



June 24, 2025

Mayor and Council:

Enclosed is the proposed Audit Plan covering Fiscal Year 2025-2026 for the City's Independent Internal Audit Program (IIAP). The plan includes a total of five audit projects which will be conducted using contracted third-party firms. In addition, there is one more audit and two other 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 – in conjunction with other audits completed in recent years – allows for deeper examination across multiple 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, 2025, 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 FY26 Audit Plan

June 24, 2025

	Department	Program	Auditor	Potential Scope
1	Police	Staffing Deployment / Beat Alignment	qualified vendor	Performance audit to review and compare PD staffing, spending, and calls for service, including allocation by patrol, beat alignment, vacancies, and use of overtime. Determine potential for adding another patrol division based on analysis above. Where appropriate, benchmark against other agencies for cities of similar size and call volume.
2	Community Services	Revite Grants Management Policies & Procedures	qualified vendor	Performance audit of the Finance and Compliance Division’s grant management policies and procedures to evaluate the effectiveness, efficiency, and compliance of processes applicable to U.S HUD-funded programs, to include CDBG, HOME, ESG, HOME-ARP and any other applicable funding. Review procedures for grant monitoring, reporting, reimbursement, and fund tracking, with an emphasis on regulatory compliance and operational transparency. Assess internal controls, documentation, and resource allocation. Where feasible, benchmark against neighboring cities in terms of administrative performance.
3	Fire	Fire Prevention Office and Investigations	qualified vendor	Performance audit of the City’s fire prevention activities including routine fire and life safety inspections and fire protection system testing, fire prevention education, and fire investigations. Determine if the City has adequate controls to promote fire prevention activities that are effective, efficient, and in compliance with applicable regulations.
4	Field Operations	Fleet Optimization	qualified vendor	As an extension of the FY23 Fleet Management audit, review fleet operations with focus on repair/labor costs, technician staffing, vehicle utilization, parts inventory management, replacement planning and funding, and reporting practices. Analyze cost trends, operational efficiency, relevant policies, metrics (uptime, downtime, GPS data, etc.), and training records to identify potential process improvements supported by data-driven decision making.

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	Department	Program	Auditor	Potential Scope
5	Innovation & Technology (IT)	IT Risk Assessment	qualified vendor	Assess IT risks with respect to reasonable controls over existing IT inventory and access; cybersecurity; sensitive PII - PCI - PHI/HIPAA information controls; and the city's Technology Maintenance Fund. Results of this assessment will formulate IT audit plan for next 3 years.
6	Court	Triennial Agreed Upon Procedures (AUP) Audit	IIAP	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; will cover 1/1/2023 - 12/31/2025.
7	HR/Budget & Finance	Payroll analytics (continuous monitoring)	IIAP	Assess the development and implementation of payroll analytics currently running to continuously monitor identified controls. Assess usefulness of analytics and how quickly exceptions are identified and resolved.
8	Citywide	Risk Assessment	IIAP	Further refine the Risk Assessment process to provide more consistent, comparable risks that can be measured across departments in terms of impact and likelihood to formulate future audit plans.