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# External Quality Control Review

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of the  
City of Detroit  
Office of the Auditor General

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period of July 1, 2020, through June 30, 2023

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## Association of Local Government Auditors

August 3, 2023

Ms. Laura Goodspeed, Auditor General  
Office of the Auditor General  
Coleman A. Young Municipal Center  
2 Woodward Ave., Suite 216  
Detroit, MI 48226

Dear Ms. Goodspeed:

We have completed a peer review of the City of Detroit, Office of the Auditor General for the period July 1, 2020, through June 30, 2023. 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 and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee 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. City of Detroit, Office of the Auditor General has received a rating of pass.

Further, based on the results of our review, it is our opinion that the City of Detroit, Office of the Auditor General'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 review period of July 1, 2020, through June 30, 2023.

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

Jon Goodman, CPA, CFE  
Chief Auditor, Public School District  
Team Leader

John M. Garcia, CPA  
Chief Audit Executive, Transportation Authority  
Team Member



## **Association of Local Government Auditors**

August 3, 2023

Ms. Laura Goodspeed, Auditor General  
Office of the Auditor General  
Coleman A. Young Municipal Center  
2 Woodward Ave., Suite 216  
Detroit, MI 48226

Dear Ms. Goodspeed:

We have completed a peer review of the City of Detroit, Office of the Auditor General, for the period July 1, 2020, through June 30, 2023, and issued our report thereon dated August 3, 2023. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

Two notable strengths of the Office include:

- The Office of the Auditor General retains robust structural independence in accordance with Government Auditing Standards in its reporting directly to the City's elected City Council. This structural independence allows the Office to best serve the residents of Detroit in terms of accountability for the use of public resources in an effective, efficient, and equitable manner.
- The current leadership of the Office, including the Auditor General, Deputy Auditor General, and Chief Auditor are soundly experienced, knowledgeable, and qualified. Also, staff possesses substantial professional certifications, including Certified Public Accountant, Certified Internal Auditor, Certified Government Auditing Professional, Certified Information Systems Auditor, Certified Risk Management Auditor, and Certified Project Manager.

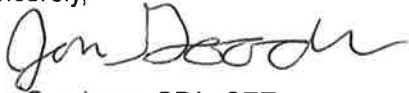
We offer the following observations and suggestions to enhance your organization's demonstrated adherence to Government Auditing Standards:

- Standard 4.16 refers to requirements and guidance for Continuing Professional Education (CPE) for auditors. While the employees tested ultimately provided evidence of requisite CPE earned during the applicable periods, opportunities exist for improvement in the documenting, tracking, and monitoring of CPE for staff. Therefore, we recommend that the office enhance and formalize its processes in the stated area.
- Standard 3.64 refers to the provision of nonaudit services to an audited entity, and addresses the potential of corresponding threats to auditor independence. The City's charter and related ordinances assign certain functions to the Office of the Auditor General that would not typically fall under the audit role and/or could provide a threat to the Office's independence. Examples include: adjudicating small, appealed claims against the City; contributing to the determination of tow rates; and chairing the Police and Fire Cost Recovery Review Committees. Based on our review, the Office did not perform any nonaudit services that would pose a threat to independence during the peer review period. However, some of the functions statutorily assigned to the Office could pose a threat to independence should they actually be performed. The Auditor General recently reviewed

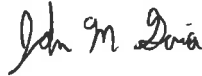
all of its statutory responsibilities for relevance and appropriateness. We recommend that the Office work with the City Council and its Legislative Policy Division to revise and/or remove those functions deemed inappropriate or no longer relevant to the Office's function.

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

Sincerely,



Jon Goodman, CPA, CFE  
Chief Auditor, Public School District



John M. Garcia, CPA  
Former Chief Auditor, Public Transportation



## Office of the Auditor General

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August 3, 2023

Association of Local Government Auditors  
Peer Review Team

Jon Goodman, Chief Auditor, Miami-Dade County Public Schools (Team Leader)  
John Garcia, CPA

Dear ALGA Peer Review Team,

Thank you for the opportunity to respond to your Internal Quality Control System report on the City of Detroit's Office of the Auditor General's compliance with Government Auditing Standards for the period of July 1, 2020 through June 30, 2023. Our office values your participation in the Association of Local Government Auditors (ALGA) peer review program and would like to express our appreciation for having the peer review members conduct this review. The peer review team was very helpful in identifying improvements for our department and they were very professional interacting with staff members.

I am very pleased to learn that your team concluded that the Office of the Auditor General (OAG) was adequately designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards and issued a PASS rating. I have reviewed your report and agree with its conclusion and recommendations.

In addition, your team noted the following strengths during the review:

- The Office of the Auditor General retains robust structural independence in accordance with Government Auditing Standards in its reporting directly to the City's elected City Council. This structural independence allows the Office to best serve the residents of Detroit in terms of accountability for the use of public resources in an effective, efficient, and equitable manner.

- The current leadership of the Office, including the Auditor General, Deputy Auditor General, and Chief Auditor are soundly experienced, knowledgeable, and qualified. Also, staff possesses substantial professional certifications, including Certified Public Accountant, Certified Internal Auditor, Certified Government Auditing Professional, Certified Information Systems Auditor, Certified Risk Management Auditor, and Certified Project Manager.

I greatly appreciate your observations about the Office of the Auditor General's commitment to independence and the high level of experience and knowledge of staff.

In response to the observations and suggestions to enhance our organization's demonstrated adherence to the Government Auditing Standards, our office commits to the following:

1. Standard 4.16 refers to requirements and guidance for Continuing Professional Education (CPE) for auditors. While the employees tested ultimately provided evidence of requisite CPE earned during the applicable periods, opportunities exist for improvement in the documenting, tracking, and monitoring of CPE for staff. Therefore, we recommend that the office enhance and formalize its processes in the stated area.

**OAG Response:**

The recommendation will be implemented. Our office understands the importance of meeting this requirement and will enhance the documenting, tracking, and monitoring of CPE's for staff. Our office has implemented revised policies and procedures effective July 2023 to better monitor and track staff completed CPE's.

2. Standard 3.64 refers to the provision of nonaudit services to an audited entity and addresses the potential of corresponding threats to auditor independence. The City's charter and related ordinances assign certain functions to the Office of the Auditor General that would not typically fall under the audit role and/or could provide a threat to the Office's independence. Examples include adjudicating small, appealed claims against the City; contributing to the determination of tow rates; and chairing the Police and Fire Cost Recovery Review Committees. Based on our review, the Office did not perform any nonaudit services that would pose a threat to independence during the peer review period. However, some of the functions statutorily assigned to the Office could pose a threat to independence should they actually be performed. The Auditor General recently reviewed all of its statutory responsibilities for relevance and appropriateness. We recommend that the Office work with the City Council and its Legislative Policy Division to revise and/or remove those functions deemed inappropriate or no longer relevant to the Office's function.

**OAG Response:**

This recommendation will be implemented. In June 2023, we shared the review of our statutory responsibilities with the Director of the City's Legislative Policy Division (LPD), highlighting the questionable responsibilities mentioned above. The Director approved us to work through LPD, as a pathway to City Council as we revise and/or remove those items that we feel are no longer relevant and/or appropriate for the Office of the Auditor General.

Respectfully submitted,

*Laura Goodspeed*

Laura Goodspeed, CPA  
Auditor General