

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

Independent Peer Review of the Office of the City Auditor

November 2012

Fieldwork Completed: October 31, 2012

Draft Report Date: November 6, 2012

Final Report Date: November 7, 2012



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Date: November 7, 2012

To: John Herbst, City Auditor

From: Connie Valencia, Principal Elevate

RE: Peer Review Report – Independent Peer Review of the City Auditors Office

I. Objective & Conclusion

Elevate Consult, LLC ('Elevate', 'we' or 'us') conducted an independent peer review of the City of Fort Lauderdale's City Auditors Office. The primary objective of this review was to evaluate the City Auditors Office's, ('CAO') conformance with the Governmental Auditing Standards issued by the Comptroller General of the United States ("Yellow Book").

In our lexicon, there are three levels of conformance to the *Standards*:

- Generally Conform: a charter, policies, and processes that are judged to be in accordance with the Yellow Book, with some opportunities for improvement, as discussed in our recommendations
- Partially Conform: deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude IA from performing its responsibilities in an acceptable manner
- Does Not Conform: deficiencies in practice are judged to be so significant that they seriously impair or preclude the CAO from performing adequately in all or in significant areas of its responsibilities

Overall, in our opinion, the CAO **Generally Conforms** to most of the Yellow Book standards.

II. Suggested Areas of Improvement

During our independent peer review, the following areas were identified that could enhance the performance and / or compliance needs of the CAO:

1. Update the Operating CAO Charter: the CAO's operating charter should include:
 - a. the City Auditor's definition of advisory services and the CAO's advisory responsibilities
 - b. the City Auditor's accountability and role as the lead auditor
 - c. a reference to the Code of Ethics guidelines under state law



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2. Design and implement an ongoing quality assessment review over the CAO:
The CAO should develop and implement a formal quality assurance and improvement program, embedded within its operations. Some on-going actions include, but are not limited to, the following:
 - a. Distribution of satisfaction surveys to auditees after each engagement. In addition, solicit (at least bi-annually) Senior Management feedback regarding the efficiency and effectiveness of the CAO function.
 - b. Design, implement and track additional performance metrics (i.e. hours per audit, turn around time, findings implemented, special requests by commissioner etc). Such metrics can be monitored internally by the City Auditor.
 - c. Perform regularly scheduled peer reviews as mandated by the Yellow Book (i.e. every 3-5 years).

3. Diversify the CAO's Skills by Adding IT Resources:
The Office should consider adding IT auditing skills to better diversify the department's auditing bandwidth. Currently, the IT department outsources their IT assessment needs. However, the CAO should consider performing an independent review of the IT department.

4. Regularly Submit Audit Findings Log to the Commissioner:
The CAO is in the process to developing a Finding Tracking database. Per feedback from one of your Commissioners, the CAO should consider submitting the findings log on a regular basis for the Commission to review.

III. Scope

The scope of our peer review included the following elements:

- ✓ Review of the CAO's quality control policies and procedures and charter
- ✓ Review of the CAO's work paper review process
- ✓ Reviewed a sample of audits from 2010 – 2012 (including all related planning documents, work papers and reports)
- ✓ Review of other department documentation including CPE records and relevant human resource management files
- ✓ Interviewed with certain members of the Commission
- ✓ Sent a customer feedback survey to a selected few most recent auditees

Prepared by:
Connie Valencia
Principal, Elevate Consult, LLC