Budget Rider for Budget Concept Item OT1.02

Submitted by Gallo

ITEM	Description	GF	One-Time
OT1.02	Add an Auditor FTE	98,834	1650

A budget rider regarding the creation of an FTE within the office of the City Auditor by reallocating the vacant FTE from finance's Office of Accountability to the City Auditor.

This position is essential for transparency and accountability with respect to city audit process, results and responsive action.

Background:

For all audit reports issued by the City Auditor, management determines whether they agree or disagree with each recommendation in the report. If management agrees with the recommendation, they then prepare a response and action plan that includes the implementation approach, status, and planned implementation date.

The City Controller maintains a database to track management's actions to address audit recommendations issued by the City Auditor. When the City Auditor issues an audit report, this database is populated with the recommendations contained in the report and the initial departmental response to each recommendation.

Every six months, the City Controller requests the implementation status of audit recommendations from respective department management and records the reported status in the database. The Controller does not validate the information reported, but does summarize the information and provides a report on the status of recommendations to the Council Audit and Finance Committee.

As part of all audits, the City Auditor reviews the status of recommendations for prior related audits. In addition, the auditor performs some follow-up audits designed to specifically test the status of selected audit recommendations. Prior to 2014, the City Auditor selected particular audits and tested to determine whether recommendations from those audits had been implemented by management. Beginning in 2014, the City Auditor began a more cross-cutting follow-up approach, selecting higher risk audit recommendations from all reports issued for a given time period and testing to determine whether recommendations had been implemented.

Proposed Approach:

To enhance the process outlined above, the Office of the City Auditor could:

1) Implement TeamCentral, an online mechanism for tracking and reporting on the status of recommendations. TeamCentral is included as one of the modules of the TeamMate audit

management system used by the Office of the City Auditor, but has not been implemented to-date due to resource constraints and other priorities. After TeamCentral implementation, the City Controller would continue to be responsible for ensuring departments periodically update the implementation status for recommendations, but the initial information about the recommendation and management's response would be automatically populated and departments would be able to update the status information through a web-based interface. This would reduce manual processes in the Controller's Office, would enable more real-time follow-up by the City Auditor, and would expand reporting capabilities related to audit recommendations.

2) Expand the time/resources dedicated to audit follow-up in order to test, to some extent, implementation of critical recommendations concurred to by management. This approach would continue to be risk-based, with more extensive testing performed on higher-risk recommendations and those reported as fully implemented. One additional senior auditor (Auditor II level), combined with the resources currently dedicated to follow-up, should enable this level of comprehensive follow-up testing at least twice per year.