



Date: December 12, 2016
To: City of Stockton Audit Committee
From: Mark Steranka
Subject: Internal Audit Status Report (September 1, 2016 through November 30, 2016)

Schedule Status:

- Performance Improvement Projects: Administrative Directives and citywide policies update ongoing, integrated performance management development ongoing, and enterprise risk assessment completed. Discuss scope of performance audit.
- 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.
- 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 October 31, 2016 is \$42,975.00.
- Internal Control Projects: All projects within budget. Total amount invoiced for internal control work through October 31, 2016 is \$76,830.00.
- Basic Internal Auditor Services: All work within budget. Total amount invoiced through October 31, 2016 is \$6,681.15.

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 validate findings reported as complete by City management and update Findings Tracking Report.
 - Integrated Performance Management: Completed development of performance measures for a suite of community indicators based on the City Council's strategic targets.
 - Risk Assessment: Completed final report.



- Internal Control Projects:
 - o Internal Controls Testing: Prepared draft report for Monthly Close and Reconciliation. Completed field work for Payroll and Timekeeping, Purchasing, and Grants Management.
- 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 Risk Assessment: Present final report to City Council.
 - o Initiate planning for performance audit.
- Internal Control Projects:
 - o Internal Controls Testing: Finalize report for Monthly Close and Reconciliation. Prepare draft reports for Payroll and Timekeeping, Purchasing, and Grants Management. 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