

# CITYWIDE AUDIT RISK ASSESSMENT

Denton City Auditor's Office

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# WHAT IS A RISK ASSESSMENT?

- ❖ A risk assessment is a process to identify conditions that prevent the organization from achieving its objectives.
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# OBJECTIVES OF THE CITY OF DENTON


The City's Vision, Mission and Key Focus Areas Identify the Following Objectives:

- ❖ Fiscal Stewardship of Public Resources
  - ❖ Organizational Excellence
  - ❖ Public Infrastructure and Facilities
  - ❖ Quality of Life for Citizens
  - ❖ Economic Development
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# METHODOLOGY

- ❖ Consulted City Council Members, City Administration, and Department Directors
  - ❖ Reviewed:
    - City Budget
    - Financial Statements
    - Other Governments' audits
  - ❖ Relied on Past Experience
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# FACTORS CONSIDERED

- ❖ Impact on Quality of Life
  - ❖ Accountability and Transparency
  - ❖ Customer Services
  - ❖ Inherent vulnerabilities due to the nature of operation
  - ❖ Reputation Threat
  - ❖ Political Sensitivity
  - ❖ Threat to Data or Assets
  - ❖ Current/Future Liabilities
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# OPPORTUNITIES

- ❖ Significant opportunities may exist in the following areas:
    - Economic Development
    - Contract Compliance
    - Enhancing communication with citizens
    - Enhancing City's revenues and reducing expenditures
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# MAJOR RISKS

- ❖ Major Risks are concentrated in
    - Utilities' Operations
    - Capital Projects
    - Finance
    - Police
    - Compliance/procurement
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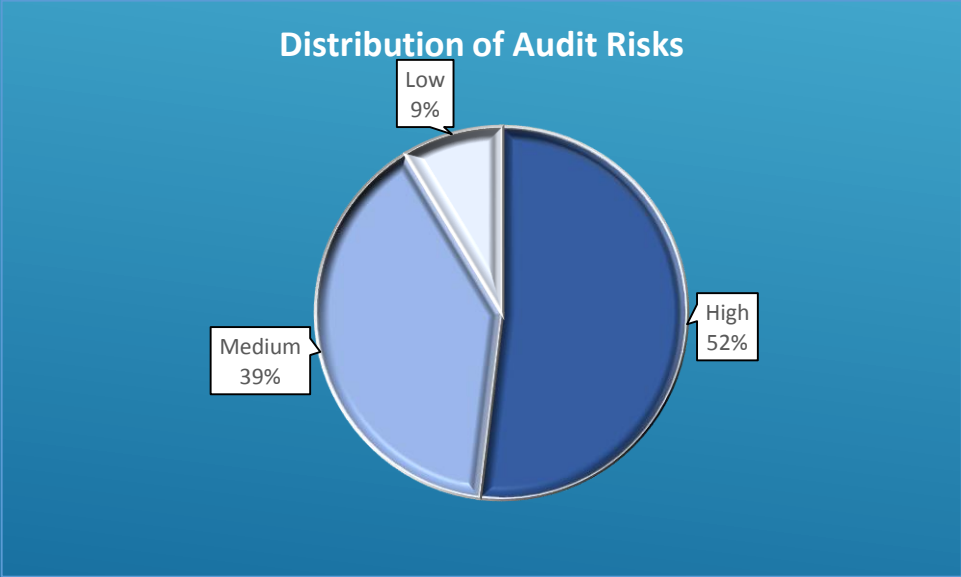
# RESULTS

- ❖ Identified over 200 auditable units/projects
  - ❖ This list is not complete for two reasons:
    - This list was compiled based on limited inquiry and basic, preliminary understanding obtained in a short time
    - Several departments have numerous grants and contracts for products and services, which need to be audited separately
    - However, it is a good start
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# RESULTS

The assessment found risks distributed as follows:




# ANNUAL AUDIT PLAN


Based on the risk assessment, the following audits were selected to annual audit plan with existing staff:

	Hours
❖ Solid waste scale house operations audit oversight	150
❖ Assistance in Solid Waste investigation	150
❖ Procurement	350
❖ Accounts Payable	350
❖ Fraud Hotline Cases and Consultation	340

# CONFIDENTIALITY MATTERS

- ❖ The City Auditor's office receives fraud, waste and abuse complaints
  - ❖ The City Auditor's Office is responsible for receiving Ethics complaints and provide support to the Ethics Board.
  - ❖ Maintaining confidentiality is critical.
  - ❖ Until now, the City Auditor was getting administrative help from the Finance Department and the City Attorney's Office
  - ❖ The Office needs to have a dedicated staff to perform administrative duties for hotline and ethics complaints, and for supporting auditors.
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# OTHER MAJOR CONSTRAINT

- ❖ The City has a diverse operation that requires variety of skillsets to audit
  - ❖ The auditors will not have knowledge of engineering or similar technical discipline to audit technical aspects, which may have impact on efficiencies of operations
  - ❖ Other audit shops have ability to hire consultants to help them understand and audit technical issues
  - ❖ Without such help, it may not possible to thoroughly audit complex technical operations such as DME
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QUESTIONS?

