External
Quality
Control Review

of the
Maryland – National Capital
Park and Planning Commission,
Office of Internal Audit

Conducted in accordance with guidelines of the
Association of Local Government
August 29, 2014

Renee M. Kenney, CPA, CIA, CISA
Chief Internal Auditor
6611 Kenilworth Avenue
Riverdale, Maryland 20737

Dear Ms. Kenney,

We have completed a peer review of the Maryland-National Capital Park and Planning Commission, Office of Internal Audit for the period July 1, 2013 through June 30, 2014. In conducting our review, 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 operated to provide reasonable assurance of compliance with Government Auditing Standards issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization’s written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee 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.

Based on the results of our review, it is our opinion that the Maryland-National Capital Park and Planning Commission, Office of Internal 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 the fiscal year ended June 30, 2014.

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

Sheila M. Roberts, CPA, CIA
Orange County Comptroller
County Audit Division

Khalima S. Jacobs, CPA, CGAP
State of Maryland Judiciary

Ricardo R. Silveira, CPA
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August 29, 2014

Renee M. Kenney, CPA, CIA, CISA
Chief Internal Auditor
6611 Kenilworth Avenue
Riverdale, MD 20737

Dear Ms. Kenney,

We have completed a peer review of the Maryland – National Capital Park and Planning Commission for the period July 1, 2013 through June 30, 2014 and issued our report thereon dated August 29, 2014. 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:

- All three suggestions included in peer review management letter dated July 1, 2010 to enhance compliance with GAGAS were implemented and in effect for the current peer review period.
- The high level of experience and competency of all staff is maintained through regular training.
- The annual audit plan was based upon a comprehensive risk assessment survey of the operational managers and the results evaluated to provide an efficient use of limited audit resources to address higher areas of risk.

We offer the following observations and suggestions to help your organization achieve full compliance with Government Auditing Standards:

- Standard 3.96 requires that the audit organization obtain an external peer review at least once every 3 years that is sufficient in scope to provide a reasonable basis for determining whether, for the period under review, the reviewed audit organization’s system of quality control was suitably designed and whether the audit organization is complying with its quality control system in order to provide the audit organization with reasonable assurance of conforming with applicable professional standards.

M-NCPPC’s Office of Internal Audit’s first peer review report is dated July 1, 2010. A subsequent peer review should have been performed within three years of that date to comply with Standard 3.96. However, the position of Chief Internal Auditor was vacant for approximately 18 months including the time when the next peer review was due. The current Chief Internal Auditor arranged for a peer review to be conducted during the first year of her appointment to her position.

We suggest the Chief Internal Auditor schedule peer reviews timely.

- Standard 2.24 (b) requires that when appropriate, the report includes a modified GAGAS compliance statement stating that the auditor performed the audit in accordance with GAGAS, except for specific applicable requirements that were not followed. However, several reports were issued between July 1, 2013 and January 27, 2014 that did not disclose that the office had not had a peer review within the required timeframe.

We suggest the Chief Internal Auditor disclose when specific applicable requirements of the Standards are not met in the performance of an audit engagement.
Standard 3.02 through 3.26 address independence at the organizational level and individual auditor level. Those Standards provide a framework to ensure that independence is not impaired in fact or perception. Standard 3.06 (d) provides that GAGAS's practical consideration of independence consists of four interrelated sections, including requirements for and guidance on documentation necessary to support adequate consideration of auditor independence. The Office of Internal Audit did obtain signed annual statements of confidentiality as well as copies of financial disclosure required by the State of Maryland Ethics Commission from each auditor. However, documentation of auditor assignment and audit planning did not evidence the consideration of possible impairments or that the assigned auditor was independent.

We suggest the Chief Internal Auditor include evidence in the engagement work papers of the consideration of auditors' independence in regards to each individual assignment.

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,

Sheila M. Roberts, CPA, CIA
Orange County Comptroller
County Audit Division

Khalima S. Jacobs, CPA, CGAP
State of Maryland Judiciary

Ricardo R. Silveira, CPA
Fairfax County Government
August 29, 2014

Mary Jo Emanuele
ALGA Peer Review Coordinator
Audit Manager
City’s Auditors Office
Kansas City, Missouri

Sheila M. Roberts
ALGA Peer Review Team Leader
Audit Supervisor
Orange County Comptroller, County Audit Division
Orlando, Florida

Dear Ms. Emanuele and Ms. Roberts,

Please accept this document as our official response to your management letter dated August 29, 2014 regarding the peer review of the Maryland-National Capital Park and Planning Commission for the period July 1, 2013 through June 30, 2014. The management letter included three observations and suggestions to help our organization achieve full compliance with Government Auditing Standards. Our office concurs with all observations.

- (Standard 3.96) The Office of Internal Audit understands the importance and benefits of compliance with Government Auditing Standards and will obtain the next peer review within the required three year period.

- (Standard 2.24(b)) If we are unable to meet applicable GAGAS standards, our audit reports will include the required disclosures.

- (Standard 3.02 through 3.26) Internal procedures have been enhanced to require an independence statement for each individual assignment within the audit workpapers.

We would like to thank Ms. Sheila Roberts, Ms. Khalima Jacobs, and Mr. Ricardo Silveira for their expertise and professionalism extended to us throughout this process.

Sincerely,

Renee M. Kenney, CPA, CIA, CISA
Chief Internal Auditor
Maryland-National Capital Park and Planning Commission