



City Auditor's Annual Audit Work Plan

December 3, 2018



**City of
Santa Clara**
The Center of What's Possible

Agenda

- Overview of the Division
- Deliverables
- Developing the Audit Work Plan
- Audit Work Plan FY19 & FY20



Overview of the Division

- The mission of the City Auditor's Office is to promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.
- In addition to the annual disbursement audit as required by the Charter, we conduct in-depth financial and performance audits for the City.

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Overview of the Division (cont.)

- Division consists of 3 staff (i.e. City Auditor, Accountant, and one vacant position)
 - Staff will be bringing forward a new job description for a Senior Performance Auditor position in January 2019
- FY 18/19 Budget for professional services is \$200,000

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Deliverables

- Annual Audit Work Plan
- Annual Audit Recommendation Status Report
- Semi-Annual Audit Status Report
- Completed Audit Reports
- Report on the Whistleblower Hotline

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Developing the Audit Work Plan

- Developed based on a citywide risk assessment and the City Auditor's professional judgement
- Considered past audit findings and requests from management and City Council

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Developing the Audit Work Plan (cont.)

- Top 3 ranked items are moved to the scoping analysis phase to determine the final audit subject:
 1. Building/Field Inspection and Permit Services
 2. Employee Benefits & Records
 3. Purchasing Services

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Developing the Audit Work Plan (cont.)

- Not all audit requests are guaranteed to be in the final audit work plan
- Each audit plan will be different and tailored to the City's needs and the City Auditor's risk assessment

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Audit Work Plan FY19 & FY20

- Develop an Audit Framework
- Develop a Fraud Policy
- Establish a whistleblower hotline for fraud, waste, abuse, and other unethical incidents
- Performance Audit of the Vendor Master File and 1099 Reporting

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Audit Work Plan FY19 & FY20 (cont.)

- Performance Audit of the HR/Payroll Module and Function
- Reviews of Financial Procedures and Controls for the Stadium Authority
 - Non-NFL Events' revenues
 - Financial reporting policy

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Audit Work Plan FY19 & FY20 (cont.)

- Annual Cash Disbursement Audit
- Citywide Fraud Risk Assessment (contracted service)
- Manage the annual external financial audit contracts for the City and Stadium Authority (contracted service)

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Recommendation

- Accept the City Auditor's Annual Audit Work Plan for FY2018/19 (mid-year) and FY2019/20 and recommend to the City Council approval of the proposed work plan at the Council Goal Setting Retreat on January 31, 2019.

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