



1015 Cultural Park Blvd.  
Cape Coral, FL

## **AGENDA**

### **MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE**

**January 25, 2017**

**3:00 PM**

**Conference Room 2006**

**1. Meeting called to order**

A. Chair Gaillard

**2. ROLL CALL**

A. Gaillard, Hiatt, Sawicki, Stevens, and Wolfson

**3. APPROVAL OF MINUTES**

A. December 21, 2016 meeting

**4. BUSINESS**

A. Public Input

B. Election of Chair and Vice Chair

C. Update on Selection of New City Auditor - W.D. Higginbotham,  
Mercer Group

D. Peer Review Report - City Auditor Krym

E. City Auditor Update Report - City Auditor Krym

**5. Member Comments**

**6. Time and Place of Next Meeting**

A. Wednesday, February 15, 2017, 3:00 p.m. Conference Room 2006

**7. Motion to Adjourn**

In accordance with the Americans with Disabilities Act and Section of 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the Office of

the City Clerk at least forty-eight (48) hours prior to the meeting. If hearing impaired, telephone the Florida Relay Service Numbers, 1-800-955-8771 (TDD) or 1-800-955-8770 (v) for assistance.

If a person decides to appeal any decision made by the Board/Commission/Committee with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings, and for such purpose, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based.

**Item Number: 3.A.**  
**Meeting Date: 1/25/2017**  
**Item Type: Approval of Minutes**

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

December 21, 2016 meeting

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

Description	Type
□ December 21, 2016 meeting minutes	Backup Material

**MINUTES OF THE MEETING OF THE  
CITY OF CAPE CORAL AUDIT COMMITTEE**

**Wednesday, December 21, 2016**

**CONFERENCE ROOM 2006**

**3:00 P.M.**

The meeting was called to order at 3:00 p.m. by Chair Gaillard.

ROLL CALL: Gaillard, Hiatt, Sawicki, Stevens, and Wolfson were present.

ALSO PRESENT: Margaret Krym, City Auditor  
Monte Vavra, Deputy Financial Services Director  
Laura Tanner, Financial Services Senior Accounting Manager

**Approval of Minutes: November 16, 2016 meeting**

The minutes from the Audit Committee meeting of November 16, 2016 were presented for approval.

***Committee Member Sawicki moved, seconded by Committee Member Hiatt to approve the minutes as presented. Voice Poll: All "ayes." Motion carried.***

**BUSINESS**

**Public Input**

No speakers.

**City Auditor Update Report – City Auditor Krym**

City Auditor Krym went over the Update of City Auditor's Office Activities, 11/17/16 through 12/20/16 dated 12/20/16 which was emailed to the Committee yesterday and posted online. They included the following:

- Completed
- In Progress – Outside Auditors
- In Progress – Internal Staff
- Other
- FY 2017 YTD Follow Up Action Register
- Professional Development
- Focus for the next period

Discussion held regarding the process of completed audits being discussed at these meetings.

Discussion held regarding CDBG (Community Development Block Grant) and Financial Services pertaining to internal controls for a possible Veterans Affairs voucher program.

City Auditor Krym went over the Implementation Status of Audit Report Recommendations as of 12/20/16.

Discussion held regarding management accepting risks for recommendations.

Discussion held regarding how the Audit Committee started in 2008 and has support from Council and the City Manager; full staffing in the City Auditor's Office: four auditors.

City Auditor Krym commented on the interview process for the next City Auditor. January 6<sup>th</sup> is the deadline for receipt of applications. As of this date, there are seven applicants. Staff has notified Council of potential dates for Council to meet to pare down the list. An email was sent to the Committee regarding the timeline.

Discussion held regarding whether or not the City Auditor would sit in on the interviews.

Discussion held regarding what was important to look for in a replacement.

### **2017 Meeting Schedule**

Discussion held regarding the 2017 meeting dates.

Chair Gaillard stated she could not attend the meeting in January.

Committee Member Sawicki stated she could not attend the January and July meetings.

Discussion held regarding changing the date of the January 18<sup>th</sup> meeting to January 25<sup>th</sup>.

Committee Member Hiatt stated she could not attend the meeting in June.

Chair Gaillard stated the June 21<sup>st</sup> meeting will be changed to June 14<sup>th</sup>.

Committee Member Stevens stated he had a conflict with the May 17<sup>th</sup> meeting.

Chair Gaillard stated the meeting schedule will have three changes: January 25<sup>th</sup> instead of January 18<sup>th</sup>, May 10<sup>th</sup> instead of May 17<sup>th</sup>; and June 14<sup>th</sup> instead of June 21<sup>st</sup>; the July meeting will be left as is and most likely will be cancelled

Committee Member Hiatt noted she would not be able to attend the meeting in August.

Committee Member Wolfson requested an email regarding the 2017 meeting schedule.

Recording Secretary Kerr stated she would send out an email to the Committee with the 2017 meeting schedule, as well as sending out a meeting request through Outlook.

Chair Gaillard asked for a motion to approve and accept the changes with the three modifications.

***Committee Member Hiatt moved, seconded by Committee Member Wolfson to approve the 2017 meeting schedule as amended with three changes. Voice Poll: All "ayes." Motion carried.***

### **Member Comments**

Committee Member Sawicki provided a copy of her attendance record for the past three years on the Audit Committee.

Chair Gaillard welcomed new member Stevens.

Committee Member Stevens provided some of his background.

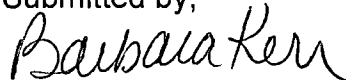
### **Time and Place of Next Meeting**

The next meeting was scheduled for Wednesday, January 25, 2017, at 3:00 p.m. in Conference Room 2006.

### **Motion to Adjourn**

There being no further business, the meeting adjourned at 3:43 p.m.

Submitted by,



Barbara Kerr  
Senior Recording Secretary

<b>Item Number:</b>	<b>4.D.</b>
<b>Meeting Date:</b>	<b>1/25/2017</b>
<b>Item Type:</b>	<b>BUSINESS</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

Peer Review Report - City Auditor Krym

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
<input type="checkbox"/> Final Peer Review Report	Backup Material



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CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

FROM: Margaret Krym, City Auditor

DATE: January 13, 2017

SUBJECT: Peer Review Report - October 1, 2013 to September 30, 2016

Government Auditing Standards, promulgated by the U.S. Government Accountability Office (GAO), establishes professional standards for conducting audits in government. Those standards require audit organizations to receive a review, conducted by independent external peers, at least once every three years. Our office successfully participated in a review in years 2010 and 2013. During the week of January 9, 2017, we again hosted a peer review team who reviewed our activities and provided the attached External Quality Control Review Report.

The objective of a peer review is to determine whether an audit organization's quality control system is suitably designed and is in place and operating effectively. A peer review also provides assurance that an audit organization is following its established policies and procedures and applicable auditing standards.

Their report for this review contains a "pass" or "full compliance" opinion for the Audit Office.

Along with the report, they have provided a Management letter that includes three suggestions offered to strengthen our internal quality control system. We have attached our response and a grid with our action plan to implement their suggestions.

The peer review team was comprised of two members of the Association of Local Government Auditors (ALGA) organization who have received training on conducting peer reviews and who volunteer their time to perform them. The only cost to the City for this service is their travel expenses and our commitment to attend training and participate as a reviewer in the future.

I am very proud of the audit staff whose work has earned our office the right to state in our reports that the audits from this office are conducted in accordance with the Government Auditing Standards. To have gained this clean opinion (as opposed to a "pass with deficiencies" or a "fail") requires persistent dedication to quality and I commend my staff for this achievement.



Peer Review Report - October 1, 2013 to September 30, 2016  
January 13, 2017  
Page 2 of 2

I will be happy to respond to any questions or concerns you may have about the information contained in these documents.

#### Attachments

C: John Szerlag, City Manager  
Dolores Menendez, City Attorney  
Rebecca van Deutekom, City Clerk  
Connie Barron, Public Information Director  
Audit Committee  
Audit Staff



# External Quality Control Review

of the  
City of Cape Coral City Auditor's  
Office

Conducted in accordance with guidelines of the  
**Association of Local Government  
Auditors**



## Association of Local Government Auditors

January 12, 2017

Margaret Krym, City Auditor  
1015 Cultural Park Boulevard  
Cape Coral, FL 33990

Dear Margaret Krym,

We have completed a peer review of the City of Cape Coral City Auditor's Office for the period October 1, 2013 – September 30, 2016. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide* published by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine whether your internal quality control system operated to provide reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included:

- Reviewing the audit organization's written policies and procedures.
- Reviewing internal monitoring procedures.
- Reviewing a sample of audit and attestation engagements and working papers.
- Reviewing documents related to independence, training, and development of auditing staff.
- Interviewing auditing staff, management, and members of the Audit Committee to assess their understanding of, and compliance with, relevant quality control policies and procedures.

Due to variances in individual performance and judgment, compliance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the City of Cape Coral City Auditor's Office internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audits and attestation engagements during the period October 1, 2013 – September 30, 2016.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

Shirley McFadden, CPA, CIA,  
CGAP  
City of Raleigh

Barry Teague, CPA, CFE,  
CGMA  
City of Chattanooga



## Association of Local Government Auditors

January 12, 2017

Margaret Krym, City Auditor  
1015 Cultural Park Boulevard  
Cape Coral, FL 33990

Dear Margaret Krym,

We have completed a peer review of the City of Cape Coral City Auditor's Office for the period October 1, 2013 – September 30, 2016 and issued our report thereon dated January 12, 2017. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- Commitment to the Standards – The Office's policy and procedures manual is very comprehensive and directly aligns to generally accepted government auditing standards and some other professional standards are also referenced. Each employee has a copy of the manual readily available and can speak to the expectations of the office to follow the standards outlined in the manual. Each member of the office spoke to the commitment to achieving standards and how staff meetings are often times used to address and discuss changes and updates.
- Dedication to Staff Professionalism – The Office of City Auditor encourages and supports staff pursuit of certifications and continuing education classes to maintain and enhance the skills and abilities of the office and its auditors.
- Commitment to Continuous Improvement – Prior peer review recommendations were implemented in a timely manner and resulted in process improvements that were reviewed this peer review period and related to the way nonaudit services are managed. Discussions regarding current peer review recommendations have been embraced by management and staff.

We offer the following observation and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- Standard 3.94-3.95 requires the audit organization to perform monitoring procedures that enable it to assess compliance with applicable professional standards and quality control policies and procedures for GAGAS audits. The results should be assessed annually with identification of systemic or repetitive issues and corrective action. The City Auditor's Office (CAO) policies and procedures require it conducts a self-peer review prior to obtaining an independent peer review. CAO also completes an independent review of each audit to assess compliance with the standards. However, the self-peer review is only required every three years and overall results of the independent reviews are not monitored.

We recommend CAO establish policy and procedures to monitor the organizations compliance with standards annually.





## Association of Local Government Auditors

- Standard 2.23 requires the audit organization to cite compliance with generally accepted government auditing standards (GAGAS) in the auditors' report only when they are required to perform audits in accordance with GAGAS or when they are representing to others they did so. The compliance statements that should be cited are identified in Standard 2.24. The reports issued by CAO do not consistently comply with reporting requirements:
  - Follow-up reports state they are conducted in accordance with GAGAS. However, the procedures used for follow up do not comply with GAGAS and the resulting report should not include this statement.
  - One attestation engagement was performed. The compliance statement used includes additional commentary that is not part of the required compliance statement.
  - Four audit reports were issued during the period under review. Three of the compliance statements include additional commentary that is not part of the required compliance statement. The other report includes a summarized version of the compliance statement.


We recommend CAO establish procedures which ensure the required GAGAS compliance statement required to be cited is correctly stated and utilized for each engagement. CAO policy should also be updated to identify what types of engagements require the GAGAS compliance statement.


- Standard 5.01 requires the audit organization to comply with the American Institute of Certified Public Accountants (AICPA) general attestation standard on criteria, the field work and reporting attestation standards, and the corresponding statements on standards for attestation engagements. CAO policy and procedures state that attestation engagements will not be conducted but one attestation engagement was issued during the peer review period. The policies used to guide this engagement stated that attestation work should be done in accordance with the AICPA standards but the AICPA requirements are not specifically identified in the policy manual and there is no evidence in the workpapers that additional AICPA requirements were applied.

We recommend the CAO policies and procedures that address attestation be updated. The policies should either be updated to address the AICPA requirements or removed if they are no longer relevant to the types of engagements delivered by CAO.

We extend our thanks to you, your staff and the other city officials we met for the hospitality and cooperation extended to us during our review.

Sincerely,

  
Shirley McFadden, CPA, CIA,  
CGAP  
City of Raleigh

  
Barry Teague, CPA, CFE,  
CGMA  
City of Chattanooga



# City of Cape Coral

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January 12, 2017

Shirley McFadden, CPA, CIA, CGAP  
City of Raleigh, North Carolina

Barry Teague, CPA, CFE, CGMA  
City of Chattanooga, Tennessee

Dear Shirley and Barry,

We very much appreciate your time and work in performing a peer review for our Office for the period of October 1, 2013 through September 30, 2016, and especially for the suggestions provided to enhance our adherence to Government Auditing Standards (GAS). In order to receive the full benefit of these suggestions, we plan to address each recommendation made and complete the detailed related actions articulated on the enclosed grid. In summary, these actions include the following:

- We will revise our Policy and Procedures Manual to require an annual self-review of our quality control system. As you have suggested we will incorporate some of the forms used by peer reviewers to assist us with that self-assessment.
- We will amend our Policies and Procedures to address the use of the GAGAS compliance statement and to ensure compliance with Standard 2.23. We will amend our checklists to ensure that we have verified proper use of the GAGAS compliance statements prior to report issuance. Additionally, going forward we will not include the GAGAS compliance statement in Follow-up report memorandums.
- Since early 2014, the City Auditor's Office has not performed attestation engagements and will not be performing them in the future. We will amend our Policy and Procedure Manual to reflect that. The City Auditor's Office provides performance audits and nonaudit service engagements. We only engage and facilitate outside CPA firms to perform Financial Audits for the City.

We are grateful for the support provided by the Association of Local Government Auditors in making these peer reviews available and contributing to the overall improvement of government auditing. Our office has benefited greatly through the process of preparation for the review and in the raised awareness of the standards and the affect, they have on the product that we provide to our City.

City Auditor's Peer Review Response  
January 12, 2017  
Page 2 of 2

Should you have any questions, my direct line is (239) 242-3380 or email [mkrym@capecoral.net](mailto:mkrym@capecoral.net).

Sincerely,



Margaret L. Krym, CIA, CGAP  
City Auditor

Enclosure

City of Cape Coral  
City Auditor's Office  
Peer Review Comments -  
January 12, 2017

	Finding	Recommendation	City Auditor Office Response	Contact Person	Target Completion Date
1	Standard 3.94-3.95 requires the audit organization to perform monitoring procedures that enable it to assess compliance with applicable professional standards and quality control policies and procedures for GAGAS audits. The results should be assessed annually with identification of systemic or repetitive issues and corrective action. The City Auditor's Office (CAO) policies and procedures require it conducts a self-peer review prior to obtaining an independent peer review. CAO also completes an independent review of each audit to assess compliance with the standards. However, the self-peer review is only required every three years and overall results of the independent reviews are not monitored.	We recommend CAO establish policy and procedures to monitor the organizations compliance with standards annually.	<i>The City Auditor's Office will amend the Policy and Procedure Manual to require that self-assessment reviews be performed annually.</i>	Margaret Krym, City Auditor	February 1, 2017



City of Cape Coral  
City Auditor's Office  
Peer Review Comments -  
January 12, 2017

	Finding	Recommendation	City Auditor Office Response	Contact Person	Target Completion Date
2	<p>Standard 2.23 requires the audit organization to cite compliance with generally accepted government auditing standards (GAGAS) in the auditors' report only when they are required to perform audits in accordance with GAGAS or when they are representing to others they did so. The compliance statements that should be cited are identified in Standard 2.24. The reports issued by CAO do not consistently comply with reporting requirements:</p> <ul style="list-style-type: none"> <li>Follow-up reports state they are conducted in accordance with GAGAS. However, the procedures used for follow up do not comply with GAGAS and the resulting report should not include this statement.</li> <li>One attestation engagement was performed. The compliance statement used includes additional commentary that is not part of the required compliance statement.</li> <li>Four audit reports were issued during the period under review. Three of the compliance statements include additional commentary that is not part of the required compliance statement. The other report includes a summarized version of the compliance statement.</li> </ul>	<p>We recommend CAO establish procedures which ensure the required GAGAS compliance statement required to be cited is correctly stated and utilized for each engagement. CAO policy should also be updated to identify what types of engagements require the GAGAS compliance statement.</p>	<p><i>We will amend our Policies and Procedures to address the use of the GAGAS compliance statement and to ensure compliance with Standard 2.23. We will amend our checklists to ensure that we have verified proper use of the GAGAS compliance statements prior to report issuance.</i></p> <ul style="list-style-type: none"> <li><i>Going forward we will not include the GAGAS compliance statement in Follow-up report memorandums. We will amend our Policy and Procedure Manual to state that.</i></li> <li><i>The City Auditor's Office has not performed an attestation engagement since early 2014 and will not be performing them in the future. We will amend our Policy and Procedure Manual to state that.</i></li> <li><i>Part of our review checklist will be to ensure precise use of the GAGAS compliant language specified in Standard 2.23 without additional commentary. We will amend our Policy and Procedure Manual to state that.</i></li> </ul>	Margaret Krym, City Auditor	February 1, 2017

City of Cape Coral  
City Auditor's Office  
Peer Review Comments -  
January 12, 2017

	Finding	Recommendation	City Auditor Office Response	Contact Person	Target Completion Date
3	Standard 5.01 requires the audit organization to comply with the American Institute of Certified Public Accountants (AICPA) general attestation standard on criteria, the field work and reporting attestation standards, and the corresponding statements on standards for attestation engagements. CAO policy and procedures state that attestation engagements will not be conducted but one attestation engagement was issued during the peer review period. The policies used to guide this engagement stated that attestation work should be done in accordance with the AICPA standards but the AICPA requirements are not specifically identified in the policy manual and there is no evidence in the workpapers that additional AICPA requirements were applied.	We recommend the CAO policies and procedures that address attestation be updated. The policies should either be updated to address the AICPA requirements or removed if they are no longer relevant to the types of engagements delivered by CAO.	<i>The City Auditor's Office has not performed an attestation engagement since early 2014 and will not be performing them in the future. We will amend our Policy and Procedure Manual to state that.</i>	Margaret Krym, City Auditor	February 1, 2017

<b>Item Number:</b>	<b>4.E.</b>
<b>Meeting Date:</b>	<b>1/25/2017</b>
<b>Item Type:</b>	<b>BUSINESS</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

City Auditor Update Report - City Auditor Krym

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
▣ CAO Update 2017 01 25	Backup Material
▣ FY 17 First Quarter Performance Score Card	Backup Material



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CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

FROM: Margaret L. Krym, City Auditor

DATE: January 25, 2017

SUBJECT: Update of City Auditor's Office Activities, 12/21/2016 – 01/25/2017

**Completed**

- Peer Review – Association of Local Government Auditors – External Auditors: We successfully passed our Peer Review for the period October 1, 2013 through September 30, 2016.

**In Progress –Outside Auditors:**

- External Financial Auditors (CAFR) FY2016 – CLA – External Auditors: In progress.
- Pension Plan Audit – Municipal General Employee's Retirement Plan FY2016 – CLA – External Auditors: In Progress.
- Pension Plan Audit – Municipal Police Officers' Retirement Plan FY2016 – CLA – External Auditors: In Progress.
- Pension Plan Audit – Municipal Firefighters' Retirement Plan FY2016 – CLA – External Auditors: In Progress.

**In Progress – Internal Staff:**

- Public Works – Road Resurfacing Contracts Audit – Internal Staff: Exit conference is scheduled for January 25, 2017 with the City Manager.
- Utilities – Capital Projects – Contracts Audit – Internal Staff: Exit conference is planned for the week of February 6, 2017 with the City Manager.
- Charter School - Internal Funds Audit – Internal Staff: Exit conference is scheduled for January 30, 2017 with the School Superintendent.

- Police Annual Review of Property & Evidence Procedures – 2016 – Internal Staff: A draft report is in progress and nearly complete.
- UEP North 2 Contract Labor Rates Audit – Internal Staff: In progress.

### Other

- Attended City Council meetings and City Manager's Director Staff meetings.
- Participated in the City Manager meetings regarding best practices for the Charter School Authority.
- During the period 12/21 – 1/25, the City Auditor's Office staff had paid leave and holiday time accordingly: 32 hours – City Auditor, 72 hours – Assistant City Auditor, 24 hours – Senior Auditor, 88 hours – Senior Auditor, 42 hours – Senior Administrative Specialist.
- Reviewed applications and met with the Mayor and The Mercer Group regarding the applicants for the City Auditor position.

### FY 2017 YTD Follow Up Action Register:

See Attachment A as of January 25, 2017.

### Professional Development:

Department staff attended the following training webinars and seminars during this period. Audit standards require all members of the audit staff to achieve continuing education credits each year.

Training program	Sponsor	City Auditor	Assistant City Auditor	Senior Auditor	Senior Auditor	Admin Support Staff
Ethics	IIA Chapter	1	1	1	1	1
The Election's Over, Now What? Understanding Washington's Agenda for Public Policy Change in 2017	IIA				1	
<b>Total CPE's earned (hours)</b>		<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>

### Focus for the next period

The City Auditor and staff:

- Internal staff will:
  - Prepare an orientation package for the soon to be hired new City Auditor.
  - Bring current internal audit projects to conclusion.
  - Facilitate Clifton Larson Allen audits in progress.
- Continue tracking of follow up action items.

If you have any questions or comments regarding this memo or any other matter in which this office may be of assistance, please contact me at 242-3380 or by email at [MKrym@CapeCoral.net](mailto:MKrym@CapeCoral.net).

Attachment

C: John Szerlag, City Manager  
Michael Ilczyszyn, Assistant City Manager  
Dolores Menendez, City Attorney  
Rebecca van Deutekom, City Clerk  
Audit Committee

City of Cape Coral  
City Auditor's Office  
Implementation Status of Audit Report Recommendations

FY 2017  
Attachment A

		As of 01/25/17			
Report Issue Date	Original number of recommendations	Mgmt has reported that item is complete.	Audit Office has verified that recommendation has been implemented or closed.	Recommendations pending implementation and/or Audit Office Verification	
Security Assessment - IT Systems (Confidential) ##	9/27/2013	123	81	81	42
Evaluation of Internal Controls – Fuel and Parts Acquisition, Monitoring, Disbursement and Usage	9/23/2014	61	30	0	61
External Financial Audit for FY 2014	3/30/2015	9	9	8	1
Pension Census Data Consulting Engagement	7/9/2015	3	0	0	3
Timekeeping Audit	9/16/2015	14	14	0	14
Human Resources Department Audit	2/24/2016	11	0	0	11
External Financial Audit for FY 2015	3/30/2016	6	0	0	6
Special Project - Charter Schools - Compensation practices for leave-without pay	7/19/2016	6	4	0	6
Prior Year Open Reports - Action Items		233	138	89	144
CAFR Charter School FY16	10/13/2016	6			6
Self Assessment FY14, FY15 and FY16	10/21/2016	1		1	0
Peer Review	1/12/2017	3			3
FY 2017 - Action Items		10	0	1	9
Total		243	138	90	153

## ITS Management will be self reporting the status of these action items.


Prepared by: M. Krym  
Updated by: D. Fuhrmann





## CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

FROM: Margaret L. Krym, City Auditor 

DATE: January 25, 2017

SUBJECT: FY17 First Quarter Performance Score Card

The following provides an overview of the City Auditor's Office performance for the first quarter of FY 2017.

We monitor our expenditures to ensure that we remain within our budgeted spending levels. We track our time to monitor our productivity level. We measure and report progress on the Council approved Audit Plan projects and in addition, we provide information on the number of special projects completed. We also track the number of audit recommendations we have made and the number of recommendations we have verified as implemented by Management.

### Budget Management

	Original Budget	PO Encumbrances	Budget Transfers	Amended Budget	Actual Spending (includes Encumbrances)	Under/ (over) Budget
Salaries and Benefits	\$552,449			\$552,449	(\$108,713)	\$443,736
Outsourced Audits	89,885	37,350	-	89,885	(37,350)	52,535
Operating Costs	49,271	6,777	-	49,271	(11,118)	38,153
Other Operating Costs - Recruitment	-	14,750	-		(14,750)	(14,750)
<b>Total</b>	<b>\$691,605</b>	<b>\$58,877</b>	<b>-</b>	<b>\$691,605</b>	<b>(\$171,931)</b>	<b>\$519,674</b>

### Time Management – Audit Staff

For the Quarter:

	<u>Hours</u>	<u>Percent</u>	<u>Goal</u>
Audits and Projects	1576	93%	80%
Administration	120	7%	20%
Total Available Hours	<b>1696</b>	<b>100%</b>	<b>100%</b>
Non-Available Hours	<b>574</b>		
Total	<b>2270</b>		



### Status of Audit Plan Projects

Fiscal Year 2017		Audit Plan Projects	% of Total Audit Plan Projects	Projects not included on approved Audit Plan	Total Projects	% of Total Audit Plan & Additional Projects
No. of projects completed in	QTR 1	1	5%	1	2	9%
	QTR 2					
	QTR 3					
	QTR 4					
<b>No. of projects - completed YTD</b>		<b>1</b>	<b>5%</b>	<b>1</b>	<b>2</b>	<b>9%</b>
No. of projects - in progress		8	40%	1	9	41%
No. of projects - not started		11	55%		11	50%
<b>Total no. of Projects in Audit Plan</b>		<b>20</b>	<b>100%</b>	<b>1</b>	<b>22</b>	<b>100%</b>

### Percentage of Audit Recommendations Accepted

	Q1	Q2	Q3	Q4	YTD
No. of Audit Recommendations Made	7				7
Percentage of Audit Recommendations Accepted	100%				100%

### Audit Report Recommendations and Follow up Action Items

Action Register Status	Original Number of Recommendations	Mgmt Reported Complete	Audit Office has verified recommendation implemented	Recommendations pending implementation and/or Audit Office Verification
Prior Years Action Items	233	138	89	144
Action Items – FY 2017				
<b>Total – All Fiscal Years</b>	<b>233</b>	<b>138</b>	<b>89</b>	<b>144</b>

Attachment A is a detailed listing of the FY2017 Audit Plan with current project status. We are happy to respond to any questions you may have regarding this information.

C: John Szerlag, City Manager  
Michael Ilczyszyn, Assistant City Manager  
Dolores Menendez, City Attorney  
Rebecca van Deutekom, City Clerk  
Audit Committee

		Audit Resource	Status 12/31/16
1	Police - Special Operations Bureau: Confiscations Federal & State	Internal staff	Not Started
2	Community Development - Code Compliance Division	Internal staff	Not Started
2	City Clerk's Office - Records Management Review	Internal staff	Not Started
3	Utilities - Capital Projects - Contracts	Internal staff	Not Started
4	Financial Services - Workers' Compensation Insurance Fund	Internal staff	Not Started
5	IT - Department wide Risk Assessment	Internal staff	Not Started
6	Peer Review	External	Not Started
	Financial and Pension Audits - Year ending 9/30/2016 and year ending 9/30/2017		
7	City - External Financial CAFR Audit - FY 16 (9/30/16)	External	In Progress
8	Charter School - External Financial CAFR Audit - FY 16 (6/30/16)	External	Completed
9	General Pension Trust Audit - FY 16 (9/30/16)	External	In Progress
10	Police Pension Trust Audit - FY 16 (9/30/16)	External	In Progress
11	Fire Pension Trust Audit - FY 16 (9/30/16)	External	In Progress
	Follow Up Audits		
12	Follow Up - Internal Controls - Fuel and Parts Acquisition, Monitoring, Disbursement and Usage	Internal staff	Not Started
13	Follow Up - Timekeeping Audit	Internal staff	Not Started
14	Follow Up - Human Resources Department Audit	Internal staff	Not Started
15	Follow Up - Pension Plan Census Data	Internal staff	Not Started
	Carry over from FY 2015		
16	Follow Up ITS Security Assessment <i>(Confidential)</i>	Internal staff	In Progress
17	Public Works - Road Resurfacing Contracts	Internal staff	In Progress
18	Utilities - Capital Projects - Contracts	Internal staff	In Progress
19	Charter School - Internal Funds Audit	Outsourced	In Progress
20	UEP Capital Projects - UEP North 2 Contract Labor Rates Audit	Internal staff	In Progress
	Special projects as may be requested		
21	Police Annual Review of Property & Evidence Procedures 2016	Internal staff	In Progress
22	Self Assesment - Annual FY14, FY15 and FY16	Internal staff	Completed
23			