



Office of the City Auditor

INFORMATION CALENDAR

September 9, 2014

To: Honorable Mayor and Members of the City Council
 From: Ann-Marie Hogan, City Auditor
 Subject: Fiscal Year 2015 Audit Plan

INTRODUCTION

The Berkeley City Charter requires the City Auditor to provide the City Council with a planned audit schedule by the beginning of each fiscal year. This audit plan outlines the audits in progress and planned for fiscal year 2015, as noted in our memo on June 30, 2014.

CURRENT SITUATION AND ITS EFFECTS

We have four audits underway and three more scheduled to begin in fiscal year 2015:

Audits in Progress (2014 Audit Plan)

- Animal Shelter overtime, staffing, and compensatory time and citywide impacts
- Police injuries: reviews, investigations, and prevention measures
- Zero Waste billing: matching revenue to service delivery
- Contracts review: identifying work started before contract execution

Audits for 2015

- Ethical climate survey/ethics audit
- City investments
- Hiring practices

Ongoing Activities

- Follow-up on outstanding audit recommendations
- Internal controls and fraud prevention training
- Surprise audits (cash, inventory, or contracts)
- Nonaudit consulting

Due to vacancies and transition in our office, and the time needed for our auditees to implement our audit recommendations, we have deferred some of the items from our 2014 audit plan. We will determine when and if we can move forward with these audits and projects after we finish our recruitments, and our auditees successfully implement our audit recommendations:

Deferred audits and nonaudit projects

- Citywide billings and collections (audit)
- Permit Center phase II: use permits (audit)
- Fiscal sustainability (audit)
- Business License Tax revenue (audits)
- 2020 Vision for Berkeley's children and youth (nonaudit)

BACKGROUND

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

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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