



# AUDIT WORKGROUP

JULY 28, 2020 (REVISED)



# AGENDA

- Review proposed Audit Process to finalize

# SAINT PAUL AUDIT

## ■ Mission:

The Saint Paul City Council Audit Committee evaluates the financial and program performance of City departments to build public trust and ensure outstanding service delivery, transparency and accountability.

# DRAFT PROPOSAL – ANNUAL PROCESS

## Annual Committee Responsibilities

- Topic Input
- Rank Topics and Identify top 5
- Select topic
- RFP or RFQ for Consultants
- Award Contract and scope project with consultant
- Review final report, approve, and make public
- Follow-up on any findings or recommendations

## Council Research Staff Responsibilities

- Survey for topics
- Sort topic input for review and rank
- Scope top 5 topics for review
- Determine budget
- Facilitate contract creation
- Liaison between consultant and committee

# PROCESS AND TIMELINE – OPEN TO DISCUSSION

January thru September

Survey for  
Topics

Rank Topics  
and select  
topic to audit

Committee  
recommends  
topic to City  
Council

RFP or RFQ:  
Review and  
Rank  
Responses

Determine  
budget

Select  
consultant:  
Resolution to  
City Council

Committee  
to Scope  
Audit with  
Consultant.  
Consultant  
Audits topic  
has up to 1  
year for  
completion

Committee  
starts survey  
of topics for  
following  
year

Committee  
Review Final  
Report

Council  
receives and  
files final  
Report

Follow up on  
Final Report  
Recommendations

Could restart process selection in  
Sept to que up another audit the  
beginning of the year or take a few  
months off.



## PROCESS AND TIMELINE

- Timeline is intense and the goal is to create a creditable effective process, should we;
  - Phase the survey in 2021?
  - Should the survey be an annual process? Since we can only do one audit a year, can the top 2-5 be in que?
  - Should the survey be developed to focus on certain areas that align with council priorities vs cast wide net?
  - How is the budget determined? (proceeding slide)
  - How does this work align with the Redesign/Reimagine workgroups in the Mayor's Office

# AUDIT COMMITTEE OPTIONS

1. Advisory Committee is appointed by the Mayor and approved by Council
2. Council Committee- made up of 4 councilmembers appointed by the Council President\*
3. Legislative Advisory Committee-council can appoint members for one year.
4. Any other option would require Charter changes, no option to create a committee through an ordinance.

Option Likely; affords greater flexibility

\*Subpoena power is only applicable when a council committee is doing an investigation per 3.01.08



## DRAFT PROPOSAL – AUDIT VIA CITY COUNCIL MEMBER COMMITTEE



## DRAFT PROPOSAL - BUDGET CONSIDERATIONS

- Council staff support
- OTC support
- Survey database
- Data mining survey responses
- Outreach and/or Marketing for topic input
- Cost of consultant

# BUDGET OPTIONS

- Annually add a budget for an audit \$20,000 in the 2021 budget
- Annually add a \$20,000 budget for an audit in 2021 and use any unspent City Council Operations funds at the end of the year to add to the audit budget
- Use any unspent City Council Operations funds at the end of the year to fund an audit

Budget may impact topic selection, something to consider in timeline.

*Keep in mind COVID-19 has and will continue to have significant impact on the budget.*

# DRAFT PROPOSAL - TOPIC SUBMISSION

- Meet with Council members and Council Committee to gather topics
- Online Survey
  - Request for Topics from Council members, Mayor's Office, Directors, and all city employees – Send email with survey link or they can respond to the email.
  - Reach out to District Council's -Send email with survey link or they can respond to the email.
  - Media - Send email with survey link and post on social media
- Create email and/or call in number
- Any financial audit findings would be added to the topic list

Consideration: Who's survey is this? When will survey go out? Who will consolidate all feedback, organize and tally repeat topic. Need a survey every year?

TOPIC SELECTION – CRITERIA CONSIDERATIONS FROM 7/14,  
REVISED CRITERIA ON NEXT SLIDE

Risk: physical  
environment, economy,  
finance, community  
service impact, security,  
technology, operational,  
compliance, strategic

Department Indicators:

- Employee turnover
- Budget
- Complaints
- Fraud Risk
- Abuse or waste Risk
- Equitable service delivery

- Impact on City:
- Council priorities
- Strengthen controls
- Complexity of topic
- Ongoing Program or Service
- Previous Audit Finding
- Safety
- Constituent priority
- Ability to affect change

					Department Indicators					Impact on City					
Project	Department	Project Type	Objective	Risk Type						Aligns with	New Program			Ability to	
					Employee Turnover	Budget	Complaints	Fraud or Waste	Service Delivery	Council Priority	Increases controls	Complexity of Topic	or Service	Constituent Priority	Safety
				finance											
					Can develop a low, medium, high ranking system										

# TOPIC SELECTION – CRITERIA CONSIDERATIONS

## Risk

Fraud  
Budget and finance compliance  
Policy Compliance  
Operations effectiveness  
Asset management  
Equitable service delivery  
Safety and security

## Impact

Constituent priority  
Ability to affect change  
Equity  
Strengthen controls  
Urgency/relevance  
Cost

## Interest

Council priority  
Constituent priority  
Strengthen controls  
New Program or Service  
Previous Audit Finding

**Task: Need to refine criteria (CM to edit) and define what it means and how it will be measured**  
*Need to consider that all budgets and services are in the middle of changes and it may be hard to audit departments with significant change since there is no data to review trends and past practices.*

# APPENDIX

# DRAFT PROPOSAL - IMPLEMENTATION STEPS (WRITTEN VERSION VS FLOW CHART)

## Audit via Councilmember Committee

- Resolutions to 1) announce process and 2) establish audit committee
- Develop committees scope of work and timeline
- Topic Input
- Topic Selection
- Resolution to City Council to select topic
- RFP or RFQ for Consultants
- Resolution to select Consultant and establish budget
- Final report shared with committee
- Resolution to accept final report and share with full council



# SAINT PAUL CHARTER

- **Committee's (Sec. 3.01.8.)** The mayor shall, with the advice and consent of the council, appoint members of boards and commissions and such advisory committees as are established by the mayor or by the council, except that the council may, by resolution, establish and appoint members to legislative advisory committees. The term of appointment to legislative advisory committees shall not exceed one year from the first meeting of the committee to which a member has been appointed. Such committees may be established for one year only and may not re-established, by ordinance or resolution, for any additional period of time. Appointees to legislative advisory committees shall serve without receiving a per-diem allowance. Appointees to any city board, commission or committee shall be removable as provided in the instrument establishing the same.
- **Investigations (Sec. 4.07.)** 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.
- **Independent audit (Sec. 4.08.)** 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.

# SCOPE TOP PROJECTS (EXAMPLE OF DAKOTA COUNTY)

**Project Background (WHY):** History, Relation to a past project, Phase or stage of an ongoing project, Previous attempts and past obstacles, Need for project, Consequences of not pursuing, Current approach for addressing problem, Relation to broader Dakota County initiatives

**Purpose/Deliverables/Outcomes (WHAT):**  
Statement of Purpose Deliverables and format  
Parameters (inclusion/exclusion) Constraints  
Assumptions Success measure Ultimate Project Goal

**Process/Methodology/Resources (HOW):** Guiding questions, Methodology, Requested resources (IT or OPA), Department provided resources, Estimated project budget and funding sources, Funding status

**Project Team and Audience (WHO):** Project Sponsor, Team Members, Audience (beyond Project Sponsor and Team Members), Individuals who provided project review and approval

**Timeline (WHEN)**

# City of Saint Paul Innovations Team Charter Template

THE OPPORTUNITY		PROJECT BENEFITS					
<p>1-3 sentences clearly stating <u>What</u> needs improvement &amp; include any supporting data available.</p> <p>Do we know <u>how much</u> improvement is needed? Define what could be better.</p>		<p>If we achieve the opportunity statement, then how will the City of Saint Paul benefit? Articulate the benefits of successfully completing this project (e.g. ID financial &amp; non-financial benefits to the city).</p>					
GOAL STATEMENT(S)		PROJECT SCOPE					
<p>“<u>What specifically will change</u>” from “<u>current performance</u>” to “<u>future performance</u>” by <u>what date</u> (X/X/X).</p> <p>This section is listing of goals to achieve that in aggregate, if achieved, would result in successfully addressing the opportunity statement (e.g. improve what needed to be improved)</p>		<p>Starting Point or activity step: Stopping Point or activity step:</p> <p>In Scope</p> <ul style="list-style-type: none"><li>•Insert here (e.g. Location 1)</li><li>•Insert here (e.g. Location B)</li></ul> <p>Out of Scope</p> <ul style="list-style-type: none"><li>•Insert here (e.g. Area A)</li><li>•Insert here (e.g. Location 2)</li></ul>					
PROJECT PLAN		TEAM SELECTION					
<table><thead><tr><th>Milestone</th><th>Due Date</th></tr></thead><tbody></tbody></table>		Milestone	Due Date	<table><thead><tr><th>Name</th><th>Role</th></tr></thead><tbody></tbody></table>		Name	Role
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