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449 Lewis Hargett Circle  
Suite 290  
Lexington, KY 40503  
Phone: (859) 276-0686  
Fax: (859) 278-0507

[www.governmentauditors.org](http://www.governmentauditors.org)  
[memberservices@governmentauditors.org](mailto:memberservices@governmentauditors.org)

February 27, 2009

Jeffrey Griffiths  
Auditor General  
City of Toronto  
Auditor General's Office

Dear Mr. Griffiths,

We have completed a peer review of the City of Toronto Auditor General's Office for the period January 2006 through December 2008 and issued our report thereon dated February 27, 2009. We are issuing this companion letter to offer certain observations and one suggestion stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- The entire audit team has great synergy.
- Your office's policies and procedures are well written and substantially exceed the requirements under *Government Auditing Standards*. They also promote consistency among the work papers across audits.
- The staff is highly qualified and diverse with a broad range of subject area expertise.
- Your approach to the electronic automation of audit recommendation follow-up is an innovative and excellent idea, and makes the process much more efficient. Perhaps it is something you can share at an annual ALGA conference.
- The internal committees that focus on quality assurance and critical issues are an excellent idea.
- Your system for electronically distributing reports minimizes paper consumption and is environmentally friendly.
- The Administrative Support Staff is gracious and efficient.

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

- In one of the six engagements we examined neither the survey checklist nor the audit program addressed the risk of fraud. In our determination the risk of fraud was not likely for this particular engagement. *Government Auditing Standards* direct that when planning the audit, auditors should assess risks of fraud occurring that is significant within the context of the audit objectives. Consequently, the Fraud and Abuse section should be included in the work papers, and the auditor should indicate N/A if the standard is not applicable.

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

Sincerely,



Alan R. Gutowski  
City of Albuquerque, NM



Renata Khoshroo  
City of San Jose, CA



Antonio Bianchi  
The Regional  
Municipality of York