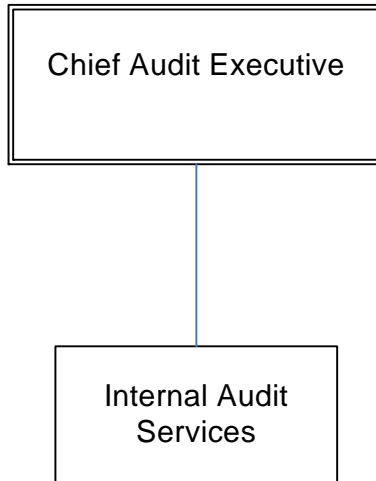




Office of Internal Audit



OFFICE OF INTERNAL AUDIT

Mission

To provide independent, objective assurance and consulting activities that assist both policy makers and program managers in providing high-quality services in a manner that is accountable, efficient, effective, and ethical.

Programs and Services

The Office of Internal Audit provides Internal Auditing Services for Louisville Metro Government via four core services.

(1) Assurance Services – review operations, policies, and procedures to ensure that the appropriate control structure is in place and that business risks are considered;

(2) Consulting Services – help address specific issues and concerns that do not require an assurance review;

(3) Information Technology Services – review to ensure that electronic information is processed as intended, data integrity is maintained, and the control structure is effective. This service is primarily delivered through co-source arrangements with external consultants;

(4) Integrity Services – investigate allegations of employee misconduct or non-violent criminal acts involving Metro Government resources and proactive fraud detection best practice reviews.

Goals & Indicators

The Office of Internal Audit conducts audits of Metro departments, offices, boards, activities, and agencies to review the systems of risk management and internal controls in order to provide reasonable assurance regarding:

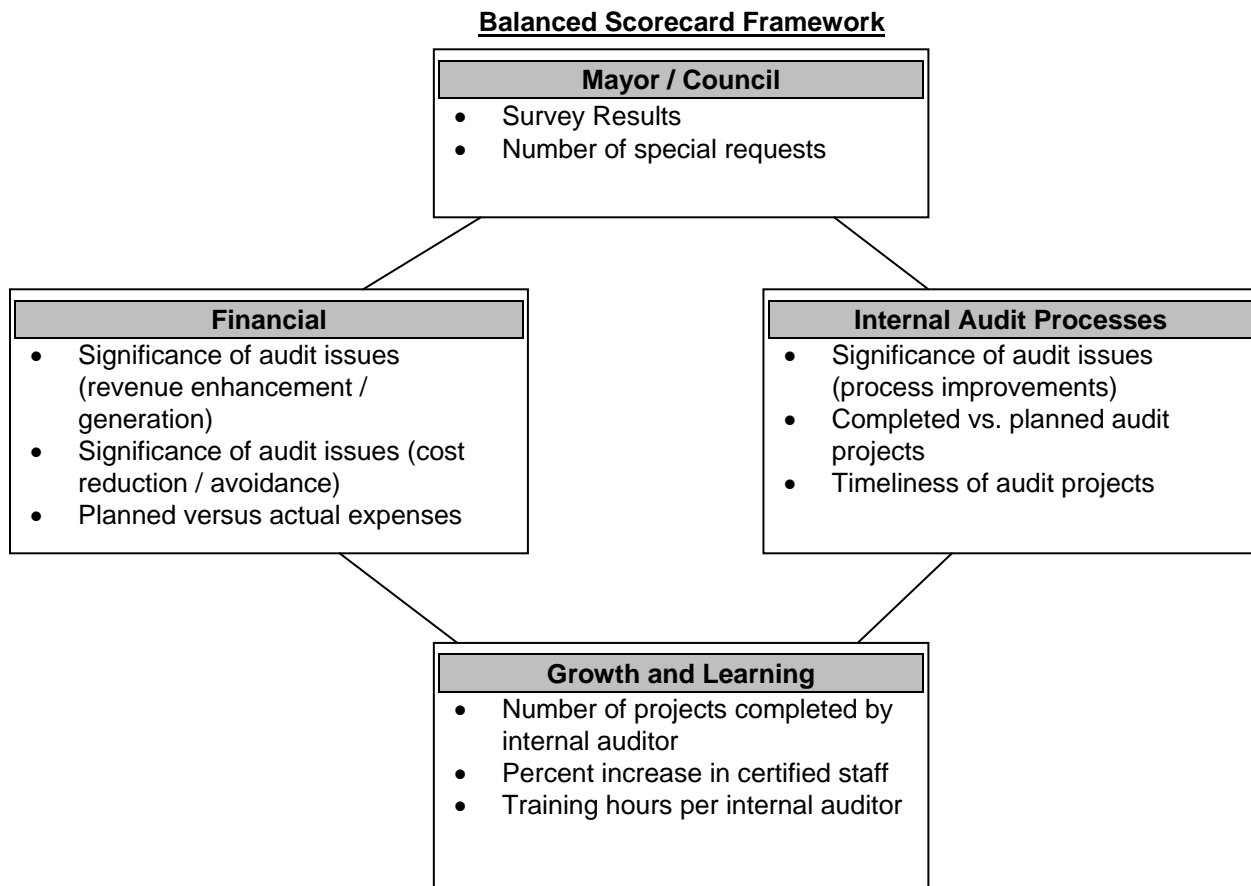
- Accomplishment of business objectives and goals;
- Effectiveness and efficiency of operations and programs;
- Reliability of financial information;
- Compliance with applicable laws and regulations;
- Safeguarding of assets.

Recommendations for improvements are made to the Mayor, Agency Directors, and the Metro Council.

The Louisville Metro Office of Internal Audit allocates resources according to an audit plan. The plan is developed using a risk-based methodology that incorporates the Committee of Sponsoring Organizations (COSO) framework, which is the model used in the internal audit profession. By using this approach, resources are focused on helping ensure Louisville Metro Government is achieving its objectives. Audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and Government Auditing Standards.

Performance Measures. It is difficult to effectively measure performance in the internal audit profession. The nature of the work does not lend itself to quantifiable measures that are truly indicative of performance. For example, audits are performed to provide assurance that controls are adequate, to provide pre-implementation reviews of new systems, and to provide consulting and advice to clients. The value of these activities is difficult to quantify since internal auditing alone does not produce direct benefit. Value comes from a commitment to implement recommendations.

Balanced Scorecard. Given the limitations of performance measures in internal auditing, the Office of Internal Audit uses a Balanced Scorecard (BSC) framework. The BSC focuses on providing value-added internal auditing services. As illustrated in the following, the BSC consists of four separate, but equally important, components. The performance measures for each component are noted.



It is important to note that the BSC is in the process of being implemented. Several issues with actual performance measure techniques still need to be addressed and may require additional resources in order to adequately capture the performance data. The Office of Internal Audit is committed to continuing to address the issues and implementation of the Balanced Scorecard framework to the extent feasible.

Office of Internal Audit

Budget Summary

	Prior Year Actual 2007-2008	Original Budget 2008-2009	Revised Budget 2008-2009	Mayor's Recommended 2009-2010	Council Approved 2009-2010
General Fund Appropriation	692,300	736,700	736,800	656,800	781,800
Total Revenue:	692,300	736,700	736,800	656,800	781,800
Personal Services	638,700	650,700	634,700	612,600	712,600
Contractual Services	29,500	55,200	34,800	20,400	45,400
Supplies	5,700	7,300	6,500	5,900	5,900
Equipment/Capital Outlay	700	4,000	2,100	1,000	1,000
Interdepartment Charges	17,700	19,500	19,500	16,900	16,900
Restricted & Other Proj Exp	0	0	39,200	0	0
Total Expenditure:	692,300	736,700	736,800	656,800	781,800
Expenditures By Activity					
Office of Internal Audit	692,300	736,700	736,800	656,800	781,800
Total Expenditure:	692,300	736,700	736,800	656,800	781,800

Office of Internal Audit	Position Detail	
	Mayor's Recommended FY2009-2010	Council Approved FY2009-2010
Position Allocation (in Full-time Equivalents)		
Full-time	8	8
Part-time	0	0
Seasonal/Other	0	0
Total Positions	8	8

Position Title

Assistant Director	1	1
Director	1	1
Internal Audit Coordinator	1	1
Internal Audit Manager	1	1
Internal Auditor II	4	4