External Quality Control Review

of the

Audit Department
City of Winnipeg, MB

Conducted in accordance with guidelines of the

Association of Local Government Auditors

for the period October 1, 2019 – September 30, 2022

Association of Local Government Auditors

June 8, 2023

Mr. Jason Egert
Acting City Auditor
3rd Floor – 185 King Street, Winnipeg, Manitoba, Canada, R3B 1J1

Dear Mr. Egert,

We have completed a peer review of the Audit Department of the City of Winnipeg, MB for the period October 1, 2019 - September 30, 2022. 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.
- 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. City of Winnipeg has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Audit Department'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 audit engagements during the period October 1, 2019 – September 30, 2022.

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

Martin Petherbridge, CPA, CIA, CISA	Celia Yeung, CPA, CA
City of Raleigh, NC	City of Toronto, ON

Association of Local Government Auditors

June 8, 2023

Mr. Jason Egert
Acting City Auditor
3rd Floor – 185 King Street, Winnipeg, Manitoba, Canada, R3B 1J1

Dear Mr. Egert,

We have completed a peer review of the Audit Department of the City of Winnipeg for the period October 1, 2019 – September 30, 2022 and issued our report thereon dated June 8, 2023. 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:

- Supervisor review process of audit progress in biweekly meetings. These meetings are collaborative and assist with staff development;
- The audit planning process, in particular the extensive risk analysis performed to achieve audit objectives; and
- Commitment to continuous improvement and adding value to the organization.

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

- Standard 5.44 requires the audit organization 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. In reviewing the Department's work papers, we observed that while there are comprehensive quality control processes and a post-project review after each audit, the department does not analyze and summarize the results of its monitoring system across multiple audits.

  We suggest the Department establish policies and procedures to analyze and summarize its monitoring processes.

We extend our thanks to you, your staff, and the other officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Martin Petherbridge, CPA, CIA, CISA	Celia Yeung, CPA, CA
City of Raleigh, NC	City of Toronto, ON

Winnipeg | Audit

June 8, 2023

Mr. Martin Petherbridge, CPA, CIA, CISA
Internal Audit Manager
City of Raleigh
222 W. Hargett Street, Suite 302, Raleigh, NC 27602-0590

Dear Mr. Petherbridge,

On behalf of the City of Winnipeg Audit Department, I would like to thank you, and the other member of your team (Celia Yeung, CPA, CA, BBA, Audit Director, City of Toronto) for the recently completed peer review of our office. Your review is a valuable part of our continuing efforts to improve the quality of our audits. We are pleased that your independent peer review team concluded that our internal quality control system is suitably designed and operated to provide reasonable assurance that our audits are conducted in compliance with *Government Auditing Standards (GAS)*.

The Audit Department is committed to continuously improving the quality of our audit work. We appreciate your thoughtful comments regarding the areas where you found our office excels, including our supervisor review process through biweekly meetings that are collaborative and assist with staff development. You also noted our extensive risk analysis performed in the audit planning process and our commitment to continuous improvement.

Our office found the peer review to be a valuable and constructive process. Your thorough review and thoughtful questions provided us an opportunity to reflect on our Department's practices and supports our commitment to continuously improving our internal quality control policies and processes and the quality of our audit work. We also appreciate the opportunity the peer review provides to share insights with other organizations and ways to further enhance our operations.

I appreciate that your team has provided us a recommendation for improvement where we can enhance our adherence to *Government Auditing Standards.* Our response to each of the recommendations is highlighted below:

- Standard 5.44 requires the audit organization 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. In reviewing the Department's work papers, we observed that while there are comprehensive quality control processes and a post-project review after each audit, the department does not analyze and summarize the results of its monitoring system across multiple audits.

  We suggest the Department establish policies and procedures to analyze and summarize its monitoring processes.

  Acting City Auditor Response:
  We will update our Audit Manual and our policies and procedures to include the analysis and summary of the results of our monitoring process annually. Once the updates are completed, employees will be trained on the requirements.

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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. The advice you have provided to us will help us to better meet *Government Auditing Standards*, and to continue to provide high quality audit services.

Most sincerely,

Jason Egert
Acting City Auditor

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