



# ALGA

Association of Local Government Auditors

## Funding the Audit Function: Money Well Spent

### ALGA's Mission

ALGA empowers our local government auditing community through excellence in advocacy, education, communication, and collaboration to protect and enhance the public good while embracing diversity, equity, and inclusiveness.

### Contact Us



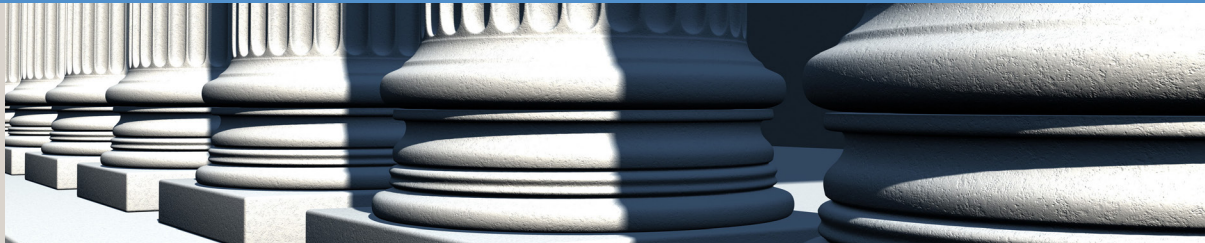
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### Funding Auditors – Investing in Efficiency and Public Trust

Effective audit functions increase public confidence in the transparency and efficient operations of local governments. Strong audit functions require organizational independence, adherence to professional standards, competent leadership, stakeholder support, **and** sufficient funding.

In times of limited resources, some local governments and agencies can be tempted to reduce the budgets of their auditors. Before making such decisions, responsible officials should understand the benefits a local government can gain by fully supporting and funding an in-house audit office.

Your auditor can help you fulfill your governance responsibilities for good stewardship of resources by identifying ways to:

- Implement policies and programs more effectively and more equitably.
- Increase cost savings and revenues.
- Make decisions based on solid data and risk awareness.
- Detect and prevent fraud.
- Enhance public confidence and trust in local governments.

A strong audit presence in your organization provides you with timely, independent analysis about organizational performance that you can rely on to prioritize needs and communicate with the public.

### Audit Function Successes

The audit function is essential for effective governance and worthy of sustained, adequate funding.

**Monitoring Performance:** Auditors can help ensure policies enacted by elected officials are implemented as intended. When performance is not meeting expectations, auditors can recommend ways to improve service delivery and prevent or reduce future liabilities.

- Auditors in a city in New York state found building code inspections required by state and local law were not being done. Because of this finding, the city developed a plan to improve how it tracked and scheduled inspections.
- Auditors in Berkeley, California, found ways to increase the effectiveness and efficiency of sewer repair work, thereby helping to substantially cut pollution in San Francisco Bay.

**Identifying Cost Savings and Revenue Enhancements:** Audits of vendor contracts, overtime pay, and employee health care coverage can identify savings and overcharges.

- A city in Tennessee saved over \$1 million after an audit of employee health coverage.
- San Diego auditors identified about \$1.1 million in overcharges for portable showers urgently needed for an emergency homeless shelter at the on-set of the COVID-19 pandemic.
- Kansas City auditors identified more than \$350,000 in missed revenue in one year after the city did not align its tax codes for motels and hotels with state law.
- Atlanta auditors identified more than 87,000 businesses with Atlanta addresses that were registered with the secretary of state but not registered with the city, highlighting how improved city enforcement could significantly increase business license revenue.

**Providing Data, Facts and Risk Analysis to Make Decisions:** Auditors provide objective information so that responsible officials can make informed decisions.

- Performance audits of streets and pensions helped two California cities balance competing priorities, win voter approval for initiatives, and avoid future costs.
- Seattle auditors looked at the city's pension system payments and identified risks that prompted the retirement system board to make a series of improvements.
- Voters in Modesto, California, approved an initiative to enhance auditor independence, as recommended by ALGA.

**Detecting and Preventing Fraud:** Auditors help safeguard the public trust and your government's reputation for good stewardship by providing training, monitoring hotlines, and making audit recommendations aimed at prevention. Auditors play an important role in detecting fraud and recovering taxpayers' dollars.

- Auditor offices in Austin, Texas, and Toronto, Ontario, Canada have conducted investigations that identified instances of city employees who violated city conflict-of-interest policies.

## Let ALGA Help You Strengthen Your Audit Function

The Association of Local Government Auditors is a professional organization committed to supporting and improving local government auditing. We can guide decision-makers to help you make informed choices about your audit function. We offer:

- Information about the cost and size of audit functions based on surveys of our membership.
- Publications such as model legislation for an appointed auditor or elected auditor position.
- Guidance on selecting a chief audit executive.
- Arrangement of peer reviews.
- Direct advice upon request by phone, email, video conference, or possibly in person.

