

INTERNAL AUDIT

Mission Statement:

The Internal Audit Department is committed to the systematic, objective appraisal of the diverse operations and controls within the City to determine that (1) financial and operating information is accurate and reliable, (2) risks to the City are identified and minimized, (3) regulations, laws, and policies and procedures are followed, (4) satisfactory standards are met, (5) resources are used efficiently and economically to achieve the City's objectives - all for the purpose of assisting members of the organization in the effective discharge of their responsibilities.

Goals and Objectives:

- To utilize a structured risk assessment methodology to enable the Internal Audit function to quantify the level of risk related to City departments and processes. Internal Audit can then develop an appropriate audit schedule that will ensure adequate review of all City operations based on the risk scores calculated for each department factoring in previous audit coverage.
- To present accurate, comprehensive reports to management, the Audit Committee, and others covering the scope and objectives of assigned audits included in the audit plan within the time frame approved by the Audit Committee. This process holds the department accountable for effective use of its time and also ensures the results of our effort are provided to management.
- To provide sufficient follow-up on audit reports to determine the degree of compliance with audit recommendations. The department will strive to perform follow-up audits within 18 – 24 months of the original audit report date. This process will enable us to determine whether recommendations are implemented.
- To provide consultation services to management and staff in an effort to ensure adequate implementation of change or new processes in order to reduce the time required by audit staff for subsequent review and troubleshooting after the process has been implemented.
- To establish and maintain constructive working relations with management through use of interim briefings during the audit engagement, draft report review and a constructive orientation for reporting. This goal will ensure management is well informed throughout the audit process and that we maintain a “no surprises” approach to each project. This goal is intended to build a level of trust between Internal Audit and management in an effort to become a pro-active resource.
- To provide a comprehensive continuing professional education program for audit personnel to maintain the knowledge and skills necessary to satisfactorily perform assigned audits and stay abreast of new audit tools and techniques.
- To have an independent review of the department performance at a minimum once every three years. This review should address the quality of work performed, the department's compliance with its objectives and audit standards and the affect the department has had upon the City.

2005 AUDIT PLAN:

City Utilities Annual Financial Statement Audit
HANDS Annual Audit
Follow-up Audits
Neighborhood Code Enforcement
Parks and Recreation - Administration
FWPD Fiscal Affairs
Community Development Fiscal
Street Light Engineering

Yard Waste
Controller's Office
Information Systems
Metro
Communications
Public Works Administration
Risk Assessment Model
Cost Allocation Study

INTERNAL AUDIT
 Dept # 010-012-OFFC
 2006 BUDGET COMPARISON

		<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>\$ INCREASE</u>	<u>% CHANGE</u>
		<u>ACTUAL</u>	<u>APPROVED</u>	<u>SUBMITTED</u>	<u>FROM 2005 APPR</u>	<u>FROM 2005 APPR</u>
			<u>THRU 7/31/05</u>		<u>TO 2006</u>	<u>TO 2006</u>
4111	WAGES-REG	\$ 136,225	\$ 146,284	\$ 151,585	\$ 5,302	3.62%
4131	PERF	7,493	5,916	8,337	2,421	40.93%
4132	FICA	10,024	11,191	11,596	405	3.62%
4134	GROUP HEALTH INSUR	19,500	21,000	23,550	2,550	12.14%
4136	UNEMPLOYMENT	72	75	76	1	1.06%
4137	WORKERS COMP	372	368	324	(44)	-11.89%
413A	PERF/FRINGE	4,089	3,550	4,548	998	28.10%
TOTAL 4100		\$ 177,775	\$ 188,383	\$ 200,016	\$ 11,633	6.18%
4212	STATIONARY/FORMS	\$ 54	\$ 97	\$ -	(97)	-100.00%
4219	OTHR OFC SUPPL	424	200	280	80	40.00%
TOTAL 4200		\$ 478	\$ 297	\$ 280	\$ (17)	-5.72%
431K	SEMINAR FEES	\$ 1,910	\$ 3,680	\$ 1,560	(2,120)	-57.61%
4314	CONSULTING	-	-	2,500	2,500	100.00%
4322	POSTAGE	18	60	60	-	0.00%
4323	TELEPHONE	534	540	552	12	2.22%
4324	TRAVEL	2,438	2,500	1,216	(1,284)	-51.36%
4326	MILEAGE	-	190	150	(40)	-21.05%
432L	LONG DISTANCE	11	40	40	-	0.00%
4342	LIABILITY INSUR	72	71	108	37	52.11%
4343	OFCL/CRIME BOND	21	14	15	1	7.14%
4377	CC PARKING	-	70	-	(70)	-100.00%
4391	SUBS & DUES	485	725	560	(165)	-22.76%
4399	OTHR SRVCS	-	450	450	-	0.00%
TOTAL 4300		\$ 5,489	\$ 8,340	\$ 7,211	\$ (1,129)	-13.54%
4444	PUR OTHR EQPT	\$ -	\$ 1,000	\$ -	(1,000)	-100.00%
TOTAL 4400		\$ -	\$ 1,000	\$ -	\$ (1,000)	-100.00%
TOTAL EXPENSES		\$ 183,742	\$ 198,020	\$ 207,507	\$ 9,487	4.79%

Internal Audit 2006-2010 Capital Improvement Program

<u>FUNDING SOURCE CODE:</u>	GRP-Grant Pending	PT-Property Tax
CC-Cumulative Capital Fund	LE-Lease	RB-Revenue Bond
CDBG-Community Development Block Grant	InfraBd-Infrastructure Bond	ST-State Source
CEDIT-Co. Economic Development Income Tax	LRS-Local Roads & Streets	SU-Sewer Utility
CO-County Source	MISC-Miscellaneous	SWU-Stormwater Utility
FED-Federal Source	MVH-Motor Vehicle Highway	TIF-Tax Increment Financing
GOB-General Obligation Bond	PCBF-Park Cumulative Bldg. Fund	UF-User Fee
GRA-Grant Approved	PS-Private Source	WU-Water Utility

Item #	Project Title & Description	Funding Source	Expenditure				
			2006	2007	2008	2009	2010
1	Printer Replacement	PT	-	1,000	-	-	-
2	Laptop Computer Replacement	PT	-	1,300	-	-	-
TOTAL			-	2,300	-	-	-

1. Internal Audit shares a printer. Based on the replacement schedule, this printer should have been replaced in 2002. The printer is still in fine working order, so we intend to postpone replacement until 2007.

2. The laptop is used for fieldwork on offsite audits, special projects, and could be used as a backup if one of the desk top computers were to crash.

**STAFFING LEVELS
BUDGETED
INTERNAL AUDIT**

CLASSIFICATION TITLE	EXEMPT GRID/* UNION													
		98	99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Director of Internal Audit *	H	1	1	1	1	1	1	1	1	1	1	1	1	1
<i>Staff Auditor</i>	E	2	2	2	2	2	2	2	2	2	2	2	2	2
TOTAL		3	3	3	3	3	3	3	3	3	3	3	3	3

* Represents Grid and Salary Ordinance changes