



External Quality Control Review

of the
Maryland-National Capital Park
and Planning Commission

Conducted in accordance with guidelines of the
Association of Local Government Auditors
for the period July 1, 2017, through
June 30, 2020



Association of Local Government Auditors

April 25, 2022

Renee Kenney
Inspector General
The Maryland- National Capital Park and Planning Commission
Office of the Inspector General
7833 Walker Drive, Suite 425
Greenbelt, MD 20770

Dear Ms. Kenney,

We have completed a peer review of The Maryland- National Capital Park and Planning Commission Office of the Inspector General for the period July 1, 2017, through June 30, 2020. In accordance with generally accepted government auditing standards peer review requirements, 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 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 audit engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Maryland- National Capital Park and Planning Commission Office of the Inspector General has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Maryland- National Capital Park and Planning Commission Office of the Inspector General 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 audits during the period of July 1, 2017, through June 30, 2020.

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

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Association of Local Government Auditors

April 25, 2022

Renee Kenney
Inspector General
The Maryland- National Capital Park and Planning Commission
Office of the Inspector General
7833 Walker Drive, Suite 425
Greenbelt, MD 20770

Dear Ms. Kenney,

We have completed a peer review of The Maryland- National Capital Park and Planning Commission Office of the Inspector General (Office of the Inspector General) for the period July 1, 2017, through June 30, 2020, and issued our report thereon dated April 25, 2022. 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 collaborative environment of the office which is evidenced by their participation in the annual risk assessment used to develop the audit plan.
- Staff is informed, well trained and knowledgeable.
- Workpapers were very organized and indexed well which allowed reviewers to easily follow and identify key areas for review.

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

- *Planning Standards 8.05 and 8.27* require in planning the audit, that auditors assess significance of audit risk in the context of establishing the scope, methodology and objectives (8.05); and for auditors to inquire of management of any investigations or legal proceedings significant to the audit objectives (8.27). In reviewing engagements, we noted that discussion and inquiries occurred and while, inherent risk was documented in the risk assessment and inquiries were made in meetings, the links between the assessments or inquiries were not clearly documented in the workpapers. We recommend the use of a template to ensure the assessments performed and links between the assessments and inquiries performed during planning are clearly demonstrated in the workpapers.
- *Conducting the Engagement Standards 8.68, 8.71 and 8.80* state that auditors should identify laws, regulations, contracts, and grant agreements and assess the risk of non-compliance with these (8.68); assess the risk of fraud occurring (8.71) and determine whether other audits have been conducted by other auditors (8.80) in consideration of their effect on the audit objectives. Auditors should design and perform test procedures to obtain reasonable assurance of detecting non-compliance or fraud. While we were able to determine that discussions and assessments were performed as part of the test procedures or through regular meetings with staff, we recommend the

use of a checklist or template, such as a risk and control matrix, to clearly demonstrate that the provisions were assessed, and discussion occurred and provide a link for those elements to objectives and test procedures in compliance with the standards.

- *Evidence Standards 8.116-8.117* state requirements for audit findings including the elements of a finding, criteria, condition, cause, and effect, and how they should be considered in the performance of testing and internal controls. We recommend the use of a template for findings to clearly delineate the criteria, condition, cause, and effect and assist auditors to ensure all the elements are documented in the finding.
- *Reporting Standards 9.03; 9.14 and 9.19* contain specific language that should be used in audit reports for compliance with GAGAS requirements (9.03); information to include when reporting on methodology (9.14); and reporting on conclusions on audit objectives (9.14). While we noted that reports were concise and informative, compliance with these requirements could use improvement. We recommend more standardization of reporting templates be utilized to ensure all information required to be reported is compiled in compliance with these reporting categories.

We believe the Office of the Inspector General complied with all the standards listed above; however, we believe overall audit quality could be improved by standardization of workpapers, including the use of checklists for the major audit phases and templates to ensure GAGAS elements are documented in the workpapers.

The office has a robust quality control review process that is currently completed by members of the audit staff who performed the audit. To strengthen the process, we suggest the office consider completion of the review be performed, prior to issuance, by an individual not directly involved in performing the audit. This would enable the identification of areas in need of additional documentation and support to clearly indicate compliance with standards.

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

Sincerely,



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April 25, 2022

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Dear Mr. Petherbridge, Ms. Russell, Ms. Jordan, and Ms. Magno,

This is our official response to your External Quality Control Review Report and Companion Letter dated April 22, 2022, regarding the peer review of the Maryland-National Capital Park and Planning Commission Office of the Inspector General for the period July 1, 2017 through June 30, 2020.

We are pleased you have determined the OIG's 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.

Thank you for the supplemental companion letter which included several observations to improve the overall audit quality by standardization of workpapers. We would like to thank everyone for their expertise and professionalism throughout this review.

Sincerely,

Renee M. Kenney, CPA, CIA, CISA
Inspector General
Office of the Inspector General
Maryland-National Capital Park and Planning Commission