



External Quality Control Review

of the
City of Fort Worth
Department of Internal Audit

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period January 1, 2014
through December 31, 2016



Association of Local Government Auditors

June 8, 2017

Ms. Patrice Randle
City Auditor
City of Fort Worth
1000 Throckmorton Street
Fort Worth, Texas 76102

Dear Ms. Randle,

We have completed a peer review of the City of Fort Worth Department of Internal Audit for the period January 1, 2014 through December 31, 2016. 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).

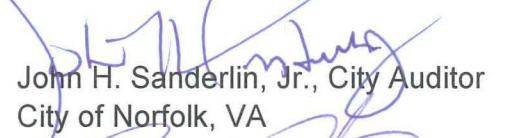
We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures
- Reviewing internal monitoring procedures
- Reviewing a sample of audits and 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 Fort Worth Department of Internal Audit'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 January 1, 2014 through December 31, 2016.


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



John H. Sanderlin, Jr., City Auditor
City of Norfolk, VA



Richard Siu, Assistant City Auditor
City of Dallas, TX



Olaniyi Oyedele, Assistant City Auditor
City of Houston, TX



Association of Local Government Auditors

June 8, 2017

Ms. Patrice Randle
City Auditor
City of Fort Worth
1000 Throckmorton Street
Fort Worth, Texas 76102

Dear Ms. Randle,

We have completed a peer review of the City of Fort Worth Department of Internal Audit for the period January 1, 2014 through December 31, 2016 and issued our report thereon dated June 8, 2017. 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 office is well respected and provides value to the City of Fort Worth.
- The City Auditor has made great strides to build a strong professional team and environment.
- The office has done a tremendous job in aligning daily operations with Generally Accepted Government Auditing Standards (GAGAS).
- The City Auditor and staff exhibit a high level of dedication.
- The office performs audits which result in significant cost recoveries, cost savings and revenue enhancements.

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

- Standard 3.82(b) requires audit organizations performing audits in accordance with GAGAS to have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years. Similarly, Standard 3.96 states the audit organization is to obtain an external peer review at least once every 3 years that is sufficient in scope to provide a reasonable basis for determining whether, for the period under review, the reviewed audit organization's system of quality control was suitably designed and whether the audit organization is complying with its quality control system in order to provide the audit organization with reasonable assurance of conforming with applicable professional standards.

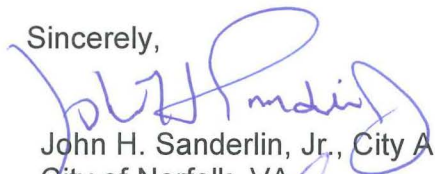
There was a gap in the peer review coverage from January 1, 2008 to December 31, 2013. The City of Fort Worth Department of Internal Audit's peer review should have taken place by September 30, 2011, for the period of January 1, 2008 through December 31, 2010 and September 30, 2014, for the period January 1, 2011 through December 31, 2013. The deadline passed prior to the hiring of the current City Auditor and management has made an assessment

that the work and report issued during this period was not in accordance with GAGAS due to this lapse in completing peer reviews.


We recommend that the Department of Internal Audit ensures going forward an external peer review is conducted every three years.

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

Sincerely,



John H. Sanderlin, Jr., City Auditor
City of Norfolk, VA



Richard Siu, Assistant City Auditor
City of Dallas, TX



Olaniyi Oyedele, Assistant City Auditor
City of Houston, TX



June 8, 2017

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Re: ALGA Yellow Book Peer Review of the City of Fort Worth's Department of Internal Audit

Dear Mr. Sanderlin, Jr., Mr. Oyedele and Mr. Siu:

Thank you for dedicating your time to conduct a peer review of the City of Fort Worth's Department of Internal Audit. We appreciate your efforts and concur with conclusions noted in the management letter dated June 8, 2017.

The purpose of a peer review is to ensure that Internal Audit is complying with departmental policies and procedures, and has a quality control process in place to ensure compliance with Generally Accepted Government Auditing Standards (GAGAS). As a result of a November 2013 leadership change, current Internal Audit administration identified deficiencies when reviewing work papers and audit reports dated back to January 1, 2011. Internal Audit management, therefore, considered three options related to peer review.

- *Option One:* January 1, 2011 through December 31, 2013
- *Option Two:* January 1, 2012 through December 31, 2014
- *Option Three:* January 1, 2014 through December 31, 2016

In December 2013, after consulting with the Association of Local Government Auditors, the City Auditor recommended to the Audit Committee that the City of Fort Worth have the peer review for the three years ending December 31, 2016. This three-year timeframe was recommended to allow a peer review of work performed in compliance with GAGAS. Although a peer review was not performed as required, the City of Fort Worth complied with GAGAS by including an audit report disclaimer, stating a peer review had not been completed. Going forward, the Department of Internal Audit intends to have peer reviews at least once every three years, as required.

Again, thank you for your time, expertise, professionalism and constructive feedback.

Sincerely,

Patrice Randle, City Auditor
City of Fort Worth

OFFICE OF CITY AUDITOR

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