



Transmitted via e-mail

December 13, 2017

Mr. Stewart Knox, Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814

Dear Mr. Knox:

Final Report—Employment Training Panel, External Peer Review

The California Department of Finance, Office of State Audits and Evaluations, has completed its external peer review of the Employment Training Panel's (ETP) Audit Unit.

The enclosed report and companion letter are for your information and use. Your response to the report findings is incorporated into this final report. You agreed with our findings. We appreciate the assistance and cooperation during the engagement, and your willingness to implement corrective actions. This report will be placed on our website.

If you have any questions regarding this report, please contact Susan Botkin, Manager, or Edwina Troupe, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Jennifer Whitaker, Chief
Office of State Audits and Evaluations

Enclosure

cc: Ms. Jill McAloon, Chief Deputy Director, Employment Training Panel
Mr. Stephen Runkle, Audit Manager, Employment Training Panel



Transmitted via e-mail

December 13, 2017

Mr. Stewart Knox, Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814-2826

Dear Mr. Knox:

We have completed a peer review of the Employment Training Panel's (ETP) Audit Unit for the period May 2014 through June 2017.

We reviewed the internal quality control system of your Audit Unit and conducted tests to determine if your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

- Review of written policies and procedures.
- Review of internal monitoring procedures.
- Review of a sample of audit engagements and workpapers.
- Review of documents related to independence, training, and development of auditing staff.
- Interviews with audit 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.

Based on the results of our review, it is our opinion that the Audit Unit's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit engagements completed during the period May 2014 through June 2017.

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

If you have any questions, please contact Susan Botkin, Manager, or Edwina Troupe, Supervisor, at (916) 322-2985.

Sincerely,

Jennifer Whitaker, Chief
Office of State Audits and Evaluations



December 13, 2017

Mr. Stewart Knox, Executive Director
Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95814-2826

Dear Mr. Knox:

We have completed a peer review of the Employment Training Panel's (ETP) Audit Unit for the period May 2014 through June 2017, and issued our report thereon dated December 13, 2017. 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 staff possess the technical knowledge, skills, and experience necessary to perform the audits.
- The audit management was responsive in implementing corrective actions to strengthen compliance with *Government Auditing Standards*, based on recommendations from the 2014 peer review.
- The Audit Unit continues to submit to rigorous peer reviews in an effort to maintain compliance with standards and enhance audit quality.

We offer the following observations and suggestions to help your organization achieve full compliance with *Government Auditing Standards*:

- Standards 7.12, 7.13, and 7.16 require the auditor to explain the relationship between the population and the items tested, the sample design, why the design was chosen; and whether testing results can be projected to the entire population to provide the reader a basis for judging the prevalence and consequences of the results.

We recommend including a statement in reports about the use of samples.

- Standard 7.05 requires audit reports be made available to the public unless specifically limited by law, regulation, or the report includes classified information.

We recommend publishing audit reports on ETP's website or the auditee website.

Mr. Stewart Knox
December 13, 2017
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We appreciate the assistance and cooperation extended to us during our review. If you have any questions, please contact Susan Botkin, Manager, or Edwina Troupe, Supervisor, at (916) 322-2985.

Sincerely,

Jennifer Whitaker, Chief
Office of State Audits and Evaluations



State of California
Employment Training Panel

Edmund G. Brown Jr., Governor

December 4, 2017

Ms. Jennifer Whitaker
Chief, Office of State Audits and Evaluations
Department of Finance
915 L Street, 6th Floor
Sacramento, CA 95814

Ms. Whitaker:

Thank you for the opportunity to review and comment on the *Draft Report-Employment Training Panel [ETP] External Peer Review* issued by the Department of Finance, Office of State Audits and Evaluations (OSAE). We are pleased the review found our Audit Unit's internal quality control systems to be compliant with *Generally Accepted Government Auditing Standards (GAGAS)* for reports issued May 2014 – June 2017.

ETP recognizes the value of the peer review process and wishes to compliment the professional demeanor of OSAE staff. We appreciate that the Draft Report's supplemental letter noted our audit management's responsiveness implementing corrections to strengthen our compliance, based on your 2014 review. In addition, it noted our audit staff possess adequate technical knowledge, skills, and experience, and that ETP continues to submit to rigorous peer reviews in effort to enhance quality and comply with *Government Auditing Standards*.

We have considered the recommendations for process improvement, which reference GAGAS Sections 7.05, 7.12, 7.13, and 7.16, and are included in the Draft Report's supplemental letter. Regarding Section 7.05, our audit reports will continue to be available to the public through Public Record Act requests. Regarding Sections 7.12, 7.13, and 7.16, our Audit Unit intends to take action to disclose our use of sampling in all ETP audit reports, not just those where sampling supports extrapolation to the entire audit population, as was our practice to date. Should you or your staff have any questions, please contact Stephen Runkle, Audit Manager at (916) 327-4758.

Sincerely,

Original signed by:

Stewart Knox
Executive Director

cc: Jill McAloon, Chief Deputy Director
Stephen Runkle, Audit Manager

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