

INFORMATION CALENDAR July 16, 2013

To: Honorable Mayor and Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: Audit Plan for Fiscal Year 2014

INTRODUCTION

The Berkeley City Charter gives the City Auditor the authority and responsibility to publish a schedule of planned audits each year, after providing an opportunity for the Mayor, Council, and City Manager to suggest audit topics.

Audits and Reports In Progress (2013 Audit Plan):

- Parks, Recreation, and Waterfront Cash Handling
- Construction Permit Audit

Audits for 2014

- Ethical Climate Survey/Ethics Audit
- Zero Waste Customer Service (311 service requests)
- Police Department: topic to be determined
- Fiscal Sustainability
- 2020 Vision for Berkeley's Children and Youth (nonaudit report)
- Animal Services Internal Controls

Deferred to 2015

- Citywide Billings and Collections Deferring this audit will allow us to consider the effects of Finance's implementation of recommendations from our 2012 audit, <u>Business License Taxes: Providing Better Guidance and Customer Service Will Increase Revenues</u>
- 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 current audit

Ongoing Activities for Fiscal Year 2013

- Follow-up on Outstanding Audit Findings
- Training: Internal Controls and Fraud Prevention

- Surprise Audits (cash, inventory, or contracts)
- Nonaudit Consulting
- Revenue Auditing (including Business License Tax)

Under Consideration for 2015

Information Technology Project Management

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.

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. In fiscal year 2012, our audits identified opportunities for cost avoidance (streets audit) and revenue recovery (Business License Tax Collections audit) of \$39 million over five years.

The action Council takes to ensure timely action on all audits 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

Ann-Marie Hogan, City Auditor, 510-981-6750