

# City Auditor Report Protocol

## Purpose

- The purpose of this protocol is to provide an efficient and effective process for issuing audit reports in compliance with generally accepted government auditing standards (GAGAS or “Yellow Book” (YB) standards).

## Scope

- This protocol applies to the City Auditor (CA), City Management including Department Directors, Audit Committee Members, and the Mayor.

## Report Protocol

1. The City Auditor shall prepare a draft audit report and response template for each audit. In compliance with GAGAS, the report shall:
  - a. Communicate the audit objectives, scope, methodology, significant findings, conclusions, and recommendations.
  - b. Disclose any significant constraints imposed on the audit approach by including limitations to information (including denials of access to certain records or individuals), objectives, scope, or methodology.
  - c. Describe limitations or uncertainties with the reliability or validity of any data or audit evidence that is significant to the findings and conclusions.
  - d. Describe any deficiencies in internal control that are significant within the context of the audit objective(s).
  - e. Describe all cases of fraud, illegal acts, significant violations of provisions of contracts or grant agreements, and significant abuse.
  - f. Disclose if any information has been excluded due to its confidential or sensitive nature.
  - g. Contain an *unmodified* GAGAS compliance statement when OCA has followed all applicable GAGAS requirements, or a *modified* GAGAS compliance statement indicating the standards that were not followed, or language that OCA didn't follow GAGAS.
2. The CA shall deliver an initial draft of the audit report to the Director of the City Department being audited, with notification to the Department's respective Assistant/Deputy City Manager, for verification of facts. This shall occur prior to the exit conference.
3. The CA shall conduct an exit conference with the Director of the City Department being audited. The appropriate member of the City Management Executive Leadership Team will be invited to the exit conference. The CA shall present the draft audit report and response template to the Director of the City Department being audited with a copy to the respective Assistant/Deputy City Manager. It is the CA's intent that this be done at or about the time of the exit conference.

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4. The Department Director shall be responsible for collaborating with City Management (i.e. Assistant City Managers, Deputy City Managers, City Manager) to draft responses to the audit report. The Director and appropriate Assistant or Deputy City Manager shall sign the response template. Responses will be incorporated verbatim into the draft audit report.
5. The Department Director and appropriate Assistant or Deputy City Manager shall complete the response template and return it to the CA within 20 working days.
  - a. For every audit recommendation, the response shall include:
    - i. a statement of acceptance (agreement), disagreement, or partial agreement
    - ii. reasons for any disagreements or partial agreements
    - iii. descriptions of corrective action plans (if any) including:
      1. name of person(s) responsible for action plan implementation
      2. action plan implementation completion date
  - b. If responses are not returned to the CA within 20 working days or other agreed upon period, the CA shall continue with the reporting process. This includes submitting the report, without responses, to the Audit Committee Chairperson and Mayor (see step 8 below).
6. The CA shall evaluate management responses for relevancy, timeliness, and effectiveness to resolve issues addressed in the audit report. If the CA disagrees with management's responses, the CA will notify the Department Director and Executive Leadership Team member and provide them the opportunity to revise their responses.
7. If after revisions (if any), the CA still disagrees with management responses because they are in conflict with report observations, recommendations, or conclusions, the CA will state the reasons for the disagreement(s) in the audit report.
8. The CA shall send the draft audit report with management responses and pre-release transmittal letter to the Audit Committee Chairperson and Mayor for their release approval and signature.
9. After the draft audit report has been approved for release, the CA shall send the final audit report to the City Council, Mayor, City Manager and respective Deputy or Assistant Manager, Department Director, City Attorney, and City Clerk.
10. If the draft audit report is not approved for release in a timely manner, the CA will initiate action to ascertain the cause for the delay. Such action could include contacting the Mayor's office, or requesting the Audit Committee or City Council to act on the CA's behalf in a dialogue with the Mayor. The CA shall decide on the appropriate disposition of the draft report if satisfactory resolution is not

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possible through the body electorate. A record of this decision will be filed with the work papers for the respective audit.

11. Three working days after distribution to City Council, Mayor, and City Management, the CA shall post the final audit report and responses on its web site.