



September 2019

**The Honorable Mayor Joe Pitts**  
**Members of City Council**  
**Audit Committee Members**

City Code Section 6-615(b) requires that Internal Audit submit an annual report to you disclosing all completed audits and other projects. Below is a list of audits, investigations, and other activities completed during FY 2019.

Completed Projects	Ongoing Projects in FY 2019/2020	Approved FY 2020 Projects
<ul style="list-style-type: none"> <li>○ Senior Management Expense CY 2015-2017 Audit</li> <li>○ Sole Source Purchases Audit</li> <li>○ CPD Evidence Room Audit</li> <li>○ 17 Resolved Hotline Complaints</li> </ul>	<ul style="list-style-type: none"> <li>○ Code of Ethics Audit (Issued August 2019)</li> <li>○ City General Payroll Audit (Est. issue date October 2019)</li> <li>○ Golf Course Inventory and Cash Handling Audit (Est. issue date October 2019)</li> <li>○ Follow Up Assessments</li> <li>○ IT Audit Co-sourcing</li> </ul>	<ul style="list-style-type: none"> <li>○ I-9 Audit (Carryover from FY19)</li> <li>○ Senior Management Expense Audit CY 2018</li> <li>○ Annual Ethics Surveys</li> <li>○ Customer Disconnects Audit - CDE</li> <li>○ Customer Disconnects Audit- CGW</li> <li>○ Financial Controls - Finance</li> <li>○ Vendor Payment Analysis</li> <li>○ Follow Up Assessments</li> </ul>

**FY 2019 Highlights**

One of the most important successes for FY 2019 is developing a strong working relationship with the Mayor and Chief of Staff. Support and input from the Mayor’s Office helps pave the way for Internal Audit to assist departments in developing process improvements, when necessary, and to accomplish our goals and objectives. We look forward to this continued strong relationship.

We completed several impactful projects this year and were involved with various teams working on larger, significant projects that will impact the City and employees going forward. The Senior Management Expense Audit assisted management in crafting the upcoming Travel and Municipal Spending policies. Both policies will lead to a more efficient travel process and a more consistent approach to how City departments spend City dollars.

The Code of Ethics Audit is sure to bring a renewed focus on compliance with the City Ethics Policy and increased awareness of activities that may cross ethical boundaries. The upcoming release of the City General Payroll Audit will outline opportunities to strengthen internal control while improving consistency and efficiencies that could reduce the City’s estimated \$200,000 to \$300,000 annual payroll processing expenditures.

Our team continues to develop both in experience and through professional development. Our team of three now consists of two Certified Public Accountants, two Certified Internal Auditors, one Certified Fraud Examiner, and we are all Certified Municipal Financial Officers (CMFOs). We have one employee pursuing the Certified Government Financial Manager (CGFM), which is another nationally recognized professional designation that will further the department's expertise within the area of Government Finance.

**Other Items Addressed by Internal Audit**

During FY 2019, Internal Audit began implementation of the Institute of Internal Auditors standards, the International Professional Practices Framework (Red Book). This involved redesigning our audit process to adhere to the new standards, which resulted in a more user friendly audit report. As a result of the standards change, we were able to consult with departments and provide input on policy revisions while remaining independent and objective. We also worked throughout the year to address inquiries from City employees related to compliance issues. These inquiries typically do not result in a written report. These types of consulting work often lead to stronger, better controlled processes that ultimately save the City time and resources in the long term.

During FY 2020, we will continue our implementation of the Red Book standards, including refining our new audit processes and revising our departmental policies and procedures. Ultimately, we believe this change will help us best serve the City by focusing on key risks to the City's objectives and goals.

Respectfully,

Rodney Wright, Director of Internal Audit