



Office of the City Auditor

INFORMATION CALENDAR

July 8, 2014

To: Honorable Mayor and Members of the City Council
From: Ann-Marie Hogan, City Auditor
Subject: Amendment to Fiscal Year 2014 Audit Plan

INTRODUCTION

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

CURRENT SITUATION AND ITS EFFECTS

On [July 16, 2013](#),¹ we presented our Audit Plan for the 2014 fiscal year and on [April 29, 2014](#),² we presented an amended Audit Plan. As required by the City Charter, we are notifying the Council of an additional modification to our annual audit plan: We are adding a contracts review audit to the fiscal year 2014 annual audit plan to determine whether contract work starts before the contract is executed.

Audit reports sent to the Council in fiscal year 2014

- [Audit: Construction Permits - Monitor Performance and Fee Assessments to Ensure Excellent and Equitable Customer Service](#)³
- [\\$52,000 Theft: More Can Be Expected Without Citywide Changes in Culture and Procedures](#)⁴

Audit reports sent to the council so far in fiscal year 2015

- [Underfunded Mandate: Resources, Strategic Plan, and Communication Needed to Continue Progress Towards the Year 2020 Zero Waste Goal](#)⁵

Audits in progress

- *Audit of overtime, staffing, and compensatory time use at the animal shelter* – Our objective is to determine if the regular work schedule, staffing level, and the reasons for paid overtime and compensatory time are managed to minimize overtime.

¹ http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/2013-07-16_Item_55_Audit_Plan_for_Fiscal_Year_2014.pdf

² http://www.ci.berkeley.ca.us/Clerk/City_Council/2014/04_Apr/Documents/2014-04-29_Item_51_Amendment_to_Fiscal_Year_2014.aspx

³ http://www.ci.berkeley.ca.us/uploadedFiles/Auditor/Level_3_-_General/A.1_RPT_Audit%20Report_Final_032514.pdf

⁴ http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/A.2_RPT_PRW%20Cash%20Handling_Final.pdf

⁵ http://www.cityofberkeley.info/uploadedFiles/Auditor/Level_3_-_General/A%20RPT_Zero%20Waste_Final.pdf

- *Contracts review* – Our preliminary objective is to determine whether contract work starts before the contract is executed and identify the risks the city is exposed to when work does start before the legal contract is in place.
- *Police injuries* – Our objective is to determine if the Berkeley Police Department investigates injuries to understand the root cause of police injuries, which can prevent future reoccurrences; and uses a system that is appropriate for injury reviews, investigation practices, and injury prevention measures.
- *Zero waste billing* – Our objective is to compare service delivery levels to billing information to determine whether the city is receiving its due revenue for refuse collection services.

Audit deferred

- *Permit Center phase II: use permits* – Deferring this audit will allow us to consider the effects of Planning's implementation of the recommendations in our 2014 audit: [Audit: Construction Permits - Monitor Performance and Fee Assessments to Ensure Excellent and Equitable Customer Service](#)

BACKGROUND

Performance Audit's goal is to improve the efficiency, effectiveness, and accountability of City service delivery, to reduce the risk of loss, and to promote ethical governance.

ENVIRONMENTAL SUSTAINABILITY

Although the audits we issue do include information about specific environmental impacts, this particular report has no identifiable environmental effects or opportunities associated with it.

POSSIBLE FUTURE ACTION

Our planned audits will identify recommendations for management. We will be asking the Council to accept those recommendations and request that the City Manager report on their implementation.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Audit work can lead to new revenue, cost recovery, and increased efficiency, with economic impact well beyond the audit costs. Long-range financial benefits of our 2014 audits should result in significant improvements to internal controls and improved efficiency and effectiveness of citywide services.

The action the Council takes to ensure timely implementation of audit recommendations should result in additional savings and risk reduction, including fraud risk. Reducing fraud risk does more than save money; it helps build trust in government. Maintaining a strong audit function and prudent fiscal and program management will reduce future costs and enhance public trust.

CONTACT PERSON

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