

## **Mission**

*The City Auditor's office provides audit, consulting, and investigative services to identify and minimize risks, maximize efficiencies, improve internal controls and strengthen accountability to Mesa's citizens.*

## **Audit Plan Purpose and Considerations**

The Audit Plan is a Council-approved document which outlines the planned activities of the City Auditor's office for the year. Factors considered when selecting audits may include:

- Requests or suggestions received from the City Council or City Manager.
- Statutory mandates and/or volume of regulations (highly regulated vs. unregulated).
- Prior audit history or lack thereof.
- Activities commonly susceptible to fraud.
- Complexity of operations, significant changes in operations, or high turnover.
- Cash handling volume and number of locations.
- Impact and likelihood of potential adverse events (risk management/control failures).

The Audit Plan intentionally exceeds our capacity by approximately 20%, in order to provide flexibility to adjust the timing of a project to accommodate the needs of the client, while also managing our resources most efficiently. Audits which are not completed in the current year may be carried forward to the next year, as is the case with four of this year's audits\*.

## **Audits Planned for FY 2019/2020**

<b>Audit Subject Area</b>	<b>Initial Objectives</b>
* Business Services/ Purchasing Division – Procurement Processes	Determine whether effective controls are in place to prevent or detect errors, fraud, waste, or abuse, and ensure compliance with policies, statutes, and other applicable requirements.
* Fire & Medical – Transport Services & Billing	Determine whether effective controls are in place to ensure all eligible costs are recovered, billing services meet contract terms, and other financial risks are mitigated.
* HR/Employee Benefits – Claims Admin. Contract	Determine whether effective controls are in place to ensure accuracy, compliance, and performance expectations are being met.
* Utilities – Metering Processes	Determine whether effective controls are in place to ensure usage is accurately metered and recorded for billing purposes.
Transient Lodging Tax (TLT)	Determine whether TLT revenues are used in accordance with applicable laws and contractual agreements; and determine whether reliable metrics are in place to measure program effectiveness.
Engineering – Job Order Contracting (JOC)	Determine whether JOC projects are administered in accordance with established criteria; and whether there are effective internal controls to prevent or detect errors, fraud, waste, or abuse.
Engineering – CIP Mesa	Evaluate CIP Mesa system utilization and related processes, to identify opportunities for improvement.

## Proposed Audit Plan Fiscal Year 2019/2020

Police – Photo Safety Program	Analyze the financial impact of the program, determine how the associated revenues are used, and determine whether the established goals and objectives are being met.
ITD – Software/ Application Management	Determine whether effective controls are in place to ensure all applications used to conduct City business are licensed, inventoried, and meet City IT security standards.

### **FY 2018/2019 Work in Progress (as of 6/30/2019)**

- Police – Jail Services Contract
- PRCF – Convention Center Revenues
- FY2019 Annual Payment Card Security Review
- i.d.e.a. Museum Earned Revenues Follow-up Review

### **Follow-up Reviews Due in FY 2019/2020**

<ul style="list-style-type: none"> <li>• Arts and Culture – Agreements with Nonprofit Support Organizations</li> <li>• Citywide – Procurement Card Program</li> <li>• Development Services – Fees &amp; Charges</li> <li>• Financial Services – Eastmark CFD</li> </ul>	<p>The objective of each follow-up review is to verify that corrective actions agreed to in response to the audit were:</p> <ol style="list-style-type: none"> <li>1) Implemented as agreed; and</li> <li>2) Effective in resolving the underlying audit findings.</li> </ol>
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### **Other Activities**

Citywide Cash Audits	Unannounced audits of cash handling sites citywide throughout the year.
Payment Card Industry Data Security Standards (PCI DSS) Operational Review	Annual review of payment card acceptance sites for PCI DSS compliance.
Fraud & Ethics Hotline Investigations	Monitor the City's Fraud & Ethics Hotline and conduct investigations when necessary.
Consulting Services	Provide independent consulting/advisory services; data collection, validation or analysis; internal control reviews; risk analyses; financial statement reviews; etc. as needed.
Unscheduled Audits	As directed by the City Council or City Manager, conduct unscheduled audits, which may arise due to unforeseen circumstances.