Office of the City Auditor

Fiscal Year 2015
INTERIM AUDIT PLAN
April – September 2015

Corrie E. Stokes
Acting City Auditor

City of Austin, Texas

Mayor and Council Members

Steve Adler
Mayor

Kathie Tovo
Mayor Pro Tem, District 9

Ora Houston
District 1

Delia Garza
District 2

Sabino Renteria
District 3

Gregorio Casar
District 4

Ann Kitchen
District 5

Don Zimmerman
District 6

Leslie Pool
District 7

Ellen Troxclair
District 8

Sheri Gallo
District 10

About Our Office: The Office of the City Auditor (OCA) seeks to assist the City Council (Council) in establishing transparency, accountability, and continuous improvement in Austin City government. To do so, we conduct performance audits, special request projects for the City Council, fraud investigations, and other integrity-related projects.

About Our Planning Process: Each year, our office utilizes a planning process that establishes what high-risk areas will be prioritized for audits, estimates a timetable for initiating and completing audits, and works to mitigate the potential for overlapping audits with internal and external entities. As part of the planning process, we include hours to conduct special request projects as requested by Council. Likewise, we include hours for investigations and other integrity-related projects that, by their nature, cannot be pre-planned. Performance audits, on the other hand, are identified and proposed with preliminary objectives and estimated project hours in this audit plan.

Risk Identification: Throughout the year, our office conducts an "environmental scan" of a variety of internal and external sources to identify potential risk areas from an audit perspective. For example, we consider expectations from internal stakeholders such as elected officials and City management, expectations from external stakeholders, and an analysis of risk areas identified during prior audits (see Table 1).

What is a Performance Audit?

Performance audits provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Audit services provide objective analysis to assist management and those charged with governance to improve program performance and operations, reduce costs, facilitate decision-making for initiating corrective action, and contribute to public accountability.

- Government Accountability Office

Table 1 – Environmental Scan

Expectations from Internal Stakeholders	Expectations from External Stakeholders	Prior Audit Findings/Coverage
➢ Input from Council members	➢ Priorities from the Imagine Austin Plan	➢ Audit risks identified by OCA staff
➢ Input from City risk managers	➢ Results from the most recent citizen survey	➢ Recurring risk areas based on prior results
➢ City budget, strategic, and planning documents	➢ Input from citizens and other stakeholders	➢ Results from follow-up audit projects
➢ Input from City internal audit directors	➢ Input from peer audit entities	➢ Results from audits by other entities
➢ Input from OCA audit and investigative staff	➢ Consideration of current events	➢ Results of audit coverage analysis

Risk Assessment and Project Prioritization: We analyze the information collected in the environmental scan to identify potential audit topics and then prioritize these topics based on a variety of factors including risk level, stakeholder interest and community impact, audit coverage, available resources, and timing. This process yields an annual audit plan project list and a priority replacement project list. Identified topic areas that do not appear on either list are included on our internal horizon list, which serves as the beginning point for future planning efforts (see Table 2).

What is Risk Assessment?

Risk assessment is a systematic process used to identify and prioritize the relative impact of risk factors that indicate where there may be a high level of exposure or potential liability for the City.

The results of this process identify risk areas where audits or additional management action may be warranted and indicate where the greatest impact can be achieved from finite resources.

The Annual Audit Plan: The annual audit plan is a product of this process and identifies the audits our office intends to conduct in the coming year. The plan is also flexible so that unforeseen or urgent issues can be addressed in a timely manner. As noted in City Code section 2-3-7, the City Auditor maintains the flexibility to amend the plan, as needed, by notifying and obtaining comments from the Council Audit and Finance Committee. Likewise, the City Auditor may expand the scope of an audit, as needed.

Each year, the City Auditor submits the annual audit plan to the City Council for review and comment through the Council Audit and Finance Committee. As noted in City Code section 2-3-9, the committee reviews and makes a recommendation to the full Council regarding the City Auditor's annual audit plan.

Table 2 – Plan Development Flow Chart

COUNCIL VISION

ENVIRONMENTAL SCAN

Auditor Intuition → **IDENTIFICATION OF KEY AUDIT RISKS** ← Professional Judgment

Prioritize Risk Areas and Select Audit Projects

ANNUAL AUDIT PLAN

PRIORITY REPLACEMENT LIST

HORIZON LIST

Why is this an Interim Plan?

Our office typically presents a draft annual audit plan in August for Council Audit and Finance Committee consideration and again in September for approval. The annual audit plan identifies a full year of projects for our office in addition to potential topics for future audits.

For fiscal year 2015, due to changes both in our office and in the City operating environment, we previously presented an interim audit plan listing projects to be initiated through March 2015. The list of projects in this document represents the second half of our interim audit plan covering projects to be initiated from April to September 2015.

Proj. No.	Audit Area	Primary Department(s)	Preliminary Objective	Plan Hours
			AUDITS: New Projects – Requested or Identified as High Risk	
1	Code Investigation and Resolution Consistency	Austin Code	Evaluate the consistency of code interpretation, investigation, and resolution	1,000
2	Resource Allocation – Parks and Recreation Department	Parks and Recreation	Evaluate the allocation of resources for park facilities and programs by district to include utilization, costs, and fees	1,000
3	Neighborhood Planning Communication	Planning and Zoning	Evaluate the extent and effectiveness of public engagement efforts, including neighborhood plan contact teams, related to the planning, drafting, and implementation phases of the CodeNEXT process	1,000
4	Critical Infrastructure Safety	Multiple	Evaluate City efforts related to the safety of dams, bridges, and other critical infrastructure as compared to laws, regulations, policies, procedures, and industry practices	1,000
5	Inventory Management – Series	Multiple	Conduct a risk assessment of inventory management practices in order to identify and prioritize specific areas to be audited (NOTE: Hours include at least one prioritized audit)	1,000
6	Special Events Fee Management	Multiple	Evaluate the criteria and consistency of special events fee management and compare with practices used in peer cities	1,000
			AUDITS: Carryover Projects – To be Completed in FY15	
7	Austin Energy – Customer Care	Austin Energy	Evaluate customer satisfaction with the level of service provided by Austin Energy customer care staff and benchmark service levels against other entities providing similar services	800
8	Weatherization	Austin Energy	Evaluate the management and effectiveness of weatherization efforts as compared to industry practices	700
9	Evidence Room Follow-up	Austin Police Department	Follow up on two prior audits involving the APD Evidence Room	500
10	Sewer Overflow Prevention and Response	Austin Water Utility	Evaluate Austin Water Utility's efforts to prevent and respond to sewer overflows from pipelines and lift stations	250
11	Water Loss Management	Austin Water Utility	Determine whether the Austin Water Utility has appropriate controls in place for water loss management	450
12	Affordable Housing – Prioritization	Neighborhood Housing and Community Development	Evaluate the effectiveness of Neighborhood Housing and Community Development strategic planning efforts to prioritize and address the City's affordable housing goals and needs	300
13	Central Library Construction Management	Public Works, Austin Public Library, Multiple	Determine whether this major construction project complies with contracting industry practices	800
14	Construction Project Management at the Airport	Public Works, Aviation, Multiple	Evaluate the City's process related to construction projects at Austin-Bergstrom International Airport	200
15	Transportation Effectiveness – Risk Assessment and Selected Project	Transportation	Conduct a risk assessment of transportation system planning and implementation in order to identify and prioritize specific areas to be audited (NOTE: Hours include at least one prioritized audit)	1,000
16	Information Technology Access Controls for Critical City Systems – Series	Multiple	Conduct an access control audit of a selected critical City information system	300
17	Purchasing Card – Series	Multiple	Conduct a purchasing card audit in a selected high risk area	300
			OTHER: Integrity and Special Request Projects	
18	Council Special Requests	Multiple	Limited-scope requests from Council related to information provision or verification (NOTE: Projects are typically 200 hours or less)	600
19	Integrity Unit Activities	Office of the City Auditor	Investigations of allegations of fraud, waste, and abuse by City employees or contractors and proactive prevention and risk response projects	2,500
20	Closeout Activities for Prior Projects	Office of the City Auditor	Complete closeout and quality review for projects delivered at upcoming Audit and Finance Committee meetings	300
			FY 2015 (April - September) Audit Plan Total Hours	**15,000**

OFFICE OF THE CITY AUDITOR

FISCAL YEAR 2015 (APRIL – SEPTEMBER) PRIORITY REPLACEMENT PROJECTS

Proj. No.	Audit Area	Primary Department(s)	Preliminary Objective	Plan Hours
1	Biomass Plant Contract Oversight	Austin Energy	Evaluate Austin Energy oversight of the biomass plant contract	500
2	Disconnect Policy	Austin Energy	Evaluate the disconnect policy related to compliance and consistency in application	750
3	Resource Allocation – Austin Public Library	Austin Public Library	Evaluate the allocation of resources for library facilities and programs by district to include utilization, costs, and fees	1,000
4	Development Project Review Process	Development Review	Evaluate the City of Austin's approach to development project reviews especially related to timing, objectivity, and consistency	1,000
5	Fleet – Light Duty Vehicle Preventive Maintenance	Fleet, Multiple	Evaluate the effectiveness and efficiency of the City's preventive maintenance program for light duty vehicles and compare to industry practices	750
6	Formula One Circuit Events Local Organizing Committee (CELOC) Contract Accountability	Economic Development	Evaluate compliance with contracted terms impacting the City of Austin's objectives	500
7	Governance Structure	Human Resources	Evaluate the Human Resources governance structure as compared to industry practices	1,000
8	Affordable Housing – Incentives	Neighborhood Housing and Community Development	Evaluate the effectiveness of the "fee-in-lieu" component of the City's housing development incentive programs and determine whether its implementation complies with applicable requirements	750
9	Construction Management Process	Public Works, Multiple	Evaluate the effectiveness and efficiency of the construction management and coordination process and compare to industry practices	1,000
10	Street Condition	Transportation, Public Works	Evaluate the impact on street conditions of work in the right-of-way	1,000
11	Storm Water Infrastructure Maintenance	Watershed Protection	Evaluate whether the City's storm water infrastructure is being maintained on an appropriate schedule and is in compliance with applicable laws, regulations, policies, procedures, and industry practices	1,000
12	Board and Commissions – Communication	Multiple	Evaluate the effectiveness and efficiency of communications among commissioners, City staff, and Council committees	750
			FY 2015 (April - September) Priority Replacement Plan Total Hours	**10,000**