

CITY OF ALLENTOWN

CITY CONTROLLER'S DEPARTMENT – INTERNAL AUDIT FUNCTION



TOP 10 LIST ...QUESTIONS AND ANSWERS

1. **What is the Internal Audit function?**

The City Controller has financial oversight of City Finances, independent of the Executive and Legislative branches. The Internal Audit function is part of the City Controller's Office.

The Internal Audit function examines the City's activities for compliance with applicable policies, procedures, laws and regulations. It also performs reviews and issues audit reports which address the effectiveness of accounting, financial and other controls. The City Controller's Office is available to assist with concerns, questions, or reviews of new systems, ethics and compliance issues, and as a liaison for external audit interactions:

Process Reviews - Reviews the focus on the major risk areas of an entity/process to provide an assessment of the efficiency and effectiveness of operations as well as the adequacy of internal controls over financial information, the safeguarding of assets, and compliance with laws and regulations.

Others – Performs weekly check review, Cash Counts, Petty Cash, etc.

Follow-up - The benefit from audit work is in the effective resolution of audit observations and recommendations. Therefore, there is periodic follow-up on the resolutions and implementation of audit observations and recommendations.

2. **Who do the Internal Auditors report to?**

The Internal Audit function is part of the City Controller's Office and the Internal Auditors report to the City Controller. The City Controller is one of nine elected offices in the City of Allentown. The term of the office is four years and is not subject to term limitation. The City Controller is independent of the Mayor and City Council.

3. **How are internal audits scheduled?**

The City Controller's Office periodically performs assessments to identify areas of potential risk. Based on these assessments and discussions with management an audit plan is developed. The City Controller's Office also responds to special requests from Administration and City Council.

4. **What are the steps involved in an audit?**

Common elements of an audit are:

Scheduling - At the beginning of an audit, the City Controller's Office will notify the respective office/department/agency (auditee) through written correspondence that an audit is about to begin; it will then contact the auditee to schedule an entrance meeting and/or request additional information. For surprise audits no notification is given.

Communication - At the entrance meeting the purpose and scope of the audit will be described and questions posed by the auditee will be answered.

Fieldwork – The Internal Auditors will interview key staff, review and observe procedures and processes, review documentation, flowchart processes, and perform any necessary detail/transaction testing. During fieldwork, the Internal Auditor communicates any observations/concerns with the auditee to ensure no surprises.

Reporting - After fieldwork, a report is drafted and sent it to the auditee for review. Depending on the finding, an exit conference may be scheduled with the auditee to discuss the report. Changes could be made to the report based on discussion at the exit. After the exit conference or after exit conference changes are made, if necessary, Administration will be given 10 business days to provide a response to the observations and recommendations made in the report. This response will be included in the final report to be issued.

5. Is the City Controller’s Office looking for fraud when performing audits?

The City Controller’s Office is not specifically searching for the existence of fraud when performing audits. The goal is ensuring that adequate systems of internal control exist to reduce the risk of fraud. In situations where internal controls are weak, testing is designed to determine if indications of fraud exist.

6. How long will an audit take?

Audits will vary in length depending on an area’s size, complexity, and the specific audit objectives. Not all the time devoted to the audit will be evident because of the amount of preparation, analysis, and related work needed to document the effort.

7. Can I ask the City Controller’s Office for assistance when I am not being audited?

Yes, while the department’s mission is principally accomplished through formal audits, there is no need to rely solely on audits to utilize the resources of the Internal Audit function. The City Controller’s Office acts as an in-house consultant on internal control matters, and will be happy to provide you with information and suggestions on controls in specific areas.

8. Who gets copies of the audit report?

All final audit reports are distributed to the relevant administrators of the area audited, City of Allentown Administration, City Council, the Director and Manager of Finance and are available to the general public.

9. What should I do if I suspect someone is involved in something illegal?

If you suspect fraud or other questionable acts in your department contact your supervisor or the [Controller](#) immediately. Do not try to question anyone or otherwise investigate the matter yourself.

10. What if I have more questions?

Please feel free to contact us at any time. The number for the Office of the City Controller is 610-437-7527 or by email Controller@AllentownCity.org.