

February 2, 2023

To: City of Stockton Audit Committee
From: Moss Adams, LLP
Subject: FY 23-24 Internal Audit Program Adjustment

The FY 21-22 Internal Audit work plan included a comprehensive Procurement Operational Review, which was carried over to the current fiscal year to better align with staff capacity and the ERP replacement. While this project kicked off in October 2022, it has experienced further delays due to staff turnover, and is currently on hold.

Over the life of the measure, there have been regular requests from the Citizens' Advisory Committee for an audit of Measure A expenditures. While the City's external auditor conducts annual Agreed-Upon-Procedures engagements over the funds, there is continued interest from the Committee, staff, and Council members in an independent assessment of performance.

As the measure reaches its 10-year initial horizon, it's appropriate timing to look back on performance of the programs and services supported by Measure A funds compared to the intent of Measures A and B. As such, we propose replacing the Procurement Operational Review (carryover from FY 21-22 Internal Audit Program) with a performance audit of Measure A.

Proposed Scope of Work: Measure A Performance Audit

Conduct a performance audit under Generally Accepted Government Audit Standards (GAGAS) of Measure A, with the objectives of assessing performance outcomes and compliance with expenditure provisions. Provide entrance and exit presentations to the Citizens' Advisory Committee.

Objectives:

Compliance:

- Review annual financial audits and agreed-upon procedures reports, and summarize findings and recommendations
- Summarize measure revenues and expenditures to date
- Interview City staff and review relevant documents to document and validate how revenues are collected and expended
- Provide recommendations to improve compliance with measure provisions and alignment with best practices in municipal finance

Performance:

- Interview City staff, Councilmembers, and Committee members to gain an understanding of the measure and progress toward goals
- Review annual reports and other documentation, including annual budget and program updates provided to the Committee
- Review the City's implementation plan and progress toward stated outcomes by the Police Department, Office of Violence Prevention, Mission Critical, and other relevant programs
- Conduct peer benchmarking to assess the City's performance in context, compared to other cities with similar public safety measures/initiatives and national public safety trends
- Provide recommendations to improve efficiency and effectiveness of program and service delivery