



## Association of Local Government Auditors

October 31, 2010

Mr. Bernard Zaucha, CPA, CIA, MBA  
Director  
Internal Audit Department  
County of Summit, Ohio

Dear Mr. Zaucha:

We have completed a peer review of the Summit County Internal Audit Department for the period November 1, 2007 through October 31, 2010. 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 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 County of Summit Internal Audit Department'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 November 1, 2007 through October 31, 2010.

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

Stan Sewell, CPA, CGFM  
Director  
Internal Audit Division, City of  
Chattanooga, Tennessee

Jeffrey N. Vargas, CPA  
Audit Manager  
Controller's Office, County of  
Allegheny, Pennsylvania



# Association of Local Government Auditors

October 31, 2010

Mr. Bernard Zaucha, CPA, CIA, MBA  
Director  
Internal Audit Department  
County of Summit, Ohio

Dear Mr. Zaucha,

We have completed a peer review of the County Internal Audit Department for the period November 1, 2007 through October 31, 2010 and issued our report thereon dated October 31, 2010. 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 Internal Audit Department diligently conducts follow-up audits designed to ensure that issues identified during the audit process have been resolved. These follow-up audits are particularly thorough and the Department continues to conduct these audits until all issues have been resolved.
- The quality control system process used to ensure compliance with work paper documentation requirements is very thorough.
- GAS 3.54 states "The audit organization should analyze and summarize the results of its monitoring procedures at least annually, with identification of any systemic issues needing improvement, along with recommendations for corrective action."

The Department's Assistant Director performs an extensive and well documented annual analysis utilizing the ALGA Quality Control System Checklist as a foundation for the review.

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

- GAS 8.43 (a) states "Audit organizations in government entities should distribute audit reports to those charged with governance, to the appropriate officials of the audited entity, and to the appropriate oversight bodies or organizations requiring or

arranging for the audits....” We noted that the Department’s policies and procedures address distribution of reports. However, those policies do not mandate that audit reports must be distributed to the governing body (County Council). We recommend the Department revise its policies and procedures to indicate all audit reports will be distributed to the County Council, instead of only to the County Council President who serves on the Audit Committee.

- GAS 3.02 states “In all matters relating to the audit work, the audit organization and the individual auditor, whether government or public, must be free from personal, external, and organizational impairments to independence, and must avoid the appearance of such impairments or independence.” Regarding the various types of impairments, GAS 3.04 states, in part, “If one or more of these impairments affects or can be perceived to affect independence, the audit organization (or auditor) should decline to perform the work....” Regarding nonaudit services, GAS 3.20 states, in part, “Audit organizations that provide nonaudit services must evaluate whether providing the services creates an independence impairment either in fact or appearance with respect to the entities they audit....” We recommend the Department implement a standard practice of formally evaluating all potential independence issues prior to starting each engagement, instead of on an annual basis. This could be accomplished by completing a standard checklist/review form prior to each engagement (whether an audit or nonaudit service). This form should be included in the engagement workpapers.
- GAS 6.01 states, in part, “For attestation engagements, GAGAS incorporate the American Institute of Certified Public Accountants (AICPA) general standard on criteria, and the field work and reporting standards and the related Statements on Standards for Attestation Engagements (SSAE), unless specifically excluded or modified by GAGAS.” Since the Department recently began conducting attestation engagements (during the current review period), we recommend that the Department strengthen its policies and procedures related to the performance of attestation engagements to facilitate compliance with all applicable requirements. We recommend detailed requirements be included in the manual and that the Department ensure all staff are familiar with the requirements.

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

Sincerely,



Stan Sewell, CPA, CGFM  
Director  
Internal Audit Division, City of  
Chattanooga, Tennessee



Jeffrey N. Vargas, CPA  
Audit Manager  
Controller’s Office, County of  
Allegheny, Pennsylvania



# SUMMIT COUNTY, OHIO

## INTERNAL AUDIT DEPARTMENT

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October 31, 2010

Mr. Stan Sewell, CPA, CGFM  
Director of Internal Audit  
City of Chattanooga  
101 E. 11<sup>th</sup> Street  
Chattanooga, TN 37402

Mr. Jeffrey N. Vargas, CPA  
Allegheny County City Controller's Office,  
Audit Division  
436 Grant Street, Room 219  
Pittsburgh, PA 15219

Dear Mr. Sewell & Mr. Vargas:

In response to your Management Letter dated October 31, 2010, this will serve as the Management Action Plan in response to the County of Summit 2007-2010 Yellow Book Peer Review. The following procedures will be incorporated to respond to your observations and suggestions to enhance our organization's adherence to Government Auditing Standards.

1. The Internal Audit Department will revise its current policies and procedures to indicate that County Council will be notified when reports approved by the Summit County Audit Committee have been posted to the Internal Audit website. Currently they are only distributed to the County Council President who serves on the Summit County Audit Committee.
2. The Internal Audit Department will have a formal independence statement signed off by each auditor prior to the beginning of each engagement instead of on an annual basis.
3. Internal Audit will strengthen its policies and procedures manual for adherence to AICPA standards when performing attestation engagements. In addition, we will ensure that all staff is familiar with these requirements.

Mr. Stan Sewell, CPA, CGFM

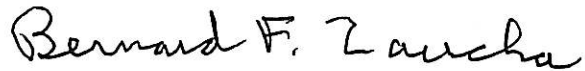
Mr. Jeffrey N. Vargas, CPA

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On behalf of the Summit County Internal Audit Department and the Summit County Audit Committee, I would like to thank you both, as well as the Association of Local Government Auditors, for your time and effort in providing us with this valuable service.

Sincerely,

A handwritten signature in cursive script that reads "Bernard F. Zaucha".

Bernard F. Zaucha, CIA, CPA, CICA

Director, Summit County Internal Audit Department