



Association of Local Government Auditors

June 4, 2021

Honorable Chair Clymer and Members of the Riverside Charter Review Committee
c/o City Clerk Donesia Gause, MMC city_clerk@riversideca.gov
City of Riverside
3900 Main Street Riverside, CA 92522

The Association of Local Government Auditors (ALGA) commends the Riverside Charter Review Committee for their work to consider amending the City Charter to establish a more independent performance audit function. ALGA would like to offer our assistance as you work to enhance the independence and the value of the performance audit function to City Council and the community. We are writing to you about the importance of having your performance audit function be led by a city employee who reports to the City Council, to maintain maximum independence and effectiveness.

The Association of Local Government Auditors (ALGA) is a professional organization with more than 300 member organizations located primarily in the United States (US) and Canada. ALGA is committed to supporting independent performance auditing in local governments.

ALGA believes that an independent performance audit function, operating under generally accepted government auditing standards, plays a key role in effective governance, public accountability, and transparency. We recommend that your auditors follow [Government Auditing Standards](#) (GAGAS) issued by the U.S. Comptroller General's Government Accountability Office (GAO) to enhance the audit function's independence and so increase public confidence in the City. We suggest that you may wish to establish an audit committee independent of management, composed of Council members and including local experts in auditing and accountability, as discussed in our publication [Audit Committee Guidance](#).

We also believe that maintaining an audit office that reports directly to the City Council provides the independence required to conduct objective and independent assessments of City departments, program, and activities.

We ask you to consider our view that placing the auditor and audit function under the supervision of the City Manager in either a functional or administrative manner is a significant structural threat to the independence of the auditor under Government Auditing Standards. Specifically, GAGAS section 3.56 states that auditors who work under the direction of the audited entity's management are considered structurally independent only for the purposes of reporting internally (to management) and only if the head of the audit organization meets five specific criteria. In other words, these measures result in audit work and reports that are only reliable for internal distribution, but not for distribution to and reliance upon by the City Council and the public.



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ALGA has published a number of best practices for local government auditing on our website, at www.algaonline.org under the “Build an Audit Function” tab. These publications include [Model Legislation Guidelines for Local Government Auditors](#) with information about strengthening your municipal code and audit function; [Audit Committee Guidance](#) focused on enhancing the effectiveness of the audit committee; [Guidance on Outsourcing and Co-Sourcing Audits](#) and [Auditor Independence](#) which discuss why contracting out an audit function may weaken independence and effectiveness and why auditor independence is important .

In closing, we respectfully suggest that Council move forward to establish and codify an independent performance audit function whose Chief Audit Executive would report directly to Council, possibly with additional participation of the Audit Committee.

ALGA's Advocacy Committee would be happy to offer additional information, or to meet with you (virtually, if requested) to discuss these matters. If you would like additional information, please contact our senior Advocacy representative for California, Ann-Marie Hogan at annmariehogan94@gmail.com or me at douglas.jones@kcmo.org or (816) 513-3303.

Sincerely,

Douglas Jones, CGAP, CIA, CRMA
City Auditor, Kansas City, Missouri
Chair, ALGA Advocacy Committee