



REPORT TO AUDIT COMMITTEE 5

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

STAFF REPORT
November 24, 2009

Honorable Members of the
Audit Committee

Title: City Auditor Work Plan History

Location/Council District: Citywide

Recommendation: Receive and file.

Contact: Gus Vina, Assistant City Manager, (916) 808-7138

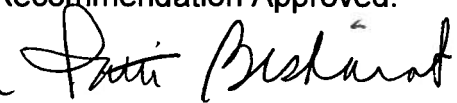
Presenters: Gus Vina, Assistant City Manager

Department: City Manager's Office

Description/Analysis

Issue: This report transmits the City Auditor Work Plans approved by City Council for FY2003/04, FY2004/05, FY2005/06, CY2007, and CY2009 as requested by the Audit Committee.

Recommendation Approved:

for 

RAY KERRIDGE
City Manager

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Attachments:

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Attachment 2

Preliminary Annual Internal Audit Workplan for Calendar Year 2009

	Proposed Audit	Scope												
1.	Healthcare Audit	Examine the collection and payment of approximately \$44 million annual healthcare cost. Portions of the fieldwork maybe contracted, including potential dependent verification services.												
2.	Public Safety Overtime Procedures and Internal Control Examination	Review the procedures and controls for overtime in Public Safety Departments. <table border="1"> <thead> <tr> <th>FY 2007</th> <th>Budget</th> <th>Actual</th> <th>Overspend</th> </tr> </thead> <tbody> <tr> <td>Police</td> <td>\$2.1M</td> <td>\$7.7M</td> <td>\$5.6M</td> </tr> <tr> <td>Fire</td> <td>\$2.4M</td> <td>\$7.3M</td> <td>\$4.9M</td> </tr> </tbody> </table>	FY 2007	Budget	Actual	Overspend	Police	\$2.1M	\$7.7M	\$5.6M	Fire	\$2.4M	\$7.3M	\$4.9M
FY 2007	Budget	Actual	Overspend											
Police	\$2.1M	\$7.7M	\$5.6M											
Fire	\$2.4M	\$7.3M	\$4.9M											
3.	Development Services	Examine the billing system and related internal controls over budgeted revenue of \$16 million.												
4.	Utilities Billing System Review	Billing processes, practices, reconciliations with controlling ledgers will be reviewed for accuracy and completeness in a Department with a \$147 million budget.												
5.	Solid Waste Performance Audit	Examine factors and causes of the FY 2007 \$3 million net loss.												
6.	Bidding Process Examination of the Department of Transportation	Examine the bidding and change-order procedures and processes for contracts in a Department with a \$47 million budget.												
7.	North Natomas Financing Plan	Review the North Natomas Financing Program's Impact Fees, including fee revenues, credit programs, and overall internal controls of a program with cash and credits in excess of \$100 million.												
8.	Procurement Operational Audit	Examine the structure and effectiveness of the City's Procurement division with an estimated annual spend of \$250 million.												
9.	Fleet Utilization and Inventory	Examine the utilization and inventory practices of Division Budgeted at \$33 million.												
10.	Special Projects	Perform special projects assigned by the City Manager & the City Council.												

Proposed Internal Audit Workplan for Calendar Year 2007

	Audits	Scope
1.	Completion of the Revenue Division, General Control Review of Cash Collection and Handling.	Completion of an audit in progress that examines cash collections, the handling, recording, and depositing of daily receipts within the Revenue Division.
2.	Bidding Process Examination of the Utilities Department.	Examine the bidding and change-order procedures and processes for contracts with the Utilities Department. In order to maximize audit resources, portions of the fieldwork maybe contacted.
3.	Follow-Up Audit of the Bidding and Contract Processes: the General Services Department and the Office of the City Clerk.	Follow-up examination and progress report from the previous audit.
4.	The Mayor and City Council Discretionary Accounts Annual Report for Fiscal Year 2005/2006.	The examination will perform the annual review of the recordkeeping and review the nature of discretionary spending by the Mayor and City Council during fiscal year 2005/2006.
5.	Special Projects	Perform special projects assigned by the City Manager and the City Council.
6.	General Cash Control Audit of Parks and Recreation.	Examination of cash collections, the handling, recording, and depositing of daily receipts of the Parks and Recreation Department.

	Administrative Requirements/Reports	Description
A.	Continuing Professional Education	Obtain continuing professional education as required by Government Auditing Standards.
B.	Internal Audit Annual Report	Provide an annual report detailing work completed, projects-in-process, and accomplishments.
C.	Internal Audit Workplan	Gather ideas and information for the following year's Annual Internal Audit Workplan.

Preliminary Internal Audit Workplan for Fiscal Year 2005/2006

Areas of Review	Scope
<p>Bidding Process Examination of the General Services, Transportation, and Utilities Departments.</p>	<p>Examine the City's bidding process for letting contracts for the General Services, Transportation, and Utilities Departments.</p> <p>Review the City's change-order procedures. Compare total cost of change-orders as a percentage of the total contract costs. Benchmark results with other municipalities.</p> <p>In order to maximize audit resources, portions of the fieldwork maybe contacted.</p>
<p>Revenue Division, General Control Review of Cash Collection and Handling.</p>	<p>This review will perform a detailed examination of the collection, handling, recording, and depositing of daily receipts, within the Revenue Division.</p> <p>This audit will be the first step in an examination of cash accounts, starting with the centralized collection point of the Revenue Division.</p> <p>I anticipated that this audit will lead to future audits of cash that occur outside of the Revenue Division, several possible examples may include the Golf, the Crocker Art Museum, the Zoo, and other cash handling operations.</p>
<p>The Mayor and City Council Discretionary Accounts Annual Report for Fiscal Year 2004/2005.</p>	<p>The examination will perform the annual review of the recordkeeping and review the nature of discretionary spending for the Mayor and City Council during fiscal year 2004/2005.</p>
<p>Employee Benefits Audit</p>	<p>This audit will review the City's collection and payments of employee benefits, such as health insurance, dental insurance, and the Sacramento City Employee's Retirement System. Including an examination for duplicate payments and adequate oversight and internal control.</p>
<p>Continuing Professional Education</p>	<p>Obtain continuing professional education as required by Government Auditing Standards.</p>
<p>Special Projects</p>	<p>Perform special projects assigned by the City Manager and the City Council.</p>
<p>Internal Audit Annual Report</p>	<p>Provide an annual report detailing work completed, projects-in-process, and accomplishments.</p>
<p>Fiscal Year 2005/2006 Annual Internal Audit Workplan</p>	<p>Gather ideas and information for the following year's Annual Internal Audit Workplan.</p>

Preliminary Internal Audit Workplan for Fiscal Year 2004/2005

Areas of Review	Scope
Campaign Financing Audit.	<p>This audit will examine the City's process for providing funds to candidates from the Campaign Reform Fund.</p> <p>Additionally, all revenues and expenses of individuals receiving matching funds will be examined to determine compliance with the public financing of campaign ordinance.</p>
Revenue Division, General Control Review of Cash Collection and Handling.	<p>This review will perform a detailed examination of the collection, handling, recording, and depositing of daily receipts within the Revenue Division.</p> <p>It is anticipated that this audit will lead to additional audits. Several examples of revenues and the associated managerial processes that could be reviewed may include parking ticket receipts, Golf, and the North Natomas Permit Office.</p>
The Mayor and City Council Discretionary Accounts Annual Report for Fiscal Year 2003/2004.	<p>The report will be an annual review of the recordkeeping and will review the nature of discretionary spending accounts for the Mayor and City Council during fiscal year 2003/2004.</p>
Parking Follow-Up Audit	<p>This audit follows-up on the progress of areas previously identified for improvement in the On-Street and Off-Street Parking audit reports.</p>
Continuing Professional Education	<p>Obtain continuing professional education as required by Government Auditing Standards.</p>
Internal Audit Manager's Comments on the External Auditor's annual management letter.	<p>Provide Internal Audit Manager's input to issues raised in the External Auditor's annual management letter comments.</p>
Special Projects	<p>Perform special projects assigned by the City Manager and the City Council.</p>
Internal Audit Annual Report	<p>Provide an annual report detailing work completed, projects-in-process, and accomplishments.</p>
Fiscal Year 2005/2006 Annual Internal Audit Workplan	<p>Gather ideas and information for the following year's Annual Internal Audit Workplan.</p>

Proposed Annual Internal Audit Workplan

Areas of Review	Scope
<p>Internal Control Review of Municipal Revenue Collections, Cash Handling Procedures, and Bank Deposit Procedures.</p>	<p>This review will perform a detailed sample of the collection, cash handling procedures, recording and depositing of cash and checks of daily cash receipts.</p> <p>Several examples of revenues and the associated managerial processes that could be reviewed may include parking ticket receipts, transient occupancy tax revenue, and business operations tax receipts.</p>
<p>Parking Revenue Audit Phase I – On-Street Parking Phase II – Off-Street Parking</p>	<p>Review of internal and managerial controls over the assessment and collection of parking revenues will be conducted in two separate phases, Phase I - On-Street Parking and Phase II – Off-Street Parking.</p> <p>This audit will evaluate the effectiveness of existing cash collection procedures, examine the City's business plan for the pricing and strategic placement of parking meters, and evaluate the effectiveness of existing parking programs, such as the Denver Boot program. The Denver Boot is a device to immobilize vehicles whose owners do not pay their outstanding tickets.</p>
<p>Organizational Assessment</p>	<p>Participate in a Citywide organizational assessment process. Identify areas of redundancy and potential cost-savings or revenue enhancements.</p>
<p>Continuing Professional Education</p>	<p>Obtain continuing professional education as required by Government Auditing Standards.</p>
<p>Follow-up on External Auditor's Management Letter Comments</p>	<p>Provide Internal Audit Manager's input to issues raised in the External Auditor's annual management letter comments.</p>
<p>Special Projects</p>	<p>Perform special projects assigned by the City Manager and the City Council.</p>
<p>Annual Report</p>	<p>Provide an annual report detailing work completed, projects-in-process, and accomplishments.</p>
<p>FY 2004/2005 Annual Internal Audit Workplan</p>	<p>Gather ideas and information for the following year's Annual Internal Audit Workplan.</p>