

***CITY AUDITOR
Matt Weller, CPA***



MAYOR AND CITY COUNCIL

| | |
|-----------------------------------|---------------------------------------|
| <i>David Holt</i> | <i>Mayor</i> |
| <i>Bradley Carter</i> | <i>Audit Committee, Ward 1</i> |
| <i>James Cooper</i> | <i>Ward 2</i> |
| <i>Barbara Peck</i> | <i>Audit Committee, Ward 3</i> |
| <i>Todd Stone</i> | <i>Audit Committee, Ward 4</i> |
| <i>Matt Hinkle</i> | <i>Ward 5</i> |
| <i>JoBeth Hamon</i> | <i>Ward 6</i> |
| <i>Nikki Nice</i> | <i>Ward 7</i> |
| <i>Mark K. Stonecipher</i> | <i>Ward 8</i> |



The Office of the City Auditor has prepared a risk-based Comprehensive Audit Plan for the three fiscal years ending 2026. The following process was used in developing the Audit Plan:

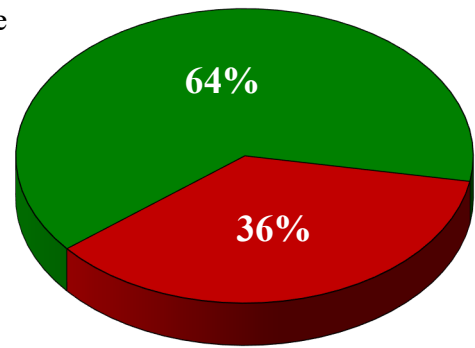
Risk Assessment

- We defined 94 auditable units, primarily consisting of lines of business identified in City departmental strategic business plans.
- City department managers completed self-assessment questionnaires to identify potential control weaknesses and/or other financial or operational deficiencies.
- We interviewed City Council members and executive managers to obtain input on risks, difficulties, and concerns within City operations.
- We assessed risk for each auditable unit using available financial/operating information; City Council and management feedback; and six risk criteria factors.
- The Audit Committee reviewed a draft of the Audit Plan.

Available Hours Allocation

We estimated **33,000** audit hours will be available during the three-year Audit Plan period.¹

- ▶ **21,000** hours were allocated to scheduled audits, which are generally aimed at determining whether:
 - ▶ programs are achieving desired results
 - ▶ operations are efficient
 - ▶ revenues are complete and accurate
 - ▶ expenditures are valid and compliant with laws, regulations, and policies
 - ▶ operating and financial records/reports are accurate and complete
 - ▶ fraud, waste, and abuse are prevented and/or detected
 - ▶ recommendations from previously issued audit reports have been addressed
- ▶ **12,000** hours were allocated to other audit services including unscheduled audit requests, investigations, committee participation and the Ethics Program.



Scheduled and *Other* audit service hours are detailed on page 2. Descriptions of new *Scheduled* audit projects are provided beginning on page 3.

¹ Available audit hours exclude leave, administrative and training time and include hours that may not be realized due to position vacancies.



**Office of the City Auditor
Project Listing**

FY 2024-26

| Audit Area | Estimated Hours |
|--|------------------------|
| ► Scheduled Audit Services: | 21,000 |
| Citywide - Administrative & Injury Leave Usage | 800 |
| Citywide - Home Sharing Licenses | 800 |
| Citywide - Non-Major Grants | 800 |
| Citywide - Response to Citizen Street Maintenance Concerns | 800 |
| Citywide - Vehicle Usage | 800 |
| Development Services - Abatement Lien Collections | 800 |
| Finance - Economic Development | 800 |
| Fire - Information Technology Project Management | 800 |
| Human Resources - Hiring Process | 1,200 |
| MAPS - Homelessness Project | 800 |
| Police - Body Worn & In-Car Cameras | 1,200 |
| Public Transportation - Farebox & Bus Pass Revenues | 800 |
| Public Works - Architect & Engineer Contracting | 800 |
| Expenditure of Municipal Funds (a) | 1,800 |
| Payroll (a) | 2,400 |
| Public Safety Sales Tax Annual Report (a) | 2,400 |
| Follow-up on Previous Recommendations: | |
| Fire - Non-Construction Fire Safety Inspections | 800 |
| Public Works - Unit-Price Contracts | 800 |
| Ongoing Audits: | |
| Police - Property Management Unit Follow-Up | 500 |
| City Manager - Cultural Facility Contracts | 500 |
| Citywide GO Bond Fund Restrictions | 200 |
| Information Technology - Radio Inventory Follow-Up | 200 |
| Other | 200 |
| ► Other Audit Services: | 12,000 |
| Unscheduled Audits and Investigations | 6,000 |
| Committees and Advisory Services | 2,500 |
| Ethics Program | 1,500 |
| Coordination of Outsourced Information Technology Risk Assessments | 600 |
| Summary Follow-Up on Previous Recommendations | 600 |
| Risk Assessment/Audit Plan Development | 600 |
| Business Continuity Planning Risk Assessment | 200 |
| Total Estimated Hours Available (b) | 33,000 |

(a) Mandated by Ordinance or other regulations.

(b) Includes hours that may not be available due to position vacancies.



**Office of the City Auditor
Engagement Prospectus**

FY 2024-2026

| Audit Area | Objective/Significance | Anticipated Value | Estimated Hours |
|--|--|---|------------------------|
| Citywide – Administrative & Injury Leave Usage | Verifying compliance with City policies relating to use of administrative and injury leave time. 752 employees used nearly 200,000 hours of this leave time during FY 2023. | Enhanced compliance and stronger internal controls. | 800 |
| Citywide – Home Sharing Licenses | Assessing the adequacy and effectiveness of home sharing licensing and revenue monitoring procedures. Over 500 permits were issued and revenues totaling \$1 million were reported for FY 2023 relating to home sharing. | Enhanced compliance and completeness of revenue. | 800 |
| Citywide – Non-Major Grants | Verifying compliance with requirements relating to grants not tested during the City’s annual Single Audit. Expenditures from such grants during FY 2022 totaled over \$66 million. | Enhanced compliance with grant requirements and stronger internal controls. | 800 |
| Citywide – Response to Citizen Street Maintenance Concerns | Assessing procedures ensuring efficient response to citizen street maintenance concerns. Citizen street maintenance concerns are received at various locations through various means. These concerns are forwarded to the Public Works Department to be addressed. | Enhanced response to citizen concerns and improved operating efficiency. | 800 |
| Citywide – Vehicle Usage | Evaluating the adequacy and effectiveness of procedures ensuring City vehicles are efficiently used. Expenditures for fleet maintenance and operations are budgeted at nearly \$12 million for FY 2024 while fleet replacement for FY 2024 is budgeted at nearly \$20 million for Police vehicles and \$4.6 million for other, Citywide fleet. | Enhanced operating efficiency and stronger internal controls. | 800 |
| Development Services – Abatement Collections | Evaluating the adequacy and effectiveness of procedures for collecting amounts due for abated properties. Unaudited amounts due for abated properties totaled \$5.8 million as of June 30, 2023, with almost half of that amount deemed potentially uncollectible. | Cost avoidance and stronger internal controls. | 800 |
| Finance – Economic Development TIF Allocations | Assessing procedures ensuring TIF allocations comply with relevant laws, regulations, and policies, and are consistent with program objectives. Approved TIF allocations totaled almost \$52 million in FY 2023. | Enhanced compliance and stronger internal controls. | 800 |



**Office of the City Auditor
Engagement Prospectus**

FY 2024-2026

| Audit Area | Objective/Significance | Anticipated Value | Estimated Hours |
|--|--|--|------------------------|
| Fire – Information Technology (IT) Project Management | Evaluating the adequacy and effectiveness of procedures established for managing Fire Department IT projects. Fire IT personnel completed nearly 1,900 service requests during FY 2023 and had approximately 50 pending projects as of June 30, 2023. | Enhanced efficiency and improved timeliness. | 800 |
| Human Resources – Hiring Process | Evaluating the hiring process for timeliness and effectiveness. Approximately 540 full-time, non-uniformed positions are expected to be filled in FY 2024. | Enhanced efficiency and improved timeliness. | 1,200 |
| MAPS – Homelessness Project Contractor | Evaluating the adequacy of contractor compliance with homelessness program operating agreement requirements. Over \$50 million in MAPS special sales tax funding is committed to providing affordable housing to address homelessness. | Improved contract compliance. | 800 |
| Police – Body Worn & In-Car Cameras | Assessing compliance with Police Department policies governing body-worn and in-car cameras. | Enhanced compliance. | 1,200 |
| Public Transportation – Farebox & Ticket Sale Revenues | Evaluating the adequacy and determining the effectiveness of controls ensuring the accuracy and completeness of farebox and ticket sale revenue collections and deposits. Unaudited total farebox and ticket sale revenues exceeded \$1.7 million for FY 2023. | Stronger internal control and improved accuracy and completeness of revenue. | 800 |
| Public Works – Architect & Engineer (A/E) Contracting | Assessing the timeliness and efficiency of A/E contracting. The department managed over 50 A/E contracts accounting for expenditures totaling over \$20 million in FY 2023. | Enhanced operating efficiency and improved project timeliness. | 800 |
| Expenditure of Municipal Funds | Evaluating the adequacy and effectiveness of controls ensuring expenditures are accurate, appropriately authorized and in compliance with regulations. | Enhanced compliance and stronger internal controls. | 1,800 |
| Payroll | Evaluating the adequacy and effectiveness of controls over accurate, complete, and timely processing of payroll in selected departments. | Enhanced compliance and stronger internal control. | 2,400 |



Office of the City Auditor Engagement Prospectus

FY 2024-2026

| Audit Area | Objective/Significance | Anticipated Value | Estimated Hours |
|--|--|---|------------------------|
| Public Safety Sales Tax Annual Report | Determining whether the annual report presents revenues and expenditures consistently with the City's Comprehensive Annual Financial Report and whether the City has materially complied with the Journal Entry of Judgment. | Verified compliance with administrative requirements. | 2,400 |
| Fire – Non- Construction Safety Inspections | Evaluating the status of recommendations included in our report relating to non-construction fire safety inspections conducted by the Fire Prevention Services Division. | Enhanced operating efficiency and improved program results. | 800 |
| Public Works – Unit-Price Contracts | Evaluating the status of recommendations included in our investigation report relating to unit-price contracts administered by the Public Works Department. | Stronger internal controls and cost avoidance. | 800 |