OFFICE OF THE AUDITOR GENERAL
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 216
Detroit, MI 48226
313.224.3101
313.224.4091
www.detroitmi.gov

MEMORANDUM

DATE : September 18, 2026

TO: Honorable City Council
Mayor Mary Sheffield

FROM: Laura Goodspeed, CPA
Auditor General

RE: The Office of the Auditor General's External Quality Review (August 2026)

C: Tanya Stoudemire, Chief Financial Officer, Office of the Chief Financial Officer
David Whitaker, Director, Legislative Policy Division

IT'S A REPEAT PASS!

It is with great pride and an extreme sense of accomplishment that the City of Detroit Office of the Auditor General has received a rating of pass for our second three-year Peer Review.

The Association of Local Government Auditors Peer Review team opined that our internal quality management system was "adequately designed and operating effectively" to provide reasonable assurance that we conduct our audit engagements consistent with Generally Accepted Government Auditing Standards (GAGAS) 2024 Revision, compiled by the Comptroller General of the United States Government Accountability Office.

Peer Reviews are established under Section 5.155 of the GAGAS Standards:

> §5.155 Each audit organization conducting engagements in accordance with GAGAS must obtain an external peer review conducted by reviewers independent of the audit organization being reviewed. The peer review should be sufficient in scope to provide a reasonable basis for determining whether, for the period under review, (1) the reviewed audit organization's system of quality management was suitably designed and (2) the organization is complying with its system of quality management so that it has reasonable assurance that it is fulfilling its responsibilities in accordance with professional standards and performing and reporting in conformity with such standards in all material respects.

A copy of this full report can be found on the City of Detroit's Office of the Auditor General website: https://www.detroitmi.gov/government/auditor-general.

External Quality Review

of the

City of Detroit
Office of the Auditor General

Conducted in accordance with guidelines
of the

Association of Local Government Auditors

Association of Local Government Auditors

August 6, 2026

Laura Goodspeed, CPA, Auditor General

Dear Ms. Goodspeed,

We have completed a peer review of the City of Detroit Office of the Auditor General for the period July 1, 2023 to June 30, 2026. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with Government Auditing Standards* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality management system of your audit organization and conducted tests to determine whether your internal quality management 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 engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff and management.

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 City of Detroit Office of the Auditor General has received a rating of pass.

Based on the results of our review, it is our opinion that the City of Detroit Office of the Auditor General internal quality management system was adequately designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* and applicable legal and regulatory requirements for engagements during the period of July 1, 2023 – June 30, 2026.

We have prepared a separate letter providing findings and recommendations to further strengthen your internal quality management system.

Corrie Stokes, CIA, CGAP, CFE
Retired, City of Austin

Elise Garvey
King County Auditor's Office

Association of Local Government Auditors

August 6, 2026

Laura Goodspeed, CPA
Auditor General

Dear Ms. Goodspeed,

We have completed a peer review of the City of Detroit Office of the Auditor General for the period July 1, 2023 to June 30, 2026 and issued our report thereon dated August 6, 2026. We are issuing this companion letter to offer certain findings and recommendations stemming from our peer review.

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

- Dedication to continuous improvement of office processes and internal systems;
- Commitment to training and development of office staff;
- Thorough consideration and evaluation of internal controls within engagements; and
- Detailed audit procedures in your audit software to ensure compliance with applicable policies and standards and completeness of audit documentation.

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

- 2024 Revisions to Chapter 5 of the Government Auditing Standards include, among other requirements, requirements to implement a process for monitoring the quality management system, addressing any deficiencies, conducting an annual evaluation, and communicating results of quality monitoring and evaluation throughout the organization. We observed that your office has identified quality objectives, conducted a quality management risk assessment, and drafted a policy for this area. However, we determined that additional procedures need to be developed and implemented to address the new requirements for monitoring, evaluation, and communication.

  We recommend that your office review the new requirements in detail to ensure complete implementation. This should include incorporating procedures to conduct monitoring of the quality management system, address any deficiencies, prepare an annual evaluation, and communicate results throughout the organization.

- Standard 5.48(b) requires that the organization obtain written affirmation of compliance with policies and procedures on independence at least annually from all

personnel required to be independent. We did not see evidence of this requirement in your policies and procedures or documentation.

We recommend you update your policies and procedures to include this affirmation for all personnel required to be independent and document it at least annually.

- Standard 8.108 requires that the organization document an assessment that evidence as a whole is sufficient and appropriate. We did not observe a specific step or documentation in your policies and procedures for this overall assessment.

  We recommend you update your policies and procedures to include this assessment and conduct and document the assessment for each engagement.

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

Sincerely,



Corrie Stokes, CIA, CGAP, CFE
Retired, City of Austin



Elise Garvey
King County Auditor's Office