



City Auditor's Office

What gets audited?

The City Auditor presents potential audit topics for discussion with the Audit Committee in the Spring. Potential audit topics are largely based on the Office's risk assessment process, which considers factors such as program significance, changes, audit requests, and past audits of various programs or functions. Audits have included City programs, contracts and functions. **The City Auditor proposes an Annual Audit Plan to the Council's Audit Committee by June of each year.** The recommended Plan then goes to the City Council for review and approval. Approximately 13 to 15 reports are planned each year. The City Auditor may also modify the Audit Plan to address new and/or emerging risks, special requests, or investigations. The approved annual [Audit Plan](#) is publicly available on the City's website as well as the City's internal intranet page.

What information is required?

City Charter and Scottsdale Revised Code specifically require City staff to provide information for the audit: **“All officers and employees of the City shall provide the City Auditor free and open access to information and records, property, equipment and facilities in their custody.” [SRC §2-124].** Please do not *create* documentation to respond to an auditor's inquiry; there may be acceptable alternatives that can be identified. All original documents provided during the audit will be returned at its conclusion. Working papers and other audit files that are maintained by the city or town auditor are not public records and are exempt from title 39, chapter 1. Any audit report prepared for or presented to a city or town is a public record subject to title 39, chapter 1 [ARS §9-305(B)].

What happens after the audit?

The final audit report is **presented to the Audit Committee.** Management is expected to attend the Audit Committee meeting, but a formal presentation is not required. **Quarterly Recommendation Follow Ups** are requested. A notice is sent to management to report on actions taken using a secure online recommendation portal. Auditors review the related documentation to verify the department's progress. The City Auditor presents quarterly updates to the Audit Committee.

See next page for the Audit Process



City Auditor's Office

Audit Report Process

01

Notification memo & kickoff meeting

02

Information gathering & planning

03

Documentation review, field observations & data analysis

04

Draft report & draft review meeting

05

Management action plan added to report

06

Final report

During the audit process, auditors gain familiarity with the program, plan the work to be performed, conduct tests and observations, discuss the results with management, and draft the audit report. To initiate the audit, the City Auditor's Office sends an Audit Start letter to management and City Council to communicate the planned audit objective(s), the assigned auditors, the anticipated timeline and the scheduled Audit Committee meeting date when the report will be presented.

Preliminary Survey

During the Preliminary Survey phase, the auditor gains familiarity with the program being audited through reviewing documentation, interviewing staff, and observing processes and facilities. The department shares the program's goals and objectives, standards and measures, results, recent changes, and other relevant information with the auditors. As part of this preliminary phase, the auditor also identifies risks that are inherent to the program being audited and, through inquiries and observations, the internal controls that are in place to address those risks.

Internal control, sometimes referred to as management control, is an important concept in auditing. Internal control is defined in Government Auditing Standards as "the plan, policies, methods, and procedures adopted by management to meet its missions, goals, and objectives." In short, internal controls are the measures used by management to ensure the desired outcomes. It's important during this phase of the audit for the department to communicate how the program is managed and controlled.

Fieldwork

During this phase, auditors conduct tests based on the identified risks and controls related to the audit objectives. Planned tests may be modified or deleted as additional information becomes known. As tests are completed, the auditors ask questions to validate the results and identify any supplemental information. Audit conclusions are being formed during this phase of the audit. This is the time for management questions about test results and provide any additional relevant information.

Reporting

When Fieldwork is completed, auditors draft a written audit report that is sent to management and other involved parties, such as Finance and Accounting. Except for unusual circumstances, auditor observations and results will be shared with management throughout the audit. The report structure is guided by Government Auditing Standards. The draft report is not a public record yet; it formalizes the audit results into a written report for review and management response. After responses are incorporated, the final public report goes to the Audit Committee and Council.