

April 26, 2022

Mayor and Council:

Enclosed is the proposed Audit Plan covering Fiscal Year 2022-2023 for the City's Independent Internal Audit Program (IIAP). The plan includes a total of 12 audits; four will be conducted using internal resources and eight will be conducted using contracted third-party firms.

In developing this plan, IIAP staff conducted a risk assessment guided by a defined criterion that included input from department directors and evaluation of control effectiveness, as well as local government audit industry trends. This effort resulted in an extensive list of potential areas for audit within the City. We then prioritized these potential areas based on the result of the risk assessment and developed the enclosed proposed audit plan.

IIAP staff believes this plan provides adequate coverage across City departments, programs, and activities and recognizes the concerns of the Council and Management. This proposed plan was discussed and approved at the March 3, 2022, Council-appointed Audit Committee meeting. As required by the City Code, I am now requesting approval of the proposed plan by the full Council.

Respectfully submitted,

Mike Kingery  
Independent Internal Audit Program Manager

**PROPOSED FY23 Audit Plan**  
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Department	Program	Audit Type	Internal Resources or External Firm	Potential Scope/Audit Objective
Field Operations - Facilities Management	Facilities Management and Maintenance	Performance	External Firm	Program evaluation & Asset Management - review the process/controls in place and performance to determine efficiency & effectiveness including best practices.
Community Services - Housing	Housing Program	Performance & Compliance	External Firm	Best practices review of entire process; include annual recertification; public housing; Section 8; inspections; efficiency and effectiveness; performance management.
Community Services - Revitalization	Revitalization	Performance & Compliance	External Firm	Revitalization program evaluation - identify leading practices for ongoing review, assess process for effectiveness and efficiency, including spending, reporting, and compliance.
Innovation & Technology (IT)	Third-Party Risk	Performance & Compliance	External Firm	Assess the risks related to third-party IT vendors, including an inventory of providers. Determine risk appetite, SLAs and/or contractual obligations, governance, and effectiveness of controls. Assess compliance with City's published policies and procedures.

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Department	Program	Audit Type	Internal Resources or External Firm	Potential Scope/Audit Objective
Innovation & Technology (IT)	Password Security	Performance & Compliance	External Firm	Determine effectiveness of password controls across City systems, including assessment of training/ awareness, frequency of password changes, and related policies and procedures. Determine if Police Department password controls and practices meet CALEA accreditation requirements.
Fire Department	Fire Asset Management	Performance	External Firm	Determine how assets are tracked and managed. Assess efficiency and effectiveness of the following: acquisition process, costs, performance standards, risks, utilization, replacement, and operating & maintenance.
Citywide	Procurement Process	Performance	External Firm	Complete review of non p-card procurement process from posting opportunity through award; entry & approval of contracts, requisitions, POs, invoice payments, and vendor onboarding. Benchmark against other municipalities for staff size, responsibilities, and approval limits (staff and council).

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Department	Program	Audit Type	Internal Resources or External Firm	Potential Scope/Audit Objective
Citywide	City Fees Schedule	Performance	External Firm	Review of fees charged for general city services - business license, permitting, building/ safety inspections, penalty and/or late fees, etc. This would exclude Development Impact Fees and rates for specific services used, like landfill, water/sewer, bulk trash, recycling, Courts, Civic Center rentals, Cemetery, etc. Assess for reasonableness, streamline and/or simplify if possible; benchmark against other municipalities.
Police Department	Property Evidence	Performance & Compliance	Internal Resources	Prior to construction of new Evidence facility - Review security protocols; single point of failure; chain of custody and item preservation; access; etc.
Courts	Triennial Agreed Upon Procedures (AUP) Audit	Compliance	Internal Resources	Triennial assessment required by Arizona Supreme Court's Administrative Office of the Courts (AOC) to determine compliance with Minimum Accounting Standards (MAS) as prescribed by the AOC; covers 1/1/2020 - 12/31/2022.

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<b>Department</b>	<b>Program</b>	<b>Audit Type</b>	<b>Internal Resources or External Firm</b>	<b>Potential Scope/Audit Objective</b>
Transportation - Airport	Airport Compliance	Compliance	Internal Resources	Airport Ops - leases; rates and charges (frequency of review); compliance with FAA (access control, haz mat, PII, etc.).
Citywide	Procurement Card (p-card)	Performance & Compliance	Internal Resources	Assessment of outliers, potential violations identified as part of continuous monitoring through Robotic Process Automation (RPA)/analytics.