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**City of Berkeley  
City Council Budget Discussion  
with City Auditor**

**February 10, 2009**

# Napoleon on Internal Controls and Budget Cuts

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- **An army travels on its stomach**



# Shakespeare on Invisible Problems

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- **For want of a nail**, the shoe was lost; For want of the shoe, the horse was lost; For want of the horse, the rider was lost; For want of the rider, the battle was lost; For want of the battle, **the kingdom was lost**; And all for the want of a nail.



William Shakespeare  
King Richard III

# Internal Controls

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- **“Tone at the Top” (ethics, competence, governance)**
- **Risk assessment**
- **Control activities**
- **Information and communication**
- **Monitoring (reports, management, audits)**

# Inherent Internal Control Risks

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## Particular to Berkeley...

- **New programs or services**
- **Complexity of operations**
- **Changes in budget and staffing**
- **Decentralization**



# Policies to Address Key Risks

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- **Payroll: increased uniformity (benefits)**
- **Fiscal and administrative: consolidation and consistency**
- **Staff rotation**
- **Understand costs of programs**
- **Monitoring and Information: FUND\$ software systems**

# Questions?

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## **Tone at the Top: Council Discussion, Decisions and Direction**

