Winnipeg
Audit Department • Service de vérification

December 12, 2016

Lori Brooks, City Auditor, Arlington, TX
Jane Ying, Assistant Auditor General, Toronto, ON, Canada

Lori and Jane,

I would like to extend my sincere gratitude for your time and service in providing our first independent peer review of the City of Winnipeg Audit Department. I am also pleased that you have provided us with your professional opinion that you have found our office to be in compliance with *Government Auditing Standards* for the period of January 1, 2015 to November 30, 2016. The report you have provided shows that the audits we perform and the overall quality control system we have created have been found to comply with what we consider to be an excellent and rigorous standard of service. We are honoured to join our colleagues from the Toronto Auditor General's Office in being the only municipal auditing offices in Canada that have obtained peer reviews in accordance with *Government Auditing Standards*.

I have reviewed the associated management report you have provided to us and would like to thank you for your recognition of the areas in which you believe our office excels. Our audit files have been carefully mapped to *Government Auditing Standards* and the auditing standards published by CPA Canada to ensure that we provide the highest quality of service that we can to our clients. We also strive to present our reports in a fashion that will best communicate our findings to our clients and to the public. But none of this is possible without the ongoing dedication and creativity of our professional staff on whom we rely every day for our success. Thank you for also recognizing them in your report.

I also appreciate that your team has provided us recommendations for improvement on areas where we can enhance our adherence to *Government Auditing Standards*; this advice is why we have requested the peer review and where we find a great amount of value in the peer review process. As this peer review report is made public by our organization, I would like to take the opportunity to respond to each finding individually for the benefit of those who may not be familiar with our operations, or with *Government Auditing Standards*.

I agree with the recommendation that our Audit Manual should be more concretely aligned with the guidance of *Government Auditing Standards* in relation to continuing professional education (CPE) requirements. While all of our audit staff are Chartered Professional Accountants, and are required to obtain and report on the same number of required CPE hours with CPA Manitoba, our process has been to rely on the CPA Manitoba requirements to guide our staff in the CPE that should be obtained. We recognize that CPA Manitoba does not have the same requirement to obtain a minimum number of CPE hours in government auditing and environment as *Government Auditing Standards* does, and appreciate the recommendation to provide greater clarity to our staff on what types of CPE should be pursued.

I appreciate that you have recognized that our audit working paper files have been meticulously mapped to *Government Auditing Standards* to ensure that our audits meet the standards in all regards. Our former approach has been to format our audit file templates in a way that guides our staff in the standards relating to audit engagements, and to format our Audit Manual in a way that guides our staff on all of the standards that are not included in an audit engagement. We agree that providing the language of *Government Auditing Standards* relating to audit engagements in our Audit Manual will provide more clarity to our staff, and also recognize that these standards should be better communicated outside of both the Audit Manual and the audit file templates.

I agree with the recommendation to complete an annual monitoring process for the department as a whole to identify systemic or repetitive issues that require improvements. Our past approach had been to complete a post-project review to document our critical assessment of our work and the lessons learned in each engagement, which we would supplement with informal conversations of what should be improved based on go forward basis. We agree that formalizing the process will bring us into better adherence to the standards and will integrate this process into our annual audit planning process.

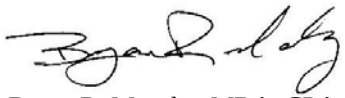
I agree with the recommendation that the views of responsible officials should be obtained and reflected in all of our attestation engagements where recommendations have been made. We have not traditionally completed this on our annual audits of the Councillors' Ward Allowance accounts. Our process in these audits was to track outstanding recommendations that had been made in subsequent years, to build specific procedures into the next year's audit to determine whether the recommendations had been sufficiently addressed, and to repeat the recommendations in our management letter if they had not been implemented. Obtaining responses from responsible officials will enhance our compliance with *Government Auditing Standards*, and we will be soliciting these responses in future engagements.

I agree with the recommendation to provide a documented conclusion on whether the audit work as a whole is sufficient and appropriate for addressing the objectives of our audits in our audit files. Our process until now has been to prepare a working paper that visually ties the work completed in our audit to our audit objectives based on the risks that we have assessed for each objective. We used this as documentation that we had determined that the work was appropriate and sufficient (coupled with our working paper where we document whether we have faced circumstances where not enough information has been collected to be able to conclude on our objectives). Based on this process, we had always included the statement that we believe the work completed had been sufficient and appropriate to conclude on our objectives in our reports. In the future, we will also include a written overall conclusion on our work on the working paper described above for the benefit of those reviewing our files.

I agree with all of your recommendations and plan to have the solutions implemented within the next twelve months.

I would once again like to thank you for your professionalism and candour in the review that you have provided and would like to welcome you back to our great city at any time. Your time and commitment in providing this service to your municipal auditing colleagues is greatly appreciated, and the advice you have provided to us will help us to better meet *Government Auditing Standards*, and continue to provide audits of the highest quality possible.

Most sincerely,



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