



## Association of Local Government Auditors

February 7, 2019

Ms. Janet Sutter,  
Executive Director of Internal Audit  
550 S. Main Street,  
Orange, CA 92868

Dear Ms. Sutter,

We have completed a peer review of the Orange County Transportation Authority Internal Audit Department for the period from January 1, 2016 through December 31, 2018 and issued our report thereon dated February 7, 2019. 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:

- Work papers were organized and easy to follow.
- Policies and Procedures were adequately documented and provided guidance to the audit staff to comply with Generally Accepted Government Auditing Standards (GAGAS).
- Audit staff was highly skilled and experienced.
- The OCTA management and the Chairman of the Finance and Administration Committee of the Board held the Internal Audit Department in high regards.

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

- Standard 7.19 requires auditors to include in the audit report:
  - 1) the scope of their work on internal control and
  - 2) any deficiencies in internal control that are significant within the context of the audit objectives and based upon the audit work performed.

Although, we found evidence of work done to evaluate internal controls in your work papers, the required statement was not included in the audit report. We recommend that in the future you include the required statement in accordance with the standard 7.19.

- Standard 2.12 states, "When performing nonaudit services for an entity for which the audit organization performs a GAGAS audit, audit organizations should communicate with

requestors and those charged with governance to clarify that the work performed does not constitute an audit conducted in accordance with GAGAS.” We found that the Internal Audit Department used the forgoing communication in the reports related to the nonaudit services except for the services provided for the annual Bus Base Inspections. We recommend that the Internal Audit Department communicate the nature of services provided for the Bus Base Inspections consistent with the standard 2.12.

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

Sincerely,



Umesh Dalal, CPA, CIA  
City Auditor, City of Denton  
Team Leader



Bob Smith, CPA  
Assistant City Auditor, City of Dallas  
Team Member