



External Quality Control Review

City of Memphis Internal Audit Service Center

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

for the period of January 1, 2014 through December 31,
2016



Association of Local Government Auditors

June 29, 2017

Ms. Debbie Banks, City Auditor
City of Memphis, Internal Audit Service Center
Room 536, 125 North Main Street
Memphis, TN 38103-2089

Dear Ms. Banks,

We have completed a peer review of the City of Memphis Internal Audit Service Center for the period January 1, 2014 to 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 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. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and non-audit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff 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 Memphis Internal Audit Service Center's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit engagements during the period January 1, 2014 to December 31, 2016.

Lyndon S. Remias
City Auditor
City of Virginia Beach

Kyle Sutherland
Senior Internal Auditor
City of Charlotte



Association of Local Government Auditors

June 29, 2017

Ms. Debbie Banks, City Auditor
City of Memphis, Internal Audit Service Center
Room 536, 125 North Main Street
Memphis, TN 38103-2089

Dear Ms. Banks,

We have completed a peer review of the City of Memphis Internal Audit Service Center for the period January 1, 2014 to December 31, 2016 and issued our report thereon dated June 29, 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:

- Audits and engagements issued during the review period were of high quality and added value to the operations of the City.
- Workpapers were well organized and easy to follow.
- A robust and comprehensive Policies and Procedures Manual that was easy to follow and provides specific guidance to the Audit Staff to further enhance their ability to adhere to Government Auditing Standards.

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

Standard 5.01 – *Auditors performing attestation engagements in accordance with Generally Accepted Government Auditing Standards (GAGAS) should comply with the American Institute of Certified Public Accountants (AICPA) general attestation standard on criteria, the field work and reporting attestation standards, and the corresponding statements on standards for attestation engagements (SSAE), which are incorporated in this chapter by reference.*

In our review of the attestation engagements performed we determined that the final report did not contain all the required language as specified in the SSAE. Specifically, using the word Independent in the title, explicitly stating the responsible party, and a statement restricting the use of the report to specified parties.

We recommend that procedures be developed and/or revised to ensure that all future attestation reports are in compliance with the AICPA reporting attestation standards.

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

Sincerely,

Lyndon S. Remias
City Auditor
City of Virginia Beach, VA

Kyle Sutherland
Senior Internal Auditor
City of Charlotte, NC



JIM STRICKLAND
MAYOR

EXECUTIVE DIVISION

June 29, 2017

Mr. Lyndon Remias, CPA, CIA, CRMA, CGAP
City Auditor
City of Virginia Beach
2401 Courthouse Drive, Building 1, Room 343
Virginia Beach, VA 23456

Mr. Kyle Sutherland, CPA
Senior Internal Auditor
City of Charlotte
600 East Fourth Street
Charlotte, NC 28202

Gentlemen:

On behalf of the City of Memphis, I would like to thank you, as well as the Association of Local Government Auditors, for the time and effort spent performing our Internal Audit Service Center's quality control (peer) review for the period January 1, 2014 through December 31, 2016.

We appreciate the suggestions offered to improve our operational efficiencies. In response to your management letter dated June 29, 2017, we will revise our policies and procedures pertaining to attestation engagements to ensure compliance with the American Institute of Certified Public Accountants (AICPA). More specifically, we will ensure that our reports contain the required language as specified in the corresponding statements on standards for attestation engagements (SSAE).

Again, we appreciate you sharing your vast knowledge of Generally Accepted Government Auditing Standards (GAGAS) and extensive audit experience to help us enhance our service to the City of Memphis.

Sincerely,

A handwritten signature in blue ink, appearing to read "Debbie Banks".

Debbie Banks, CFE, CICA, CMFO
City Auditor