



Office of the City Auditor

COUNCIL INFORMATION  
June 22, 1999

To: Honorable Mayor and  
Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: FISCAL YEAR 2000 GENERAL AUDIT WORK PLAN

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

Construction contract audits of performance, compliance, and billings of contracts representing major capital expenditures

Extensive follow up on major audit recommendations of the last several years in order to determine whether they have been successfully implemented

A survey of City practices and procedures for monitoring effective service delivery of City contractors, including Community Agency Contracts.

The (required) annual Safety Members Pension Fund Audit

Ongoing Business License Tax audits

A portion of the budgeted hours for audit staff is currently being reserved for specific requests from City Department Directors which may require timely response to a narrowly defined objective. At the present time, it appears likely that one or more of these projects will involve a review of cash handling practices, and the timeliness of deposits of cash.

Items from the current fiscal year which will be delivered to Council in the first quarter include the review of the Black Repertory Theater Group and the Budget Monitoring 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.

Information on how to request audits was sent to City staff, Council members, and Commissioners. In addition to discussions with the City Manager and his staff about the audit plan, the City Auditor convened an ad hoc advisory group to enable in-depth discussion with Council staff about possible audit areas. This group consisted of the Mayor's chief of staff, Council member Breland, and the legislative assistants to Council members Armstrong and Maio.

A number of requests for information were received from individual Council members, and from the ad hoc advisory group, which it appears might be more usefully addressed by legislative analysis, rather than by audit work. These include questions related to the City's overhead cost allocation system, special funds such as the Marina Fund and the Health Department's Realignment funds, and the costs of the parking meter operations.

Some of these areas are the subject of recent or upcoming reports from the City Manager. After the City Manager reports are reviewed, there may be the opportunity for some follow up analysis by the City Auditor. Identified issues may also be considered for addition to the audit plan, should resources allow.

## FINANCIAL IMPLICATIONS:

Not quantifiable until audits are completed.

Business license revenue is projected to be \$257,000 annually at a cost of \$62,000 for 1.5 FTE (fully benefited, but excluding other overhead costs). Construction contract auditors estimate that such work should result in a three to one ratio of recovered costs to cost of the audits, once staff gains the necessary experience. However, to the extent that the audits focus on the quality of work delivered, results may be difficult to quantify objectively.

## CONTACT PERSON:

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Approved by:

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