



Association of Local Government Auditors

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A Message to Local Government Leaders and Stakeholders From the Association of Local Government Auditors (ALGA)

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In times of limited resources, some local governments and special districts are tempted to reduce the budgets of their auditors. Effective audit functions require organizational independence, adherence to professional standards, sufficient funding, competent leadership, and, most importantly, your stakeholder support. We are writing to you in support of fully funding and supporting your in-house local government auditors.

Your auditor can help you fulfill your governance responsibilities for good stewardship of resources by actively identifying ways to:

- Increase cost savings and revenues
- Ensure your policies are implemented effectively
- Prevent fraud
- Make decisions based on solid data

Your Auditors Are a Wise Investment

Cost Savings and Revenues Enhancements

Auditors help identify opportunities for cost savings and revenue enhancement:

- Audits of overtime saved a small city in Texas \$350,000; a larger city saved more than \$2.8 million annually.
- A Tennessee city saved over a million dollars with an audit of employee health coverage; a Canadian city saved \$54 million.
- A large city in Texas identified over a million dollars in overcharges for TV franchise fees; a smaller city in California collected over two million dollars in underpaid business license taxes over ten years.
- Auditors recovered \$2.1 million from one concession contract.
- A small city found \$15,000 overcharged by one vendor, and \$30,000 by another; cities found office supply overcharges in the millions of dollars.

Policies and Implementation: Monitoring Program Performance

Auditors ensure that program performance is meeting the community objectives that underlie policy directives. Audit recommendations help improve service delivery as well as prevent future liabilities and costs:

- An audit of codes and inspections in a New York City found that inspections required by state and local law were not being performed.
- A Canadian city recently found that board-approved procurement and competitive policies were “routinely ignored”.
- An audit of family investigations in Arizona addressed badly needed changes to case management.

Fraud prevention

Auditors play an important role in detecting fraud and recovering dollars. Even more importantly, auditors work to prevent fraud. They help protect your government's reputation for good stewardship through training, monitoring hotlines, and audit recommendations aimed at prevention.

The Data and the Facts You Need for Making Decisions

Auditors provide objective information for informed decision making.

- Performance audits of streets infrastructure and pensions helped two California local governments balance competing priorities, win voter approval for initiatives, and avoid future costs.

Avoiding the temptation to contract out for audit services

While some local governments opt to outsource all of their audit services, including performance audits, ALGA believes that there are many advantages to maintaining in-house audit staff including:

- Quicker response to requests
- Audit leaders who follow up to ensure changes are made
- Potential for lower costs per hour and for time savings due to familiarity with your operations, and
- Timely identification and deterrence of fraud, waste, and abuse.

If you do decide to outsource audits, your in house auditors are your assurance that those contracts will be appropriately scoped and rigorously monitored. Because contract management requires dedicated time and expertise, many governing boards charge their in-house auditor with the selection process and oversight of any audit contracts.

ALGA Helps Strengthen Your Existing Audit Function

The Association of Local Government Auditors (ALGA) is a professional organization committed to supporting and improving local government auditing.

We offer no-cost assistance for your audit function: publications such as [Model Legislation](#) and guidance for you on selecting an auditor, arrangement of peer reviews and, if requested, direct advice by phone, email, or possibly in person. You can learn more at our website at www.governmentauditors.org.

Please contact Advocacy Committee Chair Craig Kinton at craig.kinton@dallascityhall.com or 214-670-3222 if you would like additional information.

Sincerely,



Drummond Kahn, ALGA President