

**COUNTY OF MILWAUKEE**  
**Inter-Office Communication**

**Date:** August 27, 2010  
**To:** Lee Holloway, Chairman, Milwaukee County Board of Supervisors  
**From:** Jerome J. Heer, Director of Audits  
**Subject:** External Quality Review of Department of Audit

Government auditing standards require that our office undergo a periodic external quality review. The enclosed report represents the results of that review for the period January 1, 2007 through June 30, 2010.

The review was conducted under the auspices of the Association of Local Government Auditors by a team of seasoned professionals from three of the nation's most respected local government audit offices.

We are proud of the fact that the review team has given us a 'clean' opinion. The team also made two observations in their management letter. We agree with the observations and will implement the corresponding recommendations.

Please refer the review to the Finance and Audit Committee.

Sincerely,

Jerome J. Heer

JJH/cmr

Attachments

cc: Supervisor Elizabeth Coggs, Chairwoman, Committee on Finance and Audit



# External Quality Control Review

---

of the  
Milwaukee County  
Department of Audit

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**  
for the period January 1, 2007 through  
June 30, 2010

---



## Association of Local Government Auditors

August 26, 2010

Mr. Jerome J. Heer  
Director of Audits  
Milwaukee County Department of Audit  
City Campus, 9<sup>th</sup> Floor  
2711 West Wells Street  
Milwaukee, WI 53208

Dear Mr. Heer:

We have completed a peer review of the Milwaukee County Department of Audit for the period January 1, 2007 through June 30, 2010. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* 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 Milwaukee County Department of Audit'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 January 1, 2007 through June 30, 2010.

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

Mary Jo Emanuele  
City of Kansas City, MO

Elizabeth Moore  
City of Memphis, TN

Ross Tate  
Maricopa County, AZ



## Association of Local Government Auditors

August 26, 2010

Mr. Jerome J. Heer  
Director of Audits  
Milwaukee County Department of Audit  
City Campus, 9<sup>th</sup> Floor  
2711 West Wells Street  
Milwaukee, WI 53208

Dear Mr. Heer:

We have completed a peer review of the Milwaukee County Department of Audit for the period January 1, 2007 through June 30, 2010 and issued our report thereon dated August 26, 2010. 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 Department of Audit has very qualified and experienced staff which is reflected in the audit work they produce. The tone at the top is very supportive and instrumental in maintaining the level of expertise.
- The report format is very effective and allows readers at all levels to get what they need from the report. The titles are informative, the table of contents tells the story of the report; the summaries are useful for executives, and the body provides the details for those who need them.

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

- Although the Department of Audit has demonstrated its efforts to monitor quality, the results of its monitoring procedures are not summarized at least annually as required by GAS 3.54.

In order to identify any systemic issues needing improvement, the Department of Audit should summarize the results of its monitoring efforts annually and recommend corrective action.

- Although the Department of Audit does cite compliance with *Government Auditing Standards* in its audit reports, it does not use the boilerplate language in GAS 8.30

In order to meet GAS 8.30, the Department of Audit should include the following language in audits to fully follow *Government Auditing Standards*:

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

Sincerely,



Mary Jo Emanuele  
City of Kansas City, MO



Elizabeth Moore  
City of Memphis, TN



Ross Tate  
Maricopa County, AZ



Department of Audit

# Milwaukee County

Jerome J. Heer • Director of Audits  
Douglas C. Jenkins • Deputy Director of Audits

August 26, 2010

Mary Jo Emanuele  
City Auditor's Office  
Kansas City, MO 64106

Dear Ms. Emanuele

On behalf of the entire staff at the Milwaukee County Department of Audit, I would like to acknowledge the professionalism and courtesy exhibited by you and the other members of the peer review team during this engagement. Your review was both comprehensive and thorough. The management team is especially appreciative of the kind remarks contained in your management letter.

We concur with both recommendations contained in the management letter. Specifically:

- "In order to identify any systemic issues needing improvement, the Department of Audit should summarize the results of its monitoring efforts annually and recommend corrective action."

*The Department of Audit conducts and documents a Quality Assurance review of each individual audit to ensure compliance with applicable Generally Accepted Government Auditing Standards. Any problems identified during individual QA reviews are addressed prior to release of an audit report and would be discussed at regular management team meetings as appropriate. To demonstrate compliance with GAS 3.54, the Department of Audit will formalize this ongoing monitoring effort by analyzing and summarizing, on an annual basis, all monitoring procedures undertaken to ensure compliance with applicable professional standards and quality control policies and procedures for GAGAS audits. Any systemic issues needing improvement will be identified and addressed by management.*

- "In order to meet GAS 8.30, the Department of Audit should include the following language in audits to fully follow *Government Auditing Standards*:

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives."

*The Department of Audit will update its standard language expressing compliance with Generally Accepted Government Auditing Standards to include the specific language included in GAS 8.30.*

City Campus, 9th Floor • 2711 West Wells Street  
Milwaukee, Wisconsin 53208 • Telephone (414) 278-4206 • Fax (414) 223-1895

Mary Jo Emanuele  
August 26, 2010  
Page 2

Thank you for your efforts and constructive insights.

A handwritten signature in black ink, appearing to read "Jerome J. Heer", written over a horizontal line.

Jerome J. Heer  
Director of Audits

cc: Elizabeth Moore, City of Memphis, TN  
Ross Tate, Maricopa County, AZ  
Alan Gutowski, City of Albuquerque, NM