

Internal Audit Report



Approved 2021 Annual Audit Plan



Background

The City of Aurora Office of the Internal Auditor (aka Internal Audit), established by City Ordinance CD2: 10.1, Sec. 2-66, operates as an independent, objective assurance and consulting activity designed to add value to and improve the City’s operations. Internal Audit’s mission is to be partners for meaningful performance improvement. Internal Audit executes its mission through a systematic, disciplined, professional, risk-based approach to evaluating and improving the effectiveness of risk management, internal control, and governance processes. Internal Audit offers a wide range of engagements, including financial, compliance, performance, consulting, and fraud investigations. Internal Audit is an internal independent staff function residing in the Office of the City Manager. The Management and Finance Committee (M&F) acts as the City Council Audit Committee. Internal Audit provides quarterly progress reports to the M&F Committee and presents the approved annual audit plan for affirmation.

The Internal Audit function is separate and distinct from the external auditor role in local government. According to the State of Colorado Financial Management Manual: A Guide for Colorado Local Governments, *“The goal of [external] auditing is to provide assurance for citizens, legislators, and others that government funds are accounted for properly and that government organizations are in substantial compliance with laws and regulations.”*

The Local Government Audit Law (Section 29-1-601 et seq., C.R.S.) requires Colorado local governments to have an annual audit of their financial statements. The law states that the audit must be performed by an independent Certified Public Accountant (CPA) and be in accordance with generally accepted auditing standards.

The Office of the Internal Auditor prepares an annual audit plan that the City Manager approves and the City Council’s Management and Finance Committee (M&F), which acts as the Audit Committee for the Council, affirms.

2021 Approved Annual Audit Plan

PLAN DEVELOPMENT PROCESS

The City of Aurora Office of the Internal Auditor applies the professional standards of the Institute of Internal Auditors (IIA), the internal audit profession's global voice, recognized authority, acknowledged leader, chief advocate, and principal educator.

The International Standards for the Professional Practice of Internal Auditing require that an entity develop its annual audit plan using a risk-based approach.

Standard 2010 – Planning: The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.

IIA Interpretation: The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organization’s risk management framework, including using risk appetite levels set by management for the different activities or parts of the organization. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organization’s business, risks, operations, programs, systems, and controls.

Internal Audit applies the definition of risk in the *International Standards for the Professional Practice of Internal Auditing*: **The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.**

Management is responsible for identifying and managing the risks facing the City. Internal Audit provides an independent review of the policies, processes, and controls in place to manage and mitigate risk to acceptable levels. Our 2021 risk-based approach included assessing various City activities and developing an audit plan to address those areas commensurate with the resources available and the audit team’s skill sets.

Annual Risk Assessment Survey

Internal Audit conducted its annual risk assessment via a survey and select Microsoft Teams meetings. In those instances where we did not receive a survey response from a specific staff member, we considered the number and level of other responses from the divisions or departments. We satisfied ourselves as to the sufficiency of existing responses and proceeded to analysis without further follow up. In situations where we determined further input was necessary, we scheduled Microsoft Teams meetings with appropriate staff. The table below shows the number of surveys received and completed¹.

Survey Responses	Surveys Complete	Surveys Sent	% Complete
Supervisors - Directors	176	282	62%
Staff	59	260	23%
Total	235	542	43%

The risk assessment survey included questions—some repeated from previous years’ surveys—covering:

- general operating practices designed to assess management’s attitude and department morale, as well as access to adequate personnel and professional development resources;
- IT support and technology use;
- critical process automation;
- contact with regulatory agencies;
- inventory controls;
- the safety environment;
- IT privacy, security risks, and emergency preparedness;
- data management, including access and security practices;
- fraud risk; and,
- business priorities and risks.

Risk Observations

The City has not established a formal organizational risk appetite; therefore, we use our professional judgment to select and propose audit engagements for the coming year. Additionally, we offer the following comments on other potential risk areas.

INFORMATION TECHNOLOGY

While no engagements are proposed in IT for 2021, Internal Audit will continue to monitor cybersecurity efforts, IT resource demands, and emergency preparedness concerns.

¹ An issue with the survey tool and City email heavily impacted the response rate. We worked with IT to correct the issue for next year.

Cybersecurity: As we have noted in previous audit plans, attacks on the City’s network continue. City IT staff are responding to the attacks while simultaneously strengthening City defenses. This never-ending threat will require long-term investments in staff, resources, and a commitment to changing the culture (staff behavior) and business practices to reduce the risks arising from daily operations and third-party interactions. Especially in light of an increase in remote workers, IT will want to remain proactive in monitoring cybersecurity threats.

Annual staff cybersecurity training is mandatory. The major concerns listed by staff—hacking, phishing, malware, unauthorized release of private information—are all addressed in the annual training.

The City monitors proper access and security controls for its critical environments, and ensure those efforts are accountable to, and defined within, City policy and regulatory requirements. IT has continued to enhance its environmental monitoring to decrease the time it takes to identify possible vulnerabilities and attacks.

Resource Demands: The COVID pandemic increased the demand on IT resources to assist many City staff in moving to remote work and automating various City operations. As the City pursues a digital transformation strategy, IT resource demands will increase. It will be critical for the department to continue innovating resource management strategies that support new initiatives while maintaining service levels and meeting business priorities. As of the time of this document, IT is still operating with an Interim Chief Information Officer. Interviews are in process to fill the interim position.

Hardware and Software: CARES funding has allowed the City to replace all city desktops with laptops to support remote working capabilities as a resiliency strategy. CARES funding has also been approved for some software upgrades and additions. The CARES requirements state that items for which CARES funding has been expensed, must be in use by December 31, 2020. This has moved some application installations to the head of the line to meet that deadline. Meanwhile, other applications (such as One Solution) are reaching the end of their useable and supportable lives. Replacement and upgrade needs will not cease in the foreseeable future. The City is working to fill projected budget gaps in 2021 and 2022. This will limit some investments in IT applications. Some replacement efforts will continue (such as the search for a new Enterprise Resource Planning (ERP) application); others will need to be postponed until the City financial situation recovers. The City has established governance practices to triage current and future IT projects (some of which may address consolidating applications) and assign proper resource allocations to each request. The Manager of IT Program Management, oversees these governance practices and facilitates their meetings. He also oversees the Innovation Design Team. This team brings staff together from across the City to vet innovative ideas aimed at transforming City operations, including evaluating and changing existing business processes.

Emergency Preparedness: Business stakeholders, residents, and City staff rely heavily upon technology for efficient service delivery. This reliance grew substantially during 2020 in response to the COVID-19 pandemic. The City has committed itself to strategies that support virtual and digital service delivery to improve the customer experience and promote efficiencies and resilience.

SECURITY AND SAFETY

For the second year, these two issues were prominent in the risk assessment survey responses. City Management has taken these concerns seriously and several initiatives remain in process as a result.

Physical Security

The Steering Committee is comprised of members from Facilities, IT, Human Resources, Aurora Fire and Rescue, and Aurora Police Department (APD). A representative from Internal Audit facilitates the meetings and provides regular progress reports to Executive Management. The Steering Committee has generated recommendations—including policy changes, such as Security Camera Usage—to improve security, many of which are being implemented.

The City approved the hiring of its first Physical Security Manager. This position will be located in Public Works and will be responsible for addressing any remaining outstanding audit findings and improving overall physical security across the City.

As part of the reopening plan for the Aurora Municipal Center, public engagement for City services will be conducted digitally or, where face to face meetings are required, in a new appointment center on the first floor. Public traffic will be restricted for the foreseeable future to the first floor.

Safety

Staff comments throughout the survey responses reference increased concerns about personal safety in City facilities. Many of these comments came from office staff. The Municipal Center has been the stage for several protests and demonstrations. Over recent years, individuals and groups have harassed staff and City Council within the Municipal Center. Some of these events resulted in City property damage. As a result, the City has added protective measures, including plywood over first floor windows and doors and extra exterior lighting.

The City's MLK library is an area where staff have safety concerns. The City has several departments and executive management currently working together to address the safety and security concerns in the short-term and long-term for this facility.

Staff also raised concerns regarding potential COVID-19 outbreaks while working in City facilities. Reopening plans for City departments promoted continued teleworking arrangements. However, where teleworking is not practical, the City abides by the Governor's mandates and policies from TriCounty Health. City policy requires that all staff wear masks and practice social distancing. Hand sanitizer stations have been located at each floor's elevator lobby in the AMC. AMC-based departments have been directed to maintain staffing levels in the building at 50% or less.

As nationwide media coverage continues to focus on Aurora and COVID-19, Management will want to keep City staff informed of new initiatives and decisions that directly impact their personal safety and wellbeing while in City facilities.

DIVERSITY, EQUITY, AND INCLUSION

The Office of Diversity, Equity, and Inclusion (DEI) is a new office to the City, with the responsibility for not only looking at the diversity of our city workforce, but also recommending training for employees in areas like implicit bias. The Office also is home to our Community Relations Division, which facilitates several community groups like the Aurora Community of Faith and the Aurora Key Community Response Team, which has since 1991 brought together community leaders and activists to regularly meet with public safety officials to build trust and communication between the city and various communities. Currently, the Office of DEI is entertaining proposals for a consultant to perform baseline assessments, hold focus groups with internal and external stakeholders, and provide the tools to implement organizational change. Racial equity issues, especially connected to police operations, present a financial and reputational risk to the City.

Internal Audit is not proposing an engagement related to DEI for 2021; however, we will remain informed of progress; we will consider updates to our culture survey that address DEI issues; we will continue to have a presence on the Equity Champion team; and we will offer our services to the Office as requested.

HOUSE AURORA PARTNERSHIP

In 2019, Internal Audit completed a review of the House Aurora Partnership program. Internal Audit will continue to collaborate with City staff to ensure the newly restructured program under the Community Development Division addresses all recommendations from the recent review.

NEW POLICE AUDITOR

Considering recent events both in the community and across the nation, as part of the 2021 budget process the City Manager proposed, and City Council approved, the establishment of an auditor position within Internal Audit dedicated to police-related engagements. This new auditor will work directly with the City Manager in developing an annual audit plan (included in this plan.) The position will report administratively to the Internal Audit Manager (Chief Audit Executive, CAE) who will be responsible for reviewing their work papers and draft reports to ensure compliance with internal audit standards.

Initial audit engagements will focus on policies and practices that more directly affect the community. Engagements may include, where applicable, business process redesign; they may also touch on performance management where appropriate.

The Police Auditor audit plan will be included in the Internal Audit Annual Audit Plan. Reports generated by the Police Auditor will be included in the quarterly progress reports to the Audit Committee and will be verbally presented to the Public Safety, Courts, and Civil Service Policy Committee. As of the time of this document, the CAE is working with Human Resources on a job description and the timing of the recruitment process.

2021 APPROVED INTERNAL AUDIT ENGAGEMENTS

In determining which audits to include in our 2021 audit plan, we also consider those engagements that remain outstanding from the 2020 plan. We compare the ongoing risk to be addressed in those engagements with the results of our 2021 risk assessment and decide which engagements, if any, to include

Based on our professional judgment, Internal Audit proposed, and the City Manager approved, the following engagements for 2021. The graphic below projects approximate commencement times. Except for the two annually recurring APD engagements in the First Quarter, we cannot project the required labor investment for the other engagements as each engagement is new and unique. We avoid beginning new engagements in the Fourth Quarter unless necessary. We prefer to use that quarter to continue progress on any active engagements in hopes of making substantial progress toward completing them before the new audit year begins. We also use that time to evaluate our progress in the current year and prepare for the new audit year. We propose preliminary engagement objectives in our audit plan knowing that they are subject to change based upon information obtained once the engagement is under way. Internal Audit will inform the City Manager and the Audit Committee of any material changes to active engagement objectives.

Our priority order for engagements in 2021 will be:

1. Time sensitive recurring APD engagements
2. Active engagements carried forward from the previous plan year
3. New approved engagements
4. Ad hoc engagement requests (we evaluate the requirements and risks associated with these requests and determine where they may fit within our established priorities)

Circumstances and risks may change throughout a plan year. Periodically during an active engagement or before the commencement of a new engagement, we will assess whether there is value in continuing or starting an engagement. This practice allows us to remain agile and deploy our limited resources to what we believe are the most urgent needs at that time.

Approved 2021 Audit Activities by Quarter



First Quarter

<p>APD Property and Evidence Chain of Custody Audit for the Commission on Accreditation of Law Enforcement Agencies (CALEA) Accreditation</p> <p><i>Recurring</i></p>	<p>Internal Audit conducts this recurring annual engagement to review whether existing controls ensure the evidence chain of custody remains unbroken. In compliance with CALEA Standards, Appendix K, a yearly audit of property and evidence is conducted by a supervisor not routinely or directly connected with control of property and evidence as a requirement for accreditation.</p> <p>Objectives:</p> <ul style="list-style-type: none"> ❖ Ensure compliance with CALEA Standard 84 – Property and Evidence Control. ❖ Ensure the reliability and integrity of internal controls that ensure the chain of custody for property and evidence is not broken.
<p>APD Vice and Narcotics Financial Audit</p> <p><i>Recurring</i></p>	<p>We assess the adequacy of operational controls that safeguard assets used in the prosecution of vice and narcotics criminal activity and review the accuracy of the division’s financial information. We provide the results and audited financial statements to the City’s Finance Department for inclusion in the City’s annual audited financial statements. Internal Audit performs this recurring annual engagement to protect the confidential nature of Vice and Narcotics’ operations.</p> <p>Objectives:</p> <ul style="list-style-type: none"> ❖ Assess the accuracy of the calendar year financial statements. ❖ Verify that financial records (electronic and manual) used for the financial statements are accurate. ❖ Review compliance with procedures currently in place for handling financial transactions, including financial statement preparation, review of financial records, and cash handling procedures.
<p>Finance Marijuana Enforcement Processes</p> <p><i>(From 2020 plan)</i></p>	<p>The Marijuana Enforcement Department (MED) has been in operation for almost six years. Internal Audit will review the effectiveness and efficiency of its processes and ensure compliance with required regulations.</p> <p>Objective:</p> <ul style="list-style-type: none"> ❖ How effective and efficient are the current Marijuana Enforcement processes in ensuring compliance with City policies?

Finance Purchasing Card Transaction Monitoring	<p>We will monitor samples of Purchasing Card transactions for compliance with City policies throughout the year. Internal Audit will employ databased auditing techniques. We will focus on high-risk merchant category codes and suppliers, and keywords that could indicate a prohibited or questionable purchase.</p> <p>Objective:</p> <ul style="list-style-type: none">❖ Review sample transactions for compliance with applicable City policies.
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Internal Audit Carryforward Engagements	<p>These engagements may be carried forward into 2021 if not completed in 2020.</p> <ul style="list-style-type: none">❖ Economic Development Jobs Incentives Tracking❖ Courts Case Management❖ K-9 Part One
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Second Quarter

Internal Audit Carryforward Engagements	<p>These engagements may be carried forward into Q2 if not completed in Q1.</p> <ul style="list-style-type: none">❖ Economic Development Jobs Incentives Tracking❖ Courts Case Management❖ K-9 Part One
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Civil Service Hiring Process Review	<p>The Civil Service Commission is responsible for hiring uniformed members of the Aurora Police Department and Aurora Fire and Rescue. Considering recent social justice events and the call to hire qualified, diverse candidates for both departments, we will review the current application and hiring procedures.</p> <p>Objectives:</p> <ul style="list-style-type: none">❖ Assess current application and hiring procedures for efficiency and effectiveness.❖ Determine if the Civil Service Commission follows best practices in their hiring processes.
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Aurora Fire and Rescue (AFR)
Follow-on Culture Survey

During the 2016 Fire Overtime engagement, we deployed a survey to 314 civil service firefighters to assist in determining possible overtime drivers. The survey responses to open-ended questions included references to organizational issues such as poor communication, a lack of inclusion in problem solving, and planning. The CAE met with the then new Fire Chief, Fernando Gray, and provided the him with a copy of the survey results including the open-ended comments. It is our standard practice to follow up on culture related issues using a culture survey based on Rensis Likert's Four Systems of Management. The questions are designed to capture staff's perceptions along a sliding scale related to various aspects of culture. Public Safety departments are under high scrutiny and fire departments are no exception. Responses are anonymous to incent greater openness by the respondents. We will use the survey to assess whether conditions have changed.

Objectives:

- ❖ Assess the state of the culture within AFR since the original survey in 2016.

Internal Audit
Software Assessment

The audit software we use is critical to our operations. It allows us to conduct nearly paperless engagements. It also allows us to track progress on audit recommendations across all our engagements. Our current vendor will no longer support our version of the software after December 31, 2023. Internal Audit will review their cloud-based solution, TeamMate+, and determine the appropriate next steps. To ensure we give this activity proper attention, Internal Audit is including the review of the current TeamMate Audit Software into our audit plan.

Third Quarter

Citywide
2022 Risk Assessment and Audit Planning- Part 1

Internal Audit conducts an annual risk assessment to use in preparing our 2022 audit plan. Part 1 will include developing and disseminating the risk assessment survey, collecting responses, and analyzing results. The process crosses from the 3rd quarter into the 4th.

Citywide
Succession Planning
Assessment

For the City government to thrive, there will need to be succession-planning efforts that transfer institutional memory and develop internal talent to fill newly opened positions cost-effectively.

Internal Audit will join with Human Resources in developing and distributing a citywide survey on the topic.

Objectives:

- ❖ Understand the ways and the degree to which departments are preparing for staff transition.
- ❖ Establish a baseline for Citywide succession planning.

**Payroll and
Human Resources**
Select Process Reviews

We reconsidered the payroll engagement from the 2019 audit plan that had been rolled into 2020 and then put on hold when the CAE assumed Recovery Manager responsibilities in response to the pandemic. We have determined that a full audit of payroll processes is not necessary at this time. With the likely change of payroll systems resulting from the ERP replacement project, it is likely there will be new processes instituted for a new payroll system. A full audit of payroll processes may prove more valuable sometime in the future.

Human Resources (HR) oversees recruiting, hiring, onboarding, training, and benefits management for City staff. An efficient and effective “application to onboarding process” is essential to ensuring the City has the appropriate labor resources in place to support City service delivery.

Internal Audit will map these processes and review them for appropriate internal controls, as well as efficiency and effectiveness.

Objectives:

- ❖ Determine whether the processes are efficient and in compliance with policies and procedures.
- ❖ Determine whether the current policies and procedures are effective.

Planning
Culture Follow-Up
Assessment

In 2019, Internal Audit completed a culture assessment of the Planning Department. We provided management with recommendations aimed at improving staff morale, productivity, department cohesion, and effectiveness.

Objectives:

- ❖ Ensure the department is making progress on outstanding recommendations.
- ❖ Determine, via staff resurvey, whether progress is being made on originally identified issues.

Fourth Quarter

Citywide
2022 Risk Assessment
and Audit Planning-
Part 2

Part 2 will include follow-up interviews, developing the proposed annual audit plans, and obtaining the City Manager’s approval and the Audit Committee’s affirmation.

**Continue Active
Engagements**

Continue work on active engagements.

2021 APPROVED POLICE AUDITOR ENGAGEMENTS

This audit plan was developed in conjunction with City Management and the APD Police Chief. It was approved by the City Manager on Friday, October 9, 2020. Internal Audit will also present this plan to the Public Safety, Courts, and Civil Service Policy Committee as an information item in November.



First Quarter

Internal Audit Carryforward Engagement	<p>This engagement may be carried forward into 2021 if not completed in 2020.</p> <ul style="list-style-type: none">❖ K-9 Unit Review (Part 1, <i>commenced in 2020</i>)
Colorado Open Records Act (CORA) / Colorado Criminal Justice Records Act (CCJRA) Efficiency and Effectiveness Review	<p>It is the general policy of the Aurora Police Department that information can and will be released, unless it is contrary to statute, a court order, or to the public interest. The potential disclosure of any record, in full or in part, requires examination and consideration of regulatory requirements and department and City policies and procedures.</p> <p>Objectives:</p> <ul style="list-style-type: none">❖ Determine the degree to which policies and procedures ensure consistent compliance with state and local laws and best practices.❖ Determine the extent to which APD tracks records requests and fulfillments and complies with state and local laws.❖ Determine the degree to which the process is accessible and transparent.

Second Quarter

K-9 Unit Review (Part 2)

Operational and Compliance Review

The Aurora Police Department K-9 Unit consists of six canines, their handlers, and a sergeant. The Unit serves as a compliment to Patrol resources. The canines perform a variety of tasks including searching buildings for suspects, narcotics, and explosives. While the presence of police canines may prevent potential violence and injury of officers and suspects, K-9 Unit deployment must be in accordance with policies, procedures, and best practices.

Part 1, started in 2020, is assessing the current policies and procedures. Part 2 will assess how canines are deployed, supervised, and trained under current policies and operations.

Objectives:

- ❖ Assess past deployments for compliance with Unit policies and procedures.
- ❖ Determine if best practices are followed in: training, deployment, and reporting.

Third Quarter

Crisis Response Team (CRT)

Program Review

The Crisis Response Team (CRT) is a collaborative effort between APD and the Aurora Mental Health Center with a mission to provide trauma-informed, compassionate care to individuals experiencing a mental health crisis. This co-responder model helps to prevent unnecessary incarceration/hospitalization and helps to reduce the amount of Patrol officer resources spent on mental health situations.

When calls for service involve a person experiencing a mental health crisis, it is critical that the police interaction remain positive and in accordance with department policies and procedures.

Objective:

- ❖ To determine if CRT is effectively receiving and responding to incidents involving people with mental health or other specialized needs.
- ❖ Evaluate if resources staffing CRT are adequate to respond to mental health calls.

Fourth Quarter

Continue Active Engagements

Continue work on active engagements.

Possible Additional Engagements

The auditor may address these engagements if time and resources permit.

Complaint Process Process Review

Reported complaints against APD personnel are reviewed and investigated from the department supervisors through the chain of command (inclusive of the Internal Affairs Bureau). Internal and external complaints against APD personnel can be made electronically, in writing, or verbally. All complaints are entered into the complaint management system. The chain of command administers discipline, which may include reprimands to dismissal from the department, based upon the results of the investigation.

Objectives:

- ❖ Determine how APD’s complaint policies compare to other law enforcement agencies and national best practices.
- ❖ Determine whether APD’s policies are consistently applied.
- ❖ Evaluate whether appropriate and consistent corrective actions are taken for complaints.
- ❖ Determine if the complaint process is readily accessible to users.

Use of Force
Operational and
Compliance Review

APD policy states that members will only use reasonable and appropriate force and only when legally justified. When practicable, officers will attempt to de-escalate a situation so that lesser force, or possibly no force, is required. Use of force is an area that is highly subjective and requires a heightened level of officer situational awareness and judgement.

Objectives:

- ❖ Determine how APD’s use of force policies, procedures, and practices compare to other law enforcement agencies and national best practices.
- ❖ Determine if best practices are followed in training, application, and reporting.
- ❖ Assess past applications for compliance with policies and procedures, inclusive of de-escalation methods.
- ❖ Assess use of force utilization for fair and consistent application.

Recurring Engagements

Senate Bill 217
Compliance Review

Senate Bill 217, calls for measures to enhance law enforcement integrity. The bill stipulates changes to existing procedures and new requirements for: body-worn cameras, use of force, qualified immunity, police prosecutions, protester protections, data tracking and reporting, etc. Beginning July 1, 2023, local law enforcement agencies must comply with the bill requirements. Internal Audit will perform an annual review to ensure APD compliance.

Objectives:

- ❖ Assess the sufficiency of APD Senate Bill 217 compliance efforts.

INTERNAL AUDIT COOPERATIVE ACTIVITIES

Information Technology (IT)

Internal Audit and the Chief Information Security Officer (CISO) meet quarterly throughout the year to discuss matters related to IT security. The CISO assists Internal Audit in developing questions for the annual risk assessment survey. Internal Audit participates on the IT Security Council and in other technology security initiatives as appropriate. Internal Audit staff participate in CISO security tabletop exercises.

Internal Audit and Risk Operations

Internal Audit meets quarterly with Risk Operations to discuss issues of mutual concern. The meetings foster communication on a range of potential risk issues that may lead to an audit engagement proposal. Risk Operations contributes the questions in the annual risk assessment survey related to employee safety.

Physical Security Steering Committee

Internal Audit facilitates the monthly Physical Security Committee meetings. This includes performing administrative functions such as documenting the minutes, scheduling meetings, tracking the status of various projects, and sending out monthly updates to management.

Safety Committee

The Safety Committee consists of City staff from all departments who meet monthly to address various aspects of safety awareness across the City. The committee serves as a resource and information sharing platform. Internal Audit attends the committee meetings to keep abreast of their progress.

OBJECTIVITY AND AFFIRMATION OF ORGANIZATIONAL INDEPENDENCE

IIA Standard 1100 – Independence and Objectivity: The internal audit activity must be independent, and internal auditors must be objective in performing their work.

IIA Interpretation:

Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels. Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

Internal Audit Compliance (IAC):

Internal Audit has unfettered access to senior management and the City Council. Internal Audit reports to the City Manager on all audit matters (according to the City Ordinance noted below.) Internal Audit also has access to the M&F Committee, the Audit Committee of the City Council. We conduct our work with objectivity and do not subordinate our judgment on audit matters to others.

IIA Standard 1110-Organizational Independence: The internal audit activity must be independent and internal auditors must be objective in performing their work. The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity. [Note: Internal Audit notes its compliance with this standard in the sub-bullets above and below marked **IAC** (Internal Audit Compliance.)]

IIA Interpretation:

Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

- ✧ *Approving the internal audit charter;*
- **IAC:** Internal Audit functions under an approved charter and operates under City Ordinance-CD2: 10.1, Sec. 2-66, Office of the Internal Auditor, which reads:
 - The office of the internal auditor shall be an independent staff function reporting to the city manager on all audit matters. The auditor shall conduct financial and performance audits of all departments, boards,

activities, and agencies of the city. All city officers and employees shall furnish the auditor with requested information and records within their custody regarding powers, duties, activities, organization, property, financial transactions, and methods of business required to conduct an independent evaluation.

- ✧ *Approving the risk based internal audit plan;*
 - **IAC:** The City Manager reviews and approves the annual audit plan; the M&F Committee, the Audit Committee of the City Council, affirms the approved plan.
- ✧ *Approving the internal audit budget and resource plan;*
 - **IAC:** The City Manager approves the Internal Audit resource budget and includes it as part of the City's budget. The City Manager proposes the City's budget to the City Council for final approval.
- ✧ *Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters;*
 - **IAC:** Internal Audit provides weekly updates to the City Manager and quarterly updates to the M&F Committee. The CAE has unfettered access to the Audit Committee.
- ✧ *Approving decisions regarding the appointment and removal of the chief audit executive;*
 - **IAC:** The City Manager has the authority to appoint and remove the CAE.
- ✧ *Approving the remuneration of the chief audit executive; and*
 - **IAC:** The CAE's salary and benefits are included in the City budget that the City Manager proposes to the City Council and that the City Council approves.
- ✧ *Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.*
 - **IAC:** Internal Audit communicates regularly—as appropriate and necessary—on audit matters with the City Manager and the M&F Committee. The M&F Committee has direct access to the CAE for any questions.
- ✧ **1110.AI** – *The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.*
 - **IAC:** Management approves the annual work plan. Internal Audit determines each engagement's audit scope, performs its work uninhibited in accordance with the City Ordinance noted above, and regularly and freely communicates its results to the City Manager and the M&F Committee.

Internal Audit affirms our organizational independence for 2021 in accordance with IIA Standard 1110.

INTERNAL AUDIT TEAM

Wayne Sommer | Internal Audit Manager (CAE)

Wayne is a Certified Public Accountant (CPA) and a Chartered Global Management Accountant (CGMA) with 40 years of diverse work experience. He began his career as an auditor for KPMG in Washington, DC (then known as Peat Marwick Mitchell and Co), advancing to the Audit Senior level with specialization in not-for-profit entities and financial institutions. He spent the next seven years in various financial and management capacities at Trustbank Savings, FSB in Virginia (also known as Dominion Federal Savings and Loan.) Before coming to the City of Aurora, Wayne spent 23 years at the International City/County Management Association (ICMA) in Washington, DC with 14 of those as Director, Administration and Finance, and the last nine working in executive management roles performing strategic planning, business development, and organizational change and development. Wayne also managed ICMA's U.S. Programs, which offered research and consulting products and services to local governments, the private sector, and the Federal government. Wayne has been with the City of Aurora since May 2014.

Professional Associations: American Institute of Certified Public Accountants; Institute for Internal Auditors; Association of Local Government Auditors; Government Finance Officers Association

Michelle Crawford | Internal Audit Staff

Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), Certified in Risk Management Assurance (CRMA) and has 13 years of experience in governmental auditing. She received her Bachelor's in business administration at the University of Montana and her Master's in accountancy from Missouri State University. Upon graduation from Missouri State University, she started her career at the Missouri State Auditor's office as a Staff Auditor I and progressed over the next seven years to a Senior Auditor. As an auditor with the State Auditor's office, she conducted performance audits of local governments and worked on the statewide Single Audit. Michelle has been with the City of Aurora since October 2014.

Professional Associations: Association of Certified Fraud Examiners; Institute for Internal Auditors; Association of Local Government Auditors; Government Finance Officers Association

Sheree Van Buren | Internal Audit Staff

Sheree is a Certified Internal Auditor (CIA) with nine years of audit experience. She graduated from Colorado State University in 2010 with a Bachelor of Science in Business Administration – Accounting degree. Before joining the City of Aurora, she spent three years as an Audit Associate with PwC, LLP. During this time, Sheree worked in the financial services industry, performing year-end financial statement audits for local and international investment companies. Sheree has been with the City of Aurora since August 2014.

Professional Associations: Institute for Internal Auditors; Association of Local Government Auditors; Government Finance Officers Association; National Forum for Black Public Administrators; Black Employees for a Better Aurora