



## Office of the City Auditor Policies and Procedures

---

**Number:** 2.1.1**Title:** Annual Service Plan  
Development

---

**Original Date:****Revision Date:****Approved by:**

06/27/2005

---

**I. Policy**

- A. Each year the Office of the City Auditor (OCA) will develop an Annual Service Plan which sets out the audit and other projects that the office intends to complete in the following calendar year. This plan will be presented to the Audit and Finance Committee (AFC) for final approval in November or December of the current year.
- B. The Annual Service Plan will include the following:
  - 1. A list of projects, organized according to the OCA's Goals as stated in the OCA Business Plan,
  - 2. Estimated hours for completion of each project, and
  - 3. Additional detail for each project that includes possible audit objectives.
- C. The plan will also contain a tentative list of projects for the second and third years. These projects are subject to change due to a number of factors, and thus will be submitted to the AFC only for informational purposes.

**II. Purpose**

The purpose of this policy is to provide the steps to be followed in developing the annual service plan. The goal of the planning process is to allow OCA to achieve maximum use of its resources to accomplish high-impact projects that improve services and strengthen accountability in City government.

### III. Definitions

None

### IV. Procedures

- A. Developing the OCA Annual Service Plan is an iterative process wherein a large number of possible projects are pared down to a list of high-impact projects that can be completed within the calendar year utilizing available resources. In general, the process proceeds through the following steps, culminating with a service plan that has been approved by the AFC:
1. Gather information on risk and vulnerability in departments, programs and activities from various sources
  2. Develop a preliminary list of possible audit projects
  3. Seek feedback on the possible projects via surveys and meetings
  4. Provide the project list and feedback to the Management Team (MT). The team will develop a proposed Annual Service Plan, and submit it to the AFC for approval.
- B. Following are the specific actions to be completed to achieve each of the steps of this process.
1. **Gather information on risk and vulnerability in departments, programs and activities from the following sources:**
    - a. Analyze the results of current year projects: do the results suggest any additional audit work to be performed?
    - b. Analyze the results of OCA's current year Citywide Risk Assessment. Note the departments and programs/activities that are listed as a combination of medium or high risk as possibilities for audit projects.
    - c. Interview the managers of the City's other audit groups for suggestions on high-risk areas and possible projects. The other audit shops include:
      - i. Corporate Internal Audit
      - ii. Austin Energy
      - iii. Austin Water Utility
      - iv. Department of Aviation

- d. Solicit input from Mayor and Council Members for possible projects through:
    - i. Requesting oral feedback at the Audit and Finance Committee meeting
    - ii. Setting up one-on-one meetings with the Mayor and Council Members
  - e. Review the previous year's service plan for:
    - i. Carryover projects
    - ii. Recurring/continuing projects
    - iii. Projects scheduled to begin in years two and three of the plan
  - f. Seek input from OCA personnel on possible projects via an email request.
2. **Using the information gathered, develop a preliminary list of possible projects.**
- a. For each project, provide:
    - i. Possible audit objectives
    - ii. An estimate of hours needed to complete the project
    - iii. Any additional comments on the desired outcome for the project, as well as any special resource requirements for completing the project
  - b. The list of possible projects should be aligned with OCA's Goals as listed in the OCA Business Plan.
3. **Seek feedback on the project list from the major stakeholders within the City.**
- a. OCA will solicit feedback on the preliminary project list via a web-based survey to City personnel, including:
    - i. Mayor and City Council
    - ii. City Management
    - iii. OCA personnel
  - b. The survey should allow for a range of possible responses. For example:
    - i. This audit is needed in the current year
    - ii. This audit can wait until next year
    - iii. Please schedule this audit for two years from now
    - iv. This audit is not needed

- c. The survey should also allow for additional comments.
  - d. The City Auditor will obtain comments on the list of all proposed/potential projects from Mayor, Council and the City Manager through individual meetings. Mayor and Council Members will generally need to review and comment on the list of all proposed/potential projects.
  - e. A matrix should be developed for the projects based on the responses to the web-based survey, showing the relative importance of the projects as voted by City personnel. This information will be used in developing the final service plan.
4. **Deliver the list of possible projects to the Management Team (MT) along with the feedback. The team will use that information to develop the proposed Annual Service Plan for the Calendar year.**
- a. The total number of direct hours available for audit projects is equal to 1500 hours per FTE budgeted for the year. The original list of possible projects will contain more than OCA could complete in the calendar year. It will be the responsibility of the MT to reduce this list to a plan that can be completed in the calendar year using available resources.
  - b. Projects should be filtered based on the following criteria:
    - i. Coverage
      - (a) Maximizing use of audit resources
    - ii. Doability
      - (a) Expertise
      - (b) Environment/Complexity
    - iii. Contribution/Impact
      - (a) Improve services
      - (b) Strengthen accountability
  - c. Projects will be considered in the context of the following:
    - i. Audit resources available
    - ii. Recent coverage of City departments
    - iii. OCA Performance Goals and Strategies
    - iv. Mayor/Council interest
    - v. City management interest

- vi. Feedback from OCA personnel
- d. MT will develop the final project list through an iterative process. The proposed service plan submitted to AFC for approval will include:
  - i. Name of projects
  - ii. Budgeted hours for each project
  - iii. Detail of possible audit objectives for each project
  - iv. Hours reserved for project requests by the Mayor and Council Members
  - v. Hours for administrative support for audit projects.
- e. This list will be presented to the AFC for final approval at the November or December AFC meeting.
- f. Those projects from the original list which are not selected for the current year, but which MT determines should be conducted, will be tentatively scheduled for the second and third years of the plan. These projects will be subject to change based on a number of factors, and thus will not be submitted for approval by the AFC in the current year. However, they will be included in the current year Annual Service Plan for informational purposes. In addition, they will be considered in the planning process for the Annual Service Plan in future years.
- g. The City Auditor will obtain comments from Mayor, Council and the City Manager through individual meetings prior to the request for final approval of the plan. Mayor and Council Members will generally need to review and comment on the list of proposed/potential projects after it has been reduced to reflect the OCA's available resources.
- h. The City Auditor will schedule meetings with the Assistant City Managers to review the proposed service plan. During these meetings, the City Auditor will provide City management advanced notice of the potential for audits in their area of responsibility, and solicit input on the potential objectives and audit choices.

## 5. Internal Planning

- a. Following the approval of the proposed plan, for internal planning purposes, the MT will also need to determine the following related to the Annual Service Plan:
  - i. The priority of projects based on audit objectives and the relative importance of the projects in helping to improve services and strengthen accountability in City government.
  - ii. Time frames for commencement and completion of projects within the calendar year.
  - iii. Project leads and teams, based on consideration of several criteria, including:
    - (a) Competence
    - (b) Availability
    - (c) Developmental needs for staff
    - (d) Interest expressed by staff for particular projects
    - (e) Availability of additional resources such as interns and student teams
  - iv. The necessity for contracting any outside consultants or experts to complete tasks

## V. Responsibilities

- A. **Deputy City Auditor** will assign the task of creating the proposed service plan to a member of the audit staff in August or September of the current year.
- B. **Service Plan Creator** is responsible for completing the tasks set out, including scheduling of meetings and completion of the surveys.
- C. **Management Team** is responsible for completing the final plan. The City Auditor approves the plan to be submitted to the AFC for final approval. The AFC's role in reviewing and approving the annual service plan is described in the City Auditor's Ordinance.