

Local Government Auditing Quarterly

The Journal of Local Government Auditing | Winter 2017



Auditing New Initiatives

Featured Articles

- Marijuana Policy in Denver
- Bike KC: Achieving Audit Impact on City Goals
- Auditing Uber and Transportation Network Companies
- Assessing the Development of Controls in a Developing Department
- Auditing Modern Body Camera Programs
- More!



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About the Quarterly

The Local Government Auditing Quarterly (LGAQ) is published four times a year – in September, December, March, and June – by the Association of Local Government Auditors (ALGA).

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From the Editor



Welcome to the Winter 2017 issue of the Local Government Auditing Quarterly, which is all about Auditing New Initiatives. In what could seem like an example of life imitating art (as these articles are very artfully written), the Publications Committee has been experimenting with a new initiative of its own—rotating the role of LGAQ Editor. As Alicia Cline surmised in her go at Guest Editor for the Fall Issue, it takes a lot of auditors to put out such a grand publication! Thanks to the help of trusty co-Guest Editor Dan Genz as well as everyone on the Publications Committee, we also got through this publication without a hitch.

But back to this issue, which really is quite exciting. Where else can you read about fascinating topics such as recreational marijuana sales, Uber, and police body cameras, all under the auspices of proper audit approach? Auditors definitely can't rely on their good old friend SALY when undertaking these types of projects. (SALY means Same as Last Year; am I showing my auditor age with that one?)

Auditing any area that is new to you or to your organization can be intimidating. But don't fear; you can apply the skills you possess and your knowledge of how to properly conduct an audit from planning to reporting. Your auditor instinct is still critical, even if you have never approached the topic. (Actually, your instinct and intuition are perhaps more important when delving in to an unfamiliar audit area!) Your soft skills will come in handy, as the need to collaborate, research, and adapt during these projects may take center stage in your audit strategy. Regardless of the audit area, I think a common thread iterated throughout the articles in this issue is that while auditing new initiatives takes some thinking outside of the audit box, it all comes back to applying basic audit standards.

I hope you enjoy reading this issue as much as I have. Just think—the work of the auditors on these new initiatives you will read about in this issue now, could be what the rest of us auditors look to down the road as best practices! Oh, and I must point out for you—you do NOT want to miss the fabulous original artwork by Jessica Tran that headlines Minh Dan Vuong's article starting on page 20...check it out!!

Thank you ALGA members, and especially to the Publications Committee, for putting up with me and my bad jokes. (Why did the auditor cross the road? Think about our old friend SALY again for the answer...) I look forward to the Spring Issue, where we will all learn more about the sometimes elusive topic of Information Security in auditor world. See the last pages of this issue for details on how and when you can submit an article, or feel free to reach out to anyone on the Publications Committee with your ideas! (Feel free to send in better jokes too!)

--Lisa Monteiro

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Association of Local Government Auditors

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“OH, WHY DO AUDITS TAKE SO LONG?” EVERYONE LAMENTS

By Gary Blackmer



I have said the same thing many times over the years, yet I cringe when I hear someone say that audits shouldn't have birthdays. Big findings take time, and arbitrary limits will exclude audit topics with major benefits for the public. Nature agrees: complex or big creatures require longer gestations—17 months for some whales.

Don't get me wrong; some performance audits should only take five months from the first team meeting until the audit report is released. And, some audits need 16 months to complete. The duration of the audit should be related to its scope and objective. Deciding to test an internal control where you've audited before might be done in less than five months, because the scope and objective are very clear. These audits are important, but the public are unlikely to realize large benefits. Choosing a topic that potentially improves services directly received by the public is quite different. It may require auditors to tackle complex findings that encompass multiple agencies and take 16 months to complete.

We want a solid return on the public's investment in our office. Small topics and small audits are safe bets because the audit costs and risks are smaller. Complex topics that improve agency outcomes for the public are almost always more costly audits with larger risks. I've written before that audit risk is only one factor to consider, and that a good auditor also needs to factor in the audit benefit.

The decision on the audit topic should only be made with a sound estimate of audit hours or cost. In addition, auditors should ensure that an estimated 5-month audit doesn't take 10 months, or a 10-month estimate doesn't become a 20-month reality. The causes for blown audit schedules are many, but some have solutions.

If auditors want to save time on complex findings, they need to frontload additional work.

So, understanding the root causes of long audits can help us minimize their duration. Over the years I have heard stories from friends, never in any places I worked of course, about the reasons that audits were untimely. I put them in five broad categories.

1. A COMPLEX FINDING CAN JUSTIFY MORE TIME

Sometimes you encounter an organization that is barely coping with its responsibilities and you find many service problems. Or, you may see indications that poor staffing decisions by agency managers are wasting money and degrading services. You could find an organization that is data-rich but doesn't use it to manage its costly operations.

Tackling one of these topics will add audit hours. Are you willing to gamble extra resources to deliver big results?

The team are explorers in an unknown territory; they need to learn the language of the topic area, learn the parts of the organization and their interactions with other parts and the public, and assess the culture and adaptability of the organization. In contrast, controls and written procedures are a territory that has already been mapped out for auditors to trace.

It is counter-intuitive, but if auditors want to save time on complex findings, they need to frontload additional work. A broad preliminary survey or "scoping" is more likely to expose the team to problems and possible audit strategies.

During this phase, the team should gather "potential findings" in a quick manner, noting the general types of evidence for the key elements of condition, criteria, and effect. With that list of potential findings, the team and audit leadership can consider the benefits and feasibility of tackling any big effect findings. There will be fewer dead-ends and surprises. Depending on the agency being audited, the team may need four to eight weeks of scoping.

There was a popular management book years ago, called *In Search of Excellence*. It promoted best practices and strategies for executives. The book for auditors should be *In Search of Mediocrity*, for promoting methods to spot weaknesses in program delivery where an audit could make a difference.

Knowing the potential finding and its elements can save many audit hours later in the process. A more specific topic allows for a more detailed and certain fieldwork plan. If the team is uncertain about criteria or data availability, it is not too late to explore that issue with a bit more scoping to ensure a sound plan.

Following Government Auditing Standards requires many more hours than we would need to reach the same recommendations. It's usually the first reason I give for why audits take so long.

Better knowledge of the potential finding also reduces the likelihood of surprises once fieldwork begins. The best planning can't always anticipate missing or unreliable data, a commonly encountered problem. The team needs to be nimble, and revise its plan and audit message to mitigate that problem. Sampling may be necessary to illustrate the condition, for example. Alternately, if the missing data was intended to identify the cause, it may not be a fatal weakness. Auditors can suggest causes based on interviews, or note that some data is missing, but available data indicates areas for the agency to consider. Rewording the finding may resolve the issue.

2. GOVERNMENT AUDITING STANDARDS CAN DOUBLE THE AMOUNT OF WORK REQUIRED

Yes, we must follow Government Auditing Standards (the Standards), but they require many more hours than we would need to reach the same recommendations without all the documentation of process, evidence, supervision, quality control, and other specified tasks. It's usually the first reason I give for why audits take so long.

There are sound reasons for the Standards. The masonry of evidence is the foundation of an audit, and triple checking it all will ensure our lasting credibility. The worst thing an auditor can do is to issue an audit that pushes an agency in the wrong direction or wastes public resources on the wrong recommendation or on a non-existent problem. I've seen consultant reports that lack such a foundation, doing the agency no good.

As the Standards expand (and they have grown substantially over the decades), we must look for audit methods that are lean but still meet the requirements. Serving on a peer review can offer participants a chance to find shortcuts and efficiencies used by other audit offices to comply with the Standards. Of course, you should also look inward—excessive meetings, valueless workpaper reviews, delays in feedback, and slow decision-making can all be fixed.

Establishing a consensus in the office about evidence sufficiency can also reduce fieldwork and avoid gathering superfluous evidence. If staff auditors are gathering extra evidence to satisfy a single "stickler" in the office, then training and discussion can clarify the expectations for sufficiency.

3. AUDIT TEAMS MAY STRUGGLE TO DEVELOP A COGENT FINDING

It's always an uncomfortable truth that audit teams are sometimes outside their depth. We're asking front line staff to out-manage the agency's managers, and sometimes they lack the experience to see the problems and the right solutions. Again, a scoping phase can allow the team to sharpen their finding and workplan with extra office guidance. Hiring profiles and

Most people we hire to be auditors can't write well at all, or edit. As a result, audit drafts begin ugly and don't improve much.

training regimens should also be examined to get new hires over the high learning curve.

The team may be top notch, but simply can't find any worthwhile findings in an agency. Maybe the leadership studied *In Search of Excellence* and applied the lessons. An objective and prudent auditor should withdraw, because there are likely to be more worthwhile audits to be done elsewhere. A brief memo to the agency at the end of scoping can explain what was examined, that no significant issues were identified, and that audit resources would be better spent elsewhere.

Team dysfunction can also contribute to slow audits. Mixed audit risk tolerance among the team and management may send the team in different directions. Interpersonal conflicts can simmer beneath team activities. Work distractions or split responsibilities can kill the momentum a team needs to complete an audit. Team members and managers need to be alert to these kinds of problems and most importantly, be willing to intervene to resolve them.

4. WRITING AND EDITING CAN BECOME AN ENDLESS LOOP

A couple hard truths: most people we hire to be auditors can't write well at all, or edit. As a result, audit drafts begin ugly and don't improve much.

We grew up writing for teachers and professors who were paid to read our work. They had little interest in our narrative style or appeal to a general reader. Their biggest priority was ensuring we understood the subject matter. Unless we were majoring in writing or journalism, our dissertations were meant to be inscrutable because that's how a successful academic writes. For most of us, engaging narrative wasn't in the syllabus.

And nothing is more dispiriting than an endless gauntlet of edits by "editors." These bosses each think they are improving the narrative before passing it on, then, after others have whittled and puttied, want to have another go at it. I'm guilty, and sorry about it now.

There are several ways we can reduce the writing-editing gauntlet. The most difficult is teaching auditors to write well, and quickly. First, it will take a long time and much practice to be a good writer. Second, the audit process creates its own challenges. Our workpapers are a gathering of facts, and really just fragments of a story that can be complex and difficult to tell simply. It's like describing the dromedary camel (gestation 15 months). Gerbils would probably be easier (19 days).

One shortcut is to tolerate mediocre writing in the body of the report and shape the summary into a beautiful little silk purse (and you know the rest of that idiom). Most leaders and readers don't get past the summary, and the agency personnel will read and understand the body of the report, despite some awkward phrases.

Many external factors require patience, diplomacy, assertiveness, or nimble actions to address.

The best solution is to shorten the edit cycle. Count the editors and the dates and days each took to make their contributions. Compare the days it took each editor and then look at the value of the edits. If they are just cosmetic or trivial but took four working days, then set some rules about turnaround. That's teaching the editors to edit well, which sometimes means not at all.

Unless the first draft was a disaster, one look by a manager should be sufficient. If you get disastrous first drafts, lock the team and managers in a room before writing begins and develop a detailed audit message that everyone accepts, then stick to that script. Management leadership is best spent on matters other than wordsmithing. (This is my atonement for past over-editing.)

5. EXTERNAL FACTORS CAN SLOW AUDIT PROGRESS

Many of these factors are outside the auditors' control and require patience, diplomacy, assertiveness, or nimble actions to address.

Auditors may encounter agency resistance, stalling, or apathetic responses. Upper management needs to engage with the agency, and perhaps with the elected leadership to resolve these delays.

Audit staff turnover can also set an audit back. Losing a team member with a good grasp of the findings can damage report writing. Keeping your audit staff feeling fulfilled and happy with their workplace can reduce attrition. (That is so easy to say...)

Lawyers may ask the auditors to hold off because of an investigation, sparked by the audit or other activities. If an agency head departs during the audit completion, the team may need to give the new or interim director additional time to prepare a response.

You may discover other barriers and drags on timely audit completion in your organization. Auditors should periodically turn their analytical tools back on themselves to ensure that they are delivering the best value for the public's investment in them.

ABOUT THE AUTHOR

***Gary Blackmer** has been conducting audits for 30 years and recently retired from his position as Director of the Oregon Audits Division. The Division conducts performance, financial, and information technology audits, monitors financial audits of local governments, and responds to hotline allegations. Previously, Blackmer served 10 years as the elected Portland City Auditor, eight years as elected Multnomah County Auditor, a management auditor, and analyst for a variety of state and local agencies. Blackmer is a past-Chair of the Pacific Northwest Intergovernmental Audit Forum, and past-President of the Association of Local Government Auditors. He received the ALGA Lifetime Achievement Award in 2015.*

SUBMIT, VOLUNTEER, OR NOMINATE!

**Lisa Monteiro,
Committee Chair**

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The members of the [Awards Committee](#) rotate periodically—come join in the fun! We are always looking for volunteers to serve on the Awards Committee. If you or someone in your audit shop might be interested in serving as a committee member for the 2018/19 awards period, please contact us.

Feel free to contact [Lisa Monteiro](#), Chair or [Kathie Harrison](#), Vice Chair at any time to volunteer or with any questions, comments, or general good wishes. *Submit, Volunteer, or Nominate—all are easy and rewarding!*

MARIJUANA POLICY IN DENVER

**Timothy M.
O'Brien**



Auditing is based in part on the principles of established best practices and known policies and procedures. So how do you audit something that's unknown, unestablished or never been done before? Your teams must innovate.

In 2016, my auditing team took on the task of auditing the Denver Mayor's Office of Marijuana Policy. Denver created the office in 2014 after voters chose to legalize recreational marijuana sales. The office's mission is to recommend, administer, and implement policies regarding the drug. It acts as a liaison between more than a dozen established government agencies such as Denver Police and Denver Fire, the City Attorney's Office, Community Planning and Development, and the Department of Excise and Licenses to help them coordinate efforts related to new marijuana challenges and considerations.

Members of the community expressed concerns regarding how tax revenue collected from recreational marijuana sales would be used. The purpose of the audit was to assess the effectiveness of the office's governance structure, specific policy initiatives, and Denver's process for determining how to allocate marijuana tax revenue.

Today, Denver remains a leader in innovating marijuana policy and addressing new challenges associated with businesses, neighborhoods, and marijuana users.

LEADING THE WAY ON LEGALIZATION

Medical marijuana has been legal in Colorado since 2000. Voters legalized recreational or retail marijuana in the state in November 2012, as did voters in the state of Washington. Colorado opened the first retail cannabis stores on January 1, 2014. Now eight states and Washington, D.C., have legalized recreational

The dichotomy of federal versus state laws made audit criteria challenging to define.

marijuana. Twenty-nine states, Washington, D.C., Guam, and Puerto Rico have legalized medical marijuana.

In 2016, Denver collected more than \$20.6 million dollars in retail marijuana tax revenue. That's three percent of the city's sales tax revenue. Denver collected \$7.7 million in nonretail medical marijuana sales tax—about one percent of the city's sales tax revenue. In 2015, Denver collected more than \$15.6 million in recreational marijuana tax revenue. In 2014, recreational marijuana tax revenue for the city was about \$10.7 million.¹

Both medical and recreational marijuana sales are taxed at state and local levels. Denver collects a higher percentage sales tax on medical marijuana than the state of Colorado. However, the State collects a much higher percentage sales tax on retail marijuana than the city.



CHALLENGES OF WORKING WITH MARIJUANA

Marijuana regulation is subject to multiple layers of legal oversight including federal, state, and local laws and rules. Regulating and working with the marijuana industry is challenging in part because it is legal on the state level in Colorado but not at the federal level. The dichotomy of federal versus state laws made audit criteria challenging to define.

Federal law still considers marijuana a Schedule I substance under the Controlled Substances Act². Schedule I drugs have no currently accepted medical use and are considered at high risk for abuse. Other examples of Schedule I drugs include heroin, LSD and ecstasy.

Another challenge in auditing a marijuana-related office is the unusual banking practices for marijuana businesses. The marijuana industry is largely cash-based due to federal banking restrictions. Federal banking regulators could threaten or limit a bank or credit union's deposit insurance if they work with a business selling federally illegal drugs. Some banks have refused to work with marijuana-related businesses because they could be accused of money laundering or drug trafficking. Beyond the scope and timing of the audit report, there have been several instances of the federal government attempting to solve the marijuana banking issue. The U.S

We pulled from the auditing standards we already knew and applied them with a new purpose.

Department of Treasury does allow banking for marijuana businesses³ with extra regulations; however, many banks choose not to risk confrontation with federal law enforcement. The Secure and Fair Enforcement Act of 2017 to allow marijuana business banking is currently in a subcommittee in the House of Representatives⁴ and a committee in the Senate⁵.

Auditing financials related to the cash-heavy industry presented a new challenge. This required some innovation in tracking receipts and tracking the marijuana plants themselves. There is innovation still happening on this front today. Colorado uses a marijuana tracking system called Metrc to trace the plant from seed to seller and regulate inventory. This helps marijuana businesses with reconciliation. We used two financial systems—PeopleSoft and GenTax—to determine how the City allocated marijuana tax revenue in 2014, 2015, and 2016.

FINDING COMMON GROUND FOR AUDITING WORK

Finalizing criteria for the audit was tricky because there was no precedent. We reached out to other cities working with Denver as they took on the legalization of marijuana, and we found Denver was ahead on strategic planning.

We eventually found auditing process success by understanding that while some elements of the audit were new, others were the same as any other city agency we audited. Our team could still audit policies and procedures to ascertain effectiveness and efficiency. We pulled from the auditing standards we already knew and applied them with a new purpose. Our team recognized that although the subject might be unusual, it was still a city agency and many auditable points such as financial statements and documentation were familiar.

Medical Marijuana	Percentage
Denver Standard Sales Tax	3.65%
State Standard Sales Tax	2.90%
RTD Sales Tax	1.00%
SCFD Sales Tax	0.10%
Total Medical Marijuana Sales Tax	7.65%
Retail Marijuana	Percentage
Existing Sales Tax*	7.65%
Denver Special Sales Tax	3.5%
State Special Sales Tax on Retail Marijuana	10%
Total Retail Marijuana Sales Tax	21.15%

Source: 2016 OMP Annual Report.
Note: *Existing Sales Tax includes the standard sales taxes, RTD, and SCFD Sales Taxes.

We used several methodologies during the audit to gather and analyze information. We interviewed Office of Marijuana Policy personnel, we interviewed leadership from the State of Colorado and other Denver city agencies that interact with the office to gauge their level of collaboration, and we interviewed marijuana policy and enforcement personnel from cities like Boulder, Fort Collins, Seattle, and Portland. We also reached out to a representative from Inter-Neighborhood Cooperation, a local neighborhood group, to understand how the office communicates with and informs community members. We held three separate focus groups with representatives from the marijuana industry, registered neighborhood organizations, Denver Public Schools, and a youth advocacy group to identify outreach activities.

NEED FOR TRANSPARENCY AND PUBLIC ENGAGEMENT

Our purpose in doing the audit was to assess the extent to which the Office of Marijuana Policy accomplished its mission and Denver's process for determining how to allocate marijuana tax revenue. Despite many accomplishments, our audit found the Office of Marijuana Policy has room for improving transparency and collaboration with the community regarding tax revenue spending and policy development.

During the campaign to legalize recreational marijuana in Colorado, supporters cited the advantages of raising money for schools and education. The State of Colorado has the tax revenue from recreational marijuana specifically earmarked for health care, health education, substance abuse prevention and treatment, law enforcement and school construction projects. However, Denver's marijuana tax revenue goes into the city's general fund. Voters approved the local marijuana tax to be used for payment of regulation and enforcement expenses, education and public health programs and to "otherwise pay expenses of operating and improving the city and its facilities." That last part is very general and leaves the door open for many different uses of the money in Denver. There is no special revenue fund to designate that money for specific education programs or other specific marijuana-related uses.

Auditors identified a lack of transparency in how marijuana tax revenue was used. Of the nearly \$80 million in marijuana-related revenue generated between 2014 and 2016, only \$20.6 million was budgeted specifically for marijuana-related expenditures. About \$59 million was left in the general fund to pay for other city services, and auditors could not determine what specific services this \$59 million funded. Since the use of the tax dollars was an important factor for many voters who supported the legislation, auditors felt there should be better budgeting documentation to show how this objective is accomplished.

These findings illustrate how the auditors took standards of government auditing and applied them to a unique scenario to make informed findings and recommendations.

The audit team also determined the Office of Marijuana Policy was working hard to establish strong working relationships with other government agencies, but it needed improvement in its outreach to the marijuana industry and the public. The office made efforts to put out bulletins to marijuana industry members and to attend meetings with community members; however, members of the marijuana industry who participated in a focus group reported little or inconsistent contact. Community members in our focus groups also said they had no knowledge of the office's role or had never interacted with Office of Marijuana Policy personnel. The office's outreach approach does not provide them with valuable input from a representative sample of marijuana businesses or the city's registered neighborhood organizations with the highest number of marijuana businesses within their borders.

These findings illustrate how the auditors took standards of government auditing and applied them to a unique scenario to make informed findings and recommendations. They compared their observations of interaction with marijuana industry members to best practices for citizen engagement from groups such as the National League of Cities and the IBM Center for the Business of Government. Using those best practices, they determined areas where the Office of marijuana Policy could improve.

The auditee agreed with all recommendations regarding marijuana tax revenue funds, community and industry outreach, and documenting strategic success. The Office of Marijuana Policy moved to the Department of Excise and Licenses in 2016. Our audit team is currently working on our follow-up report to see how operations have changed since receiving our recommendations.

ABOUT THE AUTHOR

Denver Auditor Timothy M. O'Brien, CPA, has more than 40 years of auditing and accounting experience. He was elected as Denver's Auditor in 2015 after serving as the Colorado state auditor for 11 years. Denver's Auditor is independently elected to serve as a check and balance for the "strong mayor" form of government. The mayor writes the budget for the city and the auditor performs internal audit services and prevailing wage enforcement. Auditor O'Brien's experience includes serving as chairman on the board of trustees for the Public Employee Retirement Association of Colorado and membership in the Colorado Society of CPAs, the American Institute of CPAs, the Chartered Financial Analyst Institute, the Colorado Society of Chartered Financial Analysts and the National Association of State Auditors.

NOTES

¹ City and County of Denver Department of Finance – Controller’s Office, Comprehensive Annual Financial Report 2016 (Denver, Co. 2016), 175.

² “State Medical Marijuana laws,” National Conference of State Legislatures, 14 September 2017, <<http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx>> (1 November 2017).

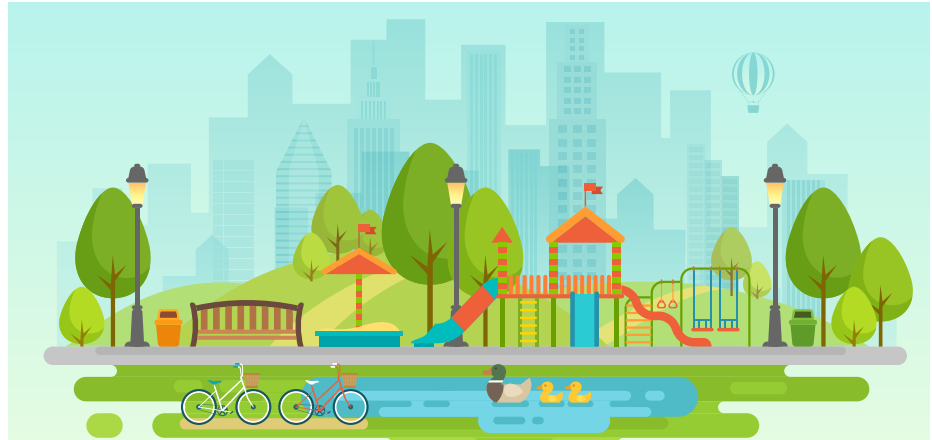
³ “BSA Expectations Regarding Marijuana-Related Businesses,” Department of the Treasury Financial Crimes Enforcement Network, < <https://www.fincen.gov/sites/default/files/shared/FIN-2014-G001.pdf>> (9 November 2017).

⁴ “H.R.2215 – SAFE Act of 2017,” Congress.gov, 21 September 2017, < <https://www.congress.gov/bill/115th-congress/house-bill/2215/text>> (1 November 2017).

⁵ “S.1152 – SAFE Banking Act,” Congress.gov, 8 June 2017, < <https://www.congress.gov/bill/115th-congress/senate-bill/1152/text>> (1 November 2017).

BIKE KC: ACHIEVING AUDIT IMPACT ON CITY GOALS

Jonathan Lecuyer



An important government auditing function is the evaluation of progress of existing plans and goals. The function helps an organization maintain focus on its priorities and provides important transparency and accountability of government activity to the community. Policy goals adopted by an organization are meant to provide direction to staff so that their work achieves the desired outcomes of the citizens they serve. To this end, cities establish many goals. These goals can be pragmatic, idealistic, visionary, or over-the-top unrealistic. In all cases, they are promises made to the public for a certain policy direction in the city. All too often goals are forgotten in the milieu of tending everyday city business or to take up the latest topic du jour. Evaluating the progress and strategy selected to achieve goals provides policy makers and the public with important information to ensure adequate guidance, planning, and resources are given to staff.

BACKGROUND

Kansas City adopted a comprehensive, citywide master plan in 1997 that emphasized a clear policy goal to develop a bicycle network accessible to residents as a means of transportation and recreation. Since that time, the City has expanded, strengthened, reinforced, and specified that goal through numerous area plans, resolutions, and ordinances. Bike KC, the City's on-street master bicycle plan was adopted in 2002. In 2008, the City Council stated its goal of Kansas City becoming a League of American Bicyclists' platinum level bicycle friendly community by 2020.

Since 2011, the City has received numerous federal grants totaling several million dollars, equally matched by local funds to construct bicycle infrastructure. At the beginning of each construction season, the City announced the initiation of those projects and others while extolling the bike friendly culture being developed in

We felt our audit would have a more significant impact if we developed a convincing case that a lack of a plan was a direct cause of the implementation issues on a project level being experienced by citizens.

the City. We reviewed announcements over that period and found the same projects announced repeatedly. Eventually, citizens began to recognize those pronouncements did not reflect the progress on the ground. Our office received a number of requests to evaluate the City’s progress on adopted goals, bike and pedestrian policy goals adopted but not implemented, and bicycle infrastructure and safety in general. To respond to the concerns expressed by citizens, we initiated an audit of the City’s bike plan, Bike KC.

Our audit planning work identified broad internal disagreement within city departments about the nature and extent of incorporating bicycle infrastructure into city infrastructure. Disagreement ranged from quibbles over the type of bicycle facilities to install on a particular project to the overall prioritization and need for including bicycle infrastructure at all. Upon requesting the actual bike plan documents, the source of the internal disagreements became immediately clear. Originally adopted in 2002, Bike KC, as described by staff, was only lines on a map. Even after adoption of the City’s platinum bicycle goals, the plan had never been updated. Based on our planning work, we developed the objective to determine whether the City’s adopted bicycle plan provides adequate guidance to staff to meet the City’s adopted bike-related goals.

FINDINGS AND RECOMMENDATIONS

As was anticipated from our initial planning, our main finding was that the City’s adopted bicycle plan was inadequate to guide staff in achieving the City’s adopted bike-related goals. We used criteria developed from the American Association of State Transportation Officials (AASHTO) manuals in assessing the adequacy of the City’s plan. (See Exhibit 1.) It could have been easy to stop at that point and simply give the recommendation to create an adequate plan by following recommended practices. We felt our audit would have a more significant impact if we developed a convincing case that a lack of a plan was a direct cause of the implementation issues on a project level being experienced by citizens.

Exhibit 1: Recommended Bike Plan Elements Contained in Bike KC	
AASHTO Recommended Elements	Bike KC
Establish a Public Process to Shape Plan	Partial
Plan Context and Current Status of Biking	No
Vision, Goals, and Objectives	No
Benchmarks or Performance Indicators	No
Design Guidelines and Policies	No
Network of Bicycle Facilities	No
Implementation Plan	No
Education and Encouragement Programs	No
Enforcement Programs	No

Without appropriate preliminary planning, many opportunities to include bicycle facilities in ongoing, routine resurfacing projects have not occurred.

The macro-condition of the audit was the lack of a plan; however, we found each element within the plan as a condition of the finding as well. Analyzing the effects of each missing element helped elucidate their importance to our audience. We did this by demonstrating how each element of the plan would be used by staff to make decisions and how the lack of guidance resulted in decisions that were not achieving the City's policy goals. For example, over half of the existing routes identified within Bike KC do not provide a riding environment conducive to the average bicyclist. Dedicated space for bicyclists is meant to alleviate this issue; however, without any goals or guidance just 9% of bike infrastructure developed since Bike KC's inception provided bicyclists with this dedicated space. This results in no change to the existing poor riding environment. No change in the riding environment meant no change in the level of service provided to attract the average bicyclist. Out of the on-street, separated bicycle facilities built, no two facilities intersected with one another. Additionally, the bicycle routes within the plan do not adequately connect people with destinations such as schools and retail districts. Existing design options allowed by the City for bike infrastructure did not provide city staff with the flexibility to adapt to the challenging urban demands faced by engineers and planners. Critically, funding is not identified and often precludes inclusion or planning for bicycle infrastructure. Without appropriate preliminary planning, many opportunities to include bicycle facilities in ongoing, routine resurfacing projects have not occurred. Even though federal funding was secured for five bicycle projects, some funded since 2012, no project had begun construction at the time of the audit. A look at our report can provide further detail in how we tied the elements of the plan to the problems seen in its implementation.

Another important finding in our audit was city staff failing to incorporate input from the city's Bicycle Pedestrian and Advisory Committee (BPAC). This committee was developed as the oversight mechanism for all things related to biking. Our review of staff handling of the committee found significant problems with how the committee was run and particularly in staff incorporation of input from the committee in their development of City bicycling priorities and projects. Our recommendations directly addressed each recommended element of master bicycle plan in addition to incorporating the input of BPAC to the process. (Exhibit 2.)

RESPONSE TO THE AUDIT

Public interest in our audit topic was high. Requests to review our audit prior to our formal presentation lead to heavy news coverage and external pressure. Response from management was significant and swift including completely restarting the planning process for bike infrastructure in the city and dedicating City Manager staff to the BPAC committee for improved communication. As the City's Planning Department undertook the planning process, they requested our office join their internal staff steering committee

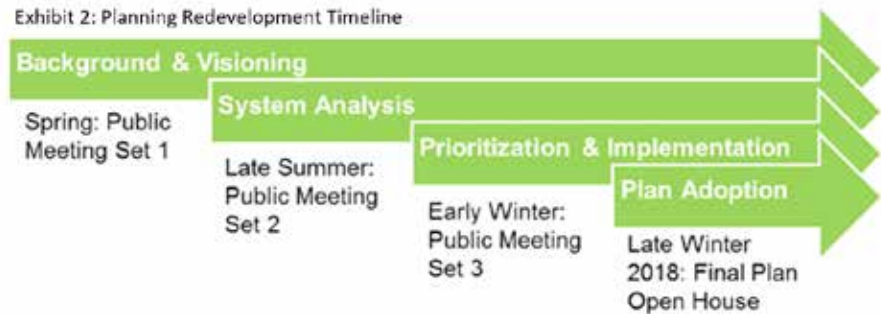
In addition to progress on the development of a plan to guide staff in the implementation of a bike plan to meet City goals, projects long delayed are now currently underway.

to provide technical assistance related to the audit recommendations. I attended these meetings semi-regularly to serve as a resource for recommended practices during their initial planning stages.

IMPLEMENTING AUDIT RECOMMENDATIONS

The impact of this audit has extended well beyond the initial response. As part of our normal audit process, the auditee and our staff return to the audit committee to provide updates on the implementation of audit recommendations—referred to as the Audit Recommendation Tracking (ARTs) process. Discussions immediately following our original audit presentation were quite short, lasting only about five minutes after our presentation was complete. Council members were displeased with the state of affairs and management promised to fix them. During the first ARTs report, the committee spent nearly an hour discussing the progress on the updated on-street bike plan and a significant amount of time on what council members want to see in the plan so as to achieve the City’s goals. They recognized the importance of this process based on the findings of our audit. It was a productive discussion that would not have taken place without the recommendations from our audit to guide the process. To date, the planning process has conducted initial outreach for public input, completed visioning and goal setting, completed a system analysis, and is currently conducting a second round of public input to create a prioritization and implementation plan. (See Exhibit 2.)

Exhibit 2: Planning Redevelopment Timeline



In addition to progress on the development of a plan to guide staff in the implementation of a bike plan to meet City goals, projects long delayed are now currently underway. The City completed a project along a major downtown corridor connecting several key destinations with a buffered bike lane. Citizens and bicycling advocates have credited our office’s assessment of the city’s implementation strategy as key to unlocking city processes that had become gridlocked or simply broken. While we did not offer specific solutions to the projects now being completed, the auditor’s spotlight on problem areas helped inform policy makers of the need for new strategies and resources to accomplish city goals.

**Our audit has helped
the city reorient
their focus on a goal
it has struggled
to accomplish for
nearly two decades.**

CONCLUSION

Sometimes you can conduct audits on programs or processes where it is an open secret the City is underperforming. A citizen could walk outside and see a lack of bicycle infrastructure in Kansas City prior to our audit. Indeed, many citizens complained about this very issue. In cases such as this audit, it is important to take an objective approach that provides recommendations with enough depth that the auditee has a roadmap for resolving their deficiencies. While it could have been possible in this instance to assess one delayed bike project and identify the deficiencies, this would not have solved the broader problem. The evaluation of one project, one action, or one internal control can miss the overall purpose and intent of why that process is being undertaken. Our ability to step back as independent auditors and take a clear-eyed look at the long-term is a value proposition equally important as identifying efficiencies in daily processes. Our audit has helped the City reorient their focus on a goal it has struggled to accomplish for nearly two decades.

To see our full audit report, you can find it at: <https://kcmo.gov/cityauditor>

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AUDITING UBER AND TRANSPORTATION NETWORK COMPANIES

Minh Dan Vuong



Since Uber and Lyft rolled onto public roads in 2012, they have created new opportunities for people to hire a car ride with a few clicks on a smartphone, for drivers to make money, and—guess what?—for us to audit. With this article, I want to give you some ideas of what you can audit.

At first, governments were caught by surprise and some tried to fight Uber¹. Then they gave this industry a new name: “transportation network company” (TNC). Eventually, some governments adopted new rules to enable and regulate TNCs and adapted the old rules for taxicabs. Government rules now range from having none, to laying out the welcome mat, to requiring specifics of companies and drivers.

How far along is your jurisdiction in dealing with TNCs? What role does your jurisdiction want to play in regulating this industry?

WHO ARE THE PLAYERS?

Before you audit, give some thought to who your auditee and audiences are. Among the many players and stakeholders are:

- Your legislators
- Transportation network companies, Uber and Lyft being the biggest
- Drivers who work for TNCs
- Your agency implementing the regulations

But don’t forget about passengers, competitors like the taxicab industry with its companies and drivers, and other jurisdictions like state government or airport authorities. Giving impartial, high-level information to legislators will lead you to a different audit than checking a sample of drivers for compliance. Also, keep in

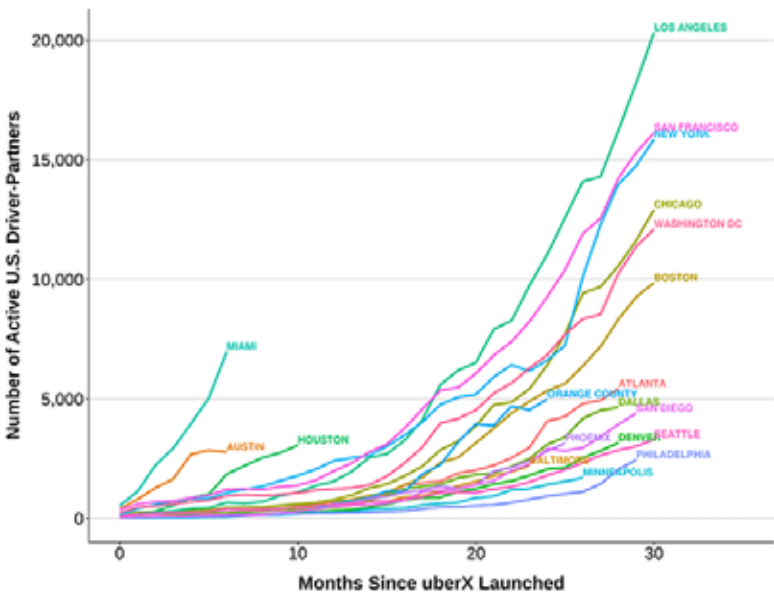
Before you audit, give some thought to who your auditee and audiences are.

mind that drivers do not necessarily want the same thing as the company for which they are driving.

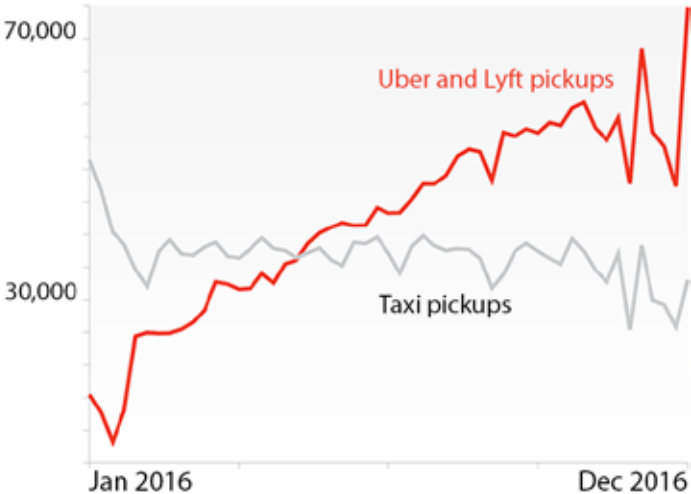
TRAFFIC IS HUGE

TNCs' ride volume has grown and outpaced taxicabs in many places. Having more cars and a larger service area makes a company more attractive to new customers. More customers, in turn, help the company scale even bigger.

Various cities: Uber reported exponential growth in drivers²



Los Angeles International Airport: Public records about fee payments show TNCs overtaking taxicabs in mid-2016 [adapted from ³]



Risk 1:
Service levels —
Are companies
providing the service
as promised or as
required?

What are the side effects of this growth? Planners worry that TNCs are increasing congestion, generating unnecessary trips, and reducing transit ridership and walking/biking. At some airports, including San Jose's, Uber and Lyft already put a dent in parking revenues.

What kind of data does your jurisdiction have? If companies do not report data, how can you estimate traffic from fee payments, vehicle registrations, airport data, or physically counting cars in the entertainment district?

PLENTY OF RISKS

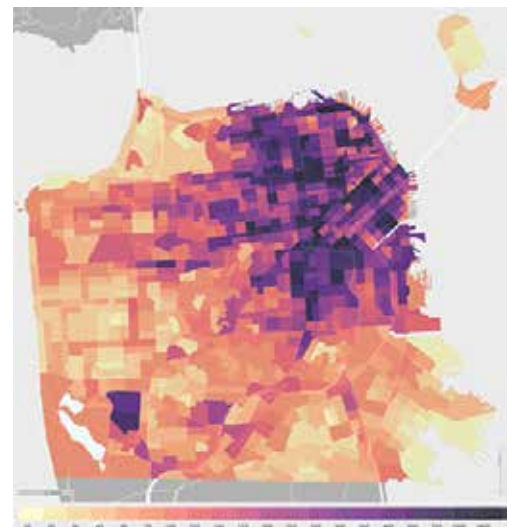
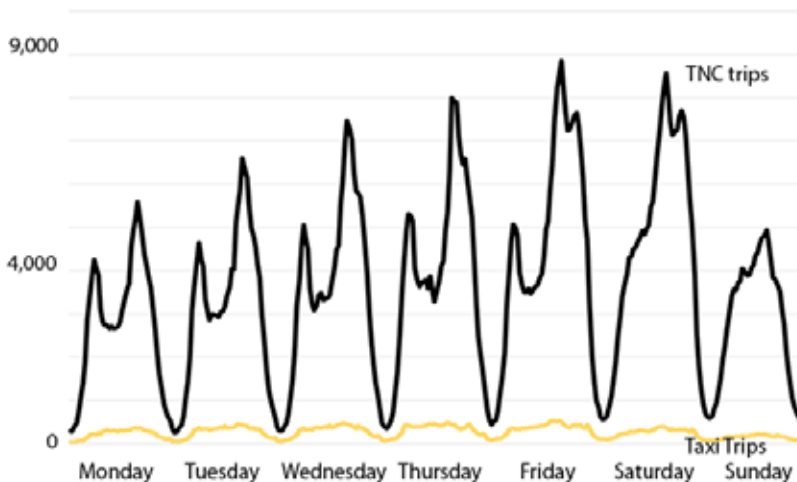
Aside from the long-term impacts of TNCs' growth, there are some immediate risks. Risks vary by jurisdiction, but here are some ideas to get you started:

Service levels: Are companies providing the service as promised or as required?

Portland requires companies to offer citywide 24/7 service and prohibits drivers from refusing rides – a common requirement. Portland's goal is that passengers wait less than 30 minutes. Indeed, a frequent complaint of taxicabs' passengers is that they will not pick up customers in far-away neighborhoods and refuse short trips.

Portland laws require companies to report some of this data, but in our audit⁴ we found that regulators had not regularly analyzed this data. Researchers in San Francisco mapped when and where TNC rides happen:

San Francisco: Researchers collected TNC data to estimate trip volume around the clock⁵



Risk 2:

**Disparate service
— Are some
populations
systemically getting
poor service?**

Risk 3:

**Safety — Are
you protecting
passengers and the
public?**

When you analyze service levels, what differences do you see across ZIP codes, neighborhoods, and by day/time?

Disparate service: Are some populations systemically getting poor service?

Portland requires companies to accommodate riders with disabilities – for example, wheelchair users, people with vision impairments, and passengers with service dogs. Doing secret shopping, regulators found that wait times for wheelchair-accessible cars often exceeded the 30-minute goal. Researchers elsewhere even found evidence of discrimination against African American riders, who faced longer wait times in Seattle and more cancellations in Boston⁶.

Thinking about “field” work and secret shopping – what kind of audit steps can you imagine?

Safety: Are you protecting passengers and the public?

For taxi drivers, many jurisdictions mandated specific criminal background checks, insurance levels, and vehicle inspections. These were big disagreements with Uber at first, but it seems Uber has now settled these questions with many regulators. In Portland, regulators developed a new inspection program to check drivers for insurance, business license, fire extinguishers, background checks, and other requirements. Inspectors take an incognito ride and then show their badge to the driver, asking to see the documents and equipment.

Inspectors from the Portland Transportation Bureau check a TNC driver’s documents and car⁴



Risk 4:

Price regulations

— **What is your agency's approach to consumer protection?**

Risk 5:

Compliance, fees, and fines — Are companies and drivers paying the government as required?

Risk 6:

Flouting the government — Are companies actively evading your rules?

Regulators in Arizona, on the other hand, have been more hands-off and have not yet figured out how to deal with car crashes involving self-driving Uber cars⁷.

What rules and controls does your agency have to ensure safety? Are your inspections effective? How would your regulators respond, if at all, when a driver causes an injury crash?

Price regulations: What is your agency's approach to consumer protection?

In this industry, passengers are at a disadvantage because drivers and companies have more information and more power. Because abusive drivers could overcharge unknowing customers, many governments tightly regulated taxi rates. Despite the smartphone apps, there could still be risks in how companies set prices. Uber's innovation was to raise prices by algorithm during high-demand times to attract more drivers. Now, in many places, Uber calculates the price upfront based on your destination and potentially pockets the difference between what the rider pays and what the driver receives⁸.

What is your agency's approach to price regulations? Are your regulators taking or tracking customer complaints, or do you leave them to companies to handle?

Compliance, fees, and fines: Are companies and drivers paying the government as required?

To verify that companies correctly paid fees to the government, auditors from San Francisco reviewed procedures and tested data at Uber and Lyft for accuracy and completeness⁹. Many governments rely on companies reporting their total ride volume to regulators, but when you look under the hood, you might find discrepancies or underreporting.

How do your regulators know the dollar amounts are accurate? Or are they relying on the honor system?

Flouting the government: Are companies actively evading your rules?

When Uber launched in new markets, it sometimes racked up large fines for illegal operations and then refused to pay. Now Uber seems more cooperative with regulators, but this year it was revealed that Uber had an active program, dubbed Greyball, to identify and evade government inspectors¹⁰. Corporate (mal)practices are much larger than an individual driver not following safety or licensing rules. It should give us pause that Greyball was a company-driven effort to actively deceive and evade government, even if the company says all the right things in its public relations efforts.

The New York Times

How Uber Deceives the Authorities Worldwide

By MIKE ISAAC MARCH 3, 2017

SAN FRANCISCO — Uber has for years engaged in a worldwide program to deceive the authorities in markets where its low-cost ride-hailing service was resisted by law enforcement or, in some instances, had been banned.

What controls do you have in place to make sure companies are not evading the government?

LEGISLATORS AND REGULATORS MIGHT BE CHALLENGED

Finally, consider that your regulators and lawmakers might be overwhelmed or even under pressure from the industry. We as auditors can bring matters to the public back into focus and question the regulations.

Regulators are often under-resourced, especially compared against the large companies and their software engineers, data scientists, and attorneys. You might find your regulators still working through paper-based processes, not having tools to meet new needs, or playing catch-up because of TNCs' rapid growth.

Lawmakers might be challenged, too. I saw first-hand how legislators dealing with TNCs wanted to forge compromises that made all stakeholders happy and got lost in the details of permit allocation formulas and business tax compliance. Legislative hearings take up hours and can produce conflicting goals and direction for regulators to implement. This process worked well for some influential stakeholder groups, but passengers may not be as organized to take part.

Lawmakers have also been targeted by companies' lobbying. TNC lobbyists in Portland disclosed more than 400 meetings, phone calls, and contacts with legislators in 2015 while they were considering new rules. In Austin, the companies sponsored and campaigned for a ballot measure to regulate their own industry. I don't have to tell you the risks of an industry writing its own rules. Auditors are in a good position to call out rules that are lopsided or do not work.

While you audit, you might get drawn into battles among companies and drivers. Sometimes the companies act like monopolies and don't play nice, which can hurt consumers and drivers and mean unfair competition. In San

Francisco and New York, there was an open fight in the streets between Uber and Lyft to poach each other's drivers¹¹. Periodically, drivers organize and sue their companies over working conditions. When your jurisdiction makes a new rule, such as age limits for cars, it can favor or harm a party. Whether you like it or not, you might be diving into conflicts within the industry.

Do your rules make sense? Are there gaps? What is the government's role when it comes to the business relationship between a company and a driver, or between two competing companies? When should the government use its regulatory powers to take sides?

CONCLUSION

While companies are constantly innovating and changing their services, like launching self-driving cars or new price algorithms, there are plenty of constant risks you can audit. You can start by choosing your target audiences and auditee, then look for risks such as poor service, public safety, inadequate controls, or policy problems. Your jurisdiction's overall approach to regulating the industry and goals can show you where to audit, or there may be gaps for you to highlight. TNCs are new, but not that new anymore. Many jurisdictions have set precedents and have experience with TNCs. Have fun auditing!

ABOUT THE AUTHOR

Minh Dan Vuong serves as senior management auditor in the City Auditor's Office in Portland, Oregon. From 2012 through 2015, he learned how to drive Yellow Book audits at the San José City Auditor's Office. He has worked on two audits on this topic^{4, 12}. He also sits on the ALGA Online Resources Committee. Send him a five-star rating and tips: minhdan.vuong@portlandoregon.gov

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ASSESSING THE DEVELOPMENT OF CONTROLS IN A DEVELOPING DEPARTMENT

Stephanie Noble
and Joe Rois



In May 2017, the City Council of San José unanimously voted to pursue the creation of a new clean energy department. With this new department, the City would become the default electricity provider in San José and would buy wholesale electricity for resale to its residents and businesses. This model of public energy procurement is called “community choice aggregation,” and it is legal in seven states: California, Massachusetts, New York, Ohio, New Jersey, Rhode Island, and Illinois.

In California, the idea is that the local government will compete for customers by offering lower prices and higher renewable content than the local investor-owned utility (here, PG&E). PG&E would continue transmission, metering, and billing. Customers can choose to “opt-out” of the City’s service and switch back to PG&E if the electricity rates offered by the City are not competitive.

Creating this department and entering into a new line of business has been a major undertaking for San José. When fully operational, the department will serve an estimated 350,000 households and businesses and collect \$350 million in annual revenue.

During the department’s formation, we monitored and reviewed the development of internal controls for the new department. We issued the audit report when we did so that the City Council and staff had additional information as they developed policies and procedures to guide future operations.

We identified several inherent risks from the outset:

- Market risks associated with the purchase and sale of energy. These include long-term energy contracts that could bind the City to a higher price than current short-term market rates. Conversely, the City could be exposed to high prices in short-term markets to meet fluctuating demand for electricity.

If the City failed to establish adequate controls in these areas, it risked high rates and customer attrition.

- Credit risks such as the failure of customers or other parties to pay for energy delivered or power suppliers failing to deliver energy. This could also include contingent liabilities, or liabilities that the City could incur if other parties fail to fulfill their obligations.
- Regulatory risk from regulatory agencies or the California State legislature taking actions that hamper the City's ability to compete with PG&E. Regulations could affect the City indirectly, through increased operating costs, or directly, through fees added to customers' bills.
- Operational risk from not effectively planning and executing departmental functions. This could occur if there is an absence or shortage of key personnel or from a failure to segregate incompatible functions within the organization.

If the City failed to establish adequate controls in these areas, it risked high rates and customer attrition, potentially exposing the General Fund to the start-up costs of the department's formation and any long-term obligations it entered into. Noting the importance of establishing effective controls early, we added the audit to our workplan shortly after the May 2017 vote. Our audit ran concurrent with the development of the department.

WHERE TO BEGIN?

We based our audit program loosely on a previous audit of a new initiative: the City's use of funding under the American Recovery and Reinvestment Act (ARRA). In that project, our office reviewed the City's readiness to receive ARRA funding in compliance with oversight protocols of the U.S. Office of Management and Budget (OMB). For the clean energy project, we would assess the readiness of the City to undertake a community choice aggregation (CCA) program in compliance with state law, and with sufficient safeguards to manage inherent risks.

CHALLENGES & PRACTICAL SOLUTIONS: "PLANNING IS A CONTINUOUS PROCESS THROUGHOUT THE AUDIT"

The two projects had similar challenges: identifying our auditee, defining our role, and observing conditions subject to change. There was not an apparent auditee with ARRA because there was not one lead department or agency receiving ARRA funding. Funding was going to many different City departments—Transportation, Airport, Economic Development—with coordination through interdepartmental working groups led by the City Manager's Office. With clean energy, there was not an apparent auditee because the new department hadn't formally been created when we began the audit and hiring a new director was still months away. To create the new energy department, the City Manager's Office similarly led an interdepartmental team, including staff from Environmental Services, Finance, the City Attorney's Office, and more. For both projects, we sat in

We shared information, such as risk management policies of operating CCAs, with staff throughout the audit, and invited staff to sit in our benchmarking interviews.

on these meetings, mostly to observe and to understand proposed internal controls for the new enterprise.

Because staff were not used to us monitoring new initiatives (and because we weren't either), we had a lot of questions about our role and particularly our final product. Would there be recommendations? What if we found important information that staff needed before our report publication? We went into the audit with the idea that the report would be mostly informative—laying out criteria (based on benchmarking and best practices) and condition. Our expectation was not to have recommendations; however, we planned to include them if we determined the City had not taken appropriate steps to establish a system of controls for the new department. We also shared information, such as risk management policies of operating CCAs, with staff throughout the audit, and invited staff to sit in our benchmarking interviews.

Sitting in on the formation meetings kept us abreast of the many ongoing changes, and gave an opportunity (outside of progress meetings) for information exchange. This was helpful, as everyone was learning about energy markets and risk simultaneously. Once we established a firm report date, we were able to set a stake in the ground as to what we were auditing (i.e., an “as of” date for the status of controls). This meant fielding calls the day before report issuance to check on the last-minute status of relevant requests for proposals and proposed ordinances, but also meant that we were able to clearly lay out in the report what we'd looked at and what we hadn't. We concluded our report with a section acknowledging that many program areas remained undeveloped and that these would potentially address the risk that the program fails to meet one of its primary goals: reducing the City's carbon footprint.

AUDITING NEW INITIATIVES WITHIN STANDARDS

The report reflected our objective of monitoring the formation of the new program for safeguards and risk management best practices, as well as our secondary objective of providing staff and Council with additional information as they consider and develop high-level policies and procedures. From staff especially, we received a lot of positive feedback about the usefulness of the research and the framework it provided, showing how their many pieces fit together. As we expected, we had no recommendations, just one finding: the City is developing safeguards to manage risks.

Looking back to the ARRA audit gave us a starting point for the clean energy audit. While they were unusual projects, we conducted both in compliance with Government Auditing Standards and utilized many standard and recognizable audit steps: assessing internal controls, identifying relevant laws, etc. In our review of the clean energy program, we assessed the progress toward the proper design of internal controls by way of reviewing draft plans, ordinances, and budgets; we identified relevant laws, regulations,

The main difference between this audit and a “usual audit” was that the cause for the difference between the condition and criteria is newness—the department’s formation is ongoing.

and benchmarked with operational CCAs and municipal utilities; and we issued a report that outlined our objectives, methodology, finding, and disclosed our communication with staff. For both audits, we followed our office’s usual fieldwork and reporting procedures.

The main difference between this audit and a “usual audit” was that the cause for the difference between the condition and criteria is newness—the department’s formation is ongoing. The success of the project, however, hinged on something that is shared with all audits—the importance of having a clear objective (in this case, reviewing the development of internal controls for a new department). This allowed us to adapt to the changing conditions and use our expertise in internal controls to provide value to the City as they undertook a new business enterprise.

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AUDITING MODERN BODY CAMERA PROGRAMS

Will Tetsell



On the night of July 15th, 2017, a concerned resident in Minneapolis called 911 to report a potential sexual assault in the alley behind her house. One squad car with two officers responded to the dispatch in an area of town that experiences some of the lower crime rates within the city. Before the night was over, that resident was shot by one of the responding officers. In days following the incident it became known that the officers failed to initiate their squad car's dash camera and both officer's body worn cameras, leaving no video evidence of the situation. Immediately, residents and elected officials questioned why, with our ability to capture detailed video of police responding to calls, we were left not only saddened by the tragedy, but empty-handed with details of what happened.

In the coming days, both the City's Internal Audit Chairperson and the Mayor called for an audit of the Body Worn Camera program. Shortly after the requests for an audit, the Mayor asked the Police Chief to resign and changed the body camera policy to require the cameras be turned on upon every dispatch and as soon as practicable when officers walk into a non-dispatched situation.

Upon accepting the task of conducting the audit, we were instructed to report back in two months at the next Audit Committee meeting. We scoped the audit to include the following areas: adherence to Minnesota state statutes, equipment and software, policy and training, camera usage, and program oversight. The timeframe of the data audited was from the recent rollout of the cameras in 2016 through three weeks after the policy change (a week before the audit was due to the Audit Committee). I'll touch on the key elements of the audit for the purposes of this article.

STATE STATUTES REVIEW

Minnesota legislators passed legislation that regulated aspects of body camera programs after the initial roll-out of the body camera program in Minneapolis. The statutes focused most heavily on the following areas:

Training is a key element to the success of a body camera implementation.

- Data classification, redaction, retention, protection, and breach notification;
- Authorization to access data and access by data subjects;
- Sharing among agencies;
- Inventory of portable recording system technology; and
- Use of agency issued portable recording system technology.

Since the statutes were enacted after the Minneapolis Body Worn Camera program was rolled out, several areas simply needed to be added to the policy, and other areas needed to be further explored before decisions on how to address them in the policy could be made.

EQUIPMENT AND SOFTWARE REVIEW

Because the worst thing that a municipality can do is cause the death of someone, we wanted to focus part of the audit on how reliable and trustworthy the cameras and software were. The public was skeptical of the police either not recording when they should, or manipulating/deleting data at their discretion. This called for an evaluation of the camera hardware and video software for any ways that the equipment or software could potentially be altered, including access controls, retention guidelines, and premature deletion.

POLICY AND TRAINING REVIEW

Another large part of the work was analyzing the usage of the cameras as it related to the policy (pre- and post-shooting). The pre-shooting policy required activation of the camera for certain types of police interaction (e.g., suspicious person, use of force, shots fired, etc.), which put a lot of reliance on the officers as to whether or not to activate their cameras. The post-shooting policy was much more clear that cameras are to be activated upon any interaction with the public.

We audited both the pre- and post-shooting policy details. Policy details ranged from equipment testing, activation and deactivation expectations, and types of interactions that are required to be recorded.

Training is a key element to the success of a body camera implementation. We reviewed the training materials to validate that they covered the topics in the body camera policy. We also reviewed training attendance records and validated that cameras weren't assigned prior to an officer being trained on the use of the equipment and software used to capture, annotate, and categorize video footage.

By considering what factors might affect an officer's choice to activate their body camera, we were able to paint several interesting pictures of how widely camera use ranges.

BODY CAMERA USAGE REVIEW – DATA ANALYSIS

To most effectively evaluate whether officers were using their cameras when they were required to, we needed a source of truth other than police reports and body camera footage itself. Our solution was 911 dispatch data; a rich data source with enough detailed information that we could identify types of calls, responding officers, case numbers, etc. We layered this data on timesheet data for officers that were issued body cameras. These three data points (dispatch, video footage, and timesheets) helped us paint a picture of both how often cameras were used when required, but also overall camera use (e.g., minutes of footage per hour of duty). We used this data as a starting point for evaluating the completeness of camera footage existence and the accuracy of footage classification.

We pulled the data into ACL to provide metrics on camera use by precinct, by tenure, by shift, by hours worked, etc. By considering what factors might affect an officer's choice to activate their body camera, we were able to paint several interesting pictures of how widely camera use ranges.

Ideally, all of this data would have been pulled, analyzed, and reported on. However, this being a new program, and with a lack of resources, the police department wasn't able to get an understanding of how well the program was working, how well officers were adhering to the policy, and what changes needed to be made to ensure the body camera program was serving its objective of providing transparency and accountability over police interactions with the public.

BODY CAMERA USAGE REVIEW – DATA CLASSIFICATION AND USAGE TRENDS

To simply rely on the number and length of video footage captured is also a shortcoming since classification and misuse issues can only be evaluated by viewing actual footage. By viewing footage, we could determine:

- If the cameras were activated and deactivated according to policy
- If the video was classified appropriately (This is important because certain types of video may be deemed public or private)
- If the camera had a clear and unobstructed view of the incident

Body camera footage is CJIS (Criminal Justice Information Services) data, and requires certification to appropriately gain access. Upon getting certified to view CJIS data we also received help from the Police Conduct Oversight Commission. This commission helped in determining whether instances caught on video were classified appropriately (we don't have expertise within internal audit to determine if an altercation was "use of force," evidence, etc.).

OVERSIGHT

Lastly, we wanted to highlight the oversight of the body camera program to understand how the program was being monitored, and what information was being provided to both police department leaders and elected officials. As police body cameras are touted as ways to enhance transparency and accountability, we found it equally important to look into whether police leadership and elected officials were using body camera data to ensure that the program was being executed as expected.

Understanding what information was being used by whom to either course correct, discipline, or further understand trends in usage and metadata helped us conclude on the adequacy of oversight, the demand for information and metrics, and the willingness and ability of the police department to share data on the program as it matures.

TAKEAWAYS

There are many other considerations that need to be addressed when auditing a body camera program (e.g., approved off-duty work, SWAT, undercover officers, community policing). Depending on the policy and what types of activities a police department does, who they issue cameras to, and what local, state or federal requirements are enacted, this audit work can take a variety of paths. Our key factor in being able to complete this audit was a robust amount of reliable data and the ability to analyze that data extensively.

Our audit report and presentation deck can be found here:

Report: <http://www.ci.minneapolis.mn.us/www/groups/public/@citycoordinator/documents/webcontent/wcmssp-204998.pdf>

Deck: <http://www.ci.minneapolis.mn.us/www/groups/public/@citycoordinator/documents/webcontent/wcmssp-204999.pdf>

ABOUT THE AUTHOR

Will Tetsell is the Minneapolis City Auditor. He started his career at Deloitte and moved into private sector internal auditing for companies such as Gap, Inc. and Target Corporation. He enjoys auditing for its ever-changing nature. Will obtained his bachelor's degree in Economics from the University of California, Davis and his master's degree in Accounting from the University of Southern California.

ADAPTING TO THE CHANGING LANDSCAPE OF ETHICS AND ACCOUNTABILITY: LESSONS LEARNED

**Temitope
Eletu-Odibo**



“The complainant has 10 minutes to present their case. You may begin when you are ready.” This is how the Ethics Review Commission (ERC) kicks off an ethics complaint (preliminary) hearing, after returning from executive session and completing a recitation of the duties and powers granted to them by City Code. For us, the complainant (a formal term used to describe the party bringing evidence of an ethics violation), this was a whole new unexplored territory.

Prior to changes in our local City Code, our office was solely responsible for investigating allegations of fraud, waste, and abuse, and providing our findings to management so they could take disciplinary action when necessary. Fast forward to today, where the ERC can take disciplinary action against City board and commission members, as well as former employees and current staff not covered by civil service, who may have violated the City’s standards of conduct. This is a big change from what we were used to. We had to adapt to these new rules quickly, not just in how we presented our case but also how we conducted them.

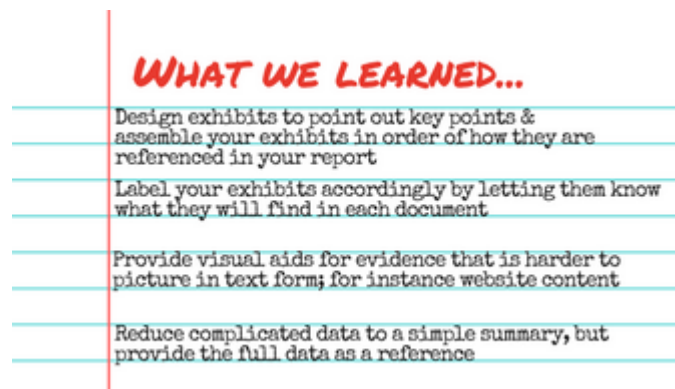
Our investigators went from writing short reports for management to writing lengthy reports with stacks of evidence as back up. We went from an optional walkthrough of evidence with management to a 10-minute presentation with submission of our work papers, a cross-examination of our evidence by a panel of 11 citizens, and potentially a final hearing. Throughout this new step, we learned how to assemble our evidence, create short and impactful presentations, and answer tough questions on the results of our findings. In essence, we built a new reporting process from scratch in a short period of time.

THE EVIDENCE

In the past, for investigations involving non-civil service employees, we would complete a short report with a summary of the violation and a high-level break

When you have a semi-judicial body with subpoena powers and the expectation that the complainant carries the burden of proof, a brief report falls short.

down of the evidence. When you have a semi-judicial body with subpoena powers and the expectation that the complainant carries the burden of proof, a brief report falls short. Instead, we were asked to provide all the evidence that supported our findings in the report as exhibits. To make a compelling case, we focused on putting our strongest evidence first, providing as much detail as possible in each exhibit. It may be tempting to take your work papers and dump them in any old order; but this may work against you when it comes to making a convincing argument. Instead, think less like an auditor or investigator and more like a cold reader who does not have access to the information or to the insight that you have. We had to learn to assemble our reports and exhibits in a way that allows the commissioners to be investigators themselves, and come to a similar conclusion. And that meant thinking just like them.



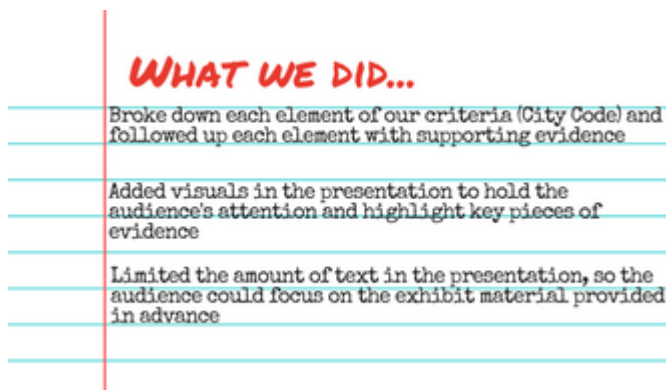
PRESENTING YOUR CASE

Another big change from our previous process was having to present our evidence to a citizen panel of 11 members, some with legal backgrounds. With only 10 minutes at the preliminary hearing to convince the members that there are reasonable grounds to move forward with the complaint, it can feel a little like an episode of Family Court. Another thing to note is that as the party submitting the complaint, we are sometimes treated as a prosecutor, when in fact our role is as an objective fact-finder. This becomes problematic when the respondent has legal representation and the commission is looking to us to “make a case” versus present the facts.

With that in mind, we worked towards condensing months of investigation in a concise and persuasive presentation. For starters, knowing that each commissioner would be given the full report and exhibits ahead of the hearing, we used the presentation as a platform for providing a high-level summary of the allegation, the evidence, and the findings. We focused only on the strongest and most compelling pieces of evidence, and continued to hone in how that evidence supported the criteria. Think of it like putting together a movie trailer. You can’t show everything but you have to pick the

When confronted with a convoluted question, sometimes the first instinct is to start answering the question. When we do that, we miss out on providing answers to part of the question.

most impactful scenes, stitch them together in a way that tells a story and makes your audience want to see the full feature.



In the beginning, it was tempting to give the commissioners all the evidence at once, but knowing that there was an opportunity for Q&A later allowed us to focus on making a strong concise case within the given time.

THE UNCHARTED WATERS OF Q&A

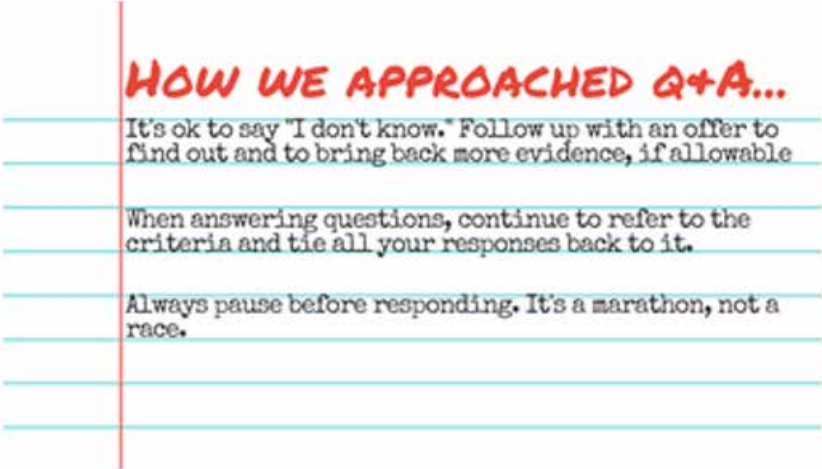
The most challenging part of transitioning from distributing reports via email to public hearings is having to field a vast array of questions from the ERC members. Some questions were straightforward. Some were even predictable. On the other hand, we also encountered questions that an auditor/investigator would not have considered relevant to the topic at hand. We learned that no amount of preparation could prepare us for the direction in which an ERC hearing could go.

When confronted with a convoluted question, sometimes the first instinct is to start answering the question. When we do that, we miss out on providing answers to part of the question. The best advice I ever received regarding answering questions at a hearing, was to take my time answering any question (simple or not). Take note of each element of the question, repeat them back to the requester to ensure you understand what they are asking, and then provide answers to those elements alone. If a line of inquiry is beyond the scope of your investigation, don't feel the need to provide a comprehensive answer; let the members know that this was not within the scope of your inquiry.

OTHER THOUGHTS

One challenge we came across that we did not have prior to the Code changes, was the Commission's statute of limitation for evidence. The ERC will only consider evidence that fell within 2 years from the date of filing. As you can imagine, this presented a challenge. We had to ensure that all our evidence was as current as possible, preferably within that window.

Depending on when the violation took place, you might not be so lucky. We came across this issue with a couple of our cases and opted to present the most up-to-date evidence first, but also included evidence outside the time period to provide context—so pay attention to time limitations but don't be limited by them.



When faced with a drastic change to your work process and policies, it can be difficult to step outside your comfort zone when you are used to doing things a certain way. In our case, instead of letting that challenge overwhelm us, we drew from our knowledge and experience in auditing, in quality assurance, and in presenting to the audit committee to develop an entirely new process for the ERC. We were also lucky to have smart and talented folks who helped shape the new challenging reporting requirements. We are still learning and adapting our process based on each hearing and each meeting. This requires flexibility and adaptability as we try to develop a robust complaint process for future interactions with the ERC.

ABOUT THE AUTHOR

Tope Eletu-Odibo is a Supervising Senior Investigator at the Office of the City Auditor in Austin. She studied Law in England and later Public Affairs at the University of Texas in Austin. She is a certified Fraud Examiner and has testified in several ethics hearings on cases against City officials and employees covered on municipal civil service. You will find examples of her quirky humor on the Austin Auditor's social media page, as well as her love for gifs.

We should be as professional and cooperative as the circumstances allow. But we must never forget that our client is the taxpayer and not the auditee.

And then we have the government auditors, quite happy to accept the dogmas handed down by their private-industry counterparts, with only a few minor changes in terms and symbols. After all, agency auditors couldn't simply be led around by the nose. Unfortunately, in government the theologians found extremely fertile soil. Government loves regulation; the more, the better. Our national motto ought to be "Many Out of One". What Patrick Henry should have said was, "Give me regulations or give me death"; and Jefferson should have written, "Life, Liberty and the pursuit of Regulation." In government, there is nothing so complex that it can't be further complicated. To those unfamiliar with this concept, let me refer you to the Federal Student Aid Handbook, a publication that would have made the Pharisees blush. And we wonder why a college education costs \$50,000 a year.

In private industry, businesses are beginning to come to their senses. Managers are growing weary of listening to automatons rattle off in internal auditor-speak about God knows what, telling them the reason they can't meet their quarterly projections is because they haven't demonstrated a commitment to integrity and ethical values. Businesses want substantive information, and they are beginning to turn to data analysts, people who don't have their heads stuck in liturgical rulebooks.

If the profession doesn't soon acquire some common sense, it will become nothing more than a Smithsonian exhibit. You'll find it under ancient myths and superstitions.

HOW WE INTERPRET OUR ROLE

Some decades ago, the audit curia decided that practitioners needed to be kinder and gentler. Lecturers from esteemed audit organizations indoctrinated us in the notion that if we got any pushback from our auditees, we were doing something wrong. If agency personnel saw the auditors as the enemy, the auditors needed to be reprogrammed. Management had to be confident that the auditors were there to help them, not hurt them. Thus followed the term "gotcha comments," the idea of auditors as in-house consultants, and the notion of working collaboratively toward common goals.

No mindset was ever more divorced from reality. I've often thought the "philosophy of help" was devised by some clever politician to get the auditors off his back. The current candidate for city controller in one of America's largest cities keeps talking about collaboration with the administration. Given the level of corruption in municipal government, that certainly sounds like an inspired approach. Inspired by whom or what, I won't speculate.

Let's start with first principles: The auditor's one and only client is the taxpayer. If in helping the taxpayer we can help the auditee, that's just jim-dandy. However, if in order to help the taxpayer we have to run the auditee

We can start by simplifying our approach, concentrating on data analysis instead of ritual observation, and taking a realistic approach to our role in government.

over with an 18-wheeler...I, for one, am not going lose any sleep over it. Please understand that it should never be the auditor's intention to employ a ham-fisted, insulting, or accusatory approach. We should be as professional and cooperative as the circumstances allow. But we must never forget that our client is the taxpayer and not the auditee.

CONCLUSION

Some century-and-a-half ago, Darwin informed us that extinction is the natural order of things. At least it is for organisms that can't adapt. The scariest thing about the 21st century is the rate at which things are moving toward extinction: shopping malls, newspapers, cashiers, driver-operated vehicles, landlines, and textbooks, just to name a few. For our own good, let's try and give the audit profession a few more years of life. Let's adapt before we become a tedious footnote in a treatise on organizational dynamics. We can start by simplifying our approach, concentrating on data analysis instead of ritual observation, and taking a realistic approach to our role in government.

ABOUT THE AUTHOR

Mike Egan, CPA, worked for the Philadelphia City Controller's Office for 30 years, the last 20 specializing in performance audits. After his government service, he worked 5 years in internal audit for a state university. He is a Knighton award winner several times over and was a member of the ALGA Education Committee for approximately eight years. Mike has made presentations around the country for ALGA and other audit organizations and has published a number of articles on audit topics.

AUDITING NEW INITIATIVES CAN BE IMPACTFUL AS SEEN IN SEATTLE'S PAID SICK LEAVE ORDINANCE AUDIT, DONE A YEAR AFTER ITS IMPLEMENTATION

Virginia Garcia



I recently read an article from the Pennsylvania State University's newspaper, *Penn State News*, explaining how a Penn State researcher had found that paid sick leave laws may contribute to a decline in foodborne illness outbreaks. The researcher based his findings on the laws he analyzed for how employee-friendly they were. The researcher categorized San Francisco and Seattle as having laws "more supportive" of employees taking paid sick leave, and laws in Washington, D.C., and Connecticut as being "less supportive."

I was pleased to find Seattle categorized in the "more supportive" laws list; as recently as 2013, when we conducted an enforcement audit of Seattle's Paid Sick and Save Time Ordinance, we found that nationally, only San Francisco had been doing any significant enforcement of its paid sick leave laws. At that time, only four municipalities and one state had some type of paid sick leave laws: Seattle, San Francisco, Long Beach, Washington, D.C., and the State of Connecticut.

In addition to finding that San Francisco stood out in terms of its commitment to passing labor standards laws, we found that it was the only jurisdiction doing meaningful labor standards laws enforcement, including conducting company-wide investigations of paid sick leave violations, rather than simply investigating complaints filed by individual employees. We also found that Seattle's paid sick leave law and enforcement process could be strengthened to better meet the ordinance's intent.

FOR CERTAIN AUDITS, TIMING IS EVERYTHING

In our work as auditors, we are often asked to examine the implementation of our jurisdictions' laws, and the timing of those audits can influence how the audit is received and how many of its recommendations are implemented. Sometimes,

The trajectory of the City’s enforcement efforts changed, enforcement success was redefined, and the lack of staffing resources devoted to enforcement were highlighted.

we refrain from auditing the implementation of a new law or initiative because we want to give the program and its administrators enough time to implement the program and iron out its wrinkles.

In Seattle’s case, in 2013, when we conducted the enforcement audit, the Paid Sick and Safe Time Ordinance was relatively new and there was only one employee, in the City’s Office for Civil Rights, dedicated to enforcing the law. For the most part, at that time, the City was not using the enforcement tools available to it in the ordinance, such as conducting investigations or applying civil fines to ensure that businesses achieved and maintained compliance with the law.

We found that the most an enforcement officer could do was send advisory letters to businesses where employees had filed complaints with the Office for Civil Rights. The advisory letter provided employers with information on how to comply with the law. After the City sent an advisory letter to an employer, the City did not require the employer to submit evidence of compliance, and the City did not conduct follow-up on the complaints.

Consequently, in our audit, we found multiple complaints from employees working at the same business and, for one business, multiple complaints from the same employee. We also found that, compared to San Francisco, Seattle’s enforcement efforts resulted in substantially fewer investigations, settlements, and employee back wages recovered. In 2013, Seattle recovered only \$5,835 in employee back wages, compared to San Francisco’s \$96,2454.

In 2013 Seattle Recovered 6% of San Francisco’s Recovered Amount in Employee Back Wages for Paid Sick Leave Violations					
City	Advisory Letters Sent	Investigations	Settlements	Back Wages Recovered	Average Settlement Amount
Seattle	103	6	11	\$5,835	\$530
San Francisco	14	55	23	\$96,254	\$9,867

As a result of our audit, which started about a year after Seattle’s Paid Sick and Safe Time Ordinance took effect, the trajectory of the City’s enforcement efforts changed, enforcement success was redefined, and the lack of staffing resources devoted to enforcement were highlighted.

RESOURCES CAN MAKE OR BREAK REGULATORY IMPLEMENTATION

What we found in Seattle, and also in other jurisdictions, is that while elected officials may pass laws related to labor standards to improve employees’ working conditions, these officials may not allocate sufficient resources to ensure that the laws are enforced. This is especially true when confronted with organized opposition from the business community and budget constraints.

We should not hesitate or be reluctant to audit a new law or initiative and call out elected officials' failure to adequately fund it.

As independent auditors, part of our role is holding elected officials accountable for the laws they pass. It is not appropriate that elected officials get credit for adopting a law, and not provide the resources to enforce or implement it. Therefore, we should not hesitate or be reluctant to audit a new law or initiative and call out elected officials' failure to adequately fund it.

Sometimes, it may make more sense to audit the impacts of a law soon after it has been adopted or a new program shortly after implementation rather than waiting, as there may be more willingness and flexibility to make changes before systems and processes are firmly imbedded. With our Paid Sick and Safe Time Ordinance Enforcement audit, the audit's most significant impacts were the creation of a new Office of Labor Standards, clear direction to the new office on how to proceed with enforcement, and a revised, stronger paid sick leave law.

REFLECTIONS ON TIMING

As I write this article, I think to myself that I should heed my own advice and get busy. I recently recommended to our City Auditor that we delay looking at the enforcement of the City of Seattle's minimum wage law, which is being phased-in over several years for different types and sizes of businesses. I was waiting until the new minimum wage law applied to all of Seattle's businesses and until the new Office of Labor Standards was fully staffed. To my chagrin, there was a recent article in the Seattle Times newspaper titled, "City [of Seattle] Gives a Break to Airline Catering Company Found to be Stiffing Workers." Although the City had initially calculated that over \$300,000 in back wages were owed to employees, a confidential settlement with the employer resulted in a substantially smaller settlement amount.

In certain situations, it may make sense to wait until full implementation of a law has occurred, such as if the impact on waiting is minimal. In the case of the City's labor standards laws (Paid Sick and Safe Time and Minimum Wage), delaying can have a direct financial impact on the very people, often low-wage workers, the ordinance is designed to protect.

ABOUT THE AUTHOR

Virginia Garcia has been with the Seattle Office of City Auditor since 2006, where she was the Auditor-In-Charge of two audits that have received ALGA Knighton recognition. Virginia started her career as a Performance Auditor at the GAO in Washington D.C. Since then, she has mostly worked for the City of Seattle in various capacities including Legislative Analyst, Budget Manager, consultant, and now Assistant City Auditor. Throughout her career, she has volunteered and served in leadership roles, including as a Trustee for the Washington State Local Government Auditors Association. Virginia has a B.A. in Political Science from UC Santa Barbara and a Master's Degree in Public Administration from the University of Washington.

EXTREME MAKEOVER: REPORT EDITION

Rachel
Castignoli
and
Cameron
Lagrone



So your reports are great; they are impactful and important and you're really proud of the work. Congratulations! But what good is an audit that no one reads? You want your outputs to be appealing as well as impactful. We'll outline the process our office went through to take our audits from drab to fab. Our article will walk you through why we decided to redesign our reports; how we started the process; the elements we redesigned; and how we trained and implemented the new reporting process!

We started this project once we realized that our efforts to make better report graphics resulted in graphics that looked far better than the reports that contained them. We needed our reports, graphics, and presentations to all look equally clear and attractive. We were looking to build more of a brand, and for that, we needed consistency across platforms.

PLANNING FOR YOUR REDESIGN

Our office follows GAGAS standards, so of course we started by consulting the Yellowbook's reporting requirements. Yellowbook 7.08 says audit reports should contain the objective, scope, and methodology; the audit results, including findings, conclusions, and recommendations; a GAGAS compliance statement; and a summary of the views of management. This wasn't particularly prescriptive. Once we checked our requirements, we literally put everything on the table so that we could reimagine each component of our reports—not only the look, but also the order of the report and its elements.

We gathered a team of creative people with diverse skills holding various roles in the office so that many perspectives were represented. Additionally, we engaged the whole office. Part of our audit process is to look at other audit shops' reports during our audit planning phase, so we began asking auditors and investigators to gather examples of reports they really liked – reports that were appealing or

Audit staff wanted better covers, informative and fun graphics, more color, and to move the boring and technical bits to the end of the report.

easy-to-use, or had innovative graphics or interesting layouts. We gathered these examples in a shared drive and then had an office-wide brainstorm where we showed these examples to people and discussed the merits of each design choice. Redesigning reports is a big change and you should get your office on board. One way to do this is to give them a role in the process; they know the reports, the topics, and the audit environment, so find out what parts they think are useless or a waste of time and why. But, also find out what they like. What would improve the reporting process for them? How would they want their work communicated? Your staff is the best source for audit report ideas.

Audit staff wanted better covers, informative and fun graphics, more color, and to move the boring and technical bits to the end of the report. Staff wanted the meat of the report to be front and center.

Another strategy we pursued during the planning phase of the report redesign process was surveying our stakeholders. We surveyed both the general public, specifically media, and former council aides to see how they used our reports and what they wanted to see. The outcome of that survey was that people wanted more bullets; concise, digestible information; and more graphics. They wanted to be able to find talking points and the big picture more easily.

THE REDESIGN PROCESS

Before our redesign, we created our draft and final reports in Microsoft Word. For years, this software served our purposes, but when we started using more graphics in our reports, the addition of those graphics started making formatting within the Word template a bit of a headache. Staff complained that when you added a graphic, the text and other graphics jumped around on the page and it was difficult to get the formatting just right.

When we started considering a redesign of our reports, we were working on another project in the office that was very graphics heavy, and were using Adobe InDesign for that project. Our team proposed using this software for our new reports.

Adobe InDesign is a publishing software that allows you to place text and graphics wherever you want on a page, without all the headache associated with text and graphics moving around each time you add another element to the page. It also makes a more visually appealing report because of this flexibility.

We still use Word in our office for our draft reports, since all members of the office have Word on their computers and not everyone in the office has InDesign. Plus, Word is compatible with our audit management system, TeamMate.

Experts suggest that your font should be easy to read and should not “draw attention to itself.”

DESIGN AND REDESIGN



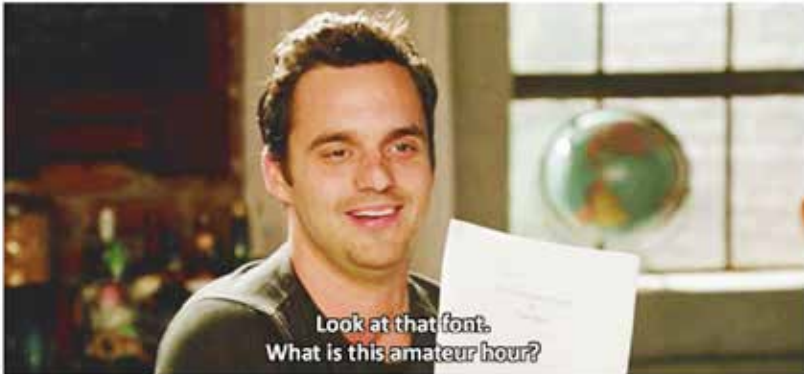
Once we finished the brainstorm process of determining what information we wanted in our reports and in what order, we got around to selecting the design elements—colors, fonts, formatting. For us, this was an important step in creating a recognizable brand for our office.

We chose about 15 different color schemes and put all of them up on a survey wall in our office to let people vote on which colors or schemes they preferred. In the end, we presented the winning colors to our City Auditor and let her make the final selection. We came up with a palette of 11 colors that could be used for the report design and graphics within the reports (shown below).



Our next step was to select a font or fonts to use in the report. We discovered that there is a lot of research about fonts and what makes them readable. Experts suggest that your font should be easy to read and should not “draw attention to itself.” We explored what fonts were best for paper vs digital reports, and since we knew that our readers would be accessing our reports through a variety of mediums, we wanted a font that would look good on a computer screen and printed out. We also attempted to find fonts that were available in Piktochart—an online platform that we use to create visually appealing graphics—so that the fonts in our graphics would be consistent with the fonts in our reports. Our team created sample headers and body text with a variety of font options. Each option was presented on the computer and in printed form to our management team. Though the final font (Lato) was chosen early on in the process, the size and weight for each type of

text in the report—headers, body text, footnotes—was adjusted until the first report was released in the new format.



Now that you've made all of the nitpicky decisions, it's time for the fun part – putting it all together into a report template. This is where you get to see all of your decisions in action and whether you made the correct choices along the way. Using the report examples and suggestions from our brain storming sessions earlier in the process, our team created several options for each section of the report – front and back cover; table of contents, objective, and background; findings; recommendations; and scope, methodology, and standards.

Back Cover



Two columns

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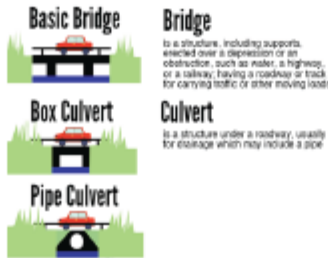
Objective

The City bridge maintenance program focuses on the structural safety of large bridges which, overall, are structurally sound and safe for vehicular traffic; however, we found some limitations in the accuracy and completeness of information used to manage the program.

Background

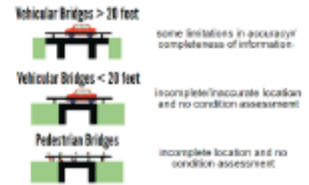
The City's Public Works Department (Public Works) is responsible for repairing and maintaining all municipally-owned bridge structures that are located within the City's jurisdiction. Such structures include bridges, culverts, and pipes, as defined below. Public Works is also responsible for all pedestrian bridges, including those in City parks and those that are part of the City's urban trail system.

There are also bridges within the City's jurisdiction which the City is not responsible for repairing and maintaining. These include Federal Highway bridges, State-owned bridges, and private bridges, such as railroad bridges.



What we found

The City's bridge maintenance program focuses on the structural safety of large bridge structures, which are vehicular bridges that are 20 feet or more in length. Based on 2014 State Inspection Information, City bridges overall, are structurally sound and safe for vehicular traffic. We found, however, some limitations in the accuracy and completeness of information maintained by Public Works to manage large bridges. We also found that Public Works currently does not have a complete inventory nor conduct routine inspections for pedestrian bridges or small bridge structures (those that are less than 20 feet in length). As a result, Public Works lacks current information on their condition assessments and maintenance needs. Finally, data limitations noted in this audit have also impacted the City of Austin's Controller's ability to



Finding 1: The City bridge maintenance program focuses on the structural safety of large bridges which, overall, are structurally sound and safe for vehicular traffic; however, we found some limitations in the accuracy and completeness of information used to manage the program.

The foundations of a good bridge maintenance program is based on the availability of quality data on the bridge structures owned by an agency, including complete and accurate information on the bridge structures and their individual elements.

The sufficiency rating is a numerical rating between 0 and 100 given to each highway bridge. The value is based on the bridge's structural adequacy and safety, essentially for public use, and its serviceability and functional obsolescence.

The Federal government mandates specific maintenance requirements for large bridge structures, which are those bridges, culverts, and pipes that are more than 20 feet in length. US Department of Transportation's Federal Highway Administration requires all public bridge owners (state, city, and county) to routinely inspect their large bridges and report information including bridge condition ratings as part of their requirements in the National Bridge Inventory Standards.

Inspections provide information on the structural safety of the bridges and assigns each bridge a specific a sufficiency rating that speaks to the overall conditions of each bridge. Public Works bridge maintenance program focuses on maintaining large bridge structures and, in coordination with TxDOT, conducts routine inspections and, through these inspections, collects information on the condition of large City bridges. Based on the available information from the 2014 inspections, the vast majority of City bridges has a sufficiency rating of good or better. This indicates that these bridges are structurally sound and safe for vehicular traffic.

More specifically, these bridges must be inspected within 90 days of a bridge being open to traffic and every 24 months throughout the life of the structure. The results of these mandated

Also, Public Works maintains an inventory of its

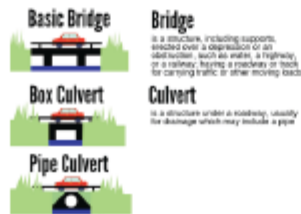
Side bar

Objective

The objective of the audit was to evaluate City's efforts related to the safety of bridge structures as compared to laws, regulations, policies, procedures, and industry practices.

Background

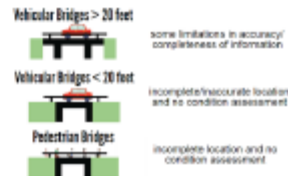
The City's Public Works Department (Public Works) is responsible for repairing and maintaining all municipally-owned bridge structures that are located within the City's jurisdiction. Such structures include bridges, culverts, and pipes, as defined below. Public Works is also responsible for all pedestrian bridges, including those in City parks and those that are part of the City's urban trail system.



There are also bridges within the City's jurisdiction which the City is not responsible for repairing and maintaining. These include Federal Highway bridges, State-owned bridges, and private bridges, such as railroad bridges.

WHAT WE FOUND

The City's bridge maintenance program focuses on the structural safety of large bridge structures, which are vehicular bridges that are 20 feet or more in length. Based on 2014 State inspection information, City bridges overall, are structurally sound and safe for vehicular traffic. We found, however, some limitations in the accuracy and completeness of information maintained by Public Works to manage large bridges. We also found that Public Works currently does not have a complete inventory nor conduct routine inspections for pedestrian bridges or small bridge structures (those that are less than 20 feet in length). As a result, Public Works lacks current information on their condition assessments and maintenance needs. Finally, data limitations noted in this audit have also impacted the City of Austin's Controller's ability to accurately account for and estimate the monetary values for this type of infrastructure assets, as required by accounting standards.



Finding 1
The City bridge maintenance program focuses on the structural safety of large bridges which, overall, are structurally sound and safe for vehicular traffic; however, we found some limitations in the accuracy and completeness of information used to manage the program.

The foundations of a good bridge maintenance program is based on the availability of quality data on the bridge structures owned by an agency, including complete and accurate information on the bridge structures and their individual elements.

The Federal government mandates specific maintenance requirements for large bridge structures, which are those bridges, culverts, and pipes that are more than 20 feet in length. US Department of Transportation's Federal Highway Administration requires all public bridge owners (state, city, and county) to routinely inspect their large bridges and report information including bridge condition ratings as part of their requirements in the National Bridge Inventory Standards.

More specifically, these bridges must be inspected within 90 days of a bridge being open to traffic and every 24 months throughout the life of the structure. The results of these mandated inspections provide information on the structural safety of the bridges and assigns each bridge a specific a sufficiency rating that speaks to the overall conditions of each bridge. Public Works bridge maintenance program focuses on maintaining large bridge structures and, in coordination with TxDOT, conducts routine

Again, we presented these options to our management team and let them vote on their favorite formats. Once the format was selected, we decided to have three templates for each of our three report types—audits, investigations, and special reports—using different color schemes (taken from our 11 colors) to distinguish each report but keep all our outputs “on brand.”

TRAINING AND CONTINUOUS IMPROVEMENT

Once you have a beautiful, fancy new report, you’re done! No, you aren’t done; you need to perfect the template and get staff on board. Don’t underestimate this step. We started using the template knowing it was going to be rocky, but we used these experiences to gather information to build new processes and trainings. It sounds counterintuitive to do reporting with a new template before creating a reporting process, but it really helped us make sure the process anticipated all the pitfalls of the new reporting program. And, experiencing the process of moving Word documents into InDesign helped us design a training that responded to everyone’s technology comfort level.

We did both an office-wide training as well as informal individual trainings as people reached the reporting stage of their projects. It’s been less than a year, and more than half the staff are comfortable and confident using InDesign.

Our appetite for redesign spread not just to our outputs, but also to our presentations and administrative documents like our audit plan and our year-end report, and we even redesigned our logo! We’re currently working on optimizing our reports for mobile viewing, better integrating them into our website and social media, and making our reports more accessible for sight-challenged readers.

So start thinking critically about your reports – are they easy to read? Are you silently admiring another shop’s infographics? Are they meeting your stakeholders’ needs? Then, open your office up for suggestions; think about each element of your report. Finally, remember you have to get everyone on board, so work with staff to redesign and then do training.

Since we can’t include screenshots of all of the changes we’ve made to our reports, we invite you to check out these examples: a Weatherization program audit in our old format and a Demolition permits audit in our new format. Feel free to take anything you like, and let us know if you see an area we can improve!

RECOMMENDATIONS

1 Recommendation: The Director of the Public Works should ensure that the City creates and maintains a complete inventory of the location and condition of all bridge structures within the City limits. Such information should be periodically validated and shared with all relevant parties and departments.

Management Response: Concur

Proposed Implementation Plan: Public Works has sent a list of bridges that are missing to the TxDOT area bridge engineer to reconcile with their files. The result of the reconciliation would identify and complete the list of bridges, with spans greater than 20', and will ensure that Public Works receives all the required bi-annual inspection reports from TxDOT. Subject to funding, staff will be hired to perform inspections on a periodic basis. In the interim, a Memorandum of Understanding between Public Works and the Watershed Department regarding each department's responsibility for inspection and maintenance will be prepared.

Proposed Implementation Date: FY2018

Recommendation: The Director of the Public Works should:

- develop and implement a bridge maintenance program that applies a risk-based approach to all bridge structure classifications, and
- monitor the program's effectiveness.

2 Management Response: Concur

Proposed Implementation Plan: Public Works will secure a comprehensive bridge maintenance program that includes Bridge Management Information System (BMIS). The data collected from TxDOT inspection reports on large structures as well as those collected in-house for small structures shall be included in the BMIS and a risk based approach will be developed. The BMIS shall enable the Department to better manage and monitor the assets.

Proposed Implementation Date: January 2021

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Additional Observation

Bridges are infrastructure assets and as such, according to government accounting standards, their value needs to be reported in the City's financial statements. However, we noted that the lack of a complete inventory of all City bridges have also resulted in incomplete information being provided to the City of Austin's Controller's Office, thus impacting their ability to accurately estimate the monetary values for this type of infrastructure assets. While we were unable to quantify the exact discrepancy and its relevant value, we estimated that the Controller may be missing information on as many as 1,000 bridge structures.

Recommendations

1. The Director of the Public Works should ensure that the City creates and maintains a complete inventory of the location and condition of all bridge structures within the City limits. Such information should be periodically validated and shared with all relevant parties and departments.

Management Response: Concur

Proposed Implementation Plan: Public Works has sent a list of bridges that are missing to the TxDOT area bridge engineer to reconcile with their files. The result of the reconciliation would identify and complete the list of bridges, with spans greater than 20', and will ensure that Public Works receives all the required bi-annual inspection reports from TxDOT. Subject to funding, staff will be hired to perform inspections on a periodic basis. In the interim, a Memorandum of Understanding between Public Works and the Watershed Department regarding each department's responsibility for inspection and maintenance will be prepared.

Proposed Implementation Date: FY2018

2. The Director of the Public Works should:

- develop and implement a bridge maintenance program that applies a risk-based approach to all bridge structure classifications, and
- monitor the program's effectiveness.

Management Response: Concur

Proposed Implementation Plan: Public Works will secure a comprehensive bridge maintenance program that includes Bridge Management Information System (BMIS). The data collected from TxDOT inspection reports on large structures as well as those collected in-house for small structures shall be included in the BMIS and a risk based approach will be developed. The BMIS shall enable the Department to better manage and monitor the assets.

Proposed Implementation Date: FY2018

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RECOMMENDATIONS

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Management Concurred and plans to implement by FY 2018

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2 The Director of the Public Works should:

- develop and implement a bridge maintenance program that applies a risk-based approach to all bridge structure classifications, and
- monitor the program's effectiveness.

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Public Works has sent a list of bridges that are missing to the TxDOT area bridge engineer to reconcile with their files. The result of the reconciliation would identify and complete the list of bridges, with spans greater than 20', and will ensure that Public Works receives all the required bi-annual inspection reports from TxDOT. Subject to funding, staff will be hired to perform inspections on a periodic basis. In the interim, a Memorandum of Understanding between Public Works and the Watershed Department regarding each department's responsibility for inspection and maintenance will be prepared.

Audit of Bridge Safety 7 Office of the City Auditor

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QUARTERLY ARCHIVES

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