



Office of the City Auditor

COUNCIL INFORMATION

June 26, 2001

To: Honorable Mayor and  
Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: FISCAL YEAR 2002 GENERAL AUDIT WORK PLAN

Next year's work plan for the General Audit division of the City Auditor's Office will include:

1. Survey of Citywide cash handling
2. Internal controls over cash
3. Youth services programs
4. Public Safety staffing
5. Internal controls over purchasing and payables
6. Asset Forfeiture expenditure analysis
7. Internal controls over computer systems input
8. Survey of accounting information needs of program managers (Health)
9. The (required) annual Safety Members Pension Fund Audit
10. Ongoing Business License Tax audits
11. Follow up on implementation of prior audit recommendations.

Carryover items from the current fiscal year plan, now in progress, are a review of Public Works contract change orders and a review of Special Investigations Bureau funds. One planned audit, of a revolving loan fund, was dropped because it is included in the annual financial audit.

BACKGROUND:

Article X, section 61 of the Berkeley City Charter requires that the City Auditor provide the City Council with a planned audit schedule by the beginning of each fiscal year. The Charter also states that the Auditor shall consult with the Mayor, City Council, and City Manager regarding the selection of audit entities, but that the final decision of what to audit shall remain with the Auditor.

Priorities for audit work were identified by assessing risk and cost-benefit of possible findings and recommendations, and development of information required by decision-makers in order to take action. Planning meetings with the City Manager and staff, the Council Ad Hoc Audit Advisory Committee, and other Berkeley residents were a key part of this analysis.

FINANCIAL IMPLICATIONS:

Business license revenue from compliance audits is projected to be \$250,000 annually. To the extent that efforts to increase Citywide compliance with business licensing requirements are successful, rate of return in this area may diminish. Should that be the case, some audit resources may be directed towards other items on the work plan.

Since the other audits, which are primarily performance audits and internal control reviews, focus on the quality of work delivered, results may be difficult to dollarize objectively.

Work plan assumptions include a vacancy rate of approximately .5 FTE in General Audit.

CONTACT PERSON:

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Approved by:

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