DATE: May 5, 2008

TO: City Council Members

FROM: Donna J. Grider, City Clerk

SUBJECT: Approval of Ideal Candidate Profile for City Auditor Position

Attached is the draft brochure from Jerry Oldani of The Waters Consulting Group, Inc. for the City Auditor recruitment to be considered at the May 5, 2008 City Council meeting.

Attachment
CITY AUDITOR
CITY OF PALO ALTO, CALIFORNIA
(Starting Salary to the Mid-High $100’s D.O.E. + Car Allowance)

Strategically located in the mid-San Francisco Peninsula, the City of Palo Alto (population 62,000) is recognized as one of the nation's premiere communities and has been selected as "one of the best places to live and work in the United States" (Money Magazine 2006). Over 6,000 businesses, employing almost 100,000 workers make Palo Alto their home, as does Stanford University, the Stanford Medical Center and Stanford Research Park which is home to some of the most successful and innovative technology companies in the world.

Palo Alto is a Charter City which functions under the Council-Manager form of government. The City Council consists of nine members who are elected at-large for four-year overlapping terms. The Council selects a Mayor and Vice Mayor from within its ranks. Four Council Appointed Officers (CAO’s) that directly report to the Council are the City Manager, City Attorney, City Auditor and City Clerk. Palo Alto employs 1,100 full-time personnel and has a total Operating Budget of $470 million, including Enterprise Funds. The General Fund is $145 million annually. Palo Alto is a full-service municipality and is one of the few California cities that owns and operates its gas, electric, water, sewer, refuse and storm drainage services.

Requirements for the position include a minimum of a Bachelor’s Degree in Accounting, Business Administration, Finance, Management or similar disciplines. The possession of a valid Certified Public Accountant’s (CPA) license/certificate; a Certified Internal Auditor’s (CIA) designation issued by the Institute of Internal Auditors; or a Certified Fraud Examiner’s (CFE) designation is highly desirable. A Master’s degree is preferred. Candidates should have a minimum of seven to ten years’ of senior audit management experience gained in a complex governmental organization that utilizes advanced financial management systems and techniques. Private sector experience will be valued when accompanied by extensive knowledge of public financial management practices and requirements. A demonstrated background in auditing, accounting and management analyses is required. A strong background in comprehensive financial analysis; the formulation of environmental and contract compliance audit reports; and the development of policies and procedures surrounding the creation of audit objectives, audit processes, findings and recommendations is needed. The position requires regular interface/contact with elected officials, business executives and representatives of the private sector, non-profit and community groups. Candidates must also demonstrate the maturity, communications skills and sound business judgment to make sensitive and difficult presentations while addressing various situations.

Please submit your résumé online at www.watersconsulting.com/recruitment. Position OPEN UNTIL FILLED with first résumé review date of June 11, 2008. For more information contact Jerry Oldani at 877.356.2924 or visit our website to view the detailed recruitment brochure for this position.
WATERS-OLDANI
EXECUTIVE RECRUITMENT
A Division of The Waters Consulting Group, Inc.

THE CITY OF PALO ALTO SEeks A SKILLED FINANCIAL MANAGEMENT EXECUTIVE TO LEAD PERFORMANCE MANAGEMENT, OPERATIONAL AND FINANCIAL REVIEWS, WHICH PROMOTE MUNICIPAL EFFICIENCY, AS THE ...

CITY AUDITOR

(COVER PHOTOS/LOGO)
THE COMMUNITY

Strategically located in the mid-San Francisco Peninsula, the City of Palo Alto (population 62,000) is recognized as one of the nation’s premiere communities and has been selected as “one of the best places to live and work in the United States” (Money Magazine 2006). Established in 1889 by early Spanish Explorers, the City was named because of a tall, old Redwood tree (El Palo Alto) which stands at the original boundary to the city. Today, Palo Alto is considered to be a highly progressive city which relishes its reputation as being “The Birthplace of Silicon Valley”, a center of education, an environmentally conscious and economically vibrant community. The residents of Palo Alto enjoy a rich cultural heritage, a safe community with tree-lined streets and historic buildings which reflect its true California beginnings. Over 6,000 businesses, employing almost 100,000 workers make Palo Alto their home, as does Stanford University, the Stanford Medical Center and Stanford Research Park which is home to some of the most successful and innovative technology companies in the world.

Stanford University enjoys an outstanding reputation and serves approximately 20,000 undergraduate and graduate students. Palo Alto’s public education system has 9,000 students and is considered to be among the best school districts in the State. Over 95% of the students go on to experience college/university education and more than 75% of the City’s residents have at least a Bachelor’s degree. Within the City’s 26 square miles of territory, residents and visitors can find 35 parks, almost 3,800 acres of preserved open space and numerous public facilities including three swimming pools, two athletic centers and three nature centers, including Baylands Nature Preserve and Foothills Park. The entertainment, cultural and social venues of the nearby cities of San Jose and San Francisco satisfy a wide divergence of interests. Water sports and relaxation can be found on San Francisco Bay and the beaches of nearby Santa Cruz and the northern peninsula. However, Palo Alto residents can enjoy the vibrant environment of University Avenue eating establishments, specialty shops and boutiques, as well as major shopping at Stanford Shopping Center and other high-end stores. Palo Alto is a “24 hour city” which is pedestrian friendly and has numerous coffee houses, bookstores, movie houses/theaters, and the cultural events provided by the presence of a major university.
Residents and local businesses take great pride in the community and are focused on maintaining unique environment with its special character and charm that make Palo Alto a City of choice. The citizens are politically aware, culturally sophisticated, well educated and engaged in municipal government. Palo Alto is proud of its reputation, quality of its neighborhoods, schools, libraries, parks, public facilities and economic opportunities.

GOVERNANCE

Palo Alto is a Charter City which functions under the Council-Manager form of government. The City Council consists of nine members who are elected at-large for four-year overlapping terms. The Council selects a Mayor and Vice Mayor from within its ranks. Four Council Appointed Officers (CAO’s) that directly report to the Council are the City Manager, City Attorney, City Auditor and City Clerk. Thirteen other Department Directors report to the City Manager. Palo Alto employs 1,100 full-time personnel and has a total Operating Budget of $470 million, including Enterprise Funds. The General Fund is $145 million annually. Palo Alto is a full-service municipality which is one of the few California cities that owns and operates its gas, electric, water, sewer, refuse and storm drainage services. A portion of the municipal workforce is represented by collective bargaining units including safety and non-safety employees. A positive climate between labor and management exists at the City of Palo Alto.

The City Council’s top four priorities for 2008 are:

- Planning for and constructing a new Library and Public Safety buildings
- Ensuring Environmental Protection
- Promoting Civic Engagement
- Ensuring the Economic Health of the community

In support of these activities, the City Auditor’s Office has recently completed an analysis and report identifying needed improvements to the physical infrastructure of Palo Alto. The report identifies a need to fund approximately $407 million in public improvements over the next ten
years. The City Council, residents and municipal staff will be engaged in ongoing discussions concerning these needs and how they will be financed or funded. In addition, major expansion programs are pending for the Stanford Shopping Center, Stanford University and the Medical Center. These programs will continue to stress the resources of the City, both organizational and financial, requiring greater levels of strategic planning and review by the City’s administrative staff and Council Appointed Officers.

POSITION PROFILE

The City Auditor is appointed by and reports to the City Council and maintains strong operational and working relationships with other Council Appointed Officers (CAOs) and the Executive Management Team. The Auditor works closely with the City Council Finance Committee, which consists of four Council Members, meets monthly, and provides oversight, interpretation and preliminary recommendations on audit findings. By Charter, the City Auditor’s primary direction comes from the City Council, but the City Code establishes a broad range of latitude and authority for the City Auditor to conduct performance measurement and improvement investigations, as well as both fiscal and operational audits throughout the City of Palo Alto’s organizational structure, including enterprise funds; sub-contracting organizations; and City contractors. The City Auditor prepares and presents findings and recommendations to the Mayor and City Council, Finance Committee and appropriate Boards and Commissions, and provides those organizations/departments subject to audit with appropriate opportunities to respond, rebut and comment on audit findings.

The City Auditor is charged with conducting a variety of audits, reviews, investigations, assessments and special projects as directed by the City Council and/or requested by the Finance Committee. Audits and related activities must be conducted in an objective, unbiased and proactive manner that enhances and improves City operations while protecting Palo Alto’s fiscal, capital and operational assets. The City Auditor must ensure that the conduct of such audits/activities is undertaken with respect for necessary confidentiality, provide guidance and assistance to the City’s Executive Management Team; ensuring appropriate oversight by helping to establish necessary internal controls; and primarily serving in an advisory capacity.
The City Auditor must be an experienced financial professional who is proficient in evaluating and effectively reporting on audits, reviews, investigations and assessments of the following areas, in accordance with professional standards:

- Reliability and integrity of financial and operational information,
- Effectiveness and efficiency of operations,
- Safeguarding of assets,
- Compliance with laws, regulations and contracts,
- Supervision of contracted audit agencies and establishing protocols and procedures for external audits,
- Reviewing computer based information systems for appropriate levels of control, documentation, audit trails and security,
- Advising the City Council, as requested on the financial impacts or policy significance of its actions,
- Acting as an advisor upon requests to other City operating departments in their efforts towards identifying and improving the conduct of their work, and
- Performs other related duties and responsibilities as required.

The City Auditor will establish close professional working relationships with the Finance Director, Budget Officer, Risk Manager, City Attorney and other members of the Executive Management Team. The Auditor will supervise a staff of three full-time and one part-time employee and oversee an annual departmental budget of $1.0 million including fees for external audit functions. Over the last six years, this highly productive organization has completed in excess of 108 Audit Reports and received six national awards for content and format of these reports. This recruitment results from the resignation of a highly regarded City Auditor who joined a much larger municipal government after serving in Palo Alto for almost seven years.

(Insert Org Chart)
CURRENT ISSUES

The following discussion points were determined to be primary areas of focus for a new City Auditor and were derived from interviews with the Mayor and Council Members, the City Manager, Assistant City Manager, selected members of the Executive Management Team and staff of the City Auditor’s Office. The topics are not considered fixed priorities; rather they are representative of the types of work programs or issues that the City Auditor will encounter in his/her first six to eighteen months of employment. Briefly summarized, these issues are:

Council Communications

The Audit Office is responsible for identifying and publishing an Annual Work Plan, which thus far has been fairly ambitious in nature. The new Auditor must ensure a timely review of the 2008 Work Plan and reaffirm the schedules and priorities with the City Council. In addition, several completed Operational Audits await the new Auditor’s scrutiny, concurrence, sign-off and appropriate reports to the Finance Committee. The Audit Office is also responsible for conducting the Service Efforts & Accomplishments (SEA) Annual Report, a comprehensive benchmark survey of citizens and businesses in regard to the full spectrum of services provided by municipal government. The SEA Report measures the satisfaction of the community in comparison to other benchmarked cities and is considered a “bell-weather” analysis on the effectiveness of city government. The Auditor will be asked to continue to place emphasis on this critical report and provide quarterly updates on the findings and follow-up actions indicated by the results of the various survey activities.

Training & Education Programs

Familiarizing, training and educating the City Council on critical audit findings, and the underlying reasons for those findings, is an essential and normal part of the activities required of the City Auditor. The new Auditor will be expected to refine current training efforts and find new methods for ensuring that the Council has a thorough understanding of the issues attendant to the Auditor’s conclusions and recommendations. At the same time, a new effort to formally
train and educate the Executive Management Team and supervisory workforce in regards to audit methodologies and procedures, should be a point of emphasis for the Auditor. This training should be done in an effort to remove ongoing concerns of the City staff and convey that the Auditor is “not just there to find fault,” but to provide constructive commentary on the improvement of internal practices, procedures and controls.

Revenue Audits

One of the primary functions of the Auditor’s Office is to conduct revenue audits which incorporate Sales Tax, Transient Occupancy Tax (hotel/motel), Utility Taxes and State Revenue Reports reconciliations. As economic conditions are slowing and ongoing revenues diminishing, it will become even more important that municipal governments are current and diligent in the review of ongoing revenue streams. Revenue audits of local businesses must be conducted with the required thoroughness of effort, but also with an eye towards superior customer service and community relations. The new Auditor will be asked to emphasize the importance of these audits with all municipal business units in an effort to show the best return for the City and while maintaining a great deal of sensitivity and professionalism when dealing with business entities.

The City’s Audit Office has gained an outstanding reputation in this service area, which must be maintained under even the most difficult of circumstances.

CANDIDATE PROFILE

The City Auditor will occupy a highly visible position within municipal government and also be required to serve as a prime spokesperson on numerous critical issues. As a result, the City Auditor must have superior communications skills both verbally and in writing. The Auditor must be highly ethical, flexible, determined, and honest, and have unquestionable integrity and the ability to establish a credible presence with the City and community in general. He/she must be able to hold confidences, withstand public pressures and scrutiny when undertaking critical evaluations and provide consistent/factual information in all circumstances. He/She must not be reactive when findings are questioned or challenged. In directing independent audits,
investigations and reviews, the City Auditor must be able to remain objective and open in reasoning until all factual information has been collected and properly analyzed.

The City Auditor must have outstanding organizational and time management skills and the ability to prioritize and multi-task while undertaking multiple projects simultaneously; possess superior reasoning and analytical skills, which must be accompanied by a practical approach to problem solving; and demonstrate a desire to advance organizational goals/objectives over personal agendas. The desired individual must be able to balance expectations for taking initiative and thinking independently with an understanding of how others will react to adverse findings or conclusions.

The City Auditor should demonstrate creativity in problem solving, promote cooperation and collaboration that leads to better results, and be able to establish effective business relationships. The most effective candidate must be willing to take on challenging tasks, plan strategically and explore alternatives before acting. He/she will work toward a sense of organizational accomplishment, be able to share credit with staff members and serve as a mentor for both professional colleagues and staff. Showing concern for others, resolving conflicts constructively, being a good listener and dealing with people in an open, friendly and sincere manner will help to ensure success for the City Auditor. The most successful candidate will be purposeful in approach, but be able to offer corrective actions/recommendations with tact and diplomacy.

**EDUCATION AND EXPERIENCE**

Requirements for the position include a minimum of a Bachelor’s Degree in Accounting, Business Administration, Finance, Management or similar disciplines. The possession of a valid Certified Public Accountant’s (CPA) license/certificate; a Certified Internal Auditor’s (CIA) designation issued by the Institute of Internal Auditors; or a Certified Fraud Examiner’s (CFE) designation is highly desirable. A Master’s degree is preferred. Candidates should have a minimum of seven to ten years of senior audit management experience gained in a complex governmental organization that utilizes advanced financial management systems and techniques. Private sector experience will be valued when accompanied by extensive knowledge of public
financial management practices and requirements. A demonstrated background in auditing, accounting and management analyses is required.

A strong background in comprehensive financial analysis; the formulation of environmental and contract compliance audit reports; and the development of policies and procedures surrounding the creation of audit objectives, audit processes, findings and recommendations is needed. The position requires regular interface/contact with elected officials, business executives and representatives of the private sector, non-profit and community groups. Candidates must also demonstrate the maturity, communications skills and sound business judgment to make sensitive and difficult presentations while addressing various situations. A comprehensive knowledge of GAO Audit Standards and State Charter Practices promulgated by the Institute of Internal Auditors is necessary.

COMPENSATION AND BENEFITS

The City of Palo Alto has established a starting salary range to the Mid-High $100’s, as well as a six percent contribution (of base salary) to the employee’s share in the CALPERS retirement program, while the employee contributes two percent. Additional executive benefits including a compensation package, with potential consideration for housing assistance, car allowance and deferred compensation contribution dependent on individual circumstances and negotiations. The opportunity to join a highly recognized and award winning municipal government and live in a premiere community recognized for its high quality-of-life awaits the successful candidate.

APPLICATION AND SELECTION PROCESS

Qualified candidates please submit your résumé online by visiting our website at www.watersconsulting.com/recruitment. This position is open until filled; however, the first review of applicants will take place on June 11, 2008. Following the first review date, résumés will be screened in relation to the criteria outlined in this brochure. Candidates with relevant
qualifications will be given preliminary interviews with the Consultant. Those deemed qualified will be referred to the hiring authority for further consideration. Final interviews in Palo Alto will be offered to those candidates named as finalists, with reference checks conducted after receiving candidates’ permission. The final interview process will be held in late July 2008. For more information please contact Jerry Oldani by calling our toll free number 877.356.2924 or by visiting our website at www.watersconsulting.com.

The City of Palo Alto is an Equal Opportunity Employer and values diversity at all levels of its workforce!

Applicants selected as finalists for this position will be subject to a criminal history/credit/driver’s license check prior to the interview. Under state legislation regarding access to public records, information from your resume may be subject to public disclosure.