# City of Austin

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Date: November 28, 2012

To: Mayor and Council

From: Ken Mory, City Auditor

Subject: Potential Revisions to the City Auditor's FY 2013 Strategic Audit Plan

At the November 19 Audit and Finance Committee (AFC) meeting, we were asked to provide a memo to the full Council regarding potential revisions to the FY 2013 Strategic Audit Plan.

We initially allocated 1,500 for the Single Member District project as part of our FY 2013 Strategic Audit Plan. While we believe that these hours will carry the project through January 2013, we estimate the need for at least 1,500 additional hours to complete our work as laid out in the Charter revision passed on November 6. Depending on the volume of applications, the additional hours needed could be higher or lower. Additionally, as requested at the September AFC meeting, we added a project to the Priority Replacement List based on a request from the AFC regarding a Parkland Dedication Audit. Should the AFC want to move this audit to the current year plan, we would also need to identify a project or projects to replace.

We have identified the following audits as possible projects to defer to the Priority Replacement List or the FY 2014-2017 Horizon Plan, in order to add 1,500 hours to the Single Member District project and possibly move the 1,000 hour Parkland Dedication Audit to the current year plan:

- HR – Recruiting and Hiring – 1,000 hours: Propose deferring as risk areas and OCA authority to audit may change due to pending civil service implementation
- IT – Social Media Audit – 750 hours: Propose deferring as it may not be as time sensitive as other projects
- Material Purchase Controls – 750 hours: propose deferring as we have at least two other projects addressing purchasing currently underway

The attached document shows the plan with projects that are currently underway and projects proposed for deferral highlighted. We are also open to deferring projects not included in the list above based on Council input.

I am available to further discuss these changes prior to or during the Council Work Session scheduled for December 4, 2012.

cc: City Manager
Deputy City Auditor

Green denotes projects that have already started
Yellow denotes possible projects identified for deferral

# OFFICE OF THE CITY AUDITOR

## FISCAL YEAR 2013 AUDIT SERVICE PLAN PROJECTS

| Project Number | Project | Rationale | Est. Hours |
|---|---|---|---|
| **Public Safety** | | | |
| 1 | Austin Fire Department (AFD) – Growth and Planning | Evaluate growth and planning efforts related to annexations, downtown coverage, resource allocation, and Emergency Service Districts (ESDs) especially as related to standards, coordination, and legal issues | 1,000 |
| 2-C | Austin Police Department (APD) – Crime Camera Policy Compliance | Evaluate APD compliance with policies related to the crime camera system | 400 |
| 3-D | APD – Materials Management Section Handling and Disposition of Evidence Items | Conduct an audit of evidence items handled by the materials management section to ensure proper accounting and disposition | 750 |
| 4 | Citizen Safety at City Facilities | Evaluate safety conditions at City public facilities by comparing to best practices including key risks and key controls | 750 |
| 5-C | Citywide Worker Safety and Training – Public Safety Dept. (Report 1 of 2) | Assess the adequacy of safety management systems designed to prevent on-the-job injuries | 250 |
| 6-C | Citywide Worker Safety and Training – Public Safety Dept. (Report 2 of 2) | Assess the adequacy of safety management systems designed to prevent on-the-job injuries | 250 |
| **Community Impact Programs** | | | |
| 7 | Animal Advisory Commission | Evaluate whether (1) the Commission is operating in compliance with City Code, Commission bylaws, and other applicable policies and (2) Staff liaisons are providing support services to the Commission on a timely basis and as prescribed by applicable City Code provisions and policies | 400 |
| 8 | Customer Service – Austin Energy (AE) Customer Care | Evaluate customer satisfaction with the level of service provided by AE Customer Care staff and benchmark service levels against other entities providing similar services | 750 |
| 9 | Follow-up Audit of 311 Customer Service Initiative | Select and follow-up on high-risk recommendations from the 311 Customer Service Initiative project | 500 |
| 10 | Follow-up Audit of Historic Landmark Commission | Select and follow-up on high-risk recommendations from the Historic Landmark Commission Audit | 400 |
| 11 | Mid-year Program Changes | Evaluate mid-year changes to youth and senior programs for accountability and transparency | 750 |
| 12 | Single Member Districts (if needed) | Conduct work necessary to comply with requirements of the prospective implementation of a City Council single member district governance model | 1,500 |
| **Critical Infrastructure Systems** | | | |
| 13-D | Customer Care and Billing – Rate Implementation | Evaluate implementation of new electric rates as of March 2013 | 750 |
| 14-C | IT – Data Security and Privacy | Evaluate the Communications and Technology Management (CTM) department data security structure for compliance with IT best practices and standards (including ISACA and GTAGs) | 600 |
| 15 | IT – e-Government: AustinGO | Evaluate customer satisfaction with the AustinGO (website) project and benchmark service levels against other entities providing similar services | 750 |
| 16 | IT – Security: Remote Access | Evaluate management to best practices especially as related to systems that allow remote access to sensitive data | 750 |
| 17 | IT – Social Media | Evaluate the use of social media compared to best practices as well as how the City is ensuring it has adequate measures in place to capitalize on social media while protecting itself from excessive risk | 750 |
| 18-C | IT – Technology Planning | Evaluate the CTM governance and planning structure for compliance with IT best practices and standards (including ISACA, NIST, ITEL, and GTAGs) | 600 |
| **Environmental Issues** | | | |
| 19-C | AE – Conservation Rebate Processes | Evaluate controls over AE rebates provided to individual customers and businesses | 300 |
| 20 | AE – Weatherization Projects | Evaluate the management of the weatherization program as compared to best practices and test results for effectiveness | 750 |
| 21 | Austin Resource Recovery (ARR) – Zero Waste I | Evaluate if the City's zero waste efforts are measurable, achievable, and meeting established goals | 1,000 |
| 22 | Follow-up Audit of Alternative Fuel Vehicles | Select and follow-up on high-risk recommendations from the Alternative Fuel Vehicles project | 500 |
| **Economic Initiatives** | | | |
| 23 | AE – Chiller Districts | Conduct a comprehensive review of AE chiller districts including cost effectiveness as compared to revenue | 1,000 |

C – Denotes project(s) carried over from FY 2012 Strategic Audit Plan
D – Denotes project(s) deferred from FY 2012 Strategic Audit Plan

Green denotes projects that have already started
Yellow denotes possible projects identified for deferral

# OFFICE OF THE CITY AUDITOR

## FISCAL YEAR 2013 AUDIT SERVICE PLAN PROJECTS (page 2 of 2)

| Project Number | Project | Rationale | Est. Hours |
|---|---|---|---|
| 24 | Hotel Tax Projects | Determine if the City is receiving all tax revenue to which it is entitled or if it is receiving more than allowed (includes hotels, short-term rentals, and other applicable lodging facilities) | 500 |
| 25-C | Material Purchase Controls | Conduct a risk-based selection of programs to evaluate if all materials ordered are received, used, and needed as well as conduct an evaluation of materials management systems and practices to determine if there are reasonable controls in place to manage on-hand, off-book materials and minimize vulnerabilities | 750 |
| 26-C | Pension Program | Determine if contributions to City of Austin pension funds have been properly calculated and applied in compliance with applicable requirements (NOTE: Will involve use of external subject matter expert (SME)) | 500 |
| 27-C | Procure to Pay Process | Evaluate the process to identify key risks, key controls, and any gaps | 500 |
| 28-C | Real Estate Asset Management | Evaluate the management of the City's real estate to determine if the property is effectively managed and safeguarded | 700 |
| **Contract/Grants Monitoring** | | | |
| 29 | Contracts Process Audit – Development and Approval Phase | Determine whether the City's contract process is in compliance with best practices related to the development and approval phase | 750 |
| 30 | Contracts – Housing | Evaluate if selected contracts are in compliance with legal, regulatory, and contractual requirements | 750 |
| 31 | Contracts – Tenant Management | Evaluate the management of City tenant contract agreements for compliance with terms and the application of market-based rental amounts | 750 |
| 32 | Follow-up Audit of Citywide Contract Management | Select and follow-up on high-risk recommendations from the Citywide Contract Management project | 400 |
| 33 | Homeland Security – Grant Funding for Protection of Critical Infrastructure | Evaluate whether the City is optimizing grant funding related to homeland security purposes | 750 |
| 34-C | Water Treatment Plant 4 | Complete FY 12 audit of Water Treatment Plant 4 | 500 |
| **Support Services** | | | |
| 35 | Fleet – Vehicle Repair | Evaluate the responsiveness, effectiveness, and efficiency of vehicle repairs conducted by Fleet Services | 750 |
| 36 | Human Resources (HR) – Fitness-for-Duty Requirements | Evaluate the management of the City's fitness-for-duty program including policies, procedures, processes, and implementation to determine if there is reasonable assurance that the program is in accordance with laws, regulations, and best practices and test for exceptions | 750 |
| 37-D | HR – Recruiting and Hiring Process | Evaluate recruiting, hiring, vacancy management, governance, policies, procedures, and processes as well as their implementation | 1,000 |
| 38 | Quality Assurance Review | Review of quality assurance functions to determine if they are following appropriate standards | 400 |
| **Integrity Issues** | | | |
| 39 | Integrity Unit (including detection projects) | Prevention: training, marketing services (hotline), control reviews;<br>Detection: fraud detection projects;<br>Investigation: investigation and audit work;<br>Management Integrity Committee support activities | 5,500 |
| **OCA Continuous Improvement and Quality Control** | | | |
| 40 | Annual Accomplishments and Assessment Report | Performance report to Council on the Office of the City Auditor's (OCA) actual accomplishments, challenges, and area for continuous improvement | 500 |
| 41 | Annual Strategic Audit Plan | Risk-based horizon plan identifying continuous improvement opportunities, audit and non-audit projects, and resources needed for the current and future years | 500 |
| 42 | Carry-over Projects, Quality Review, and Close-out of Work Papers | Hours budgeted for projects presented to the Audit and Finance Committee in August and September 2012 to complete reporting and paperwork tasks | 250 |
| 43 | Council Special Requests | Assistance or limited-scope audit requests from Council and City management related to information provision or verification | 1,000 |
| 44 | Quality Control and Assurance | Quality reviews conducted in-house as required by GAGAS | 800 |
| 45 | Special Projects | Conduct internal special projects including responses to exposure drafts, developing training and other continuous improvement opportunities as needed | 1,000 |
| 46 | TeamMate Projects | Implementation of TeamMate audit project management software system updates and modules | 250 |
| | | Total Hours | 35,000 |

C – Denotes project(s) carried over from FY 2012 Strategic Audit Plan
D – Denotes project(s) deferred from FY 2012 Strategic Audit Plan

# OFFICE OF THE CITY AUDITOR

## FISCAL YEAR 2013 PRIORITY REPLACEMENT PROJECTS LIST

| Project Number | Project | Rationale | Est. Hours |
|---|---|---|---|
| **Public Safety** | | | |
| 1 | Wastewater – Public Safety Risks | Evaluate the operation and reliability of wastewater equipment to include environmental and public safety impacts | 1,000 |
| **Community Impact Programs** | | | |
| 2 | Cemetery Management Audit | Conduct a comprehensive review of the operations of City cemeteries to determine whether the City is in compliance with state law requirements and best practices | 750 |
| 3 | Parkland Dedication Audit | Evaluate high risk issues related to the parkland dedication process | 1,000 |
| 4 | Short-term Rental – Compliance | Evaluate whether practices advertised on home rental websites are in compliance with applicable laws and regulations | 750 |
| 5 | Water Loss – Data Reliability | Determine whether the Austin Water Utility has appropriate controls in place to determine the level of real water loss and whether mitigation efforts have been identified and are implemented | 500 |
| **Critical Infrastructure Systems** | | | |
| 6 | Customer Care and Billing – Rate Implementation | Evaluate implementation of new water rates as of June 2013 | 750 |
| **Environmental Issues** | | | |
| 7 | Austin Water Utility (AWU) – Reclaimed Water Program | Evaluate the management of the reclaimed water program as compared to best practices | 1,000 |
| 8-D | Facility Maintenance Assessment | Evaluate major facility maintenance schedules and compliance with applicable laws, regulations, policies, procedures, and best practices | 750 |
| 9 | Incremental Costs of Green Energy | Identify incremental costs related to solar, wind, and wood-burning sources of energy over the costs of "traditional" sources of energy (gas, coal, and nuclear) | 1,200 |
| **Economic Initiatives** | | | |
| 10 | Enterprise Department Rates | Evaluate City of Austin rates with rates in peer cities | 500 |
| **Contract/Grants Monitoring** | | | |
| 11 | Formula One (F1) Circuit Events Local Organizing Committee (CELOC) Contract Accountability | Evaluate compliance with contracted terms impacting the City of Austin's objectives | 1,000 |
| **Support Services** | | | |
| 12 | Human Resources (HR) – Competency for Key Support Positions | Evaluate key position groups to ensure that staff meets competency requirements (NOTE: Estimate multiple projects) | 3,000 |
| 13 | HR – Governance Structure | Evaluate the HR governance structure (centralized versus departmental approach) and the consistency with which personnel actions are applied | 1,200 |
| | | **Total Hours** | **13,400** |

* Audit entities and approach may vary among audits

D – Denotes project(s) deferred from FY 2012 Strategic Audit Plan