



MEMORANDUM

To: City Council

From: Craig Hametner

Date: August 25, 2014

Re: FY15 Annual Internal Audit Plan

BASIS FOR PLAN

The basis for the plan comes from auditor observations, inquiries with management, consideration for follow-up audits, monitoring of industry periodicals and changes in people, processes and systems.

Additionally, the available resources to complete audits were examined. The hours required to perform the identified audits are estimated hours. After considering hours that are unavailable for audits due to paid time off, administrative duties, required training, meetings, and other time off, the net available hours for audits are determined.

Combining available hours and audits yielded the annual audit plan.

Total hours are considered to be 2,080.

Administrative hours which include items such as: preparing for and attending meetings, budget reviews, training and general management functions are estimated at 380 hours.

Time-off includes vacation, sick, holidays and other available absences. This is estimated at 200 hours.

This leaves 1,500 hours available for audits, agreed-upon procedures, follow-ups, investigations and advisements.

FY15 ANNUAL INTERNAL AUDIT PLAN

AUDITS/AGREED-UPON PROCEDURES ENGAGEMENTS

Sales Tax Audit – Determine if the city is receiving all the revenue it is entitled to – 250 Hours

Franchise Fee Audit – Determine if the city is receiving all the revenue it is entitled to – 350 Hours

Utility Billing System & Parks RecTrac System Access Control Audit – Determine if appropriate access controls are in place – 250 Hours

Vendor Master File Audit – Determine if controls are designed properly and operating effectively – 250 Hours

Total Audit/Agreed-Upon Procedures Engagements Hours = 1,100 Hours

INVESTIGATIONS, ADVISEMENTS, RISK ASSESSMENT/ANNUAL AUDIT PLAN, ANNUAL REPORTS

This section estimated at 80 Hours

FOLLOW-UP AUDITS

Inventory Controls for Water and Sanitary Sewer Lines Audit – 80 Hours

Procurement Card Audit – 80 Hours

Contract Administration Audit – 80 Hours

CIP – Project Delivery Audit – 80 Hours

Total Follow-up Audits = 320 Hours

TOTAL AUDIT, FOLLOW-UPS, INVESTIGATIONS, ADVISEMENTS, RISK ASSESSMENT/ANNUAL AUDIT PLAN HOURS = 1,500 HOURS

ADDITIONAL AUDITS TO BE CONSIDERED

Wire Transfer Process Audit – Determine if controls are designed properly and operating effectively – 300 Hours

Library RFID Process Audit – Post-Implementation Audit – 300 Hours

Grant Policy Compliance Audit – Determine compliance with the city's grant policy – 300 Hours

Agreed-Upon Procedures Engagement – Benchmark Staffing in the Purchasing Department - 100 Hours