



External Quality Control Review

of the
Office of the Salt Lake County Auditor

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period August 1, 2022 to December 31, 2023



Association of Local Government Auditors

April 11, 2024

Mr. Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor
2001 S. State Street, Ste N3-300
Salt Lake City, UT 84190

Dear Mr. Harding,

We have completed a peer review of the Office of the Salt Lake County Auditor for the period August 1, 2022 to December 31, 2023. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with Government Auditing Standards* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests 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 engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management.

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 Office of the Salt Lake County Auditor has received a rating of pass.

Based on the results of our review, it is our opinion that Salt Lake County, Utah's internal quality control system was adequately designed and operating effectively to provide assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for engagements during the period August 1, 2022 to December 31, 2023.

We have prepared a separate letter providing findings and recommendations to further strengthen your internal quality control system.

Angela Baxter
Hanover County, Virginia

Andrew Scoggin
City of Seattle, Washington



Association of Local Government Auditors

April 11, 2024

Mr. Chris Harding, CPA, CFE, CIA
Salt Lake County Auditor
2001 S State Street, Ste N3-300
Salt Lake City, UT 84190

Dear Mr. Harding,

We have completed a peer review of the Office of the Salt Lake County Auditor for the period August 1, 2022, to December 31, 2023, and issued our report thereon dated April 11, 2024. Congratulations on passing your first GAGAS (Generally Accepted Government Auditing Standards) peer review. This remarkable accomplishment reflects not only your organization's commitment to excellence but also your dedication to upholding the highest standards of accountability and integrity in government auditing. We are offering this companion letter to offer findings and recommendations from our peer review.

We want to mention some of the areas in which we believe your office excels:

- We commend that your office proactively sought to go through the peer review process after 18 months of adherence to *Government Auditing Standards* when the normal review period is three years. We found that your office already has the foundational practices and culture in place to ensure that audits meet the *Standards*.
- In our conversations with management and staff, we sensed they are bought into the efforts your office is making to ensure compliance with the *Government Auditing Standards*.
- Your office has successfully adapted their processes to a new audit management software, without any major hiccups.

The journey to achieving and maintaining the highest standards in government auditing is ongoing, and your success in this peer review is a strong foundation for continued excellence and leadership in the field. In light of this being your first peer review, we offer the following findings and recommendations to enhance your organization's demonstrated adherence to *Government Auditing Standards*.

- The Conceptual Framework Approach to Independence Standards 3.27 to 3.34 ensures auditors maintain independence in both mind and appearance throughout their engagements. This approach requires auditors to apply a process of identifying threats to independence, evaluating the significance of these threats, and applying

safeguards to eliminate the threats or reduce them to an acceptable level. During our review of the Office's work papers, we noted opportunities to improve documentation of the office's process of applying safeguards to threats identified. As a best practice, independence reassessments should be documented at the beginning and conclusion of each engagement and during the follow-up audit process.

- Standard 8.33 requires a written audit plan for each audit. Auditors should update the plan, as necessary, to reflect any significant changes to the plan made during the audit. Page 21 of the Audit Manual states that the audit plan is documented in writing and updated when significant changes to the plan are made during the audit. In reviewing the Office's work papers, we did not observe any specific method of updating the plan if necessary. We recommend that methodology be developed so that workpapers can be standardized.
- Standards 8.108 to 8.110 underline the critical role of thorough and clear documentation in maintaining an audit's integrity, transparency, and accountability. They ensure that third parties can effectively review and understand audit work, contributing to the reliability and credibility of the audit findings. While reviewing the Office's workpapers, we did not observe specific conclusions regarding the validity and reliability of specific evidence. We recommend that such conclusions be made at an individual test level and/or a collective level to improve transparency.
- Standard 8.116 emphasizes the importance of finding audit documentation. This section outlines the necessity for auditors to prepare and maintain adequate documentation that supports the findings, conclusions, and recommendations of the audit. It specifies that the documentation should be detailed enough to allow an experienced auditor, having no previous connection to the audit, to understand the audit work performed, the evidence gathered, and the reasoning behind the auditors' conclusions. Page 27 of the Audit Manual references a finding development worksheet. Upon review of the Office's workpapers in AuditBoard, issues (or findings) are documented, which contain criteria, condition, cause and effect. The process for establishing the evolution of findings to the report in AuditBoard should be finalized, and the Audit Manual should be updated to reflect the new process.
- Standards 8.71 and 8.72 detail the importance of assessing the risk of fraud while conducting an audit. Our review found that your office is assessing fraud risk, but the documentation regarding this assessment could be improved. We recommend adding standard procedures and documentation noting explicitly how fraud has been assessed during an audit project, whether your office's Fraud Hotline has received related allegations,

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

Sincerely,



Angela Baxter
Hanover County, Virginia



Andrew Scoggin
City of Seattle, Washington



CHRIS HARDING
CPA, CFE, CIA
Salt Lake County Auditor

RICHARD JAUSI
Chief Deputy Auditor

ROSWELL ROGERS
Policy Advisor

**OFFICE OF THE
SALT LAKE COUNTY
AUDITOR**
2001 S State Street, N3-300
PO Box 144575
Salt Lake City, UT 84114-4575

385-468-7200 | TTY 711



April 11, 2024

Lyndon S. Remias, CPA, CIA
ALGA Peer Review Coordinator
Virginia Beach City Auditor

Angela W. Baxter, CPA
Peer Review Team Leader
Director of Internal Audit
Hanover, Virginia

Andrew Scoggin
Peer Review Team Member
Assistant City Auditor
Seattle Office of City Auditor

Dear Peer Review Team:

Thank you for your thorough peer review of the Audit Services Division of the Salt Lake County Auditor's Office to determine our compliance with the Generally Accepted Government Auditing Standards (GAGAS) for August 1, 2022, through December 31, 2023. We are pleased you found our quality control system was adequately designed and operating effectively to provide reasonable assurance of our compliance with GAGAS.

We are grateful for the acknowledgment of the measures we have already put into place and value the illustrative guidance provided. Such insights are instrumental in refining our approach to ensure that our documentation is comprehensive and easily navigable for future peer reviews and for any parties interested in evaluating our audit work. Please find below our responses to your findings:

1. Regarding the Conceptual Framework Approach to Independence, we acknowledge the importance of meticulous documentation when applying safeguards against identified threats to independence. We will incorporate a standardized procedure for documenting independence reassessments at the end of each audit engagement, as well as during the follow-up process, to reinforce our compliance with Standards 3.27 to 3.34.
2. With respect to Standard 8.33 and the audit planning process, we recognize the opportunity for more thorough documentation. We are committed to developing a structured methodology for updating our audit plans. This will involve creating a consistent approach to documenting any significant changes during the audit, thereby ensuring our workpapers are comprehensive and up to date.

3. In response to the recommendations pertaining to Standards 8.108 to 8.110, we will enhance our workpaper documentation to include specific conclusions regarding the validity and reliability of individual pieces of evidence, as well as collective evidence. This will improve the clarity and transparency of our audit findings and will facilitate a better understanding of our audit work by third parties.
4. As for the audit documentation findings related to Standard 8.116, we will finalize the procedures that outline the progression of findings from their inception to their reporting in Audit Board. This will involve updating our Audit Manual to reflect these revised procedures, ensuring that our documentation is sufficiently detailed to enable any experienced auditor to understand the audit work, evidence, and conclusions. We are committed to continuous improvement and will take immediate steps to integrate these recommendations into our practices. We plan to provide training to all relevant staff members to ensure consistent application of these enhancements across all future audits.
5. Concerning Standards 8.71 and 8.72 regarding fraud risk assessment, we acknowledge the need for more detailed documentation. We will create and implement standard operating procedures that specify how fraud risk is assessed within each audit. This will include a mandatory step to consult and document any relevant information from our office's Fraud Hotline. This enhancement will ensure that our fraud risk assessment process is transparent and verifiable in our documentation.
6. With regards to the recommendations on information system controls as per Standards 8.59 to 8.62, we understand the importance of explicit documentation in this area. We will refine our documentation practices to clearly demonstrate that information system controls have been considered and, where necessary, tested. Our revised documentation will outline the rationale for considering certain controls relevant, the method of evaluation conducted, and the conclusions drawn from such assessments.

Thank you for taking the time to participate in this external peer review. It was a pleasure working with such a knowledgeable and skilled peer review team. We recognize the peer review process is a valuable tool to help ensure quality, independence, and objectivity in the audit process. We look forward to future opportunities to participate in the peer review process with the Association of Local Government Auditors (ALGA).

Sincerely,

A handwritten signature in black ink that reads "Chris Harding". The signature is stylized and cursive.

Chris Harding, CPA, CIA, CFE
Salt Lake County Auditor