



Date: February 2, 2017

To: City of Stockton Audit Committee

From: Mark Steranka, Internal Auditor

Subject: Internal Audit Status Report (January 1, 2017 through January 31, 2017)

Schedule Status:

- Performance Improvement Projects: Administrative Directives and citywide policies update ongoing, integrated performance management development ongoing, and enterprise risk assessment completed. Initiated Diversity Study.
- Internal Control Projects: Internal controls review completed for Revenue & Cash Collection, Payroll, Information Technology, Accounts Payable and Purchasing, Monthly Close and Reconciliation, and Grants Management. Testing phase in process for multiple areas. Cash Handling completed. Month End Close and Reconciliation being reviewed by the City.
- Basic Internal Auditor Services: Ongoing and on track. Next quarterly findings tracking update is March 2017.

Budget Status:

- Performance Improvement Projects: All projects within budget. Total amount invoiced for performance work through December 31, 2016 is \$56,820.00.
- Internal Control Projects: All projects within budget. Total amount invoiced for internal control work through December 31, 2016 is \$88,335.00.
- Basic Internal Auditor Services: All work within budget. Total amount invoiced through December 31, 2016 is \$10,581.15.

Activities for this Reporting Period:

- Performance Improvement Projects:
 - o Policies: Continued to assist the City with development of Administrative Directives and citywide policies.
 - o Validation of Responses to Audit Findings: Continued to validate findings reported as complete by City management and update Findings Tracking Report.
 - o Integrated Performance Management: Completed development of performance measures (community indicators) based on the City Council's strategic targets.
 - o Diversity Study: Conducted kickoff meeting, initiated document review, and scheduled interviews.



- Internal Control Projects:
 - o Internal Controls Testing: Prepared schedule for completion of remaining internal controls testing projects.
- Basic Internal Auditor Services: Continued to keep the Audit Committee apprised of program status. Continued to monitor the Ethics Hotline (one report in the last period).

Activities for the next Reporting Period:

- Performance Improvement Projects:
 - o Policies: Continue to assist City with development of Administrative Directives and citywide policies.
 - o Validation of Responses to Audit Findings: Continue to validate findings reported as complete by City management and update Findings Tracking Report.
 - o Integrated Performance Management: Finalize performance dashboard. Implementation of department- and program-level performance measures will follow strategic plan development, planned for early 2017.
 - o Diversity Performance Audit: Work with City to identify interviewees and plan field work.
- Internal Control Projects:
 - o Internal Controls Testing: Finalize report for Month End Close and Reconciliation. Prepare draft report for Grants Management. Completed analysis for Payroll and Purchasing. Schedule fieldwork for Information Technology.
- Basic Internal Auditor Services: Continue to keep the Audit Committee apprised of program status. Continue to monitor the Ethics Hotline.

Issues:

- none