



External Quality Control Review

of the
City of Houston
Controller's Office
Audit Division

Conducted in accordance with guidelines of
the

**Association of Local
Government Auditors**

for the period January 1, 2021 through
December 31, 2023



Association of Local Government Auditors

February 27, 2025

Mr. Olaniyi Oyedele, CPA, Interim City Auditor
City of Houston Controller's Office
Audit Division
901 Bagby, 9th Floor
Houston, TX 77002

Dear Mr. Oyedele,

We have completed a peer review of the City of Houston Controller's Office, Audit Division for the period January 1, 2021 through December 31, 2023. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guides* 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 conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors as part of their *Professional Practices Framework* and reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States, as well as 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 and management.

Due to variances in individual performance and judgment, conformance 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 during the period January 1, 2021 through December 31, 2023, the City of Houston Controller's Office, Audit Division internal quality control system was adequately designed and operating effectively to provide reasonable assurance of conformance with *the Standards*, resulting in a rating of generally conforms, and compliance with *Government Auditing Standards*, resulting in a rating of pass.

We have prepared a separate letter providing findings and recommendations for strengthening your internal quality control system.

Martin Petherbridge
CPA, CIA, CISA
City of Raleigh, NC

Zarina Mapes
CIA, CFE
San Gabriel Valley Council of
Governments, CA

Terry Follmer
CPA, CIA, CISSP, CISA
Capital Metropolitan Transportation
Authority, Austin TX



Association of Local Government Auditors

February 27, 2025

Mr. Olaniyi Oyedele, CPA, Interim City Auditor
City of Houston Controller's Office
Audit Division
901 Bagby, 9th Floor
Houston, TX 77002

Dear Mr. Oyedele

We have completed a peer review of the City of Houston Controller's Office, Audit Division for the period January 1, 2021, through December 31, 2023 and issued our report thereon dated February 27, 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:

- The Audit Division, along with the City Controller, demonstrates a strong initiative to deliver impactful, relevant audit reports that can enhance efficiency and ensure compliance with the standards.
- The audit team's professionalism, collaboration, and proactive approach to identifying and addressing potential risk adds significant value to the City of Houston.
- The audit team's thorough and well-structured audit policies, procedures, and processes indicates their commitment to accuracy, compliance, and operational efficiency.

We offer the following finding and recommendation to enhance your organization's demonstrated conformance to *International Standards for the Professional Practice of Internal Auditing*.

Observation: Standard 2500 – Monitoring Progress states, "The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management." In addition, Standard 2500.A1 states, "The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented..."

We observed that the Audit Division has not established a follow-up process that ensures management actions have been effectively implemented. During the review period, the dates between follow-ups were multiple years or more and sometimes covered just one report. In addition, management turnover at the auditee added to the delays in getting management action plans completed due to unfamiliarity of the audit report and recommendations.

Suggestion: We recommend that the Audit Division set a cadence (e.g. semi-annual; or other) whereby all open audit reports and related issues are followed-up and reported to management on a timely basis.

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,



Martin Petherbridge
CPA, CIA CISA
City of Raleigh, NC



Zarina Mapes
CIA, CFE
San Gabriel Valley
Council of Governments,
CA



Terry Follmer
CPA, CIA, CISSP, CISA
Capital Metropolitan
Transportation Authority,
Austin TX



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

CHRIS HOLLINS

March 3, 2025

To the ALGA Peer Review Team,

Martin Petherbridge, CPA, CIA, CISA
Zarina Mapes, CIA, CFE
Terry Pollmer, CPA, CISSP, CISA

The Audit Division of the Office of the City Controller has received the results of the peer review of our operations for the period January 1, 2021, through December 31, 2023, from the Association of Local Government Auditors (ALGA). We are pleased that you found that our system of internal controls provided reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors and compliance with the Government Auditing Standards issued by the Comptroller General of the United States, resulting in a rating of pass for the review period.

We acknowledge receipt of the communication in connection with your observation for strengthening internal controls contained in a separate letter dated February 27, 2025, and agree with your recommendation regarding the establishment of a cadence for reporting open audit reports and related issues and ensuring they are followed up and reported to management on a timely basis.

Thank you for acknowledging the areas in which the Audit Division excels. We are dedicated to continuous improvements to facilitate our commitment to providing high quality value-added auditing services for the City of Houston.

We would like to express our gratitude to each member of the peer review team for sharing their knowledge, insight and perspectives, and for taking the time from your other responsibilities to evaluate our operations. Also, we would like to express our appreciation for the high level of professionalism, skills, integrity and service during the engagement.

Sincerely,


Olaniyi Oyedele (Mar 3, 2025 09:30 CST)

Olaniyi Oyedele, CPA
Interim City Auditor
Office of the City Controller



**The Association of Local Government Auditors
Awards this**

Certificate of Compliance

to

City of Houston Controller's Office Audit Division

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards and the *International Standards for the Professional Practice of Internal Auditing* for engagements during the period January 1, 2021 through December 31, 2023.

Corrie Stokes

Corrie Stokes
ALGA Peer Review Committee Chair