

# Use of Outside Consultants

City Auditor's Office  
Finance, Audit & Accountability Committee  
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# Government Audit Standards, 2003 Revision

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**Field standards for performance audits require us to obtain:**

- **Sufficient, competent, and relevant evidence to provide a reasonable basis for the auditor's findings and conclusions.**
- When staff expertise is not present to address particular audit objectives, the use of an outside specialist is sought.

# AICPA SAS 73 – Using the Work of a Specialist

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During the audit, an auditor may encounter complex or subjective matters that may require special skill or knowledge and in the auditor's judgment require using the work of a specialist to obtain competent evidential matter.

# AICPA SAS 73 – Using the Work of a Specialist

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Example of when the auditor may require a specialist would be: determination of amounts derived by using specialized techniques and methods (i.e. actuarial determinations for employee benefits obligations and disclosures, and determinations for insurance loss reserves)

# Use of Outside Consultants

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- The City Auditor must be free to use outside consultants (e.g. specialists) when deemed necessary to address audit objectives.
- Administrative Directive 4-5 requires us to route Administrative Actions through the City Attorney and City Manager. Contracts for outside services would be presented to the Finance, Audit and Accountability Committee and then to the City Council.

# IMPACT- Scope Limitation

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- Delays in procuring such specialists may result in an audit scope limitation.
- Scope limitations occur when sufficient evidential matter cannot be collected because of restrictions imposed by the client (i.e. management).
- Scope limitations did occur on a current audit due to the delay of approval of an administrative action.

# Identification of Need on Audit Plan

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- In the future, we will identify the possible need for consultants on the annual audit plan.
- During the discussion of the annual audit plan, we will seek the approval of the use of those specialists and consultants as part of the audit plan approval process.