



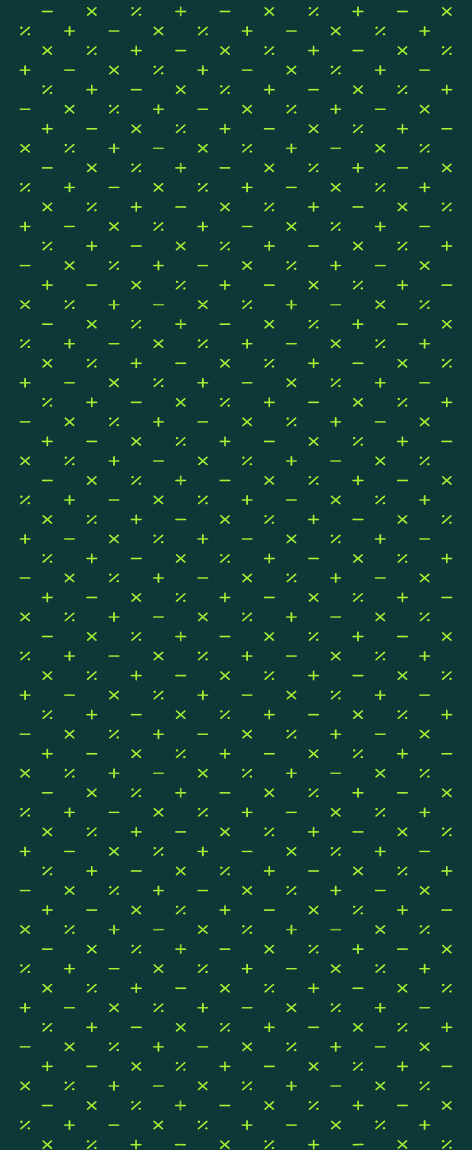
MOSSADAMS

City of Stockton FY 24-25 Internal Audit Program

Audit Committee Meeting

July 2024

Attachment A

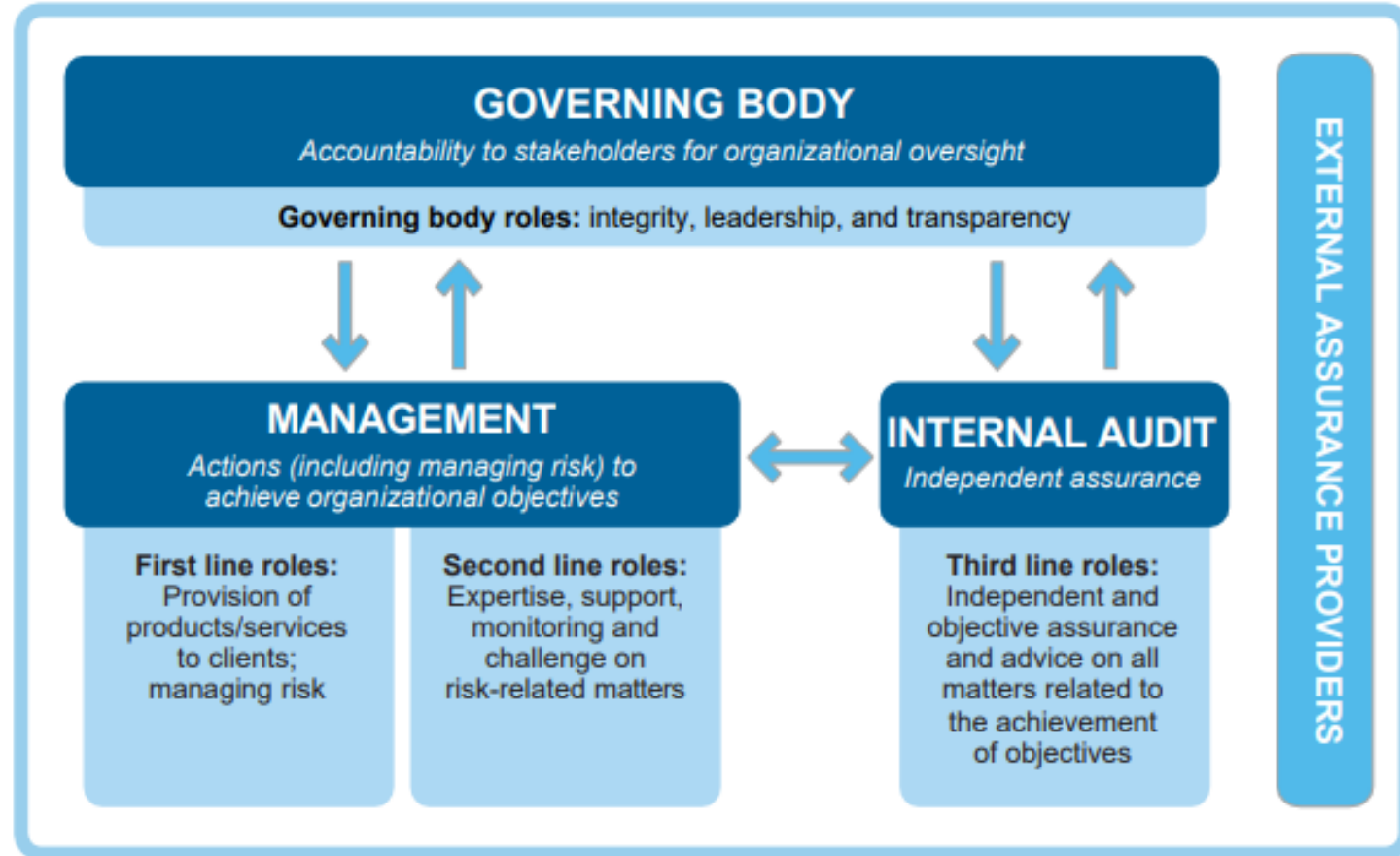


Internal Audit Overview

- The City retained Moss Adams to serve as the designated Internal Auditor and conduct projects focusing on:
 - Risks
 - Internal controls
 - Efficiency and effectiveness
 - Best practices
 - Compliance
- Work is being completed under appropriate industry standards (IIA, GAGAS, AICPA)
- We have served as the City Auditor since 2013, with partner rotation in 2022



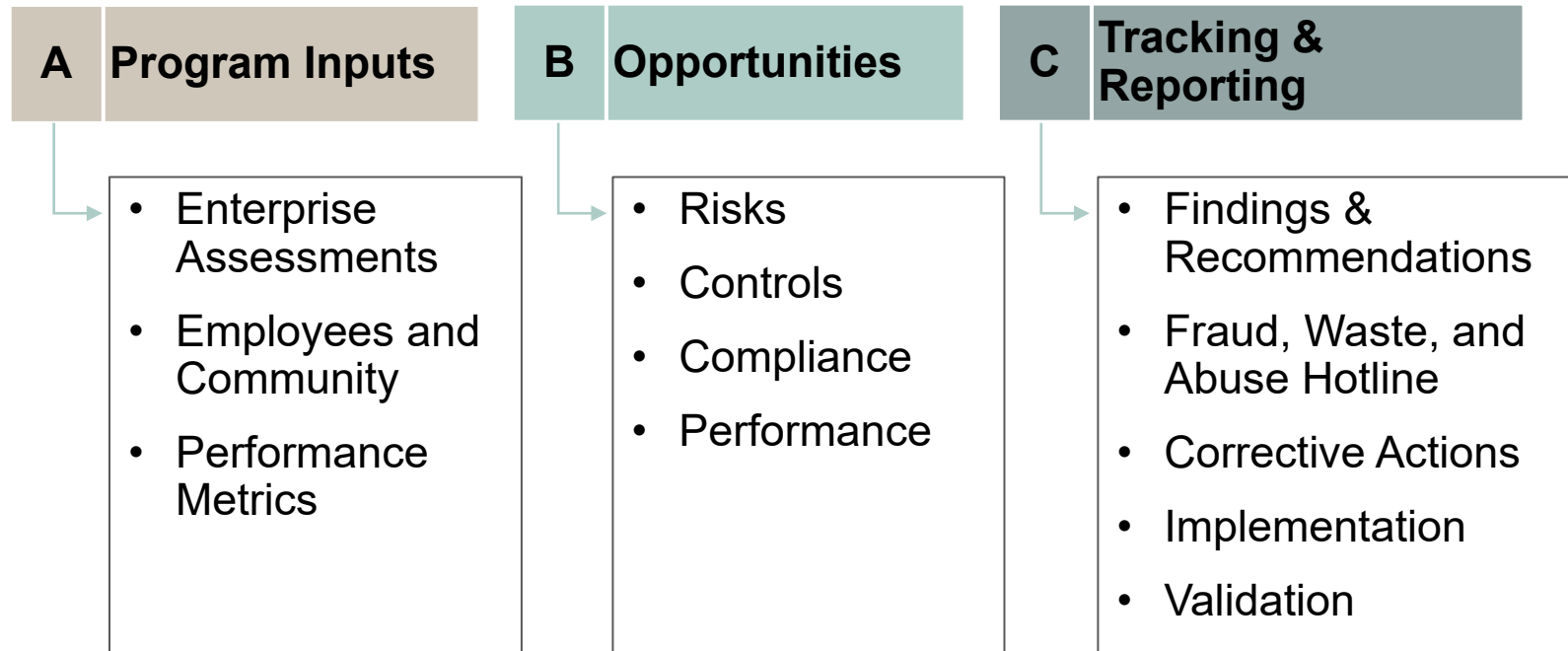
The IIA's Three Lines Model



KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication coordination, collaboration

Role of Internal Audit

Holistic Internal Audit Program Approach



Internal Audit Program Review

Focus	Accomplishments
Enterprise Risk Assessments	2013, 2016, 2019, 2022
Enterprise Internal Controls Review	2013, 2024
Functional Internal Controls Reviews	12 design reviews
Functional Internal Controls Testing	14 areas tested
Policy Review & Development	31 Citywide policies and procedures
Performance Projects	27 performance and efficiency studies
Findings Closed % Tracked	384 / 485 (79%)
Ethics Hotline	188 reports since 2007

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Proposed FY24-25 Internal Audit Projects

1. **Grants Management Risk Assessment and Implementation Roadmap:** Follow up on the 2022 grant management study, identify remaining gaps in City processes and rate according to risk levels, develop a prioritized implementation plan to address gaps, and provide support to City staff to reduce risk.
2. **Cash Management Internal Controls Review:** Review processes and test key controls related to cash management across City functions.
3. **Payroll Internal Controls Review:** Conduct a review of controls and processes related to payroll, including the recently implemented payroll ERP module.
4. **Property Management Review:** Inventory City-owned properties that are currently leased and review property management policies and practices.
5. **HUD Findings Implementation Support:** Support the City's response to HUD findings and address opportunities for improvement in advance of future audits.
6. **Community Services Organizational Assessment:** Review the department's organizational structure and functions and recommend options for more effective service delivery. Assess progress toward implementation of 2019 Strong Communities efficiency study.
7. **Human Resources Org Assessment Update:** Assess progress toward implementation of recommendations from 2020 study, with a focus on recruiting processes.
8. **Audit Findings Tracking Validation & Reporting:** Continue to support and validate audit findings closure.
9. **Policy Update Ongoing Support:** Continue to support citywide policy and procedure update to address audit findings, efficiency, and compliance.
10. **Internal Audit Program Management:** City Auditor activities including overseeing the internal audit program and managing the fraud, waste, and abuse hotline.



FY24-25 Internal Audit Budget and Timing

Project	Budget	7-9/24	10-12/24	1-3/25	4-6/25
Grant Management Risk Assessment & Implementation Roadmap	\$50,000				
Cash Management Internal Controls Review	\$35,000				
Payroll Internal Controls Review	\$40,000				
Property Management Review	\$35,000				
HUD Findings Implementation Support	\$30,000				
Community Services Efficiency Study	\$40,000				
Human Resources Org Assessment Update	\$35,000				
Audit Findings Validation & Reporting	\$20,000				
Policy Update Ongoing Support	\$25,000				
Ongoing Internal Audit Services	\$40,000				
Total	\$365,000				



+ x -
% **Resources**

- Government Finance Officer's Association (GFOA)
 - GFOA Best Practices Guide on Audit Committees
- Institute of Internal Auditors
 - IIA Publication "The Audit Committee: Internal Audit Oversight"
- U.S. Government Accountability Office (GAO)
- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners



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