CITY COUNCIL'S OFFICE OF THE CITY AUDITOR: ACCOMPLISHMENTS REPORT 2014

Corrie E. Stokes,
Acting City Auditor

The City Council's Office of the City Auditor (OCA) seeks to assist the Austin City Council, citizens, and City management in promoting accountability and transparency in City operations and service delivery.

Austin City Council



Steve Adler
Mayor



Ora Houston
Council Member
District 1



Delia Garza
Council Member
District 2



Sabino Renteria
Council Member
District 3



Gregorio Casar
Council Member
District 4



Ann Kitchen
Council Member
District 5



Don Zimmerman
Council Member
District 6



Leslie Pool
Council Member
District 7



Ellen Troxclair
Council Member
District 8



Kathie Tovo
Mayor Pro Tem
District 9



Sheri Gallo
Council Member
District 10

The 10-ONE Charter amendment included OCA in a key role in initiating the redistricting process. Now that the process has led to the election of the first 10-ONE Council, the OCA looks forward to serving the new City Council with our audit and investigative services. Through these services, we strive to identify ways to strengthen governance, enhance efficiency, improve the quality of customer service, and influence positive change within the City.

AUDIT SERVICES

We conduct performance audits of City departments, programs, and services to provide the City Council, City management, and the public with independent and objective information regarding the economy, efficiency, and effectiveness of City services.

INVESTIGATIVE SERVICES

Through the City Auditor's Integrity Unit (CAIU), we conduct investigations of potential integrity violations, including fraud, waste, and abuse, related to City services to ensure City resources are safeguarded, and help maintain integrity throughout the City.

AUTHORITY AND ROLE

The OCA is an independent office created in the City Charter to assist the City Council in establishing accountability and improving City systems and service delivery. By reporting directly to the City Council, the City Auditor is independent of administration of the City, allowing OCA to provide impartial and objective information about City operations and support the governance's responsibilities of oversight, insight, and foresight.

OVERSIGHT
OCA provides oversight by evaluating whether departments have established effective means of doing what they are required to do, spending funds for intended purposes, and complying with laws and regulations.

INSIGHT
OCA provides insight to the City Council by providing objective assessments of City program, policies, operations and results and making recommendations to improve programs and processes.

FORESIGHT
OCA provides foresight to the City by identifying trends and emerging challenges in the public sector and bringing attention to these challenges so they can be proactively addressed by management.

The Austin City Charter requires OCA to adhere to the Government Auditing Standards issued by the U.S. Government Accountability Office. These standards provide a framework for conducting high quality audits with competence, integrity, objectivity, and independence. OCA's compliance with these standards is evaluated every three years by external reviewers.

OUR ACTIVITIES: AUDIT SERVICES

The OCA's Audit Plan lays out planned audit work for the upcoming year. This plan is created through an environmental scan process that considers information from external and internal sources with particular emphasis on input from the City Council, City management, and our understanding of current and potential risks to the City.

Our reports are presented for discussion at Council Audit and Finance Committee meetings that are held in a public forum. Once accepted by the Committee, reports are publicly made available on the City of Austin website.

Our audit reports issued during calendar year (CY) 2014 included findings related to a variety of outcome areas with most reports addressing one or more of the following: service effectiveness, effective use of City resources, governance, safeguarding of City assets, and revenue recovery.

CY 2014 Summary
2 special requests
20 audits
30 audit findings
33 audit recommendations

OUR ACTIVITIES: INVESTIGATIVE SERVICES

The City Auditor's Integrity Unit (CAIU) plays an integral role in maintaining the ethical environment of the City. As one of its functions, the CAIU maintains a hotline program for receiving allegations of fraud, waste, and abuse. These allegations can be made anonymously by anyone, and are dealt with by staff trained in fraud investigation methodology, following a set of professional standards created by the Council of Inspectors General on Integrity and Efficiency.

The CAIU reviews any allegation submitted, regardless of whether it falls under its jurisdiction. If the matter is outside of its purview, such as criminal, operational, or personnel-related matters, the CAIU refers the matter to the appropriate authority.

Material allegations that fall within the authority of the CAIU are investigated and, when validated, result in a written report which is provided to the City Council and City Management. Investigations may result in proving or disproving wrongdoing; they may also result in being inconclusive or in identifying systemic weaknesses in City processes and operations. When weaknesses are identified, the CAIU communicates the relevant information to management and uses this information as part of the OCA strategic audit planning.

CY 2014 Summary
216 allegations received
148 allegations referred
29 cases opened



HIGHLIGHTS OF OUR AUDIT WORK

Contract Development and Approval Audit
Not all City contracts include contract clauses designed to safeguard the City's interests, resulting in contracts that may increase the risk to the City.

Austin Public Library Service Delivery Audit
The Library's use of performance measures and internal statistics is generally in line with industry practice and peer libraries, but could benefit from improved reliability across branches. In addition, while the Library has made efforts to remove barriers to service, it has limited data related to the equity of Library services, making it difficult to measure the Library's success in achieving Imagine Austin's goal of "equal access to social goods and services."

PARD Patron Safety Audit
The Parks and Recreations Department (PARD) is not effectively mitigating safety hazards at its facilities. In particular, required annual safety audits are not consistently conducted, incident and injury data is not thoroughly analyzed, and known hazards are not monitored through correction.

Building and Development Fees Audit
The Planning and Development Review Department does not consistently and accurately charge building and development fees in accordance with the Council-approved fee schedule. For example, we identified overcharges of as much as $2,400 and undercharges of as much as $28,800 on individual transactions; we also identified undercharges totaling approximately $100,000 for two fee types.

Austin-Travis County EMS Inventory Management Audit
Emergency Medical Services (EMS) does not adequately safeguard its inventory of disposable medical supplies from the risks of fraud, waste, and abuse.

Water Billing Process Audit
Austin Energy does not have a process to determine if water reads are accurate and cannot ensure that customers are receiving water bills that reflect accurate water usage.

HIGHLIGHTS OF OUR INVESTIGATIVE WORK

During CY 2014, CAIU work included investigating allegations of fraud, waste, abuse of power, and misuse of City resources. Several of these investigations resulted in confirming the alleged wrongdoing and resulted in management implementing process improvements and taking accountability actions. Our investigative reports issued during CY 2014 included integrity violations involving employees from a number of departments.

In addition to investigations, the CAIU performs other duties in relation to the ethical environment of the City, including working with City Management to help create and provide ethics and fraud training to City employees. Additionally, in October of 2014, the City Council initiated Code amendments related to the functions and duties of the City Auditor and Ethics Review Commission (ERC). Per Council direction, the City Auditor and the CAIU are working with Council Members, the American Federation of State, County and Municipal Employees (AFSCME), City Management, the ERC, and other interested parties to propose amendments to the City Council.

CY 2014 AUDIT OUTPUTS

- Austin-Travis County Emergency Medical Services Inventory Management Audit
- Parks and Recreation Department Patron Safety Audit
- Follow-Up Audit of Windows Active Directory Security
- Health and Human Services Department Contract Monitoring Follow-Up Audit
- Contract Development and Approval Audit
- Homeland Security Grant Funding Optimization Audit
- Follow-Up Audit of Affordable Housing: Rental Housing Eligibility Monitoring
- Evidence Disposition Audit
- Austin Fire Department Planning Process Audit
- Special Request Report on WPD Recovery Buyout Program
- Enterprise Fund Transfers Audit
- Neighborhood Housing and Community Development Contract Monitoring
- Small & Minority Business Resources Participation Goals Audit
- Austin Resource Recovery Employee Safety Audit
- Water Billing Process Audit
- Austin Public Library Service Delivery Measures Audit
- Performance Measurement System Audit
- Cemetery Sales Administration and Management Audit
- Report on Peer City Council Committees and Council Meeting Management
- Building and Development Fees Audit
- Five Year Follow-Up Audit
- Short-Term Rental Registration and Tax Compliance Audit

Our audit reports are available on our website:
http://www.austintexas.gov/page/archive-auditor-reports

OUR STAFF

The City Auditor's Office employs highly competent staff with diverse backgrounds and invaluable career experiences. We have auditors with backgrounds in various areas, including accounting, public policy, business, economics, and law. In addition to performing quality work, our staff is committed to advancing the accountability profession through involvement in professional organizations. Our staff holds leadership positions in professional organizations, has published articles in national publications, and has spoken at national conferences and regional seminars.

Our staff holds a variety of professional certifications, including: Certified Internal Auditor (CIA), Certified Government Auditing Professional (CGAP), Certified Public Accountant (CPA), Certified Information System Auditor (CISA), Certified Risk Management Auditor (CRMA), Certified Internal Controls Auditor (CICA), and Certified Fraud Examiner (CFE).

Our staff has a total of **300** years of audit and/or investigative experience, **40** certifications, and **13** advanced degrees.



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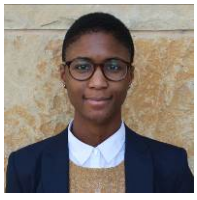
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