

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 internal and external audit activities, as required by the City Charter.

Summary of Operations

The office provides objective information and useful 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: to clean up permissions in Oracle ATLCLOUD; to detect and review red flags promptly; and to provide input to audit planning, both for the annual audit plan and individual audit engagements. To this end, we support and monitor departmental investigators in monthly reviews of segregation of duties, sensitive access, and transactional monitoring reports.

Risk assessment allows us to effectively prepare an audit plan. We need to identify which activities are the most important and detect areas that pose potential risk to the city. To provide the most benefit, our audits need to be targeted and relevant. We conduct risk assessments both to compare departments and offices based on their potential risk and to better serve the city with our audits.

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.

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.

FY2024 Accomplishments

- **Audit Reports**

- Management of the Plane Train Contract
 - Management of Landscape Contracts
 - Water and Sewer Billing and Collections
 - Moving Atlanta Forward Infrastructure Program Annual Review
 - Municipal Court
 - City Council Expenditures and Carry Forward Accounts
 - Efficiency of the Procurement Process
 - Controls over Aviation Capital Projects
 - Office of Contract Compliance Monitoring of Subcontractor Utilization
 - Cybersecurity
 - Fire Fleet Maintenance
 - Oracle Time and Labor Configuration
- We continued to work with departments to follow-up on the status of open audit recommendations, as required by city charter. Business owners report through Missionmark whether a recommendation is not started, started, partly implemented, or implemented; provide a description of corrective actions taken; and upload supporting documentation. Audit staff email departments reminders about due dates and verify that the corrective actions and documentation support the suggested status and accept the status or request more information. Missionmark includes a publicly available interactive dashboard to report the status of audit recommendations. Through the third quarter of fiscal year 2024, we closed approximately one-quarter of the recommendations open at the beginning of the year, with 87% of those recommendations implemented. We are developing a system to

prioritize open audit recommendations that should be in place by the end of the year.

- **Continuous Audit**

Building on our FY2022 implementation of a continuous audit program to 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 worked with departmental investigators to clean up existing access in Oracle ATLCLOUD and to fine-tune the controls to reduce false positives. We finished data cleanup in procurement, accounts payable, and AIM, reducing sensitive access and segregation of duties conflicts from over 1,200 users to 149 users in these business units. We developed a dashboard to monitor and report results, which is available on our website. We facilitated strengthening controls over supplier registration, so that accounts payable no longer creates one-time suppliers. We have also been flagging individuals who are both employees of the city and registered as suppliers to the city and referring recommendations to the Department of Procurement, the Ethics Office, and/or the Office of the Inspector General as appropriate.

- **Risk Assessment**

We implemented a new risk assessment model with goals of gathering more input from the administration and incorporating more forward-looking than lagging indicators. We plan to pilot a department-level risk assessment to gather more management input and identify risk-based audit opportunities.

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. After implementing new software and reorganizing the office in the past two years, we worked in FY2024 to ensure that our written procedures align with the changes we have made, developed monitoring tools, and trained staffed on the procedures and use of the tools.

FY2025 Proposed Program Highlights

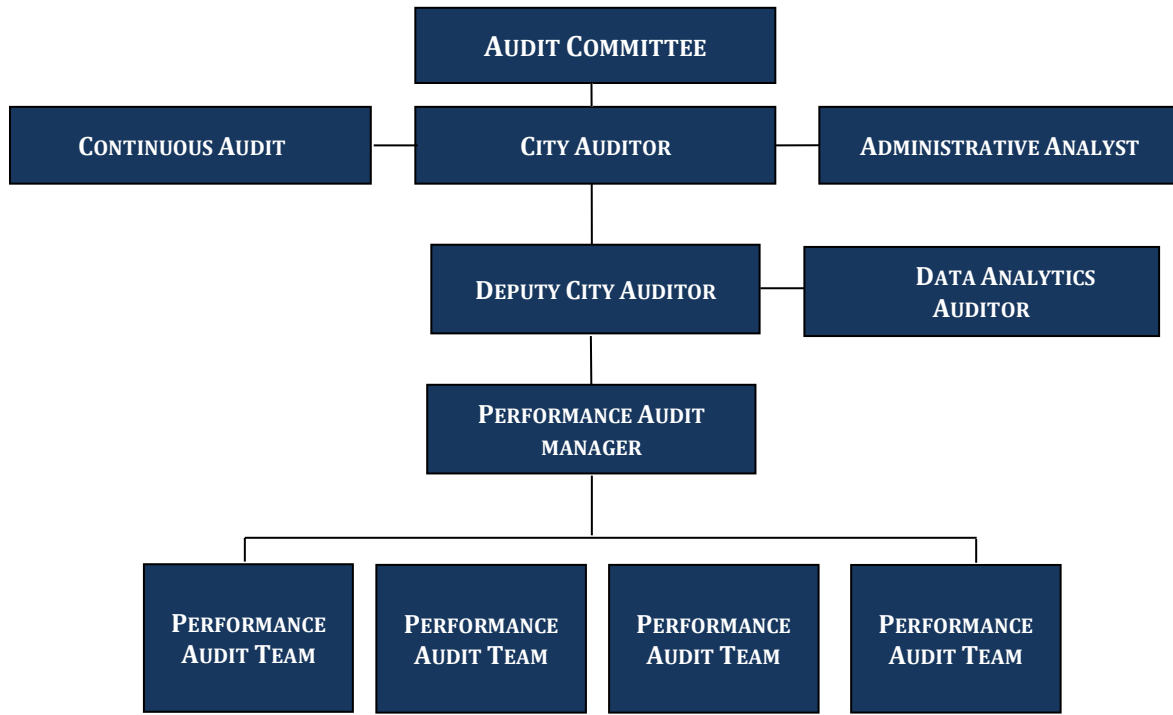
- Upcoming audits include:

- ATL311
- Service Delivery/Remote Work
- Fuel Inventory
- DWM Contract Amendments, Extensions, and Alternative Procurements
- Paid Administrative Leave
- Moving Atlanta Forward Infrastructure Program Annual Review
- BeltLine Special Services District Financial Review
- Fire Inspections
- Recycling

The City Auditor's Office proposes adding a new quick response audit team in FY2025. Our budget contains funding to add a two-person team mid-year to allow us to respond more quickly to requests while still providing citywide, in-depth audit coverage. A "quick response audit" is a single-issue audit with a narrow focus that is designed to address a limited objective relatively quickly. Along with building capacity to respond to audit requests, this new team will help build supervisory capacity as we develop new leaders.

ORGANIZATIONAL CHART

AUDITOR'S OFFICE



PERFORMANCE METRICS

AUDITOR'S OFFICE

PERFORMANCE MEASURE	FY2022 ACTUAL	FY2023 ACTUAL	FY2024 TARGET	FY2025 TARGET
<i>Effective & Ethical Government</i>				
Number of audit reports released	10	9	12	12
Average staff hours per audit	1,379	1,521	1,400	1,400
Recommendation agreement rate	94%	94%	95%	95%
Recommendations closed	110	105	120	120
Percent of closed recommendations implemented	85%	91%	NA	NA
Percent of professional staff with advanced degrees or certification	74%	67%	83%	83%