

# Memorandum

## City of Lawrence

### City Auditor

**TO:** Members of the City Commission

**FROM:** Michael Eglinski, City Auditor

**CC:** David L. Corliss, City Manager  
Casey Toomay, Assistant City Manager  
Diane Stoddard, Assistant City Manager  
Brandon McGuire, Assistant to the City Manager

**Date:** November 6, 2014

**RE:** Performance Audit Work Plan

City Code requires the City Auditor to coordinate with the City Manager in creating an annual work program and to present the proposed work program to the City Commission. The City Commission may amend or alter the work program as it deems appropriate.

The general principles I followed to identify and prioritize audit projects were to look for topics that:

- Are of importance to residents of Lawrence and the organization;
- Could provide information to help develop annual audit plans for future years;
- Encourage and support performance measurement and financial controls;
- Have a defined scope, making the audit work most manageable.

To develop the potential topics, I reviewed previous work and audit plans, reviewed the 2011 citizen survey, discussed audit topics with stakeholders in city government, reviewed suggestions received throughout the year, and discussed proposed topics with the City Manager.

Table 1 lists 12 higher priority performance audit projects. The table includes two projects that were on the most recent plan but that I didn't complete: Downtown Parking and Police Workload. The City Commission should consider including these projects in the next audit plan.

My recommendation to the City Commission would be that the performance audit plan includes four to six projects. I would recommend that one of those projects be Financial Indicators.

In addition to performance audits, I will provide 6-month audit recommendation follow-up memos required by the City Code and will be undergoing an external peer review of my quality control process in 2015.

	<b>Potential topic</b>	<b>Details</b>
A	Barriers to more performance measurement and reporting	<p>Measuring and reporting on government performance can help stakeholders evaluate the city's activities.</p> <p>A performance audit could identify barriers to implementing more measurement and reporting and make recommendations to reduce the effect of those barriers.</p>
B	Climate protection plan	<p>The City's Climate Protection Task Force developed a plan in 2009 to identify ways to reduce greenhouse gas emissions.</p> <p>A performance audit could evaluate the effectiveness of the City's efforts to address the strategies in the 2009 plan.</p>
C	Controls over continuing disclosure and bond covenant compliance	<p>When the city issues debt it is required to provide continued disclosure of certain types of financial information and to comply with bond documents.</p> <p>A performance audit could evaluate controls in place to ensure compliance with requirements.</p>
D	Controls over change orders	<p>Managing changes to the work is an important aspect of managing construction projects.</p> <p>A performance audit could evaluate existing controls over change orders. A performance audit could also test compliance with good practices on a sample of change orders.</p>
E	Downtown parking	<p>The 2011 resident survey identified this as a high priority area.</p> <p>A performance audit could address the supply and demand for downtown parking, level of cost recovery, and approaches used in other cities.</p> <p>The topic was included in the 2013/14 audit plan approved by the City Commission but not completed.</p>
F	Financial indicators	<p>Reviewing a set of financial indicators, comparing them over time and with medians, to describe the city's financial condition and identify "warning trends."</p> <p>The performance audit would involve updating analyses from prior years.</p>
G	Information technology security	<p>Information technology security is a broad topic. Performance audit work can help identify risks.</p> <p>An initial performance audit could identify important data, evaluate the city's efforts to protect that data, and/or evaluate basic security controls such as employee awareness of security issues and training.</p>
H	Parks and Recreation equipment and park cleanliness	<p>The 2011 resident survey identified these areas as high priorities.</p> <p>A performance audit could look at conditions and how the city monitors conditions.</p>
I	Police workload	<p>When workload and resources balance, the Police Department is in the best position to provide services efficiently and effectively.</p>

		<p>In March 2011, the Police Department identified a need for about 30 additional positions, a 17 percent increase in the current level of staffing. In a 2008 employee survey, police employees expressed concern with workload and noted that workload limited their ability to do their jobs right.</p> <p>A performance audit could involve reviewing how management measures workload and matches workload and resources; how initiatives like mobile data computers affect workload; and how the department has managed demand for services.</p> <p>The topic was included in the 2013/14 audit plan approved by the City Commission but not completed.</p>
J	Turnover	A performance audit could review the systems to monitor employee turnover, how the city uses that information, and whether the data indicate any problems.
K	Utility plant operator training	<p>Plant operators provide an important service and the city has noted a relatively high turnover in the position. Management in the Utilities Department and Human Resources has suggested performance audit work to review the training and “onboarding” process for plant operators.</p> <p>A performance audit could clarify concerns and evaluate training efforts.</p>
L	Workplace safety – building evacuation and safety plans	A performance audit could identify existing plans and evaluate them. A project could be focused on one or more city facilities.

Other potential audit topics identified during the selection process include:

- Cable television franchise audit
- Capital planning and budgeting
- Cash control testing
- Cash handling procedure review
- Combined value of economic development incentives
- Condition of public buildings
- Continuity planning
- Contract audit clauses
- Contract management procedures and practices
- Downtown parking
- Fats, oils and grease in the sewer system
- Financial policies
- Flow of traffic (high priority in 2011 citizen survey)
- Golf course finances
- Implementing full cost accounting for solid waste
- Information technology equipment
- Municipal Court workload
- Outside agencies
- Overtime controls

- Park and Recreation fee waivers and scholarship fund
- Parking enterprise fund financial performance
- Pavement markings
- Payment card industry data security standards
- Police complaint handling
- Process for reviewing and approving incentives such as TIF, TDD, tax abatements and industrial revenue bonds
- Public-private partnership practices
- Purchase card transaction reviews
- Record retention
- Reliability of population forecasts and estimates
- Right of way management
- Risk assessment survey of department and program managers
- Safety and workers compensation
- Solid waste rate structure
- Span of control analysis
- Survey of businesses
- Utilities Department staffing levels
- Vehicle and equipment use, condition and replacement
- Water conservation
- Workplace safety – safety culture/climate