External Quality Control Review

of the

Office of the County Auditor
County of Maui

Conducted in accordance with guidelines of the

Association of Local Government Auditors

for the period June 1, 2017 through May 31, 2018

Association of Local Government Auditors

November 14, 2018

Mr. Lance Taguchi
County Auditor
2145 Wells Street
Wailuku, Maui, Hawaii

Dear Mr. Taguchi,

We have completed a peer review of the Office of the County Auditor, County of Maui for the period June 1, 2017 through May 31, 2018. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* by the Association of Local Government Auditors.

We reviewed the internal quality control system of your audit organization and conducted tests 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 a sample of audit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing the audit staff and County Auditor 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, except for the deficiency noted below, the Office of the County Auditor, County of Maui'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 of June 1, 2017 through May 31, 2018.

The deficiency found in your internal quality control system was lack of compliance with your internal policies and procedures. This deficiency resulted in recurring nonconformance with Standard 3.84.

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

Standard 3.84 requires that each audit organization should document compliance with its quality control policies and procedures.

In reviewing the Office's engagement work papers, we noted audit report findings were supported by sufficient and competent evidence. However, we observed this was not attained in compliance with your formal policies and procedures. Standard work paper templates, checklists, forms and other requirements included in your policies and procedures were not documented in the work papers. Compliance with the established policies and procedures will provide reasonable assurance of adherence to the Standards in most cases.

We suggest you develop a process to ensure the audit staff are aware of, and are required to comply with, the established policies and procedures.

Lori Brooks Jaquess, CPA, CIA, CGAP
Arlington, TX

Stan Sewell, CPA, CGFM, CFE
Chattanooga, TN

County Auditor
Lance T. Taguchi

OFFICE OF THE COUNTY AUDITOR

COUNTY OF MAUI
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November 16, 2018

Ms. Lori Brooks Jaquess, CPA, CIA, CGAP
City Auditor
City of Arlington
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Arlington, TX 76004-3231

Mr. Stan Sewell, CPA, CGFM, CFE
City Auditor
City of Chattanooga Office of Internal Audit
1001 Lindsay Street
Chattanooga, TN 37402

Dear Ms. Brooks Jaquess and Mr. Sewell:

On behalf of the Office of the County Auditor, I would like to express our sincere appreciation for your professionalism, knowledge, and aloha extended to us during our first peer review. We also want to extend our mahalo to Review Coordinator Paula Ward, the Association of Local Government Auditors, and the many others who provided support during the peer review process.

I am pleased the Office of the County Auditor has passed its peer review. We are also pleased that, with the exception of the deficiency noted, the independent peer review team concluded that the Office of the County Auditor's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards for the period of June 1, 2017 through May 31, 2018. We will share your peer review results with our County Council and make it available to the public on our website.

We are committed to continuously improving and strengthening our audit processes and have already begun addressing the noted deficiency by ensuring that standard work paper templates, checklists, and forms within our policies and procedures are consistently utilized and documented in our work papers.

My staff and I have greatly benefited from this peer review process. Again, we thank you for taking time away from your busy schedules to evaluate our operations and share ideas that we can apply in our organization.

Very truly yours,

LANCE T. TAGUCHI
County Auditor

LTT:cs

cc: Ms. Paula Ward
Association of Local Government Auditors