



**March 12, 2025**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer   
Janet Sutter, Executive Director   
Internal Audit Department

**Subject:** Orange County Transportation Authority Internal Audit Department  
Peer Review

### **Overview**

An external quality assurance, or peer review, of the Internal Audit Department of the Orange County Transportation Authority has been completed. The peer review found that the Internal Audit Department's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Generally Accepted Government Auditing Standards for the period January 1, 2022 through December 31, 2024.

### **Recommendation**

Receive and file the Orange County Transportation Authority Internal Audit Department Peer Review as an information item.

### **Background**

Generally Accepted Government Auditing Standards (GAGAS), issued by the United States Government Accountability Office, set professional standards for the performance of government audits. One of the GAGAS requirements is that audit departments undergo an external quality assurance, or peer review, once every three years. Internal audit departments may either engage an independent audit firm to have the peer review performed or participate in a peer review program of a recognized professional association.

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) sought the assistance of the Association of Local Government Auditors (ALGA) to perform the peer review. ALGA's peer review program is well developed and is rotational in nature. By volunteering on

peer review teams of other agencies, Internal Audit received this reciprocal peer review at minimal cost to OCTA.

### ***Discussion***

The on-site peer review was conducted the week of February 24, 2025. Internal Audit worked with an ALGA peer review coordinator to schedule the review. The coordinator solicited volunteers nationally and evaluated those volunteers' independence with regard to OCTA and Internal Audit personnel. The peer review team assembled for OCTA's peer review included a principal auditor of the Clark County, Nevada Audit Department, a public accounts auditor from the City of Jacksonville, Florida Auditor's Office, and an internal auditor from the City of Los Angeles' City Controller's Office.

Prior to the site visit, the peer review team was provided with Internal Audit's policies and procedures manual, organizational chart and staff information, OCTA background information, an inventory of all audits completed during the three-year period, and a description of Internal Audit's quality control system.

Once on-site, the peer review team conducted interviews of staff, reviewed audit workpapers, reports, and other documents produced by Internal Audit. The peer review team also evaluated Internal Audit's independence and reviewed staff education and training records.

The peer review team concluded that Internal Audit's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with GAGAS for the period January 1, 2022 through December 31, 2024. The report on compliance with GAGAS can be found in Attachment A.

In addition to issuing its report on compliance with GAGAS, the peer review team provided comments during an exit meeting on areas in which the team believes Internal Audit excels, including achieving high productivity while maintaining quality of work.

Internal Audit's response to the peer review can be found in Attachment B.

### ***Summary***

A peer review has been completed of Internal Audit. The peer review found that Internal Audit's quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with GAGAS for the

period January 1, 2022, through December 31, 2024. The peer review team also recognized areas in which the Internal Audit Department excels.

***Attachments***

- A. External Quality Control Review of the Orange County Transportation Authority Internal Audit Department
- B. Letter from Janet E. Sutter, Executive Director, Internal Audit, Orange County Transportation Authority, to Association of Local Government Auditors Peer Review Team, dated February 27, 2025

**Approved by:**

A handwritten signature in dark ink, appearing to read 'Janet Sutter', is written over a faint circular stamp.

Janet Sutter  
Executive Director, Internal Audit  
714-560-5591