



External Quality Control Review

of the

OFFICE OF THE COMPTROLLER – AUDIT SERVICES DIVISION – MILWAUKEE COUNTY

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

for the period **July 1, 2016 to June 30, 2019**



Association of Local Government Auditors

November 18, 2021

Jennifer L. Folliard, Director of Audits
Milwaukee County Office of the Comptroller
Audit Services Division,
633 W. Wisconsin Avenue, Suite 904
Milwaukee, WI 53203

Dear Ms. Folliard,

We have completed a peer review of the Office of the Comptroller – Audit Services Division – Milwaukee County for the period July 1, 2016, through June 30, 2019. In accordance with generally accepted government auditing standards peer review requirements, 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 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:

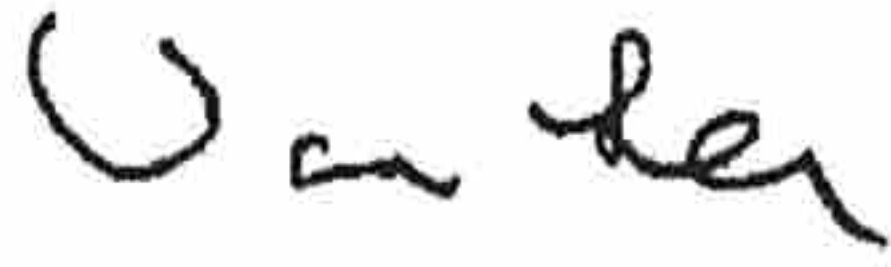
- Reviewing the audit organization's written policies and procedures;
- Reviewing internal monitoring procedures;
- Reviewing a sample of audit engagements and working papers;
- Reviewing documents related to independence, training, and development of auditing staff;
- Reviewing documents related to staff experience, education, and the hiring process; and,
- 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Office of the Comptroller – Audit Services Division – Milwaukee County has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Milwaukee County Office of the Comptroller Audit Services Division'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 audits during the period from July 1, 2016, through June 30, 2019.

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

Sincerely,



Van Lee, MBA, CRMA, CICA
City and County of Honolulu



Aaron Cook, MPA, MAcc, CIA, CISA, CISSP,
CGA, PCI ISA, CRMA, ABCB
City of Phoenix



Association of Local Government Auditors

November 18, 2021

Jennifer L. Folliard, Director of Audits
Milwaukee County Office of the Comptroller
Audit Services Division,
633 w. Wisconsin Avenue, Suite 904
Milwaukee, WI 53203

Dear Ms. Folliard,

We have completed a peer review of the Office of the Comptroller – Audit Services Division (ASD) – Milwaukee County for the period July 1, 2016, through June 30, 2019. 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 ASD's management and staff are highly qualified and professional. Management in particular exhibits the leadership, motivation, and skills necessary to ensure the production of quality reports under the unusual conditions in response to the current pandemic.
- The Quality Assurance (QA) Review process – As described in the division's Policy and Procedure (Section 2900 - Audit Process), a QA Review is conducted following the production of a cross-referenced draft report. An audit compliance manager and others not on the audit team meet with the audit team to review selected important conclusions from the report and the working papers to ensure the evidence is adequate. In talking to staff, they appreciate the immediate feedback and explanation this process provides. They noted that it allows them to more fully understand why and how they are following *Government Auditing Standards*. Further, the final QA Review Checklist helps to ensure that key tasks and processes were followed.
- Communication during Virtual Work – In talking to staff, they noted that frequent virtual meetings and regular contact points have allowed them to feel connected to ASD even while not being able to be in-person at the office. Newer staff particularly appreciated the use of Microsoft Teams to allow them to easily and quickly ask questions and receive guidance from team members throughout the audit process.
- Working papers are well organized, thorough, and complete.

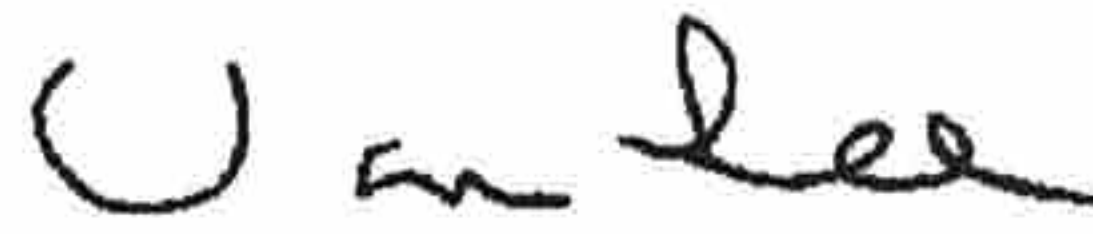
We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

GAS 7.19 states, *Auditors should include in the audit report (1) the scope of their work on internal control and (2) any deficiencies in internal control that are significant within the context of the audit objectives and based upon the audit work performed.* In our review of engagements, we did not find evidence in the reports, and in particular Exhibit 1 of the report covering audit scope and methodology, that the reporting requirement for internal controls was met. Inclusion of GAS 7.19 requirements are not noted in Policies and Procedures Section 3110, General Report Format. In accordance with GAS 2.15b, auditors and audit organizations must comply with GAS 7.19, which is a presumptively mandatory requirement. Although outside of the scope of this peer review, we reviewed the Policy and Procedures manual updated to reflect the 2018 Yellow Book. We are pleased to note that Policies and Procedures Section 2600 has been updated to reflect the 2018 Yellow Book requirements for internal control, but that this is still not reflected

in Section 2110, General Report Format. We further reviewed the more recently issued reports from ASD and found that Exhibit 1, audit scope and methodology, are similar to the reports covered during the peer review period and do not address GAS 7.19 (GAS 9.25 of 2018 Yellow Book). We recommend that the Audit Services Division, take necessary steps to ensure that reports comply with requirements of GAS 7.19.

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

Sincerely,



Van Lee, MBA, CRMA, CICA
City and County of Honolulu



Aaron Cook, MPA, MAcc, CIA, CISA, CISSP, CGA,
PCI ISA, CRMA, ABCB
City of Phoenix



Office of the Comptroller
Audit Services Division

Milwaukee County

Jennifer L. Folliard
Molly Pahl

- Director of Audits
- Deputy Director of Audits

November 18, 2021

Mr. Van Lee
Audit Manager
Office of the City Auditor
City and County of Honolulu
1001 Kamokila Blvd., Suite 216
Kapolei, Hawaii 96707

Dear Mr. Lee,

On behalf of the entire staff of the Milwaukee County Office of the Comptroller – Audit Services Division, I would like to acknowledge the professionalism and courtesy exhibited by you and Mr. Aaron Cook during this engagement. Your review was both comprehensive and thorough. The management team is especially appreciative of the kind remarks expressed in your management letter.

We concur with the suggestion contained in the management letter. Specifically:

Comment

GAS 7.19 states, Auditors should include in the audit report (1) the scope of their work on internal control and (2) any deficiencies in internal control that are significant within the context of the audit objectives and based upon the audit work performed. In our review of engagements, we did not find evidence in the reports, and in particular Exhibit 1 of the report covering audit scope and methodology, that the reporting requirement for internal controls was met. Inclusion of GAS 7.19 requirements are not noted in Policies and Procedures Section 3110, General Report Format. In accordance with GAS 2.15b, auditors and audit organizations must comply with GAS 7.19, which is a presumptively mandatory requirement. Although outside of the scope of this peer review, we reviewed the Policy and Procedures manual updated to reflect the 2018 Yellow Book. We are pleased to note that the Policies and Procedures Section 2600 has been updated to reflect the 2018 Yellow Book requirements for internal control, but this is still not reflected in Section 2110, General Report Format. We further reviewed the more recently issued reports from ASD and found that Exhibit 1, audit scope and methodology, are similar to the reports covered during the peer review period and do not address GAS 7.19 (GAS 9.25 of 2018 Yellow Book). We recommend that the Audit Services Division, take necessary steps to ensure that reports comply with requirements of GAS 7.19.

Response

We concur with the comment regarding GAS 7.19 provided to our Division. Our procedures and reporting will be modified to address it.

Mr. Van Lee, Audit Manager
November 18, 2021
Page 2

Thank you for your efforts. Your observations and suggestions are constructive and are appreciated.

Sincerely,



Jennifer L. Folliard
Director of Audits

JLF/cah

cc: Aaron Cook, City of Phoenix
Scott B. Manske, CPA, Milwaukee County Comptroller