Office of Internal Audit

FAYETTEVILLE NC

AMERICA'S CAN DO CITY

Annual Audit Plan

Fiscal Year 2023

Internal Audit Director
Rose Rasmussen

Internal Auditor
Christina Zimmerman

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OFFICE OF INTERNAL AUDIT

January 26, 2023

Members of the Audit Committee

Enclosed is the proposed Fiscal Year 2023 Audit Plan for the Office of Internal Audit.

The development of this year's plan was significantly impacted by vacant positions, the assistance provided to Finance for yearend closeout and the City's Oracle implementation project.

There were two audits and one consulting service that we did not start in FY2022 due to the HUB Oracle implementation that will roll into the FY2023 plan. In addition, the proposed FY2023 plan includes consulting services related to the implementation and additional hours reserved for support of the City's HUB Oracle implementation project.

Although the FY2023 Adopted Budget included funding for three audit positions, the FY2023 Proposed Audit Plan only includes hours for the Audit Director and one Auditor as of September 6, 2022. The audit, reviews and consulting services totaled 2,462 hours for the FY2023 audit plan.

The results of the FY2023 Audit Plan are presented along with the estimated time allocation for audits and projects. Actual scheduling of selected projects may be affected by personnel turnover, special audits, and unforeseen circumstances in these projects.

Due to the staff vacancies, the FY2023 plan includes only <u>one</u> new compliance audit (Confidential Funds), <u>one</u> follow-up audit, and <u>three</u> consulting services.

I welcome discussion on the proposed audit plan and request approval.

Respectfully,
Rose Rasmussen
Internal Audit Director

A. Audit Projects Carried Forward from 2022 Work Plan		
A.1. Name of Audit Projects In-Progress	**Potential Risks**	**Estimated Hours**
A2022-04 Sub Recipient Grant Monitoring	*Fines; Loss of future grant funds; repayment of funds; Subrecipients not paid timely; theft*	**10**
A2022-05 Police Department Confidential Funds	*Theft, misuse or loss of funds*	**20**
Total Hours for Audit Projects In-Progress		**30**

A.2. Name of Audit Projects For Completion	**Potential Risks**	**Estimated Hours**
A2022-02 Kronos Implementation (Police)	*Employees paid incorrectly; Violations of FLSA resulting in fines; theft*	**270**
A2022-03 Procurement Card Program	*Theft, misuse or loss of funds*	**440**
A2020-02F Accounts Payable Timeliness	*Vendors not paid timely; overspending; unable to take advantage of discounts offered; theft*	**180**
Total Hours for Audit Projects for Completion		**890**

TOTAL HOURS FOR AUDIT PROJECTS CARRIED FORWARD FROM 2022 WORK PLAN   920

B. New Audit Projects for 2022-2023		
B.1. Name of Initial Audit Projects	**Potential Risks**	**Estimated Hours**
A2023-01 Police Department Confidential Funds[1]	*Theft, misuse or loss of funds*	**160**
TOTAL HOURS FOR NEW AUDIT PROJECTS FOR 2022-2023		**160**

C. Follow-up Projects for 2022-2023		
C.1. Name of Follow-up Audit Projects	**Potential Risks**	**Estimated Hours**
A2018-01F2 Evidence and Property Management	*Theft; misuse; loss or premature destruction; legal claims over items seized/obtained; unable to return items to owners timely; unsafe environment for employee's due to biohazards, pests, etc.*	**200**
TOTAL HOURS FOR FOLLOW-UP AUDIT PROJECTS		**200**

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[1] Project will be started but not completed during the fiscal year.

D. Required Reviews and Consulting Services for 2022-2023		

D.1. Name of Required Annual Reviews	Potential Risks	Estimated Hours
R2023-01 Proxy Card	*Unsecure, unsafe buildings*	200
R2023-02 Conflict of Interest	*Kickbacks*	220
Total Hours for Required Annual Reviews		**420**

D.2. Name of Consulting Services	Estimated Hours
C2022-01 HUB ERP Oracle Access Controls Review	200
C2022-02 Finance Yearend Closeout	275
C2022-03 HUB Accounts Payable Module[2]	85
Total Hours for Consulting Services	**560**

TOTAL HOURS FOR REQUIRED REVIEWS AND CONSULTING SERVICES 980

E. Internal Audit Management and Administration	

E.1. Description	Estimated Hours
Office Management/Support	1158
HUB Oracle Implementation Support	200
Staff Development	80
Approved Holidays	176
Approved Employee Leave	286
Total Hours for Audit Management and Administration	**1900**

TOTAL HOURS FOR FY 2022-2023 WORK PLAN 4160

F. Future Audit Projects 2023 - 2028	

F.1. Name of Future Follow-up Audit Projects	Estimated Hours
A2016-02F2 Permitting and Inspections	200
A2016-06F Contract Practices and Procedures	200
A2016-05F PRM Nonresident Fees	200
A2018-04F Performance Measures	200
A2019-04F Residential Solid Waste Fees	200
A2019-06F Code Violation Enforcement and Collections	200
A2020-01F Police Payroll	200
A2021-02F Wireless Communication Usage	200
A2020-04F Vector Fleet Contract	200
A2022-01F Fire Kronos Implementation	200
A2022-04F Subrecipient Grant Monitoring	200
Total Hours for Future Follow-up Audit Projects	**2200**

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[2] Additional testing will be included in the A2020-02F Accounts Payable Timeliness, due to the HUB Oracle Implementation.

F.2. Name of Future New Audit Projects	Estimated Hours
Small Asset Management[3]	240
Downtown Parking Collection[3]	960
Citywide Payroll Processes[3]	960
Off Boarding Access Rights[3]	480
Body Camera Policy Compliance[3]	480
American Rescue Plan Act (ARPA) of 2021 Compliance	960
Emergency Rental Assistance Program (ERAP)	960
CARES Act Funding	480
Asset Forfeiture Program	320
Take Home Vehicles	320
Performance Bond Compliance	480
Stormwater Drainage Assistance	480
Sales and Use Tax Administration	320
Fire Inspection Billings and Collections	480
FAST Farebox Receipting	960
Fixed Assets	640
Accidents and Subrogation of Claims	480
Fuel Management	480
Dependent Eligibility	640
Billing and Collections of Leases	480
Accounts Receivable	240
Airport Parking Operations	640
Airport Rental Car Concession Agreements	960
Benefits on Leave without Pay	480
Cash Receipts	960
Total Hours for Future New Audit Projects	**14880**

TOTAL HOURS FOR FUTURE AUDIT PROJECTS   **17080**

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[3] Reflects projects from prior year audit plan. Due to limited resources, projects will be considered in future audit plans.