



External Quality Control Review

of the
City of Dallas

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period May 1, 2019 through April 30, 2022



Association of Local Government Auditors

February 3, 2023

Mark Swann, CPA, CIA, CISA
City Auditor
City of Dallas
1500 Marilla Street, Room 2FN
Dallas, TX 75201

Dear Mr. Swann,

We have completed a peer review of the City of Dallas – Office of the City Auditor for the period May 1, 2019 through April 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 and attestation engagements and working papers.
- Reviewing documents related to non-audit service engagements.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, City Council member, and City Manager 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. The City of Dallas – Office of the City Auditor has received a rating of pass.

Further, based on the results of our review, it is our opinion that the City of Dallas – Office of the City Auditor'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 audits and attestation engagements during the period May 1, 2019 through April 30, 2022.

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

Courtney Smith

Courtney Smith,
CIA, CPA, CFE
City of Houston, TX

Susan Edwards

Susan Edwards,
CIA, CFE, CICA
City of Arlington, TX

Pamela Swinney

Pamela Swinney,
CPA
City of Chattanooga, TN



Association of Local Government Auditors

February 3, 2023

Mark Swann, CPA, CIA, CISA
City Auditor
City of Dallas
1500 Marilla Street, Room 2FN
Dallas, TX 75201

Dear Mr. Swann,

We have completed a peer review of the City of Dallas – Office of the City Auditor (CDOCA) for the period May 1, 2019 through April 30, 2022 and issued our report thereon dated February 3, 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:

- The CDOCA's engagement workpapers were well organized. The audit templates used are designed to produce well documented workpapers that are referenced to the applicable standards.
- CDOCA staff have a diverse set of educational backgrounds and certifications. They are well trained, and the office encourages training and certification to enhance audit quality.
- The CDOCA is in the process of developing subject matter expertise to enhance audit quality.
- The CDOCA has policies and procedures that are clear and easy to understand.

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

When providing a nonaudit service that could create a threat to independence:

- Standard 3.64 (Independence) requires that auditors determine whether providing such a service would create a threat to independence either by itself or in aggregate with other nonaudit services provided, with respect to any GAGAS engagement they conduct.

We recommend that the CDOCA use Attachment 1 from Policy 14-Section 5.1 Nonaudit Services (GAGAS) to document this assessment.

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,

Courtney Smith

Courtney Smith,
CIA, CPA, CFE
City of Houston, TX

Susan Edwards

Susan Edwards,
CIA, CFE, CICA
City of Arlington, TX

Pamela Swinney

Pamela Swinney,
CPA
City of Chattanooga, TN



CITY OF DALLAS

February 3, 2023

Courtney Smith
CIA, CPA, CFE
City of Houston, TX

Susan Edwards
CIA, CFE, CICA
City of Arlington, TX

Pamela Swinney
CPA
City of Chattanooga, TN

Dear Peer Review Team:

Thank you for taking time away from your family and daily duties at work to perform the external quality control review for the Dallas Office of the City Auditor from May 1, 2019, through April 30, 2022. We appreciate your opinion that our audit quality control system complies with *Government Auditing Standards*. We also value your suggestions to help excel and improve the quality of our audit process.

In the future, as required by *Government Auditing Standards*, 3.64 (Independence), the Office will follow the existing Office of the City Auditor's Procedure 5.1, *GAGAS Requirements Related to Non-Audit Services*. This procedure is to document our determination before acceptance of a non-audit service engagement whether providing this service would create a threat to independence either by itself or in aggregate with other non-audit services provided, with respect to any GAGAS engagement we conduct.

The Office does have additional controls in place to help ensure that the Office does not commence audit engagements where the completion of prior non-audit service engagements may impair our independence. They include (1) a review and affirmation of independence for audit engagements included in the annual audit work plan and (2) a review and affirmation of the Office's and assigned auditor's ability to remain objective for each audit engagement started during the audit plan year.

It was a pleasure working with such a knowledgeable and skilled review team during this external quality control review.

Sincerely,

Mark S. Swann