

Memorandum

City of Lawrence

City Auditor

TO: **Members of the City Commission**

FROM: **Michael Eglinski, City Auditor**

CC: **Diane Stoddard, Interim City Manager**
Casey Toomay, Assistant City Manager

Date: **December 3, 2015**

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 2015 resident survey, discussed audit topics with stakeholders in city government, reviewed suggestions received throughout the year, and discussed proposed topics with the Interim City Manager.

Table 1 lists higher priority performance audit projects. I have also included a longer list of other performance audit project ideas.

My recommendation to the City Commission would be that the performance audit plan includes four to six projects. I would recommend that two of those projects be Financial Indicators and Documenting Infrastructure Construction Inspections. My goal is to complete six performance audit projects each year with two of those being the 6-month follow-up memos.

In addition to performance audits, I will provide 6-month audit recommendation follow-up memos required by the City Code.

	Potential topic	Details
A	Financial Indicators	<p>A performance audit would involve reviewing a set of financial indicators, comparing them over time and with benchmarks, to describe the city's financial condition and identify warning trends.</p> <p>The performance audit would involve updating analyses from prior years.</p>
B	Documenting infrastructure construction inspections	<p>The project would involve reviewing a sample of Public Works project documents and could identify areas where documentation could be improved.</p> <p>Performance audit work would focus on infrastructure work. Infrastructure is generally an area of high importance in the 2015 resident survey. Maintenance of city streets/utilities was the top selection for services that should receive the most emphasis in coming years.</p> <p>The Director of Public Works requested that the City Auditor consider this topic for a performance audit and as a way to provide feedback to the department.</p>
C	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 a 2015 employee survey, Most (76 percent) of the Police Department employees who responded, disagreed with the statement that they have enough staff in their department to do their job. On the other hand, relatively few (20 percent) disagreed that with the statement that they have enough time to do their job.</p> <p>A performance audit could involve reviewing how management measures workload and matches workload and resources.</p> <p>The topic was included in the previous audit plan approved by the City Commission but was not completed.</p>
D	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> <p>The topic was included in the previous audit plan approved by the City Commission but was not completed.</p>
E	Biking infrastructure	<p>A performance audit related to biking infrastructure could provide information on existing infrastructure and understand the City's method of funding and making decisions about biking infrastructure.</p> <p>The 2015 resident survey rates the number of walking and biking trails as a high priority based on the combined importance and satisfaction ratings. The survey also rates connectivity of bicycle lanes as a high priority.</p> <p>The City Commission identified the topic during the audit selectin process in 2014 and directed me to meet with Michael Almon to discuss the topic.</p>
F	Downtown parking	<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>Most (52 percent) respondents to the 2015 resident survey were satisfied with the availability of parking downtown. That level of satisfaction is an increase from the 2007 and 2011 surveys.</p> <p>The topic was included in previous audit plans but assigned a low priority.</p>

A performance audit related to the city's climate protection plan was approved last year, but was not completed. I removed it from audit selection this year because the city is now participating in a benchmarking process called Sustainability Tools for Assessing & Rating communities (STAR). The STAR certification process should provide the City Commission and members of the public with information to understand and evaluate the City's efforts to address sustainability.

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
- Continuing disclosure and bond covenant compliance
- Continuity planning
- Contract audit clauses
- Contract change orders
- Contract management procedures and practices
- Downtown parking
- Fats, oils and grease in the sewer system
- Financial policies
- Flow of traffic (high priority in 2015 citizen survey)
- Follow up on a selection of prior recommendations
- General fund reserves
- Golf course finances
- Implementing full cost accounting for solid waste
- Information technology equipment
- Information technology security
- Municipal Court workload
- Outside agencies
- Overtime controls
- Parks and Recreation equipment and park cleanliness
- Parks 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
- Purchasing procedure compliance

- Reliability of population forecasts and estimates
- Right of way management
- Risk assessment survey of department and program managers
- Solid waste rate structure
- Span of control analysis
- Survey of businesses
- Utilities Department staffing levels
- Utility plant operator training
- Vehicle and equipment use, condition and replacement
- Water conservation
- Workplace safety – facility evacuation and safety plans and/or safety culture/climate