
January 3, 2006
ADMINISTRATIVE INSTRUCTION NO. 2-22

SUBJECT: Internal and External Audits and Report Responses

Background:

City departments and programs are regularly subject to audit, review and oversight by a number of internal and external agencies including, but not limited to, the Office of Internal Audit and Investigations, the federal Department of Transportation, the federal Department of Justice, both state and federal Environment Departments, HUD, etc.

These audits and reviews can consume large amounts of staff time and resources. It is not uncommon for multiple oversight agencies to be engaged in an audit or review of a specific department or program either concurrently or consecutively. This represents an ineffective and inefficient use of resources for both the City and the auditing agency. The following policies will serve as a tool to mitigate the impact of duplicative or repetitive audit efforts, as well as ensure consistency in responses to audit findings and recommendations.

Policy:

Receipt of Notification of Intent to Audit or Commencement of Audit

The CAO and the CFO must be notified immediately via e-mail whenever a department is notified by any internal or external agency of that agency's intent to commence an audit, review or investigation of the department or a program administered by the department. The notification must include, at a minimum:

- the name of the agency that will be conducting the audit, review or investigation,
- a contact name and contact information from the agency, if provided,
- the subject matter or scope of the audit, review or investigation,
- the time period to be covered by the audit, review or investigation, and
- any specific calendaring information provided, such as the date for the entrance conference.

Photocopies of all pertinent hard copy documents including transmittal letters must follow the e-mails.

Administrative Instructions

Department Responsibilities During Audit, Review or Investigation

Should a department not understand the purpose or intent of the audit, review or investigation, proper inquiry should be made and documented. In most cases, a cooperative attitude should be maintained.

Each department should make reasonable efforts to respond in a timely manner to all requests for documents, schedules, meetings and tours. If requests are unclear, ambiguous or vague, clarification should be requested in writing before attempting to respond. All contacts, requests, and responses must be documented in order to maintain an audit trail.

If a department desires assistance in responding to requests or inquiries, they should promptly notify the Director of the Department of Finance and Administrative Services and the CFO who will meet with appropriate department personnel to determine the type of assistance needed.

Should significant findings be indicated during the course of the audit, review or investigation, the department must immediately notify the CAO and the CFO by e-mail of the pertinent facts and findings. This notification must include a brief summary of the key issues and findings.

Receipt of Draft Report

With the exception of an investigation, it is standard practice for the auditor to issue a draft report for technical review and response from the department. A copy of the draft report, with the response deadline clearly indicated, must be immediately delivered to the CAO and the CFO, preferably in electronic format. Any technical errors in the findings or recommendations must be highlighted so that they can be promptly addressed.

Absent any technical errors in the findings or recommendations, the department must prepare proposed responses to the findings and forward them to the CAO and CFO not less than four (4) business days prior to the due date of the response.

All responses to reports issued by the Office of Internal Audit and Investigations will be finalized and issued under the name of the CAO. The CAO will determine whether responses to reports issued by other oversight agencies will be issued under the name of the CAO or the department director. Under no circumstances will responses to a report, in draft or final form, be issued until they have been reviewed and approved by the CAO or his delegate.

Resolution of Report Findings and Recommendations

Each department director will maintain a copy of the final report, review or investigation related to that director's department. Each department director is responsible for maintaining a written record of all action taken to resolve each finding and recommendation to avoid the repetition of a finding in a subsequent or follow-up audit, review, or investigation. The CAO or his delegate may meet with a department director at any time to review the status of resolving all outstanding

Administrative Instructions

findings and recommendations.

Implementation Provision:

Any audit, review or investigation in process as of the effective date of this Administrative Instruction shall be treated as though the Department received notice of the audit, review or investigation as of that date and will notify the CAO and CFO as outlined above.

Questions at any time may be directed to the CAO, the CFO or the Director of the Finance and Administrative Services Department.

Bruce J. Perlman, Ph.D.
Chief Administrative Officer