MEMORANDUM

To: **City Council**

From: **Michelle Tressler**

Date: **June 14, 2016**

Re: **FY16 Annual Internal Audit Plan (Remainder)**

BASIS FOR PLAN

The basis for the plan comes from auditor observations, inquiries with management, consideration for follow-up audits, monitoring of industry periodicals and changes in people, processes, and systems.

Additionally, the available resources to complete audits were examined. The hours required to perform the identified audits are estimated hours. After considering hours that are unavailable for audits due to paid time off, administrative duties, required training, meetings, and other time off, the net available hours for audits are determined.

Combining available hours and audits yielded the annual audit plan.

Total hours are considered to be 700 (June-September 2016).

Administrative hours which include items such as: preparing for and attending meetings, budget reviews, training, and general management functions are estimated at 80 hours.

Time-off includes vacation, sick, holidays, and other available absences. This is estimated at 60 hours.

This leaves 560 hours available for audits, agreed-upon procedures, follow-ups, investigations, and advisements.

FY16 ANNUAL INTERNAL AUDIT PLAN

AUDITS

Cash Processing and Handling Procedures – Determine if controls are designed properly and operating effectively – 300 Hours

INVESTIGATIONS, ADVISEMENTS, RISK ASSESSMENT/ANNUAL AUDIT PLAN, ANNUAL REPORTS

This section estimated at 80 Hours

COMPLETION/FOLLOW-UP AUDITS

Utility Billing System & Parks RecTrac System Access Control Audit – 20 Hours (Issue Report Only)
CIP – Project Delivery Audit – 80 Hours
Sales Tax Audit – 80 Hours

TOTAL AUDIT, FOLLOW-UPS, INVESTIGATIONS, ADVISEMENTS, RISK ASSESSMENT/ANNUAL AUDIT PLAN HOURS = 560 HOURS

ADDITIONAL AUDITS TO BE CONSIDERED
Appraisal Records Audit – Determine if GCAD has all League City parcels in its database; Determine if exemptions shown are still applicable; Determine on a sample basis (by business corridor) if appraisals appear reasonable – 250 Hours

Hotel Occupancy Tax Audit – Determine if the city's hotels are paying the tax in compliance with state law – 250 Hours

Library RFID Process Audit – Post-Implementation Audit – 300 Hours

Grant Policy Compliance Audit – Determine compliance with the city's grant policy – 300 Hours