

OFFICE OF INTERNAL AUDIT

The independent Office of Internal Audit is charged with conducting financial, fiscal compliance, and financial procedure audits of all City departments, boards and commissions. The Office of Internal Audit conducts audits of individual financial transactions, contracts and franchises of the City; and audits the financial and accounting systems and procedures administered by City departments, boards and commissions for compliance with generally accepted accounting principles, best financial management practices, and any applicable laws and regulations governing the financial practices of the City. The Office of Internal Audit is under the control and supervision of the Internal Auditor.

The Internal Auditor shall organize and administer the Auditor's office to operate without interference or other influence that might adversely affect an independent and objective judgment of the auditor.

The Office of Internal Audit adheres to the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors and such other standards set by other bodies that apply to internal audit practices of local governments to conduct the auditor's work and is independent as defined by the standards.

The Council approved transition funding of \$200,000 to fund two internal audit positions in 2010, funded by increasing charges to departments in the general fund overhead rate model charges. In addition, the existing position that resides in the Board of Estimate and Taxation now reports to the Audit Committee, with support from the City Coordinator for administrative purposes. Levies for 2011 and beyond will be adjusted to reflect this change. The 2011 budget for the Office of Internal Audit includes funding for the Internal Auditor and two supporting Auditors.

FINANCIAL ANALYSIS

EXPENDITURE

The 2011 budget for the Internal Audit Department is \$0.4 million, a 91% increase from 2010. One FTE was added to this department, which now has authorization for 3 FTE and related costs. All FTE in this department support the audit function of the City.

REVENUE

This department does not generate revenue.

FUND ALLOCATION

The Internal Audit Department department's budget is funded from the General Fund.

MAYOR'S RECOMMENDED BUDGET

The Mayor did not recommend a reduction for this department. The Mayor recommended that the department be allowed to carry over its unspent 2010 budget for purposes of contracted audits the department will conduct in 2011 and further recommended a \$50,000 increase to the department's 2012 allocation in the Five-Year Financial Direction.

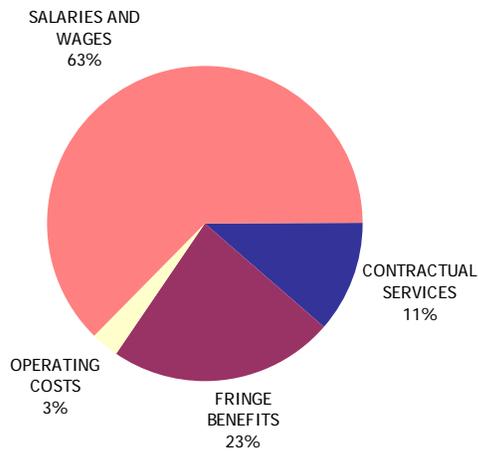
COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's recommendations and increased the appropriation for the Internal Audit Department by \$11,000 to reflect actual salaries.

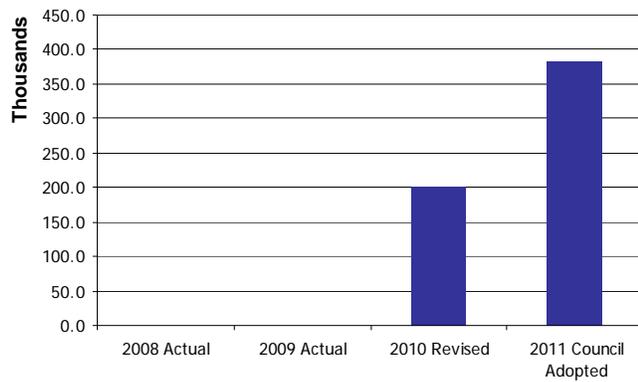
INTERNAL AUDIT EXPENSE AND REVENUE INFORMATION

EXPENSE	2008 Actual	2009 Actual	2010 Revised Budget	2011 Council Adopted	Percent Change	Change
GENERAL						
SALARIES AND WAGES			148,736	240,636	61.8%	91,900
FRINGE BENEFITS			51,264	88,206	72.1%	36,942
CONTRACTUAL SERVICES				43,660	0.0%	43,660
OPERATING COSTS				10,267	0.0%	10,267
TOTAL GENERAL			200,000	382,769	91.4%	182,769
TOTAL EXPENSE			200,000	382,769	91.4%	182,769

Expense by Category



Expense 2008 - 2011



INTERNAL AUDIT Staffing Information

Expense	2008 Budget	2009 Budget	2010 Budget	2011 Budget	% Change	Change
Internal Audit			2.00	3.00	50.0%	1.00
TOTAL			2.00	3.00	50.0%	1.00

Positions 2008-2011

