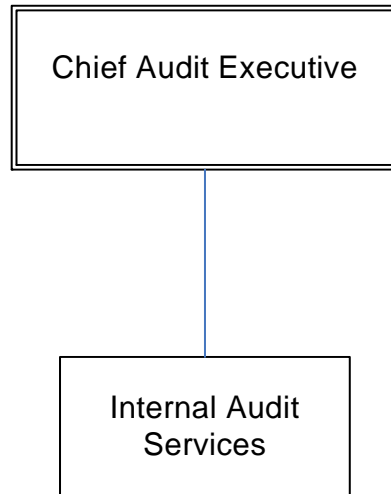




# Office of Internal Audit



## OFFICE OF INTERNAL AUDIT

### Mission

The Office of Internal Audit provides 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** – reviews of operations, policies, and procedures to ensure that the appropriate control structure is in place and that business risks are considered;

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

**(3) Information Technology Services** – reviews 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** – investigations of 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:

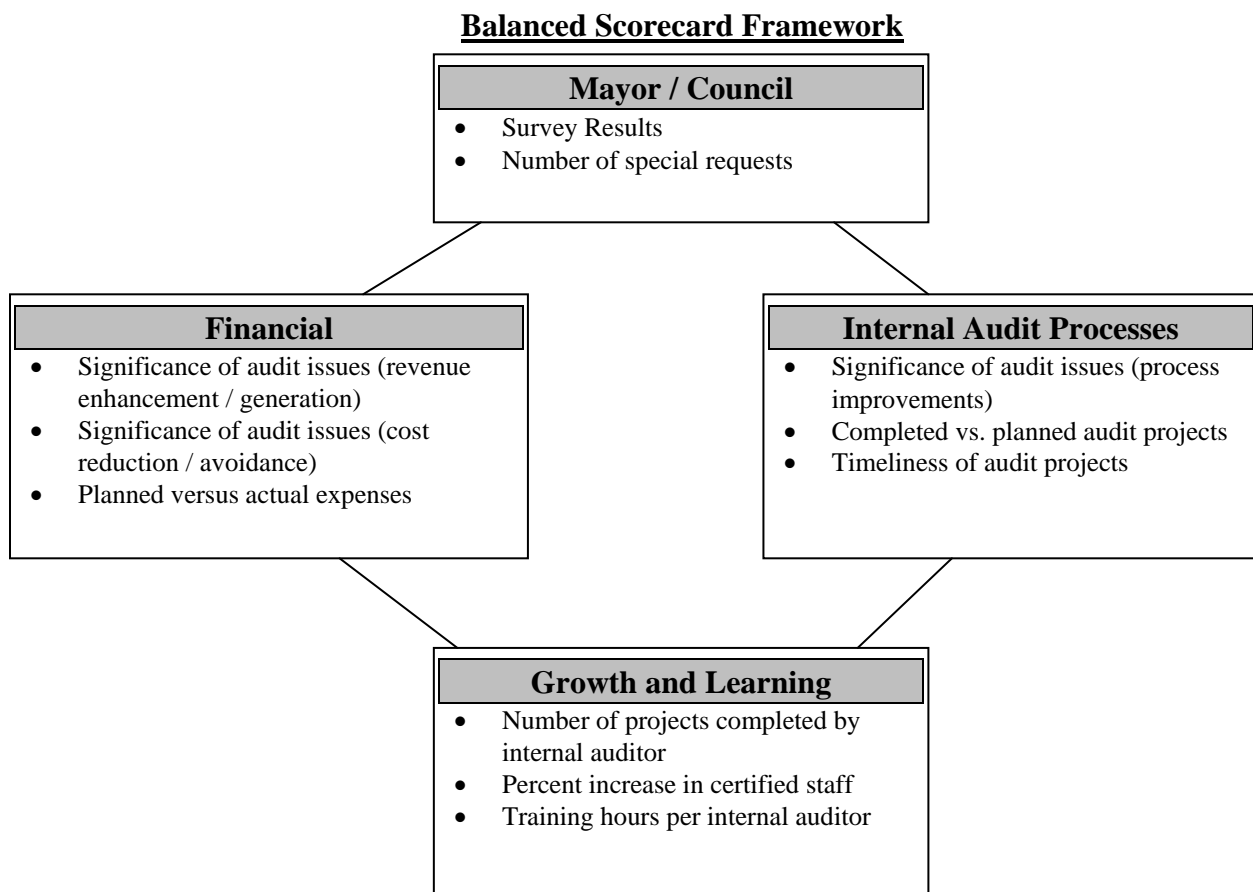
- ✓ Accomplishment of business objectives and goals;
- ✓ Effectiveness and efficiency of operations and programs;
- ✓ Reliability of financial information;
- ✓ Compliance with applicable laws and regulations;
- ✓ Safeguarding of assets.

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 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. This is due to the fact that a significant portion of internal audit’s value comes through intangibles. 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 extremely difficult to quantify since internal auditing alone does not produce benefits. These come from management’s commitment to implement recommendations in a quality manner.

**Balanced Scorecard.** Given the limitations of performance measures in internal auditing, the Office of Internal Audit has been implementing 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 also noted.



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

**Office of Internal Audit**

**Budget Summary**

	<b>Prior Year Actual 2006-2007</b>	<b>Original Budget 2007-2008</b>	<b>Revised Budget 2007-2008</b>	<b>Mayor's Recommended 2008-2009</b>	<b>Council Approved 2008-2009</b>
General Fund Appropriation	701,600	721,700	721,700	746,400	736,700
Total Revenue:	701,600	721,700	721,700	746,400	736,700
Personal Services	616,900	637,400	637,400	660,400	650,700
Contractual Services	56,100	55,200	35,100	55,200	55,200
Supplies	6,300	7,300	7,300	7,300	7,300
Equipment/Capital Outlay	3,600	4,000	0	4,000	4,000
Interdepartment Charges	18,700	17,800	17,800	19,500	19,500
Restricted & Other Proj Exp	0	0	24,100	0	0
Total Expenditure:	701,600	721,700	721,700	746,400	736,700
Expenditures By Activity					
Internal Auditor	701,600	721,700	721,700	746,400	736,700
Total Expenditure:	701,600	721,700	721,700	746,400	736,700

<b>Office of Internal Audit</b>	<b>Position Detail</b>	
	Mayor's Recommended FY2008-2009	Council Approved FY2008-2009
<b>Position Allocation (in Full-time Equivalent)</b>		
<b>Full-time</b>	<b>8</b>	<b>8</b>
<b>Permanent Part-time</b>	<b>0</b>	<b>0</b>
<b>Seasonal/Other</b>	<b>0</b>	<b>0</b>
<b>Total Positions</b>	<b>8</b>	<b>8</b>

***Position Title***

Assistant Director	1	1
Director	1	1
Internal Audit Manager	1	1
Internal Auditor II	5	5