

MEMORANDUM

To: City Council
From: Candace Brown, City Auditor *CB*
CC: John Baumgartner, City Manager
Finance Committee
Date: 11/12/2024
Re: FY25 Audit Plan

BASIS FOR PLAN

The basis for the plan comes from auditor observations, monitoring of industry periodicals and changes in people, processes, and systems, inquiries with City Council, Finance Committee and management, and consideration for follow-up audits. The available resources to complete audits were examined and the hours required to perform the identified audits were estimated. After considering hours that are unavailable for audits due to total potential paid time off, administrative duties, required training, meetings, and other time off, the net available hours to perform audits were determined as follows.

- Total workday hours for FY25 are calculated to be 2080.
- Administrative hours which include items such as: preparing for and attending meetings, budget reviews, continuing professional education, internal training, and general management functions is estimated at 450 hours.
- Time-off is estimated at 250 hours which includes total vacation, sick, holidays, and other available absences through September 30, 2025.

This leaves 1,380 hours available for annual audit planning, status reporting, audits, agreed-upon procedures, follow-ups, investigations, advisements, and special projects.

FY25 ANNUAL INTERNAL AUDIT PLAN

Internal Audit Plan Summary

Listed below is the anticipated internal audit plan for FY25. Details of each audit engagement are included in the following pages. Actual time allocated to the individual projects will be based on approved project scopes. The internal audit plan is subject to revision, depending on changes to priorities and needs of the organization over time. As such, a portion of the audit plan is typically listed as 'discretionary'. For this audit plan no such discretionary time is budgeted. Any changes to the scheduled audits will be subject to the approval of the Council. Should there be time available to take on additional work, it will be up to the City Auditor to select an engagement from the "Additional Audits to be Considered" or "Additional Special Projects to be Considered" sections (see below) with input from the City Council, Finance Committee and management taken into consideration.

PRIOR YEAR CARRY-FORWARD ACTIVITIES

- Annual Permit Renewal Audit- Ensure that annual permits are being renewed as required.
Estimated Hours Budget – 250 Estimated Report Date - December 31, 2024

AUDITS

- Water Billing Process Audit - To determine if the water meter reading process results in accurate water charged on customer utility bills.
Estimated Hours Budget – 350; Estimated Report Date – September 2025
- Overtime – Evaluate fiscal impact of current policy for calculating overtime hours worked.
Estimated Hours Budget – 220; Estimated Report Date – March 2025

FOLLOW-UP AUDITS

- Commercial Remodel Construction Sales Tax 2nd Follow-up.
Estimated Hours Budget - 40; Estimated Report Date – March 31, 2025
- Wire Transfer Process 2nd Follow-up. May 2024
Estimated Hours Budget-40; Estimated Report Date – March 31, 2025
- Short Term Rental Process 2nd Follow-up. September 2024
Estimated Hours Budget- 40; Estimated Report Date – June 30, 2024
- ARPA Subrecipient Funding Review Follow-up.
Estimated Hours Budget-80; Estimated Report Date – May 31, 2025
- Police Department Overtime Audit Follow-up
Estimated Hours Budget-120; Estimated Report Date – September 30, 2025

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

- This section estimated at 140 Hours

SPECIAL PROJECTS

- Fraud, Waste & Abuse Hotline Review - Evaluate the current fraud, waste, and abuse program to determine effectiveness for citizens and employees to report allegations of impropriety and misconduct. – 100

TOTAL AUDIT, FOLLOW-UPS, INVESTIGATIONS, ADVISEMENTS, SPECIAL PROJECTS, RISK ASSESSMENT/ANNUAL AUDIT PLAN, QUARTERLY/ANNUAL REPORT HOURS = 1380 HOURS

ADDITIONAL AUDITS TO BE CONSIDERED

- Fleet Utilization Audit – Determine whether sound fleet utilization practices and policies are being exercised and if the number of vehicles is appropriate to meet the needs of the department. Estimated Hours Budget – 350
- Hotel Occupancy Tax Audit – Compliance review of selected local hotel to ensure proper collection and remittance of local hotel occupancy tax. Estimated Hours Budget – 200
- Controls Over Electronic Equipment Inventory - Review of existing Policies, Procedures, Practices and Controls governing the inventory and management of electronic inventory. Estimated Hours Budget – 220

ADDITIONAL SPECIAL PROJECTS TO BE CONSIDERED

- Ethics Program- Develop proposal for program to promote ethical actions and behaviors and periodically assess the ethical climate of the City. - 150