



City of Austin

MEMO



Office of the City Auditor

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February 8, 2005

To: Mayor and Council Members

From: Stephen L. Morgan

Subject: Approved OCA CY 2005 Service Plan

Thank you for your assistance in developing our CY 2005 Service Plan. With your input and approval, we will be carrying out projects to help us achieve our performance goals, including:

1. Improve effectiveness of City programs and activities.
2. Focus attention on significant current and future risks to the City.
3. Improve economy and efficiency of the City in managing resources.
4. Promote honesty, openness and compliance in conduct of City business.
5. Strengthen our capacity for leadership and innovation through assistance to Council or Management.

The attached plan contains projects and hours proposed and approved for CY 2005.

In addition, because the number of projects identified through risk assessment and stakeholder input exceeded available resources in CY 2005, we have displayed additional project options for multi-year planning of CY 2006 – CY 2008. Project proposals for these years will be subject to change based on ongoing risk assessment results and stakeholder input.

The draft plan was presented to the Council Audit and Finance Committee on December 15, 2004, and formally approved at the February 8, 2005 Audit and Finance Committee meeting.

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

Office of the City Auditor
CY 2005 Approved Service Plan

PG #	Performance Goals and Strategies	CY 2005 Project Budget
Improve effectiveness of City programs and activities.		
4	Public Safety Service Delivery Model Audit – EMS	750
4	Municipal Court Management Systems R/V Assessment (Report and Close-out)	750
Focus attention on significant current and future risks to the City.		
5	Ongoing Identification of High Risk Issues	1,700
5	Austin Water Utility EPA Ongoing Risk Monitoring	200
5	Sustainability – Long-Term Planning	2,500
5	EPA Austin Water Utility R/V Assessment (Closeout)	100
Improve economy and efficiency of the City in managing resources.		
6	Hotel/Motel Occupancy Tax	2,000
6	Sales Tax - Data Reliability	400
Promote honesty, openness and compliance in conduct of City business.		
6	City Auditor's Integrity Unit <ul style="list-style-type: none"> • Respond to Complaints • Proactive Fraud Detection • Management Integrity Committee Support Activities 	5,250
6	ABIA Fuel Farm	1,500
6	Citywide Overtime Audit (Closeout)	100
6	Sole Source Contracting (Alert)	50
Austin Energy Audit Initiative: Audits conducted in partnership with Austin Energy, in accordance with Council direction.		
7	Survey of Strategic Planning Risks - Risk Mitigation	2,500
7	Power Generation - Fayette Power Project (FPP) Direct Costs	1,250
7	Participation in Partnered STP Audit	200
7	Power Generation – Fayette Efficiency & Safety (Report and Close-out)	300
Follow-Up Verification: Verify reported implementation status for prior audit recommendations.		
8	Solid Waste Services Rate Benchmarking Update	250
8	Property Tax Audit Follow-Up	500
8	Emergency Medical Services Safety Audit Follow-Up	300
8	Austin Energy Green Choice Audit Follow-Up	500
Strengthen OCA's capacity for leadership and innovation through assistance to Council or Management		
8	Advisory Project – Electric Line Construction and Placement	500
8	Advisory Assistance to City – AFS3 Data Reliability	1,000
8	Reserve for Projects Requested by Council	1,100
8	Administrative Support	750
Total Hours		24,450
FTEs (at 1,500 direct hours available per FTE)		16.3

Black = Proposed new project; Red = Carryover project from CY 2004; Blue = Continuing responsibility

Approved: February 8, 2005

OFFICE OF THE CITY AUDITOR
 Corporate Risk Services Program
Approved 2005 Projects and Possible Objectives

Improve effectiveness of City programs and activities.

Performance Strategies: Outputs and Outcomes	PROJ HOURS TO COMPLETE	Comments
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Carryover effectiveness projects.

Performance Strategies: Outputs and Outcomes	PROJ HOURS TO COMPLETE	Comments
Public Safety Service Delivery Model – EMS <ul style="list-style-type: none"> • Do existing Emergency Medical Services staffing patterns reflect most successful patterns in use? • Determine the feasibility of implementing a “floating ambulance” service delivery model. 	750	
Municipal Court Management Systems Risk/Vulnerability Assessment	750	

Black = New project; Red = Carryover Project from FY 2004; Blue = Continuing Responsibility

OFFICE OF THE CITY AUDITOR
 Corporate Risk Services Program
Approved 2005 Projects and Possible Objectives

Focus attention on significant current and future risks to the City.

Performance Strategies: Significant Risks	PROJ HOURS TO COMPLETE	Comments
Ongoing Identification of High Risk Issues (three-year cycle for completion) <ul style="list-style-type: none"> • Conduct risk assessment of City operations to set priorities for third-year vulnerability assessment of one-third of City; • Provide a list of high risk issues that may require the attention of Council or CMO. 	1,700	
Austin Water Utility <ul style="list-style-type: none"> • EPA ongoing risk monitoring 	200 .	
Sustainability – Long-Term Planning <ul style="list-style-type: none"> • What long-term planning is currently being undertaken by City departments? • To what extent are the long-term planning efforts being coordinated among City departments, and with long-term planning activities in the private sector, NGOs, and with other governmental entities in Austin’s jurisdiction? • To what extent is the long-term planning being completed by City departments being integrated into the City’s budgeting and planning process? • To what extent is the City Council involved in long term planning processes and kept apprised of long term planning results relevant to Council policy decisions? 	2,500	

Carryover significant risk projects.

Performance Strategies: Outputs and Outcomes	PROJ HOURS TO COMPLETE	Comments
EPA Austin Water Utility Risk/Vulnerability Assessment Closeout	100	

Black = New project; Red = Carryover Project from FY 2004; Blue = Continuing Responsibility

OFFICE OF THE CITY AUDITOR
Corporate Risk Services Program
Approved 2005 Projects and Possible Objectives

Improve economy and efficiency of the City in managing resources.

Performance Strategies: Significant Risks	PROJ HOURS TO COMPLETE	Comments
Hotel/Motel Occupancy Tax <ul style="list-style-type: none"> • Is the City receiving all tax revenues to which it is entitled? • Are controls in place to assure proper calculation, and full remittance? 	2,000	
Sales Tax – Data Reliability <ul style="list-style-type: none"> • Is the State Comptroller’s sales tax data for Austin reliable and complete? 	400	

Promote honesty, openness and compliance in conduct of City business.

Performance Strategies: Safeguarding and Compliance	PROJ HOURS TO COMPLETE	Comments
Integrity Unit <ul style="list-style-type: none"> • Respond to complaints • Proactive fraud detection • Management Integrity Committee support activities 	5,250	
Austin-Bergstrom International Airport Fuel Farm <ul style="list-style-type: none"> • Are the airlines operating the ABIA fuel farm in compliance with EPA regulations? • Has the City received all the revenues to which it is entitled for fuel sales from the Fuel Farm? 	1,500	

Carryover honesty, openness and compliance projects.

Performance Strategies: Safeguarding and Compliance	PROJ HOURS TO COMPLETE	Comments
Citywide Overtime Audit (closeout)	100	
Sole Source Contracting (Alert)	50	

Black = New project; Red = Carryover Project from FY 2004; Blue = Continuing Responsibility

OFFICE OF THE CITY AUDITOR
 Corporate Risk Services Program
Approved 2005 Projects and Possible Objectives

**Austin Energy Audit Initiative:
 Audits conducted in partnership with Austin Energy, in accordance with Council direction.**

Performance Strategies: Austin Energy Audit Initiative	PROJ HOURS TO COMPLETE	Comments
Survey of Strategic Planning Risks – Risk Mitigation	2,500	
<ul style="list-style-type: none"> • What risk mitigation programs has AE undertaken (e.g. debt management fund, generation capacity reserve, energy supply and risk control (fuel price hedging) program, insurance and self-insurance)? • What are the costs and benefits of these programs? • How do AE's risk mitigation strategies compare to other utilities? 		
Power Generation – Fayette Power Project (FPP) Direct Costs	1,250	
<ul style="list-style-type: none"> • Is LCRA properly assigning direct costs to AE for units 1 and 2? • Is LCRA properly assigning direct costs for unit 3 to assure that AE is not charged for operation of unit 3? • Is LCRA properly assigning costs to AE related to the shared coal piles at FPP? 		
Participation in Partnered South Texas Project Audit	200	

Carryover Austin Energy Audit Initiative projects.

Performance Strategies: Safeguarding and Compliance	PROJ HOURS TO COMPLETE	Comments
Power Generation – Fayette Efficiency & Safety (Report and Close-out)	300	
<ul style="list-style-type: none"> • Are LCRA and AE meeting industry standards for efficiency and safety at the Fayette Power Plant? 		

Black = New project; Red = Carryover Project from FY 2004; Blue = Continuing Responsibility

OFFICE OF THE CITY AUDITOR
Corporate Risk Services Program
Approved 2005 Projects and Possible Objectives

Follow-Up verification: Verify reported implementation status for prior audit recommendations.

Performance Strategies: Follow-Up	PROJ HOURS TO COMPLETE	Comments
Solid Waste Services – Rate Benchmarking Update <ul style="list-style-type: none"> Update the benchmarking study of SWS rates that was conducted in the 1999 audit. 	250	
Property Tax Audit <ul style="list-style-type: none"> Verify implementation status of selected recommendations from the 2003 Property Tax Audit 	500	
Carryover: EMS Safety (Report and close-out) <ul style="list-style-type: none"> Verify reported implementation status of selected recommendations from the 2001 EMS Safety Audit Report. 	300	
Carryover: Austin Energy Green Choice (Report and Close-out) <ul style="list-style-type: none"> Verify reported implementation status of recommendations from the 2003 Green Choice Program audit report (confidential). 	500	

Strengthen OCA’s capacity for leadership and innovation through assistance to Council or Management.

Performance Strategies: Leadership and Innovation	PROJ HOURS TO COMPLETE	Comments
Advisory Project – Electric Line Construction and Placement <ul style="list-style-type: none"> Has Austin Energy analyzed the viability of locating electric lines below ground versus above ground? 	500	
AFS3 Financial and Accounting System – Data Reliability <ul style="list-style-type: none"> Assess AFS3 accounting controls and recommend data reliability tests for future audits using AFS3 data. 	1,000	
Reserve for Projects Requested By Council	1,100	
Administrative Support <ul style="list-style-type: none"> Budget development, submission and monitoring. Procurement oversight. Personnel administration. 	750	

Black = New project; Red = Carryover Project from FY 2004; Blue = Continuing Responsibility

Office of the City Auditor
Multi-Year Project Outlook

Selections are subject to change based on ongoing risk assessment results and stakeholder input.

PG#	CY 2005	PG#	CY 2006	PG#	CY2007	PG#	CY 2008
Improve effectiveness of City programs and activities.							
4	Public Safety Service Delivery Model – EMS	10	Public Works Dept. – Street Preventative Maintenance	11	Criminal Investigations of Misdemeanor Crimes in the Downtown Area	11	Homeland Defense - Aviation
4	Municipal Court Management Systems R/V Assessment (Report and Close-Out)	10	Dept. of Human Resources – Compensation	10	Homeland Defense – Electric and Water		TBD
		10	Homeland Defense Expense Reimbursement	11	Citywide Ethics		
Focus attention on significant current and future risks to the City.							
5	Ongoing Identification of High-Risk Issues	5	Ongoing Identification of High-Risk Issues	5	Ongoing Identification of High-Risk Issues	5	Ongoing Identification of High-Risk Issues
5	Austin Water Utility – EPA Ongoing Risk Monitoring	11	Austin Water Utility – Collection System	12	Austin Water Utility – Distribution System		TBD
5	Sustainability – Long-Term Planning						
5	EPA Austin Water Utility R/V Assessment (Close-Out)						
Improve economy and efficiency of the City in managing resources.							
6	Hotel/Motel Occupancy Tax	12	Pharmacy Benefit Administrator Audit	12	City of Austin Health Benefits Plan		TBD
6	Sales Tax – Data Reliability	12	Public Works Dept. – Capital Projects Payments				
Promote honesty and openness in conduct of City business.							
6	City Auditor's Integrity Unit	6	City Auditor's Integrity Unit	6	City Auditor's Integrity Unit	6	City Auditor's Integrity Unit
6	ABIA Fuel Farm	13	Cash Handling (Series)	13	Cash Handling (Series)		
6	Citywide Overtime Audit (Close-Out)	13	Sole Source Contracting	14	Construction/CIP Compliance		TBD
6	Sole-Source Contracting (Alert)	13	Purchasing/Contract Management	14	Information Security		
				14	Time and Effort Reporting – Grant-Funded Activities		
Austin Energy Audit Initiative: Audits conducted in partnership with Austin Energy, in accordance with Council direction.							
7	Survey of Strategic Planning Risks – Risk Mitigation	14	Hazardous Waste Mitigation	14	Power Generation – EPA Compliance - STP	14	Power Generation – Fayette Emissions
7	Power Generation – Fayette Power Plant Direct Costs	14	Residential and Commercial Billing Adjustments and Credits				TBD
7	Participation in Partnered South Texas Project Audit						
7	Power Generation – Fayette Efficiency and Safety (Report and close-out)						
Follow-Up verification: Verify reported implementation status for prior audit recommendations.							
8	Solid Waste Services Rate Benchmarking Update	15	Risk Management – Citywide Risk Management	15	Citywide Fleet Maintenance and Air Quality		TBD
8	Property Tax Follow-Up	15	Police Recruiting and Training				
8	EMS Safety Audit Follow-Up						
8	Austin Energy Green Choice Follow-Up						
Strengthen OCA's capacity for leadership and innovation through assistance to Council or Management							
8	Advisory Project – Electric Line Construction and Placement						
8	Advisory Assistance to City - AFS3 Data Reliability	8	Advisory Assistance to City - AFS3 Data Reliability				
8	Reserve for Projects Requested by Council	8	Reserve for Projects Requested by Council	8	Reserve for Projects Requested by Council	8	Reserve for Projects Requested by Council
8	Administrative Support	8	Administrative Support	8	Administrative Support	8	Administrative Support

OFFICE OF THE CITY AUDITOR
 Corporate Risk Services Program
Menu of 2006-2008 Project Options with Possible Objectives

Improve effectiveness of City programs and activities.

Performance Strategies: Outputs and Outcomes	PROJ HOURS TO COMPLETE	Comments
Public Works Department		
<ul style="list-style-type: none"> • Street Preventive Maintenance <ul style="list-style-type: none"> ○ Asphalt Overlay <ul style="list-style-type: none"> ▪ Is the program providing cost effective preventive maintenance for City streets? ▪ Is the program helping to extend the life cycle of City streets? ▪ Is the program helping to provide smooth riding streets in the City? ○ Seal Coat <ul style="list-style-type: none"> ▪ Is the program providing cost effective preventive maintenance for City streets? ▪ Is the program helping to extend the life of City streets? ▪ Does Seal Coat improve skid resistance on City streets? 		
Department of Human Resources		
<ul style="list-style-type: none"> • Compensation <ul style="list-style-type: none"> ○ Does the City have an adequate system in place to reach accurate conclusions as to adequate pay and benefit packages that will allow City Management to attract, retain and motivate City employees? 		
Homeland Defense Expense Reimbursement		
<ul style="list-style-type: none"> • Is the City seeking and receiving all grants, reimbursements and other funding sources to which it is entitled for Homeland Defense spending? 		
Homeland Defense – Electric and Water Utilities		
<ul style="list-style-type: none"> • What are the utilities' vulnerabilities to terrorist threat? • Determine use and adequacy of federal dollars to increase public safety 		

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Corporate Risk Services Program

Menu of 2006-2008 Project Options with Possible Objectives

Homeland Defense – Aviation

- What is Austin Bergstrom International Airport's vulnerability to terrorist threat?
- Determine use and adequacy of federal dollars to increase public safety

Criminal investigation of misdemeanor crimes in the downtown area

- Are misdemeanor crimes being prosecuted to the extent necessary to provide a deterrent to offenders.
- To what extent are the following factors affecting the decision to prosecute?
 - District Attorneys may not prosecute minor cases
 - Jails are overcrowded
- What solutions are other communities engaging in?

Citywide Ethics

- Have the initiatives of the City Manager on ethical behavior been implemented?
- What is the role of the Ethics Commission in improving the ethical environment in the City?

Focus attention on significant current and future risks to the City.

Performance Strategies: Significant Risks	PROJ HOURS TO COMPLETE	Comments		
Austin Water Utility – Collection System				
<ul style="list-style-type: none"> • Operations and Maintenance <ul style="list-style-type: none"> ○ Is monitoring and analysis adequate to minimize wastewater overflows and safely deliver wastewater from the customers to the treatment plants? ○ Is there a monitoring and analysis plan in place to assure efficient use of system resources? • Support <ul style="list-style-type: none"> ○ Is engineering project management, technical, and administrative support adequate to help Collection Systems Operations and Maintenance achieve its goals? ○ Is AWU planning adequate to assure that it is keeping pace with the growth and aging of the collection system? 				

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Menu of 2006-2008 Project Options with Possible Objectives

Austin Water Utility - Distribution System

- Operations and Maintenance
 - Is monitoring and analysis adequate to assure delivery of a safe and adequate supply of drinking water from the treatment plants to the customers?
 - Is there a monitoring and analysis plan in place to assure efficient use of system resources?
 - System Expansion planning
 - Is information available to make certain that adequate infrastructure capacities are available and to identify areas for system improvement?
 - Is AWU planning adequate to assure that it is keeping pace with the growth and aging of the distribution system?
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Improve economy and efficiency of the City in managing resources.

Performance Strategies: Process Efficiency and Input Economy	PROJ HOURS TO COMPLETE	Comments
Pharmacy Benefit Administrator Audit		
<ul style="list-style-type: none"> • Are plan participants paying for brand-name drugs unnecessarily? • Is the City of Austin paying the lowest possible prices (e.g., Are pharmaceuticals charged according to average wholesale price)? • Is the plan design economical to the City and beneficiaries (co-pays, limits, exclusions, and prior authorizations)? 		
City of Austin Health Benefits Plan Administration		
<ul style="list-style-type: none"> • Identify and seek refunds for any improper payments to providers (duplicate payments, ineligible beneficiaries, payments non-compliant with authorized benefits or other plan limitations) • Assess participants' compliance with dependent age limits • Ensure that hospital rates are correctly entered & paid • Ensure that physician and other providers' rates are correctly entered and paid 		
Public Works Department – Capital Projects Payments		
<ul style="list-style-type: none"> • Reconcile planned CIP spending to actual CIP spending. For selected projects that are over budget, evaluate causes for potential improper payment recoveries 		

OFFICE OF THE CITY AUDITOR
 Corporate Risk Services Program
Menu of 2006-2008 Project Options with Possible Objectives

Promote honesty and openness in conduct of City business.

Performance Strategies: Safeguarding and Compliance	PROJ HOURS TO COMPLETE	Comments
Cash Handling (Series)		
<ul style="list-style-type: none"> • Cash Handling Control Review – Determine whether cash handling controls are in place and functioning effectively in selected City departments. For example: <ul style="list-style-type: none"> ○ TPSD Parking Space Management ○ Community Care Clinics and Pharmacy Services ○ HHSD Animal Services ○ Library Circulation Services ○ Austin Energy Markets and Customer Service 		
Sole Source Contracting		
<ul style="list-style-type: none"> • Is the City properly following the policies and procedures related to sole-source contracting? 		
Purchasing/Contract Management		
<ul style="list-style-type: none"> • Are City contract management practices sufficient to ensure best price, maximize services, and protect City interests? • What protections does the City have for avoiding future contracting with vendors whose prior performance has proven inadequate? • Is the City contracting with or purchasing from businesses that have been suspended or barred from doing business with state or federal government? • Are controls in place to ensure that the City is aware of companies that have been barred or suspended from doing business with state or federal government? 		

OFFICE OF THE CITY AUDITOR
Corporate Risk Services Program

Menu of 2006-2008 Project Options with Possible Objectives

Construction/CIP Compliance Audit

- Billing audit of selected contractor-implemented CIP or Construction projects to determine if invoiced amounts comply with contract terms, and if invoiced work was performed.

Information Security

- Audit of computer security at a selected location/activity

Time and Effort Reporting – Grant-funded activities

- Is the City's grant reporting adequate to make certain that funding sources are maintained for state- and federally-funded activities?
For example:
 - Neighborhood Housing programs.
 - COPS program.
 - Homeland Security grants.
 - HIV grants.

Austin Energy: Audits conducted in partnership with Austin Energy, in accordance with Council direction.

Performance Strategies: Austin Energy Audit Initiative	PROJ HOURS TO COMPLETE	Comments
<p>Power Generation – Fayette Emissions</p> <ul style="list-style-type: none"> • Determine whether LCRA and AE are properly measuring and reporting sulfur dioxide (SO₂) and NO_x emissions at the Fayette Power Plant. 		
<p>Power Generation – EPA Compliance - South Texas Project</p> <ul style="list-style-type: none"> • Determine whether STP is being operated in compliance with EPA requirements. 		
<p>AE Hazardous Waste Mitigation</p> <ul style="list-style-type: none"> • Identify AE facilities, operations, other than STP and Fayette, which produce or handle hazardous wastes. • Assess AE's hazardous waste mitigation strategies for these facilities or operations. 		
<p>Residential and Commercial billing adjustments and credits</p> <ul style="list-style-type: none"> • Does AE have policies and controls in place for the process of making billing adjustments and giving credits in response to customer inquiries and complaints? 		

OFFICE OF THE CITY AUDITOR
Corporate Risk Services Program

Menu of 2006-2008 Project Options with Possible Objectives

Follow-Up Verification: Verify reported implementation status for prior audit recommendations.

Performance Strategies: Follow-Up	PROJ HOURS TO COMPLETE	Comments
Risk Management -- Citywide Risk Management		
<ul style="list-style-type: none"> Verify implementation status of 2001 Citywide Safety Audit Report 		
Citywide Fleet Maintenance and Air Quality		
<ul style="list-style-type: none"> Verify reported implementation status of selected recommendations from the 2001 audit of Fleet Maintenance and Air Quality Impacts. 		
Police Recruiting and Training		
<ul style="list-style-type: none"> Verify reported implementation status of recommendations from 1999 audit of Cost of APD Recruiting and Training. 		

Strengthen OCA's capacity for leadership and innovation through assistance to Council or Management

Performance Strategies: Leadership and Innovation	PROJ HOURS TO COMPLETE	Comments
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