

# OFFICE OF THE CITY AUDITOR

## AUDIT PROCESS



This overview summarizes the audit process, from the selection of audits through follow-up on actions taken as a result of an audit. It should be understood however, that each audit is unique and therefore the process and activities could vary somewhat to meet the goals of the particular project and the stakeholders.

**Audit Selection:** Audits are selected to maximize the potential benefit to the City through improving services, increasing revenues, reducing costs or ensuring sound governance. Audits are typically chosen on the basis of an objective assessment of overall risk considering numerous factors intended to identify areas with a high potential to add value or protect resources. A major component of the risk assessment is the judgment of key stakeholders such as the audit committee, city council and the mayor's leadership team.

**Audit Announcement:** Prior to the audit, the appropriate parties are notified to announce the audit and provide a general overview of what will be covered. At that time, background information will be requested to better understand the operation and assist in the project design phase. The audit announcement may take the form of a letter, e-mail or telephone call.

**Opening Meeting:** At the beginning of the audit an opening meeting is held with the appropriate personnel to discuss the specific audit objectives; establish a collaborative working relationship; clarify the audit process, and discuss any concerns or suggestions regarding the audit.

**Project Design:** During the initial stage of the audit project, specific goals and objectives are established. Detailed audit steps and tests are designed to help ensure that the audit objectives will be achieved.

**Review and Analysis:** During this stage of the audit, interviews are conducted; data is collected and analyzed; processes are documented, and activities are evaluated. Relevant issues are documented for discussion and possible improvement.

**Issues & Discussions:** As issues arise during the audit, discussions will be held with the appropriate personnel to confirm the understanding of the facts, related circumstances and possible impact. Working collaboratively with management, optimal solutions will be developed for all issues that arise.

**Audit Report:** Before the final audit report is released, a draft report is provided to the appropriate parties to ensure that the information is presented accurately and objectively. A final audit report is issued to the appropriate management level capable of taking the necessary corrective action to resolve the issues reported.

**Follow-up:** After the audit report is issued, the action parties will provide status reports on the corrective action plans until completion. Based on the significance of the issues, a follow-up audit may be performed to ensure that the corrective actions are functioning effectively.