



Date: October 17 2017

## MEMORANDUM

To: City of Stockton Audit Committee

From: Mark Steranka, Internal Auditor

Subject: Internal Audit Status Report August 1, 2017 through October 15, 2017

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### Schedule Status:

- Performance Improvement Projects: Administrative Directives and citywide policies update ongoing. Procurement diversity study ongoing. Performance metrics work completed. ERP preparation support continues.
- 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. Internal controls testing completed for Cash Handling, Month End Close and Reconciliation, Grants Management, Payroll, Capital Project Closeout, and Systems Access. Internal controls testing for Purchasing ongoing. Travel Expense testing will be next.
- Basic Internal Auditor Services: Ongoing and on track. Next quarterly findings tracking update is January 2018.

### Budget Status:

- Performance Improvement Projects: All projects within budget. Total amount invoiced for performance work through September 30, 2017 is \$27,690.00.
- Internal Control Projects: All projects within budget. Total amount invoiced for internal control work through September 30, 2017 is \$0.00.
- Basic Internal Auditor Services: All work within budget. Total amount invoiced through September 30, 2017 is \$14,430.00.

### Activities for this Reporting Period:

- Performance Improvement Projects:
  - Policies: Continued to assist the City with development of Administrative Directives and citywide policies.
  - Validation of Responses to Audit Findings: Continued to track completed findings, validate findings reported as complete by City management, and update the Findings Tracking Report.
  - Integrated Performance Management: Completed development of performance measures (community indicators) based on the City Council's strategic targets.

- o ERP Support: Continued to review documents and records to support the City's efforts regarding ERP conversion planning, preparation, and data cleanup.
- Internal Control Projects:
  - o Internal Controls Testing: Finalized the systems access project, and continued work on purchasing project.
- Basic Internal Auditor Services: Continued to keep the Audit Committee apprised of program status. Continued to monitor the Ethics Hotline (no new reports 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: Support data collection and publication of community indicators dashboard and associated communication.
  - o ERP Support: Continue to support the City's efforts regarding ERP conversion planning, preparation, and data cleanup.
- Internal Control Projects:
  - o Internal Controls Testing: Complete report for Purchasing testing and begin planning for Travel Expense testing.
- Basic Internal Auditor Services: Continue to keep the Audit Committee apprised of program status. Continue to monitor the Ethics Hotline.

Issues:

- none