INTERNAL AUDIT DEPARTMENT

2000 ANNUAL REPORT

January 25, 2001

MUNICIPALITY OF ANCHORAGE
Office of Internal Audit
632 W 6th Avenue, Suite 300
P.O. Box 196650
Anchorage, Alaska
99519-6650

OFFICE OF INTERNAL AUDIT
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Internal Audit Department
2000 Annual Report

TABLE OF CONTENTS

Director's Letter 2

Introduction 3-6

Index of 2000 Audit Reports 7-8

Index of 2000 Special Projects 9-11

Executive Summaries From 2000 Audit Reports 12-23

Anchorage Municipal Code 3.20 24-28

January 25, 2001

Honorable Mayor and Members of the Anchorage Municipal Assembly:

Attached is the Internal Audit Department 2000 Annual Report for your review and information.

This report includes background information on the audit profession, a summary of the 2000 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.

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 Budget Director, the Chief Fiscal Officer, the respective Department Director, 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 three professional auditors, the Director and a part-time Sr. Office Associate.

The current department Director provides the Municipality with more than 36 years of auditing experience. The current audit staff provides the Municipality with a combined total of approximately 21 years of auditing experience. Professional certifications held by department personnel include: Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Government Financial Manager (CGFM), Certified Bank Auditor (CBA), and Certified Financial Services Auditor (CFSA).

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 2000 AUDIT REPORTS

2000 AUDIT REPORTS			
NUMBER	**DATE**	**REPORT NAME**	**DEPARTMENT**
	03-06-00	1999 Annual Report	
2000-1	03-16-00	1999 Parts and Fuel Inventory	Municipal Light and Power
2000-2	03-14-00	1999 Parts, Tires and Lubricants Inventory	Property & Facility Management, Fleet Services Division
2000-3	03-14-00	1999 Parts, Fuel and Lubricants Inventory	Public Transportation Department
2000-4	04-06-00	1999 Parts and Fuel Inventory	Anchorage Water & Wastewater Utility
2000-5	04-10-00	Non-Standard Payroll Procedures	Finance Department
2000-6	05-16-00	Vendor Payments	Finance Department
2000-7	07-26-00	Enhanced 911 Surcharge Payments	Anchorage Police Department
2000-8	08-01-00	Cash Controls	Prosecution Division, Municipal Attorney
2000-9	09-08-00	Road Improvement and Gas Improvement Districts Special Assessments	Public Works Department
2000-10	10-06-00	Cash Controls, Museum of History and Art	Cultural & Recreational Services
2000-11	12-26-00	Cash Control Procedures	Municipal Light and Power

INDEX OF 2000 SPECIAL PROJECTS

2000 SPECIAL PROJECTS

DATE	SUBJECT NAME	DEPARTMENT
01-05-00	Reconciliation of Accounts Payable Transactions	Finance Department
01-06-00	Aurora Transportation Evidence Tows	Anchorage Police Department
02-15-00	Accounts Payable Payment Processing: Payments to Vendors (no formal memorandum issued)	Finance Department
02-16-00	PeopleSoft Data Integrity	Management Information Systems Department
04-06-00 & 08-23-00	Revised FLSA Calculations for Kelly Schedule Employees	Anchorage Fire Department
04-12-00	Cook Inlet Deep Navigation Project (no formal memorandum issued)	Port of Anchorage
04-24-00	Engineering Overhead Study	Municipal Light & Power
04-28-00	Accounts Payable Payment Processing: DHL Payments (no formal memorandum issued)	Finance Department
05-05-00	Allocations	Finance Department
05-07-00	AnchorRides Contract Review (no formal memorandum issued)	Public Transportation Department
05-30-00	Review of Property and Evidence Unit	Anchorage Police Department
06-05-00	Costs of Electrical Equipment Maintenance Repair	Finance Department
06-18-00	Internet Use	Employee Relations
07-05-00	Preferential Use Agreements, Tonnage Verification	Port of Anchorage
07-10-00	Review of 1999 Police & Fire Retiree Medical Fund Statements	Police & Fire Retirement
10-04-00	North East Community Center - Grant Review	Cultural & Recreational Services

2000 SPECIAL PROJECTS		
10-17-00	Museum Blazer Billings	Cultural & Recreational Services
11-20-00	City Hall Lease Pass Through Expense Review	Heritage Land Bank/ Property & Facility Mgmt
11-30-00	Operations Warehouse Year-End Inventory	Municipal Light & Power

EXECUTIVE SUMMARIES FROM 2000 AUDIT REPORTS

Municipality of Anchorage

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

March 16, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-1

1999 Parts and Fuel Inventory

Municipal Light and Power

We observed the year-end inventories at the Operations Division and reviewed the monthly cycle count procedures performed by the Generation Division at Municipal Light and Power. 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 a review of the monthly cycle count process and supporting documentation for the inventory counts, reviewed receipt and issue procedures, and performed random test counts of the year-end inventory balances.

The parts and fuel inventory at Municipal Light and Power was recorded at $11,956,638.84 as of December 31, 1999. This consisted of $2,899,233.40 of parts in the Operations Division warehouse, $8,150,237.18 of parts in the Generation Division warehouse and $907,168.26 in fuel in the Generation Division. The warehouse inventories were valued at the weighted average unit cost of the items and fuel inventory was valued at book cost. 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.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

March 14, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-2

1999 Parts, Tires and Lubricants Inventory

Fleet Services Division
Property and Facility Management

We observed the year-end inventory performed at Fleet Services Division, Property and Facility Management. 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 inventory was recorded at $357,326.14 as of December 31, 1999. The value of the inventory was based on a weighted average unit cost. A net adjustment of $391.56 was made to decrease the inventory records in the GEMS2000 subsystem to agree to the physical count and a net adjustment of $38,348.84 was made to decrease the PeopleSoft records to adjust the records to the physical count. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

March 14, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-3

1999 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 $318,447.93 as of December 31, 1999. The value of the inventory was based on a weighted average unit cost. A net adjustment of $3,082.78 was made to increase the subsystem to agree to the physical count and a net adjustment of $23,377.54 was made to decrease the PeopleSoft records to adjust the records to the physical count. Based on the results of the work performed, it is our opinion that the physical inventory was reasonably accurate.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

April 6, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-4

1999 Parts and Fuel Inventory

Anchorage Water and Wastewater Utility

We observed the year-end inventories at Anchorage Water and Wastewater Utility. 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 $948,565.11 as of December 31, 1999. 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. A physical inventory of parts was performed in October 1999. In our opinion, the physical inventory count was reasonably accurate. However, the Maximo subsystem and the PeopleSoft system did not reconcile at December 31, 1999. Research performed by Anchorage Water and Wastewater Utility Finance personnel indicated that items had been entered into the Maximo subsystem that were not entered as inventory to the PeopleSoft system. In addition, there was a $52,527.12 conversion discrepancy. Anchorage Water and Wastewater Utility personnel continue to reconcile the subsystem to the PeopleSoft system. The PeopleSoft system was used to determine the dollar amount of the parts inventory ($621,385.75). Fuel, gravel, recycled asphalt, and chemical inventories were measured in December 1999 and valued at the most recent invoice price.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

April 10, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-5

Non-Standard Payroll Procedures

In accordance with the Audit Plan, we have completed an audit of Non-Standard Payroll Procedures. The objectives of this audit were to determine whether the seven organizations that were not following standard payroll procedures had been granted an exception by the Chief Fiscal Officer and the Internal Auditor and whether the approved exception procedures were being followed. In addition, we tested the accuracy of selected payroll transactions during 1999. 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 December 1999.

The Chief Fiscal Officer had granted an exception to the seven organizations that were not following standard payroll procedures. In general, the approved written payroll exception procedures were outdated in most of the organizations reviewed and were not consistent with the actual procedures being followed under the new PeopleSoft HR Payroll System. Payroll input errors were not always detected because input was not verified by some payroll sections. Overtime pay at APD was not made timely due to internal processing delays.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

May 16, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-6

Vendor Payments

Finance Department

At the request of the Administration, we have completed an audit of vendor payments at the Finance Department. The objective of this audit was to determine the timeliness of vendor payments and adequacy of documentation in the "rolled out" agencies. 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 January through February 2000. The aging of receivables was as of January 4, 2000.

Vendor invoices were not being paid in a timely manner. Our review revealed that as of January 4, 2000, half of the outstanding invoices in the system were past due. And, although we found that documentation was adequate to support the payments being made in the "rolled out" departments, documentation was not consistently maintained nor filed. Policy and Procedure 24-19, Processing Accounts Payable Documents in PeopleSoft, and the Accounts Payable Guide did not reflect the current operational environment and require revision. Invoices were not being processed in a consistent/standard manner by the clerks in Central Processing nor by the staff in the "rolled out" departments. The "roll out" process for vendor payments has not been consistent throughout the Municipality.

Susan Colligan

Susan Colligan, CIA
Principal Auditor, Internal Audit

Municipality of Anchorage

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George P. Wuerch, Mayor

OFFICE OF THE INTERNAL AUDITOR

July 26, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-7

Enhanced 911 Surcharge Payments

Anchorage Police Department

At the request of the Administration, we have completed an audit of Enhanced 911 (E-911) Surcharge Payments at the Anchorage Police Department. The objective of this audit was to determine whether E-911 surcharge payments made by local exchange telephone companies were in compliance with the Anchorage Municipal Code and the Alaska State Statutes. 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 May 2000.

E-911 surcharge payments made by four local exchange telephone companies were generally in compliance with the Anchorage Municipal Code and the Alaska State Statutes. However, the responsibility for reviewing and monitoring the E-911 surcharge payments was not clearly established, deductions for the cost of collecting the E-911 surcharges were allowed even though payments were not always submitted in a timely manner by local exchange telephone companies, and the E-911 surcharge amounts charged-off as uncollectible were not always adjusted to reflect actual collections. The amount of E-911 surcharge payments has increased approximately 20% since 1997. See Appendix A, attached, for a chart of the payments.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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George P. Wuerch, Mayor

OFFICE OF THE INTERNAL AUDITOR

August 1, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-8

Cash Controls

Prosecution Division
Municipal Attorney

At the request of the Administration, we have completed an audit of cash controls at the Prosecution Division of the Municipal Attorney. The objective of this audit was to determine whether proper cash controls exist at the Prosecutor's Office. 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 May 2000. The audit was part of the 2000 Audit Plan.

Cash controls at the Prosecutor's Office required strengthening. Specifically, there was a lack of segregation of duties between collecting and recording cash collection, cash receipts were not always deposited weekly, and a deposit log was not used to document the receipt of cash until the weekly deposit.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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George P. Wuerch, Mayor

OFFICE OF THE INTERNAL AUDITOR

September 8, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-9

Road Improvement and Gas Improvement Districts Special Assessments

Public Works Department

At the request of the Administration, we have completed an audit of road improvement and gas improvement districts special assessments at the Public Works Department. The objective of this audit was to determine whether special assessments were properly computed, allocated and processed. 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 2000.

Special assessments were not always properly computed, allocated and processed. Specifically, Municipal Policy and Procedure 46-2 was not consistent with Anchorage Municipal Code Title 19 and written policies and procedures had not been developed for estimating total project costs for special assessment projects. The methods used for calculating assessments for road improvement districts were not always in compliance with Anchorage Municipal Code and/or Municipal Policy and Procedure 46-2. Management controls were not in place to ensure the accuracy of the computation. Costs for storm drain construction were not consistently charged to road improvement district projects. Assembly ordinances for road improvement districts and gas improvement districts were not recorded with the district recorder.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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George P. Wuerch, Mayor

OFFICE OF THE INTERNAL AUDITOR

October 6, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-10

Cash Controls
Museum of History and Art

Cultural and Recreational Services

As part of the 2000 Audit Plan, we have completed a follow-up audit of Cash Controls at the Museum of History and Art. The objective of this audit was to conduct a follow-up audit on findings and recommendations contained in Audit Report 99-09, Cash Controls at the Museum of History and Art, dated September 20, 1999. 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 2000.

Generally, the cash control weaknesses identified in our prior audit have been corrected by Museum staff. Compliance with Municipal Policy and Procedure 24-1, Collecting, Securing, Depositing and Reporting Cash, has improved since the prior audit. In addition, Museum staff no longer have access to non-Municipal cash. However, unscheduled cash counts were still not being accomplished and parking spaces controlled by the Museum were not properly managed, as reported in the prior audit.

Peter Raiskums, CIA, CFE
Director, Internal Audit

Municipality of Anchorage

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George P. Wuerch, Mayor

OFFICE OF THE INTERNAL AUDITOR

December 26, 2000

Honorable Mayor and Members of the Assembly:

The attached report is submitted for your review.

Internal Audit Report 2000-11

Cash Control Procedures

Municipal Light and Power

As part of the 2000 Audit Plan, we have completed an audit of the cash control procedures at Municipal Light and Power. The objective of this audit was to determine whether the Customer Service Division's procedures and controls for collecting and depositing cash were adequate. Specifically, we reviewed electronic fund transfers, credit card payments and over-the-counter cash receipts. We also reviewed compliance with Municipal Policy and Procedure 24-1, Collecting, Securing, Depositing and Reporting Cash. 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 October 2000. The audit was requested by the Management.

Overall, procedures and controls for collecting and depositing cash receipts were proper and complete. No weaknesses were noted for electronic fund transfers and credit card payments. However, compliance with Municipal Policy and Procedure 24-1 required improvement. Monthly cash counts were not consistently being performed, cashiers were not properly transferring cash drawers, and Cashier Daily Summary Reports were not being correctly completed.

Peter Raiskums, CIA, CFE
Director, Internal Audit

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 nonconcurrence 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))"