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Audit Plan Fiscal Year 2018/2019

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 Planning Process:

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
- Complexity of operations, significant changes in operations, or high turnover
- Technological advances or challenges
- Cash handling volume and number of locations
- Impact and likelihood of potential adverse events (risk management/control failures)
- Activities commonly susceptible to fraud

We typically propose an Audit Plan which intentionally exceeds our capacity by approximately 20%. This provides enough flexibility to adjust the timing of a project to accommodate the needs of the client, while also managing our resources most efficiently. It also lets us adapt to changing circumstances and priorities during the year. If necessary, audits may be carried forward to the next Plan year, as is the case with three* of this year’s audits.

FY 2018/2019 Audits

Audit Subject Area	Initial Objectives
* Business Services/ Purchasing Division – Procurement Processes	Determine whether effective controls are in place to prevent or detect errors, fraud, waste, or abuse, and to ensure compliance with policies, statutes, and other applicable requirements.
* Development & Sustainability – Fees & Charges	Determine whether effective controls are in place to ensure all due fees and charges are accurately calculated, recorded, and collected. The audit scope may include Permitting and/or Plan Review activities.
* HR/Employee Benefits – Claims Admin. Contract	Determine whether effective controls are in place to ensure accuracy, compliance, and performance expectations are being met.
Police – Jail Services Contract	Determine whether the contractor is complying with all contract terms, performance expectations are being met, and expected net savings are being realized.
Utilities – Metering Processes	Determine whether effective controls are in place to ensure that usage is accurately metered and recorded for billing purposes.
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.

PRCF – Convention Center Operations	Determine whether effective controls are in place to ensure all due fees and charges are accurately calculated, recorded, and collected. The audit may also include other operational and financial performance objectives.
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FY 2017/2018 Work in Progress (as of 5/31/2018)

<ul style="list-style-type: none"> • Arts and Culture – Agreements with Nonprofit Support Organizations • PRCF – Dobson Ranch Golf Course & Restaurant Contracts • Citywide – Procurement Card Program • Financial Services – Eastmark CFD • Transportation – Contract Monitoring (Follow-up Review)

Follow-up Reviews Due in FY 2018/2019

<ul style="list-style-type: none"> • CDBG – Contract Monitoring • Housing – Rehab Program (2nd Follow-up) • Facilities Maintenance – Contract Monitoring • i.d.e.a. Museum – Earned Revenues • Police Department – Supplies and Equipment • Financial Services – Payroll (Delayed) • Police Department – Off Duty Program (2nd Follow-up – Delayed) 	<p>The objective of each follow-up review is to verify that corrective action(s) agreed to in response to the audit were:</p> <ol style="list-style-type: none"> 1) Implemented as agreed; and 2) Effective in resolving the underlying audit finding(s).
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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 credit card acceptance sites for compliance with PCI DSS (operational activities only).
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.