

Office of Internal Audit



Annual Audit Plan

Fiscal Year 2019

Director of Internal Audit

Elizabeth Somerindyke

Senior Internal Auditor

Rose Rasmussen

Internal Auditor

Vacant

**City of Fayetteville
Office of Internal Audit
Audit Work Plan 2019**

A. Audit Projects Carried Forward from 2018 Work Plan	Estimated Hours	Total
Performance Measures	40	
Parks and Recreation Nonresidential Fees Implementation	480	
Total Hours for Audit Projects Carried Forward from 2017 Work Plan		520

* Project will be started but not completed during this fiscal year

B. New Audit Projects for 2018-2019		
Body Cam Policy Compliance	480	
Off Boarding Access Rights	480	
Solid Waste Fees for Multi Family	640	
WEX Gas Cards	320	
Code Enforcement Violation Enforcement	240	
Police Department Confidential Funds	240	
Total Hours for New Audit Projects for 2018-2019		2400

C. Follow-up Projects for 2018-2019		
Permitting and Inspections*	164	
Total Hours for Follow-up Projects for 2018-2019		164

* Project will be started but not completed during this fiscal year

D. Audit Management and Administration		
Other City Auditor Duties	400	
Office Management/Support	1004	
Staff Development	200	
Approved Holidays	208	
Approved Employee Leave	304	
Total Audit Management and Administration		<u>2116</u>
Total Hours		<u><u>5200</u></u>

E. For Future Audit Projects 2018-2020		
Tags and Titles (CoF only)**	40	
Community Development Housing Rehabilitation Program**	960	
Small Asset Management**	240	
Downtown Parking Collection**	960	
Citywide Payroll Processes**	960	
Code Enforcement Abatement	960	
City's New Purchasing Process	960	
Firehouse Billing and Receipting	640	
Kronos Time Reporting Implementation Phases 3 & 4 ^a	640	
Retiree Healthcare Billing and Receipting	640	
PCI Compliance	640	
Citywide Records Management and Retention	960	
Sales and Use Tax Refund Administration	480	
Citywide Succession Planning	960	
Fleet Part Inventory	640	
Community Development Contract Mgt - AmeriNat	640	
Total Hours for Future Audit Projects		<u><u>11320</u></u>

** Reflects project from prior year audit plan. Due to limited resources, project will be considered in future audit plans.

^a The Finance Department contracted with Cherry Bekaert during FY 2017 to provide consulting regarding the Kronos Time Reporting Implementation Phases 1 & 2 and the internal controls over payroll.

Audit Work Plan 2019

A. Audit Projects Carried Forward from 2018 Work Plan

A.1. In Progress

Performance Measures	The audit will be performed as required by City of Fayetteville Policy # 600 Data Governance. Audit objectives may include a review to determine if performance measures published in the budget document are in compliance with relevant policies, procedures, laws, rules, regulations and City goals; and to validate the underlying data reported for the performance measures.
Parks and Recreation Nonresidential Fees Implementation	The audit will assess the adequacy of internal controls; and policy, procedure, laws, rules and regulations compliance of the implementation of Parks and Recreation Department's nonresidential fees. Audit objectives may include reviewing and documenting the processes related to nonresidential fees; testing a sample to ensure necessary documents were being received supporting the charge of nonresidential vs residential fees; determining if fees were charged correctly; and determining if deposits, fees, and revenues assessed and collected were accounted for and all associated general ledger accounts were properly reconciled to existing subsidiary ledgers where appropriate.

B. New Audit Projects for 2018-2019

Police Department Confidential Funds	The audit will be performed due to the sensitive and volatile nature of maintaining large amounts of cash on hand and in accordance with police department policy due to accreditation requirements.
Body Cam Policy Compliance	The audit will evaluate whether body worn cameras were being used and executed in accordance with established laws, regulations, guidelines, policies and procedures.
Off Boarding Access Rights	The audit will evaluate the internal controls related to IT access rights during employee off boarding process.
Solid Waste Fees for Multi Family	The audit will evaluate whether solid waste fees were being assessed in accordance with established laws, regulations, guidelines, policies and procedures, and the internal control environment related to assessing solid waste fees were sufficient.
WEX Gas Cards	The audit will evaluate the appropriateness of WEX fuel card expenditures. Audit objectives may include assessing the adequacy of segregation of duties, physical security and proper use of the WEX fuel cards; determining if card users are properly trained, designated and provided policy guidance; and WEX fuel card transactions and approvals are made in accordance with policies and procedures.
Code Enforcement Violation Collections	The audit will evaluate whether applicable code enforcement costs and fees were properly and completely invoiced following established City fee schedules and ordinances; and the internal controls were sufficient to identify risks.

C. Follow-up Projects for 2018-2019

Permitting and Inspections *	The audit will determine that previously identified audit findings have been remediated by management as stated in management's responses.
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* Project will be started but not completed during this fiscal year

D. Audit Management and Administration

Other City Auditor Duties	This category describes the time that the Office of Internal Audit maintains the Fraud, Waste, and Abuse Hotline and other miscellaneous fraud reports.
Office Management/Support	This category describes the time that the Office of Internal Audit spends attending meetings involving the activities and responsibilities of the Audit Committee.
Staff Development	Professional staff of the City Auditor's Office is required to obtain professional education each year.
Approved Holidays	This category of leave is for approved holidays for all staff.
Approved Employee Leave	This category describes leave earned and taken each year as personal leave and leave taken for medical purposes.

Audit Work Plan 2019

E. Future Audit Projects 2019 - 2021

Tags and Titles (CoF only)**	A follow-up audit will be performed to determine that previously identified audit findings have been remediated by management as stated in management’s responses.
Community Development Housing Rehabilitation Program**	The audit will evaluate whether the City had adequate controls for monitoring its Housing Rehabilitation Program sub-recipients and whether HUD rules and regulations were properly followed. Audit objectives may include a review to determine if loans were originated within defined program criteria, properly set up in the ABS loan-servicing software, and serviced in accordance with the terms of the promissory notes and/or deeds of trust; an appropriate accounting of loan origination and loan servicing activities had occurred; and all associated general ledger accounts were properly reconciled to the subsidiary ledger system.
Small Asset Management**	The audit will evaluate the adequacy of internal controls, effectiveness, and policy and procedure compliance of the City's small asset management system. Audit objectives may include a review to determine if processes adequately safeguard assets; selecting a sample to assure accuracy and agreement of inventory records and inventory on hand, and compliance with policies and procedures for multiple electronic devices and air cards.
Downtown Parking Collection**	The audit will evaluate the efficiency and effectiveness of the City's parking management contract with McLaurin Parking. Audit objectives may include an assessment of the collection program related to leased parking and parking citations, internal controls for cashier activities, and bad debt write-off policies.
Citywide Payroll Processes**	The audit will assess the adequacy of internal controls governing the City's payroll process. Audit objectives may include a review to determine if the City's payroll processes employ effective controls to reasonably assure employees are paid accurately and timely, and payment is made to legitimate City employees. The audit will include a review of JD Edward controls and the KRONOS timekeeping system.
Code Enforcement Abatement	The audit will evaluate whether the City’s lot cleaning abatement process complies with applicable policies, rules and regulations. Audit objectives may include determining if code enforcement activities for lot cleaning abatement were performed consistently in accordance with relevant laws, regulations and established policies; contracts complied with applicable policies, rules and regulations; internal controls were sufficient to identify risks; and the process for retaining independent contractors.
City's New Purchasing Process	The audit will assess the adequacy of internal controls and effectiveness of the City's new purchasing processes. Audit objectives may include a review to determine if processes are in compliance with relevant policies, procedures, laws, rules and regulations; and adequate internal controls are in place to prevent or detect material errors and irregularities.
Firehouse Billing and Receipting	The audit will evaluate if fire department billing, receipting and aged receivables were managed fairly, efficiently and effectively to recover such receivables and minimize the risk of loss. Audit objectives may include evaluating procedures to determine compliance with applicable policies and standards; and verify the accuracy and proper tracking of aged receivables and amounts due.
Kronos Time Reporting Implementation Phases 3 & 4	The audit will focus on the identification and effectiveness of automated and manual controls over the Public Safety Telestaff, FayPay (KRONOS) and JD Edwards Payroll interfaces.
Retiree Healthcare Billing and Receipting	The audit will evaluate operations related to the process for billing retirees for health insurance premiums. Audit objectives may include an assessment of procedures to determine compliance with applicable policies and standards; retiree payments collected were accurate and complied with contractual rates; and proper collection activities were in practice to ensure all monies owed have been collected.

Audit Work Plan 2019

E. Future Audit Projects 2019 - 2021 (continued)

PCI Compliance	The audit will evaluate compliance with Payment Card Industry (PCI) standards. Audit objectives may include reviewing to determine if physical access to cardholder data is restricted; policies are in place that address information security for employees; tests of the security system are performed regularly; adequate controls exist for user access; vendor supplied defaults are not used; anti-virus software or programs are used and updated regularly; cardholder and sensitive information is encrypted across public networks; adequate controls exist to protect stored data; security patches are up-to-date; and a working firewall is installed and maintained to protect data. Contracting for Information Technology knowledge to assist with the audit will be considered.
Citywide Records Management and Retention	The audit will evaluate the compliance with relevant policies, procedures, laws, rules and regulations; and adequate internal controls are in place to determine if records are adequately maintained and safeguarded.
Sales and Use Tax Refund Administration	The audit will evaluate the adequacy of internal controls related to recording and reporting sales and use tax to North Carolina Department of Revenue.
Citywide Succession Planning	The audit will gather information regarding the status of succession planning within the City of Fayetteville. Audit objectives may include providing management with information on efforts to address succession planning.
Fleet Part Inventory	The audit will assess the adequacy of internal controls to safeguard inventory and to determine if inventory was accounted for accurately. Audit objectives may include determining if adequate internal controls exist for fleet part inventory; adequate processes exist to control obsolete inventory; and whether inventory quantities were accurately reflected.
Community Development Contract Mgt - AmeriNat	This audit will access the monitoring and performance of the AmeriNat service agreement with the City of Fayetteville.

*** Reflects project from prior year audit plan. Due to limited resources, project will be considered in future audit plans.*