



RE: Office of Independent Internal Auditor
November 28, 2011

Charter Review Committee:

Riverside's League of Women Voters writes in support of a City Charter amendment to create an office of Independent Internal Auditor.

We recommend that the City Auditor be appointed by the City Council or elected by Riverside's voters. Also, the City Auditor should have the power to independently staff the auditor's office and develop a yearly work plan. Any reports or evaluations should be submitted directly to the City Council and the people of Riverside.

It is the auditor's job to keep government operations honest and adept. Auditors look at expenditures to make sure they are affordable, legal, authorized, and delivered. Then, they look at the books to make sure the expenditures are accurate.

Given these essential tasks and responsibilities, the ideal auditor should be absolutely independent and unbiased. Currently, Riverside's auditor's office reports to the City Manager, thus sitting under the same umbrella with many departments the office may be required to audit. This organizational system raises questions about the auditor's ability to perform objectively and without intrusion, both in practice and appearance.

The Institute of Internal Auditors' best practice guide, [*The Role of Auditing in Public Sector Governance*](#), lists "organizational independence" as the first component in effective public sector auditing.

The Institute emphasizes the importance of the auditor's "reporting line," as it is fundamentally tied to the auditor's independence. The report states, "Safeguarding auditor independence is particularly needed when the internal audit activity reports to officials who may also be held accountable for any significant problems."

In his interview with the Committee on August 15, 2011, Assistant City Manager Paul Sundeen said that he supports the current organization because it affords better coordination of purposes and promotes efficiency. However, it also creates a concentration of power in the City Manager's office that lacks the appearance of objective fiscal analysis.

Several cities in California have recognized the need for independent auditor's offices in order to dissuade any suspicions of conflict of interest and to encourage transparent and accountable city governments.

Long Beach, Los Angeles, Oakland, Sacramento, San Jose, Stockton, Palo Alto and Berkeley all have autonomous city auditors. Some cities employ elected auditors and some of the cities' auditing processes may vary slightly, but each auditing office reports first to their city councils and drafts their own yearly auditing plan. Moreover, each office has the same mission - to strengthen public accountability, while improving the efficiency and effectiveness of city government.

With a current budget close to \$993,000,000, the citizens of Riverside deserve the same confidence in accounting and fiscal management as cities both larger and smaller in size.

Riverside's League of Women Voters strongly urges the Committee to consider recommending the addition of an office of Independent Internal Auditor to the City Charter. The office would be an essential building block to further strengthen the goal of providing open, transparent and accountable government for Riverside's citizens.

Sincerely,

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