



July 29, 2022

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 2022.

Completed Projects	Ongoing Projects in FY 2022/2023	Approved FY 2023 Projects
<ul style="list-style-type: none"> ○ 2022 Ethics Survey and Informational Report ○ Internal City Communications Survey Consulting Engagement ○ Policies and Procedures Review and Update ○ Participation in Peer Review for City of Garland, TX Internal Audit Department ○ Participation in Annual Risk Assessment Meetings for Each Department ○ Staff Training on Peer Review Participation ○ Annual City-Wide Risk Assessment and Audit Plan Development ○ Annual Quality Review ○ 15 Resolved Hotline Complaints 	<ul style="list-style-type: none"> ○ Neighborhood and Community Services Loan Servicing and Collections Audit (anticipated issuance late August/early September 2022) ○ 1 Open Hotline Complaint 	<ul style="list-style-type: none"> ○ Senior Management Expense Audit (CY 2019-2020) ○ Building & Codes Audit ○ City Garage Tire Inventory Audit ○ 2023 Ethics Survey ○ Follow Up Assessments

FY 2022 Highlights

The mission of the City’s Internal Audit Department is to ensure public trust and promote transparency, accountability, and efficiency throughout City government. We do this by conducting audits and consulting engagements that support the objectives of the City and individual departments. In addition to traditional assurance and consulting projects, we also add value to City operations in a variety of other projects. Some highlights from the past fiscal year are presented below.

During FY 2022, we completed a consulting engagement for the City's communications department that involved assessing the effectiveness of the City's internal communications. Effective internal communications are of critical importance to City operations and the internal control structure within the City as a whole. Additionally, we conducted the 2022 Annual Ethics Survey, which showed generally positive results regarding City employee perceptions of the ethical environment within the City. The related informational report presents visualizations of the survey results, as well as our recommendations of possible ways to enhance the City's ethical culture.

Other projects through the year include administering the City's Fraud and Audit Hotline, which can be used by employees or citizens to confidentially report suspected fraud, waste, or abuse by City employees or officials. This year, we received and evaluated 16 hotline reports, 15 of which we have resolved. We have also conducted our annual City-wide risk assessment and developed an accompanying risk based audit plan for FY 2023. Additionally, we have provided technical assistance to departments as needed throughout the year. These projects do not result in a traditional written report; however, we believe they frequently lead to stronger and more effective processes which are beneficial to the City.

As part of the department's quality assurance and improvement program, we have conducted our annual quality review. The annual quality review involves an evaluation of our policies and procedures, as well as engagement specific documentation, to ensure adherence to auditing standards. Results of this year's assessment were positive and continue to support conformance to standards. As part of our quality assurance program, we are also planning to have a peer review in FY 2023.

As we move into FY 2023, we look forward to continuing to partner with City leaders to improve the efficiency and effectiveness of City operations.

Respectfully,

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