



Office of the City Auditor Policies and Procedures

Number: 3.5.4**Title:** Report Content and Format for
Performance Audits**Original Date:****Revision Date:****Last Review Date:****Approved by:**

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I. References

See *Government Auditing Standards* (also referred to as the *Generally Accepted Government Auditing Standards*, or GAGAS), July 2007 revision, Chapter 8, sections 8.01-8.05 and 8.08-8.37; OCA policy 3.1.8, Audit Planning, OCA policy 3.5.1, Report Writing Process; OCA policy 3.5.2, Report Review; OCA policy 3.5.5, Report Distribution; OCA policy 3.5.7, Reporting Confidential and Sensitive Information; and the [Code of the City of Austin](#) Title 2, Chapter 2-3, Section 2-3-8, Paragraphs (A) – (C).

II. Policy

- A. The Office of the City Auditor (OCA) shall issue reports communicating the results of each completed performance audit. These reports shall conform with applicable GAGAS requirements for reporting and should include, at a minimum, the following:
1. The Objectives, Scope, and Methodology of the audit (OS&M);
 2. A statement about the auditors' compliance with GAGAS;
 3. The audit results, including findings, conclusions, and recommendations;
 4. If applicable, the nature of any confidential or sensitive information omitted; and
 5. Views of responsible officials.
- B. Audit reports shall comply with the approved OCA style manual, which provides an established format for each type of audit report.

III. Purpose

To ensure that audit results are issued as appropriate, that issued reports meet applicable standards for quality and disclosure, and that reports are consistent in content, style and format.

IV. Definition

- A. **Issue** (as used in this policy) – To communicate the results of the audit in writing or some other retrievable form.

V. Procedures/Responsibilities

- A. The **AIC**, in consultation with the **ACA** over the project, is responsible for ensuring that the audit report contains all the required report elements (*in Section B, next*), or obtaining **DCA** approval of any exceptions. All **audit staff** are responsible for becoming familiar and complying with required report content elements as described in the GAGAS, OCA policies, and the Style Manual.
- B. **Required Report Elements** include:
1. **Objectives, Scope and Methodology (OS&M).** The audit team should include in the report a description of the audit objectives, scope and methodology. Auditors should also report any limitations or constraints to the OS&M to assist users in interpreting results accurately.
 - a. Auditors should communicate the audit objectives in a clear, specific, neutral, and unbiased manner that includes relevant assumptions, including why the audit was undertaken and the underlying purpose of the work.
 - b. Auditors should identify significant assumptions made in conducting the audit; describe comparative techniques applied; describe the criteria used; and, when sampling significantly supports the auditors' findings, conclusions, or recommendations, describe the sample design and state why the design was chosen, including whether the results can be projected to the intended population.
 - c. As applicable, auditors should explain the relationship between the population and the items tested; identify organizations, geographic locations, and the period covered; report the kinds and sources of evidence; and explain any significant limitations or uncertainties based on the auditors' overall assessment of the sufficiency and appropriateness of the evidence in the aggregate.
 - d. In addition, auditors should report any significant constraints imposed on the audit approach by information limitations or scope impairments, including denials of access to certain records or individuals.
 - e. In general, the report should provide adequate background and context information to enable users to understand the significance of the findings being

reported, the extent of work performed by auditors, and the types of conclusions that can validly be drawn from that work.

2. **Statement about the auditors' compliance with GAGAS.** All OCA audit reports shall include either an unmodified or a modified GAGAS statement, as appropriate, reflecting the anticipated GAGAS statement that was approved with the Fieldwork Plan per the procedures in policy 3.1.8, Audit Planning. Any changes to GAGAS compliance should be approved by the **DCA** at the time the need for the change is discovered.
 - a. When audit work is conducted in accordance with generally accepted government auditing standards, the report shall include an **unmodified GAGAS compliance statement**. The unmodified statement is as follows: *"We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives."*
 - b. If audit work is conducted in which any applicable standards are not followed, auditors shall:
 1. Assess the significance of the non-compliance to the audit objective;
 2. Document the assessment, along with their reasons for not following the requirements;
 3. Draft a suggested GAGAS compliance statement based on the significance of the requirement(s) not followed in relation to the audit objectives; and
 4. Get **DCA** approval
 - c. When audit work is conducted in which any applicable standards are not followed, this shall be disclosed in the report. The report shall include a **modified GAGAS compliance statement** which will state either that:
 1. the auditor performed the audit in accordance with GAGAS, except for specific applicable requirements that were not followed; or
 2. because of the significance of the departure(s) from the requirements, the auditor was unable to and did not perform the audit in accordance with GAGAS.
 - d. When auditors use a modified GAGAS statement, they shall disclose in the report:
 1. the applicable requirement(s) not followed;

2. the reasons for not following the requirement(s), and
 3. how not following the requirement(s) affected, or could have affected, the audit.
 - e. When impairment to independence exists, and the organization or the auditor cannot decline to perform the work because of a legislative requirement or for other reasons, the audit organization must disclose the impairment and modify the GAGAS compliance statement as described above in this policy.
3. **Audit results.**
 - a. The report should contain detailed audit results including the audit findings, conclusions and recommendations. Sufficient and appropriate evidence should be presented to support these findings and conclusions.
 - b. The audit team should describe any limitations or uncertainties with the reliability or validity of evidence in the context of the specific audit findings in question, as well as making reference in the OS&M section of the report, as appropriate.
 - c. The audit team should also report deficiencies in internal control relevant to the audit objectives, all instances of fraud and illegal acts that are significant within the context of the audit objectives, significant violations of provisions of contracts or grant agreements, and significant abuse that occurred or likely occurred.
 1. When the audit team detects deficiencies in internal control that are not significant to the objectives of the audit, the auditors may include those deficiencies in the audit report, or communicate those deficiencies in writing to officials of the audited entity. If deficiencies are communicated separately in writing, the audit report shall reference this communication.
 2. Reporting of deficiencies or violations deemed inconsequential is a matter of professional judgment.

The **AIC**, in consultation with the **ACA** for the audit, is responsible for recommending disposition of any findings that are deemed inconsequential. These decisions and approvals should be documented in working papers.
4. **The nature of any confidential information omitted.** If certain information needs to be withheld from reporting due to the confidential nature of the information, the report should disclose that certain information has been omitted and the reason for omission should be included. For additional information on handling of confidential information in regard to

the audit report, see OCA Policy 3.5.7, Reporting Confidential Information.

5. **Views of responsible officials.** All OCA audit reports should include a representation of the views of the City Manager's responsible officials for the audited entity. This includes formal responses to audit recommendations along with comments that may have been received on the report itself. The responsible officials should also notify the relevant Assistant City Manager and request their sign-off.
 - a. If the audited entity provides oral comments only, auditors should prepare a summary of the oral comments, and provide a copy of the summary to the responsible officials to verify that the comments are accurately stated.
 - b. When the audited entity's comments or management response are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, the auditors should evaluate the validity of the audited entity's comments. And if the auditors disagree with the comments, they should explain in the report the reasons for disagreement. Conversely, the auditors should modify the report as necessary if they find the comments valid and supported with sufficient, appropriate evidence.
 - c. OCA generally gives the auditee at least 10 working days to provide comments and a management response to the audit recommendations, as described in OCA Policy 3.5.1, Report Writing Process. If the audited entity does not provide a response within the specified time, the City Auditor may decide to issue the report without a management response. Such a decision and the reason should be noted in the report.
 - d. See OCA Policy 3.5.1, Report Writing Process, for more information about obtaining and incorporating the management response.

C. **Style and Formatting.**

1. **Style Manual.** For consistent style and formatting, the OCA *Style Manual* provides guidance on use and structure of typographical and other formatting elements. The **AIC**, in consultation with the **ACA** over the audit, is responsible for ensuring that auditors follow the style manual or obtaining **DCA** approval of exceptions.
2. **Use of City Logo.** For all OCA products, the **AIC** is responsible for ensuring that the City logo is formatted in accordance with Public Information Office standards.

- D. **Preparation of the Report Manuscript:** The audit team is responsible for preparing a "reproduction-ready" manuscript of the entire document, including cover and title pages, that complies with the OCA style manual. The **AIC/ACA** are responsible for checking the manuscript submitted by the audit team to ensure it complies with formatting requirements of the Style Manual. After the requirements of this policy are met, see OCA Policy 3.5.5, Audit Report Distribution, for information on how to distribute the report.