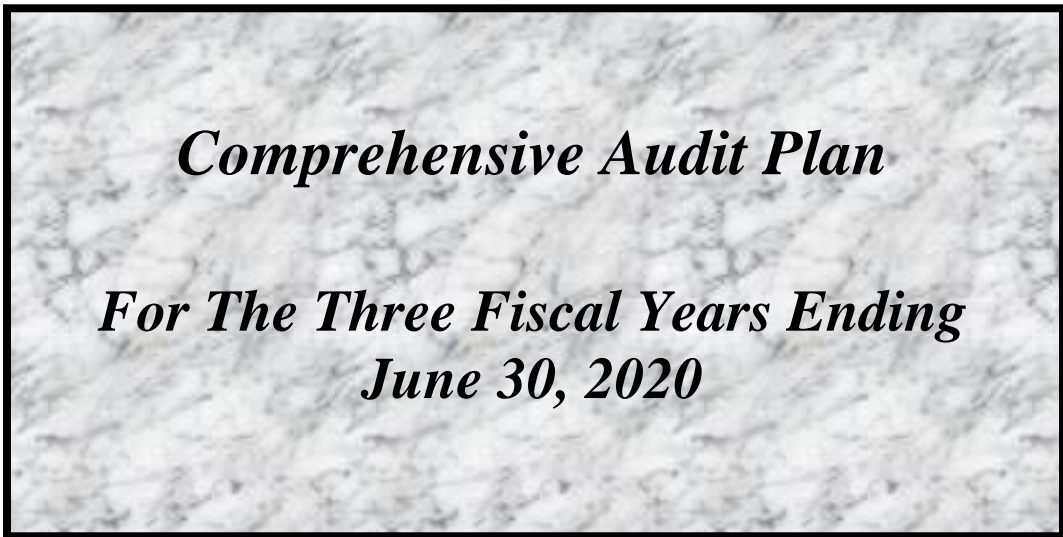


CITY AUDITOR
Jim Williamson, CPA, CIA



MAYOR AND CITY COUNCIL

<i>Mick Cornett</i>	<i>Audit Committee, Mayor</i>
<i>James Greiner</i>	<i>Ward 1</i>
<i>Ed Shadid</i>	<i>Ward 2</i>
<i>Larry McAtee</i>	<i>Audit Committee, Ward 3</i>
<i>Todd Stone</i>	<i>Ward 4</i>
<i>David Greenwell</i>	<i>Audit Committee, Ward 5</i>
<i>Margaret S. "Meg" Salyer</i>	<i>Ward 6</i>
<i>John A. Pettis Jr.</i>	<i>Ward 7</i>
<i>Patrick J. Ryan</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 2020. The following process was used in developing the Audit Plan:

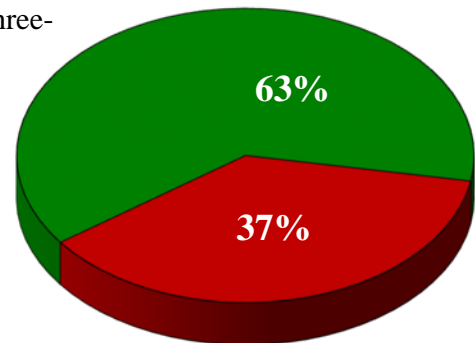
Assessment of Risk

- 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 assigned a risk rating of High, Medium or Low to each auditable unit using available financial/operating information, Council and management feedback, and six risk criteria factors.
- The Audit Committee reviewed a draft of the Audit Plan.

Determination and Allocation of Available Hours

We estimated **28,500** audit hours will be available during the three-year Audit Plan period.¹

- ▶ **17,900** 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
- ▶ **10,600** 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 2018-20

Audit Area	Estimated Hours
▶ Scheduled Audit Services:	17,900
Airport - Parking Revenue	800
City Manager - Cultural Facility Revenue	800
Development Services - Code Inspections	1,200
Fire - Annual Code Inspections	800
Information Technology - Radio Inventory	800
Parks - Contractor Equipment Maintenance	600
Personnel - Hiring Process	1,000
Police - Weapon Inventory	800
Public Transportation and Parking - Parking Meter Revenue	800
Utilities - Bulk Water Purchase Contracts	800
Expenditure of Municipal Funds (a)	1,800
Payroll (a)	1,800
Public Safety Sales Tax Annual Report (a)	2,400
Follow-up on Previous Recommendations:	
Fire - Construction Inspections	400
Information Technology - Radio System	200
Public Transportation and Parking - Garage Contract Administration	200
Public Works - Capital Street Project Construction Administration	800
Ongoing Audits:	
Personnel - Benefits Eligibility	550
Information Technology Inventory	400
Court Administration - Court Fees	350
Citywide Purchasing	400
Other	200
▶ Other Audit Services:	10,600
Unscheduled Audits and Investigations	6,000
Committees and Advisory Services	2,500
Ethics Program	1,500
Risk Assessment/Audit Plan Development	600
Total Estimated Hours Available (b)	28,500

(a) Mandated by Ordinance or other regulations.

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



**Office of the City Auditor
Engagement Prospectus**

FY 2018-2020

Audit Area	Objective/Significance	Anticipated Value	Estimated Hours
Airport – Parking Revenue	Evaluating the adequacy and effectiveness of controls over parking revenue. The Airport contracts for parking garage operations. Total parking revenues are expected to exceed \$11 million during FY 2018.	Improved accuracy and completeness of revenue and enhanced contract compliance.	800
City Manager – Cultural Facility Revenue	Evaluating the adequacy and effectiveness of controls over cultural facility revenues, which are expected to total over \$2 million in FY 2018.	Improved accuracy and completeness of revenue.	800
Development Services – Code Inspections	Assessing the timeliness and efficiency of the Code Enforcement Program. Development Services performs proactive and complaint-based inspections. Approximately 52,000 complaint-based code inspections are expected to be completed during FY 2018.	Enhanced operating efficiency and improved program results.	1,200
Fire – Annual Code Inspections	Assessing the timeliness and efficiency of the Annual Fire Code Compliance Inspections Program. Approximately 1,400 or 10% of commercial buildings are expected to be inspected during FY 2018.	Enhanced operating efficiency and improved program results.	800
Information Technology – Radio Inventory	Evaluating the adequacy and effectiveness of controls over radio inventories. IT manages an inventory of over 5,000 radios supporting various operations citywide.	Enhanced asset accountability.	800
Parks – Contractor Equipment Maintenance	Evaluating the adequacy of contractor compliance with equipment maintenance requirements. Significant City-owned assets are maintained by contractors operating the Myriad Gardens and Boathouse District.	Improved contract compliance and cost avoidance.	600
Personnel – Hiring Process	Evaluating the timeliness of the hiring process. Personnel processes applications for full and part-time, non-uniformed positions in City operations. Approximately 425 full-time, non-uniformed positions are expected to be filled in FY 2018.	Improved operating efficiency and process timeliness.	1,000



**Office of the City Auditor
Engagement Prospectus**

FY 2018-2020

Audit Area	Objective/Significance	Anticipated Value	Estimated Hours
Police – Weapon Inventory	Evaluating the adequacy and effectiveness of controls over weapon inventories. OCPD maintains an inventory of over 1,500 weapons and related ammunition for officer use.	Enhanced asset accountability.	800
Public Transportation and Parking – Parking Meter Revenue	Evaluating the adequacy and effectiveness of controls over parking meter revenue. Parking meter revenue is expected to exceed \$1 million for FY 2018.	Improved accuracy and completeness of revenue.	800
Utilities – Bulk Water Purchase Contracts	Evaluating the adequacy and effectiveness of controls over billings related to contracts with other government entities for bulk water purchases, which is more than \$24 million annually.	Improved accuracy and completeness of revenue and enhanced contract compliance.	800
Expenditure of Municipal Funds	Evaluating the adequacy and effectiveness of controls ensuring expenditures are accurate, appropriately authorized and in compliance with regulations. Evaluating the status of recommendations included in previously issued audit reports.	Stronger internal control and enhanced compliance with applicable policies and regulations.	1,800
Payroll	Evaluating the adequacy and effectiveness of controls over accurate, complete and timely processing of payroll in selected departments. Evaluating the status of recommendations included in previously issued audit reports.	Enhanced compliance with applicable policies, regulations and contracts, and stronger internal control.	1,800
Public Safety Sales Tax Annual Report	Determining whether the City’s annual report presents the revenues and expenditures of the limited-purpose tax as presented in the City’s Comprehensive Annual Financial Report and whether the City has complied in all financially material respects with the Journal Entry of Judgment.	Ensure compliance and improve effectiveness of procedures for public safety sales tax administration.	2,400
Fire – Construction Inspections	Evaluating the status of recommendations included in our report relating to construction inspections in the Fire Marshal’s Office.	Enhanced program efficiency and inspection timeliness.	400



**Office of the City Auditor
Engagement Prospectus**

FY 2018-2020

Audit Area	Objective/Significance	Anticipated Value	Estimated Hours
Information Technology – Radio System	Evaluating the status of recommendations included in our report relating to the City’s radio system upgrade.	Improved efficiency of system transition.	200
Public Transportation and Parking – Garage Contract Administration	Evaluating the status of recommendations included in our report relating to parking garage contract administration.	Improved accuracy and completeness of revenue and contract compliance.	200
Public Works – Capital Street Project Construction Administration	Evaluating the status of recommendations included in our report relating to administration of capital street construction projects.	Improved program results.	800