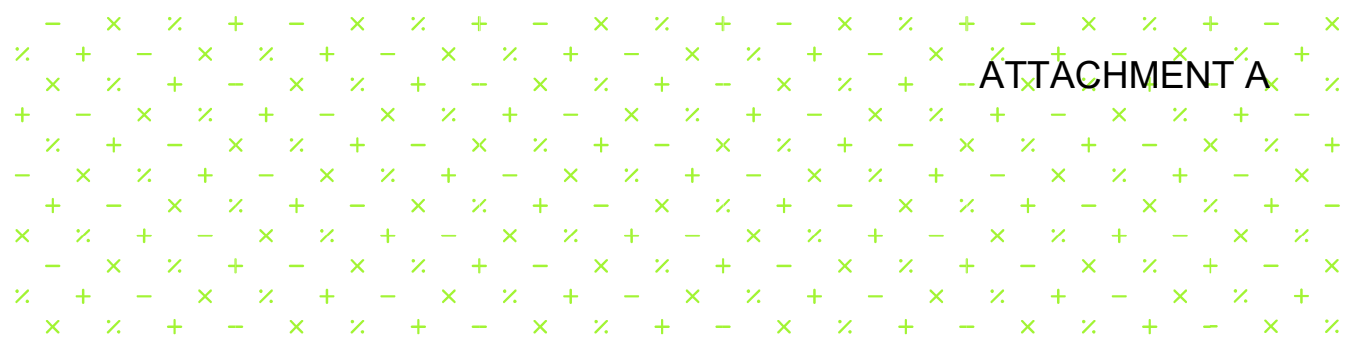


ATTACHMENT A

# City of Stockton FY 21-22 Internal Audit Program

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**Audit Committee Meeting**  
**July 12, 2021**



# Overview

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- I. Introduction
- II. Internal Audit Program Components
- III. Internal Audit Program Review
- IV. Potential FY 21-22 Internal Audit Projects
- V. Recommended FY 21-22 Internal Audit Plan

# I. Introduction

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- 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

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### 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

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**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 450 findings tracked

Over 310 findings validated

Over 140 reports since 2007



## IV. Potential FY 21-22 Internal Audit Projects

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1. Enterprise Risk Assessment
2. Capital Program Process Improvement
3. Business Continuity Assessment
4. Procurement Operational Review
5. Department or Program Efficiency Study
6. Internal Controls Review (Systems/Segregation of Duties Focus)
7. Grant Management Review
8. Vendor Management Review (2)
9. EDD Loan Program Review
10. Policies and Procedures Development Support

## V. Recommended FY 21-22 Internal Audit Plan

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1. Enterprise Risk Assessment: Assess risks across the organization to determine progress and inform the internal audit program.
4. Procurement Operational Review: Assess procurement policies, procedures, processes, controls, and performance.
6. Internal Controls Review (Systems/Segregation of Duties Focus): Assess controls surrounding the new ERP environment.
8. Vendor Management Reviews: Assess overall vendor management policies, procedures, and controls for two specific vendor contracts.
10. Policies Development Ongoing Support: Continue to participate in Policy Review Committee meetings and facilitate/support policy development and update efforts



## V. Recommended FY 21-22 Internal Audit Plan

#	Project	Budget	7-9/21	10-12/21	1-3/22	4-6/22
1	Enterprise Risk Assessment	\$50,000				
4	Procurement Operations Review	\$45,000				
6	Internal Controls Review – Systems	\$45,000				
8	Vendor Management Review – A	\$40,000				
	Vendor Management Review – B	\$40,000				
10	Policies Development Ongoing Support	\$25,000				
	Audit Findings Validation and Reporting	\$50,000				
	Internal Audit Program Management	\$30,000				
	Total	\$325,000				





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