

City Auditor's Office

AUDIT PROCESS

Revised April 2023

CITY AUDITOR'S MISSION STATEMENT

The Scottsdale City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity.

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INTRODUCTION

This pamphlet explains the role of the City Auditor's Office and its processes for conducting audits.

Why is there a City Auditor?

In 1988, Scottsdale citizens voted to allow the City Council to appoint an internal auditor. In 2009, Scottsdale citizens again voted to update and clarify the role of the City Auditor as a charter officer of the City.

The City Auditor's Office was established to provide an independent review of the City's accountability for public resources.

What standards apply to the work being done?

The City Auditor's Office conducts audits in accordance with generally accepted Government Auditing Standards issued by the U.S. Government Accountability Office.

Once every three years, the City Auditor's Office undergoes a peer review to evaluate its compliance with these standards.

How long will an audit take?

Most audits are completed in 2 to 3 months. However, an audit's scope and objectives, staff availability and responsiveness, plus reliability of documents provided can affect the completion date.

Fun Fact: There are approximately six city auditors in the state of Arizona, and all but one are located here in the Valley!

What Gets Audited?

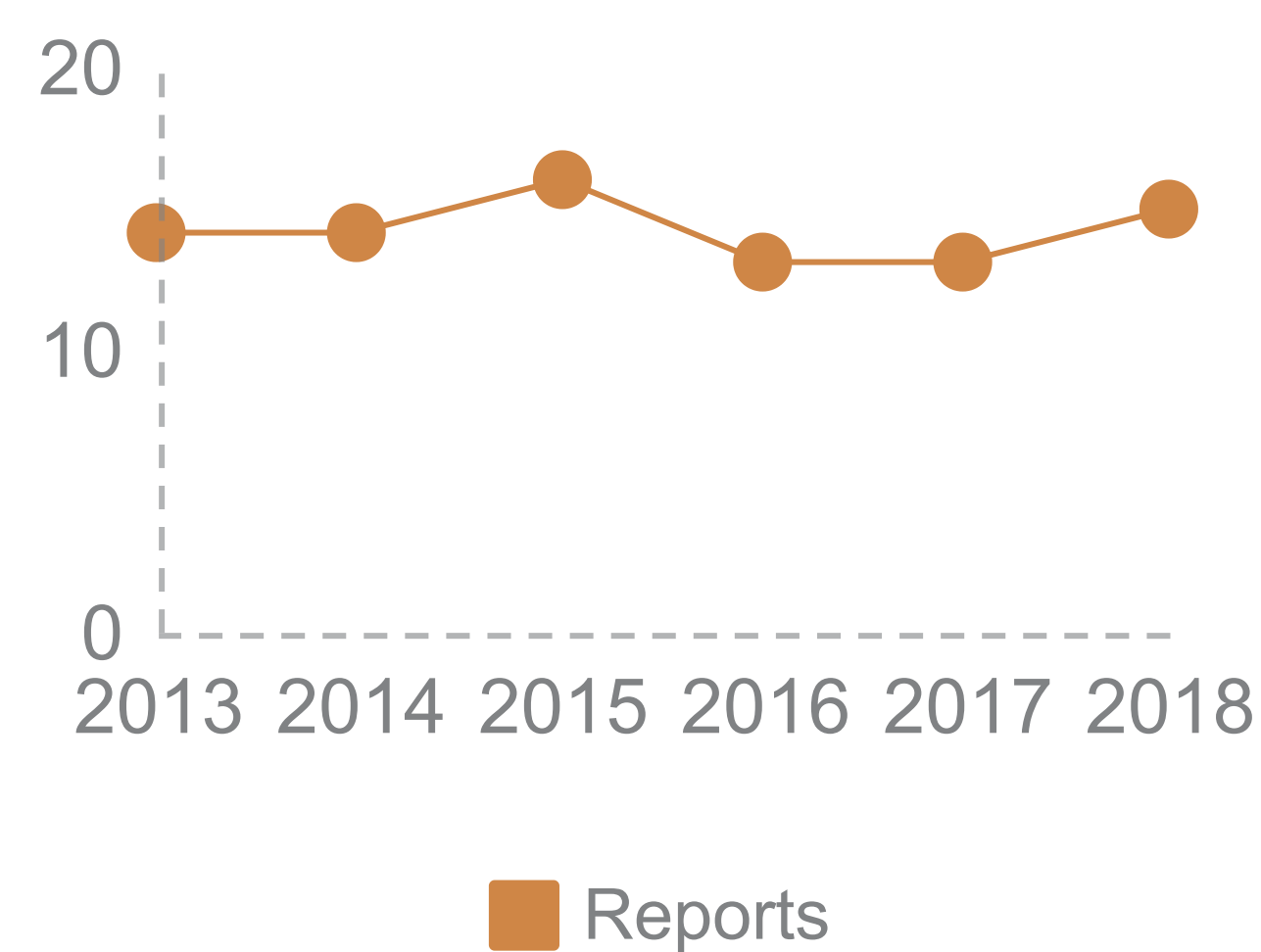
Annual Audit Plan

The City Auditor proposes an Annual Audit Plan to the Council's Audit Committee by June of each year. The recommended Plan then goes to the City Council for review and approval.

The City Auditor presents potential audit topics for discussion with the Audit Committee around March to May.

Potential audit topics are largely based on the Office's risk assessment process, which considers factors such as program significance, changes, audit requests, and past audits of various programs or functions. Audits have included City programs, contracts and functions.

The approved Annual Audit Plan is publicly available on the City's website as well as on the City Auditor's intranet page.



We complete approximately 13 to 15 reports each year.

Want to Recommend Audit Topics?

Audits are conducted to help identify operational improvements, process efficiencies, potential savings or revenue enhancements.

Suggest an audit of a department or program by emailing or calling the City Auditor or any of the Senior Auditors.

City Auditor's Office: 480-312-7756

City Auditor (Acting) Lai Cluff:

480-312-7851

Email: LCluff@ScottsdaleAZ.gov

Information may be submitted confidentially.



What should we expect during an audit?



1) *Ready to start*

Auditors send a memo stating the planned audit objective, assigned auditors, anticipated timeline and scheduled Audit Committee meeting.

2) *Preliminary Survey*

Auditors gain familiarity with the program by interviewing staff, reviewing documents and data, and observing processes and facilities.

3) *Risk assessment and internal controls*

Auditors identify risks and inquire about controls to address the risks. Internal controls are defined as "plan, policies, methods and procedures adopted by management to meet its mission, goals and objectives."

4) *Fieldwork*

Auditors conduct tests, ask questions, and validate results. It's important that the department provide any applicable information it may have as audit conclusions are being formed.

5) *Reporting*

When fieldwork is complete, auditors draft a written audit report. Management of the audited area receives the draft report and responds to the audit recommendations. This draft is part of the audit work files, which are not a public record. [ARS §9-305(B)]

What information is required?

Open to inspection

City Charter and Scottsdale Revised Code specifically require City staff to provide information for the audit.

All original documents provided during the audit will be returned at its conclusion.

All officers and employees of the City shall provide the City Auditor free and open access to information and records, property, equipment and facilities in their custody. [SRC §2-124]

Please do not create documentation to respond to an auditor's inquiry. There may be acceptable alternatives that can be identified.

Working papers and other audit files that are maintained by the city or town auditor are not public records and are exempt from title 39, chapter 1. Any audit report prepared for or presented to a city or town is a public record subject to title 39, chapter 1. [ARS §9-305(B)]



What happens after the audit?

Audit Committee

The final audit report is presented at an Audit Committee meeting. Management is expected to attend, but a formal presentation is not required.

Audit Follow Ups

Quarterly, auditors will send a status report form for the department to report actions taken. Auditors review the related documentation to verify the department's progress, and the City Auditor updates the Audit Committee.

The City Auditor's Office fully complies with professional auditing standards. The Office has also won Knighton Awards for its reports.



What is the Integrity Line?

As a Certified Fraud Examiner, the City Auditor has established the Integrity Line to provide employees, contractors, or the public with a method for reporting suspected fraud, waste or misuse of City of Scottsdale resources.

Abuse

Describes behavior that is deficient or improper when compared to behavior that would be considered reasonable and necessary in the circumstances.

EXAMPLES

- Unauthorized disclosure of confidential or proprietary information
- Providing a benefit for someone for which they do not qualify
- Directing staff to perform personal errands for a supervisor

Fraud

An intentional act or omission designed to deceive others and deprive the City of its resources or rights.

EXAMPLES

- Theft of City money, equipment or other assets
- Use of City property for personal gain
- Submitting invoices for fictitious goods or services
- Falsifying records, such as time sheets or expense claims

Waste

The intentional or unintentional careless expenditure or mismanagement of City resources.

EXAMPLES

- Purchasing supplies, goods or services at inflated prices
- Failure to reuse or recycle major resources
- Making unnecessary purchases

Process

- 1) The City Auditor reviews the incident report to determine if an investigation is warranted.
- 2) Possible actions may include an investigation, a referral to a law enforcement or regulatory agency or a referral to City management for review and response.
- 3) If a hotline complaint is substantiated, the City Auditor prepares a written report that will be a public record.

Info to Provide

Please be as specific as possible: names of persons involved and those who know about the matter, dates, times and details. Nonspecific allegations are difficult to investigate.

Confidentiality

The City Auditor maintains confidentiality of all complaints, associated working papers and other files, as allowed by ARS §9.305(B).

Do not use the Integrity Line to report:

- Complaints against private businesses, unless the issue involves City operations, resources or employees
- Potential fraud related to county, state or federal assistance programs unless the program is being operated by the City of Scottsdale
- Emergencies or other public safety concerns
- Employment-related issues, such as discrimination, harassment or personnel matters.

Integrity Line: (480) 312-8348 or Audit@ScottsdaleAZ.gov

AUDIT COMMITTEE

Kathy Littlefield, Chair
Barry Graham
Solange Whitehead

Lai Cluff, Acting City Auditor
Travis Attkisson, Senior Auditor
Elizabeth Brandt, Senior Auditor
Brad Hubert, Senior Auditor
Mel Merrill, Senior Auditor
Shelby Trimaloff, Exec. Asst. to City Auditor

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CITY AUDITOR'S MISSION STATEMENT

The Scottsdale City Auditor's Office conducts audits to promote operational efficiency, effectiveness, accountability and integrity in City Operations.