

TO: Mayor Weise,
Vice Mayor Pineda,
City Council Members

Approved by the Avondale City
Council on May 20, 2024.

FROM: Barbara Copping, City Auditor

DATE: May 6, 2024

RE: FY25 AUDIT PLAN

Purpose

The FY25 Audit Plan provides guidance to the City Auditor for work to be performed during fiscal year 2025 (July 1, 2024 through June 30, 2025). The work will be performed using internal resources and contracted third-party audit firms. In addition to the projects in the audit plan, the City Auditor administers the Integrity Line.

Background

Risk is defined as the possibility of an event occurring that will impact the achievement of an organization's objectives. The City Auditor assesses risk on a continuous basis by performing an analytical review of each of the 18 City departments, interviewing management, receiving input from other local governmental auditors, and researching risks specific to government. The City Auditor presents the results of the risk assessment to the Audit Committee annually.

Audit Plan

Based on the results of the risk assessment and input from the Audit Committee, audits are proposed to ensure risks are being mitigated appropriately. The proposed audits are prioritized by the level of risk and the amount of available audit resources. The result is the FY25 Audit Plan, which serves as the workplan for the City Auditor.

Risk Management is Everyone's Responsibility

While the City Auditor helps identify risks and performs audits to help the City effectively mitigate those risks, risk management is everyone's responsibility. The Institute of Internal Auditors describes three lines of defense that should exist within every organization, each with a different role to play. The *first line of defense* is City Management who assesses risk, implements controls, and monitors processes. The *second line of defense* comes from departments that typically provide oversight in their specialty area. The *third line of defense* is provided by internal audits, external audits, and regulatory agencies who conduct audits and provide independent feedback. Therefore, managing risk is the responsibility of everyone.

Audit Committee Recommendation

The Council-appointed Audit Committee met on April 25, 2024, to discuss the proposed FY25 Audit Plan and the Contingent Audit Plan. The Audit Committee approved the Audit Plan to be presented to City Council for approval.

Other activities expected to be performed by the City Auditor during the fiscal year that are not included in the Audit Plan include the ongoing configuration of new audit software, auditor provided training on risk and controls, and ongoing required continuing professional education training.

Respectfully,

Barbara Coppage
City Auditor

Attached: FY25 Audit Plan with Contingent Audit Plan

To ensure the City Auditor can respond timely to emerging risks and issues, the Audit Plan is subject to change due to: new or emerging risks or priorities, management requests, special investigations or review, special consulting services/engagements.

FY25 Audit Plan

Audit Title	Preliminary Scope
Finance and Budget & Public Works – Water Billing and Collections	To determine whether management has complied with state, city, and established policies and procedures.
Information Technology – Active Directory	The scope of the audit will be based on the projects identified in the IT Risk Assessment or as other risks are identified.
Human Resources & Finance and Budget – Payroll Timekeeping Follow-up	To determine whether prior recommendations are implemented in accordance with management’s action plan and established procedures are effective in resolving the underlying prior condition.
Human Resources – Pension Calculations and Contributions	To determine whether public safety pension calculations and contributions are adequately calculated, reported and recorded.
Public Works – Fleet Management	To determine whether fleet management processes are in compliance with City policies and applicable laws and regulations.
Citywide – Status of Audit Recommendations	Review, assess, and report on the status of management’s corrective actions taken in response to prior audit recommendations.
Citywide – TBD	Other Services Upon Request / Auditor Discretion. Scope to be determined.
Citywide – Risk Assessment	Perform the annual Citywide risk assessment and develop the annual audit plan for the upcoming year.
Integrity Line Administration	Perform Integrity Line administrative tasks and periodically update the Audit Committee.

The Contingent Audit Plan is based on available audit hours and available timing in which audits can be started.

FY25 Contingent Audit Plan

Audit Title	Preliminary Scope
Citywide – Record Retention	To determine compliance with state and local policies and procedures.
Continuous Auditing – Citywide Procurement Cards	To determine if internal controls ensure City resources are safeguarded and compliance with City policies.
Citywide – Unannounced Revenue Receipting	To determine compliance with cash and cash equivalent procedures.