BERKELEY CITY AUDITOR

30

INFORMATION CALENDAR
April 15, 2025

To: Honorable Mayor and Members of the City Council

From: Jenny Wong, City Auditor JW

Subject: City Auditor's Office 2024 Peer Review Results

INTRODUCTION

The Association of Local Government Auditors (ALGA) has again issued an opinion that the City Auditor's Office's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for the period of November 1, 2021 to October 31, 2024.

CURRENT SITUATION AND ITS EFFECTS

Auditors from Washington County, OR and Jackson County, OR completed an External Quality Control Review (peer review) of our internal quality control system. They followed the *ALGA Peer Review Guide* standards and guidelines in examining our system, including our efforts for ongoing monitoring and improvement.

The peer reviewers examined three audits from the peer-review period. They also reviewed a selection of our non-audit service assessments in which we evaluated the impact of those services on our audits and identified safeguards for maintaining independence. It is in the opinion of the peer review team that our internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for the period of November 1, 2021 to October 31, 2024.

Strengthening Auditor Accountability and Oversight

The peer reviewers noted one area where our office can strengthen our internal control systems. The Payroll Audit Division is part of the City Auditor's office and performs important payroll functions. Audits require independence and the reviewers noted that due to independence issues, we are unable to conduct performance audits of payroll, which is an important city function. To ensure that the Payroll Audit Division operates effectively and complies with relevant standards, our office has periodically requested independent external

audits of the Division. There is currently an audit in progress that is due to be released later this year.

City Auditor's Office Areas of Excellence

The peer review team recognized our commitment to a high-standard of audit quality by identifying areas in which we excel:

- The office has an excellent tone at the top, and they were particularly impressed with the office's dedication to continuous improvement, staff support, and positive supervision.
- The office has very qualified audit staff and has ensured their skills are maintained though training.
- Audit workpapers were very organized and audit procedures were well documented and effectively indexed. They particularly appreciated that we develop an understanding of the needs of diverse stakeholders when conducting our audits.

The efforts of many led to the peer reviewer's positive opinion and our ability to demonstrate a commitment to audit excellence. I would like to thank the following for their current and past contributions:

- Ann-Marie Hogan, Former City Auditor whose unwavering belief in the value of *Government Auditing Standards* provided continuous support of a well-designed and effective internal quality control system.

- I would also like to thank my staff: Erin Mullin, Whistleblower Program Manager; Caitlin Palmer, Audit Manager; Pauline Miller, Auditor II; Kendle Kuechle, Auditor II; and Katie Wysong, Auditor I.

BACKGROUND

The Berkeley City Charter requires our audits to be performed in accordance with government auditing standards and those standards require that we undergo a peer review every three years. The City Auditor's Office has consistently passed peer reviews since its first review in 1997.

Government Auditing Standards help ensure that government auditors maintain competence, integrity, objectivity, and independence in planning, conducting, and reporting their work. Auditors enhance their credibility by following standards so their work leads to improved government management, decision making, and oversight.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The peer review team maintained workpapers in electronic format, which greatly reduced the use of paper and ink. There are no other identifiable environmental effects or opportunities associated with the subject of this report.

POSSIBLE FUTURE ACTION

We will explore ways to address the challenge raised by the peer reviewers to allow for future audits of payroll in compliance with the *Government Auditing Standards*.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

None known at this time.

CONTACT PERSON

Jenny Wong, City Auditor (510) 981-6750

Attachments:

1: 2024 External Quality Control Review of the Berkeley City Auditor's Office Final Report

External Quality Control Review

of the

Berkeley City Auditor's Office

Conducted in accordance with guidelines of the

Association of Local Government Auditors

for the period November 1, 2021 to October 31, 2024

Association of Local Government Auditors

February 26, 2025

Ms. Jenny Wong
Berkeley City Auditor
2180 Milvia Street, 3rd Floor
Berkeley, CA 94704

Dear Ms. Wong,

We have completed a peer review of the Berkeley City Auditor's Office for the period November 1, 2021 to October 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 independence, training, and development of auditing staff.
- Interviewing audit 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The City of Berkeley Auditor's Office has received a rating of pass.

Based on the results of our review, it is our opinion that the Berkeley City Auditor's Office'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 November 1, 2021 through October 31, 2024.

We have prepared a separate letter providing findings and recommendations to further strengthen your internal quality control system.

Kristine Adams-Wannberg
County Auditor
Washington County, Oregon

Nicole Rollins
County Auditor
Jackson County, Oregon