Audit Committee
Meeting Agenda
Friday, November 8, 2019
1:00 – 2:00 pm
City Hall, Room 301

A. Review and approval of meeting minutes - October 11, 2019

B. Status of Audit Work Plan Activity
- ➢ Public Utilities Department — Water Business Office
- ➢ Central Services Department — Fleet Management Program
- ➢ Sheriff's Office — Inmate Medical Services
- ➢ Animal Services Department — Animal Control

C. Alternative audit selection tool: Questionnaire and heat map

D. Work Plan
- ➢ Multi-year audit work plan
- ➢ Proposed audits for the current year.

E. Next Meeting Date – Friday, December 6, 1:00-2:00 p.m., City Hall – Room 301

<u>**Attachments:**</u>

1. November 8 meeting agenda
2. Minutes for review and approval from October 11 meeting
3. November 2019 –Status of Audit Work Plan Activity Report
4. Audit Risk Questionnaire
5. Mimi-Dade – 2018-2019 Audit Business Plan
6. OKC 3-Year Audit Plan
7. Charlotte - 2019-2020 Audit Plan

Note: The Audit Committee Meeting is open to the public; however, public comments are not received unless the Committee Chair requests that an individual provide information.

AUDIT COMMITTEE MEETING MINUTES
Friday, October 11, 2019

<u>Committee Members Present:</u>
Commissioner Melissa Link, Committee Chair
Commissioner Ovita Thornton
Commissioner Allison Wright
Commissioner Russell Edwards

<u>Visiting:</u>
Deborah Lonon, Assistant Manager
Charlotte Sosebee, Board of Elections
Michael Smith, Community Citizen

<u>Staff:</u>
Stephanie Maddox, Internal Auditor
Jill Arquette, Management Analyst
Deborah Allen, Recorder

Chair Link called the meeting to order at 1:05 pm.

A. <u>Approval of Minutes:</u>

The Committee approved the Minutes of the September 11, 2019 meeting.

B. <u>Work Plan Update:</u>

Internal Auditor Maddox updated the committee on the annual work plan:
- ➢ Sheriff's Office – Inmate Medical Services
- ➢ Public Utilities Department – Water Business Office
- ➢ Central Services Department – Fleet Management Program
- ➢ Manager's Office – Animal Services

C. <u>2019 Work Plan:</u>

The committee discussed the work plan for the Animal Services audit.

D. <u>General Discussion:</u>

Staff presented a mock beta test of the risk assessment tool. The committee requested risk assessment examples from the University of Georgia and two unified governments.

The Committee discussed moving to a multi-year audit plan.

E. <u>Items for Discussion at November 8, 2019 meeting:</u>

- ➢ Alternative audit selection tool: questionnaire and correlating heat map
- ➢ Multi-year audit plan
- ➢ Proposed audits for the current year

The next meeting is scheduled for Friday, November 8, from 1:00 – 2:00 p.m., City Hall.

The meeting adjourned at 2:15 p.m.

The above summation is an interpretation of the items discussed and decisions reached at the above-referenced meeting, not a transcript of the meeting. Transcribed verbatim minutes of the meeting are available on the department's webpage at https://www.accgov.com/operationalanalysis.

DATE: November 8, 2019

TO: Mayor and Commission

FROM: Stephanie Maddox, Internal Auditor
Office of Operational Analysis (formerly, the Auditor's Office)

SUBJECT: Status of Work Plan Activity

The following table summarizes the current status of each audit according to audit stages. A description of the audit stages is below the table.

WORK IN PROGRESS

Audit	Status The percentage indicates the completion level		Completion Forecast
Clarke County Sheriff's Office – **Inmate Medical Services Contract**	**Pre-Audit Planning** – 100% **Discovery Stage –** 90% **Analysis** – 40% **Conclusions** – 0% **Recommendations** – 0%	*Review of medical services contract with Armor Medical.	November 2019
Public Utilities Department – **Water Business Office**	**Pre-Audit Planning** – 100 % **Discovery Stage –** 100% **Analysis** – 100% **Conclusions** – 100% **Recommendations** – 100%	*Draft report submitted to the department.	October 2019
Central Services Department – **Fleet Management Program**	**Pre-Audit Planning** – 100% **Discovery Stage –** 95% **Analysis** – 90% **Conclusions** – 75% **Recommendations** – 75%	Next Steps: *Interviews 95% complete; schedule final meeting with Fleet Division. *Finalize analysis and report writing.	November 2019
Animal Services Department – **Animal Control**	**Pre-Audit Planning** – 10% **Discovery Stage –** 10% **Analysis** – 0% **Conclusions** – 0% **Recommendations** – 0%	Tentatively scheduled to start the week of November 11.	January 2020

AUDIT STAGES

Pre-Audit Planning: OOA staff conducts literature reviews, identifies benchmark communities, research best practices, develops pre-audit survey(s), and requests documents related to the audit client. OOA staff conducts pre-conference meeting with the audit client/department (Dept. Director), discusses the audit process, the timing of fieldwork, and answers any questions.

Discovery: Interviews, information validation, observations, and surveys. As this stage is critical to the preparation of a complete and meaningful audit, it consumes the majority of time involved.

Analysis: Assigning meaning/value to the information, determining what it reveals related to the scope of the audit. Defines systems, processes, and practices in terms of effectiveness and efficiency.

Conclusions: Identifies and describes constraints and opportunities regarding developments and implementation of needed improvements.

Recommendations: Suggests action that can be taken into consideration of the constraints and opportunities.

Unified Government of Athens-Clarke County

Office of Operational Analysis

2019 Risk Assessment Questionnaire

The Office of Operational Analysis is conducting a comprehensive, interactive Risk Assessment that includes input from departments and divisions regarding the operations of their respective areas. The Risk Assessment of a department allows us to analyze the designated department's operations and assists us in evaluating and identifying the areas where improvement, if any, is needed. The Risk Assessment Questionnaire is a tool that is used to aid in this process. In using this tool, departments are encouraged to evaluate staffing, budgets, and internal controls.

When completing this questionnaire, please answer the questions for each topic. Check the boxes that most accurately describe your department's status. There are two (2) boxes per category that should be checked (1 box for impact and 1 box for likelihood). Please offer additional comments, as necessary in the space provided.

The results of the assessment are intended to provide useful information for the Mayor and Commission in developing the annual Audit Work Plan. Thank you in advance for your assistance. Please contact the Office of Operational Analysis should you have any questions at (706) 613-3012 or email at www.accgov.com/operationalanalysis.

Department Name:	
Completed by (Name & Position):	
Date:	

Objectives, Risks, and Exposures

Identify any known departmental objectives, exposures, and risks. Create a bulleted list of the areas in the chart below.

- *Key Objectives—The purpose of the Department. What determines whether the Department had a successful year?*
- *Key Risks—Any thing that could prevent the Department from accomplishing its objectives.*
- *Exposures—The biggest undesirable outcome the Department would face if this area does not perform well in carrying out its objectives.*

Key Objectives	**Key Risks**
Key Exposures	

Consulting Contracts

Include consultants or contract laborers hired between FY18-FY20 for any service. Put N/A if no consultants were contracted.

Consultant	Brief Description of Services Provided	Annual Expense or Agreed Upon Contract Price	Final Report Formally Presented to the Mayor & Commission Yes or No	Location of Final Report

Describe the purpose of working with/hiring a consultant:

Size of Department

Please list the approximate number of part-time and full-time employees within the Department.

Full-Time:	
Part-Time:	
Total:	

Inventory/Capital Assets

If inventory/capital assets exist, please list the type of inventory/capital assets kept and the estimated value. This should not include such things as standard office furniture but include such items as vehicles, portable equipment/tools, IT equipment, and for-sale inventory.

Impact of risk:

☐ 1. Department does not have any inventory and/or capital assets.

☐ 2. Department has inventory and/or capital assets valued between $50,000 and $250,000.

☐ 3. Department has inventory and/or capital assets valued over $250,000.

Likelihood of risk occurring:

☐ 1. No inventory or assets exist, or value is greater than $50,000.

☐ 2. Inventory and/or capital assets exist with value between $50,000 and $250,000.

☐ 3. Inventory and/or capital assets are likely to exist within the next 12 months, or the value of current inventory and/or capital assets exceeds $250,000.

Comments regarding types of inventory or controls in place over inventory:

Interest to Outside Parties

Please consider the amount of exposure or reputational risk a negative occurrence would have on the Department if reported in the media. This would include:

- *Fraud, waste, or abuse in the Department*
- *Visibility of the Department*
- *Clear and timely communication related to public interests*
- *Legal exposure*
- *Financial exposure*
- *General media attention*

Impact of risk:

☐ 1. No media exposure, low visibility, low public interest, and little or no financial exposure.

☐ 2. Some public interest, medium visibility, and some financial exposure.

☐ 3. High public interest, high visibility, and moderate financial exposure.

Likelihood of occurring:

☐ 1. Unlikely to occur within the next 12 months.

☐ 2. Likely to occur within the next 12 months.

☐ 3. Occurred several times in the last 12 months.

Comments regarding any past incidents or possible future impact:

Handling of Cash

Please consider the following factors when assessing the handling of cash:

- *Is cash collected in your department*
- *How many staff members are responsible for handling cash*
- *Does your Department have a petty cash fund*
- *What controls are in place over the petty cash fund*
- *Does the Department have its own bank account*
- *Are staff in the Department issued a travel card and or a P-card for their use*

Impact of risk:

- ☐ 1. Does not handle any cash, checks, or credit cards for receipts or purchases.

- ☐ 2. There are designated staff or limited access to cash, checks, credit card receipts, credit cards, and P-card payments.

- ☐ 3. The handling of cash, checks, credit card receipts, and credit and P-card payments are routine transactions in the Department.

Likelihood of risk occurring:

- ☐ 1. No cash, checks, or credit cards for receipts or purchases is handled, nor is it likely it will be handled within the next 12 months.

- ☐ 2. Handling of cash, checks, or credit cards for receipts or purchases is limited to designated staff in the department.

- ☐ 3. Handling of cash, checks, or credit card for receipts or purchase occurs every day or will occur within the next 12 months.

How many staff are assigned travel cards and/or P-cards?

Travel Card: ☐

P-Card: ☐

Comments regarding type cash/payments received or controls over process:

☐

Instances of Fraud, Waste, and Abuse

Have any instances of fraud or deceptive activities by <u>employees</u> or <u>vendors</u> been committed in your Department between FY15-FY20? Deceptive activities include; unsupported financial transactions, no segregation of duties with cash handling, theft of department resources, and using County work time for personal time.

Yes ☐   No ☐   Prefer not to answer ☐

If yes, please explain:

☐

Complexity of Transactions

Please consider the following factors when assessing the Department's complexity of transactions:

- *The level of automation that is involved with daily transactions or processes compared to more manual/judgement-based processes, and*
- *How this affects operations or frequency errors.*

Impact of risk:

☐ 1. Transactions or processes are mostly automated with limited risk of error and are not very time consuming.

☐ 2. Transactions or processes are moderately automated, require a minimal number of manual steps to complete, and are moderately time consuming.

☐ 3. Transactions or processes are mostly manual, require several persons or steps, and are very time consuming.

Likelihood of risk occurring:

☐ 1. Complex transactions are unlikely to occur within the next 12 months.

☐ 2. Complex transactions have occurred several times in the past 12 months, but control procedures are in place to reduce the risk.

☐ 3. Complex transactions have occurred several times in the past 12 months, and control procedures are not in place to reduce the risk.

Comments regarding any processes/transactions that require more management review:

Departmental Changes

Please consider the following factors when assessing departmental changes:

- *Size of the staff*
- *Significant turnover in the last five years (especially in key management positions)*
- *Changes in work function*
- *Addition(s) or deletion(s) of significant departmental operations*
- *An increase or decrease in work or service activity FY15-FY20*
- *New or discontinued funding sources*

Impact of risk:

☐ 1. No significant changes have occurred in the past 12 months.

☐ 2. Funding, staffing, work responsibilities have experienced a moderate change over the past 12 months.

☐ 3. Large scale changes have been made to the department over the past 12 months.

Likelihood of risk occurring:

☐ 1. Departmental changes are unlikely to occur within the next 12 months.

☐ 2. Small departmental changes have occurred in the last 12 months or are anticipated to occur within the next 12 months.

☐ 3. Significant departmental changes have occurred in the last 12 months or are anticipated to occur within the next 12 months.

Please list any staff changes since FY15:

	Additions:	Subtractions:
Full-Time:		
Part-Time:		

Comments regarding reasons for staffing changes:

Information Technology Changes

Please consider if the Department has undergone any information technology changes in the past year, if these changes have improved operations, and any known security or operational issues relating to the new technology changes.

Impact of risk:

☐ 1. There have been no new IT changes during the past 12 months, and there are no known security or operational issues.

☐ 2. Minor changes have been made to the IT environment in the past 12 months, and potential security and operational issues may occur.

☐ 3. The IT environment has changed significantly or been replaced in the past 12 months, and security or operational issues are possible.

Likelihood of risk occurring:

☐ 1. Information technology changes are unlikely to occur within the next 12 months.

☐ 2. Information technology changes have occurred in the past 12 months, but IT security controls have been implemented into the system.

☐ 3. Information technology changes are likely to occur in the next 12 months, or IT security controls have not been implemented into the current system.

Please comment on any changes since 2018 in key IT systems and an explanation of the purpose of the system or noted issues:

Quality of the Internal Control System

Please consider the following factors when assessing the quality of the Department's internal control system:

- *Current comprehensive policy and procedure (P&Ps) manual exists and is available to staff*
- *Current comprehensive Standard Operating Procedures (SOPs) manual exists and is available to staff*
- *Availability of current job descriptions*
- *What type of training program exists*
- *Known internal control weaknesses exist which would allow for fraudulent financial reporting to occur*

Impact of risk:

☐ 1. Excellent internal controls exist and are practiced with minor weaknesses. Formal written P&Ps and SOPs exist.

☐ 2. Internal controls exist, but some known weaknesses exist.

☐ 3. Internal controls are non-existent, and formal written P&P and SOP manuals do not exist.

Likelihood of risk occurring:

☐ 1. Unlikely to occur within the next 12 months due to mitigating controls that are in place.

☐ 2. Likely to occur within the next 12 months due to the lack of adequate controls in place.

☐ 3. Occurred several times in the last 12 months due to the lack of controls in place.

Comments on any examples of internal controls in place:

<u>Regulations and Compliance</u>

Please consider the following factors when assessing any Federal, State, or local regulations and compliance oversight:

- *Local, state, and/or federal regulations or compliance oversight*
- *The total amount of grant funds received annually*
- *Knowledge of grant management regarding requirements of contract agreements*

Impact of risk:

☐ 1. Department is not affected or is minimally affected by Federal and/or State regulations. No Federal or State funds are received.

☐ 2. Department is moderately affected by Federal and/or State regulations. Federal and/or State Funds are received.

☐ 3. Department is heavily reliant on Federal and/or State funding and, therefore, subject to extensive regulations. Federal and/or State Funds are received.

Likelihood of risk occurring:

☐ 1. Unlikely to occur within the next 12 months due to the Department not being affected by Federal and/or State regulations nor receiving Federal and/or State funds.

☐ 2. Federal and/or State funds will be received in the next 12 months. The Department will be required to follow Federal and/or State regulations.

☐ 3. Federal and/or State funds have been received within the last 12 months. The Department has been required to follow Federal and/or State regulations.

Comments on types of grants received, the dollar value of funds, or monitoring efforts over funds:

Prior Audit Results

Please consider any audits completed by either the Office of Operational Analysis (formerly the Auditor's Office) or any regulatory agency affiliated with the department. Provide the date of the audit and any findings noted, if applicable, in the comments section below.

Impact of risk:

☐ 1. The department has undergone an audit within the last five years, and no findings were noted.

☐ 2. An audit was conducted more than five years ago; findings were noted.

☐ 3. The department has not undergone an audit.

Likelihood of risk occurring:

☐ 1. Low – the department has undergone an audit between FY18-FY19.

☐ 2. Moderate – the department has undergone an audit between FY15-FY19.

☐ 3. High – the department has never undergone an audit. OR significant findings were found in any audit in the last five years.

Comments on any audit or review results:

Audit History

Please list all audits (internal and/or external) the Department underwent between FY15-FY19.

Audit or Project Title	Fiscal Year

Miscellaneous Questions:

Is there any other information you wish to furnish regarding any potential performance or operational issues (i.e., difficulties receiving information, lack of review or monitoring procedures in place, insufficient funding in the operating or capital budget, etc.) related to your department?

Other Comments or requests to meet with the Office of Operational Analysis:

MIAMI·DADE COUNTY

Audit and Management Services Business Plan

Fiscal Years: 2018 and 2019
(10/1/2017 through 9/30/2019)

Approved by:

Cathy Jackson

Cathy Jackson, Department Director

Edward Marquez

Edward Marquez, Deputy Mayor

2/12/18

Date

3/9/18

Date

Plan Date: February 12, 2018

Delivering Excellence Every Day

Departmental Business Plan and Outlook
Department Name: Audit and Management Services
FY2017-18 & FY2018-19

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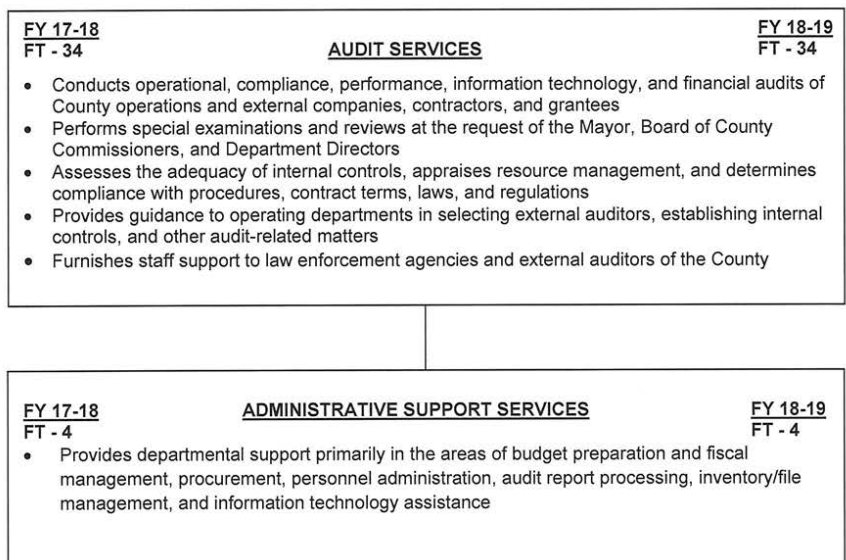
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DEPARTMENT OVERVIEW

Department Mission

The County's Audit and Management Services Department (AMS) performs audits to evaluate and encourage compliance with applicable rules and regulations, identify opportunities to improve performance, and foster accountability.

As part of the General Government strategic area, AMS examines the operations of County government and external companies, contractors, and grantees to ensure public funds are spent appropriately and efficiently. AMS regularly performs audits of high-risk functions and activities, and responds to special audit requests from the Mayor, the Board of County Commissioners, and Department Directors. Audits are conducted in accordance with professional auditing standards, which require assessing risks, planning and performing work to achieve desired objectives, and communicating results that are accurate, constructive, timely, and adequately supported.

Table of Organization

FY 17-18		FY 18-19
FT - 34	**AUDIT SERVICES**	FT - 34

- Conducts operational, compliance, performance, information technology, and financial audits of County operations and external companies, contractors, and grantees
- Performs special examinations and reviews at the request of the Mayor, Board of County Commissioners, and Department Directors
- Assesses the adequacy of internal controls, appraises resource management, and determines compliance with procedures, contract terms, laws, and regulations
- Provides guidance to operating departments in selecting external auditors, establishing internal controls, and other audit-related matters
- Furnishes staff support to law enforcement agencies and external auditors of the County

FY 17-18		FY 18-19
FT - 4	**ADMINISTRATIVE SUPPORT SERVICES**	FT - 4

- Provides departmental support primarily in the areas of budget preparation and fiscal management, procurement, personnel administration, audit report processing, inventory/file management, and information technology assistance

Strategic Alignment Summary

➢ **GG4 – Effective Management Practices**
  o GG4-1 – Provide Sound Financial and Risk Management – Continue to conduct audits of County Departments, external entities doing business with the County, and grantees to assure sound asset management and financial stewardship. Provide audit recommendations that improve internal controls through enhanced procedures, training, and technology.

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o Approximately 45% of the AMS Budget is funded by Proprietary Departments. As such, audit efforts are directed accordingly: WASD (10%), Aviation (9%), OCITT (5%), DTPW (7%), Seaport (4%), and Others (10%). The remaining audit effort is dedicated to non-proprietary departments, using a risk-based approach. Our goal is to complete operational, performance, and compliance audits that will have a high impact on improving internal controls and operational efficiencies, as well as monitoring ongoing compliance. Albeit difficult to achieve with limited resources, AMS strives to perform at least one audit for every department with a medium-to-high risk rating every other year.

o Follow-up audits are also performed to assure significant findings are appropriately and timely addressed.

> **GG5 - Goods, Services, and Assets that Support County Operations**
> o GG5-3 – Utilize Assets Efficiently – Provide audit recommendations that promote more efficient and effective operations, as well as proper stewardship of assets.

> **GG-7 – Free, Fair, and Accessible Elections**
> o GG7-2 – Maintain the Integrity and Availability of Election Results and Other Public Records – Continue to observe County election processes to help ensure the integrity of results.

Our Customers

AMS responds to special audit requests from the Mayor, the Board of County Commissioners, Deputy Mayors, and various County Departments. The Department's ultimate customers are the citizens of Miami-Dade County, who rely on AMS to identify opportunities to improve performance and foster accountability in County government.

KEY ISSUES

Critical to AMS attaining its mission is the ability to attract, develop, and retain qualified professionals. Staffing reductions impede the ability to timely respond to special audit requests and complete planned audits. The perceived threat of staffing reductions also affects the Department's ability to recruit and retain high-quality staff.

Best practices and standard-setting organizations, including the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, state that "internal auditors play a key role in evaluating the effectiveness of – and recommending improvements to – enterprise risk management." As such, it is essential that County resources be allocated to provide sufficient AMS staffing for risk management and control purposes. Most of our Staff are assigned to Proprietary Departments that have agreed to reimburse AMS for audit services, leaving fewer Staff to address County-wide concerns.

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PRIORITY INITIATIVES

➢ Reinstate Staff Positions
- Restore staffing to historical levels to appropriately address County control risks.
- Invest in sufficient AMS staffing to enhance County efficiency and identify waste.

➢ Staff Development and Certification
- Allocate time and funding for 40 hours of annual staff training.
- Motivate staff to obtain additional certifications that will enhance their contribution to Department objectives.

➢ Monitor Corrective Actions and Communicate Audit Results Timely
- Acquire electronic workpaper software to streamline the documentation process and enable AMS to communicate results in a timelier manner.

➢ Complete Procedures Manual
- Allocate time to complete the Manual in order to enhance Department quality control.

➢ Meet Budget Targets and Sound Asset Management
- Obtain approval of electronic workpaper software expense during the budget process.

➢ Engage Staff in Business Plan Implementation
- Hold quarterly meetings to remind staff of priority initiatives and motivate performance.
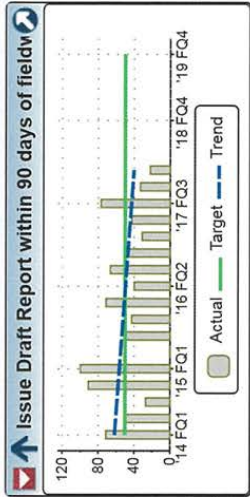
FUTURE OUTLOOK

In order to meet County-wide needs for increased efficiencies and better accountability, AMS proposes the following actions for the next three-to-five years.

- Increase the number of audit staff to enhance AMS' ability to address significant audit and control risks throughout the County.

- Increase number of staff that are Certified Public Accountants, Certified Internal Auditors, Certified Information Systems Auditors, and Certified Fraud Examiners.

- Acquire advanced technology tools to improve audit efficiency and effectiveness.

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Business Plan Report - Audit and Management Services

Scorecard

		Description			Owners
Audit and Management Services					Jackson, Cathy (AMS); McKee, Nancy

Initiatives Linked to Scorecard	Est. Start	Est. End	Type	As Of	%	Status	Owners
Eliminate 6 positions in Audit Services (AMS-1)	10/1/2009	9/30/2010		10/31/2009	100%	Complete	Jackson, Cathy (AMS)

1.0 Customer

Objective			Description		Owners
Monitor Auditee Corrective Actions (AMS)		Conduct follow-up audits to assure key audit findings are appropriately and timely addressed.			Jackson, Cathy (AMS); McKee, Nancy; Audit Management Services

Grandparent Objectives	Description	Owners
GG4 Effective management practices		Miami-Dade County

Parent Objectives	Description	Owners
GG4-1 Provide sound financial and risk management		Miami-Dade County

Measures Linked to Objective	Period	Actual	Target	Variance	Owners
Complete planned follow-up audits.	'18 FQ1	13%	10%	3%	Jackson, Cathy (AMS); McKee, Nancy

Complete planned follow-up audits

Legend: Goal-Target-Base; Goal-Actual-Base; Goal-Actual-Fiscal Year; Goal-Target-Fiscal Year

Objective		Description		Owners
Communicate Audit Results Timely (AMS)				Jackson, Cathy (AMS); McKee, Nancy; Audit Management Services

Grandparent Objectives	Description	Owners
GG4 Effective management practices		Miami-Dade County

Parent Objectives	Description	Owners
GG4-1 Provide sound financial and risk management		Miami-Dade County

Measures Linked to Objective	Period	Actual	Target	Variance	Owners
Issue Draft Report within 90 days of fieldwork completion (new)	'18 FQ1	22% (2 / 9)	50%	-28%	Jackson, Cathy (AMS)

Business Plan Report - Audit and Management Services

Issue Draft Report within 90 days of fieldw

2.0 Financial

Objective	Description	Owners
Meet Budget Targets (Audit and Management Services)		Jackson, Cathy (AMS); McKee, Nancy; Audit Management Services

Grandparent Objectives	Description	Owners
GG4-2 Effectively allocate resources to meet current and future operating and capital needs		Miami-Dade County

Parent Objectives	Description	Owners
Meet Budget Targets (All Miami-Dade County)	This is the parent objectives to all departmental "Meet Budget Targets" objective. This is the child objective to the County's Strategic Plan Objective, "GG4-2: Effectively allocate and utilize resources to meet current and future operating and capital needs."	Moon, Jennifer (OMB)

Measures Linked to Objective	Period	Actual	Target	Variance	Owners
Expen: Total (Audit & Mgmt Svcs) ◄	'18 FQ1	$1,083K	$1,227K	$144K	Jackson, Cathy (AMS); McKee, Nancy

Expen: Total (Audit & Mgmt Svcs)

Child Measures	Period	Actual	Target	Variance	Owners
Expenditure: Personnel Costs (AMS) ◄	'18 FQ1	$1,059K	$1,167K	$-108K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Court Costs (AMS) ◄	'18 FQ1	$0K	$0K	$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Contractual Services (AMS) ◄	'18 FQ1	$0K	$0K	$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Other Operating (AMS) ◄	'18 FQ1	$15K	$42K	$-27K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Charges for County Services (AMS) ◄	'18 FQ1	$8K	$15K	$-7K	Jackson, Cathy (AMS); McKee, Nancy
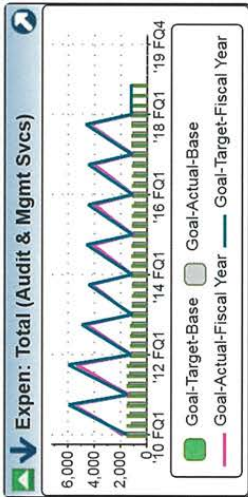
Business Plan Report - Audit and Management Services

		Period	Actual	Target	Variance	Owners
Expenditure: Grants to Outside Organizations (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Capital (AMS)	◄	'18 FQ1	$0K		$2K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Transfers Out (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Distribution of Funds in Trust (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Debt Service (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Depreciation, Amortization, Depletion (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Reserves (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Intradepartmental Transfers (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Expenditure: Other Non-Operating (AMS)	◄	'18 FQ1	$0K		$0K	Jackson, Cathy (AMS); McKee, Nancy
Revenue: Total (Audit & Mgmt Svcs)	▶	'18 FQ1	$0K	$1,228K	$-1,228K	Jackson, Cathy (AMS); McKee, Nancy

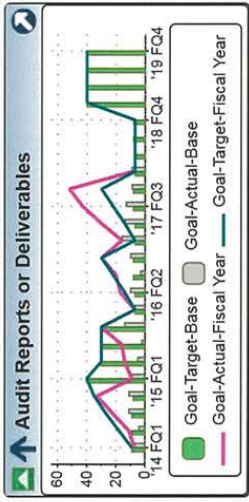| Child Measures		Period	Actual	Target	Variance	Owners
Revenue: Carryover (AMS)		'18 FQ1	$0K	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy
Revenue: Interagency/Intradepartmental (AMS)		'18 FQ1	$0K	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy
Revenue: General Fund (AMS)		'18 FQ1	$0K	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy
Revenue: Proprietary (AMS)		'18 FQ1	$0K	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy
Revenue: State (AMS)		'18 FQ1	$0K	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy
Revenue: Federal (AMS)		'18 FQ1	$0K	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy
Positions: Full-Time Filled (AMS)		'18 FQ1	36	n/a	n/a	Jackson, Cathy (AMS); McKee, Nancy

Positions: Full-Time Filled (AMS)

Legend: Trend — Actual — Target — Lower Target — Upper Target
X-axis: '14 FQ1 '15 FQ2 '16 FQ2 '17 FQ3 '18 FQ4 '19 FQ4

Objective				Description			Owners
Budget Implementation: FY 10-11 (AMS)							Jackson, Cathy (AMS)

Initiatives Linked to Objective	Est. Start	Est. End	Type	As Of	Status	%	Owners
Eliminate 2 vacant Audit Supervisor positions , and 3 vacant Associate Auditor positions. (AMS-1)	10/1/2010	9/30/2011		n/a		n/a	Jackson, Cathy (AMS)

Business Plan Report - Audit and Management Services

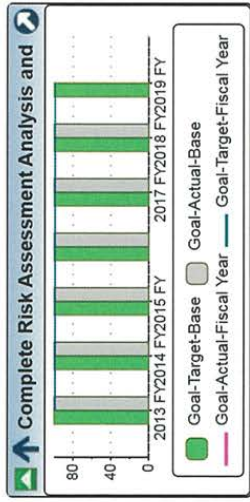| Objective	Description	Owners
Sound asset management and financial investment strategies (AMS)	Use risk-based techniques to identify high risk/high-impact audit subjects in developing the audit plan. Produce constructive recommendations that promote high-impact, specific dollar savings, process improvements, or cost avoidance. Use computerized audit technology to conduct high-impact audits.	Jackson, Cathy (AMS); McKee, Nancy; Audit Management Services

Grandparent Objectives	Description	Owners
GG4 Effective management practices		Miami-Dade County

Parent Objectives	Description	Owners
GG4-1 Provide sound financial and risk management		Miami-Dade County

Measures Linked to Objective	Period	Actual	Target	Variance	Owners
▶ Net Audit Assessment	'18 FQ1	$479,179	$750,000	$270,821	Jackson, Cathy (AMS); McKee, Nancy

Net Audit Assessment

Legend: Goal-Target-Base ⬜ | Goal-Actual-Base ⬜ | Goal-Target-Fiscal Year — | Goal-Actual-Fiscal Year —

	Period	Actual	Target	Variance	Owners
▶ Audit Assessments Collected	'18 FQ1	$218,487	$375,000	$-156,513	Jackson, Cathy (AMS); McKee, Nancy

Audit Assessments Collected

Legend: Goal-Target-Base ⬜ | Goal-Actual-Base ⬜ | Goal-Actual-Fiscal Year — | Goal-Target-Fiscal Year —

Business Plan Report - Audit and Management Services

Audit Reports or Deliverables

	'18 FQ1	9	7	2	Jackson, Cathy (AMS); McKee, Nancy

◄ Audit Reports or Deliverables

Goal-Target-Base · Goal-Actual-Fiscal Year
Goal-Actual-Base — Goal-Target-Fiscal Year

Complete Risk Assessment Analysis and Develop Audit Plan	2018 FY	100%	100%	0%	Jackson, Cathy (AMS); McKee, Nancy

◄ Complete Risk Assessment Analysis and

Goal-Target-Base · Goal-Actual-Fiscal Year
Goal-Actual-Base — Goal-Target-Fiscal Year

Objective										Description		Owners
Budget Implementation FY 09-10 (AMS)												Jackson, Cathy (AMS)

Initiatives Linked to Objective	Est. Start	Est. End	Type						As Of	%	Status	Owners
Eliminate 6 positions in Audit Services (AMS-1)	10/1/2009	9/30/2010		◄	◄	◄	⦿		10/31/2009	100%	Complete	Jackson, Cathy (AMS)
Eliminate 1 position in Administration (AMS-2)	10/1/2009	9/30/2010		◄	◄				10/31/2009	100%	Complete	Jackson, Cathy (AMS)

3.0 Internal

4.0 Learning and Growth

Objective		Description	Owners
Staff Development and Certification (AMS)		Identify staff needs and provide training. Maintain open communication with employees to promote healthy exchange of ideas. Complete annual reviews timely. Give hiring and promotional preference to certified individuals.	Jackson, Cathy (AMS); McKee, Nancy; Audit Management Services

Grandparent Objectives		Description	Owners
GG2 Excellent, engaged workforce			Miami-Dade County

Business Plan Report - Audit and Management Services

Parent Objectives	Description	Owners
GG2-1 Attract and hire new talent		Miami-Dade County
GG2-2 Develop and retain excellent employees and leaders		Miami-Dade County

Measures Linked to Objective	Period	Actual	Target	Variance	Owners
Audit Staff Professionally Certified	'18 FQ1	67%	55%	12%	Jackson, Cathy (AMS); McKee, Nancy

Audit Staff Professionally Certified

Goal-Target-Base | Goal-Actual-Base | Goal-Target-Fiscal Year | Goal-Actual-Fiscal Year

Maintain a High Training Satisfaction Rate.	2018 FY	0%	95%	-95%	Jackson, Cathy (AMS); McKee, Nancy

Maintain a High Training Satisfaction Rate

Actual | Target | Trend

Hold Quarterly Staff Meetings	'18 FQ1	1	1	0	Jackson, Cathy (AMS); McKee, Nancy

Hold Quarterly Staff Meetings

Actual | Target | Trend

Business Plan Report - Audit and Management Services

Complete Evaluations Within 30 Days After Due Date.	'18 FQ1	63%	90%	-27% Jackson, Cathy (AMS); McKee, Nancy

Complete Evaluations Within 30 Days Afte

Y-axis: 0, 50, 100
X-axis: '14 FQ1, '15 FQ1, '16 FQ2, '17 FQ3, '18 FQ4, '19 FQ4

Legend:
- Goal-Target-Base
- Goal-Actual-Base
- Goal-Actual-Fiscal Year
- Goal-Target-Fiscal Year
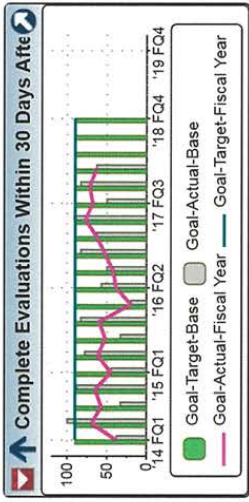
Continuing education hours	2018 FY	0	40	-40 Jackson, Cathy (AMS); McKee, Nancy

Continuing education hours

Y-axis: 0, 20, 40, 60
X-axis: 2014 FY, 2015 FY, 2016 FY, 2017 FY, 2018 FY, 2019 FY

Legend:
- Actual
- Target
- Trend
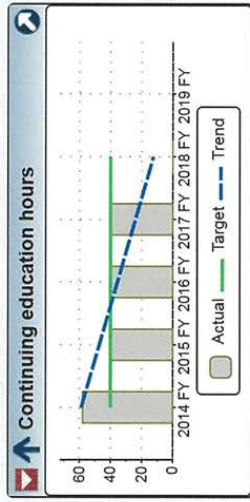
CITY AUDITOR
Jim Williamson, CPA, CIA

Comprehensive Audit Plan

**For The Three Fiscal Years Ending
June 30, 2020**

MAYOR AND CITY COUNCIL

Mick Cornett	Audit Committee, Mayor
James Greiner	Ward 1
Ed Shadid	Ward 2
Larry McAtee	Audit Committee, Ward 3
Todd Stone	Ward 4
David Greenwell	Audit Committee, Ward 5
Margaret S. "Meg" Salyer	Ward 6
John A. Pettis Jr.	Ward 7
Patrick J. Ryan	Ward 8

The Office of the City Auditor has prepared a risk-based Comprehensive Audit Plan for the three fiscal years ending 2020. The following process was used in developing the Audit Plan:

Assessment of Risk

- We defined 94 auditable units, primarily consisting of lines of business identified in City departmental strategic business plans.

- City department managers completed self-assessment questionnaires to identify potential control weaknesses and/or other financial or operational deficiencies.

- We interviewed City Council members and executive managers to obtain input on risks, difficulties and concerns within City operations.

- We assigned a risk rating of High, Medium or Low to each auditable unit using available financial/operating information, Council and management feedback, and six risk criteria factors.

- The Audit Committee reviewed a draft of the Audit Plan.

Determination and Allocation of Available Hours

We estimated **28,500** audit hours will be available during the three-year Audit Plan period.[1]

- ▶ **17,900** hours were allocated to scheduled audits, which are generally aimed at determining whether:
  - ▶ programs are achieving desired results
  - ▶ operations are efficient
  - ▶ revenues are complete and accurate
  - ▶ expenditures are valid and compliant with laws, regulations and policies
  - ▶ operating and financial records/reports are accurate and complete
  - ▶ fraud, waste and abuse are prevented and/or detected
  - ▶ recommendations from previously issued audit reports have been addressed
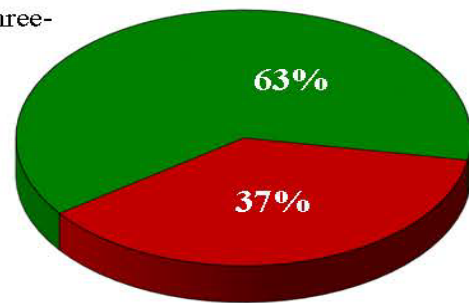
- ▶ **10,600** hours were allocated to other audit services including unscheduled audit requests, investigations, committee participation and the Ethics Program.

Scheduled and *Other* audit service hours are detailed on page 2. Descriptions of new *Scheduled* audit projects are provided beginning on page 3.

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[1] Available audit hours exclude leave, administrative and training time and include hours that may not be realized due to position vacancies.

Audit Area	Estimated Hours
▶ **Scheduled Audit Services:**	**17,900**
Airport - Parking Revenue	800
City Manager - Cultural Facility Revenue	800
Development Services - Code Inspections	1,200
Fire - Annual Code Inspections	800
Information Technology - Radio Inventory	800
Parks - Contractor Equipment Maintenance	600
Personnel - Hiring Process	1,000
Police - Weapon Inventory	800
Public Transportation and Parking - Parking Meter Revenue	800
Utilities - Bulk Water Purchase Contracts	800
Expenditure of Municipal Funds (a)	1,800
Payroll (a)	1,800
Public Safety Sales Tax Annual Report (a)	2,400
Follow-up on Previous Recommendations:	
Fire - Construction Inspections	400
Information Technology - Radio System	200
Public Transportation and Parking - Garage Contract Administration	200
Public Works - Capital Street Project Construction Administration	800
Ongoing Audits:	
Personnel - Benefits Eligibility	550
Information Technology Inventory	400
Court Administration - Court Fees	350
Citywide Purchasing	400
Other	200
▶ **Other Audit Services:**	**10,600**
Unscheduled Audits and Investigations	6,000
Committees and Advisory Services	2,500
Ethics Program	1,500
Risk Assessment/Audit Plan Development	600
Total Estimated Hours Available (b)	**28,500**

(a) Mandated by Ordinance or other regulations.

(b) Includes hours that may not be available due to audit position vacancies.

Audit Area	Objective/Significance	Anticipated Value	Estimated Hours
Airport – Parking Revenue	Evaluating the adequacy and effectiveness of controls over parking revenue. The Airport contracts for parking garage operations. Total parking revenues are expected to exceed $11 million during FY 2018.	Improved accuracy and completeness of revenue and enhanced contract compliance.	800
City Manager – Cultural Facility Revenue	Evaluating the adequacy and effectiveness of controls over cultural facility revenues, which are expected to total over $2 million in FY 2018.	Improved accuracy and completeness of revenue.	800
Development Services – Code Inspections	Assessing the timeliness and efficiency of the Code Enforcement Program. Development Services performs proactive and complaint-based inspections. Approximately 52,000 complaint-based code inspections are expected to be completed during FY 2018.	Enhanced operating efficiency and improved program results.	1,200
Fire – Annual Code Inspections	Assessing the timeliness and efficiency of the Annual Fire Code Compliance Inspections Program. Approximately 1,400 or 10% of commercial buildings are expected to be inspected during FY 2018.	Enhanced operating efficiency and improved program results.	800
Information Technology – Radio Inventory	Evaluating the adequacy and effectiveness of controls over radio inventories. IT manages an inventory of over 5,000 radios supporting various operations citywide.	Enhanced asset accountability.	800
Parks – Contractor Equipment Maintenance	Evaluating the adequacy of contractor compliance with equipment maintenance requirements. Significant City-owned assets are maintained by contractors operating the Myriad Gardens and Boathouse District.	Improved contract compliance and cost avoidance.	600
Personnel – Hiring Process	Evaluating the timeliness of the hiring process. Personnel processes applications for full and part-time, non-uniformed positions in City operations. Approximately 425 full-time, non-uniformed positions are expected to be filled in FY 2018.	Improved operating efficiency and process timeliness.	1,000

3

Audit Area	Objective/Significance	Anticipated Value	Estimated Hours
Police – Weapon Inventory	Evaluating the adequacy and effectiveness of controls over weapon inventories. OCPD maintains an inventory of over 1,500 weapons and related ammunition for officer use.	Enhanced asset accountability.	800
Public Transportation and Parking – Parking Meter Revenue	Evaluating the adequacy and effectiveness of controls over parking meter revenue. Parking meter revenue is expected to exceed $1 million for FY 2018.	Improved accuracy and completeness of revenue.	800
Utilities – Bulk Water Purchase Contracts	Evaluating the adequacy and effectiveness of controls over billings related to contracts with other government entities for bulk water purchases, which is more than $24 million annually.	Improved accuracy and completeness of revenue and enhanced contract compliance.	800
Expenditure of Municipal Funds	Evaluating the adequacy and effectiveness of controls ensuring expenditures are accurate, appropriately authorized and in compliance with regulations. Evaluating the status of recommendations included in previously issued audit reports.	Stronger internal control and enhanced compliance with applicable policies and regulations.	1,800
Payroll	Evaluating the adequacy and effectiveness of controls over accurate, complete and timely processing of payroll in selected departments. Evaluating the status of recommendations included in previously issued audit reports.	Enhanced compliance with applicable policies, regulations and contracts, and stronger internal control.	1,800
Public Safety Sales Tax Annual Report	Determining whether the City's annual report presents the revenues and expenditures of the limited-purpose tax as presented in the City's Comprehensive Annual Financial Report and whether the City has complied in all financially material respects with the Journal Entry of Judgment.	Ensure compliance and improve effectiveness of procedures for public safety sales tax administration.	2,400
Fire – Construction Inspections	Evaluating the status of recommendations included in our report relating to construction inspections in the Fire Marshal's Office.	Enhanced program efficiency and inspection timeliness.	400

Audit Area	Objective/Significance	Anticipated Value	Estimated Hours
Information Technology – Radio System	Evaluating the status of recommendations included in our report relating to the City's radio system upgrade.	Improved efficiency of system transition.	200
Public Transportation and Parking – Garage Contract Administration	Evaluating the status of recommendations included in our report relating to parking garage contract administration.	Improved accuracy and completeness of revenue and contract compliance.	200
Public Works – Capital Street Project Construction Administration	Evaluating the status of recommendations included in our report relating to administration of capital street construction projects.	Improved program results.	800

AUDIT PLAN
Fiscal Years 2019-2020

AUDIT PLAN
Fiscal Years 2019-2020

Overview

The majority of the Audit Department activities are classified as Performance Audits, as defined by the Government Accountability Office (GAO). Other occasional efforts include Agreed- Upon Procedures (a type of attestation engagement subject to specific standards established by the GAO) and investigations. The Audit Plan includes audits in progress, follow-ups of prior year report recommendations, regularly scheduled audits, and additional efforts being planned, or under consideration for later years.

We expect the City Manager's Office and Department Heads to make special requests for audits or other support. Internal Audit reserves a limited amount of staff time for unplanned projects. It may be necessary to delay a scheduled audit to address a newly identified need.

Performance Audits Planned for Fiscal Year 2019

In Progress – We will complete the audits which were in progress at year-end FY18:

- Business Investment Grants – Business Investment Grants (BIG) are awarded to companies that intend to relocate to Charlotte or expand an existing footprint. The objective of the audit is to assess the performance of the grant reimbursement program, including goals, monitoring and compliance.

- Cash Collections FY18 – Auditors continued to conduct unannounced cash collection site visits throughout the City. A summary report is issued annually, documenting the program and highlighting findings, recommendations, and actions taken. This report has been requested by, and provided to the external auditors since 2015.

- Airport Advertising Concession (Intersection Holdings) – At the request of Aviation, auditors are conducting a review of the advertising concession agreement. The objective of the review is to determine whether advertising revenue has been accurately reported.

- Employee Expense Reimbursements FY18 – This audit repeats the periodic review begun in 2013. This audit period is limited to the first six months of FY18.

- CATS BLE Professional Services – The objective of the audit is to determine if CATS has established adequate controls over BLE professional services agreements. The audit includes a review of the policies and procedures in place to establish labor and overhead rates with consultants and verification of actual labor and direct costs.

- CATS BLE Construction Processes – Consultant RSM will review selected BLE construction processes to determine if the City has established adequate controls:

In Progress Limited Scope Audits (LSAs)

In an effort to be responsive to requests, and provide timely input to control issues, the Audit Department has begun to complete another type of Performance Audit – narrowly defined projects, which are termed Limited Scope Audits. Several such audits were completed in FY18. Results of LSAs may be communicated as a standard Audit Report, or as a memo – and later summarized with multiple such audits to be issued in a combined report. Either way, the results will be provided to management and Council. The following LSAs were in progress at fiscal year-end:

- Fuel Card Program Management (Fuelman) – controls
- Office Depot Purchases – policy and controls
- Balance Sheet Accuracy – policy and controls
- Mandatory Vacations – policy and controls
- Ghost (nonexistent) Employees – related controls
- Cybersecurity Awareness and Training – controls and comparison to best practices
- Educational Reimbursements – policy and controls

Annual Audits

- Bus Operations Division Imprest Fund – We will audit the CATS Imprest Fund and include steps required to meet the needs of the external auditors for the annual (agreed upon procedures) report, as has been done for many years.

- Vice Imprest Fund Reimbursements – Upon request from Police about every two months, auditors conduct detailed reviews of imprest documentation. The purpose of each review is to verify the cash on hand and to determine whether officers of the Vice and Narcotics Division adhere to the established policies and procedures for replenishment of funds. An annual report summarizes the results.

- Cash Collections – Finance staff and the external auditors (Cherry Bekaert) have requested regular audits of City-wide cash collections. A summary report will be completed and a continuing plan for periodic testing will be updated, in consultation with Finance and the external auditors.

- Airport Rental Cars – All rental car companies have been audited over the past three years. Aviation has requested that the rotation be continued.

Follow-up Audits

A number of audit recommendations have been made in the past few years which have not been completely addressed. While auditors regularly follow-up recommendations which may require lengthy implementation, the listed audits will be reviewed in detail. Separate reports are expected to be issued for each.

- Construction Change Orders (February 2016) – Agreed upon actions to be taken by four departments will be evaluated.

- Compensatory Time Policy for Exempt Employees (November 2017) – A planned policy change had not been implemented by fiscal year-end; impact in FY18 will be documented.

- Overtime (issued in January 2016) – Planned quarterly monitoring by HR will be reviewed for effectiveness.

- Additional Follow-ups Under Consideration – If time allows, we will also consider: Charlotte Business Inclusion (2018) and Airport Parking (2016).

New Fiscal Year 2019 Initiatives

Although unplanned needs can arise and impact the priority of audits, the following are being planned and should be substantially completed in FY19.

- ERP/Munis – Consultant RSM will review City's ERP/Munis system. The preliminary objective of the review is to determine whether adequate controls have been established over logical security, security administration, operations and change management. In addition, select Munis workflows will be reviewed to ensure adequate separation of duties and other key controls exist.

- Financial Accounting Internal Controls – City contractor Grant Thornton (GT) completed a review of controls, using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, and identified many opportunities for improvements. Internal Audit will select key issues from the GT report for review.

- Airport Concessions – Each year we work with Aviation to identify one or more concessions to review, in addition to the rotation of rental car companies. (The airport is also included in city-wide audits, including procurement, cash collections, etc.) One or more specific audits will be identified prior to calendar year-end.

- Procurement – Audits related to Citywide and department-specific procurement have been completed several times in the past. We are assessing risks and previously identified weaknesses for follow-up. In FY18, Internal Audit

recommended that the Council approval threshold be increased from $100,000 to
$500,000. (Whether approved or not, improved controls are planned and will be
tested. If the recommended increase is implemented, an audit will focus on contracts
approved by the City Manager up to the $500,000 threshold.)

Performance Audits Under Consideration for Fiscal Year 2020

- Airport Contracts and Concessions – Internal Audit will continue to work with
  Aviation management to prioritize these audits on a rotating basis. At least one
  rental car agency audit will be initiated.

- Information Technology Risk Areas – Audit contractor RSM completed a review
  of the City's IT environment and related risks in FY18. Internal Audit brought
  forward one area (Business Continuity Planning and Disaster Recovery) to
  management, which received funding to begin being addressed in FY19. We will
  continue to assess additional risk areas and schedule IT audits as funding and
  staff resources allow.

- Procurement – Our audit approach for 2020 and beyond will be based upon
  identified risks, including audits conducted in 2019. Procurement is of such
  primary importance that audit efforts in this area are expected to continue
  regularly.

- Construction – Based on review of change orders and contingency spending,
  Internal Audit noted opportunities to increase controls over capital expenditures.
  We will perform risk analysis of high profile construction projects and conduct
  audits of selected projects. Internal Audit will continue to work with CATS,
  Aviation, Water and E&PM, to prioritize additional construction-related audits.
  A prior year review of Construction Manager at Risk (CMAR) planning
  processes throughout the City highlighted some areas of concern which may be
  addressed.

- Fraud Awareness and Prevention – While the risk of fraud is considered in
  every audit, we have not previously conducted testing for the sole purpose
  of detecting fraud or fraud risks. As audit staff obtains sufficient access to ERP
  data, we will communicate our risk assessment and planned reviews. (As a
  recent "COSO" study by Grant Thornton has reported, Internal Audit does not
  have appropriate access to ERP data to efficiently conduct its work. We are
  working to overcome this limitation.)

- Police Property – Although it has been several years since we conducted a
  review of Police property controls, our Vice Imprest Fund audit regularly tests a
  random sample of evidence. In addition, we have observed inventory counts
  conducted in compliance with CALEA (Commission on Accreditation for Law

Enforcement) standards. Working with CMPD, we will consider a performance audit that will build on these standards as well as review other property controls.

- Limited Scope Audits (LSAs) – In prior years, auditors met with City departments, who identified over 30 possible audits for our consideration. Several of these were completed in 2018 – many using the recently implemented approach which is very focused; i.e., with a limited scope. Some results were issued individually while others were combined with another LSA for reporting purposes. Other audits on the initial list are being considered.

Other Commitments

- An Employee Hotline administered by the Internal Audit Division was introduced in September 2014. Investigations will be conducted as necessary, based upon information supplied by anonymous phone calls to a third-party call center. The number of calls increased in FY18, but there has been no substantial impact on audit resources. In FY19, we plan to add on-line reporting capabilities to the program.

- Recommendations from each audit are tracked and followed up through completion, as determined by Internal Audit.

Audit Division Internal Efforts

- Further develop the Continuous Auditing program (Progress is dependent upon increasing Audit's access to data; we have worked with I&T to improve our ability to conduct data analytics; however, progress has been limited.)

- Refine the Limited Scope audit process (Six Limited Scope Audits – LSAs – were issued in FY18; two each, in combined reports, in September, November and June. Based upon the success of this new approach – addressing limited concerns and/or conducting requested reviews – we intend to continue the effort in FY 2019. Several such LSAs are in progress at year-end.)

- Increase IT auditing capabilities (Staff training has increased; we are also leveraging the input and analysis received from an outside contractor that performed an IT audit risk assessment. An FY18 "COSO" review supports the need for further development of Audit's IT capabilities. However, additional funds will be required to make progress in this area.