

OFFICE OF THE
CITY MANAGER

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CALIFORNIA

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May 31, 2005

City Council
Sacramento, California

**SUBJECT DEVELOPMENT OF THE FY 2005/2006 ANNUAL INTERNAL AUDIT
WORKPLAN**

LOCATION: Citywide

RECOMMENDATION

The Internal Audit Manager requests the Mayor and City Council comments and direction for the attached Annual Internal Audit Workplan. A finalized FY 2005/2006 Annual Internal Audit Workplan will be submitted for City Council approval along with the annual budget.

CONTACT PERSON Martin Kolkin, Internal Audit Manager – 808-1244

FOR COUNCIL MEETING OF May 31, 2005

SUMMARY

This report sets forth the work process steps for the City's Internal Audit Manager and provides a preliminary Internal Audit Workplan for FY2005/2006. The Internal Audit Manager seeks comments and feedback from the Mayor and City Council on the preliminary Annual Internal Audit Workplan.

Following comments and feedback, a final FY 2005/2006 Annual Internal Audit Workplan will be resubmitted for City Council approval.

BACKGROUND

The Internal Auditor functions as an objective evaluator of the effectiveness of all City activities, operations, services and programs, ensuring compliance with organizational

policies and procedures, state statutes, and federal regulations. The Internal Auditor Manager reports to the City Manager, with access to the City Council, and maintains organizational and operational independence from all other departments within the City. The results of all completed projects are required to be presented to the City Manager and the City Council.

Procedures

The City Manager's internal operating procedures require the submission of an Annual Internal Audit Workplan for the City Council's approval. The Annual Internal Audit Workplan contains the planned projects to be completed during the current fiscal year. Significant audit fieldwork cannot proceed without the review of the City Manager and the approval of a majority of the City Council.

Responsibility

The Internal Audit Manager is responsible for preparing the Annual Internal Audit Workplan for review by the City Manager and subsequent submission to the City Council.

Work Process

The approval of the Annual Internal Audit Workplan is a critical step in the audit work process. Significant audit fieldwork cannot proceed without the review of the City Manager and approval of the City Council.

Modifications and Changes

The Annual Internal Audit Workplan is routinely modified as circumstances change throughout the year. However, changes will only be made at 1) the direction of the City Manager and City Council or 2) following changes initiated by the Internal Audit Manager and subsequently authorized by the City Manager and City Council.

FINANCIAL CONSIDERATIONS

No additional financial considerations

ENVIRONMENTAL CONSIDERATIONS

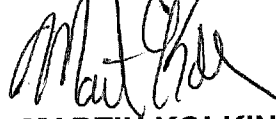
POLICY CONSIDERATIONS

The Internal Audit Manager's presentation of the Annual Internal Audit Workplan is consistent with the City Council policy to add the function of Internal Audit Manager for the City of Sacramento.

ESBD Considerations

No goods or services are to be purchased.

Respectfully submitted,



MARTIN KOLKIN
Internal Audit Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

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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>