



Association of Local Government Auditors

March 6, 2025

Joseph Lisitano
City Auditor
PO Box 1466
Mesa, AZ 85211

Dear Mr. Lisitano,

We have completed a peer review of the Office of the City Auditor, City of Mesa, Arizona for the period July 1, 2021 to June 30, 2024 and issued our report thereon dated March 6, 2025. We are issuing this companion letter to offer certain findings and recommendations stemming from our peer review.

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

- Staff follow a standardized, step-by-step process while conducting audits, including forms to aid in planning audits and developing the elements of issues/findings. This promotes consistency in how audits are performed. Evidence gathered through audits is well-documented and reviewed consistently.
- Staff receive regular training in compliance with *Government Auditing Standards* and demonstrate an ability to apply the standards in their audit work.
- Your office conducts thorough risk assessments at the project and entity level, ensuring better risk coverage and adding greater value to Mesa residents through your work.

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

1. Standards 3.52 and 3.55 recognize that "the ability of an audit organization structurally located in a government entity to perform work and report the results objectively can be affected by the structure of the government entity being audited" and that "constitutional or statutory provisions may be used as safeguards to augment structural independence." We observed that, in the City of Mesa, by policy or practice, mid-cycle adds to the annual audit plan must be approved by the City Manager; the City Manager schedules the Council Audit, Finance & Enterprise Committee only when there is a need; and access to records for audit purposes is based on management policy rather than by ordinance or charter requirement.

This is an outstanding recommendation from the previous peer review management letter dated, March 24, 2022. We suggest, in accordance with Standard 3.55, that the City of Mesa implement legislative provisions that provide protections that prevent the audited entity from interfering with initiation, scope, timing, and completion of any engagement; require the audit organization to report to a legislative body or other independent governing body on a recurring basis; and provide access to records and documents

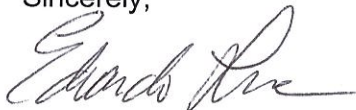
related to the agency, program, or function being audited and access to officials as needed to conduct the engagement.

2. Standards 5.42 to 5.49 require organizations to establish policies and procedures for monitoring its system of quality control and perform monitoring procedures that enable it to assess compliance with professional standards. Further, the standards set forth additional application guidance on monitoring quality. We recommend that the organization enhance its compliance with these standards by issuing a summary report of testing and findings.
3. Standards 8.05 and 8.71 to 8.72 require auditors to assess audit risk and fraud risk, respectively, when planning and conducting an audit. We recommend that your office separately conduct and document such assessments, either by modifying your existing risk assessment form or by creating new forms.
4. Standard 8.108 states that auditors “should perform and document an overall assessment of the collective evidence used to support findings and conclusions” to ensure it is sufficient and appropriate. In the projects we reviewed, we saw that the issues/findings from audit teams received supervisory review. However, we recommend conducting a separate review of evidence once it takes the form of a draft report.
5. Standards Chapter 9 Reporting Standards for Performance Audits contains reporting requirements and guidance for performance audits conducted in accordance with generally accepted government auditing standards (GAGAS). Reporting requirements establish the auditors’ overall approach for communicating the results of a performance audit. This Chapter includes elements not limited to reporting audit methodology (9.14), obtaining the views of responsible officials (9.50 to 9.55), and report distribution to those charged with governance.

We recommend that the City Auditor strengthen its reporting of audit methodology, including sample design, to allow users of their reports to understand how the auditors addressed the report’s objectives. Further, the City Auditor should ensure all audit reports include the views of responsible officials. Finally, the City Auditor should distribute all audit reports to the those charged with governance, including the Mayor and City Council. Use of a transmittal letter should be considered as a tool to communicate the issuance of audit reports.

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

Sincerely,



Eduardo Luna, CIA
City of Oakland, CA



Andrew Scoggin
City of Seattle, WA



External Quality Control Review

of the
Office of the City Auditor
City of Mesa, Arizona

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period July 1, 2021 to June 30, 2024



Association of Local Government Auditors

March 6, 2025

Joseph Lisitano
City Auditor
PO Box 1466
Mesa, AZ 85211

Dear Mr. Lisitano,

We have completed a peer review of the Office of the City Auditor, City of Mesa, Arizona for the period of July 1, 2021 to June 30, 2024. 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.

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 City Auditor, City of Mesa, AZ has received a rating of pass.

Based on the results of our review, it is our opinion that the Mesa City Auditor's internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for engagements during the period July 1, 2021 to June 30, 2024.

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

Eduardo Luna, CIA
City of Oakland, CA

Andrew Scoggin
City of Seattle, WA



March 6, 2025

Eduardo Luna, CIA
Office of the City Auditor, City of Oakland, CA

Andrew Scoggin
Office of City Auditor, City of Seattle, Washington

Re: Peer Review of the City Auditor's Office, City of Mesa, Arizona

On behalf of the City of Mesa, 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 are pleased that the peer review team determined that the City Auditor's Office'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 take the following action on the proposed recommendations:

- We will continue to work with City Council and City Management to pursue legislative updates that will help strengthen our independence that provide protections to prevent the audited entity from interfering with initiation, scope, timing, and completion of any engagement; require our office to report to the Audit, Finance and Enterprise committee on a recurring basis; and provide access to records and documents related to the agency, program, or function being audited and access to officials as needed to conduct the engagement. **(Standards 3.52 and 3.55)**
- We will adjust our internal quality control assessment to include a summary report of testing and findings. **(Standards 5.42 to 5.49)**
- We will update our audit workpapers to include documentation of our assessment of audit risk and fraud risk. **(Standards 8.05 and 8.71 to 8.72)**
- We will update our audit report process to include documentation of our assessment of overall audit evidence used to support our findings and conclusions to ensure it is sufficient and appropriate. **(Standard 8.108)**
- We will update our reporting process to ensure that the report includes more detailed information regarding our audit methodology and update the report to ensure that the views of responsible officials are included. In addition, we will update our report



distribution process to ensure that those charged with governance, including the Mayor and City Council receive the audit reports and document such distribution in the audit workpapers. (**Standards 9.14 and 9.50 to 9.55**)

The City Auditor's Office appreciates the work of the peer review team and their effort in conducting the review. If you have any questions, please feel free to reach me at (480) 644-5059 or joseph.lisitano@mesaaz.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Lisitano".

Joseph Lisitano, CPA, CIA
City Auditor