

MEMORANDUM

To: City Council
From: Candace Brown, City Auditor *CB*
CC: John Baumgartner, City Manager
Finance Committee
Date: 9/24/2025
Re: FY26 Audit Plan

BASIS FOR PLAN

The plan is based on council-selected audits from a list created by the auditor, focusing on potential cost savings, revenue recovery, or enhancement opportunities, with input from management and the Finance Committee. Available resources for audits were assessed and estimated hours required were calculated. After accounting for paid time off, administrative duties, training, meetings, and other absences, the net available hours for audits are determined.

- Total workday hours for FY26 are calculated to be 2080.
- Administrative tasks, including meetings, budget reviews, education, training, and general functions, are estimated at 440 hours.
- Time-off is estimated at 270 hours, including vacation, sick leave, holidays, and other absences through September 30, 2026.

There are 1,310 hours available for annual audit planning, status reporting, audits, agreed-upon procedures, follow-ups, and advisements.

FY26 INTERNAL AUDIT PLAN

Internal Audit Plan Summary

Following is the internal audit plan for FY26, including planned engagements approved by council and estimated hours. Actual time will depend on project scope and audit work. The plan may be revised based on organizational priorities and needs over time. Any changes to the scheduled audits require Council approval. If additional time becomes available, the City Auditor will consult with the Council, considering input from the City Manager and Finance Committee. However, there is no discretionary time budgeted in this plan.

PRIOR YEAR CARRY-FORWARD ACTIVITIES

- Utility Billing- Ensure that annual permits are being renewed as required.
Estimated Hours Budget – 110

AUDITS

CIP Liquidated Damages - Ensure that controls over contractor extension of project days are sufficiently justified, approved, and liquidated damages are assessed where appropriate and align with the original contract.

Estimated Hours Budget - 350

- Franchise Fees – Determine if the City is receiving all franchise tax revenue.
Estimated Hours Budget – 300
- Hotel Occupancy Tax - Compliance review of HOT paid to the city by local hotels to ensure that revenues are being collected and paid properly.
Estimated Hours Budget-250

FOLLOW-UP AUDITS

- Utility Billing Follow-up.
Estimated Hours Budget - 80
- ARPA Subrecipient Funding Review 2nd Follow-up.
Estimated Hours Budget-40
- Police Department Overtime Audit 2nd Follow-up
Estimated Hours Budget-40

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

- This section is estimated at 200 Hours

TOTAL AUDIT, FOLLOW-UPS, INVESTIGATIONS, ADVISEMENTS, SPECIAL PROJECTS, RISK ASSESSMENT/ANNUAL AUDIT PLAN, QUARTERLY/ANNUAL REPORT HOURS = 1310 HOURS