



June 25, 2024

Mayor and Council:

Enclosed is the proposed Audit Plan covering Fiscal Year 2024-2025 for the City's Independent Internal Audit Program (IIAP). The plan includes a total of 10 audits which will be conducted using contracted third-party firms. In addition, there are two audit-related activities to be performed by internal resources.

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 June 5, 2024, 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 FY25 Audit Plan

June 25, 2024

	Department	Program	Auditor	Potential Scope
1	Multiple departments	Departmental coordination	Qualified vendor	Performance audit to assess how (for example) Field Ops, Engineering, Water, Transportation, and/or Parks & Recreation interact on projects. Assess roles and duties such as project "ownership" or management, processes and timelines, vendor selection/management, tracking milestones, etc. Determine level of coordination/cooperation and identify reasons for delays, fixes, and communication or payment issues.
2	Multiple/Budget & Finance	Grants management	Qualified vendor	Performance audit to assess how COG learns of, researches, applies for, and manages (awarded) grants. Rather than specific grant compliance, assess how grants are monitored, reported, and the opportunity cost of unsuccessful grant applications. Where feasible, benchmark against neighboring cities for volume/staffing and determine reasons for losing potential grants to our competitors.
3	Human Resources	Employee recruitment and retention	Qualified vendor	Assess strategies to identify and fill staffing needs, along with ways to retain and promote career growth for existing employees. While overall processes may be similar citywide, audit will likely focus on two or three departments with most critical needs currently.
4	Field Operations	Solid Waste Collection - Bulk Trash	Qualified vendor	Assess efficiency/effectiveness of City's bulk trash program. Consider costs (time/labor/materials/supplies/assets), fees, customer feedback, and alignment with other local cities/industry best practices. Assess options related to scheduled pick-up (monthly/quarterly), appointment based, and/or a mix of scheduled and by appointment.
5	Water Services	Stormwater management	Qualified vendor	Performance audit to assess "ownership" of program, how it is managed, tracked, reported, and how processes compare against neighboring cities and industry best practices.
6	Innovation & Technology (IT)	IT Projects	Qualified vendor	Assess how IT projects are determined, prioritized, staffed, funded, and managed. Assess scope and timeliness of project milestones and completion. Where possible, measure effectiveness of results.

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	Department	Program	Auditor	Potential Scope
7	Transportation	Airport contracts/revenues	Qualified vendor	Per recommendation from the IIAP airport audit in progress, exercise contractual right to audit financial reporting of multiple customers to determine if City is receiving correct revenues. Per our contracts, this must be performed by an outside CPA firm.
8	Budget & Finance	Customer service, billing, and cashiering	Qualified vendor	Performance audit to assess departmental processes for efficiency, effectiveness, and potential for streamlining. Assess paper processes against possible automated solutions, reducing physical handling of cash and checks when feasible. Identify system and logistical obstacles and provide options for overcoming them.
9	City Manager's Office	Code Compliance	Qualified vendor	Assess fees/penalties charged for violations, including the Clean & Lien program, and the corresponding processes for how amounts and violations are determined. Benchmark against other local cities and industry best practices.
10	Parks & Recreation	Park Ranger program	Qualified vendor	Performance audit to assess staffing, duties/coverage, training, safety of staff and patrons, benchmarking against other cities in the Valley, and alignment with industry best practices.
11	HR/Budget & Finance	Payroll analytics (continuous monitoring)	IIAP	Assess the development and implementation of payroll analytics currently being built to continuously monitor identified controls. Once complete and running for several months, assess usefulness of analytics and how quickly exceptions are identified and resolved.
12	Citywide	Risk Assessment	IIAP	Refine the new Risk Assessment process to provide more consistent, comparable risks that can be measured across departments in terms of impact and likelihood.