

CITY AUDITOR'S OFFICE

Mission Statement

The City Auditor's Office promotes honesty, efficiency, effectiveness, and accountability in City government.

Core Functions

- Conducting performance audits to support legislative oversight and public accountability.
- Making recommendations to management that will foster improvements in effectiveness of results, efficiency of operations, risk management, compliance, and controls.
- Assisting the Audit Committee in its oversight of the City's annual financial audit and its coordination of all internal and external audit activities, as required by the City Charter.

Summary of Operations

The office provides objective information and recommendations through audit reports and continuous audit procedures. Under direction of the City's Audit Committee, the City Auditor conducts audits to assess whether City activities and programs comply with applicable laws and regulations, achieve intended outcomes and benefits, use resources economically and efficiently, and operate with adequate systems of internal control.

Audit topics are selected through risk assessment, City Council requests, and management requests. Topics may also include analyses of concerns targeted by proposed legislation and policies. Audit recommendations address safeguarding assets, streamlining processes, managing revenue, managing contracts, monitoring and reporting functions, and complying with internal and external policies and regulations.

Auditors work with management of the audited area to discuss and refine the scope of an audit. Audit teams conduct fieldwork, which generally involves interviews, identifying best practices, document review, site visits, and data analysis. The teams discuss preliminary findings with

management to confirm understanding and to develop workable recommendations. Audits result in a public report with findings and recommendations. Management's response is included in the report, and auditors follow up on the implementation status of recommendations after report release.

Continuous auditing leverages technology to test controls and to identify potential red flags in transactions as, or soon after, they occur. For our continuous audit program, we have three goals: first, to clean up access in Oracle ATLCLOUD; second, to detect and review red flags promptly; and third, to provide input to audit planning, both for the annual audit plan and for individual audit engagements. To this end, we both support and monitor departmental investigators in monthly reviews of segregation of duties, sensitive access, and transactional monitoring reports.

The Audit Committee comprises audit, finance, and management professionals appointed by the City Council, the Council President, and the Mayor. The Committee appoints and supervises the City Auditor, approves the annual audit plan and completed audit reports, oversees the City's annual financial audit, and undertakes other activities as resources allow and as consistent with its authority under the City Charter. This structure ensures organizational independence because the office is organizationally outside the reporting line of those responsible for areas subject to audit. The Committee holds public meetings every other month to conduct its business. During the closure of public buildings during the COVID-19 emergency, the Committee conducted its meetings via teleconference.

The City Auditor's Office staff has skills, education, and experience in business and public administration, public policy analysis, research methods, management, accounting, social sciences, law, and information technology. Staff members hold professional certifications in internal auditing, government auditing, information systems auditing, and fraud examination. The office

procures professional services as necessary to perform audits that require specialized expertise.

FY2022 Accomplishments

- **Audit Reports**
 - Parks and Recreation Fees
 - NIST Cybersecurity
 - Building and Zoning Code Enforcement
 - Aviation Facilities Management Staffing and Scheduling
 - Direct Payments
 - Streetlighting
 - Contract Compliance Follow-up Testing
 - Extra Help
 - Oracle Time and Labor Implementation
 - Department of Watershed Management Inventory and Fixed Assets
- We worked with the Mayor's Office of Innovation and Performance to implement a system to facilitate real-time tracking and reporting on the status of audit recommendations. We held two townhall meetings in November and December 2021 and met individually with departments to train business owners how to request status updates regarding audit recommendations and upload supporting documents. We've closed approximately one-quarter of the recommendations open through the third quarter of fiscal year 2022 with about 70% of those recommendations implemented. The system includes a publicly available interactive dashboard to report the status of recommendations.
- **Continuous Audit**

Building on our FY2021 implementation of a continuous audit pilot program, we worked with Deloitte and the departments of Finance, Procurement, Human Resources, and AIM to implement controls to continuously monitor 49 segregation of duties conflict pairs, access to 13 sensitive business activities, and 25 financial and HR transactions for risks and red flags. We are working with departmental investigators to clean up existing access in Oracle ATLCLOUD and to fine-tune the controls to reduce false positives.

Audit Quality

- The City Charter requires that we follow Government Auditing Standards to ensure the quality of our work and to ensure that we conduct our work and report results objectively.
- The City Charter and Standards also require us to undergo an external quality assurance review every three years to ensure that we are following standards. Our sixth review is scheduled in June 2022.

FY2023 Proposed Program Highlights

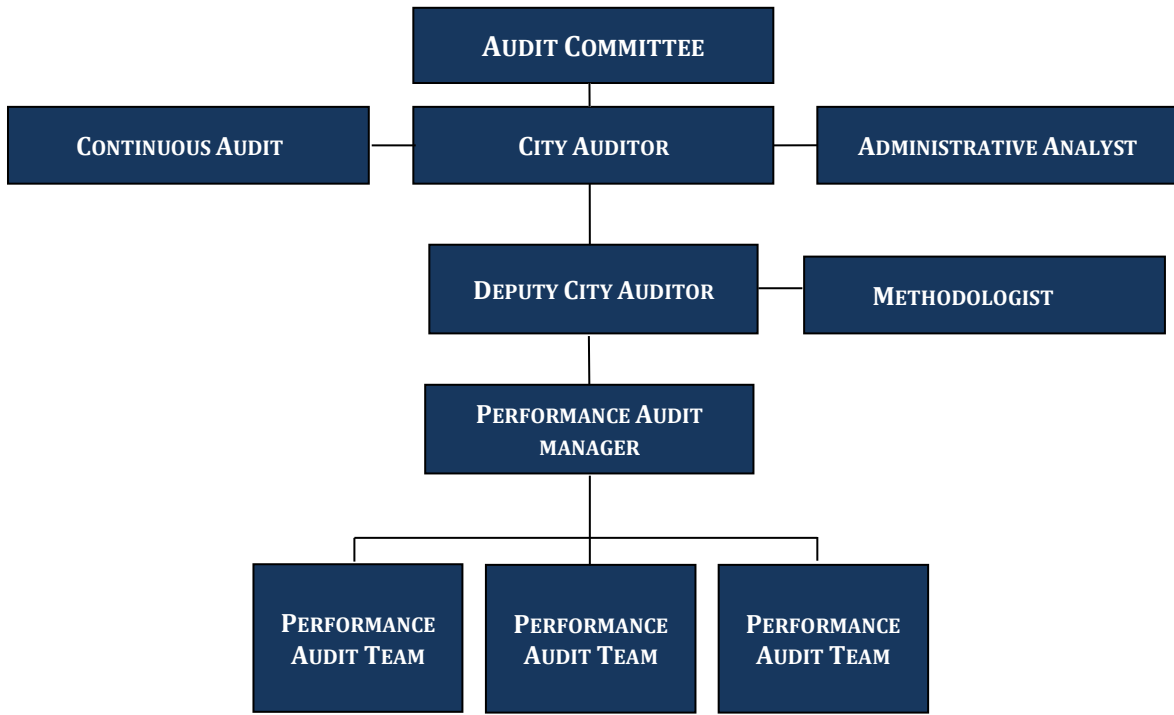
- Upcoming audits include:
 - Cash Handling
 - Beltline Special Services District
 - Employee Benefits
 - Solid Waste Services
 - Business Licenses
 - Grants Management
 - Department of Aviation Facilities Management Inventory and Fixed Assets

We've reorganized the office to maintain specialized technical skills as resources for all teams, created a new performance audit supervisor classification and reimaged the role of the performance audit manager to develop a clear career path, promote professional development, and enhance employee retention. We've added one position to enable us to respond more promptly to City Council and management requests. With the additional resources, we expect to release 12 reports and dedicate more time to following up on open audit recommendations.

We also plan to complete cleanup of existing ATLCLOUD access, continue fine-tuning our continuous auditing controls and reports, and create a continuous auditing dashboard.

ORGANIZATIONAL CHART

AUDITOR'S OFFICE



PERFORMANCE METRICS

AUDITOR'S OFFICE

PERFORMANCE MEASURE	FY2020 ACTUAL	FY2021 ACTUAL	FY2022 TARGET	FY2023 TARGET
<i>Fiscal Accountability & Governmental Efficiency</i>				
Number of audit reports released	9	10	10	12
Average staff hours per audit	2,082	1,851	1,650	1,600
Recommendation agreement rate	76%	90%	95%	95%
Recommendations closed	73	0	75	100
Percent of closed recommendations implemented	59%	NA		
Percent of professional staff with advanced degrees or certification	77%	76%	87%	87%