

Performance Audit Process

- I. Background and education – *February/March*
 - a. What authority does the City Council have for doing performance audits?
 - i. CAO interpretation of Charter language:
 1. Sec. 4.07. - Investigations.

The council may make investigations into the affairs of the city and the conduct of any department, office or agency and for this purpose shall have the power to administer oaths and require the presence of witnesses and production of evidence by subpoenas obtained by order from the district court on application from the council.
 2. Sec. 4.08. - Independent audit.

The council shall provide for an annual independent audit of all city accounts and may provide for such additional audits as it deems necessary. Any audit of all city accounts made pursuant to law by the state public examiner or other state officer designated by law shall be deemed an independent audit.
 - b. What is an audit?
 - i. Potential speakers
 1. <https://mn.gov/mmb/mad/services/> State of MN Management and Budget's Management Analysis Division
 2. MN Legislative Auditor <https://www.auditor.leg.state.mn.us/>
 3. Dakota County's Planning and Analysis <https://www.co.dakota.mn.us/Government/Analysis/Pages/default.aspx>
 4. Others, consulting firms?
 - ii. Questions to ask speakers
 1. What is performance audit?
 2. How does a performance audit work?
 3. What are the benefits of conducting an audit?
 4. What have been the outcomes from some of the audits you have done?
- II. Develop a process for selecting an audit topic to be conducted in 2021 – *March/April*
 - a. Criteria identification
 - i. What factors should be used to determine the topic/department that needs to be studied?
 - b. Process outline
 - i. How does the Council determine the topic and department to be studied?
- III. Select topic to be studied - *April*
 - a. Brainstorm topics
 - b. Use criteria to determine best topic for study
 - c. Outline expectations for audit topic

- d. Once decided, a resolution adopted to show Council support for topic
- IV. Develop scoping document which will be the framework for the study and shared with potential consultants – *April/May*
 - a. What are the goals and objectives of the audit? What outcomes are expected?
 - b. What specific office/task/operation will be studied?
 - c. What will not be studied?
 - d. What is the proposed timeline?
 - e. What are staffing and consultant roles?
- V. Identify potential consultants who specialize in the selected topic area - *May*
- VI. Select consultant – *June - September*
 - a. Select a subcommittee to select consultant
 - b. Email project scope document to prospective consultants and ask for proposals and budget
 - c. Interview those who would like to present their proposal
 - d. Subcommittee recommends a consultant for City Council approval including proposed budget to complete the work
- VII. Determine Council budget that can be used for project -*September*
- VIII. Enter into contract negotiations with consultant - *October*
 - a. Work with Procurement to develop an acceptable contract
 - b. Complete contract negotiations and sign contract before mid-November