

Internal Audit Report



2020 Office of the Internal Auditor Operations
Report

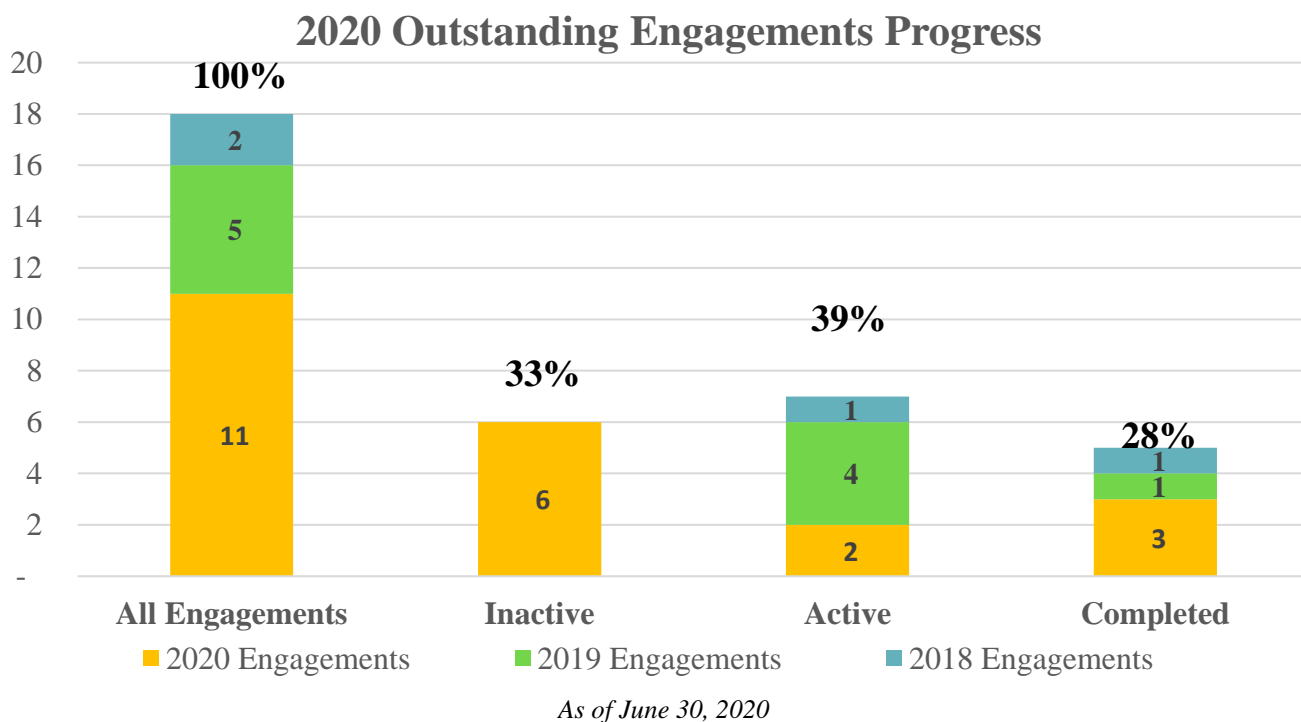
For the quarter ended June 30, 2020



2020 ENGAGEMENT PROGRESS SUMMARY

Through June 30, Internal Audit has completed 28% of scheduled engagements; 39% are currently active. We added one new engagement in the most recent quarter. In total, 67% of all our engagements are either active or were completed in the first half of the year.

Our audit work has been modestly impacted by the COVID-19 pandemic. We continue to adapt our approach and work on our engagements remotely. In March 2020, the Internal Audit Manager was appointed by the City Manager to serve as the Recovery Manager under the City’s Disaster Recovery Plan. While this role has consumed his time, the staff has continued capably to discharge our annual audit plan. The Internal Audit Manager continues to review all audit reports before they are issued.



Agile Engagements

Internal Audit applies its own custom agile approach to our engagements. This approach brings valuable information to our clients more quickly than the traditional approach through a report provided at the end of each milestone.

This is an explanation of our Milestones:

Team Preparation: *Ensure that the engagement team can properly conduct the engagement.*

Client Evaluation: *Gain a deeper understanding of the client's operating environment and client issues that may affect the engagement objectives and that may influence subsequent engagement procedures.*

Process Controls and Efficiency: *Determine whether appropriate process controls exist and whether processes are efficient.*

Risks: *Assess the impact of identified risks on the engagement objectives, scope, and on the objectives test work procedures.*

Planning and Preparation Finalization: *Determine the final engagement objectives, scope, and objectives test work procedures.*

Objectives Test Work: *Obtain sufficient evidence to afford a reasonable basis for conclusions on the engagement objectives.*

Reporting: *Summarize the results of our engagement procedures and our related conclusions, findings, and recommendations in a clear and concise report that addresses all engagement objectives.*

Wrap Up: *Complete all administrative tasks necessary for a complete and orderly closeout of the engagement.*

In the table below, purple shading shows completed milestone work; hatched cells represent milestones in progress; and, orange shading represents future milestone work and the projected quarter. These projections may be impacted by work arrangements required to comply with the pandemic stay-at-home order. Engagement descriptions and objectives for active engagements follow the table below.

Engagements	Milestones							
	Team Preparation	Client Evaluation	Internal Controls	Risk Evaluations	Preparation Finalization	Objectives Test Work	Reporting	Wrap Up
Payroll Operations, Part 1				ON HOLD				
Succession Planning Survey		ON HOLD						
City Governance	ON HOLD							
P-card Transactions							Q3	Q3
Public Safety Dispatch Culture Follow Up								Q3
Marijuana Enforcement	Q2	ON HOLD						
Secondary Employment Compliance	ON HOLD							
APD Body Cam Compliance								Q3
Construction Project Review	TBD							
Court Case Management	TBD							
Development Incentives Tracking	Q3							
NEW APD Versadex Case Management Audit				Q3				

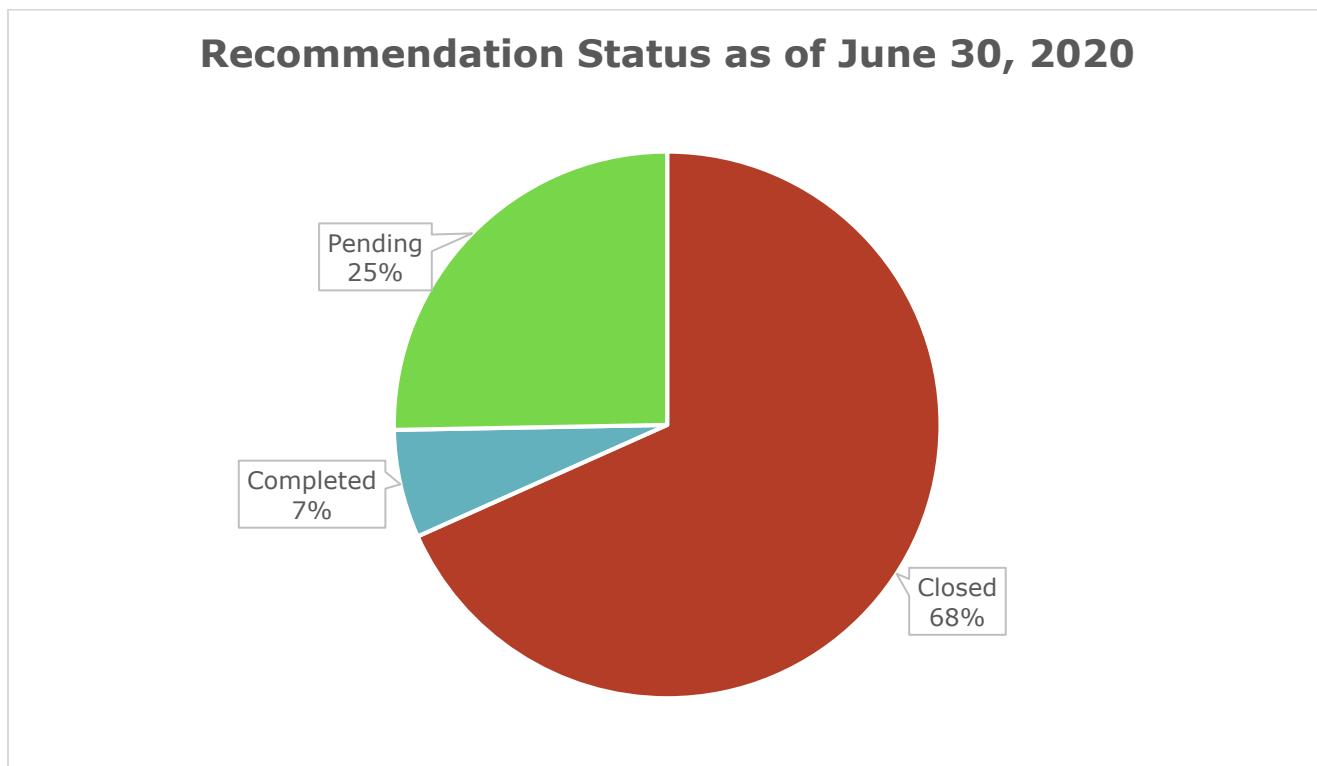
Engagements	Comments
Payroll Operations, Part 1	This engagement was originally assigned to the Internal Audit Manager. Progress was delayed due to competing priorities. We have broken this engagement into parts to allow for completion of part 1 and then a deferral until more time is available for the latter parts. The objective for Part 1 will be: <i>Assess the efficiency and effectiveness of overall payroll operations including the effectiveness of process controls as designed.</i>
Succession Planning Survey	This was originally planned as a joint project with Human Resources. The pandemic requires that we postpone this until a more suitable time for both departments.
City Governance	This is an important and large engagement. The pandemic requires that we postpone this until a more suitable time for all involved.
P-card Transactions	This is an active engagement. We expect to complete this in Q3.
Public Safety Dispatch Culture Follow Up	The draft final report has been provided to the client for review. This engagement will be completed in Q3.
Marijuana Enforcement	Planning began for this engagement, however, we are deferring this engagement, at the request of management, until the division has automated their operations.
Secondary Employment Compliance	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
APD Body Cam Compliance	This is an active engagement, fieldwork is complete. We expect to complete this in Q3.
Construction Project Review	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
Court Case Management	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City operations.
Development Incentives Tracking	We will begin this engagement in Q3.
NEW APD Versadex Case Management Audit	This is an active engagement. We expect to complete this in Q4.

Other Matters

Staff Professional Development: All staff is on track to complete their annually required 40 hours (minimum) of continuing professional training for 2020. Sheree Van Buren is pursuing her Certified Fraud Examiner (CFE) designation.

RECOMMENDATIONS

We maintain and track the implementation status of our audit recommendations in our TeamMate audit software. The chart below displays the status of recommendations as of June 30, 2020. As of that date, 25% of all audit recommendations issued remained incomplete (Pending.) The table that follows outlines the status of audit recommendations by engagement. The table lists active audits with outstanding recommendations. Internal Audit regularly monitors the progress made on these 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.

Pending: Implementation is not completed.

2020 Operations Report—For the quarter ended June 30, 2020

Report Release Date	Audit Plan Year and Engagement Name	Closed	Completed	Pending	Grand Total
January 2016	2015 Payroll and HR Audit	14		1	15
January 2016	2015 PROS Timesheet Audit	2	-	1	3
September 2017	2016 Citywide Physical Security Assessment	14	-	9	23
September 2017	2016 Core 4 Culture Impact Assessment	2	1	1	4
March 2018	2016 Fire Department Overtime	16	5	1	22
April 2017	2016 Overall Disaster Preparedness Assessment	6	4	1	11
May 2018	2017 Lethal and Less Lethal Weapons Inventory and Control Review	11	-	7	18
January 2019	2018 Change of Command MGTF	7	-	1	8
May 2019	2018 Fleet Management Operational Review	15		19	34
November 2018	2018 Overall Disaster Preparedness: Recommendations Follow-up	2	1	4	7
October 2019	2018 Purchasing Operations Review-Part 1	1	-	5	6
August 2019	2019 APD Program Expenses	3	-	1	4
May 2019	2019 APD CALEA Property and Evidence Audit	4	-	1	5
February 2020	2019 Grant Administration Processes	-	-	16	16
October 2019	2019 House Aurora Partnership	1	6	6	13
October 2019	2019 Planning Culture Survey	-	3	11	14
June 2020	APD CALEA Property and Evidence Audit	-	-	2	2
Engagements with pending recommendations		98	20	87	205
<i>Subtotal as a percentage of grand total</i>		48%	10%	42%	100%
Closed and Completed		137	2	-	139
<i>Subtotal as a percentage of grand total</i>		99%	1%	0%	100%
Grand total for all recommendations		235	22	87	344
<i>Subtotal as a percentage of grand total</i>		68%	6%	25%	100%

Implementation Notes

2015 Payroll and HR Audit

- Revised completion date is September 30, 2020.

2015 PROS Timesheet Audit

- Completion is dependent upon a decision regarding the City's timekeeping systems.

2016 Citywide Physical Security Assessment

- Management charged a cross-departmental steering committee with overseeing the recommendation implementation process. This committee is progressing slowly but steadily and providing regular progress reports to the City Manager. Some items will be addressed through initiatives funded in the 2020 budget. Other items may be addressed in the recommended reopening plan for the Aurora Municipal Center under the Recovery Committee's work.

2016 Core 4 Culture Impact Assessment

- Human Resources will be addressing the recommendations.

2016 Fire Department Overtime

- The remaining recommendation will be addressed through the strategic planning discussions in 2020.

2016 Overall Disaster Preparedness Assessment

- Revised completion dates are September 30, 2020 (Internal Audit completed a follow-up engagement on the recommendations from this original engagement: see *2018 Overall Disaster Preparedness: Recommendations Follow Up* below.)

2017 Lethal and Less Lethal Weapons Inventory and Control Review

- The implementation effort is dependent on the new inventory system. Testing of the new inventory system is now beginning.

2018 Change of Command Metro Gang Task Force

- Final recommendation around policies is being reviewed by the MGTF board.

2018 Fleet Management Operational Review

- Fleet is making consistent progress addressing their recommendations.

2018 Overall Disaster Preparedness: Recommendations Follow Up

- Implementation is in progress; revised dates are in Q3 2020.

2018 Purchasing, Part 1

- Implementation is in progress.

2019 APD Program Expenses

- Implementation is in progress.

2019 CALEA Property and Evidence Audit

- Implementation is in progress.

2019 Grant Administration Processes

- Implementation in progress.

2019 House Aurora Partnerships

- Management continues to make progress on recommendation implementation; revised recommendation dates are in Q3 and Q4 2020.

2019 Planning Culture Survey

- Implementation is in progress.

2020 CALEA Property and Evidence Audit

- Implementation is in progress.

INTERNAL AUDIT TEAM

Wayne Sommer | Internal Audit Manager

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.) Prior to 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 10 years of audit experience. She graduated from Colorado State University in 2010 with a Bachelor of Science in Business Administration – Accounting degree. Prior to 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.

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

Appendix A: Completed Engagement Summary Reports

- APD OT Grants
- Purchasing Part 2
- Property and Evidence