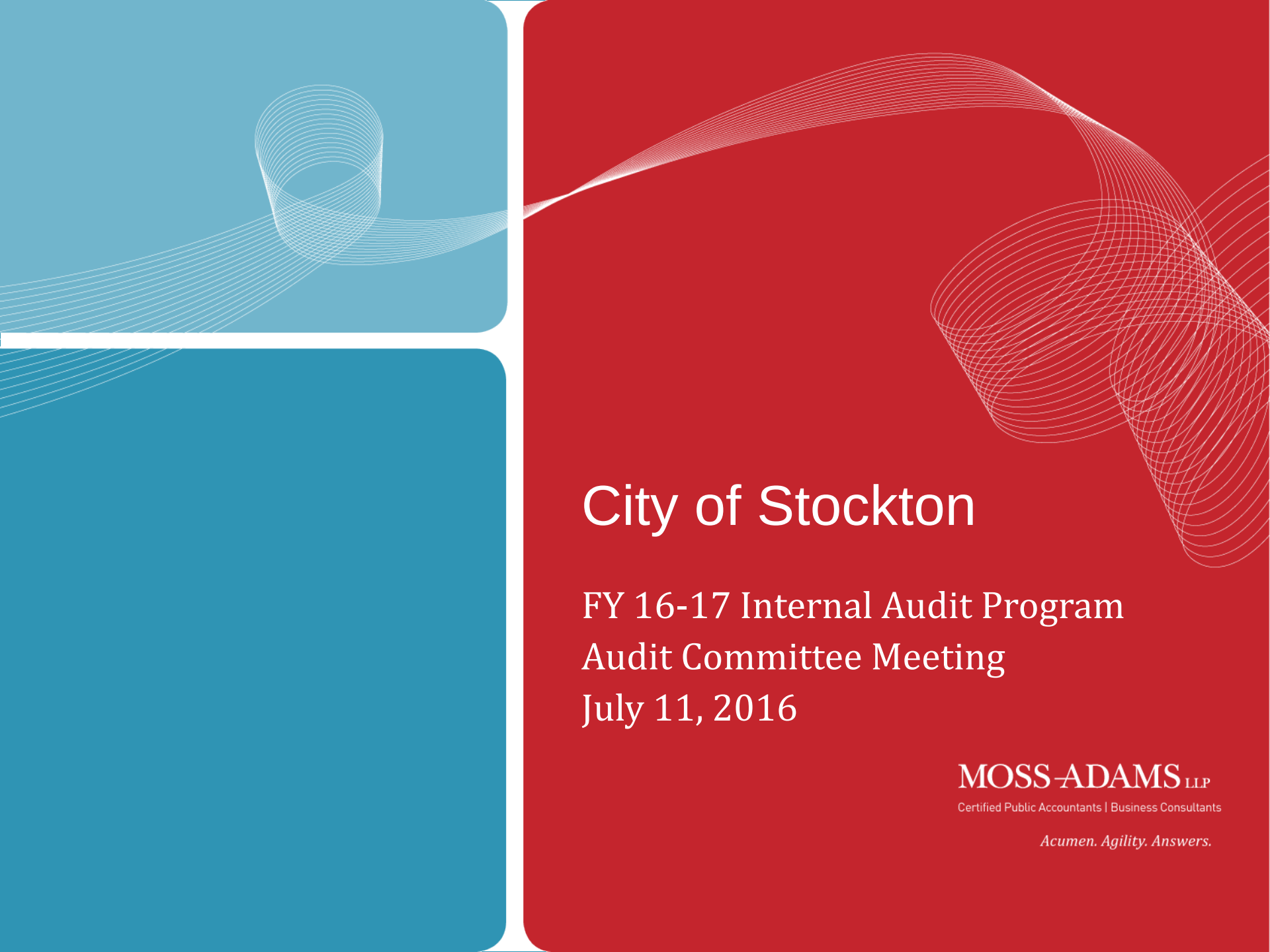


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City of Stockton

FY 16-17 Internal Audit Program
Audit Committee Meeting
July 11, 2016

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

AGENDA

- I. Introduction
- II. Internal Audit Program Components
- III. Internal Audit Program Review
- IV. FY 16-17 Internal Audit Plan

I. INTRODUCTION

- The City retained Moss Adams LLP in February 2013 to serve as the designated Internal Auditor and conduct projects focusing on:
 - Risks
 - Internal controls
 - Compliance
 - Performance
 - Best practices
- Work is being completed under the standards from the Institute of Internal Auditors (IIA) and AICPA consultancy standards

II. INTERNAL AUDIT PROGRAM COMPONENTS

Internal Audit

Risks

Internal
Controls

Compliance

Performance

Areas of Focus: accounting and financial reporting, asset management, capital programs, compliance, economics and funding, fraud, governance, human resources, internal controls, maintenance and operations, management, operations and service delivery, organization and staffing, processes and procedures, procurement, public safety, risk management, and technology

III. INTERNAL AUDIT PROGRAM REVIEW

Project

- Risk Assessment
- Internal Controls Review
- Internal Audit Plan
- Revenue & Cash ICR
- Payroll ICR
- Information Technology ICR
- AP & Purchasing ICR
- Monthly Close Process ICR
- Grants Management ICR

Results

Assessment of 17 risk areas

68 findings and recommendations

2.5 year implementation plan

17 findings and recommendations

12 findings and recommendations

20 findings and recommendations

10 findings and recommendations

4 findings and recommendations

3 findings and recommendations

III. INTERNAL AUDIT PROGRAM REVIEW (CONT.)

Project

- Internal Controls Testing
- Audit Findings Tracking
- FWA Hotline
- FWA and ICR Training
- Policy Assessment
- Policy Development
- Performance Management
- Risk Assessment Update

Results

Follow up to ICRs

Tracking and validating over 300 items

Responding to reports via hotline

Training for Council and senior mgmt.

Streamlined policy framework

Policy development and updates

Developing key performance indicators

Reassess 17 risk areas

IV. FY 16-17 INTERNAL AUDIT PLAN

1. Policy Improvement Support	\$50,000
2. Integrated PM Implementation	\$60,000
3. Performance Audit	\$50,000
4. ERP Preparation Support	\$50,000
5. Internal Controls Process Improvement	\$55,000
6. Annual Internal Controls Testing	\$60,000
7. Ongoing Internal Audit Services	\$47,000
8. Audit Findings Validation	<u>\$45,000</u>
Total	\$417,000

IV. FY 16-17 INTERNAL AUDIT PLAN (CONT.)

1. Policy Improvement Support: Continue to support policy development process working with Oversight Committee and departments (52 weeks, \$50,000)
2. Integrated PM Implementation: After completing development of KPIs, support development of a dashboard and reporting process (20 weeks, \$60,000)
3. Performance Audit: Conduct a performance audit, potential areas of focus include capital assets management, communications, and Measure A (16 weeks, \$50,000)
4. ERP Preparation Support: Provide support for development of best practice policies and/or controls for the new ERP system (16 weeks, \$50,000)

IV. FY 16-17 INTERNAL AUDIT PLAN (CONT.)

5. Internal Controls Process Improvement: As needed, provide support for process improvement through process mapping and/or training (39 weeks, \$55,000)
6. Annual Internal Controls Testing: Establish an ongoing annual testing program, with reduced scope in FY 16-17 due to continuation of FY 15-16 testing program (26 weeks, \$60,000)
7. Ongoing Internal Audit Services: Attend Audit Committee and Council meetings; prepare status reports, respond to Ethics Hotline reports, manage internal audit program, and prepare FY 17-18 internal audit plan (52 weeks, \$47,000)
8. Audit Findings Validation: Review information provided by the City to validate that completed findings were implemented as reported and adequately addressed findings (52 weeks, \$45,000)

IV. FY 16-17 INTERNAL AUDIT PLAN (CONT.)

#	Process	Fees	7-9/15	10-12/15	1-3/16	4-6/16
1	Policy Improvement Support	\$50,000				
2	Integrated PM Implementation	\$60,000				
3	Performance Audit	\$50,000				
4	ERP Preparation Support	\$50,000				
5	Internal Controls Improvement	\$55,000				
6	Annual Internal Controls Testing	\$60,000				
7	Ongoing Internal Auditor Services	\$47,000				
8	Audit Findings Validation	\$45,000				
	Total	\$417,000				