



Date: March 27, 2015
To: City of Stockton Audit Committee
From: Mark Steranka, Kim Koch, and Tom Krippaehne
Subject: Internal Audit Status Report (January 13, 2014 through March 27, 2015)

Schedule Status:

- Performance Improvement Projects: Administrative Directives and citywide policies update process ongoing, with the goal of preparing draft Administrative Directives and citywide policies that directly impact audit findings by the end of this fiscal year.
- Internal Control Projects: Presentation to Audit Committee Revenue & Cash Collection (June), Payroll (August), Information Technology (August), Accounts Payable & Purchasing (October), Monthly Close Process (March), and Grants Management (April).
- Basic Internal Auditor Services: Ongoing and on track. Next quarterly findings tracking update is May 11, 2015.

Budget Status:

- Performance Improvement Projects: All projects within budget. Total amount invoiced for performance work through February 28, 2014 is \$227,372.78.
- Internal Control Projects: All projects within budget. Total amount invoiced for internal control work through February 28, 2014 is \$183,316.67.
- Basic Internal Auditor Services: All work within budget. Total amount invoiced through February 28, 2014 is \$68,502.76.

Activities for this Reporting Period:

- Performance Improvement Projects:
 - Policies: Worked with City Manager's Office to develop a prioritized schedule for drafting and revising Administrative Directives and citywide policies. The Administrative Directives and policies have been scheduled in blocks of 10-15, taking into account the City's capacity to review, revise, and adopt the policies. The schedule reflects priorities placed on policies that have the highest impact on open audit findings. Submitted the second installment of directives and policies.
 - Validation of Responses to Audit Findings: Continued to validate findings reported as complete by City management and update Findings Tracking Report.
- Internal Control Projects:
 - Monthly Close Process: Finalized report.
 - Grants Management: Submitted draft report for review by management.



- Basic Internal Auditor Services: Continued to track status of audit findings and keep Audit Committee apprised of program status.

Activities for the next Reporting Period:

- Performance Improvement Projects:
 - Policies: Continue development of Administrative Directives and citywide policies.
 - Validation of Responses to Audit Findings: Continue to validate findings reported as complete by City management and update Findings Tracking Report.
 - Internal Controls Training: Define content and identify dates for Finance Department training in 2015.
- Internal Control Projects:
 - Grants Management: Finalize report.
- Basic Internal Auditor Services: Continue to track status of audit findings and keep Audit Committee apprised of program status.

Issues:

- none