



External Quality Control Review

of the
Office of the Virgin Islands,
Inspector General

Conducted in accordance with guidelines of the
**Association of Local Government
Auditors**
for the period October 1, 2020 to September 30,
2023



Association of Local Government Auditors

November 29, 2023

Ms. Delia Thomas, Inspector General
2315 Kronprindsens Gade #75
Charlotte Amalie, St. Thomas, VI 00802

Dear Ms. Thomas,

We have completed a peer review of the Office of the Virgin Islands, Inspector General for the period October 1, 2020 to September 30, 2023. In accordance with generally accepted government auditing standards peer review requirements, 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 was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States and applicable legal and regulatory requirements. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management, 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. Organizations can receive a rating of pass, pass with deficiencies, or fail. The Office of the Virgin Islands, Inspector General has received a rating of pass.

Further, based on the results of our review, it is our opinion that the Office of the Virgin Islands Inspector General internal quality control system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for audits and inspections during the period October 1, 2020 to September 30, 2023.

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

Paul Geib, CFE
Milwaukee Public Schools

Jennifer An, CPA, CFE
Los Angeles Police
Department



Association of Local Government Auditors

November 29, 2023

Ms. Delia Thomas, Inspector General
2315 Kronprindsens Gade #75
Charlotte Amalie, St. Thomas, VI 00802

Dear Ms. Thomas,

We have completed a peer review of the Office of the Virgin Islands, Inspector General for the period October 1, 2020 to September 30, 2023 and issued our report thereon dated November 29, 2023. 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 Office's Auditor's Manual is comprehensive and provides detailed guidance on steps to follow when conducting audits.
- There is a robust training program for audit staff that will build competencies and the skills of the audit staff.
- The workpapers were well documented and supported the audit report findings and conclusions.

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

- Standard 3.30 requires auditors to evaluate the following broad categories of threats to independence when applying the GAGAS conceptual framework...these include self-interest, self-review, bias, familiarity, undue influence, management participation and structural threats.

Observation: In reviewing the Office's work papers, we observed that the Assessing Threats to Independence form was not completed for the two performance audits and two inspections we reviewed.

We suggest that for each audit or inspection that is to be conducted, the Assessing Threats to Independence form is completed prior to these engagements commencing.

- Standard 5.43-5.45 requires the audit organization to perform monitoring procedures that enable it to assess compliance with professional standards and quality control policies and procedures for GAGAS engagements; and 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; and communicate the results to appropriate personnel. In addition, the audit organization should evaluate the effects of deficiencies noted, to determine and implement appropriate actions to address deficiencies identified.

Observation: In reviewing the Office's files, we observed that while the Auditor's Manual indicates that annual monitoring using the Appendix E checklist for performance audits performed by the OIG was to occur, there was no evidence of this process documented.

We suggest that this annual assessment be documented, and the results of this review be communicated to the audit staff and be made available for subsequent peer reviewers.

- Standard 5.60 requires that each audit organization conducting engagements in accordance with GAGAS must obtain an external peer review conducted by reviewers independent of the audit organization. Standard 5.61 notes compliance with recognized organizations which includes the Association of Local Government Auditors.

Observation: The last peer review was conducted in February 2019 for the period ending September 30, 2017. Based on the peer review requirements of the Association of Local Government Auditors, the subsequent peer review should have been conducted in the calendar year 2022.

We suggest that moving forward, the Office ensure subsequent peer reviews are completed within the established timelines as required by the GAO.


- Standard 9.03 requires that when auditors comply with all applicable GAGAS requirements, they should use the following language, which represents an unmodified GAGAS compliance statement: We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Observation: A review of audit reports that cite compliance with GAGAS did not include the statement "We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives."

We suggest that moving forward, the Office ensure the full GAGAS compliance statement language is included in all audit reports that cite compliance with GAGAS requirements.

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

Sincerely,



Paul Geib, CFE
Milwaukee Public Schools



Jennifer An, CPA, CFE
Los Angeles Police Department