



Association of Local Government Auditors

November 3, 2006

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The Honorable Mayor Kay Barnes
and Members of the City Council
City of Kansas City, Missouri
414 E 12th Street, 29th Floor
Kansas City, Missouri 64106

Dear Mayor Barnes and Members of the City Council,

We have completed a peer review of the Kansas City, Missouri City Auditor's Office for the period September 1, 2003 to August 31, 2006. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published in May, 2004, 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 Kansas City, Missouri City Auditor's Office 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 September 1, 2003 to August 31, 2006.

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

Sincerely,

Jay Poole
City Auditor
City of Chesapeake, Va

LaDonia Wilkins
Director, General Audits
District of Columbia OIG

Alan Gutowski
Audit Manager
City of Albuquerque, N.M.



Association of Local Government Auditors

November 2, 2006

Dr. Mark Funkhouser
City Auditor
City of Kansas City, Missouri
414 E 12th Street, 21st Floor
Kansas City, Missouri 64106

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Dear Dr. Funkhouser,

We have completed a peer review of the Kansas City, Missouri City Auditor's Office for the period September 1, 2003 to August 31, 2006 and issued our report thereon dated November 3, 2006. 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 office develops audits using a very innovative and unique approach that results in an outstanding and thought-provoking end audit product;
- The presentation format of the reports is impressive;
- The reports often have a powerful impact on the locality; and
- The staff is diverse, strongly qualified, very talented, and works well together.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to government auditing standards:

- Observation 1 – GAS 7.17 – Risk Assessment

GAS 7.17 states that "Auditors should include audit documentation on their assessment of risk". While it was very apparent that the staff evaluated risks as part of their audit processes, their assessment of those risks was not always formally documented. We recommend that the office develop a workpaper that formally documents the assessment of risk on each audit

- Observation 2 - GAS 7.68 – Audit Documentation

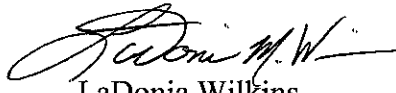
GAS 7.68 states that "Audit documentation should be appropriately detailed to provide a clear understanding of its purpose and source and the conclusions the auditors reached, and it should be appropriately organized to provide a clear link to the findings, conclusions and recommendations contained in the audit report. We noted that, while extensive documentation was maintained for most of the projects, the volume of the documentation made it difficult to follow in several instances. We recommend that the office carefully consider the documentation required for the workpapers and ensure that it is necessary and its purpose is clearly understandable.

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,



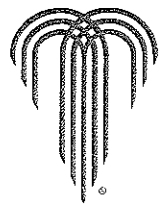
Jay Poole
City Auditor
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LaDonia Wilkins
Director, General Audits
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Alan Gutowski
Audit Manager
City of Albuquerque, N.M.



Office of the City Auditor

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2006
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November 3, 2006

Jay Poole
City Auditor
City of Chesapeake, Virginia
PO Box 15225
Chesapeake, VA 23328

Dear Mr. Poole:

This letter is my response to your reports on the external quality control review of our office. My comments address both the opinion letter and the management letter.

I am pleased that the review team concluded that the City Auditor's Office complies with government auditing standards. The audit staff has devoted a great deal of effort to developing and implementing an internal quality control system to help us achieve this goal. I also appreciate your positive comments on the review team's overall impression of the office.

We have staff task forces currently looking at our internal controls and our quality control system. As part of their efforts, we will have them consider your comments for improving our adherence to government auditing standards.

Thank you for your constructive suggestions for improving the City Auditor's Office. I appreciate the thoroughness and professionalism with which you and the other team members conducted the review.

Sincerely,

Mark Funkhouser
City Auditor

cc: LaDonia Wilkins, Director, General Audits, District of Columbia OIG
Alan Gutowski, Audit Manager, City of Albuquerque, New Mexico