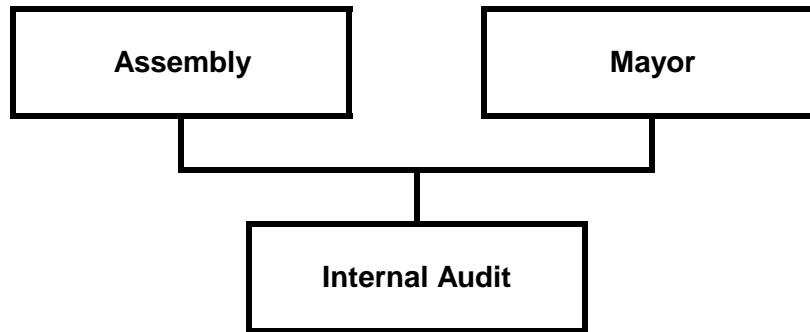


# Internal Audit



## Internal Audit

### Description

The primary focus of Internal Audit is to assist the Mayor and the Municipal Assembly in ensuring that proper accountability is maintained over public funds and to improve the efficiency and effectiveness of Municipal government within the constraints of the Anchorage Municipal Code.

To accomplish this, Internal Audit performs audits to ensure the reliability and integrity of financial records, compliance with established Municipal Policy and Procedures, accountability and protection of Municipal assets, and the achievement of program results. The responsibilities of Internal Audit are outlined specifically in Anchorage Municipal Code 3.20.

### Department Services

- Conduct independent operational audits of Municipal operations and activities
- Evaluate the reliability of internal accounting administrative controls
- Conduct compliance audits of grants and contracts
- Provide findings and recommendations for improved efficiency and effectiveness of Municipal operations and processes
- Provide management assistance to the Administration and Assembly
- Assist the external auditors with the annual financial and Federal and State Single audits
- Conduct Sunset Audits of Boards and Commissions.
- In accordance with the concept of shared services, provide internal audit support to the Anchorage School District through one staff auditor fully funded by the School District

### Department Goals that Contribute to Achieving the Mayor's Mission:



#### **Administration – Make city government more efficient, accessible, transparent, and responsive**

- Provide the Assembly and Mayor with objective information by completing the requested audits and special projects in the approved annual audit plan.
- Reduce expenses by providing audit staff hours to the external auditors for the annual financial and Federal and State Single audits.

## Internal Audit Department Summary

	2016 Actuals	2017 Revised	2018 Proposed	18 v 17 % Chg
<b>Direct Cost by Division</b>				
Internal Audit	569,058	719,957	733,598	1.89%
<b>Direct Cost Total</b>	<b>569,058</b>	<b>719,957</b>	<b>733,598</b>	<b>1.89%</b>
<b>Intragovernmental Charges</b>				
Charges by/to Other Departments	(455,773)	(605,686)	(598,960)	(1.11%)
<b>Function Cost Total</b>	<b>113,284</b>	<b>114,271</b>	<b>134,638</b>	<b>17.82%</b>
Program Generated Revenue	(113,284)	(114,272)	(134,638)	17.82%
<b>Net Cost Total</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(108.51%)</b>
<b>Direct Cost by Category</b>				
Salaries and Benefits	559,837	710,118	722,895	1.80%
Supplies	401	1,331	1,331	-
Travel	-	1,500	1,500	-
Contractual/Other Services	8,684	7,008	7,872	12.33%
Debt Service	-	-	-	-
Equipment, Furnishings	136	-	-	-
<b>Direct Cost Total</b>	<b>569,058</b>	<b>719,957</b>	<b>733,598</b>	<b>1.89%</b>
<b>Position Summary as Budgeted</b>				
Full-Time	5	5	5	-
Part-Time	1	1	1	-
<b>Position Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-</b>

## Internal Audit

### Reconciliation from 2017 Revised Budget to 2018 Proposed Budget

	Direct Costs	Positions		
		FT	PT	Seas/T
<b>2017 Revised Budget</b>	719,957	5	1	-
<b>2017 One-Time Requirements</b>				
- Remove 2017 Prop - ONE-TIME - Reduction in fleet rental rates	923	-	-	-
<b>Changes in Existing Programs/Funding for 2018</b>				
- Salary and benefits adjustments	44,877	-	-	-
- Fleet rental rates	(59)	-	-	-
<b>2018 Continuation Level</b>	<b>765,698</b>	<b>5</b>	<b>1</b>	<b>-</b>
<b>2018 One-Time Requirements</b>				
- Leave vacant Staff Auditor position open through March 2018	(30,000)	-	-	-
<b>2018 Proposed Budget Changes</b>				
- Pause cost-of-living increase for Executive employees	(2,100)	-	-	-
<b>2018 Proposed Budget</b>	<b>733,598</b>	<b>5</b>	<b>1</b>	<b>-</b>

## Internal Audit Division Summary

Internal Audit  
(Fund Center # 106000)

	2016 Actuals	2017 Revised	2018 Proposed	18 v 17 % Chg
<b>Direct Cost by Category</b>				
Salaries and Benefits	559,837	710,118	722,895	1.80%
Supplies	401	1,331	1,331	-
Travel	-	1,500	1,500	-
Contractual/Other Services	8,684	7,008	7,872	12.33%
Equipment, Furnishings	136	-	-	-
<b>Manageable Direct Cost Total</b>	<b>569,058</b>	<b>719,957</b>	<b>733,598</b>	<b>1.89%</b>
Debt Service	-	-	-	-
<b>Non-Manageable Direct Cost Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Direct Cost Total</b>	<b>569,058</b>	<b>719,957</b>	<b>733,598</b>	<b>-</b>
<b>Intragovernmental Charges</b>				
Charges by/to Other Departments	(455,773)	(605,686)	(598,960)	(1.11%)
<b>Function Cost Total</b>	<b>113,284</b>	<b>114,271</b>	<b>134,638</b>	<b>17.82%</b>
<b>Program Generated Revenue by Fund</b>				
Fund 101000 - Areawide General	113,284	114,272	134,638	17.82%
<b>Program Generated Revenue Total</b>	<b>113,284</b>	<b>114,272</b>	<b>134,638</b>	<b>17.82%</b>
<b>Net Cost Total</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(108.51%)</b>
<b>Position Summary as Budgeted</b>				
Full-Time	5	5	5	-
Part-Time	1	1	1	-
<b>Position Total</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-</b>

**Internal Audit  
Division Detail**

**Internal Audit**

(Fund Center # 106000)

	2016 Actuals	2017 Revised	2018 Proposed	18 v 17 % Chg
<b>Direct Cost by Category</b>				
Salaries and Benefits	559,837	710,118	722,895	1.80%
Supplies	401	1,331	1,331	-
Travel	-	1,500	1,500	-
Contractual/Other Services	8,684	7,008	7,872	12.33%
Equipment, Furnishings	136	-	-	-
<b>Manageable Direct Cost Total</b>	<b>569,058</b>	<b>719,957</b>	<b>733,598</b>	<b>1.89%</b>
Debt Service	-	-	-	-
<b>Non-Manageable Direct Cost Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Direct Cost Total</b>	<b>569,058</b>	<b>719,957</b>	<b>733,598</b>	<b>1.89%</b>
<b>Intragovernmental Charges</b>				
Charges by/to Other Departments	(455,773)	(605,686)	(598,960)	(1.11%)
<b>Program Generated Revenue</b>				
430030 - Restricted Contributions	113,284	114,272	134,638	17.82%
<b>Program Generated Revenue Total</b>	<b>113,284</b>	<b>114,272</b>	<b>134,638</b>	<b>17.82%</b>
<b>Net Cost</b>				
Direct Cost Total	569,058	719,957	733,598	1.89%
Charges by/to Other Departments Total	(455,773)	(605,686)	(598,960)	(1.11%)
Program Generated Revenue Total	(113,284)	(114,272)	(134,638)	17.82%
<b>Net Cost Total</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>(108.51%)</b>

**Position Detail as Budgeted**

	2016 Revised		2017 Revised		2018 Proposed	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Audit Technician	-	1	-	1	-	1
Internal Auditor	1	-	1	-	1	-
Principal Auditor	1	-	1	-	1	-
Staff Auditor	2	-	2	-	2	-
Staff Auditor - ASD	1	-	1	-	1	-
<b>Position Detail as Budgeted Total</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>1</b>

*Anchorage: Performance. Value. Results*

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## Internal Audit Department

*Anchorage: Performance. Value. Results.*

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**Mission**

Provide the Assembly and Mayor with objective information to ensure that a high degree of public accountability is maintained and government operations are efficient and effective.

**Core Services**

- Conduct independent operational audits of Municipal operations and activities
- Evaluate the reliability of internal accounting administrative controls
- Conduct compliance audits of grants and contracts
- Provide findings and recommendations for improved efficiency and effectiveness of Municipal operations and processes
- Provide management assistance to the Administration and Assembly
- Assist the external auditors I the annual financial and Federal and State Single audits

**Accomplishment Goals**

- Provide the Assembly and Mayor with objective information by completing the requested audits and special projects in the approved annual audit plan
- Reduce expenses by providing audit staff hours to the external auditors for the annual financial and Federal and State Single audits

**Performance Measures**

Progress in achieving goals will be measured by:

<b>Measure #1: The number of audit reports issued</b>
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	2012	2013	2014	2015	2016	2017 Q1	2017 2Q
# issued	22	17	10	21	13	5	1

<b>Measure #2: The number of special projects completed</b>
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	2012	2013	2014	2015	2016	2017 Q1	2017 2Q
# completed	4	24	14	15	13	6	5



<b>Measure #3: The number of audit findings in reports of audit with management concurrence.</b>
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	2012	2013	2014	2015	2016	2017 Q1	2017 2Q
% management concurrence	90%	100%	100%	100%	100%	100%	100%

<b>Measure #4: Total number of staff hours provided to the external auditors</b>
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	2012	2013	2014	2015	2016	2017 Q1	2017 2Q
# of staff hours to external auditors	500	525	501	472.5	347	183.5	260.5