

DEPARTMENTAL BUDGET INFORMATION AUDITOR GENERAL (50)

MISSION

The Office of the Auditor General (OAG) acts as an independent, full-service appraisal function to examine and evaluate the city's activities in order to improve the accountability for public funds and improve the operations of city government. The OAG promotes the economy, efficiency and effectiveness of city government and protects against fraud, waste and abuse by conducting independent audits, investigations and evaluations; by keeping the City Council and the Mayor fully and currently informed of our work; by committing to total quality; by adhering to the professional standards of the auditing profession; and by promoting an atmosphere of mutual trust, honesty and integrity among OAG staff and the people we serve.

DESCRIPTION

The Office of the Auditor General (OAG) performs audits of each city agency and prepares written reports which convey the resultant audit findings and recommendations to the City Council, the Mayor and the management of each agency.

The OAG also performs special projects and other work, as requested by City Council, as initiated internally, or as required by city Code. Many of these projects result in formal reports or other communications to City Council. The Office also analyzes the Mayor's Proposed City Budget for City Council each fiscal year. The annual financial audits of the City and its Federal financial assistance programs are performed by outside auditors hired by the OAG.

The OAG has the responsibilities and authority stated in Section 7.5-105 of the Charter of the City of Detroit to make audits

of the financial transactions, performance, and operations of city agencies with a focus on high risk areas; to perform financial analysis of agencies not audited in the current year; to make a report of the financial position of the city after the close of each fiscal year; to investigate the administration and operation of city agencies; to settle all disputed claims in favor of or against the city as provided by ordinance, and to make reports to city agencies of irregularities of practice and erroneous accounting methods.

The OAG's primary responsibilities are the examination and evaluation of processes that pose the most risks to the city interest, and the adequacy and effectiveness of the city's system of internal control and the quality of performance in carrying out assigned responsibilities. This entails the following:

- A review of the reliability and integrity of financial and operating data and the means used to identify, measure, classify and report such information.
- A review of the systems established to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports.
- A review of the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- An appraisal of the economy and efficiency with which resources are employed.
- A review of operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operation or programs are being carried out as planned.

The Auditor General is also a member of the Risk Management Council, which evaluates

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the effectiveness of the city's overall risk management function, and performs evaluations of the administration and effectiveness of risk management functions in each city agency.

**MAJOR INITIATIVES FOR
FY 2011-12**

The Office of the Auditor General will continue for fiscal year ending June 30, 2012, to operate in accordance with the 1997 Charter mandate of auditing every city department biennially, and to transition into our new 2011 Charter mandate of developing our audit plan from a risk-based approach. Risk-based auditing extends and improves the risk assessment model by shifting the audit vision. Instead of looking at the business process in a system of internal control, the internal auditor views the business process in an environment of risk. An audit focusing on risk adds more value to the city than an audit focusing solely only on internal controls.

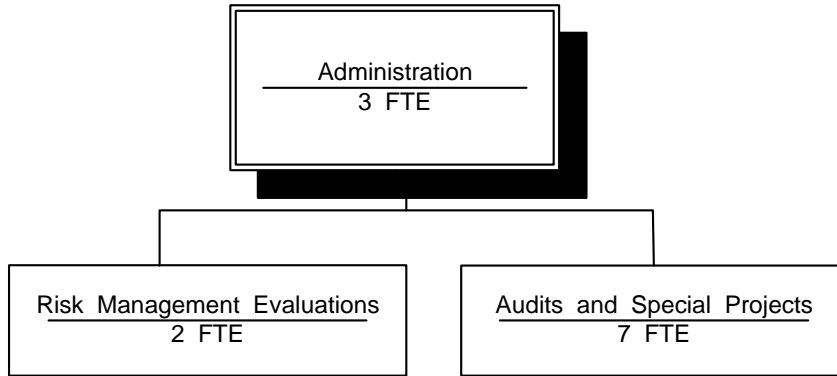
**PLANNING FOR THE FUTURE FOR
FY 2012-13, FY 2013-14 and BEYOND**

In accordance with our new Charter mandate, the Office of the Auditor General will focus its future audit approach from a risk-based perspective and make annual

financial analysis of all agencies not selected for audit in the current year. Our audits going forward will not focus merely on internal controls, but on operations and performance of individual agencies and the city as a whole. We expect that our audits will be more comprehensive and provide more relevant and significant findings and recommendations for departmental directors to use as organizational tools, which if implemented will have a greater positive effect on the financial and operational health of the city.

The Office of the Auditor General is committed to safeguarding the city's interest by all means within its power, now and in the future; to root out waste, fraud and other criminal activities perpetrated against the city; to promote responsible and ethical government, and to foster an environment where our staff have an opportunity to grow professionally and are proud of the work they perform. We will continue to strive to be a world class audit agency built upon professional excellence and ethical standards; to meet the expectations of our clients, and to be flexible enough to anticipate and react to their changing needs.

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PERFORMANCE GOALS, MEASURES AND TARGETS

Types of Performance Measures: List of Measures	2010-11 Actual	2011-12 Projection	2012-13 Target
Outputs: Units of Activity directed toward Goals			
Reports on Audits of Financial Transactions	19	21	21
Claims hearings	53	40	45
Annual Risk Management Audit Plan	0	0	1

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EXPENDITURES

	2010-11 Actual Expense	2011-12 Redbook	2012-13 Mayor's Budget Rec	Variance	Variance Percent
Salary & Wages	\$ 1,024,696	\$ 1,007,401	\$ 788,415	(218,986)	-22%
Employee Benefits	751,701	958,751	658,409	(300,342)	-31%
Prof/Contractual	1,251,893	1,433,953	1,328,547	(105,406)	-7%
Operating Supplies	2,464	20,453	20,453	0	0%
Operating Services	113,249	112,308	120,281	7,973	7%
Capital Equipment	28384	0	5000	5000	0%
Other Expenses	16,104	20,900	21,200	300	1%
TOTAL	\$ 3,188,491	\$ 3,553,766	\$ 2,942,305	\$ (611,461)	-17%
POSITIONS	14	16	12	-4	-25%