



Association of Local Government Auditors

October 31, 2006

Ms Kymber Waltmunson
Performance Auditor, Snohomish County
3000 Rockefeller Avenue, MS-505
Everett, WA 98201

Dear Ms. Waltmunson:

We have completed a peer review of the Snohomish County Office of Performance Audit Services for the period June 2005 through August 2006 and issued our report dated October 31, 2006. We are issuing this companion letter to offer additional observations and suggestions stemming from our peer review.

We would like to recognize you and your staff for your commitment to following *Government Auditing Standards* and for undergoing a peer review. The peer review process is a valuable experience but one that very few small audit organizations accept the challenge to undertake. We would also like to acknowledge some areas in which we believe your office excels:

- The performance audit staff is exceptionally professional and focused on meeting the needs of departments while achieving compliance with the *Government Auditing Standards*. Department representatives who met with us during the peer review consistently commented on the professionalism of the performance audit staff and the quality of their work.
- The performance auditor has accomplished a significant amount of work during her two-year tenure. She has rewritten the policies and procedures and job descriptions to better align them with the requirements of the *Government Auditing Standards*, and has developed a series of checklists and tools to facilitate the audit and the quality control processes. The revised policies and procedures resolved issues identified during Snohomish County's peer review in July 2001, including the need to establish a two-year reporting cycle for complying with continuing education requirements, developing written audit plans, providing evidence of supervisory reviews in audit working papers, documenting the evidence that supports audit conclusions, and performing work to assess internal controls related to the audit objectives.
- Despite the limited number of audit staff, the Office of Performance Audit Services has completed three audits under the revised policies and procedures, including one very complex audit, in a timely manner.
- The Office of Performance Audit Services staffs' commitment to excellence is visible in the quality of their work. Each successive audit shows evidence of process maturity and

improvement in quality that resulted from the audit staff applying lessons learned from prior audits.

- The reports are well written and focus on the relevant issues summarized in the audit documentation.

Although your organization is demonstrating adherence to *Government Auditing Standards*, we offer the following observations and suggestions as enhancements:

- Amend the policies and procedures to formalize the following audit procedures:
 - Process for mitigating impairments to independence (3.19-3.20)
 - Use of professional judgment regarding the exercise of professional skepticism (3.35-3.38)
 - Use of the county's hiring procedures for performance audit staff (3.40)
 - Process for considering risk of illegal acts and violations of contracts or grant agreements (7.17-7.24)
 - Process for assessing the reliability of prior audit work and data (7.32-7.34 and 7.48-7.61)
- Include in the audit plans the specific steps and tests that will be used to gather and analyze data to achieve the audit objectives.
- Cross reference audit plans to the audit documentation that supports the work performed to achieve the audit objectives.

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

Sincerely,



Harriet Richardson, CPA, CIA, CGAP
Director of Performance Audits
Controller's Office, City Services Auditor
City and County of San Francisco, CA



Ron Perry
Deputy Auditor
King County Auditor's Office
Seattle, WA



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Dear Ms. Waltmunson:

We have completed a peer review of the Snohomish County Office of Performance Audit Services for the period June 2005 through August 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 organization and conducted tests to determine whether your internal control system operated to provide reasonable assurance of compliance with *Government Auditing Standards*. Due to variances in individual performance and judgment, compliance does not imply adherence to the standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the Snohomish County Office of Performance Audit Services' internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits during June 2005 through August 2006.

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

Sincerely,

Harriet Richardson, CPA, CIA, CGAP
Director of Performance Audits
Controller's Office, City Services Auditor
City and County of San Francisco, CA

Ron Perry
Deputy Auditor
King County Auditor's Office
Seattle, WA