

# PEER REVIEW

## OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR





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The National Conference of State Legislatures is the bipartisan organization that serves the legislators and staffs of the nation's 50 states, its commonwealths and territories.

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- To improve the quality and effectiveness of state legislatures.
- To promote policy innovation and communication among state legislatures.
- To ensure state legislatures a strong, cohesive voice in the federal system.

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# INTRODUCTION

## Peer Review Purpose

The Office of the District of Columbia Auditor (ODCA) follows *Government Auditing Standards* (i.e., the Yellow Book, or GAGAS) for performance audits. These standards require the office to undergo a peer review every three years. The office recognizes the importance of a peer review for ensuring the quality of its legislative audit work.

The purpose of a peer review is to identify whether the Office of the District of Columbia Auditor's system of quality control provides reasonable assurance of compliance with *Government Auditing Standards* and professional best practices as determined by peer reviewers with respect to performance audit engagements.

## NCSL/NLPES Peer Review Methodology

The Office of the District of Columbia Auditor contracted with the National Conference of State Legislatures (NCSL) to perform its 2019 peer review to assess the office's system of quality control and overall quality of reports in a sample of performance audits completed during the period from 2016 to 2019 (see Appendix A). The National Legislative Program Evaluation Society (NLPES) and the NCSL staff liaison to NLPES organized a peer review team consisting of two experienced and respected program evaluators from Utah and Washington (see Appendix B).

As noted above, the Office of the District of Columbia Auditor adheres to *Government Auditing Standards* (i.e., the Yellow Book or GAGAS) published by the Comptroller General of the United States. This peer review compared the office's policies and performance to Yellow Book requirements and the knowledge base of peers from similar offices. The review provided a collective assessment of the office's quality assurance and review processes, how those quality processes were used to develop the office's performance audits, and the qualifications and independence of staff.

Specifically, the peer review team sought to determine whether the sample of reports reviewed, as well as the processes that underlie the reports, met the following criteria:

- 1) Work is professional, independent, and objectively designed and executed.
- 2) Evidence is competent and reliable.
- 3) Conclusions are supported.
- 4) Products are fair and balanced.
- 5) Stakeholders and users of ODCA's products are satisfied with the quality of work performed.
- 6) Staff is competent to perform work required.

On May 23, 2019, a conference call was held for the peer review team, the ODCA auditor, deputy auditor and peer review coordinator. During the call, background about ODCA office operations and the NCSL/NLPES peer review process was provided.

Prior to the onsite visit, the team received and reviewed ODCA's organizational chart and staff list, 2019 workplan, its employee handbook, the office's budget for fiscal year 2019 and other background information about the office.

An onsite visit was held June 17-21, 2019. During the onsite visit, the peer review team reviewed documentation relating to the function of ODCA, its audit-related policies and procedures, and four audits. The audits were selected by members of the peer review team from a list of audits released between 2016 and 2019 (Appendix A). Each peer review team member took lead responsibility for two reports. This included studying the performance audit in depth, reviewing the supporting working papers and interviewing current staff who worked on the performance audit.

The peer review team interviewed two D.C. Council members, two individuals from outside the auditor's office, and ODCA managers and selected staff. The peer review team also met with the entire ODCA staff twice during the onsite visit.

To evaluate staff competence, continuing professional education (CPE) records were reviewed to determine whether staff receive 80 hours of training every two years.

The team discussed its preliminary conclusions with the D.C. auditor.

Appendix A lists the performance audits reviewed by the peer review team. Appendix B describes the qualifications of the peer review team members. Appendix C provides a general profile of program evaluation offices.

## COMPLIANCE WITH YELLOW BOOK STANDARDS AND BEST PRACTICES

Section 3.101 of *Government Auditing Standards, 2011 Revision* (i.e., the Yellow Book, or GAGAS) by the Comptroller General of the United States allows the peer-reviewed agency to receive one of three possible ratings—pass, pass with deficiencies or fail.

In the peer review team’s opinion, the Office of the District of Columbia Auditor has a quality control system that is suitably designed and followed, providing reasonable assurance that the office is performing and reporting performance audit engagements in conformity with applicable *Government Auditing Standards* for the period reviewed. Based on its professional judgment, the peer review team gives a rating of “pass” to the Office of the District of Columbia Auditor.

**Independence.** The Office of the District of Columbia Auditor is authorized by Section 455 of the District of Columbia Home Rule Act, D.C. Code Section 1-204.55(b). This authority provides the ODCA with considerable assurance that the office can function independently and exercise its responsibilities in conformity with the Yellow Book. The ODCA also is granted access to documents and records through D.C. Code Section 1-204.55.

The office has a process for internal disclosure of potential impairments to independence on the part of staff assigned to audits. The process is set forth in ODCA’s audit policy and procedure manual. The auditor reviews and assesses the independence of staff when assigning them to an audit project. During the course of audit projects, the staff completes and updates independence statements.

**Credibility/Effectiveness.** The ODCA is an effective performance audit organization. The individuals interviewed by the peer review team generally expressed satisfaction with the work of ODCA. Overall, they value ODCA’s work.

**Reliability/Quality Control and Assurance.** Per D.C. Code, the District of Columbia auditor “shall give due regard to generally accepted principles of auditing” so ODCA performs its audits in

conformity with *Government Auditing Standards*. As a result, ODCA is required by statute to undergo external quality control reviews at regular intervals. These reviews must be conducted by an independent organization that has experience in conducting performance audits. ODCA contracted with NCSL to perform its peer review in 2019.

The office also has established internal procedures for planning audits, supervising staff, obtaining evidence, and documenting and reporting that ensure its reliability. ODCA's audit policy and procedure manual is referenced to the *Government Auditing Standards, 2011 Revision*. The written guidance materials are clear and comprehensive.

**Objectivity/Professional Judgment.** Auditors use professional judgment in planning and performing audits. ODCA's work process provides for the application of collective professional judgment of the office.

**Competence.** The office includes experienced, well-educated staff. The staff's diverse backgrounds and skills are beneficial to the office. The staff assigned to perform audits collectively possess adequate professional competence for the tasks required.

Competence may be maintained through a commitment to continued learning and development. Training is available both in-house and through many outside resources, including the National Conference of State Legislatures and the National Legislative Program Evaluation Society. The office has developed a progressive training plan to better meet the needs of staff at all levels of experience.

Every two years, ODCA staff must complete at least 80 hours of continuing education. An internal training supervisor tracks all staff training and sends quarterly reminders to staff. ODCA uses an electronic system for its CPE tracking process.

**Suggestions for Improvement.** As noted above, the peer review team found positive aspects of ODCA's quality assurance process and the staff's work. During its review, the peer review team also offered additional technical and procedural suggestions for ODCA managers to consider. The suggestions were not criticisms of the office; rather, they were provided as opportunities to further refine its practice of the audit profession and do not affect the peer review team's overall judgment of the office or its compliance with *Government Auditing Standards*.

## APPENDIX A. PERFORMANCE AUDITS REVIEWED

*The District's Worksite Parking Program Treats Employees Inequitably and Could Increase Revenue, August 2, 2018.*

*Significant Improvements Needed in DCRA Management of Vacant and Blighted Property Program, September 21, 2017.*

*Stronger Management of the Housing Production Trust Fund Could Build More Affordable Housing, March 20, 2018.*

*UDC's Vision 2020 Plan: How Much Progress Has Been Made?, March 10, 2017.*

## APPENDIX B: PEER REVIEW TEAM

### **Brenda Erickson**

Brenda Erickson is a program principal in the Legislative Staff Services Program at NCSL. She specializes in legislative processes and serves as the NCSL liaison to NLPES. She coordinated peer reviews for the Hawaii Office of the Auditor, Nebraska Legislative Audit Office, South Carolina Legislative Audit Council, Washington Joint Legislative Audit and Review Committee and West Virginia Post Audit Division. She also has participated in numerous assessments of legislative process and staffing, including studies in Arizona, Arkansas, Maine, Oregon, Tennessee and Virginia. She has worked at NCSL for 34 years. Before joining NCSL, she worked for the Minnesota House of Representatives for five years. She received her bachelor's degree in math from Bemidji State University.

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### **Kade Minchey**

Kade Minchey was appointed Utah's legislative auditor general in December 2018. Prior to this, Mr. Minchey was an audit manager and 17-year veteran of the Utah Office of the Legislative Auditor General. He attended Utah State University for his bachelor's degree and the University of Utah for his Master's in Public Administration degree. Mr. Minchey also has been an adjunct instructor at Salt Lake Community College and Brigham Young University, teaching political ideologies and program evaluation courses.

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**Eric Thomas**

Eric Thomas is the audit coordinator for the Washington Joint Legislative Audit and Review Committee. Mr. Thomas returned to work for JLARC in July 2010, after previously working for the office from 2002-2005. Before returning to JLARC, he worked at the Department of Social and Health Services as both a forecast and policy analyst, and the Department of Transportation as a branch manager in the Strategic Assessment Office. He also worked as an analyst at the Governor's GMAP Office, where he coordinated statewide reporting for the federal Recovery Act. Mr. Thomas earned a Bachelor of Arts degree in history from the University of Oregon and a Master of Public Service and Administration degree at Texas A&M University.

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## APPENDIX C. PROFILES OF PROGRAM EVALUATION OFFICES

Among the many roles state legislatures play—debating public policy, enacting laws and appropriating funds—is the fundamental responsibility to oversee government operations and ensure that public services are effectively and efficiently delivered to citizens.

To help meet this oversight responsibility, most state legislatures have created specialized offices that conduct research studies and evaluate state government policies and programs. These studies—variously called policy analyses, program evaluations, performance audits or sunset reviews—address whether agencies are properly managing public programs and identify ways to improve them. Similar offices in legislatures around the country serve a vital function. They significantly bolster legislatures’ ability to conduct independent oversight of the other branches of government and determine if legislative program priorities are adequately fulfilled.

A legislative sunset, audit or program evaluation office provides a legislature with an independent, objective source of information. Most, if not all, parties presenting information to a legislature have a vested interest in the information. These include executive branch agencies, citizens’ groups and lobbyists. A legislative sunset, audit or program evaluation office can provide objective information without taking a position on results of its use. It allows a legislature to ensure that it can obtain the information it needs without depending upon the executive branch to provide it.

Most legislative program evaluation offices have been in operation for many years. Ninety-two percent have served their legislatures more than 10 years, with most offices having served for more than 25 years. The Office of the District of Columbia Auditor was established by the United States Congress in 1973. ODCA’s mission is to support the Council of the District of Columbia by conducting audits that improve the economy, efficiency and accountability of District government.

To help ensure that they produce high-quality work, audit offices use professional standards to guide their activities. Approximately half of offices follow *Government Auditing Standards*, issued by the U.S. Government Accountability Office. A quarter of offices use internally developed

standards and some offices use more than one set of standards. Most remaining offices have not adopted formal standards. The Office of the District of Columbia Auditor conducts its performance audits in accordance with the generally accepted government auditing standards for performance audits contained in the *Government Auditing Standards* (2011 Revision), internal operating guidelines and professional best practices.

Legislative program evaluation offices vary substantially in size, reflecting the diversity among states and legislatures. According to the 2015 *Ensuring the Public Trust* survey, about a fifth of the states have audit offices with 10 or fewer staff. More than three-fourths of audit offices have 11 or more evaluation staff, and with 21 staff, the Office of the District of Columbia Auditor falls into this category.