



MEMORANDUM

To: City Council

From: Rhonda Lee

Date: April 10, 2018

Re: FY18 Annual Internal Audit Plan (Remainder)

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 1,040 (April – September).

Administrative hours which include items such as: preparing for and attending meetings, budget reviews, training and general management functions are estimated at 200 hours.

Transitional activity hours which include items listed separately in this memorandum for training and assistance to City staff, due to staff turnover, personnel changes and related vacancies, in areas previously covered by the Senior Financial Analyst. This is estimated at 100 hours.

Time-off includes vacation, sick, holidays and other available absences. This is estimated at 165 hours.

This leaves 575 hours available for audits, agreed-upon procedures, follow-ups, investigations and advisements.

FY18 ANNUAL INTERNAL AUDIT PLAN (April through September)

AUDITS

Sidewalk Replacement Project – Determine if sidewalk replacement and repairs have been done in accordance with the billing to the City – 80 Hours

Public Safety Response Times – Determine if the response times being reported for Fire/Police/EMS, as part of the “City Manager’s Goals Update Monthly Report”, are consistently reported and comparable to regional agencies’ standards and methodology of data collection – 95 Hours

Franchise Tax Review of Commercial Solid Waste Provider – Determine if the franchise tax remittance information from AmeriWaste is correct based on timing, customer counts and revenues provided – 80 Hours

Hotel Occupancy Tax Reporting Audit – Determine if the hotels/motels located within the City limits are properly reporting and remitting the tax in compliance with state law – 200 Hours

Solid Waste Invoicing Audit – Determine that the City was not invoiced, or did not pay, any taxes or fees which the City would be exempt – 80 Hours

Total Audit Hours = 535 Hours

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

Capital Improvement Program-Project Delivery - Advise the department on the development of metrics for the CIP Program schedules to include audit criteria, budgets, benchmarks and measurable standards to be used for each project – 40 hours

Total Hours = 40 Hours

FOLLOW-UP AUDITS

To be performed in FY19

**TOTAL AUDIT, FOLLOW-UPS, INVESTIGATIONS, ADVISEMENTS, RISK ASSESSMENT/ANNUAL
AUDIT PLAN HOURS = 575 HOURS**

ADDITIONAL AUDITS TO BE CONSIDERED

(If time allows in FY18, otherwise for future fiscal years)

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

Scrap Materials Handling Processes Audit – Determine if internal controls are designed properly and operating effectively for the sale and handling of scrap materials – 300 Hours

Water Losses Audit – Determine if internal controls are properly tracking, documenting and minimizing water losses (non-revenue and unaccounted-for) – 300 Hours

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

Sales Tax Audit – Determine if businesses within the city limits of League City are charging the appropriate sales tax rate of 8.0% – 250 Hours

Capital Improvement Program-Project Delivery (Follow-up) Audit – Determine if the process is efficient and effective with measurable outcomes - 160 Hours

Information Technology Inventory Management Audit – Determine if information technology hardware deployed throughout the City is being adequately tracked and appropriate accountability controls are in place – 300 Hours

Fleet Utilization and Replacement Audit – Determine if maintenance and repair costs support the need to replace vehicles and/or equipment – 300 Hours

Employee Travel and Travel Related Expenses Audit – Determine if expenses are appropriate and in compliance with City policies and that controls are designed properly and operating effectively – 300 Hours

TRANSITIONAL ACTIVITY

Grant Policy – As a follow-up to the Grant Policy Compliance Audit in FY17: Assist the Department, due to staff turnover, with updating the City's Grant Policy which was last revised 10/01/2013. Assist the Grant and CIP Administrator with the rollout of the revised Grant Policy through meetings with the various City Departments which submit or plan to submit Grant Applications

RecTrac (Vermont Systems) Facilities Customer Deposits – Due to personnel changes, assist the Finance Department with an overview and training of the reconciliation process for the Parks Recreation Department Customer Deposits for Facilities Rental

Grant Training and Single Audit Review – Assist and train the Grant and CIP Administrator with the Grant Administration for the City and the preparation/process of the Schedule of Expenditures of Federal (and Grant) Awards used for the annual Single Audit Report