



**CITY OF AUSTIN**

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**Office of the City Auditor**



# **Annual Service Plan**

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**Austin, Texas**

**Fiscal Year 2006**

**City Auditor**  
**Stephen L. Morgan, CIA, CFE, CGAP, CGFM**

**Deputy City Auditor**  
**Colleen G. Waring, CIA, CGAP**

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# City of Austin

# MEMO



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May 16, 2006

To: Mayor and Council Members

From: Stephen L. Morgan, City Auditor

Subject: Revisions to Convert OCA 2006 Service Plan to a Fiscal Year Basis

As you requested, we have revised our 2006 Service Plan to reflect a fiscal-year basis. This required adding to the plan a number of projects that were completed during the last quarter of 2005, along with the relevant hours associated with completing those projects. Accordingly, some projects planned for the second half of the 2006 calendar year are shifting to our FY 2007.

In order to afford you a perspective on how the different projects will be prioritized, we are presenting this revised plan together with a draft FY 2007 Service Plan. We will be soliciting your input and preliminary approval of the FY 2007 plan during the next month, in order to better plan our financial budget in time for the June 9, 2007 submission deadline.

cc: Toby Futrell, City Manager  
Juan Garza, General Manager, Austin Energy



Office of the City Auditor  
FY 2005-2006 Service Plan

PG #	Performance Goals & Strategies	CY 2006 PROJ BUD	FY 2006 PROJ BUD	Explanation for Change
<b>Improve effectiveness of City programs and activities</b>				
3	<b><i>Disaster Preparedness, Response, and Recovery</i></b>	2,500	0	Defer project to FY 2007
3	Police Recruiting and Training	2,000	1,500	Start project May 2006 for FY 2007 completion
3	Austin Water Utility: Vulnerability Assessment	3,000	1,900	Reduce hours during FY 06 for control vulnerability work. Defer any engineering work to FY 07.
<b>Focus attention on significant current and future risks to the City</b>				
4	<b><i>Citywide Risk Assessment</i></b>		315	Add to reflect hours charged in FY 06 (first quarter)
4	<b><i>ACWP Ongoing Monitoring</i></b>		80	Add to reflect hours charged in FY 06 (first quarter)
4	Sustainability-Long-term Planning	1,250	2,450	Add to reflect hours charged in FY 06 (first quarter)
<b>Improve economy and efficiency of the City in managing resources.</b>				
5	<b><i>Purchasing – High-Risk Series</i></b>	2,000	1,200	Initiate as Year 1 of “Purchasing-High-risk Series”
5	Hotel Occupancy Tax	800	1,950	Add to reflect hours charged in FY 06 (first quarter)
5	Hotel Motel Bed Tax 2006 (additional remittance audits)	1,500	1,500	No change.
<b>Promote honesty and openness in conduct of City business</b>				
6	<b><i>Integrity Unit</i></b>	5,250	5,250	No change.
6	<b><i>ABIA Fuel Farm</i></b>		1,000	Add to reflect hours charged in FY 06 (first quarter)
<b>Information Technology</b>				
6	<b><i>Data reliability: AMANDA and AFS3</i></b>	1,500	0	Replace with AMANDA and AFS3 preliminary work. Current systems not ready for reliability testing.
6	<b><i>AMANDA Data Reliability Preliminary Work</i></b>		300	
6	<b><i>AFS3 Data Reliability Preliminary Work</i></b>		300	
<b>Austin Energy</b>				
7	<b><i>AE-Electric Line Construction</i></b>		30	Add to reflect hours charged in FY 06 (first quarter)
7	<b><i>AE Risk Management</i></b>		1,500	Add to reflect hours charged in FY 06 (first quarter)
7	Power Generation - FPP Direct Costs	1,000	2,500	Add to reflect hours charged in FY 06 (first quarter)
7	AE Environmental Remediation/Hazardous Waste Mitigation	2000	1,800	Reduce to reflect actual available hours remaining in FY.
<b>Follow-Up Verification: Verify reported Implementation status for prior audit recommendations</b>				
8	<b><i>Rental Housing Development Contract Monitoring</i></b>	1,000	0	Defer to FY 07.
8	Property Tax – Follow Up	500	500	No change.
<b>Strengthen OCA’s capacity for leadership and innovation through assistance to Council or Management</b>				
8	<b><i>Assistance to Council</i></b>	1,000	1,000	No change. (Includes evaluation of TGS Franchise Review)
8	Foresight: Long Range Projections by Experts	250	100	Reduce to reflect actual available hours remaining in FY.
	Administrative hours	200	700	Increase hours to equal FY 05 actual hours.
<b>TOTAL HOURS</b>		<b>25,875</b>	<b>25,875</b>	NOTE: Includes one additional FTE beyond authorized, funded as Temporary employees through Hotel Tax 2006 audits, one-time transfer from Convention Center.
<b>FTEs (at 1500 direct hours available per FTE)</b>		<b>17.3</b>	<b>17.3</b>	

Black = Proposed new project; Blue = Continuing responsibility

PROJECT	HOURS	COMMENTS
<b>Improve effectiveness of City programs and activities</b>		
<b><i>Disaster Preparedness, Response, and Recovery</i></b> <ul style="list-style-type: none"> <li>○ What have we spent in the last 5 years</li> <li>○ How do our disaster management plans compare to best practices</li> </ul>	0	Defer project to FY 2007.
<b>APD Police Training and Recruiting</b> <ul style="list-style-type: none"> <li>○ Compare APD's current practices to best practices for achieving Training and Recruiting goals</li> <li>○ Review current performance measures for utility by decision makers</li> </ul>	1,500	Start project May 2006 for completion in FY 07. Reduce from CY 06 budget of 2,000 hours to reflect staff hours available to FYE.
<b>Austin Water Utility</b> <ul style="list-style-type: none"> <li>○ Conduct vulnerability assessment</li> <li>○ Prioritize areas for audit and begin first audit</li> </ul>	1,500	Reduce hours during FY 06 for focus on control vulnerabilities only. Defer any engineering work to FY 07.

PROJECT	HOURS	COMMENTS
<b>Focus attention on significant current and future risks to the City</b>		
<b>Citywide Risk Assessment</b> (Presented to Audit and Finance Committee December 2005)	315	Add project and budget hours to reflect time spent during first quarter of FY 06.
<b>ACWP Ongoing Monitoring</b> (Monitoring continued under AWU Vulnerability Assessment)	80	Add project and budget hours to reflect time spent during first quarter of FY 06.
<b>Sustainability – Long Term Planning</b> <ul style="list-style-type: none"> <li>o What does the region have currently in terms of long term planning?</li> <li>o What communication takes place among the players involved?</li> <li>o What are the key assumptions used in planning (e.g. growth, revenue, usage trends)?</li> </ul>	2,450	Increase budgeted hours from 1,250 to 2,450 to reflect hours charged during first quarter of FY 06.

PROJECT	HOURS	COMMENTS
<b>Improve economy and efficiency of the City in managing resources</b>		
<b>FASD: <i>Purchasing – High-Risk Series</i></b> <ul style="list-style-type: none"> <li>○ Do FASD’s central purchasing procedures and practices ensure that the City solicits competitive prices?</li> </ul>	1,200	Revise from CY 06 project titled “Purchasing—Competitive Bidding” to reflect multi-year examination of various purchasing risks. Reduce from 2,000 hours to 1,200 to reflect time remaining in FY 06.
<b>Hotel Occupancy Tax – Collection and Remittance</b> <ul style="list-style-type: none"> <li>○ Do hotels appropriately collect and remit hotel occupancy taxes from their guests?</li> </ul> (Presented to Audit and Finance Committee February 2006)	1,950	Increase budgeted hours from 800 to 1,950 to reflect hours charged during first quarter of FY 06.
<b>Hotel Motel Bed Tax—2006 Audits:            Additional work in Hotel Motel Bed Tax remittance and collection</b> <ul style="list-style-type: none"> <li>○ Continue to audit Hotels and Motels selected by risk assessment</li> <li>○ Partial funding for 2 temporary FTE’s through FY06 Financed by expense refund from Convention Center Department in the amount of \$50,000 for FY 06</li> </ul>	1,500	No change.

PROJECT	HOURS	COMMENTS
<b>Promote honesty and openness in the conduct of City business</b>		
<b>City Auditor's Integrity Unit</b> <ul style="list-style-type: none"> <li>○ Prevention: training, newsletter</li> <li>○ Detection: fraud hotline</li> <li>○ Investigation and audit work</li> <li>○ Follow through: controls reviews</li> <li>○ Management Integrity Committee support activities</li> </ul>	5,250	No change.
<b>ABIA Fuel Farm</b> (Presented to Audit and Finance Committee October 2005)	900	Add project and budget hours to reflect time spent during first quarter of FY 06.
<b>Information Technology</b>		
<b>AMANDA Preliminary Work</b>	300	Perform pre-planning for FY 07 data reliability audit of AMANDA. System not yet live.
<b>AFS3 Preliminary Work</b>	300	Perform pre-planning for FY 07 data reliability audit of AFS3. System not yet live.

PROJECT	HOURS	COMMENTS
<b>Austin Energy</b>		
<b><i>AE Electric Line Construction</i></b> (Presented to Audit and Finance Committee August 2005)	<b>30</b>	Add project and budget hours to reflect time spent during first quarter of FY 06.
<b><i>AE Risk Management</i></b> (Presented to Audit and Finance Committee January 2006)	<b>1,500</b>	Revise budgeted hours to reflect time spent during first quarter of FY 06.
<b>Power generation – Fayette Power Plant direct costs</b> <ul style="list-style-type: none"> <li>○ Is LCRA properly assigning direct costs to AE for Units 1 and 2?</li> <li>○ Is LCRA properly assigning direct costs for Unit 3 to assure that AE is not charged for operation of Unit 3?</li> </ul>	<b>2,500</b>	Revise budgeted hours to reflect time spent during first quarter of FY 06.
<b>Environmental Remediation/Hazardous Waste mitigation</b> <ul style="list-style-type: none"> <li>○ Audit AE’s environmental monitoring program to determine whether environmental risks are appropriately monitored and reported on.</li> </ul>	<b>1,800</b>	Reduce budgeted hours to reflect time available during FY 06.

PROJECT	HOURS	COMMENTS
<b>Follow-Up Verification: Verify reported implementation status for prior audit recommendations</b>		
<b>Rental Housing Development Contract Monitoring</b>	<b>1,000</b>	Defer project to FY 07.
<ul style="list-style-type: none"> <li>○ Verify implementation status reported by management</li> </ul>		
<b>Property tax</b>	<b>500</b>	No change.
<ul style="list-style-type: none"> <li>○ Verify implementation status reported by management</li> </ul>		
<b>Strengthen OCA's capacity for leadership and innovation through assistance to Council or Management</b>		
<b>Assistance to Council</b>	<b>1,000</b>	No change.
<ul style="list-style-type: none"> <li>○ Information Provision</li> <li>○ Information Verification</li> </ul>		Includes follow-up evaluation of Texas Gas Service consultant review.
<b>Assistance to Management</b>		
<ul style="list-style-type: none"> <li>• Training (writing skills, preparing for audit)</li> <li>• Advisory assistance (monitoring techniques, surveys)</li> </ul>		
<b>Foresight: Long Range Projections</b>	<b>100</b>	Reduce budgeted hours to reflect time available during FY 06.
<ul style="list-style-type: none"> <li>○ Experts' views on City's risk horizon presented to AFC</li> </ul>		