



ALGA

Association of Local Government Auditors

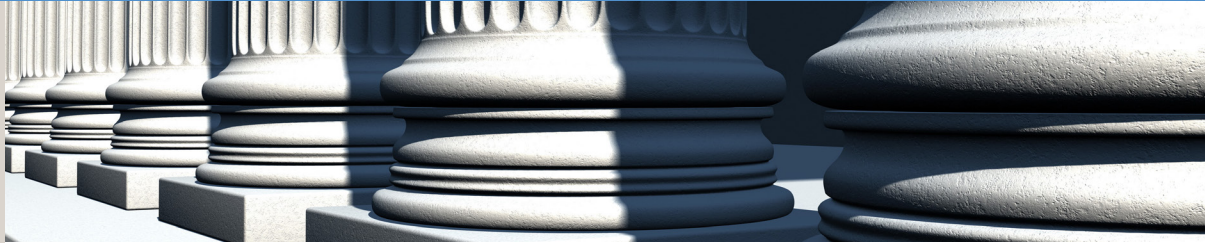
Audit Function Staffing / FTE Considerations

ALGA's Mission

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

Contact Us

449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503
(859) 276-0686
algaonline.org



ALGA Advocacy Committee Website Resource

Whether starting an audit function or evaluating an existing one, staffing size impacts an organization's ability to achieve its mandate. Local government audit offices vary in size. The most common ALGA member organization has three to five auditors, but shops can be as small as one auditor or have more than two dozen audit professionals on staff.

So, what's the "right" size? There hasn't been much research on government audit shops that correlates staff size to activity. Many variables can exist among audit shops, making direct apples-to-apples comparisons difficult. But certain organizational characteristics can be considered to right-size your audit function. The following are not intended to be all-inclusive; consider what conditions work best for your organization's unique circumstances.

Characteristics generally leading to greater audit staffing levels:¹

- Large government size – Measured by monetary budget, breadth of services and activities, number of employees, or transaction volume.
- Unique or complex services – Involvement in services not all government subdivisions provide, such as waste management, health care or medical services, or airport or shipping port operations.
- Decentralized operations and internal control structures.
- Greater enterprise risk management activities – The nature, breadth, and complexity of the government's enterprise risk management activities.
- Greater or stricter regulatory environment – The nature, breadth, and complexity of laws and regulations applicable to the government's activities.
- Greater expectations placed on the audit function by oversight bodies, senior management, or key stakeholders.
- Volatile organization funding or services.
- Greater audit function services – Functions tasked or mandated to provide services beyond standard audit services (e.g., ombudsman; investigations; or fraud, waste, and abuse reporting)

Characteristics generally leading to lower staffing levels:

- Greater reliance on outsourced or co-sourced audit work when done by the chief audit executive.
- Existence of management second line.
- Centralized control structures for key operations such as information technology, purchasing, human resources, and treasury and finance.
- Lesser regulatory environment or few compliance requirements.
- Standard government services.
- Stable organization funding and services.
- Standard audit function expectations.

Auditors should carefully assess their own circumstances to determine staffing sizes. To be good stewards, auditors should periodically evaluate the audit function's staffing level and be prepared to articulate the value its staff contributes to the organization's pursuit of sound, responsible government. For more data on ALGA members' audit-shop staffing sizes, check out ALGA's [Benchmarking Surveys](#).

NOTE

¹ Anderson, Urton L, Margaret H. Christ, Karla M. Johnstone, and Larry Rittenberg. Effective Sizing of Internal Audit Activities for Colleges and Universities. IIA Research Foundation, 2010.

