Association of Local Government Auditors

December 8, 2016

Bryan Mansky, City Auditor
City of Winnipeg Audit Department
185 King Street
Winnipeg, Manitoba, R3B 1J1

Dear Mr. Mansky,

We have completed a peer review of the City of Winnipeg Audit Department for the period January 1, 2015 through November 30, 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 whether 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 attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- 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.

Based on the results of our review, it is our opinion that the City of Winnipeg Audit Department's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period January 1, 2015 through November 30, 2016.

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

Lori Brooks, CPA, CIA, CGAP, CRMA
City Auditor
City Auditor's Office
Arlington, TX

Jane Ying, CPA, CMA, CIA, CGAP, MHSc
Assistant Auditor General
Auditor General's Office
Toronto, Canada

Association of Local Government Auditors

December 8, 2016

Bryan Mansky, City Auditor
City of Winnipeg Audit Department
185 King Street
Winnipeg, Manitoba, R3B 1J1

Dear Mr. Mansky,

We have completed a peer review of the City of Winnipeg Audit Department for the period January 1, 2015 through November 30, 2016 and issued our report thereon dated December 8, 2016. 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 staff members are professional, educated and certified.
- The Teammate configuration, including the integrated templates, checklists and mapping to standards help ensure staff adherence to Government Auditing Standards (GAS).
- The use of a table format to summarize risk assessment results, audit recommendations, management response, and implementation dates in the audit reports is helpful for readers.

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

1. Standard 3.90 requires that audit organizations should establish policies and procedures for human resources that are designed to provide the audit organization with reasonable assurance that it has personnel with the capabilities and competence to perform its audits in accordance with professional standards and legal and regulatory requirements.

   In reviewing the Office's policies and procedures, we observed that the CPE requirements stated in the Audit Manual are not aligned with those required by GAS. During staff interviews, it was also noted the staff was not aware of specific GAS CPE requirements.

   We recommend that the Audit Manual be revised to reflect the CPE requirements stated in GAS and we recommend GAS requirements be communicated to all staff members.

2. Standard 3.91 requires that audit organizations should establish policies and procedures for audit performance, documentation, and reporting that are designed to provide the audit organization with reasonable assurance that audits are performed and reports are issued in accordance with professional standards and legal and regulatory requirements.

   In reviewing the Office's policies and procedures, we observed that the Audit Manual does not reference all key requirements of GAS. We did note, however, that engagement working papers include templates, checklists and mapping to requirements. Staff interviews indicated reliance on the templates rather than specific knowledge of GAS.

   We recommend that the Audit Manual be revised to include all key requirements of GAS, and we recommend the requirements be communicated to all staff members.

3. Standard 3.95 states that the audit organization should analyze and summarize the results of its monitoring process at least annually with identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action. The organization should communicate to appropriate personnel any deficiencies noted during the monitoring process and make recommendations for appropriate remedial action.

In reviewing your policies and procedures and your description of the quality control system, we observed that there is no established requirement for an annual monitoring process. We also did not identify any documentation evidencing this process has been completed.

We recommend that an annual monitoring process be established and documented.

4. Standard 5.32 requires that when performing a GAGAS examination engagement, if the examination report discloses deficiencies in internal control, fraud, noncompliance with provision of laws, regulations, contracts, or grant agreements or abuse, auditors should obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations, as well as any planned corrective actions.

In reviewing examination reports, we noted the views and planned corrective actions of responsible officials are not included.

We recommend that the views and planned corrective actions of responsible officials be included in examination reports.

5. Standard 6.69 requires that auditors should perform and document an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments conducted to conclude on the validity and reliability of specific evidence

In reviewing audit engagement working papers, we observed there was no documentation of the auditor's assessment that evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting the findings and conclusions.

We recommend that audit engagement working papers include documentation of the auditor's assessment that evidence taken as a whole is sufficient and appropriate for addressing the audit objectives and supporting the findings and conclusions.

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

Sincerely,

Lori Brooks, CPA, CIA, CGAP, CRMA
City Auditor
City Auditor's Office
Arlington, TX

Jane Ying, CPA, CMA, CIA, CGAP, MHSc
Assistant Auditor General
Auditor General's Office
Toronto, Canada