To: Honorable Mayor and Members of the City Council
From: Ann-Marie Hogan, City Auditor
Subject: City Auditor Fiscal Year 2018 Audit Plan Amendment

INTRODUCTION
The Berkeley City Charter requires the City Auditor to notify Council of modifications to the City Auditor’s Office annual audit plan. This report serves to inform Council of an addition to our Fiscal Year 2018 Audit Plan as well as provide an update on our audits in progress.

CURRENT SITUATION AND ITS EFFECTS
The Berkeley Fire Department requested an audit of its fire prevention code enforcement activities. We added the audit to our audit plan as it fits in with our Fiscal Year 2018 Audit Plan theme to assess the impacts on service delivery resulting from limited staff resources.

We are currently working on two other audits that address staffing capacity: code enforcement unit and public safety dispatch workloads. We are also in the process of completing our audit on credit card use and a follow up to our October 26, 2010 equipment replacement fund audit. As the four audits are currently underway, we may not yet report on our conclusions. However, we believe that the reports will provide critical information on what is needed to provide expected services, monitor expenditures, and manage assets. Information regarding the selection of those audits may be found in the City Auditor’s Office Fiscal Year 2018 Audit Plan.

During the 2018 fiscal year, we also addressed the use of special tax funding and Parks, Recreation, and Waterfront’s building and maintenance on-call program:

- Community agency use of Measure E and B funding: We issued our audit of Easy Does It’s compliance with funding requirements on May 1, 2018. We found the agency to be committed to providing much needed services to severely physically disabled persons but in need of major improvements to its procedures, polices, and processes for ensuring appropriate use of Measure E funding and safeguarding that money against fraud and misuse.
• **Parks Tax and Measure GG**: We issued our reports regarding the use of Parks Tax and Measure GG funding on non-personnel expenditures on **July 25, 2017**\(^4\) and **November 28, 2017**\(^5\), respectively. We found the Berkeley Fire Department; Health, Housing, and Community Services; and Parks, Recreation, and Waterfront to be in compliance with the intended use of the special taxes.

• **Parks, Recreation & Waterfront (PRW) building and maintenance on-call program**: We issued our report on PRW’s on-call building and maintenance program on **November 14, 2017**\(^6\). We found that the program is not sufficiently designed to allocate costs to the departments that use the services.

**BACKGROUND**

The City Auditor’s Office aims to improve the efficiency, effectiveness, equity, and accountability of City service delivery, and to identify and reduce risks.

**ENVIRONMENTAL SUSTAINABILITY**

This report is not associated with identifiable environmental effects or opportunities.

**POSSIBLE FUTURE ACTION**

Our future audit recommendations will address the risks that could prevent the City from providing efficient, effective, and equitable service delivery. We will be asking Council to accept those recommendations and request that the City Manager report on its actions to implement them. We may also make recommendations requiring Council action.

**FISCAL IMPACTS OF POSSIBLE FUTURE ACTION**

Audit work leads to new or enhanced revenue, cost recovery, and increased efficiency, with economic impact well beyond the audit costs. Long-range benefits of our audits should result in significant improvements to internal controls and service delivery. Ensuring timely implementation of audit recommendations could result in additional savings and risk reduction, including fraud risk.

**CONTACT PERSON**

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