



Office of the City Auditor
Ann-Marie Hogan, City Auditor

Date: June 30, 2015
To: Mayor Bates and Council Members
From: Ann-Marie Hogan, ^{muh} City Auditor
Re: Audit Plan for FY 2016

My office has completed its audit plan for fiscal year 2016, which we will formally present to Council in September after summer recess.

Planned audits:

- *Reserves* – We plan to look at the city's reserves and provide Council with information on how to plan for long-term needs by being fiscally responsible with the city's reserve balance. We expect that we will benchmark against other cities to determine a best practice minimum threshold for a reserve balance.
- *Community Agencies* – We plan to select community agencies to review for accountability of city grant funds and to identify whether their performance outcomes are in line with *2020 Vision for Berkeley's Children and Youth* goals.
- *PRW Repair & Maintenance* – We plan to review PRW's parks maintenance and repair schedule to identify what the department can realistically manage to complete given limited funding and whether the schedule is systematically designed for efficiency.
- *Payroll* – We plan to outsource for an internal controls audit of our payroll operations. We cannot independently perform this audit because Payroll Audit is a division of our office. Our goal is to contract with an outside auditor to determine whether our internal controls adequately guard against fraud and to identify how we can make our existing system stronger.
- *Recurring Audits* – We will plan to perform regular recurring audits to look at how specified revenue streams are spent; for example, whether Measure M funds are used in accordance with the legislation.
- *Follow up Audits* – We plan to follow up on some of our older audits to see whether our recommendations are still implemented and, if not, what caused them to become unimplemented.

Possible Audits: We are considering the following topics, though we haven't fully formed the specific areas we will examine:

- Methods for continuously improving workforce diversity
- Low-income housing inventory
- Animal services revenue opportunities
- Employee safe driving
- Use of volunteers for city projects and services
- Information technology line of business experts
- City information systems in comparison to other jurisdictions
- Investments (deferred from 2015 audit plan)

Audits in progress: The following identifies the audits from our 2015 Audit Plan that we are now completing:

- *Zero Waste Billing* – We are currently in the report writing phase and expect to issue this audit in September 2016.
- *Citywide Contracts Review* – We've written the report and will be scheduling an exit conference soon. We expect that we will issue the report in September 2016.
- *Ethical Climate Survey/Ethics Audit* – We are wrapping up field work and expect to issue our report this fall.
- *Hiring practices* – We are currently in the report writing phase and expect to issue this audit in September 2016.

Deferred audits and nonaudit projects: The following identifies the projects we're deferring to a future year because of the changes happening in our office and throughout the city:

- Citywide billings and collections
- Permit Center phase II (use permits)
- Fiscal sustainability
- Business License tax revenue
- 2020 Vision rolled over as a nonaudit service (we may drop this item)