

Internal Audit Report



**2019 Annual Engagement Progress Report**

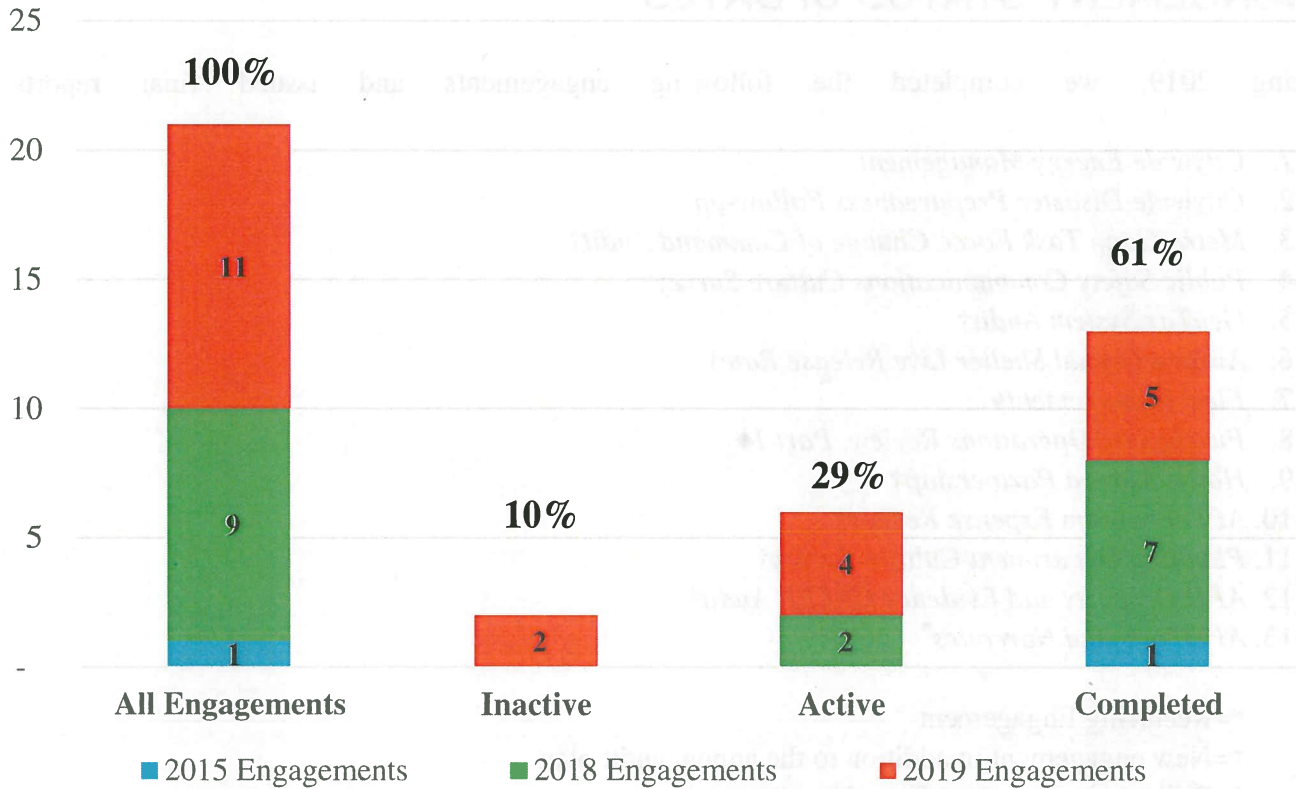




This annual report is part of our scheduled communications with the Audit Committee. In this report we review of our progress against our 2019 annual audit plan, update the status of all open and planned engagements from the 2019 annual audit plan, provide a status report on outstanding recommendations, and describe other related activities in which we participated during the year.

# 2019 Engagement Plan Progress

## 2019 Engagement Plan Statistics



*As of December 31, 2019*

Internal Audit completed 13 engagements in 2019, our largest one-year production since the team was reconstituted in 2015. We achieved a 90% rate for active and completed engagements. This included eight unplanned engagements added during the year. One engagement was removed from the original annual audit plan, one was deferred until 2020, one was deferred until an undetermined time, and one was put on hold pending the addressing of preliminary findings from an existing engagement. These are further detailed in the text below.

Due to engagement size and complexity and our limited staff resources, we frequently start engagements in one year that roll into the next or subsequent years. Most of our engagements are non-recurring, that is, they are not revisited in a repetitive pattern. Except for our two recurring Aurora Police Department (APD) engagements, each engagement is new and unique. Consequently, we may face unexpected issues during our fieldwork that require additional effort beyond what was originally planned, extending the engagement

beyond its original estimated completion date and pushing other scheduled engagements into another year. This is normal.

Internal Audit consists of three positions, one manager and two auditors. The manager conducts some fieldwork, but mostly performs workpaper reviews. Auditors mostly work independently on their engagements. They may have multiple engagements underway at any given time. We annually review our audit approach for efficiencies that will enable us to cover more engagements in a year. In 2019, we made some minor adjustments to our standard audit program that should improve the quality of our work.

## ENGAGEMENT STATUS UPDATES

During 2019, we completed the following engagements and issued final reports.

1. *Citywide Energy Management*
2. *Citywide Disaster Preparedness Follow-up*
3. *Metro Gang Task Force Change of Command Audit†*
4. *Public Safety Communications Culture Survey†*
5. *GenTax System Audit†*
6. *Aurora Animal Shelter Live Release Rate†*
7. *Fleet Management◆*
8. *Purchasing Operations Review, Part 1◆*
9. *House Aurora Partnership†*
10. *APD Program Expense Review†*
11. *Planning Department Culture Survey†*
12. *APD Property and Evidence CALEA Audit\**
13. *APD Vice and Narcotics\**

\*=Recurring Engagement

†=New engagement in addition to the annual audit plan

◆=Rollover engagement from the prior year

These engagements were removed from the 2019 audit plan.

1. *Vehicle Replacement*: This engagement involved the development of a vehicle replacement schedule for APD and Public Works. We determined that this could be better handled by another department and removed it from our audit plan. Management agreed.
2. *DOT/FMCSA Compliance*: In consultation with management, we determined that significant remediation work needed to be completed before the activity was ready for an audit. This engagement may be reconsidered at a future date.
3. *City Governance*: Because of our 2020 risk assessment work, we determined that the scope for this engagement needed to be expanded. We included it in the 2020 annual audit plan.
4. *Grants Administration Processes, Part 2*: We determined that the client needed to have time to implement any recommendations from Part 1 before we commenced Part 2.

The following engagements are currently active.

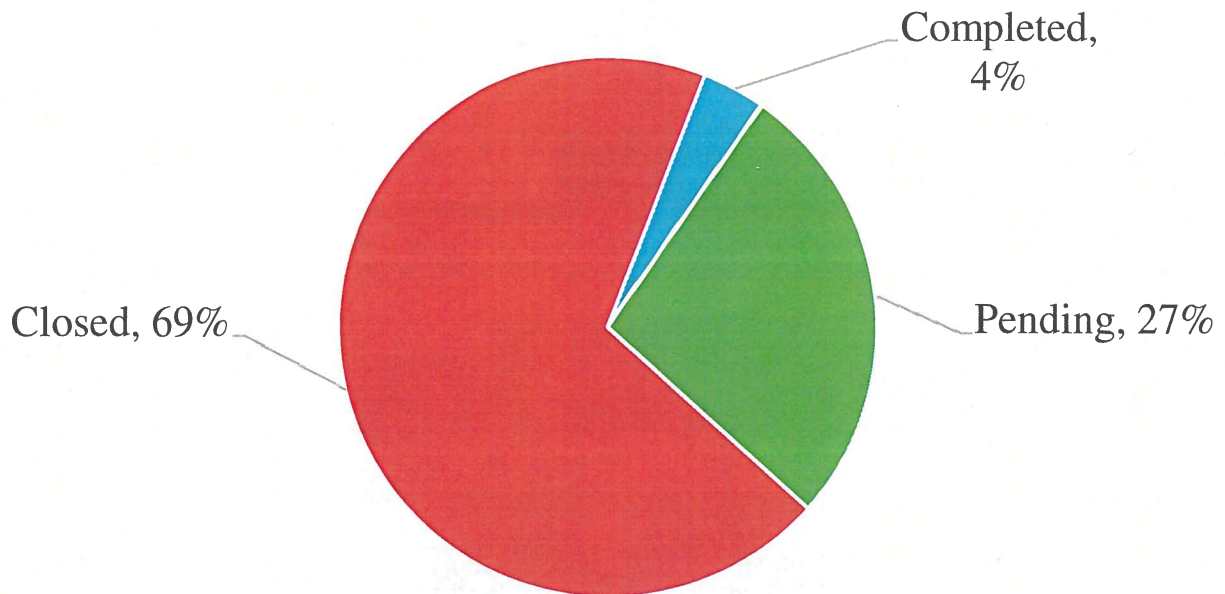
Engagement	Milestones								Targeted Completion
	1	2	3	4	5	6	7	8	
	Team Prep	Client Evaluation	Internal Controls Review	Risk Evaluation	Prep Finalization	Fieldwork	Reporting	Wrap Up	
<i>Finance—Payroll Operations Review</i> ◆	█	█	█	█					End of Q2
<i>Finance—Grants Administration Processes, Part 1</i> ◆	█	█	█	█	█	█	█		End of Q1
<i>Succession Planning Survey</i>	█								End of Q3
<i>Purchasing Card Transactions</i>	█	█	█	█	█				End of Q1
<i>Finance—Purchasing Operations Review, Part 2</i>	█	█	█	█	█	█	█		End of Q2
<i>Perfect Mind/World Pay Reconciliation Review</i> †	█	█	█	█	█	█	█		End of Q1
<i>Public Safety Communications Culture Survey Follow-up</i> †	█	█	█	█	█	█			End of Q2 <sup>1</sup>
*=Recurring engagement	Completed								Completion targets are subject to change
†=New engagement in addition to the annual audit plan									
◆=Rollover engagement from the prior year	Active								

<sup>1</sup> This is a limited scope engagement. We are only completing through the Client Evaluation and the Reporting milestones.

## RECOMMENDATIONS

We record and regularly track implementation progress of audit recommendations in our TeamMate audit software. The chart below displays the status of recommendations as of December 31, 2019. As of that date, only 27% of all audit recommendations issued remained incomplete. The table that follows shows pending audit recommendations by engagement and provides status totals for audit engagements for which all recommendations are either closed or completed.

### Status of Audit Recommendations



**Closed:** Client management has approved the implementation. No further action is necessary.

**Completed:** The client has implemented the recommendation and is waiting for client management's final approval in TeamMate.

**Pending:** Implementation is not completed.

Report Release Date	Audit Plan Year	Engagement Name	Closed	Completed	Pending	Total
January 2016	2015	Payroll and HR Audit	13	-	2	15
February 2017		HIPAA Compliance	7	-	2	9
January 2016		PROS Timesheet Audit	2	-	1	3
		<i>Subtotal 2015</i>	<u>22</u>	<u>-</u>	<u>5</u>	<u>27</u>
		<i>Percentage of Total</i>	81%	0%	19%	100%
September 2017	2016	Citywide Physical Security Assessment	14		9	23
April 2017		Overall Disaster Preparedness Assessment	6	3	2	11
March 2018		Fire Department Overtime	16	5	1	22
September 2017		Core 4 Culture Impact Assessment	2	1	1	4
		<i>Subtotal 2016</i>	<u>38</u>	<u>9</u>	<u>13</u>	<u>60</u>
		<i>Percentage of Total</i>	63%	15%	22%	100%
May 2018	2017	Lethal and Less Lethal Weapons Inventory and Control Review	11		7	18
		<i>Subtotal 2017</i>	<u>11</u>	<u>-</u>	<u>7</u>	<u>18</u>
		<i>Percentage of Total</i>	61%	0%	39%	100%
May 2019	2018	Fleet Management Operational Review	12	1	21	34
October 2019		Purchasing Operations Review-Part 1	-	-	6	6
June 2019		Overall Disaster Preparedness: Recommendations Follow-up	2	-	5	7
January 2019		Change of Command MGTG	7	-	1	8
		<i>Subtotal 2018</i>	<u>21</u>	<u>1</u>	<u>33</u>	<u>55</u>
		<i>Percentage of Total</i>	38%	2%	60%	100%
October 2019	2019	Planning Culture Survey			14	14
October 2019		House Aurora Partnership	-	1	12	13
August 2019		APD Program Expenses	3	-	1	4
		<i>Subtotal 2019</i>	<u>3</u>	<u>1</u>	<u>27</u>	<u>31</u>
		<i>Percentage of Total</i>	10%	3%	87%	100%
		<b>Total for all years above combined</b>	<b>95</b>	<b>11</b>	<b>85</b>	<b>191</b>
		<i>Percentage of Total</i>	50%	6%	45%	100%
		<b>Totals for Engagements with all Completed or Closed</b>	<b>123</b>	<b>1</b>	<b>-</b>	<b>124</b>
		<i>Percentage of Total</i>	99%	1%	0%	100%
		<b>Grand Total</b>	<b>218</b>	<b>12</b>	<b>85</b>	<b>315</b>
		<i>Percentage of Total</i>	69%	4%	27%	100%

## Recommendation Implementation Notes

Audit Plan Year	Engagement Name	Implementation Comments
2015	Payroll and HR Audit	Implementation is in process.
	HIPAA Compliance	Sign-off on final completed items is pending.
	PROS Timesheet Audit	Completion is dependent upon a City decision regarding a new timekeeping system.
2016	Citywide Physical Security Assessment	Management charged a cross-departmental steering committee with overseeing the recommendation implementation process. This committee is progressing and providing regular progress reports to the City Manager. The 2020 budget included resources to address several of the recommendations.
	Overall Disaster Preparedness Assessment	Revised completion dates are Q1 2020. Internal Audit completed a follow-up engagement on the recommendations from this original engagement: see <i>2018 Overall Disaster Preparedness: Recommendations Follow Up</i> below.
	Fire Department Overtime	The final recommendation will be addressed during the City strategic planning discussion in 2020.
	Core 4 Culture Impact Assessment	Human Resources is addressing the recommendations.
2017	Lethal and Less Lethal Weapons Inventory and Control Review	A new inventory system has been selected. Once acquired and installed, the recommendations should be completed.
	Fleet Management Operational Review	Implementation is in process.
2018	Purchasing Operations Review-Part 1	Implementation is in process.
	Overall Disaster Preparedness: Recommendations Follow-up	Implementation is in progress; revised target dates are in Q3 2020.
	Change of Command MGTG	The final recommendation will be addressed in Spring 2020.
2019	Planning Culture Survey	Implementation is in process.
	House Aurora Partnership	Implementation is in process.
	APD Program Expenses	The final recommendation will be addressed in Spring 2020.



## OTHER ACTIVITIES

### Information Technology (IT) and Risk Operations

Internal Audit conducted separate quarterly meetings with the City’s Chief Information Security Officer (CISO) and the Risk Operations staff. In these meetings we discussed topics of mutual interest that aided our risk assessment and monitoring efforts. These functional areas also contributed questions that Internal Audit used in our annual risk assessment questionnaire.

### Staff Professional Development

All audit staff completed their 40 hours of required annual professional development. Additionally, Internal Auditor Michelle Crawford obtained her Certification in Risk Management Assurance® (CRMA®) from the Institute for Internal Auditors. The Certification in Risk Management Assurance® (CRMA®) validates one’s ability to provide advice and assurance on risk management to audit committees and executive management. Michelle is also a Certified Internal Auditor (CIA) and a Certified Fraud Examiner (CFE.)

### Internal Audit Reporting Structure



## Attached Engagement Summary Reports

- Planning and Development Services Culture Survey Engagement



The Executive Summary should be interpreted within the context of the complete engagement report.

## BACKGROUND

Planning and Development Services has experienced high turnover in the last year.

According to Human Resources data, in 2018 the Planning turnover rate was 24.3% including retirees; in 2019 (through September 5) the turnover rate was 15% including retirees. The citywide turnover rate including retirees for the same periods were 11.33% and 9.6% respectively.

We issued a culture survey to all Planning and Development employees to establish a culture status baseline and will issue a follow up survey in 2020.

## PLANNING AND DEVELOPMENT SERVICES CULTURE SURVEY ENGAGEMENT

### SCOPE

Our scope included all the Planning and Development Services staff as of our survey date, August 12, 2019.

### OBJECTIVES

Establish a benchmark for the state of the culture in Planning and Development Services.

### CONCLUSIONS

It is our opinion—based on the survey results, interview comments, and review of other materials—that there are pervasive undercurrents operating within Planning and Development Services that are leading to a less than desirable department culture. It is our opinion that the culture’s current state can be righted with proper time and attention.

## KEY RECOMMENDATIONS AND RESPONSE

### RECOMMENDATIONS

We recommend that the Director take direct responsibility for addressing the issues, drawing upon resources from Human Resources, Internal Audit, and outside consultants.

### RESPONSES

We appreciate the department culture survey undertaken by the Auditor’s Office. While I [George Adams, Director] do not agree with all of the conclusions found in the PDS Culture Survey, I do support the recommendations and see this as an opportunity to improve the services we provide and create a more productive and fulfilling culture within the department.

We will strive to implement all of the auditor’s recommendations. Some of these are completely within our ability to address while others require coordination with executive management or other departments. In general, we believe the timeline for implementation is reasonable, however, we may try to achieve some of the recommendations sooner if possible.

