



City of Stockton FY 20-21 Internal Audit Program

Council Meeting

July 14, 2020



Overview

- I. Introduction
- II. Internal Audit Program Components
- III. Internal Audit Program Review
- IV. Potential FY 20-21 Internal Audit Projects
- V. Recommended FY 20-21 Internal Audit Plan

I. Introduction

- The City retained Moss Adams LLP to serve as the designated Internal Auditor and conduct projects focusing on:
 - Risks
 - Internal controls
 - Compliance
 - Performance
 - Best practices
- Work is being completed under relevant industry 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

Focus

- Enterprise Risk Assessments
- Enterprise Internal Controls Review
- Functional Internal Controls Reviews
- Functional Internal Controls Testing
- Policy Review and Development
- Performance Measures
- Performance Projects
- Findings Tracking
- Findings Validated
- Ethics Hotline

Accomplishments

2013, 2016, 2019

2013

8 areas for design reviews

12 areas for compliance tests

Over 175 ADs and citywide policies

Citywide and Department KPIs

Multiple performance assessments

Over 430 findings tracked

Over 280 findings validated

Over 130 reports since 2007



IV. Potential FY 20-21 Internal Audit Projects

1. Human Resources Operational Review (\$45,000)
2. Fixed Asset Internal Controls Review (\$40,000)
3. Inventory Internal Controls Review (\$40,000)
4. TBD Efficiency Study (\$45,000)
5. Capital Program Process Improvement (\$30,000)
6. Policies and Procedures Development Support (\$25,000)
7. Contingency (\$25,000)
8. Business Continuity Assessment (\$35,000)
9. Procurement Operational Review (\$45,000)
10. Audit Findings Validation and Reporting (\$50,000)
11. Internal Audit Program Management (\$30,000)



V. Recommended FY 20-21 Internal Audit Plan

1. Human Resources Operational Review (\$45,000)
2. Fixed Asset Internal Controls Audit (\$40,000)
3. Inventory Internal Controls Audit (\$40,000)
4. TBD Efficiency Study (\$45,000)
5. Capital Program Process Improvement (\$30,000)
6. Policies and Procedures Development Support (\$20,000)
7. Contingency (\$25,000)
8. Audit Findings Validation and Reporting (\$50,000)
9. Internal Audit Program Management (\$30,000)



V. Recommended FY 20-21 Internal Audit Plan

1. Human Resources Operational Review: Assess the economy, efficiency, and effectiveness of the HR department. (14 weeks, \$45,000)
2. Fixed Asset Internal Controls Audit: Assess tracking and control of fixed assets that are capitalized and depreciated, such as vehicles, buildings, and large equipment. (12 weeks, \$40,000)
3. Inventory Internal Controls Audit: Assess tracking and control of inventory on hand that is expensed when purchased, such as office supplies, tires, safety equipment, and goods sold. (12 weeks, \$40,000)
4. TBD Efficiency Study: Assess the economy, efficiency, and effectiveness of a City function. (14 weeks, \$45,000)
5. Capital Program Process Improvements: Provide support for implementing process changes. (16 weeks, \$30,000)



V. Recommended FY 20-21 Internal Audit Plan

6. Policies Development Ongoing Support: Continue to participate in Policy Review Committee meetings and facilitate/support policy development and update efforts (52 weeks, \$20,000)
7. Contingency: Budget to respond to City needs if needed (\$25,000)
8. Audit Findings Validation and Reporting: Track and report on findings and validate completed findings (52 weeks, \$50,000)
9. Internal Audit Program Management: Manage the overall program, prepare Audit Committee and Council materials, and attend Audit Committee and Council meetings (52 weeks, \$30,000)



V. Recommended FY 20-21 Internal Audit Plan

#	Project	Budget	7-9/20	10-12/20	1-3/21	4-6/21
1	Human Resources Operational Review	\$45,000				
2	Fixed Asset Internal Controls Audit	\$40,000				
3	Inventory Internal Controls Audit	\$40,000				
4	TBD Efficiency Study	\$45,000				
5	Capital Program Process Improvement	\$30,000				
6	Policies Development Ongoing Support	\$20,000				
7	Contingency	\$25,000				
8	Audit Findings Validation and Reporting	\$50,000				
9	Internal Audit Program Management	\$30,000				
	Total	\$325,000				





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