

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

**Inspector General**



April 8, 2009

The Honorable Adrian M. Fenty  
Mayor of the District of Columbia  
John A. Wilson Building  
Mayor's Correspondence Unit, Suite 316  
1350 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

The Honorable Vincent C. Gray  
Chairman  
Council of the District of Columbia  
John A. Wilson Building  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004

The Honorable Mary M. Cheh  
Chairperson  
Committee on Workforce Development and Government Operations  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 108  
Washington, D.C. 20004

Dear Mayor Fenty, Chairman Gray, and Chairperson Cheh:

In April 2000, when the Office of the Inspector General Powers and Duties Amendment Act of 1999 (D.C. Law 13-71) became effective, the Office of the Inspector General's (OIG) enabling statute was amended to require that the OIG comply with Generally Accepted Government Auditing Standards, which require an external quality control review (peer review) every 3 years. A peer review is generally conducted by individuals in a similarly situated professional environment. To meet this District requirement, the OIG has partnered with the Association of Local Government Auditors (ALGA).

On April 3, 2009, representatives from ALGA completed a peer review of the OIG's Audit Division. I am pleased to report that the Audit Division received an unqualified opinion from the peer review team. The peer review covered the period January 1, 2006, through December 31, 2008. I am enclosing the external quality control review report prepared by ALGA that details the results of its review.

Results of OIG Third Triennial Peer Review  
Mayor Fenty, Chairman Gray, and Chairperson Cheh  
April 8, 2009  
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I also received a companion management letter of the same date that noted areas where this Office excelled and also included suggested improvements that will increase the value of this Office. Specifically, the report showed that the OIG Audit Division has a competent, qualified, and experienced staff, and that its Audit Handbook thoroughly addressed policies and procedures. In addition, it was noted that the audit work was documented in a comprehensive and well-organized manner and that we had established an extensive and effective quality assurance function.

If you have questions, please contact me or William J. DiVello, Assistant Inspector General for Audit, at (202) 727-2540.

Sincerely,



Charles J. Willoughby  
Inspector General

Enclosure

CJW/cf

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Results of OIG Third Triennial Peer Review  
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April 8, 2009  
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The Honorable Richard Durbin, Chairman, Senate Subcommittee on Financial Services and  
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The Honorable Sam Brownback, Ranking Member, Senate Subcommittee on Financial Services  
and General Government (1 copy)



# **External Quality Control Review**

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of the

**DC Office of Inspector General,  
Audit Division**

Conducted in accordance with guidelines of the

**Association of Local  
Government Auditors**

for the period

January 1, 2006 through December 31, 2008

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## Association of Local Government Auditors

April 3, 2009

Mr. Charles J. Willoughby  
Inspector General  
Government of the District of Columbia  
Office of the Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

Dear Mr. Willoughby,

We have completed a peer review of the Government of the District of Columbia, Office of the Inspector General, Audit Division, for the period January 1, 2006 through December 31, 2008. 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 if 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. 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 Government of the District of Columbia, Office of the Inspector General, Audit Division'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, 2006 through December 31, 2008.

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

Stan E. Wilmer  
City & County of  
Denver, CO

Kelly R. Stefanko  
City of Norfolk, VA

Yi Salina Wang  
County of Fairfax, VA



## Association of Local Government Auditors

April 3, 2009

Mr. Charles J. Willoughby  
Inspector General  
Government of the District of Columbia  
Office of the Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

Dear Mr. Willoughby,

We have completed a peer review of the Government of the District of Columbia, Office of the Inspector General, Audit Division, for the period January 1, 2006 through December 31, 2008 and issued our report thereon dated April 3, 2008. 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:

- Staff assigned to conduct and manage audits possessed technical knowledge, skills, competence and experience
- Team communication and supervision was apparent throughout audit engagements
- The office had a strong respect for, and awareness of, the potential for fraud and appropriately included its risk in audit planning and execution
- Although an on-going process, the office has done an outstanding job in updating and maintaining its audit handbook, particularly in response to previous peer review comments
- The quality assurance function appears to be effective in identifying relevant areas needing improvement and achieving necessary corrective action
- Audit workpapers were legible, neat, and well organized

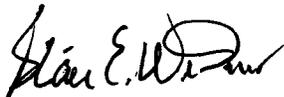
We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

Mr. Charles J. Willoughby  
April 3, 2009  
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- The DC OIG did not appear to self-identify government training or otherwise track government training taken to ensure it met the requirement for 24 hours in a 2 year period. While we were able to assess from the title of training taken that all employees that we tested received at least 24 hours of government related training, we suggest that the DC OIG self identify and track government related training (GAS 3.46).
- In meeting GAS on continuing professional education (GAS 3.46-3.49), the DC OIG provides an abundance of in-house training. To ensure the training qualifies as CPE, we suggest that the audit division develop a formal process for maintaining documentation required of a CPE program sponsor (such as the National Association of State Boards of Accountancy's standards for CPE program reporting)
- On 2 of the 7 audit engagements we reviewed, not all auditors assigned to the audit signed the statement of independence, as required by the DC OIG Audit Handbook (pg.22). The DC OIG requirement exists to satisfy the GAS standard that auditors participating on an audit assignment to be free from personal impairments to independence (GAS 3.07-3.09). We suggest that the audit division continuously review and monitor staff assignments to ensure that all auditors participating on an engagement sign the independence statement.

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

Sincerely,



Stan E. Wilmer  
City & County of  
Denver, CO



Kelly R. Stefanko  
City of Norfolk, VA



Yi Salina Wang  
County of Fairfax, VA

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



April 3, 2009

The Association of Local Government Auditors  
449 Lewis Hargett Circle, Suite 290  
Lexington, KY 40503

Dear Ms. Stefanko, Ms. Wang, and Mr. Wilmer:

I have received your letter dated April 3, 2009, in which you notified this Office that its Audit Division was in compliance with Government Auditing Standards during the period January 1, 2006, through December 31, 2008. I have also received your companion management letter of the same date that noted areas where this Office excelled and also included suggested improvements that will increase the value of this Office.

I am particularly pleased that your report noted that the Office: 1) had a strong respect for, and awareness of, the potential for fraud and appropriately included its risk in audit planning and execution of audit assignments; 2) has done an outstanding job in updating and maintaining its audit handbook, particularly in response to previous peer review comments; and 3) has an effective quality assurance function which is valuable in ensuring adherence to standards and the quality of our products.

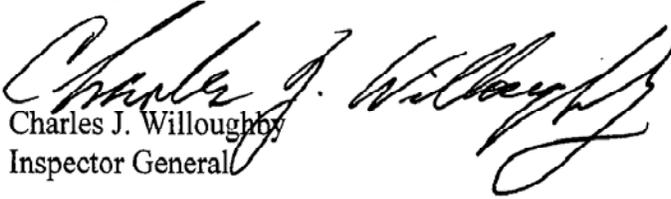
I have also considered your suggestions for improvement. Specifically, this Office will:

- update its training logs to separately identify the number of training hours by type (Government-related and others);
- use the guidance provided by the National Association of State Boards of Accountancy Standards (or similar guidance) to document that our in-house training qualifies as Continuing Professional Education; and
- update our independence statement to require certification by all levels of personnel within the Audit Division who were involved in the audit and also institute stronger controls to ensure that it is timely completed.

I am pleased that the work of my Audit Division staff over the past 3 years has culminated in an unqualified opinion by your auditors on this Office's internal quality control system over audits and its compliance with Government Auditing Standards.

To each of you, I would like to extend my appreciation for the professionalism and experience you brought to this endeavor. If you have any questions, please call me or William J. DiVello, Assistant Inspector General for Audit, at (202) 727-2540.

Sincerely,

  
Charles J. Willoughby  
Inspector General

CJW/cf