



Date: July 11, 2016
To: City of Stockton Audit Committee
From: Mark Steranka and Kim Koch
Subject: Internal Audit Status Report (June 1, 2016 through June 30, 2016)

Schedule Status:

- Performance Improvement Projects: Administrative Directives and citywide policies update process ongoing, Council Policies approved by the City Council in January, and work initiated for integrated performance management project.
- Internal Control Projects: Presentation to Audit Committee Revenue & Cash Collection (June 2014), Payroll (August 2014), Information Technology (August 2014), Accounts Payable & Purchasing (October 2014), Monthly Close Process (March 2015), Grants Management (April 2015), and Capital Project Closeout (August 2016). Testing phase in process for multiple areas.
- Basic Internal Auditor Services: Ongoing and on track. Next quarterly findings tracking update is October 2016.

Budget Status:

- Performance Improvement Projects: All projects within budget. Total amount invoiced for performance work through June 30, 2016 is \$509,941.22.
- Internal Control Projects: All projects within budget. Total amount invoiced for internal control work through June 30, 2016 is \$290,371.67.
- Basic Internal Auditor Services: All work within budget. Total amount invoiced through June 30, 2016 is \$124,887.65.

Activities for this Reporting Period:

- Performance Improvement Projects:
 - Policies: Policies: Continued to assist the City with development of Administrative Directives and citywide policies and procedures.
 - Validation of Responses to Audit Findings: Continued to validate findings reported as complete by City management and update Findings Tracking Report.
 - Integrated Performance Management: Continued to collect data and refine measures for a suite of community indicators based on the City Council's strategic targets.



- Internal Control Projects:
 - o Capital Projects Closeout: Developed testing plan.
 - o Internal Controls Testing: Gathered information and developed testing plans for monthly close and reconciliation and purchasing, and requested information for grants management.
- Basic Internal Auditor Services: Continued to keep the Audit Committee apprised of program status. Continued to monitor the Ethics Hotline, and administered two reports.

Activities for the next Reporting Period:

- Performance Improvement Projects:
 - o Policies: Continue to assist City with development and finalization of citywide policies and procedures. Complete work on Operation Ceasefire policies for the Office of Violence Prevention.
 - 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 community indicators and performance dashboard.
- Internal Control Projects:
 - o Capital Projects Closeout: Finalize testing and schedule and conduct onsite interviews and testing.
 - o Internal Controls Testing: Continue internal controls testing program, including requesting documents, developing testing plans, and performing onsite testing.
- Basic Internal Auditor Services: Continue to keep the Audit Committee apprised of program status. Continue to monitor the Ethics Hotline.

Issues:

- none