



Office of the City Auditor

INFORMATION CALENDAR

June 26, 2007

To: Honorable Mayor and Members of the City Council
 From: Ann-Marie Hogan, City Auditor
 Subject: FY 2008 Audit Plan

INTRODUCTION

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. Following is our FY 2008 Audit Plan.

SUMMARY

The aim of the City's Performance Audit Program is to improve the efficiency and effectiveness of City service delivery, and to reduce risks.

The following audits were included in the FY 2007 Audit Plan and will be completed during FY 2008:

- Health and Human Services (HHS) - Medi-Cal.
- Police - Asset Forfeiture Accounts.
- Fire - Controlled Substances.

Fieldwork has been completed for these audits, except HHS Medi-Cal. The Police Asset Forfeiture audit will be presented to Council on July 17, 2007. The Fire Controlled Substances report is scheduled for September 2007.

New audit work will continue our multi-year plan to complete a series of comprehensive reports focusing on the efficiency and effectiveness of operations in large City operating departments, with an emphasis on public health and safety.

- HHS Medi-Cal billings will be audited.
- A Public Safety Dispatch audit will address the Police Department's provision of emergency medical dispatch services to Fire.
- A Police Department Evidence Room audit, requested by the Chief of Police, is planned as a follow-up audit of implementation of recommendations from a Commission on Peace Officer Standards and Training (POST) report.
- Other potential audits in Police, Fire, and HHS, such as prevention efforts and relationships with other community agencies and stakeholders, are under consideration.

Audit, training, and oversight activities for FY 2008 include:

- Surprise cash counts.
- Internal controls and fraud prevention awareness training to City employees.

- Follow-up work and Council reports to ensure that audit recommendations are being implemented timely and effectively.
- Revenue opportunity identification and collection.

Efforts to identify and collect revenue include:

- Audits of City businesses for compliance with business license requirements and for underreporting of gross receipts (ongoing).
- Audit of property tax collections (new in 2008).

A final component of our audit plan includes a report on the importance of ethical values and the integrity of the City's control environment.

Selection of audits, and the decision to continue with the multi-year plan, was based on a review of risks and opportunities. The City Auditor consulted with the City Manager, Department Directors, the Council Audit Advisory Committee, employees and residents, to identify information needed to help improve decision-making and program performance through audit findings and recommendations.

We also planned our audits, particularly our revenue audits, to effectively utilize computerized audit tools. The audit software, Audit Command Language (ACL) improves our ability to detect internal control weaknesses as part of our audits and our continuing monitoring activities, as well as to generate better information and additional revenue for the City.

FINANCIAL IMPLICATION

- Business license revenue from compliance audits has historically been projected at \$125,000 to \$150,000 annually per FTE assigned.
- Long-range financial benefits for the audits completed in FY 2008 should result in significant improvements to internal controls and improved efficiency and effectiveness of delivery of Citywide services.

CONTACT PERSON

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