



July 30, 2021

The Honorable Mayor Joe Pitts
Members of City Council
Audit Committee Members

City Code Section 6-615(b) requires that Internal Audit submit an annual report to you disclosing all completed audits and other projects. Below is a list of audits, investigations, and other activities completed during FY 2021.

Completed Projects	Ongoing Projects in FY 2021/2022	Approved FY 2022 Projects
<ul style="list-style-type: none"> ○ Vendor Analysis and Duplicate Payment Audit ○ FY 2021 Ethics Survey and Informational Report ○ Policies and Procedures Review and Update ○ 14 Resolved Hotline Complaints ○ Facilitated selection of a new firm to perform the City's financial and compliance audit 	<ul style="list-style-type: none"> ○ Community Development Audit 	<ul style="list-style-type: none"> ○ CDE HR Complaint Process Audit ○ Building & Codes Audit ○ Senior Management Expense Audit (CY 2019-2020) ○ FY 2022 Ethics Survey ○ Follow Up Assessments

FY 2021 Highlights

During FY 2021, the Internal Audit Department continued to experience the effects of events in FY 2020, including COVID-19 impacts and staffing changes. We had to adapt to changes in daily operations, as well as find new ways to address the changing risk landscape within the City. Despite these challenges and personnel changes, we still completed audits and other projects that we believe have a positive impact on the City and its operations. Full details of completed projects can be found on our website; however, highlights are shown below.

In the Vendor Analysis and Duplicate Payment Audit, we performed a detailed review of vendor related processes, as well as a data analysis of the vendor master file and payments. During the audit, we identified several process improvements which will enhance the efficiency of vendor management within the City. These include implementing a robust vendor maintenance process, as well as utilizing software capabilities to reduce the number of vendors created and managed in the vendor master. We identified \$1,212 of duplicate payments, and were able to recommend improvements related to invoice numbering guidelines which may prevent future duplicate payments.

We also conducted the second annual City employee ethics survey to assess knowledge of the City's adopted Code of Ethics, as well as employee perception of the City's ethical environment. In addition to the FY 2021 results, we were able to provide management with a comparative analysis of survey results from FY 2020 and FY 2021. The overall results of the survey were positive, and the comparative analysis showed improvements in some areas. Based on the results, we made recommendations which may enhance the City's ethical climate.

Other Items Addressed by Internal Audit

In the fall of 2020, we facilitated the procurement of a new audit firm to provide the City's financial and compliance audit. We also completed a City-wide risk assessment, as required by the IPPF, to identify areas where our internal audit resources should be focused during FY 2022. Throughout FY 2021, we addressed hotline reports as received, and provided technical assistance to departments. While these types of projects do not result in a written report, they frequently lead to stronger and more controlled processes which ultimately save the City time and resources in the long term.

During FY 2021, we completed implementation of the International Professional Practices Framework (IPPF), which is the set of auditing standards promulgated by the Institute of Internal Auditors (IIA). This framework helps ensure the effectiveness and quality of our work.

To ensure high quality audits, the Internal Audit Department has established a quality assurance and improvement program (QAIP). The program consists of various assessments of conformance to the IPPF, including ongoing monitoring, an annual quality review performed internally, and a peer review. We have completed the FY 2021 annual quality review with positive results, supporting our conformance to the IPPF. As part of the QAIP, we are required to have a peer review within five years, which is tentatively planned for FY 2023.

Our department's mission is to ensure public trust and promote transparency, accountability, and efficiency throughout City government. We look forward to continuing that mission throughout FY 2022 by focusing on key risks to the City's goals and objectives, while promoting transparency and continuous improvement.

Respectfully,

Stephanie Fox, CPA, CIA, CMFO
Director of Internal Audit