

OFFICE OF THE CITY AUDITOR

STRATEGIC PLAN FISCAL YEARS 2007-2012



Paul T. Garner
Assistant City Auditor

May 19, 2006

Memorandum



CITY OF DALLAS

DATE: May 19, 2006

TO: Members of the Finance, Audit, and Accountability Committee
Chair Mitchell Rasansky, Vice-Chair Gary Griffith, Bill Blaydes,
Mayor Pro Tem Donald Hill, Linda Koop, Ron Natinsky, Ed Oakley,
and Steve Salazar

SUBJECT: Strategic Plan for the City Auditor's Office for FY 2007-2012

We strive to preserve the public trust and view our office as a catalyst for change and a respected leading edge audit organization. We have developed our strategic plan based upon these principles.

Our strategic plan incorporates the added duties of the City Auditor resulting from the recent amendments to the City Charter. The highlights of the strategic plan are as follows:

- Ensure the focus of our efforts are responsive to City Council priorities;
- Develop effective relationships with the City Council, Boards and Commissions, City Manager and the Community;
- Educate City of Dallas employees and managers on internal controls and fraud prevention;
- Adjust staffing levels to respond to service demands and responsibilities; and
- Improve audit efficiency through the use of automated tools.

Detailed information regarding goals and objectives is available in the enclosed strategic plan.

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Strategic Plan for the City Auditor's Office FY 2007-2012

Mission Statement

Preserve the public trust by independently and objectively reviewing and reporting on the efficient and effective use of City resources.

Vision Statement

We see our office as a catalyst for change and a respected leading edge audit organization.

1. Duties of the City Auditor as stated in the City Charter

- ❖ Conducting financial audits, compliance audits, economy and efficiency audits, special audits, and investigations.
- ❖ Conducting, at the direction of the City Council or the City Council Finance Committee, an audit or investigation of any entity receiving funds from the City.
- ❖ Ensuring the quality and accuracy of information received for business decision-making and for improvement of the processes and controls used to effectively manage City resources.
- ❖ Monitoring and evaluating the City's accounting and property records, funds, general accounting system, and records of City officers authorized to receive money or other property belonging to the City.
- ❖ Examining the books, accounts, reports, vouchers, and records of City officers, of funds of the City, and of funds for which the City is responsible as trustee.
- ❖ Appraising and verifying the accounting accuracy of financial records, statements, and reports, and determining that generally accepted accounting procedures and principles are followed.
- ❖ Evaluating the adequacy of the City's accounting system and controls.
- ❖ Reporting to the City Council, the City Council Finance Committee, and the City Manager any irregularities or failures to maintain adequate and accurate records.
- ❖ Making such studies and reports as the City Council shall request or approve as to the efficiency, economy and effectiveness of the programs, projects or departments, and reporting such data to the City Council, the City Council Audit, Finance and Accountability Committee, and the City Manager.

Strategic Plan for the City Auditor's Office FY 2007-2012

- ❖ Acting, on behalf of the City, as liaison to external auditing agencies that are reviewing or auditing City operations or City programs that may be federally or state funded.

2. Goals & Objectives

- ❖ Enhance risk assessment in City government
 - Develop audit staff's understanding of City operations.
 - Develop areas of expertise, core competencies, within the audit staff
 - Work with management and jointly assess program risks.
 - Cross-train with City management personnel.
 - Identify State legislative changes to enhance City operations
 - Obtain focused training on issues facing local governments

- ❖ Educate City of Dallas employees and managers on internal controls and fraud prevention.
 - Give overview of City Auditor office in new employee orientation
 - Give Presentations and Training Seminars to City employees
 - Develop internal control checklists for departmental use
 - Cross-train with City management personnel

- ❖ Expand audit and non-audit services to City Council & management.
 - Improve accountability within City government
 - Partner with City management to improve operational assessments
 - Provide expert assistance to internal groups
 - Take action to allow the office to review Police & Fire Pension and Employee Retirement Fund
 - Expand Grant Monitoring beyond the Consolidated Plan

- ❖ Develop effective relationships with the City Council, Boards and Commissions, City Manager and the Community
 - City Council
 - Managers establish high visibility with their assigned committees
 - Responsive to Council Members' information request
 - Boards and Commissions
 - Provide orientation on City Auditor's Office
 - Seek inputs for Annual Audit Plan
 - Coordinate efforts on items of city-wide impact
 - City Manager
 - Partner with management in non-audit services

Strategic Plan for the City Auditor's Office FY 2007-2012

- Expand our participation in city-wide procurements
- Community
 - Staff are active members in professional organizations or committees
 - Partner with other governmental audit organizations
 - Earn professional recognition of our work
- ❖ Improve efficiency through the use of automated tools.
 - Develop more effective project management techniques
 - Initiate continuous auditing techniques
 - Evaluate the efficiency of internal current assignments

3. Projected Staffing Requirements

Fully fund all authorized positions at our current salary rate

	Funded Staffing	Authorized Staffing
Executive/Management	9	9
Technical Staff		
Program Audit	18	20
Grant Compliance	10	10
Non-audit services	1	1
Administrative	3	3
TOTAL STAFFING	41	43
Ratio of Audit Staff to City Employees (12,600)	.003	.003

Projected Staffing if Grant Compliance is expanded to monitor beyond the Consolidated Plan to include all federal & state grants

	Projected Staffing
Executive/Management	10
Technical Staff	
Program Audit	20
Grant Compliance	19
Non-audit services	1
Administrative	4
TOTAL STAFFING	54
Ratio of Audit Staff to City Employees (12,600)	.004

Strategic Plan for the City Auditor's Office FY 2007-2012

Projected Staffing if audit and non-audit services are expanded

	Projected Staffing
Executive/Management	11
Technical Staff	
Program Audit	23
Grant Compliance	19
Non-audit services	6
Administrative	5
TOTAL STAFFING	64
Ratio of Audit Staff to City Employees (12,600)	.005

4. Personnel Skills to be Developed

- ❖ Supervisory & leadership skills
- ❖ Statistical sampling
- ❖ Use of data mining techniques
- ❖ Knowledge of City operations and federal/state regulations
- ❖ Presentation skills
- ❖ Understanding of risk management
- ❖ Analytical & problem solving skills
- ❖ Interpersonal skills

5. Projected Changes in Internal Organizational Structure

- ❖ Formally adopt audit salary schedule and position titles
- ❖ Create new non-audit service group and expand grant monitoring
- ❖ Increase in staffing based on additional responsibilities (See 3 above)
- ❖ Acquire new office space for centralization and expansion
- ❖ Remove City Auditor from Employee Retirement Fund Board

Strategic Plan for the City Auditor's Office FY 2007-2012

- ❖ Submit budget directly to the Finance, Audit and Accountability Committee

6. Identification of Areas to be Audited

The areas to be audited will be the City Council priorities:

- ❖ Economic Development
- ❖ Neighborhood Quality of Life
- ❖ Public Safety
- ❖ Staff Accountability
- ❖ Trinity River

7. Detailed Procedures for Developing & Implementing Annual Audit Plan

- ❖ Identify audit candidates
 - Review audit universe of previously identified candidates
 - Inputs based on current year audits
 - Inputs from City staff and City Council
 - Inputs from audit staff
- ❖ Risk based approach to evaluate and rank audit candidates
 - Revenue & expenditure trends
 - Staff vacancies
 - Date of last audit
 - Special interest area
 - Council priorities
- ❖ Assess audit candidates for staff skills and availability
- ❖ Prepare draft audit plan
- ❖ Present draft audit plan to F & A committee for review and acceptance
- ❖ Full Council approves Annual Audit Plan via Council Resolution
- ❖ Approved audit plan is distributed
 - City Departments
 - City's external auditor

**Strategic Plan for the City Auditor's Office
FY 2007-2012**

8. General Plans for the Use of Outside Consultants

- ❖ Provide staff training in specialty areas
- ❖ Perform audits in specialized areas e.g. Employee Retirement Fund and Police & Fire Pension
- ❖ Conduct periodic peer review

9. Alternative Strategies if Staff is Unavailable

- ❖ Initiate college internship or coop program
- ❖ Partner with outside audit organizations
- ❖ Hire staff on a contract basis