



Date: June 19, 2017
To: City of Stockton Audit Committee
From: Mark Steranka, Internal Auditor
Subject: Internal Audit Status Report (May 1, 2017 through May 31, 2017)

Schedule Status:

- Performance Improvement Projects: Administrative Directives and citywide policies update ongoing, integrated performance management development ongoing, and enterprise risk assessment completed. Workforce diversity performance study completed. Performance metrics work ongoing. 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. Cash Handling, Month End Close and Reconciliation, Grants Management, and Payroll internal controls testing completed. Testing phase in process for Information Technology and Purchasing. Capital project closeout analysis completed.
- Basic Internal Auditor Services: Ongoing and on track. Next quarterly findings tracking update is September 2017.

Budget Status:

- Performance Improvement Projects: All projects within budget. Total amount invoiced for performance work through May 31, 2017 is \$205,215.00.
- Internal Control Projects: All projects within budget. Total amount invoiced for internal control work through May 31, 2017 is \$148,005.00.
- Basic Internal Auditor Services: All work within budget. Total amount invoiced through May 31, 2017 is \$37,101.15.

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.



- o Integrated Performance Management: Completed development of performance measures (community indicators) based on the City Council's strategic targets. Indicators to be presented to the Audit Committee in July 2017.
 - o Diversity Study: Prepared final report.
 - 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 payroll and timekeeping report, and continued work on purchasing, and IT projects, as well as capital projects closeout review.
- Basic Internal Auditor Services: Continued to keep the Audit Committee apprised of program status. Continued to monitor the Ethics Hotline (one new 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: Present performance dashboard at July 2017 Audit Committee meeting. Implementation of department- and program-level performance measures will follow.
 - 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 testing and prepare draft reports for Purchasing, Information Technology, and Capital Projects Closeout.
- Basic Internal Auditor Services: Continue to keep the Audit Committee apprised of program status. Continue to monitor the Ethics Hotline.

Issues:

- none