



Office of the City Auditor
Policies and Procedures

Number: 3.1.4

Title: Use of Outside Experts

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I. References

See *Government Auditing Standards* (GAS), July 2007 Revision, Chapter 3, Sections 3.05, 3.40, 3.43 and Chapter 7, Sections 7.43-7.45.

II. Policy

When, after assessing the professional competence of current OCA staff when making audit team assignments (see OCA policy 3.1.3), the OCA Management Team (OCA MT) determines that the use of outside experts is warranted:

1. OCA will consider the availability and feasibility of both volunteer and compensated experts; and
2. OCA will conduct and document an assessment of the qualifications and independence of the outside experts before selecting them for use in carrying out OCA's audit objectives.

III. Purpose

To achieve quality audit work performed by outside experts, and to document compliance with *Government Auditing Standards* when using outside experts to complete OCA's audit objectives.

IV. Definitions

Outside Expert – a person (who is not a full-time permanent employee of OCA) or a firm that possesses specialized knowledge or skills needed to carry out OCA's audit objectives. The outside expert may be hired as a temporary OCA employee or may enter into a contract with OCA to perform the work required for the project.

V. Procedures/Responsibilities**A. Procuring an Outside Expert**

1. If it is determined that the best approach is to obtain the assistance of an outside expert, the **City Auditor (CA)**, the **Deputy City Auditor (DCA)**, and the responsible **Assistant City Auditor (ACA)** will consider options for obtaining the assistance of a voluntary outside expert that is competent and independent (per Section B, below).
2. If obtaining a voluntary outside expert is not possible, the **CA** will work with the **OCA's Financial Manager** to determine if sufficient funds are available to hire an outside expert.
 - a. If funds are available, the **CA** will authorize the **DCA** or responsible **ACA** to begin the initiation of the process for procuring an outside expert using funding from the OCA budget, budget amendments, or other appropriate sources.
 - b. If funds are not available, the CA together with the DCA will determine the most appropriate course of action for OCA in order to meet OCA needs and competence requirements (e.g., canceling the audit, revising the audit objectives, etc).
3. If the outside expert is hired as a temporary OCA employee, the **ACA** will work with OCA administrative staff to initiate the normal OCA process for hiring temporary employees.
4. If the decision is made to procure the services of an outside expert through the execution of a contract:
 - a. The responsible **ACA** will work with the City's Purchasing Office and the appropriate OCA administrative staff to identify and follow City procedures to hire an outside expert. If appropriate, this may involve soliciting bids or proposals from qualified outside experts, evaluating those bids or proposals, and executing a contract with the most appropriate outside expert (based on relevant procurement policies and the requirement that the expert be competent and independent according to Section B below).
 - b. The responsible **ACA** will ensure that copies of criteria used for assessment of the expert and a memo outlining the decision-making process of his/her selection are included in the audit documentation and in OCA administrative procurement files to demonstrate compliance with the City procurement process and with the *Government Auditing Standards*.

B. Assessing the Qualifications and Independence of Outside Experts

1. Once the need for an outside expert has been determined, the **CA, DCA**, and responsible **ACA** should determine the precise professional qualifications the expert should possess. In making the determination, this evaluation team should consider competence as well as whether the outside expert has any personal, organizational or external impairment that would compromise his or her work. Measures of competence that should be considered include:
 - a. an applicable professional certification, license, or other recognition of the competence of the outside expert in his or her field, as established by relevant boards or other regulatory bodies (such as The State of Texas Board of Public Accountancy; Texas Board of Engineering, etc.);
 - b. experience in the type of work under consideration. (e.g., experience can be assessed by reviewing resumes, publications of work products provided to other clients, and interviewing candidates in person or by telephone);
 - c. the reputation and standing of the outside expert in the views of peers and others familiar with the outside expert's capability or performance; and
 - d. previous work experience with OCA (and whether high-quality results were achieved).
2. When the evaluation or hiring team determines the requisite qualifications for the outside expert, these qualifications will then be used in soliciting applications, bids, or proposals and ultimately for selecting the outside expert.
3. Whether the outside expert is voluntary or compensated (as a contractor or temporary employee), the responsible **ACA** shall consider the outside expert as a member of the project team and, accordingly, subject to the GAGAS independence requirements.
4. The responsible **ACA** or designated **Auditor-in-Charge (AIC)** shall obtain a representation from the outside expert regarding the outside expert's independence with regard to the proposed audit. If the outside expert is not free from impairment(s) to independence (see Policy 3.1.2), then OCA shall not use the work of that outside expert. If the outside expert is compensated, the representation of independence shall be part of the procurement process. The independence should also be documented on the *Auditor Assignment & Independence Form*.

5. The responsible **ACA** or designated **AIC** shall direct the work of the outside expert and review the final product to determine if expectations have been met or contract terms have been fulfilled.
6. If the **ACA** or **AIC** responsible for overseeing the work of the outside expert becomes aware of issues which compromise the expert's independence or ability to complete the work assigned in accordance with expectations, he or she will alert the responsible ACA or the DCA so that appropriate action can be taken.