



July 31, 2020

The Honorable Mayor Joe Pitts
Members of City Council
Audit Committee Members

City Code Section 6-615(b) requires that Internal Audit submit an annual report to you disclosing all completed audits and other projects. Below is a list of audits, investigations, and other activities completed during FY 2020.

Completed Projects	Ongoing Projects in FY 2020/2021	Approved FY 2021 Projects
<ul style="list-style-type: none"> ○ Code of Ethics Audit ○ Golf Course Inventory and Cash Handling Audit ○ City General Payroll Audit ○ Code of Ethics Training Completion Status Memo ○ Senior Management Expense Audit (CY 2018) ○ Form I-9 Compliance Audit ○ CPD Evidence Room Audit Follow Up Assessment ○ FY 2020 Ethics Survey Informational Report ○ Policies and Procedures Update ○ Co-Sourced IT Audit ○ 7 Resolved Hotline Complaints 	<ul style="list-style-type: none"> ○ Vendor Analysis & Duplicate Payment Audit (estimated completion September 2020) ○ Financial Controls Review - Finance 	<ul style="list-style-type: none"> ○ CDE HR Complaint Process Audit ○ Workforce Diversity Analysis (Consulting Engagement) ○ City-Wide Ethics Survey ○ Senior Management Expense Audit (CY 2019-2020) ○ Fire Department Operations Audit ○ Follow Up Assessments

FY 2020 Highlights

During FY 2020, the Internal Audit Department underwent some significant changes with the departure of the former Director of Internal Audit and the confirmation of a new Director. We are also currently in the process of hiring an auditor to bring the department back to full staffing. Despite these changes and the disruptions caused by COVID-19, we completed several impactful audits and other projects this year. Highlights of a selection of completed projects are shown below. Full details on each project can be found on our website.

In the Golf Course Inventory and Cash Handling Audit, we encountered evidence suggesting two employees were skimming cash from the pro shop register. We worked with management to identify several areas where internal controls related to cash and inventory could be strengthened to reduce the risk of future cash thefts

and safeguard the City's assets. The Form I-9 Compliance Audit looked at the City's process for completing the Form I-9, which is required for all employees. Within this audit, we identified several areas of process improvements, as well as potential violations of I-9 requirements including missing or incomplete forms. We also completed a follow up assessment of the CPD Evidence Room Audit, which originally occurred in FY 2019. The results of this assessment showed that management had taken appropriate steps to address all observations and recommendations from the original audit.

We also conducted a City-wide ethics survey to assess knowledge of the City's adopted Code of Ethics, as well as employee perception of the City's ethical environment. While the overall results of the survey were positive, we made recommendations for possible improvements, including within the annual ethics training provided by Human Resources.

Other Items Addressed by Internal Audit

During FY 2020, Internal Audit made great strides in implementing the Institute of Internal Auditors standards, the International Professional Practices Framework (Red Book). We completely revised our departmental policies and procedures to adhere to the new standards, and we continued to revise our audit process for better efficiency and effectiveness. As a result of the standards change, we are able to consult with departments and provide input on policy revisions while remaining independent and objective. We also worked throughout the year to address inquiries from City employees related to compliance issues. While these types of consulting projects typically do not result in a written report, they often lead to stronger, better controlled processes that ultimately save the City time and resources in the long term.

To ensure high quality audits, the Internal Audit Department has established a quality assurance and improvement program. The program consists of various assessments of conformance to auditing standards, including ongoing monitoring, an annual quality review performed internally, and a peer review. We have completed the annual quality review with positive results. We identified a small number of areas where we can make improvements to our processes and standard documentation to better demonstrate conformance to the Red Book. We tentatively plan to have a peer review to further validate conformance under the new Red Book standards in FY 2022.

Our department's mission is to ensure public trust and promote transparency, accountability, and efficiency throughout City government. We look forward to continuing that mission throughout FY 2021 by focusing on key risks to the City's goals and objectives, while promoting transparency and continuous improvement.

Respectfully,

Stephanie Fox, Director of Internal Audit