

TO: Mayor Pineda
Vice Mayor Nielson
City Councilmembers

FY26 Audit Plan Approved
on May 19, 2025.

FROM: Barbara Copping, City Auditor

DATE: May 19, 2025

SUBJECT: FY26 AUDIT PLAN

Purpose

The City Council appointed Audit Committee met on May 8, 2025, to review and discuss the proposed FY26 Audit Plan. Following their review, the Audit Committee unanimously recommended its approval. The FY26 Audit Plan is now presented to City Council for final approval.

The Audit Plan outlines the City Auditor's priorities and planned work for fiscal year 2026, which will be carried out using a combination of internal resources and contracted third-party audit firms.

Background

Risk is defined as the possibility of an event occurring that could affect the achievement of an organization's objectives. The City Auditor conducts continuous risk assessments through analytical reviews of all 18 City departments, interviews with management, collaboration with other local government auditors, and research into government-specific risks. The result of this analysis is discussed with the Audit Committee and audits are proposed in the annual audit plan.

Audit Plan

Audits are selected to ensure that significant risks are being appropriately mitigated and are prioritized according to their level of risk and available audit resources. The FY26 Audit Plan will serve as the workplan for the City Auditor.

Risk Management is Everyone's Responsibility

While the City Auditor plays a key role in identifying risks and conducting audits, effective risk management is a shared responsibility throughout the organization. According to the Institute of Internal Auditors, three lines of defense should exist within every organization:

- The **first line of defense** - City Management, which is responsible for assessing risk, implementing controls, and monitoring operational processes.
- The **second line of defense** - Oversight departments that provide guidance and monitoring within their specialized areas.
- The **third line of defense** - Independent internal and external audits, as well as reviews by regulatory agencies, which provide objective assessments and feedback.



Other Audit Activities

In addition to the audits listed in the FY26 Audit Plan, the City Auditor also performs various supporting activities. These include preparation for certification under generally accepted governmental auditing standards, ongoing maintenance of audit software, educational presentations to employees and the public, and participated in required continuing professional education training.

Respectfully,

Barbara Coppage

Barbara Coppage, CIA, CFE, CQA, MPA
City Auditor

Attached: FY26 Proposed Audit Plan

The Annual Audit Plan is based on assessed Citywide risks. Other factors considered are available audit resources, audit coverage, and timing of the audit to be performed.

FY26 Audit Plan

Audit Title	Preliminary Scope
Citywide – Unscheduled Point of Sale Verifications	Verify the existence, accuracy, and proper custody of City funds at a specific point in time.
Citywide – Developer Agreements & Contributed Assets	Determine if key agreement terms and contributed assets between developers and the City are properly recorded and amounts owed are timely received.
Citywide – P-Card Expenditures	Determine whether the control environment is designed to prevent and detect misuse or fraudulent activities.
Finance and Budget – Vendor Master File / Accounts Payable	Determine whether controls are in place to vendor master data management.
Public Safety – Overtime Analysis	Determine whether Police overtime earned by employees is monitored and follows City policies.
Citywide – Other Services Upon Request	To be determined.
Integrity Line – Inquiries / Investigations	Administration. Investigate tips relating to potential fraud, waste, or abuse of City resources.
*Status of Audit Recommendations	Review, assess, and report management’s corrective actions taken in response to prior audit recommendations.
*Citywide Risk Assessment	Perform Citywide risk assessment and develop the annual audit plan for the upcoming year.
*Auditor Quality Assurance Review	Verify and create controls to ensure auditor workpapers comply with audit standards.

*Required by audit standards

The following outlines the proposed Contingency Audit Plan for Fiscal Year 2026. This plan identifies potential audits that may be conducted if additional funds or resources become available, or if a scheduled audit cannot proceed due to unforeseen circumstances. The inclusion of a contingency plan ensures flexibility and responsiveness in addressing emerging risks or operational changes throughout the fiscal year.

FY26 Contingency Audit Plan

Audit Title	Preliminary Scope
Facilities – Facilities Maintenance	Determine whether the City’s assets are accounted for and properly maintained and managed.
Fire and Medical – Vehicle Management	Determine whether Fire and Medical fleet management processes follow City policies and best practices.
Info Technology – General Controls	Determine the effectiveness of foundational controls within the information technology infrastructure.