



# Office of City Auditor

Audit Work Plan

Fiscal Year 2019

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City Auditor

*Providing Accountability to the Citizens of Tallahassee*

## Introduction

The position of City Auditor is established in Section 32 of the City Charter, which provides that the City Auditor shall be the head of the City's audit department (Office of City Auditor). Section 33 of the City Charter establishes the audit department and its authority to conduct audits and investigations. The City Charter authorizes the City Auditor to have access to all necessary records, data, personnel, and other information necessary to carry out these responsibilities. The mission of the Office is to provide the City Commission an independent, objective, and comprehensive auditing program of City operations; advance accountability through the provision of assurance and advisory services; and actively work with Appointed Officials in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, and effective delivery of City services.

Both City Commission policy and applicable auditing standards require that the Office prepare an annual audit work plan. More specifically, City Commission Policy 104.03.V. requires that the City Auditor submit an annual audit plan to the City Commission for approval, following the Plan's approval by the City's Audit Committee. Professional auditing standards<sup>1</sup> require the establishment of a risk-based plan to determine the priorities (the audit and other assurance projects) of the Office of the City Auditor.

## City Auditor Work Plan - Fiscal Year 2019

This document presents our fiscal year 2019 audit work plan. The work plan was developed through consideration of the risks associated with particular departments, programs, activities, and functions. These risks relate to, for example, fiscal impact; legal non-compliance; error, fraud, waste, and abuse; information technology; complexity; public interest; and public welfare. In developing the plan, we have also sought the input of City residents, City Commissioners, and City management; applied auditor judgment; and determined the Office resources available for new projects.

In determining the Office resources available for projects, we developed estimates of the resources that will be consumed by leave usage, professional development, and indirect time and determined that the Office of the City Auditor will have 10,920 hours available. The planned usage of these hours is summarized in the following table with more detailed information about the projects and their planned scope on subsequent pages of this document. We reserved 700 hours for special projects or assistance that may be requested by City Commission and management.

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<sup>1</sup> The International Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors.

<b>Audit Work Plan FY 2019 - Hours Summary</b>		
<b>Description</b>	<b>Projects</b>	<b>Hours</b>
New Audit Projects	13	5,571
Reserved Project Hours	-	700
Carryforward Audit Projects	8	2,905
Follow-up Audit Projects	22	1,172
Internal Office Projects	9	572
<b>TOTAL</b>	<b>52</b>	<b>10,920</b>

## Annual Work Plan Fiscal Year 2019

Project Title	Est. Hours
<b>New Projects</b>	
Citizen Centric Report	48
Governance	455
Policies and Procedures	552
Budgeting	530
Risk Tolerance and Mitigation	480
Investigations	160
Performance Measures	613
Internal Control	536
Culture/Ethics	586
Cybersecurity Governance	540
Internal Control Training	120
Protocol for Hotline/Triage Complaints	140
Natural Gas Supply Contracts (Acquisition & Hedging)	811
<b>Total - New Projects</b>	<b>5,571</b>
<b>Reserved Project Hours</b>	
<b>Special Projects</b>	<b>700</b>
<b>Audits-In-Progress and Carried Forward</b>	
City Hiring & Promotion Practices	20
TPD Overtime	290
Animal Services Center Revenues	215
Housing - Home Repair and Rehabilitation Programs	400
P-Card Purchases by Selected City Departments	420
Kronos Timekeeping System	930
Pension Investments	550
Utility Consumption Revenues for Major Customers	80
<b>Total - Audits-In-Progress and Carried Forward</b>	<b>2,905</b>

Follow-Up Projects	
PeopleSoft and Cloud Migration (Fall and Spring)	132
Cybersecurity (Fall and Spring)	176
Utility Consumption Revenues for Major Customers (Spring)	92
BBCDC Housing (Fall and Spring)	48
TPD Overtime (Spring)	44
Printers (Spring)	28
Water Resource Engineering (Fall)	52
Blueprint (Spring)	28
StarMetro Paratransit Services (Fall and Spring)	64
StarMetro P-Card (Spring)	60
P-Card Purchases by Selected City Departments (Spring)	60
ROW Maintenance (Fall and Spring)	80
Animal Services Center Revenues (Spring)	52
CIS Utility Adjustments (Fall)	88
Growth Management Revenues (Spring)	64
Selected Airport Leases (Fall)	40
City Hiring & Promotion Practices (Spring)	64
<b>Total - Follow-Up Projects</b>	<b>1,172</b>

New Projects for 2019	
Citizen Centric Report	With the assistance of the Appointed Officials, the City will issue its eleventh citizen centric report. This four-page report summarizes, for the public, City issues, accomplishments, revenues and expenses, and challenges moving forward. The report will be made available to the public, other governments, and local elementary and middle schools.
Governance	The International Standards for the Professional Practice of Internal Auditing requires the City Auditor's Office periodically assess and make appropriate recommendations to improve City governance processes. This audit will evaluate and summarize the observations made during other governance related audits conducted this year. Those audits address the following areas, policies and procedures, budgeting, risk tolerance and mitigation, investigations, performance measures, internal controls, and culture/ethics of the City.
Policies and Procedures	An effective policy framework is a critical element of governance that facilitates the achievement of organizational objectives. This audit will assess the alignment of the City's policy framework with its strategic objectives, evaluate the effectiveness of the City's policy administration and monitoring, and review the availability or ease of access to City policies and procedures.
Budgeting	Preparation and management of the City's budget sets the tone for fiscal responsibility and accountability. The scope of this audit will include budget preparation activities, administration of budget activities throughout the fiscal year, and internal controls over the City's budget process.
Risk Tolerance and Mitigation	This audit will evaluate the processes in place to identify, assess, communicate, and manage the risks of the City and their potential impact on the ability of the City to achieve its organizational objectives. The scope of this audit will also include an assessment of the level of risk management is willing to accept and an analysis of City risk mitigation activities to determine if those activities align with the risk levels deemed acceptable to management.
Investigations	This project would identify all City of Tallahassee functions which perform formal investigations to gain an understanding of their respective jurisdictions and scopes of work. Once

	identified, the project will assess the volume of work, preparation to perform the work, associated standards, and assess the functions for effectiveness, economy, and efficiency.
Performance Measures	The control environment is the set of standards, processes, and structures that provides the basis for carrying out internal control across the organization. According to the COSO internal control framework, one important component of the control environment is the rigor around performance measures, incentives, and rewards to drive accountability for performance. This audit will evaluate the sufficiency of the City's performance measures to achieve its objectives.
Internal Control	The City's Internal Control Policy (Commission Policy 220) requires the City to have an adequate system of internal administrative control and charges the City Auditor with the evaluation of those internal control systems. The purpose of this audit would be to satisfy those responsibilities and provide an update to the City Commission as to the City Manager's and City Treasurer-Clerk's efforts to implement and maintain such internal control systems.
Culture/Ethics	Administrative Policy and Procedure 630 (Internal Control Guidelines) provides for the establishment of a system of internal controls based on the control model laid out in the report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report). A main component of an internal control system, as established in the COSO control model, is the control environment, which includes the culture and ethics of an organization. This audit will, at a high level, evaluate the culture and ethical environment of the City based on the principles established within the COSO internal control model and Administrative Policy and Procedure 630.
Cybersecurity Governance	This audit will evaluate the City's approach to cybersecurity in comparison to the National Institute of Science and Technology (NIST) Cybersecurity Framework. The scope of this audit will include a review of controls in place to provide reasonable assurance of the City's ability to identify, protect, detect, respond to, and recover from threats to the City's network.
Internal Control Training	This project will consist of developing and presenting an internal control presentation which explains how good controls are necessary to effectively and efficiently carry out the City's mission - at all levels. It will provide essential knowledge for internal control; provide the vocabulary of control; the

	<p>definitions of control; what control can and cannot do; what a system of internal controls includes; the concept of risk and its relationship with control; and how individuals build and assess the adequacy of controls. It will also define the responsibilities for building, monitoring, and assessing control. The Committee of Sponsoring Organizations “COSO” internal control framework will be introduced as the most widely accepted control model.</p>
<p>Protocol for Hotline/Triage Complaints</p>	<p>This project will involve working with the City of Tallahassee Independent Ethics Board and the Ethics Officer to develop agreed-upon protocols for the triage and disposition of hotline complaints that fall within the jurisdiction of the Office of the City Auditor.</p>
<p>Natural Gas Supply Contracts (Acquisition &amp; Hedging)</p>	<p>The City’s electric and gas utilities purchase natural gas for use as fuel, with purchases during the 2017 fiscal year totaling approximately \$90 million. The utilities use both short and long-term (hedging) contracts to obtain the fuel. The objective of this audit will be to evaluate the effectiveness of the processes used to acquire the natural gas.</p>
<p><b>Reserves</b></p>	
<p>Special Projects</p>	<p>Hours have been reserved for the purpose of special projects or assistance that may be requested by the City Commission and management.</p>
<p><b>Audit Projects In-Progress and Carried Forward from the 2018 Work Plan</b></p>	
<p>City Hiring &amp; Promotion Practices</p>	<p>This audit will review the practices and processes used by the City in recent years to hire and promote employees. The scope will address Citywide processes and procedures over recent years regarding (1) decisions and processes used to fill vacancies, including when vacancies are advertised both internally and externally, internally only, or not at all; and (2) the promotion process, including a review of past promotions to determine the decisions and processes in determining the amount of the associated salary increases. Compliance with City policy and procedures, governing state and federal laws and regulations, and best practices, as determined from industry guidance, other municipalities, etc., will be determined.</p>



<p>TPD Overtime</p>	<p>This audit will evaluate the underlying reasons for overtime incurred by TPD. The impact of collective bargaining agreements, staff turnover, additional law enforcement positions, and other factors will be considered and evaluated. A review of the processes and controls in place to ensure overtime is limited to that appropriate and necessary will also be evaluated. Additionally, the audit will analyze the process of budgeting for TPD overtime.</p>
<p>Animal Services Center Revenues</p>	<p>The Animal Services Center collects revenues for various activities, primarily for animal adoptions. This audit will review internal controls over those and other revenues collected and processed by the Animal Services Center.</p>
<p>Housing - Home Repair and Rehabilitation Programs</p>	<p>In continuing efforts to review activity within the City's housing programs, this audit will review and evaluate the City's Home Repair and Rehabilitation Programs. These programs are operated through contracts with certain nonprofit entities that, in turn, subcontract repair and rehabilitation work to general contractors. Prior audits of housing activities have resulted in significant audit recommendations to improve accountability and program activities.</p>
<p>P-Card Purchases by Selected City Departments</p>	<p>This audit will review and evaluate P-Card activity within selected City departments and offices. Transactions will be sampled and tested for compliance with City P-Card policy and good business practices. Controls over the use of City P-Cards will be evaluated. Provisions of the City P-Card policy will also be reviewed for completeness and adequacy.</p>
<p>Kronos Timekeeping System</p>	<p>This audit will review and evaluate the effectiveness of the internal control framework over the City's timekeeping system (Kronos). Among other areas, activities and controls will be analyzed to determine whether employees use time clocks within their designated work areas, employee time entry is properly approved prior to processing by payroll staff, adjustments to time worked are authorized and properly approved, and that Kronos accurately interfaces with the PeopleSoft Human Capital Management System.</p>
<p>Pension Investments</p>	<p>The City's pension investments totaled approximately \$1.8 billion at September 30, 2017. The purpose of this audit is to determine whether these investments were administered in accordance with governing state and local laws and best practices.</p>

<p>Utility Consumption Revenues for Major Customers</p>	<p>Utility revenues represent the largest single source of all City revenues. The purpose of this audit will be to determine whether consumption is being properly, accurately, and correctly read for major City utility customers (typically using relatively large and complex meters) and whether that consumption is properly, accurately, and correctly recorded and billed through the City’s utility billing system. A prior City audit showed significant issues in this area in relation to City gas customers.</p>
<p><b>Follow-Up Projects for 2019</b></p>	
<p>PeopleSoft and Cloud Migration (Fall and Spring)</p>	<p>This audit will follow up on our evaluation of the City’s progress in upgrading and converting two City ERP systems to the Cloud.</p>
<p>Cybersecurity (Fall and Spring)</p>	<p>This audit will follow up on our review of the effectiveness of information technology controls established to reduce the risk of data loss due to breaches or other threats and vulnerabilities.</p>
<p>Utility Consumption Revenues for Major Customers (Spring)</p>	<p>This audit will follow up on the issues, recommendations, and action plan for our audit of utility consumption for major customers.</p>
<p>BBCDC Housing (Fall and Spring)</p>	<p>This audit will follow up on the remaining outstanding action plan steps from our review of City contracts with the Big Bend Community Development Center (CDC) and our review of the Housing Division’s administration and oversight of those contracts.</p>
<p>TPD Overtime (Spring)</p>	<p>This audit will follow up on the issues, recommendations, and action plan steps developed through the, currently in progress, audit of overtime incurred by Tallahassee Police Department (TPD).</p>
<p>Printers (Spring)</p>	<p>This audit will follow up on the remaining outstanding action plan steps from our review of areas where savings and efficiencies can be obtained in regard to City printers and copiers.</p>
<p>Water Resource Engineering (Fall)</p>	<p>This audit will follow up on action plan steps relating to the award of engineering work by Water Resources Engineering (WRE) divisions within the Underground Utilities and Public Infrastructure (UUPI) department.</p>

Blueprint (Spring)	This audit will follow up on the remaining outstanding action plan steps from our review of Blueprint's processes and controls over the collection and disbursement of Blueprint funds.
StarMetro Paratransit Services (Fall and Spring)	This audit will follow up on our review of the StarMetro Department's efforts to reduce the cost of the Dial-A-Ride program, enhance contractor monitoring, and improve the accuracy and completeness of paratransit program cost center accounting records.
StarMetro P-Card (Spring)	This follow-up will review and evaluate management's actions taken to address the issues, recommendations, and action plan steps related to our audit of P-Card activity within StarMetro.
P-Card Purchases by Selected City Departments (Spring)	This follow-up will review and evaluate management's actions taken to address the issues, recommendations, and action plan steps related to our audit of P-Card activity within selected departments.
ROW Maintenance (Fall and Spring)	This follow-up will review the status of management actions taken to address recommendations included in our audit report on the maintenance of City right-of-way and related costs.
Animal Services Center Revenues (Spring)	This follow-up will review and evaluate management's actions taken in response to the issues, recommendations, and action plan steps developed in our audit of Animal Service Center revenues.
CIS Utility Adjustments (Fall)	This audit will follow up and report on the status of the action plan steps developed in response to our audit of CIS Utility Adjustments.
Growth Management Revenues (Spring)	This audit will follow up on our review of the processes, methods, and controls relating to the assessment, collection, and sufficiency of various permit and other fees of the Growth Management department.
Selected Airport Leases (Fall)	This audit will follow up on the remaining outstanding action plan steps from our review of selected aviation leases and related subleasing activities.
City Hiring & Promotion Practices (Spring)	This audit will follow up on the status of the action plan steps developed in response to the issues and recommendation identified in our audit of the City's hiring and promotion practices.