
INTERNAL AUDIT DEPARTMENT

1999 ANNUAL REPORT

March 6, 2000

MUNICIPALITY OF ANCHORAGE

Office of Internal Audit
632 W 6th Avenue, Suite 300
P.O. Box 196650
Anchorage, Alaska
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OFFICE OF INTERNAL AUDIT

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Internal Audit Department 1999 Annual Report

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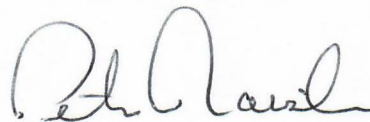
March 6, 2000

Honorable Mayor and Members of the Anchorage Municipal Assembly:

Attached is the 1999 Annual Report for your review and information.

This report includes background information on the audit profession, a summary of the 1999 internal audit activity and the portion of the Anchorage Municipal Code pertaining to the Internal Audit Department.

The primary focus of the Internal Audit Department is to assist the Mayor and the Municipal Assembly to ensure 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, we perform audits to ensure the reliability and integrity of financial records, compliance with established policy and procedures, accountability and protection of Municipal assets and the achievement of program results.

A handwritten signature in dark ink, appearing to read "Peter Raiskums", is positioned above the printed name and title.

Peter Raiskums, CIA, CFE
Director, Internal Audit

INTRODUCTION

INTRODUCTION

DEFINITION OF AUDITING

Audit is a term used to describe procedures performed by an auditor in examining financial records and reviewing compliance with laws and regulations, assuring the efficiency and economy of operations, and evaluating the effectiveness in achieving program results.

An auditor evaluates internal controls, examines financial and other data, verifies and evaluates management systems and programs, and recommends improvements.

Auditors are classified into two categories - internal auditors and external auditors.

Internal Auditors are employees of the Municipality of Anchorage. Emphasis is on providing the Municipal Assembly and the Mayor with objective information to determine whether the required high degree of public accountability is maintained and to assist management personnel in improving the efficiency and effectiveness of government operations and activities. To accomplish this, the auditors focus on accountability, internal controls and improving management efficiency. Although internal auditors are Municipal employees, the Municipal Code provides a framework for them to operate with complete independence.

External Auditors are not employees of the Municipality of Anchorage. External auditors perform, under contract, an annual audit of the financial records of the Municipality and the Federal and State single audits. Their emphasis is on the fairness of financial representations. The certified public accounting firm of KPMG Peat Marwick is currently the external auditor for the Municipality of Anchorage. The Assembly Office is the contract monitor for the external auditor.

AUDIT PROCEDURES

The Internal Audit Department performs audits in compliance with professional standards. Professional organizations that provide guidance and standards include the Comptroller General of the United States, the United States Office of Management and Budget, the American Institute of Certified Public Accountants (AICPA), and the Institute of Internal Auditors (IIA).

The audit process involves four phases: survey, field work, reporting and follow-up. Communication with auditees is an important part of all four phases.

Survey - to determine whether an area warrants a detailed examination. Survey work consists of discussions with agency personnel, physical inspections, review of records, and sample tests of transactions.

Field Work - to review and evaluate extensive data, document findings, and develop recommendations for corrective action.

Reporting - to compile and organize results of all survey and field work. Findings and recommendations are presented in a draft report that is furnished to auditees for their review and response. The final audit report includes the auditor's findings, recommendations and management's responses.

Follow-up - to determine whether management action was taken and whether the action corrected the deficiency.

SCHEDULING OF AUDITS

An annual audit plan is prepared at the beginning of each fiscal year. Input is solicited from the Municipal Assembly, the Mayor, Administration officials, external auditors and staff members. About 75% of available staff time is scheduled in advance. The audit plan may also be revised during the year to accommodate requests from the Municipal Assembly and the Administration. Criteria for scheduling audits include the following:

- Requests by the Municipal Assembly and Administration
- Potential for cost savings through more efficient, effective management
- Potential for increasing revenues
- Areas with a high risk of loss or misappropriation
- Suspected fraud or error
- Areas identified with problems
- Safeguarding and management of Municipal assets
- Issues identified by the external auditors

DISTRIBUTION OF AUDIT REPORTS

Internal Audit reports are distributed to the Mayor, each Municipal Assembly Member, the Municipal Manager, the Executive Manager, the respective Department Director, the Chief Fiscal Officer, and other Municipal personnel as appropriate.

Copies of reports are available to the public at the following locations:

1. Serial section of the Z J Loussac Public Library, 3600 Denali Street, Anchorage, Alaska
2. Municipality of Anchorage Website at: <http://www.ci.anchorage.ak.us>
3. Municipality of Anchorage, Internal Audit Department, 632 West 6th Avenue, Suite 300, PO Box 196650, Anchorage, Alaska 99519-6650, telephone (907) 343-4438, fax (907) 343-4370, e-mail: raiskumspw@ci.anchorage.ak.us.

STAFFING OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department is staffed with five professional auditors, the Director and a part-time Sr. Office Associate.

The current department Director provides the Municipality with more than 35 years of auditing experience. The current audit staff provides the Municipality with a combined total of more than 41 years of auditing experience. Professional certifications held by department personnel include: Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Government Financial Manager (CGFM), and Certified Public Accountant (CPA).

Governmental Auditing Standards require that each auditor acquire 80 hours of continuing education every two years. Of these 80 hours, 24 must be in subjects directly related to the government environment and to government auditing. The courses taken by the audit staff to fulfill this requirement keep the auditors up to date with the latest auditing techniques and aware of current audit issues required by government auditing standards.

INDEX OF 1999 AUDIT REPORTS

1999 AUDIT REPORTS			
NUMBER	DATE	REPORT NAME	DEPARTMENT
	01-28-99	1998 Annual Report	
99-01	02-01-99	Fire Prevention	Anchorage Fire Department
99-02	03-04-99	1998 Parts, Fuel and Lubricants Inventory	Public Transportation Department
99-03	03-04-99	1998 Parts and Fuel Inventory	Anchorage Water & Wastewater Utility
99-04	03-04-99	1998 Parts, Tires and Lubricants Inventory	Fleet Services Division, Property & Facility Maintenance
99-05	03-04-99	1998 Parts and Fuel Inventory	Municipal Light & Power
99-06	07-12-99	Review of Lease, Permit and Escrow Payments	Heritage Land Bank
99-07	08-16-99	Sexual Assault Response Team Contract With Columbia Alaska Regional Hospital	Anchorage Police Department
99-08	08-30-99	Preferential Use Agreement	Port of Anchorage
99-09	09-20-99	Cash Controls, Museum of History and Art	Cultural & Recreational Services
99-10	10-08-99	Cash Controls at Spenard Recreation Center	Sports & Recreation Division, Cultural & Recreational Services
99-11	10-08-99	Cash Controls at Fairview Recreation Center	Sports & Recreation Division, Cultural & Recreational Services
99-12	12-09-99	AnchorRIDES Contract with Paratransit Services Inc.	Public Transportation Dept
99-13	12-23-99	Police and Fire Bonds	Municipal Assembly

INDEX OF 1999 SPECIAL PROJECTS

1999 SPECIAL PROJECTS

DATE	SUBJECT NAME	DEPARTMENT
02-08-99	Request for Voucher Check	Finance Department
02-22-99	Accounts Payable Payment Processing: Problems With Payments to Vendors (Property & Facility Maintenance)	Finance Department
03-03-99	Accounts Payable Payment Processing: Daycare Assistance Payments	Finance Department
04-26-99	Accounts Payable Payment Processing: Payments to Chugach Electric Association	Finance Department
05-14-99	Accounts Payable Payment Processing: Duplicate Payments	Finance Department
05-26-99	Accounts Payable Payment Processing: Aurora Power Payments	Finance Department
05-27-99	Accounts Payable Payment Processing: MicroAge Invoices	Finance Department
07-07-99	Accounts Payable Payment Processing: Sequence of Issued Checks	Finance Department
05-13-99 & 08-25-99	Review of 1998 Police & Fire Retirement Medical Fund Statements	Police & Fire Retirement
09-24-99	Completion and Approval of Time Documents	Port of Anchorage
10-07-99	Fixed Asset Accountability	Finance Department
11-22-99	Towing Contracts	Anchorage Police Department
12-23-99	1999 Municipal Travel, 1997 and 1998 PeopleSoft Travel	Finance Department

**EXECUTIVE SUMMARIES FROM
1999 AUDIT REPORTS**

Municipality of Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

February 1, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-01

Fire Prevention

Anchorage Fire Department

At the request of the Assembly, we have completed an audit of Fire Prevention at the Anchorage Fire Department. The objective of this audit was to perform a management audit of the Fire Prevention Section. Specifically, we reviewed the Anchorage Municipal Code, Anchorage Fire Department operating procedures, inspection records, management practices, personnel Position Descriptions, performance data, and interviewed the Section personnel as required. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. The audit was performed during the period of November through December 1998.

The efficiency of the Fire Prevention Section could be improved. The Anchorage Municipal Code did not require routine or periodic fire inspections of multi-unit dwellings, public schools or commercial buildings. However, fire inspections were required for Municipal licensing of child care facilities, pawnshops, secondhand merchants, adult-oriented establishments, circuses, carnivals, teen nightclubs and permits for new construction and building alterations. In addition, discretionary inspections of public schools and multi-unit dwellings were performed as time permitted. Four stand-alone databases were maintained for fire inspection information resulting in redundant data entry requirements. Property owner information was not current nor complete. Possible duplication of effort was noted in performing the plan review and inspection function for new construction and alterations of multi-family and commercial buildings. Also, Position Descriptions for the Fire Inspectors did not reflect the actual tasks and duties performed.

Management comments were generally responsive to the audit findings and recommendations.



OFFICE OF THE INTERNAL AUDITOR

March 4, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-02

1998 Parts, Fuel and Lubricants Inventory

Public Transportation Department

We observed the year-end inventory at the Public Transportation Department. The objective was to determine if the year-end physical inventory was reasonably accurate. Specifically, we performed random test counts and verified that adjusting entries were processed.

The parts, fuel and lubricants inventory at the Public Transportation Department was recorded at \$214,945.83 as of December 31, 1998. The value of the inventory was based on a weighted average unit cost. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate and proper adjusting entries were made.



OFFICE OF THE INTERNAL AUDITOR

March 4, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-03

1998 Parts and Fuel Inventory

Anchorage Water and Wastewater Utility

We observed the year-end inventories at the Anchorage Water and Wastewater Utility (AWWU). The objective was to determine if the year-end physical inventories of parts, fuel, gravel, recycled asphalt and chemicals were reasonably accurate. Specifically, we performed random test counts, reviewed receipt and issue procedures, and verified that adjusting entries were processed.

The inventory was recorded at \$863,436.63 as of December 31, 1998. This included the value of parts, fuel, gravel, recycled asphalt and chemicals. The value of the parts inventory was based on a weighted average unit cost. Fuel, gravel, recycled asphalt and chemical inventories were valued at the most recent invoice price. A physical inventory of parts was performed in September 1998 and the perpetual inventory records were adjusted to the physical count. Fuel, gravel, recycled asphalt, and chemical inventories were measured in December 1998. Adjusting entries were verified during February 1999. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate and adjustments were properly entered into the financial records.



OFFICE OF THE INTERNAL AUDITOR

March 4, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-04

1998 Parts, Tires and Lubricants Inventory

**Fleet Services Division
Property and Facility Management Department**

We observed the year-end inventory performed at Fleet Services Division. The objectives were to determine if the year-end physical inventory was reasonably accurate. Specifically, we performed random test counts and verified that adjusting entries were processed.

The inventory was recorded at \$389,026.82 as of December 31, 1998. The value of the inventory was based on a weighted average unit cost. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate and proper adjusting entries were made.

Municipality of Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

March 4, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-05

1998 Parts and Fuel Inventory

Municipal Light and Power

We observed the year-end inventories at the Operations Division and Generations Division at Municipal Light & Power (ML&P). The objective was to determine if the year-end physical inventories were reasonably accurate. Specifically, for the Operations Division, we performed random test counts, reviewed receipt and issue procedures and verified that adjusting entries were processed. For the Generation Division, we performed periodic reviews of the process to establish the Generation inventory. This included a review of the adequacy of the written Generation Warehouse procedures, an overview of the inventory count procedures, a review of the supporting documentation for the inventory counts, which were performed in October, and a review of the monthly cycle count process.

The parts and fuel inventory at ML&P was recorded at \$12,474,418 as of December 31, 1998. This consisted of \$3,731,380 of parts and fuel in the Operations Division warehouse inventory and \$8,743,038 of parts in the Generation Division warehouse inventory. The Operations warehouse inventory was valued at the weighted average unit cost of the items and fuel inventory was measured in December 1998 and valued at book cost. The initial Generation warehouse inventory was valued at the estimated original cost using industry standards to value the inventory. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate and adjustments were properly entered into the financial records.



OFFICE OF THE INTERNAL AUDITOR

July 12, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-06

Review of Lease, Permit and Escrow Payments

Heritage Land Bank

At the request of the Director of the Heritage Land Bank, we have completed an audit of lease, permit and escrow payments at the Heritage Land Bank. The objective of this audit was to identify all active contracts and escrow accounts and establish an accounts receivable system to track the required payments. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during May 1999.

The Heritage Land Bank did not have complete records of all active contracts and escrow accounts. The Heritage Land Bank also did not have a system for tracking required payments and penalties from escrow accounts, lease contracts, and permit agreements. In addition, their contracts did not always contain a penalty clause for late payments, and original Deeds of Trust were not always returned to the property owners.

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

August 16, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-07

Sexual Assault Response Team Contract With Columbia Alaska Regional Hospital

Anchorage Police Department

At the request of the Chief of Police, we have completed an audit of the Sexual Assault Response Team/Sexual Assault Nurse Examiners Contract with Columbia Alaska Regional Hospital. The objective of this audit was to determine compliance with the contract including contract administration. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of June 1999. The audit was part of the 1999 Audit Plan.

The Contractor's Sexual Assault Response Team/Sexual Assault Nurse Examiners unit was meeting contract requirements in a commendable manner. The required clinic offices were located to provide the maximum amount of privacy and were properly equipped as required by the contract. Nursing staff was properly scheduled to provide the required coverage and appeared to be well-trained and motivated. However, payments were not being made in accordance with the contract, the contract contained conflicting provisions, and the contract was not properly administered.

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

August 30, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-08

Preferential Use Agreements

Port of Anchorage

At the request of the Port of Anchorage, we have completed an audit of Preferential Use Agreements at the Port of Anchorage. The objective of this audit was to determine the accuracy of freight information submitted by TOTE and Sea-Land for the purpose of billing for wharfage charges. We also reviewed the adequacy of the Port's verification procedures associated with wharfage charges. In addition, we reviewed the accuracy of dockage charges billed to both TOTE and Sea-Land. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The scope of the audit covered the period of January through December 1998. The audit was performed during the period of April through June 1999.

Freight information submitted by TOTE and Sea-Land for wharfage purposes was not always accurate. The Preferential Use Agreements with TOTE and Sea-Land do not clearly define cargo items, therefore, the basis for computing wharfage becomes questionable. In addition, the Port's verification procedures require improvement for the timely detection and resolution of freight reporting discrepancies. Dockage charges were properly computed and billed to TOTE and Sea-Land during 1998.



OFFICE OF THE INTERNAL AUDITOR

September 20, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-09

**Cash Controls
Museum of History and Art**

Cultural and Recreational Services

At the request of the Administration, we have completed an audit of Cash Controls at the Museum of History and Art. The objective of this audit was to review and evaluate procedures and controls over cash, parking and admission at the Museum of History and Art. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of June through July 1999.

Procedures and controls over cash, parking and admission required strengthening. The cash control environment was not adequate to provide proper accountability and safeguards over cash, cash handling procedures were not in compliance with Municipal Policy and Procedure 24-1, and Museum of History and Art personnel had access to non-Municipal cash. However, procedures for collecting deposits for building rentals provided adequate cash controls. The physical layout of the entrance to the Museum of History and Art did not effectively control paid admission and parking spaces controlled by the Museum of History and Art were not properly managed.



OFFICE OF THE INTERNAL AUDITOR

October 8, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-10

Cash Controls at Spenard Recreation Center

**Sports and Recreation Division
Cultural and Recreational Services**

As part of the 1999 Audit Plan, we have completed an audit of cash controls at the Spenard Recreation Center. The objective of this audit was to determine whether proper cash controls exist at Spenard Recreation Center. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of June through July 1999 and covered the period of January 1999 to June 1999.

Cash controls at Spenard Recreation Center required improvement. Cash controls did not provide strict accountability over cash receipts and change funds; cashier procedures were not always in accordance with Municipal Policy and Procedure 24-1, Collecting, Securing, Depositing, and Reporting Cash; supplemental written cash handling procedures were not consistent with Municipal Policy and Procedure 24-1; controls over prenumbered forms and room rental revenue required improvement; instructor contracts were not always current; and cashier training required strengthening.



OFFICE OF THE INTERNAL AUDITOR

October 8, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-11

Cash Controls at Fairview Recreation Center

**Sports and Recreation Division
Cultural and Recreational Services**

As part of the 1999 Audit Plan, we have completed an audit of cash controls at the Fairview Recreation Center. The objective of this audit was to determine whether proper cash controls exist at Fairview Recreation Center. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of April through July 1999 and covered the October 1998 to March 1999 period.

Procedures and controls over cash required strengthening. Cash controls did not provide strict accountability over cash receipts and change funds, supervisory review functions required strengthening, a Cashier Daily Summary Report was not completed for each cashier operating a cash register during the day, and controls over room rental revenue and prenumbered forms required improvement.

Municipality of Anchorage



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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

December 9, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-12

AnchorRIDES Contract with Paratransit Services Inc.

Public Transportation Department

As part of the 1999 Audit Plan, we have completed an audit of the AnchorRIDES Contract entered into between the Public Transportation Department and Paratransit Services Inc. The objective of this audit was to determine whether Paratransit Services Inc. was in compliance with the contract requirements. Specifically, we determined whether training was documented, the maintenance schedule was followed, insurance coverage was obtained, quarterly ridership goals were met, on-time performance percentages were properly determined and voluntary contributions for senior rides were being solicited. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of July through August 1999.

Paratransit Services Inc. had documented training, followed the maintenance schedule, obtained the required insurance coverage and met quarterly ridership goals. However, on-time performance percentages were not accurately calculated and the procedures for soliciting voluntary contributions for senior rides could be improved. In addition, the contract did not have a clear scope of service and changes to the terms and conditions of the contract were not formalized into contract amendments.



OFFICE OF THE INTERNAL AUDITOR

December 23, 1999

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 99-13

Police and Fire Bonds

At the request of the Municipal Assembly, we have completed an audit of Police and Fire Bonds. The objective of this audit was to determine whether bond funds had been used for the designated purpose as approved by the voters for the bonds shown in Schedule 1 (attached to Internal Audit Report 99-13). Specifically, we reviewed all expenditures charged to the selected bonds since 1997. The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

Bond funds were generally used for the designated purpose. However, some costs associated with professional services for the design of the new jail totaling \$61,528.88 had been inadvertently charged to Anchorage Fire Protection Bond funds. A correcting journal entry was processed to correct the errors during the course of the audit. Schedule 1 provides a breakdown of the amounts approved, issued, expended and remaining, by each bond.

ANCHORAGE MUNICIPAL CODE 3.20

ANCHORAGE MUNICIPAL CODE 3.20

“3.20.100 Office of internal audit established; staff.

- A. There is established an office of internal audit to provide the assembly and the mayor with objective information to assist them in determining whether government operations are adequately controlled and whether the required high degree of public accountability is maintained.
1. The office of internal audit shall meet generally accepted government audit standards with regard to independence.
 2. The director of internal audit shall be appointed by the mayor with concurrence of a majority vote of the assembly.
 3. The director of internal audit may be dismissed by the mayor only for cause shown, and only with concurrence of a majority of the assembly.
 4. The director of internal audit shall be a person able to manage a professional audit staff, analyze financial records and evaluate operations for economy, efficiency and program results.
 5. The director of internal audit shall be either a certified internal auditor or a certified public accountant.
 6. The director of internal audit shall not be actively involved in partisan political activities or the political affairs of the municipality.
 7. The director of internal audit shall interact with the municipal audit committee to ensure maximum coordination between the needs of the assembly and the mayor in the development and execution of the annual audit plan.
- B. The director of internal audit shall have such assistants and employees as are necessary to perform all required duties.

(AO No. 77-359; AO No. 79-27; AO No. 80-5; AO No. 88-70(S)).

Charter reference(s) –Independent audit, § 13.10.”

“3.20.110 Responsibilities of the director of internal audit.

A. No later than January 31 of each year, the director of internal audit shall:

1. Prepare a draft annual audit plan;
2. Submit the draft plan to municipal audit committee members for review and comment; and
3. Finalize the plan and submit it to the municipal audit committee for final review and endorsement.

The audit plan shall be the official list of audits to be conducted by internal audit during the year. Additionally, the director of internal audit may revise the audit plan during the year to include other appropriate audits, which are consistent with the responsibilities specified in section 3.20.100, and promptly submit the revisions to municipal audit committee members for review and comment and then to the mayor and assembly for approval. Except for audits such as cash and inventory audits where, based on the professional judgment of the director of internal audit, prior notification may hinder the effectiveness of the audit, no audit to be added to the annual audit plan as a revision may commence until the audit plan is revised and approved per this subsection.

B. In addition to those audits contained in the annual audit plan outlined in subsection A of this section, audits may also be undertaken at the direction of the mayor or a majority of the assembly. The mayor will notify the assembly through an assembly information memorandum (AIM) or other appropriate means prior to commencement of such audits.

C. The director of internal audit shall cooperate with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be coordinated.

D. The director of internal audit shall have responsibility to conduct expanded scope audits of all municipal departments, agencies, authorities and activities to independently determine whether:

1. There are adequate internal administrative and accounting control systems in place and that they are functioning as intended;
2. Activities and programs being implemented have been authorized by the assembly, the mayor or this Code;
3. Activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by the assembly, the mayor or this Code;

4. Activities or programs efficiently and effectively serve the purpose intended by the assembly, the mayor or this Code;
 5. Activities and programs are being conducted and funds expended in compliance with applicable laws;
 6. Revenues are being properly collected, deposited and accounted for;
 7. Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in a lawful, effective and efficient manner;
 8. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the programs and activities; and
 9. During the course of audit work, there are any indications of fraud, abuse, conflict of interest or illegal acts.
- E. Audits shall be conducted in accordance with generally accepted government auditing standards.
- F. In all matters relating to the audit work, the director of internal audit and the audit staff must be free from personal and external impairments to independence and shall maintain an independent attitude and appearance.
- G. The director of internal audit shall present conclusions, findings and recommendations, along with verbatim responses from the administration, in a written audit report.
- H. The written audit report shall be promptly presented simultaneously to the mayor and the assembly.
- I. Copies of final audit reports of the office of internal audit shall be available for public inspection during regular business hours.
- J. The duties of the director of internal audit under this section shall not be construed to replace or relieve the responsibility of any other person.
- K. This section shall not apply to the Anchorage Telephone Utility or its board of directors unless otherwise agreed by the Anchorage Telephone Utility.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 95-165(S-1), § 2, 10-3-95)”

“3.20.120 Responsibilities of the administration when deficient conditions disclosed by audit.

- A. The administration shall:
1. Plan or implement corrective action in response to reported deficient conditions within 30 days of receiving a draft internal audit report disclosing the conditions;
 2. Submit to the director of internal audit a written response stating concurrence or non-concurrence with the audit findings and action taken or planned under subsection A of this section to correct the reported deficiencies, suitable for verbatim inclusion in the final report of audit; and
 3. If the response under subsection B of this section describes a plan of action, submit to the director of internal audit a second report promptly upon implementing the plan.
- B. This section shall not authorize the public disclosure of material that is confidential or privileged under federal, state or local law, or material the public disclosure of which otherwise would constitute an unwarranted invasion of personal privacy.
- C. This section shall not apply to the Anchorage Telephone Utility or its board of directors unless otherwise agreed by the Anchorage Telephone Utility.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S))”

“3.20.130 Access to municipal information by office of internal audit.

- A. In the performance of their duties under section 3.20.110, the director of internal audit and internal audit staff are authorized to have full, free and unrestricted access to:
1. All public records, as defined in section 3.90.020;
 2. All activities of the municipal government;
 3. All municipal property;
 4. All municipal personnel; and
 5. All policies, plans and procedures and records pertaining to expenditures financed by municipal funds.
- B. This section shall not apply to the Anchorage Telephone Utility or its board of Directors unless otherwise agreed by the Anchorage Telephone Utility.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S))”