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# External Quality Control Review

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of the  
New York City Campaign Finance  
Board

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**

for the period January 1, 2016 through December  
31, 2017

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## Association of Local Government Auditors

June 15, 2018

Sauda Chapman, Director of Auditing & Accounting  
New York City Campaign Finance Board  
100 Church Street, 12<sup>th</sup> Floor  
New York, NY, 10007

Director Chapman,

We have completed a peer review of the New York City Campaign Finance Board for the period January 1, 2016 through December 31, 2017. In conducting our review, 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 operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. 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 audit management, audit supervisors, audit staff, and the Executive Director of the New York City Campaign Finance Board 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.

Based on the results of our review, it is our opinion that the New York City Campaign Finance Board's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits engagements during the period January 1, 2016 through December 31, 2017.

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

Mike Edmonds, CIA  
Retired

Jason Hadavi, CPA, CFE  
City of Austin

Diana Lynn, MBA  
City of Atlanta



## Association of Local Government Auditors

June 15, 2018

Sauda Chapman, Director of Auditing and Accounting  
New York City Campaign Finance Board  
100 Church Street, 12<sup>th</sup> Floor  
New York, NY 10007

Director Chapman,

We have completed a peer review of the New York City Campaign Finance Board (NYCCFB) for the period January 1, 2016 through December 31, 2017 and issued our report thereon dated June 15, 2018. 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 audit process, programs, and automated systems are sophisticated and intricately designed to help make them more effective.
- The audit organization has a robust training program which replicates what the auditor will be expected to perform individually. Employees must pass quizzes/tests to demonstrate their proficiency of the material before they can move on and be assigned to an audit.
- The audit organization demonstrates a strong commitment to continuous improvement as it has continually modified and improved its audit process.
- The audit process provides ample opportunities to campaigns to correct deficiencies and achieve compliance.

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

Standards 3.70 and 3.81 require that the skills of auditors be assessed to match those necessary to perform the audit (3.70) and that internal specialists are qualified and competent (3.81). We noted that the NYCCFB's auditors appear competent based on our review of the organization's hiring process, performance review procedures, and training processes. However, such assessments of competence by management were not documented in the audit working papers.

We recommend that you add these assessments to your audit program so that the competence of auditors and internal specialists (as necessary) are documented for each audit project.

Standard 3.93 states that audit organizations should establish policies and procedures for monitoring of quality in the audit organization. Standard 3.94 requires that the audit organization perform monitoring procedures that enable it to assess compliance with applicable professional standards and quality control policies and procedures. Standard 3.95 also requires the audit organization to analyze and summarize the results of its monitoring process, at least annually, with identification of any systemic or repetitive issues needing improvement, along

with recommendations for corrective action. We observed that the audit organization is monitoring quality control processes according to Standard 3.93, but the quality control system could be enhanced if they used standardized documentation to demonstrate their compliance. The audit organization has also not analyzed, summarized the results of its monitoring efforts, and communicated to staff, at least annually, on its compliance with GAGAS.

We recommend that the audit organization use standardized documentation, such as the ALGA checklist, to ensure compliance with applicable professional standards and quality control policies. We also recommend that the audit organization analyze, summarize, and communicate the results of the monitoring process to staff, at least annually.

Standard 7.30 requires that when auditors comply with all applicable GAGAS requirements, they should cite in the audit report that they conducted the audit in accordance with GAGAS. We noted that the NYCCFB did not include the GAGAS compliance statement in any of the audits we reviewed. The NYCCFB chose not to include the GAGAS statement in the audit reports until it obtained a peer review. To comply with GAGAS, however, it should have included the appropriate compliance statement in its audit reports.

We recommend that the NYCCFB include a GAGAS compliance statement in its audit reports.

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,



Mike Edmonds, CIA  
Retired



Jason Hadavi, CPA, CFE  
City of Austin



Diana Lynn, MBA  
City of Atlanta



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Members

**Amy M. Loprest**  
Executive Director

June 14, 2018

Mr. Mike Edmonds, Retired, Pleasanton, CA  
Mr. Jason Hadavi, Deputy City Auditor, Austin, TX  
Mrs. Diana Coomes-Lynn, Performance Audit Manager, Atlanta, GA

Dear ALGA Peer Review Team:

Thank you for your time and effort in performing our peer review. We appreciate your professionalism and expertise.

We are pleased that your team found us to be in compliance with Government Auditing Standards. As you know, to achieve this goal the NYC Campaign Finance Board's Audit Unit has devoted significant efforts toward developing, implementing, and monitoring our internal quality control system.

We appreciate your feedback on your assessment of our Audit Unit, as well as the team's constructive recommendations. Those recommendations include:

- Documenting the competence of the auditors and internal specialist in audit working papers
- Using an ALGA checklist to enhance the quality control system and ensure further compliance with GAGAS
- Summarizing the results of the monitoring process and communicating the results to staff, at least annually
- Updating the audit reports to include a statement of compliance with GAGAS standards

We concur with each of your recommendations and will take appropriate steps to implement them. Again, we thank you for your attention to detail and due diligence in completing our peer review.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sauda S. Chapman'.

Sauda S. Chapman  
Director of Auditing & Accounting