Annual Audit Plan Report to the City Commission

Mayor
Lauren Poe

Mayor Pro-Tem
Harvey Ward

Commission Members

David Arreola

Adrian Hayes-Santos

Gail Johnson

Gigi Simmons

Helen Warren

City of Gainesville
Office of the
City Auditor

Interim City Auditor
Leonard F. Loria

CITY OF GAINESVILLE

OFFICE OF THE CITY AUDITOR

FISCAL YEAR 2020 ANNUAL AUDIT PLAN

December 5, 2019

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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.

For more information on this Annual Audit Plan or any of our reports, please visit:

www.cityofgainesville.org/cityauditor.aspx

INTRODUCTION

In accordance with City Commission Resolution 150127, the Office of the City Auditor is pleased to submit the fiscal year 2020 Annual Audit Plan. The annual process of developing the Annual Audit Plan usually 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.

INDEPENDENCE AND RISK ASSESSMENT

The Office of the City Auditor is an independent charter office established in Section 3.05 of the City Charter. 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 2020, the City Auditor's Office will continue to implement the City Commission 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 Interim City Auditor prioritize audits and design more effective Annual Audit Plans.

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 which 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.

FISCAL YEAR 2020 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 fiscal year 2020 Annual Audit Plan, the Interim 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 2020 Annual Audit Plan by resolution as attached, including **EXHIBIT A.**

COMPLIANCE

The City Auditor's 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 2018, the Office received a Certificate of Compliance for the quality control review for the period of October 1, 2014 through September 30, 2017. The next compliance quality control review is scheduled to be conducted during March 2021 and will review the period of October 1, 2017 through September 30, 2020.

AUDIT TEAM

Leonard F. Loria, CPA, Interim City Auditor

Qian Yuan, CISA, CIA, ACDA, Senior Auditor

Vincent Iovino, CISA, CRISC, Information Technology Auditor

Eileen Marzak, CPA, CFE, Professional Auditor

RESOLUTION NO. 190633

PASSED ___December 5, 2019___

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, 2019 THROUGH SEPTEMBER 30, 2020

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 engagements 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 5th day of DECEMBER 2019.

_____
Lauren Poe, Mayor

Approved as to Form and Legality

_____
Nicolle Shalley, City Attorney

ATTEST:

_____   Marie P. Kessler, Deputy Clerk
Marie P. Kessler, Acting Clerk of the Commission

EXHIBIT A

CITY OF GAINESVILLE
OFFICE OF THE CITY AUDITOR
FISCAL YEAR 2020 ANNUAL AUDIT PLAN

A. <u>**Audit Projects Carried Forward from the 2019 Annual Audit Plan**</u>	<u>**Estimated Hours**</u>
Citywide Overtime Audit (underway)	130
Affirmative Action Plan (underway)	130
Grant Administration Process (underway)	130
Emergency Response Times (underway)	120
Citywide P-Card (underway)	150
Reichert House – Part B (underway)	100
FLHSMV MOU Data Safety (underway)	130
GG ERP Implementation Process (underway)	240
2019 Follow-up on Recommendations*	140
GG Investments	380
GG Billing and Collections Process	380
GG/GRU Travel Compliance	200

B. <u>**New Audit Projects for 2020**</u>	
Citywide Cybersecurity Controls	500
GG Business Tax Compliance	260

C. <u>**Annually Required Engagements**</u>	
2020 Follow-up on Recommendations*	180
EO Related (to be determined)	280
Annual Validation of Projected Revenues (Attestation Engagement)	160

D. <u>**Other Projects**</u>	
Hotline Implementation, Inquiries, and Investigations*	160
Risk Framework Implementation with HighBond*	100
CCOM/Management Referrals*	40
Mid-year Refresh of Annual Audit Plan	200
Annual Revision of Quality Control System*(Government Auditing Standards, July 2018 Revision)	120
TOTAL FY20 AUDIT STAFF PROJECT HOURS	<u>4,230</u>

Audit Classifications per *Government Auditing Standards*:

  * – Non-audit Services