



City Council Report

Date: February 10, 2020

To: City Council

From: Jennifer Ruttman, City Auditor

Subject: Amending Title 1, Chapter 31 of the Mesa City Code, entitled "City Auditor" by adding sections 3, 4, and 5 relating to an annual audit plan, auditing standards, and public records exemption. (Citywide)

Purpose and Recommendation

The City Auditor is asking the City Council to amend Title 1, Chapter 31 of the Mesa City Code, entitled "City Auditor" by adding sections 3, 4, and 5 relating to an annual audit plan, auditing standards, and public records exemption.

Background

Regarding the City Auditor, the Mesa City Code currently mirrors the language in the City Charter. This language establishes the City Auditor as a Council-appointed position, but provides very little detailed authoritative guidance regarding the roles and responsibilities of the City Auditor, or the operation of the City Auditor's office. The City Auditor is seeking to have certain requirements codified, to ensure high quality work continues to be produced by our office, and that audit resources continue to be used in conformance with formal direction received from the City Council and City Manager.

Discussion

The Annual Audit Plan

In order to ensure transparency, accountability, efficiency, and effectiveness in the use of resources, it has been a long-standing best practice for auditors in the public sector operate in accordance with a risk-based annual audit plan approved by the governing body of the entity. In Mesa, this process provides a consistent way for the City Auditor to receive clear direction from the City Council's Audit, Finance, and Enterprise Committee, as well as from the City Manager and the City Council as a whole. This helps to ensure audit resources are used only as intended by the Council as a group. The Mesa City Auditor has always operated under an approved annual audit plan, but has not been formally required to do so. Codifying this requirement will help to ensure the continuation of this practice.

Auditing Standards

Most auditors of federal, state, and local government programs and entities are expected to comply with Generally Accepted Government Auditing Standards (GAS or GAGAS) issued by the U.S. Government Accountability Office (GAO). These standards include detailed requirements for independence, quality control, reporting, professional qualifications for auditors, and many other aspects of the audit process. For more than 30 years, the Mesa City Auditor has operated in substantial compliance with these standards, but has not formally adopted them for reporting purposes and has not undergone the required peer review process. The intent of adopting this ordinance is to bring the office into full compliance with the standards, including peer review, thereby providing the Council and the public with the highest level of audit quality assurance. The ordinance also refers to other organizations which issue auditing standards, which may also be applicable under certain circumstances.

Public Records Exemption

According to A.R.S. § 9-305 (B), "Working papers and other audit files that are maintained by the city or town auditor are not public records and are exempt from title 39, chapter 1. ..." This statute enables auditors to review and document highly sensitive information without the risk that it will be inappropriately disclosed at a later date. The City Auditor is asking the City Council to affirm and formally adopt this language in our own City Code.

Alternatives

If the City Council chooses not to adopt this ordinance, Chapter 31 of the Mesa City Code will not be amended as described above. The audit planning process and compliance with standards will continue to be part of our operations on a less formal basis.

Fiscal Impact

None.

Coordinated With

The City Auditor has worked with the City Manager and City Attorney to ensure this ordinance does not conflict with any other legal or organizational requirements.