



MEMORANDUM

To: City Council

From: Michelle Tressler

Date: June 14, 2016

Re: FY17 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.

FY17 ANNUAL INTERNAL AUDIT PLAN

AUDITS

Appraisal Records Audit – Determine if GCAD has all League City parcels in its database; Determine if exemptions shown are still applicable; Determine on a sample basis (by business corridor) if appraisals appear reasonable – 250 Hours

Hotel Occupancy Tax Audit – Determine if the City’s hotels are paying the tax in compliance with state law – 250 Hours

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

Grant Policy Compliance Audit – Determine compliance with the City’s grant policy – 300 Hours

Policies and Procedures Audit – Evaluate the process for developing, inventorying, categorizing, updating, and communicating Policies and Procedures – 160 Hours

Total Audit Hours = 1,260 Hours

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

This section estimated at 120 Hours

FOLLOW-UP AUDITS

Franchise Fee Audit – 120 Hours

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

ADDITIONAL AUDITS TO BE CONSIDERED

Fleet Services Audit – A comprehensive audit on Fleet Management Practices as a continuation of the study done by the Assistant to the City Manager – 300 Hours

Vendor Master File Audit – Determine if controls are designed properly and operating effectively – 300 Hours

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

Agreed-Upon Procedures Engagement – Determine the feasibility of a central warehouse – 300 Hours

Telecom Bill Audit – Determine if the Telecom company is billing the city correctly – 250 Hours

Comcast Certified Telecommunications Provider Audit – Determine if Comcast has any location voids for their calculation of the City’s franchise fee – 150 Hours

Inventory Controls for the Hardware and Software of the City – Determine if appropriate accountability controls are in place – 250 Hours