

ANNUAL AUDIT PLAN – 2017



**Annual Audit Plan
Report to the
City Commission**

Mayor
Lauren Poe

Mayor Pro-Tem
Helen K. Warren

Commission Members
Harvey M. Budd

Craig Carter

Todd N. Chase

Charles E. Goston

Adrian Hayes-Santos

**CITY OF GAINESVILLE
OFFICE OF THE CITY AUDITOR
ANNUAL AUDIT PLAN 2017**

AUGUST 23, 2016

Amended April 6, 2017

**City of
Gainesville Office
of the
City Auditor**

Carlos L. Holt – City Auditor

ANNUAL AUDIT PLAN – FY 2017

August 23, 2016



Why We Prepare an Annual Audit Plan

The Annual Audit Plan provides the City Commission with an overview of how resources of the City Auditor's Office will be allocated.

The Annual Audit Plan facilitates the efficient and effective use of limited resources.

INTRODUCTION

In accordance with City Commission Resolution 970187, Office of the City Auditor is pleased to submit the FY 2017 Annual Audit Plan. The Annual process of developing the Annual Audit Plan includes defining auditable units, obtaining input from City Commissioners, Charter Officers and managers as well as evaluating information gained from previous audits and assessing the relative risks involved in City programs and operations

MISSION STATEMENT

To promote honest, efficient, effective, transparent and fully accountable government.

RISK ASSESMENT

A risk assessment is a systematic process for identifying and evaluating events (i.e., possible risks and opportunities) that could affect the achievement of objectives, positively or negatively. A formalized risk assessment gives organizations a clear view of variables to which they may be exposed, whether internal or external, retrospective or forward-looking. A robust risk assessment process is a best practice strategy that forms the foundation for an effective enterprise risk management program and constitutes a key component of the *Enterprise Risk Management—Integrated Framework* and related Application Guidance published by the Committee of Sponsoring Organizations (COSO).

During fiscal year 17, the City Auditor will continue to implement the City Commissioned approved GRC (Governance, Risk and Compliance) software to begin formally assessing, scoring and tracking organizational risk. This tool, once fully implemented, will assist in developing organizational risk profiles to help the City Auditor prioritize audits and design more effective Annual Audit Plans.

For more information on this Annual Audit Plan or any of our reports, please visit:

www.cityofgainesville.org/cityauditor.aspx

AUDIT PLAN DEVELOPMENT

In order to provide useful guidance and a framework in developing the Annual Audit Plan, the following principles were recognized and observed:

- Audit resources are limited, resulting less than one hundred percent audit coverage each year. This inherent limitation can be mitigated by using a dynamic risk assessment to select and prioritize audits.
- The risk assessment criteria used in the ranking of the audit suggestions places emphasis on perceived and actual knowledge of systems of internal control.
- The Annual Audit Plan is viewed as a flexible tool that can be amended throughout the year to reflect changing risks and priorities.
- The Annual Audit Plan gives consideration to those audits that may be mandated by resolution or ordinance.

The Annual Audit Plan is developed with the understanding that there are risks and limitations associated with any method or system of prioritizing audits. As a result, the risk factors and scoring process are periodically evaluated and modified in an effort to continuously refine the Plan.

FY 2017 AUDIT SELECTIONS AND PRIORITIZATION

A critical component of the annual audit planning process is ensuring qualified audit personnel are assigned to the highest priority assignments. Staff assignments are based on experience, qualifications, interests, and availability.

The development of an Annual Audit Plan is a dynamic process. Throughout the year, audit staff members obtain information from a variety of sources for inclusion in the risk assessment process. Audits considered for the Audit Plan are compiled from suggestions by audit staff, City Commissioners, City management, complaints and known areas of risk.

To develop the proposed FY 2017 Annual Audit Plan, the City Auditor surveyed the City Commissioners, Charter Officers and senior managers. Survey participants were asked to identify City departments, divisions and processes they believed would benefit from an independent audit or review. Survey suggestions were compiled and evaluated.

We request the City Commission approve our Fiscal Year 2017 Annual Audit Plan by resolution as attached, including **EXHIBIT A**.

COMPLIANCE

The City Auditors Office performs audits in accordance with generally accepted government auditing standards (GAGAS) issued by the Comptroller General of the United States. The Office is committed to maintaining a system of quality control and undergoes an independent external quality control review triennially. In February 2015, the Office received a Certificate of Compliance for the quality control review for the period of October 1, 2011 through September 30, 2014. The next compliance quality control review will be conducted in fiscal year 2018 and will review the period of October 1, 2014 through September 30, 2017.

AUDIT TEAM

Carlos L. Holt, CPA, CFF, CIA, CGAP, CFE, City Auditor

Eileen M. Marzak, CPA, CFE, Assistant City Auditor

Brecka H. Anderson, CIA, CGAP, Senior Auditor

Ron Ison, Information Technology Auditor

Karen Haskell, Executive Assistant (hours not included in audit plan)

Senior Auditor, Hiring * *when available*

RESOLUTION NO. _____

PASSED September 15, 2016

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA RELATING TO APPROVING AND ADOPTING THE ANNUAL AUDIT PLAN FOR THE OFFICE OF THE CITY AUDITOR FOR THE PERIOD OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2017

WHEREAS, formal responsibilities and administrative procedures for the Office of the City Auditor were established by City Commission Resolution 150127 on February 4, 2016; and

WHEREAS, such procedures require the development of an annual audit plan in order to ensure adequate audit coverage during the period;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

Section 1. That the City Auditor is authorized to carry out the audits and other projects as described in the ANNUAL AUDIT PLAN attached hereto as EXHIBIT A.

Section 2. This Resolution shall take effect immediately from and after its adoption in accordance with the provisions of the Charter of the City of Gainesville, and it is accordingly so resolved.

PASSED AND ADOPTED this 15th day of September 2016.

Lauren Poe, Mayor

Approved as to Form and Legality

Nicolle Shalley, City Attorney

ATTEST:

Kurt M. Lannon, Clerk of the Commission

EXHIBIT A

CITY OF GAINESVILLE
OFFICE OF THE CITY AUDITOR
FISCAL YEAR 2017 ANNUAL AUDIT PLAN

<u>A. Audit Projects Carried Forward from the 2016 Annual Audit Plan</u>	<u>Estimated Hours</u>
*Human Resources Hiring Cycle	450
GPD Use of Force	320
GPD Ammunition Controls	400
SAP Upgrade Monitoring/Status - Ongoing	480
<u>B. Audit Projects for 2017</u>	
GRU Non-pension Investments	440
Citywide Overtime	320
RTS Fare box Revenues	320
Dignity Village Inputs	360
Vendor File Match	320
Landlord Registration Fee Compliance	360
Take-Home Vehicles	380
RTS Fuel	340
Grants Management GG	320
Small Business Purchasing compliance	220
Annexed Property Fee Collection	420
<u>C. Follow-up on Status of Previous Recommendations*</u>	
Follow-up on Recommendations	160
<u>D. Other Projects*</u>	
*Proposed GREC Asset Purchase Agreement	300
Hotline Implementation, Inquiries and Research	220 *370
GRC Implementation	380
Annual Validation of Projected Revenues	220
CCOM/Management Referrals	80
TOTAL FY17 AUDIT STAFF PROJECT HOURS	<u>6,510</u>

Audit Classifications per *Government Auditing Standards*:

* – Non-audit Services

All others are performance audits