

INTERNAL AUDIT

| RESOURCES | ACTUAL FY02 | ACTUAL FY03 | BUDGET FY04 | PROJECTED FY04 | RECOMMENDED FY05 |
|----------------------|----------------|----------------|----------------|-------------------|---------------------|
| Personnel Expenses | \$ 737,391 | \$ 769,163 | \$ 806,759 | \$ 733,509 | \$ 818,921 |
| Operating Expenses | 61,190 | 63,149 | 149,587 | 149,358 | 122,071 |
| Operating Budget | \$ 798,581 | \$ 832,312 | \$ 956,346 | \$ 882,867 | \$ 940,992 |
| Capital Outlay | 4,796 | 1,523 | 3,000 | 2,996 | 3,000 |
| Budget Allocation | \$ 803,377 | \$ 833,835 | \$ 959,346 | \$ 885,863 | \$ 943,992 |
| Authorized Positions | 9 | 9 | 9 | 9 | 9 |

Vision and Mission: The Internal Audit Department's vision is to be highly respected by its peers for its high quality, well researched assessments of city operations. Such assessments will enable the city to conserve resources and generate revenues while demonstrating integrity and outstanding services. The department's mission is to provide an independent assessment function within the city to assist members of the management team in the effective discharge of their duties. Management is provided appraisals, recommendations and pertinent, relative information concerning the activities and/or areas reviewed. The department reports directly to the mayor to achieve independence from operations. The department is responsible for performing audits outlined in the annual agenda. Emphasis is on recurring audits of high risk, high dollar areas and special requests from the mayor or other city departments.

Goals and Objectives: The department is committed to the highest professional standards for conducting audits in government as promulgated by the Comptroller General of the United States and published in Government Auditing Standards. In executing its mission, the internal audit department focuses on the following goals and objectives:

- Carry out activities or programs authorized by the mayor, City Council, state or federal regulations or other authoritative sources: Perform audits in conformance with Government Auditing Standards.
- Conduct programs and use resources in an economical and efficient manner with results that are consistent with established goals and objectives: Audit selected activities at least every five years depending on the predetermined risk.
- Identify, measure, classify and report financial operating events in an accurate and timely manner: Perform audits within the assigned budget.
- Guarantee that adequate and effective internal controls are in place, that assets are safeguarded, and revenue sources are monitored: Perform a follow-up post audit review six months after the completion of each audit. Provide auditors with adequate training to remain current with the latest auditing practices.

Current Operations and Initiatives: In FY04, the department contracted with an external consultant to conduct an entity-wide information technology (IT) risk assessment. In FY05, the department will undergo its third external peer review in order to provide the administration and city departments assurance that it is adhering to the generally accepted government auditing standards promulgated by the Comptroller General of the United States. Also in FY05, the department will add an information technology auditor to perform reviews of the city's IT infrastructure, systems and applications, and expand the tax monitoring and legislative initiatives to preserve and stabilize existing revenues from all authorized sources.

| Performance Measures | FY03 Actual | FY04 Projected | FY05 Estimated |
|------------------------|----------------|-------------------|-------------------|
| Special Audit Requests | 5 | 8 | 5 |
| Post Audit Reviews | 22 | 22 | 25 |
| Audits in Progress | 12 | 6 | 5 |
| Available Time | 67% | 65% | 62% |
| Direct Time | 78% | 78% | 72% |