

## Observations about Cincinnati's Internal Audit

From: Todd Zinser (toddzins@yaho.com)

To: lauren.sundararajan@cincinnati-oh.gov

Date: Thursday, December 26, 2024 at 01:41 PM EST

Dear Ms. Sundararajan,

I have reviewed information about your office on Cincinnati's website and I am sharing with you some observations for whatever action you deem appropriate.

The information I reviewed on the city's website includes Article II, Section 15 of the city's Administrative Code. I also read each of your 2024 reports and generally reviewed your reports for the last 10 years, as explained below. I have also reviewed the peer review requirements set forth in the Generally Accepted Government Audit Standards (GAGAS). I have seven observations:

1. **Audit Authority:** The Administrative Code gives the Internal Audit Manager sufficient authority and independence to carry out an effective internal audit program.
2. **Transparency:** The code references three documents pertaining to Internal Audits that are required annually that are not posted on the City's Internal Audit website. There are also two additional categories of documents, if available, that would be appropriate to post:
  - a. risk assessment
  - b. approved work plan
  - c. budget for Internal Audit
  - d. peer reviews (if available)
  - e. follow up audits concerning the disposition of recommendations (if available)
3. **Investigative Authority:** The City's website indicates that Internal Audit also conducts investigations. *Yet there are no provisions in the ordinance that authorizes the Internal Audit Unit to conduct investigations.* This could raise the possibility that investigative subjects or targets of your office could question the legitimacy of your investigations.
4. **Deviations from the Audit Plan.** The ordinance specifically requires an annual audit plan approved by the Internal Audit Committee and any modifications requires consultation with the City Manager. There are 58 reports on your website issued by your office since 2015. Fifty of those audits were conducted according to the audit plan. Eight were carried out at the request of other city officials. If there are established processes and criteria that apply to requests that deviate from the audit plan, those processes and criteria are not available to the public on your website, nor do the reports for these 8 audits otherwise provide a justification for the audit other than the request.
5. **Audit Standards:** Each report contains "boilerplate" language that seems to leave the impression that your audits are conducted in accordance with GAGAS. However, your reports cite an exception. Namely that your office does not subject itself to peer reviews even though there does not appear to be such an exception. Since they set the standards, you could consult with the Government Accountability Office for an opinion as to whether your report language, essentially citing compliance with GAGAS, is appropriate even though you do not undergo peer reviews.
6. **Financial Information and Monetary Benefits.** Your reports do not generally provide financial or other information about the subjects of your audits or other information to indicate the significance of the audit subject. For example, the size of the agencies' budgets and the number of employees. Also, the basis for its inclusion in

the audit plan would help the readers of your reports understand the more precise purpose and context of the audit. Your audit reports also do not generally report costs savings or funds put to better use, if any, identified in your audits.

7. **Follow-Up Audits.** There are no reports on your website to indicate that your office has conducted any audits to determine the disposition of the numerous recommendations made by your office. In other words, there are no follow-up reports to indicate that the recommendations made by your office have actually been implemented and to what effect?

Internal Audit is a very important function, and it is clear that you have made many constructive recommendations over the years to make the city's operations more efficient and effective. The observations herein about Internal Audit are made in the same vein.

I would be happy to meet with you to discuss these observations at your convenience.

Sincerely,

Todd Zinser