



## Office of the City Auditor Policies and Procedures

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**Number:** 3.5.1

**Title:** Reporting Process

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### I. Policy

All audit reports published by the Office of the City Auditor will follow the process for planning, preparation, review, and distribution established in section IV of this policy.

### II. Purpose

Use of a routine reporting process will help ensure that the report draft has been subjected to each of the quality control steps in place.

### III. Definitions

- A. **Auditor In Charge (AIC)** - Any auditor who is accountable for coordinating the team's efforts to complete the audit and the report. An AIC might not write the entire report, but will be responsible for drafting substantial portions of the report, and will combine other auditors' contributions into a single document. The AIC is also accountable for scheduling the participation of all other contributors, including reviewers.
- B. **Final Report** - The final report is the completed copy which is submitted to the City Council Audit Committee and subsequently distributed to interested parties.
- C. **Line Edit** - The line edit reviews grammar, punctuation, and syntax of the audit report. Syntax is the order or arrangement of the words in a sentence.
- D. **Management Draft** - This is the draft of the audit report which is final in every respect except that it does not yet contain the auditee's comments. For example, the draft should have been referenced to workpapers and subjected to substantive review. This draft is

submitted to the auditee during the exit conference for comments, and may be subject to change based on those comments.

- E. **Outline** - The report outline provides a preview of the proposed headlines in the report, and communicates the "messages" contained in the audit report.
- F. **Organizational Edit** - This type of edit focuses on the logical structure and development patterns of the report. An organizational edit is most efficient when it is performed using ideas instead of text. That is, organizational edits work best in the outline stage of the reporting process.
- G. **Substantive Review** - The substantive review is carried out to ensure that evidence is adequate to support the author's conclusions. Substantive review evaluates the sufficiency of evidence presented, factual accuracy, coherence of the logical arguments, and persuasiveness of the report.
- H. **Transmittal Memoranda** - Transmittal memoranda introduce the audit report to its intended audience. Two transmittal memos are prepared for the Management Draft – the memo to the auditee management, and the memo to the responsible Assistant City Manager. The final report transmittal is addressed to the Mayor and Council.

#### **IV. Procedures/Responsibilities**

##### **A. Draft Report Outline**

1. Following completion of the SRP, the audit team will prepare an initial draft report outline. This outline comprises the audit issues selected for review, and, using preliminary findings, begins to express the proposed overall messages of the report. The audit team and the AIC are responsible for performing organizational editing on all drafts of the outline to ensure that the patterns used for development of the evidence are appropriate and reader-oriented.
2. The outline will be used to brief OCA management throughout the audit, and as such should be regularly revised as new developments in field work reshape the messages. Routine briefings with OCA management provide the team with necessary supervision over the audit, and the audit itself will benefit from the insight and experience of management involvement.

##### **B. Draft Report Sections**

As the relevant sections of an audit are completed, the corresponding sections of the outline are "fleshed out," and submitted to the AIC for review.

**C. Draft Report Finalizing**

As the completed sections are combined, the audit team will begin to draft section summaries and identify exhibits that will help communicate the messages and provide sufficient evidence to convince readers of the report's conclusions. (See the departmental Style Manual for additional guidance on use and drafting of section summaries.)

**D. Substantive Review**

When the report draft is substantially completed, the AIC and Deputy City Auditor/Assistant City Auditor are responsible for substantive review. (See definitions.) Review comments should be implemented by the audit team prior to submitting the report to the City Auditor for review.

**E. Organizational Edit**

At this point, any remaining organizational problems (circular or unclear logic, redundancies, or awkward structure) should be identified and resolved by the AIC and the audit team.

**F. Required Line Edit**

The report will be submitted to the departmental editor for a line edit prior to submission to top management for review. See Policy "line editing".

**G. Top Management Review**

After substantive review and organizational editing, the report draft is reviewed by the City Auditor and/or Deputy City Auditor. This review identifies questions about tone, clarity, persuasiveness, and use of appropriate terminology.

**H. Optional Line Edit**

If review comments call for extensive changes, the departmental editor will perform another line edit.

**I. Management Draft**

1. Once the City Auditor's and Deputy City Auditor's review comments are cleared, the management draft is submitted to the auditee for response.
2. The exit conference used to present the management draft should begin with a reminder to the auditee that comments and concerns will be considered prior to final publication.

This conference should include a brief walk-through of the major messages of the report.

3. Subsequent exit conferences may be necessary to obtain auditee feedback regarding factual accuracy of the findings, tone and balance, as well as to discuss the intent of the recommendations and obtain concurrence, if possible.
4. Any adjustments in tone, balance, or factual presentations which are made as a result of these meetings are also subject to the Government Auditing Standards for evidence, and report presentation.

**J. Auditee Response to Recommendations.**

1. The transmittal memorandum to auditees formally requests auditees to respond to the RECOMMENDATIONS in the audit report. It also provides deadlines for response that provide adequate response time (a 10-working-day minimum is recommended) while also accommodating publication schedules for reproduction and distribution to the Audit Committee. The management transmittal should inform auditees that responses are entered verbatim into the report, so care should be taken to ensure there are no typographical or other errors in the text submitted.
2. The appropriate Assistant City Manager(s) must sign off on the auditee response, as well as the auditee department head or other highest management official. The format for management responses is provided in Appendix A of the departmental Style Manual. The audit team will incorporate management responses into the text of the report, verbatim, under the applicable recommendations. The entire text of each response is usually incorporated, except when the response to a specific recommendation is excessively long. In such a case, the audit team incorporates an "abbreviated response" which is faithful in meaning to the full response.
3. In addition, the entire response document is appended to the audit report. Note: any typographical or other errors in the response must be placed in the report. The Office of the City Auditor does not edit management responses. The audit team must proofread the responses incorporated into the text of the report prior to reproduction and distribution to ensure that they are direct quotes or faithful in meaning to the auditee's response.

**K. Optional Line Edit**

Occasionally the audit team, in negotiating with auditees to obtain more favorable responses, will revise portions of the report. If so, the departmental editor will perform another line edit on those portions which have been revised.

**L. Final Reproduction Manuscript**

The audit team is responsible for preparing a reproduction-ready manuscript of the final report for printing and distribution. The administrative staff will print and distribute the report. The final report is first distributed to the Audit Committee, then to the remainder of the distribution list. For more information see the policy in this section on report distribution.