

Scoping Effective Audits



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Overview

- Seattle Office of City Auditor
- Yellow Book – Definition of Scoping
- Our Strategy
- Example of Large Audit - Multi-Family Tax Exemption Program
- Example of Vague Audits - Police Overtime Audit

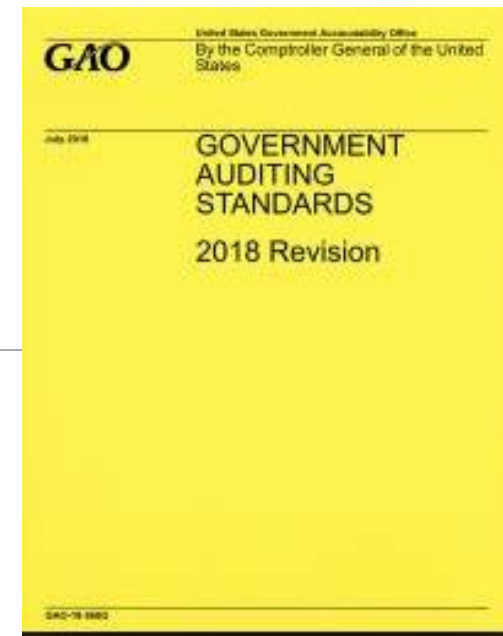


Office Of City Auditor (OCA)

- Authority granted by Charter: 1991 Citizen Initiative
- City Council Appoints City Auditor (not elected)
- 10 Audit Staff
- Most audit requests come from the City Council
 - Some requests are written into laws



Definition of Scoping



The boundary of the audit and is directly tied to the **audit objectives**. The scope defines the **subject matter** that the auditors will assess and report on, such as a particular **program or aspect of a program**, the necessary **documents or records**, the **period of time** reviewed, and the **locations** that will be included.



OCA's Scoping Strategy

- Agree on audit objective (subject matter/program)
- Survey:
 - ❖ Determine availability of data (documents/records)
 - ❖ Timeframe & location (on-site visits and benchmarking)
 - ❖ Evaluate risks
 - ❖ Determine what's important/potential impact,
 - ❖ Complete Race and Social Justice Toolkit
 - ❖ Assess staff resources and expertise
 - ❖ Expect the unexpected



Big Audit Project – Multifamily Tax Exemption Program

Objective: Assess effectiveness at achieving MFTE program goals and requirements

- Large universe – tax exemption lasted up to 12 years
- Several programs with MFTE – market/private apartments
- Risk of non-compliance and abuse
- Ordinances changed overtime – identified common goals
- Survey Work - Reviewed different aspects of MFTE process
 - Eligibility Requirements
 - Location of Properties to Meet Targeted Growth Areas
 - Income Guidelines
 - Equity analysis



Vague Audit Project – Police Overtime

Where to they Come From?

- City Council Requests
- Written into Ordinances and Resolutions – Labor Standard Laws
- New Department Director – Police Overtime

Objective: Determine why overtime budget is always exceeded, and why is it exceeding its budget by greater amounts every year?

Survey Work:

- Preliminary review of data
- Reveals lot of reasons for OT
 - Internal – lack of internal controls
 - External – special events



In Summary...

- We follow the Yellow Book Definition of Scoping
- Agree on Objective: department or program area of focus
- We do survey work to
 - Identify data
 - Assessing risks
 - Conduct Equity Analysis
 - And check for availability of staff and expertise
 - Understand that things come up and the scope may change



Questions?

Office of City Auditor Website:
<http://www.seattle.gov/cityauditor>