



External Quality Control Review

of the
City of Virginia Beach Office of the
City Auditor

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors** For the period of July 1,
2010 through June 30, 2013



Association of Local Government Auditors

October 24, 2013

Mr. Lyndon Remias, City Auditor
Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, VA 23456-9012

Dear Mr. Remias,

We have completed a peer review of the City of Virginia Beach Office of the City Auditor for the period July 1, 2010 through June 30, 2013. 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).

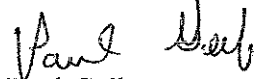
We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with Government Auditing Standards issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation 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.

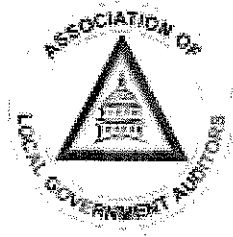
Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the City of Virginia Beach Office of the City Auditor'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 period, July 1, 2010 through June 30, 2013.

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


Paul Geib
Milwaukee Public Schools


Mel Marcella
State of Tennessee, Department of Transportation



Association of Local Government Auditors

October 24, 2013

Mr. Lyndon Remias, City Auditor
Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, VA 23456-9012

Dear Mr. Remias,

We have completed a peer review of the City of Virginia Beach Office of the City Auditor (Office) for the period July 1, 2010 through June 30, 2013 and issued our report thereon dated October 24, 2013. 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:

- Audits and Engagements issued during the review period were of high quality and added value to the operations of the City.
- Very knowledgeable and experienced staff who demonstrated their high level of understanding of the Government Auditing Standards and their application to their audits.
- A comprehensive Policies and Procedures Manual that was easy to follow and provides specific guidance to the Audit Staff to further enhance their ability to adhere to Government Auditing Standards.

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

- Standard 3.08 requires auditors to apply the conceptual framework at the audit organization, audit, and individual auditor levels to identify threats to independence. In reviewing the Office's work papers, we observed that in four of seven engagements that cited Government Auditing Standards, there was no completed Independence Statement for the Reviewer.

We suggest that all Reviewers complete the Independence Statement for each engagement that follows Government Auditing Standards.


- Standard 7.30 requires that when auditors comply with all applicable GAGAS requirements, they should use the following language: "We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives." In reviewing the Office's performance audits, we observed that three of four


performance audits did not cite the applicable language as specified. It should be noted that the most recent performance audit reports issued included this language.

We suggest that all future performance audit reports include the applicable GAGAS language as specified in the above paragraph.

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,


Paul Geib
Milwaukee Public Schools


Mel Marcella
State of Tennessee, Department of Transportation



City of Virginia Beach

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VIRGINIA BEACH, VA 23456-9012

October 24, 2013

Paul Geib
Milwaukee Public Schools

Mel Marcella
State of Tennessee, Department of Transportation

Dear Gentleman:

On behalf of the City of Virginia Beach, I would like to thank you, as well as the Association of Local Government Auditors, for your time and effort in providing us with this valuable service. We appreciate the thorough and comprehensive peer review performed by the team. We are pleased that the peer review team determined the Office of the City Auditor's internal quality control system operated to provide reasonable assurance of compliance with Government Auditing Standards issued by the Comptroller General of the United States.

We concur with the recommendations you have provided to strengthen our organization's adherence to Government Auditing Standards. We will immediately implement the recommendations suggested.

Once again thank you for your time and effort. If you have any questions please feel free to contact me at 757.385.5870 or Lremias@vbgov.com.

Sincerely,

Lyndon S. Remias, CPA, CIA
City Auditor