



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

Mayor

Lauren Poe

Mayor Pro-Tem

Harvey M. Budd

Commission Members

David Arreola

Charles E. Goston

Adrian Hayes-Santos

Harvey Ward

Helen Warren

**CITY OF GAINESVILLE
OFFICE OF THE CITY AUDITOR
ANNUAL AUDIT PLAN 2018**

November 2, 2017

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

Carlos L. Holt – City Auditor

ANNUAL AUDIT PLAN – FY 2018

November 2, 2017



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 150127, Office of the City Auditor is pleased to submit the FY 2018 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 2018, 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 assists in developing organizational risk profiles and helps 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. This results in 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 various 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 Annual Audit Plan.

FY 2018 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 Annual Audit Plan are compiled from suggestions by audit staff, City Commissioners, City management, complaints and known areas of risk.

To develop the proposed FY 2018 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.

We request the City Commission approve our Fiscal Year 2018 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 is scheduled to be conducted during March 2018 and will review the period of October 1, 2014 through September 30, 2017. October 1, 2017 is the beginning date of the new three-year period for quality control/peer review.

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

Emily Bowie, CPA, Senior Auditor

Ron Ison, Information Technology Auditor

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

RESOLUTION NO. _____

PASSED November 2, 2017

**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, 2017 THROUGH
SEPTEMBER 30, 2018**

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 2nd day of November 2017.

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 2018 ANNUAL AUDIT PLAN

<u>A. Audit Projects Carried Forward from the 2017 Annual Audit Plan</u>	<u>Estimated Hours</u>
Small Business Purchasing Compliance (underway)	160
GRU Investments	40
2017 Follow-up on Recommendations #	40
 <u>B. New Audit Projects for 2018</u>	
Annexed Property - Fee Collection	360
Citywide Overtime	600
P-Card Citywide	600
Vendor File - Comprehensive	400
Landlord Registration Fee Compliance	360
GG Collections	600
Equal Opportunity Related #	400
Reichert House	400
 <u>C. Follow-up on Status of Previous Recommendations</u>	
2018 Follow-up on Recommendations * #	120
 <u>D. Other Projects</u>	
Hotline Implementation, Inquiries, and Investigations*	400
GRC Implementation*	240
Annual Validation of Projected Revenues # (Attestation Engagement)	220
CCOM/Management Referrals*	80
Mid-year Refresh of Annual Audit Plan	1,470
GAO GAGAS Peer Review*	625
 TOTAL FY18 AUDIT STAFF PROJECT HOURS	 <u><u>7,115</u></u>

Audit Classifications per *Government Auditing Standards*:

* – Non-audit Services

- mandatory inclusion in annual plan