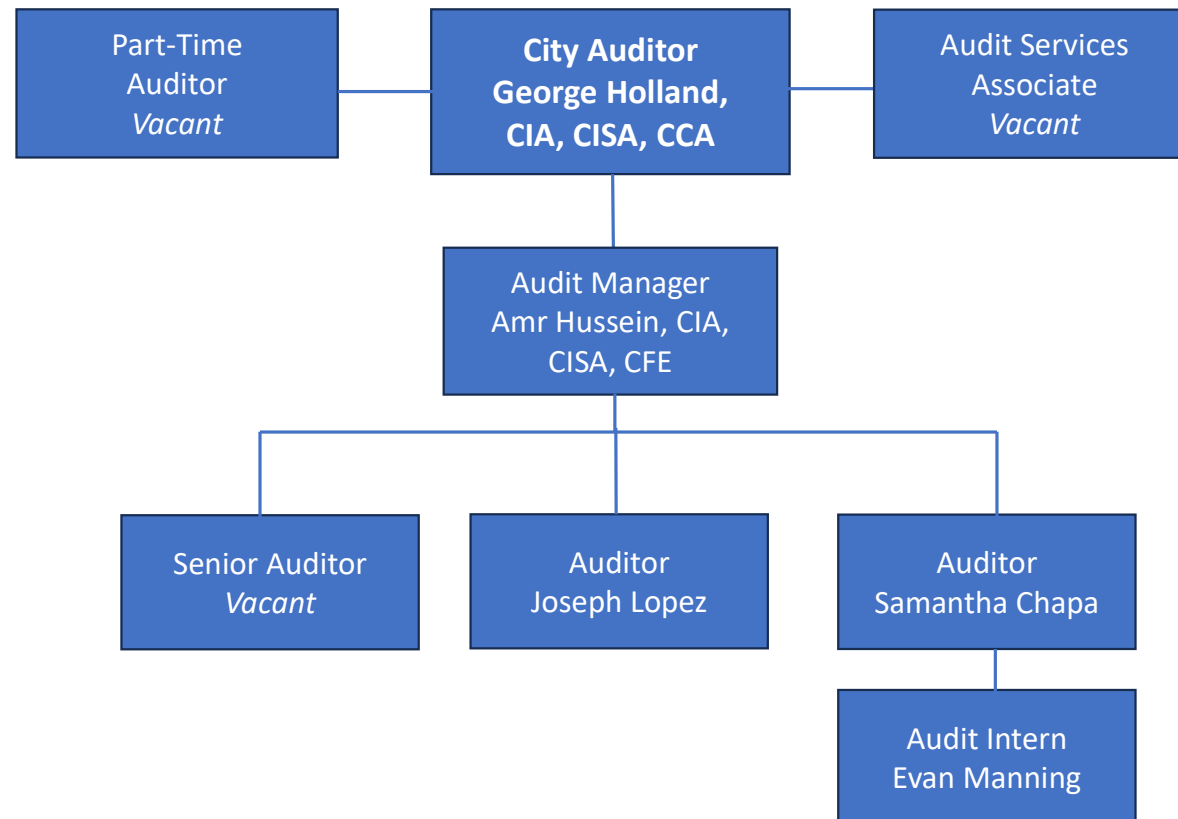




## City Auditor's Office



## **Justification for Creating an “Audit Manager Position – First Principal Assistant”**

**1-The role of Audit Manager is commonly found in many cities throughout Texas, including but not limited to:**

- 1- City of Austin**
- 2- City of Houston**
- 3- City of San Antonio**
- 4- City of Dallas**
- 5- City of Forth Worth**
- 6- City of Arlington**

**2-As mentioned in Ordinance 12 1/2 At such times when a vacancy occurs in the office of the city auditor, the first principal assistant shall act in the capacity of city auditor pending the appointment of a new city auditor. Should the first principal assistant position be vacant, the council audit committee shall appoint an interim city auditor.**

### **3- In accordance to the 2024 Government Auditing Standards (Yellow Book)**

The structure of a local government’s internal audit function directly influences the quality, credibility, and strategic impact of audit work. While a **Senior Auditor** plays an important technical and execution role, the position **does not fully meet the strategic, supervisory, and quality assurance requirements** outlined in the 2024 Yellow Book. The inclusion of an **Audit Manager** is essential to satisfy core responsibilities such as engagement planning, quality control, mentoring, independence assurance, and cross-functional coordination.

#### **3-1. Quality Control and Supervision (GAGAS 5.08–5.13, 9.15–9.17)**

GAGAS requires that audits be conducted with **appropriate levels of supervision and quality management**. An Audit Manager provides a critical layer of review that a Senior Auditor is not organizationally positioned to fulfill, including:

- Reviewing planning documents and risk assessments for appropriateness.
- Monitoring fieldwork for consistency with audit objectives.
- Ensuring compliance with documentation standards (GAGAS 8.61–8.64).
- Overseeing implementation of corrective action plans.

**GAGAS 5.11:** “Audit organizations must establish and maintain a system of quality management... [which includes] engagement performance, monitoring, and leadership responsibilities.”

### **3-2. Independence and Ethical Governance (GAGAS 3.04–3.11)**

Having an Audit Manager reinforces **independence in fact and appearance**, particularly when the City Auditor must delegate oversight without compromising objectivity. The Senior Auditor often works as a peer to auditors in the field and lacks the positional authority to enforce decisions or escalate ethical concerns.

**GAGAS 3.11:** Emphasizes leadership’s role in promoting ethical behavior and independence.

### **3-3. Competence and Staff Development (GAGAS 4.02–4.08, 4.12–4.15)**

Audit Managers are key to:

- **Mentoring and developing** audit staff,
- **Evaluating performance**, and
- Ensuring that the team collectively meets GAGAS’s CPE and competency requirements.

This is especially important in local government entities, where audit departments are often small and must ensure staff are multi-skilled and capable of performing varied types of audits.

**GAGAS 4.07:** “Competence is derived from a combination of education and experience. Supervisors must assess staff capabilities and assign work accordingly.”

### **3-4. Strategic Engagement Oversight and Risk Management (GAGAS 8.10–8.17)**

An Audit Manager:

- Oversees development of **audit objectives, scopes, and methodologies**,
- Validates alignment with the audit plan, and
- Coordinates responses to emerging risks (e.g., cybersecurity, federal grants, procurement abuse).

A Senior Auditor may contribute to engagement execution but typically does not have sufficient authority or visibility to manage broader strategic risks.