

Table of Protocols for Presenting Internal Audit Reports

Audit Document	City Auditor Action	Audit Committee Action	Consensus Recommendations on Outstanding Issues
<p>1. Audit Reports</p>	<p>All audit reports will be made public and copies distributed to the Audit Committee members, Mayor, City Council members, City Attorney, and administration officials. All audit reports will be placed on the City Auditor’s public website.</p>	<p>The Audit Committee Chair in consultation with the City Auditor will decide which audit reports are presented to the Committee. Any Audit Committee member may request through the Chair to place an audit report on the Audit Committee agenda. The City Auditor will make a presentation on the audit results including a discussion of audit findings and recommendations.</p>	<p>Release of Reports: JW recommended reports be issued to Council members for short period prior to public release. IBA recommended simultaneous distribution. Consensus recommendation is that release of audit reports be handled in same manner as IBA reports- released simultaneously to Council, management and public. The Auditor should exercise his/her professional judgment with respect to timely verbal briefings on significant findings as appropriate. Monthly Auditor reports also provide Council members with status of audits underway and verbal updates may be requested of the Auditor at any time.</p> <p>Report Docketing: JW recommended that all audits be heard at Audit Committee. Consensus recommendation is that the Chair maintains discretion to manage the Committee docket. The Chair should rely on Auditor’s recommendations as to which audits are significant and should be heard by the Committee. Any Audit Committee or City Council member</p>

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1. Audit Reports (cont.)			may independently initiate a request for a hearing on any audit in accordance with Council rules.
2. Annual Audit Work Plan	<p>At the beginning of each fiscal year, the City Auditor will propose an annual audit work plan that will identify all proposed audits to be undertaken throughout the year. The work plan will identify 1) all audits in progress; 2) audits not started; 3) required annual audits, such as the Report on Internal Controls, and Inventory Audit; 4) on-going audit assignments, such as close-out audits and Fraud Hotline referrals; 5) newly proposed audits based on the Citywide Risk Assessment model; and 6) input from the Mayor, City Council, and Administration on potential audit subjects. Additional information will include audit type, estimated start and completion date, and estimated audit hours. Audit requests received during the fiscal year will be addressed through the Audit Committee.</p>	<p>The Annual Audit Work Plan will be presented to the Audit Committee on an annual basis together with the results of the risk assessment.</p> <p>Requests to add audits to the work plan midyear will be presented to the Audit Committee with a City Auditor analysis of the impact of adding the proposed audit to the work plan.</p>	<p>Schedule for Annual Audit Work Plan: JW had recommended a definitive date be set. IBA concurred.</p> <p>Consensus recommendation is that the Annual Audit Work Plan be presented to the Audit Committee at the second meeting of the fiscal year.</p> <p>Reporting of Mid-Year Audit Requests: JW/IBA recommended this occur throughout the year as needed.</p> <p>Consensus recommendation is that the Auditor report on audit requests throughout the year as needed. Recommend the following language be added: Requests to add audits to the work plan throughout the year will be presented to the Audit Committee for review and approval in a timely manner and as needed. In the absence of a meeting being scheduled within a timely window, the City Auditor may make a request of the Committee Chair to hold a special meeting, or, alternatively, the</p>

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<p>2. Annual Audit Work Plan (cont.)</p>			<p>Auditor will exercise his discretion with respect to the audit request and will update the Committee at the next scheduled meeting. Special attention should be given to timely notification regarding unanticipated, significant or high profile audit requests that require considerable Audit resources and have quick turn-around requirements. City Auditor should provide to the Committee the rationale for taking on the audit, the workload impact of undertaking the new audit request, and plans for keeping the Audit Committee apprised.</p> <p>Review of Annual Work Plan: JW recommended Audit Committee review and approval of the Work Plan. IBA had suggested “review and recommend.”</p> <p>Consensus recommendation is to add the following: The Annual Audit Plan should be presented to the Audit Committee for review and approval. This action would confirm Auditor’s priorities but not hinder Auditor’s professional discretion in carrying out this Work Plan during the course of the year.</p>

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2. Annual Audit Work Plan (cont.)			The Auditor should communicate all significant Work Plan modifications to the Audit Committee at their next meeting.
3. Annual Activities and Accomplishments Report	<p>Annually, the City Auditor’s Office will make public a record of its activities and accomplishments. Beginning in January 2009, the City Auditor will issue an annual report for the period January 1, 2008 to December 31, 2008, with the following information:</p> <ul style="list-style-type: none"> • Audit authority and responsibility. • Mission statement. • Information on types of audits performed. • Benefits to city, in terms of cost savings and increased revenues, or strengthening internal controls in comparison to audit costs. • Audit recommendations by type— Improve operations or program effectiveness, or improve economy and effectiveness. • Office information, including budget and number of personnel. • Audit work plan and Citywide Risk Assessment process. • Organizational chart. • Staff information including education, certifications, and work experience. • Noteworthy recognition, appointments, and awards. • Website information and statistics. • Summary of audit work performed - 	The City Auditor will distribute this report to the Mayor, City Council, and the Audit Committee. If desired, this report will be scheduled for an Audit Committee meeting.	<p>Timing of Annual Accomplishments Report: JW had recommended it be issued on fiscal year rather than calendar year. IBA noted either was acceptable.</p> <p>Consensus recommendation is that the report be issued on a fiscal year basis to coincide with the Annual Work Plan.</p>

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3. Annual Activities and Accomplishments Report (cont.)	<p>executive summary of audit reports.</p> <ul style="list-style-type: none"> • Most recent peer review report. 		
4. Fraud, Waste, and Abuse Hotline Quarterly Report	<p>On a quarterly basis, the City Auditor will provide a summary report to the Audit Committee regarding the number of calls to the hotline, category of calls received, and call disposition.</p>	<p>The Audit Committee will place on the meeting agenda a quarterly update from the City Auditor regarding the hotline. The City Auditor will make a presentation regarding the hotline results.</p>	<p>No outstanding issues.</p>
5. Monthly Reports	<p>Each month, the City Auditor will issue a report to the Audit Committee. The report will contain 1) a listing of issued audit reports and memorandums; 2) a listing of all ongoing audit assignments, including information on audit status, hours, and target issuance date; 3) approved audits not started; and 4) a listing of significant City Auditor and staff activities and accomplishments.</p>	<p>On a quarterly basis, the Audit Committee will place on the meeting agenda a quarterly update from the City Auditor regarding office activities and accomplishments. The City Auditor will present a summary of the information contained in the monthly reports issued for the previous three months.</p>	<p>No outstanding issues.</p>
6. Recommendation Follow-Up Report	<p>In order to ensure recommendations are implemented on a timely basis, the City Auditor will undertake an annual recommendation follow-up process to track the status of all previously issued audit recommendations. In February 2009, the City Auditor will prepare an annual report on the status of all recommendations for the previous 12 month period ending December 31, 2008.</p>	<p>Annually, the Audit Committee will place on the meeting agenda the Recommendation Follow-up Report. The City Auditor will make a presentation on the status of all previously issued recommendations, with estimated timeframes for implementation.</p>	<p>No outstanding issues.</p>
7. Risk Assessment	<p>On an annual basis, the City Auditor's Office will conduct a Citywide Risk Assessment to</p>	<p>Annually, the Audit Committee will place on the meeting agenda the risk</p>	<p>No outstanding issues.</p>

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<p>7. Risk Assessment (cont.)</p>	<p>identify potential audit subjects. The City Auditor’s Office will complete a Citywide Risk Assessment as a means to help identify, measure, and prioritize the City’s potential audits based on the level of risk to the City. The results of the completed Citywide Risk Assessment will be utilized in preparing the City Auditor’s annual work plan. When a City Activity Group is selected to be audited, we will perform a more in depth risk assessment to ensure our audit procedures cover the areas of highest risk for that Activity Group.</p>	<p>assessment report along with the proposed audit work plan.</p>	