to verify that the audit findings reported agree with the supporting documentation.

Based on the results of our review, it is our opinion that, except for the deficiencies noted above, the City of Milwaukee’s internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for engagements during the period January 1, 2022, and December 31, 2024

We have prepared a separate letter providing other findings and recommendations for strengthening your internal quality control system.



Cristina Preciado, CIA, CFE
City of Phoenix, City Auditor Department



Felix Luna, CFE
Clark County, NV Audit Department



Association of Local Government Auditors

May 21, 2025

Adriana Molina, Audit Manager
200 East Wells Street
Milwaukee, WI 53202

Dear Ms. Adriana Molina,

We have completed a peer review of the City of Milwaukee, Internal Audit Division for the period January 1, 2022 – December 31, 2024, and issued our report thereon dated May 21, 2025. We are issuing this companion letter to offer certain findings and recommendations stemming from our peer review.

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

- Audit workpapers are well organized and easy to follow.
- The fieldwork matrix is comprehensive and facilitates the identification and testing of internal controls. It also allows for the development of audit findings as they relate to the audit objectives. This is a valuable tool for new and seasoned auditors.
- The auditor independence assessment process is well documented. The office uses a standardized form that identifies various potential threats to independence.

We offer the following findings and recommendations to help your organization achieve full compliance with *Government Auditing Standards*:

- Standard 8.135 requires auditors to document the objectives, scope, and methodology of the audit; the work performed and evidence obtained to support significant conclusions; and supervisory review, before the audit report is issued, of the evidence. We found one project where the fieldwork was reviewed after the project report was issued. While this was an isolated issue, the past peer review also had this finding.

We recommend creating a process to ensure that auditors and managers who leave the organization document their work completed before their last day.

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

Sincerely,



Cristina Preciado, CIA CFE
City of Phoenix, City Auditor
Department



Felix Luna, CFE
Clark County NV Audit Department



Bill Christianson, CPFO
Comptroller

Charles Roedel, CPA, CIA
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Richard Bare, CPA
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May 21, 2025

Cristina Preciado, CIA, CFE, AAAE C.M.D
Deputy City Auditor
City of Phoenix
140 N. 3rd Ave.
Phoenix, AZ 85003

Felix Luna, CFE
Principal Auditor
Clark County, Nevada – Audit Department
500 Sough Grand Central Parkway, 5th Floor
Las Vegas, NV 89155

Dear Ms. Preciado and Mr. Luna:

We have reviewed your external quality control review report dated May 21, 2025. We are pleased that the independent peer review team concluded that the City of Milwaukee Internal Audit Division's internal quality control system in place from January 1, 2022 through December 31, 2024 passed with deficiencies.

In our efforts to continuously improve, we acknowledge and accept the noted deficiencies and recommendations to adhere to Government Auditing Standards, and provide the following responses:

1. For Standard 8.91 - The Internal Audit Division will add a requirement in our policies and procedures to validate completeness and accuracy of source data and document when and why data limitations exists within audits.
2. For Standard 9.13 – Internal Audit will document and retrain the team on adding the population size and describing the relationship of the sample tested to the population to give the reader a clear picture of the work completed within the audit file.
3. For Standard 9.14 – Internal Audit will update the Audit Reports to include language that includes the sample design, explaining why the population was used, and stating whether the results can be projected to the intended population.
4. For Standard 9.19 – Internal Audit will create an audit report referencing process where an experienced auditor who is independent of the audit will validate that the statements of facts, figures, and dates are correctly reported; the findings are adequately supported by the evidence in the audit documentation; and the conclusions and recommendations flow



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logically from the evidence. We will also update our Audit Manual and relevant templates to include this review.

We thank the peer review team for their professionalism, time, efforts, expertise, thorough review, and fairness. The City of Milwaukee Internal Audit Division will continue to benefit greatly from the peer review team's feedback and the ALGA peer review process.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adriana Molina".

Adriana Molina, CPA
Audit Manager