

Internal Audit Report



2020 Office of the Internal Auditor Operations
Report

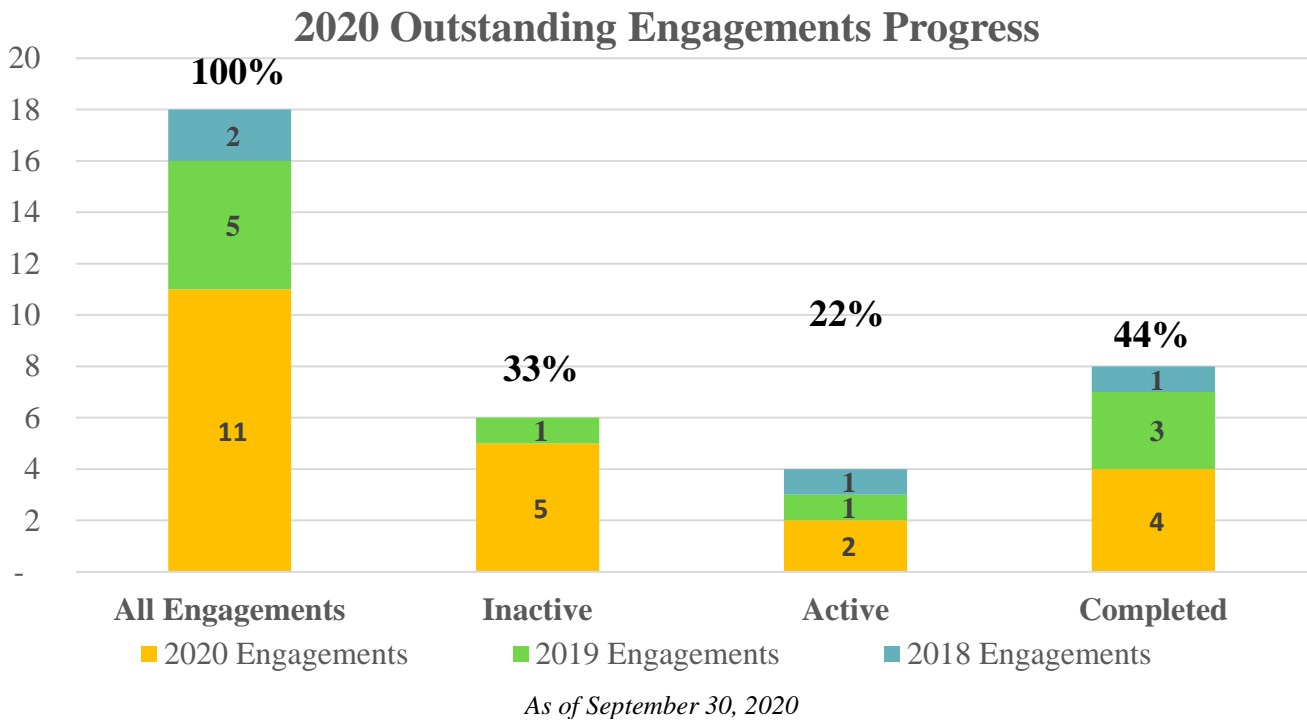
For the quarter ended September 30, 2020



2020 ENGAGEMENT PROGRESS SUMMARY

Through September 30, Internal Audit has completed 44% of scheduled engagements; 22% are currently active. In total, 66% of all our engagements are either active or were completed during the three quarters this year.

Our audit work has been impacted by the COVID-19 pandemic. In March 2020, the City Manager appointed the Internal Audit Manager to serve as the Recovery Manager under the City’s Disaster Recovery Plan. Internal Audit staff capably assumed responsibilities for daily operations and, although they have had to share both auditor and review duties, they have moved our audit program along. Recovery operations are winding down and we expect the Internal Audit Manager to return to audit responsibilities in in Q4 and Q1 2021. We continue to adapt our approach and work on our engagements remotely. 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								Q4
Marijuana Enforcement	ON HOLD							
Secondary Employment Compliance	ON HOLD							
Construction Project Review	ON HOLD							
Court Case Management	Q4							
Development Incentives Tracking				Q4				
NEW APD Versadex Case Management Audit								Q4

Engagements	Comments
Payroll Operations, Part 1	This engagement was originally assigned to the Internal Audit Manager. Progress was delayed due to competing priorities. This engagement will be reconsidered in 2021.
Succession Planning Survey	This engagement will be reconsidered during our 2021 audit planning.
City Governance	This engagement will be reconsidered during our 2022 audit planning.
P-card Transactions	This is an active engagement; test work is complete, and reporting is in process. We expect to complete this in Q4.
Marijuana Enforcement	Planning began for this engagement; however, we will reconsider this engagement during our 2021 audit planning.
Secondary Employment Compliance	This engagement will be reconsidered during our 2021 audit planning.
Construction Project Review	This engagement will be reconsidered during our 2021 audit planning.
Court Case Management	We will begin this engagement in Q4.
Development Incentives Tracking	This is an active engagement. We expect to complete this in Q4.
NEW APD Versadex Case Management Audit	This is an active engagement. We expect to complete this in Q4.

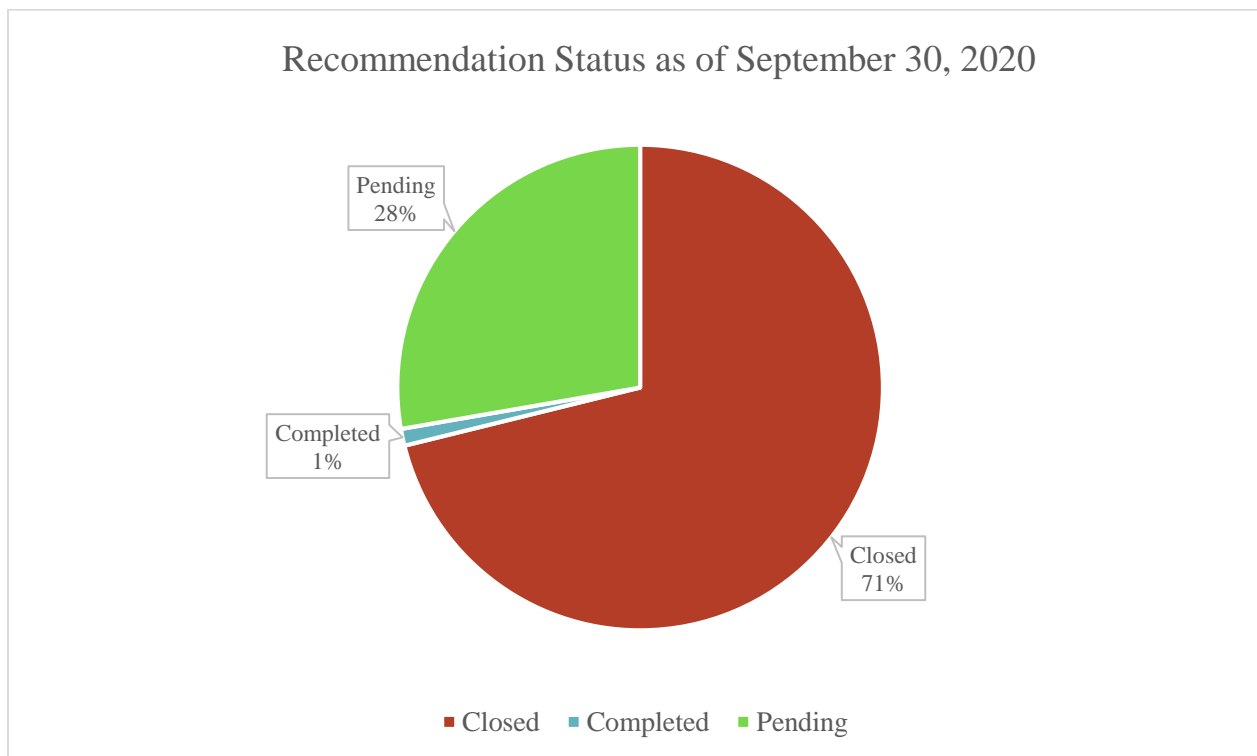
Other Matters

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.

Police Auditor: In its 2021 budget discussions, City Council approved the addition of an auditor designated to Aurora Police engagements. Efforts are underway to develop the job description. Recommendations for 2021 engagements will be included in the 2021 audit plan to be presented to the Audit Committee in November 2020.

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 September 30, 2020. As of that date, 28% 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.



Status of Recommendations	Q1		Q2		Q3	
	Pending	27%	92	25%	87	28%
Completed	6%	20	7%	22	1%	4
Closed	67%	224	68%	235	71%	254
Total Recommendations	336		344		357	

Pending: Implementation is not completed.

Completed: The client has implemented the recommendation and is waiting for client management’s final approval.

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

2020 Operations Report—For the quarter ended September 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
September 2017	2016 Citywide Physical Security Assessment	14	-	9	23
September 2017	2016 Core 4 Culture Impact Assessment	3	-	1	4
March 2018	2016 Fire Department Overtime	21	-	1	22
April 2017	2016 Overall Disaster Preparedness Assessment	10	-	1	11
May 2018	2017 Lethal and Less Lethal Weapons Inventory and Control Review	11	-	7	18
May 2019	2018 Fleet Management Operational Review	17	-	17	34
November 2018	2018 Overall Disaster Preparedness: Recommendations Follow-up	3	-	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	-	12	13
October 2019	2019 Planning Culture Survey	-	3	11	14
June 2020	APD CALEA Property and Evidence Audit	-	-	2	2
September 2020	APD Body-Worn Camera Compliance	-	-	10	10
Engagements with pending recommendations		102	3	99	204
<i>Subtotal as a percentage of grand total</i>		50%	1%	49%	100%
Closed and Completed		152	1	-	153
<i>Subtotal as a percentage of grand total</i>		99%	1%	0%	100%
Grand total for all recommendations		254	4	99	357
<i>Subtotal as a percentage of grand total</i>		71%	1%	28%	100%

Implementation Notes

2015 Payroll and HR Audit

- Revised completion date is November 30, 2020.

2015 PROS Timesheet Audit

- Recommendation has been closed, a new timekeeping system is part of the new RFP for the ERP system.

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 remaining recommendation with an implementation date of January 2021.

2016 Fire Department Overtime

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

2016 Overall Disaster Preparedness Assessment

- Revised completion dates are for Q1 2021 (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. New inventory system should be fully implemented soon. We continue to track progress with IT and APD.

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 Q1 2021. Business priorities for the Office of Emergency Management were significantly impacted by COVID-19. The new implementation date provides them time to fully address the recommendations.

2018 Purchasing, Part 1

- Implementation is in progress.

2019 APD Program Expenses

- Final recommendation outstanding is pending approval of a new Directive expected before year-end.

2019 CALEA Property and Evidence Audit

- Implementation is in progress.

2019 Grant Administration Processes

- Implementation in progress.

2019 House Aurora Partnerships

- Management identified some recommendations were not fully implemented and they were sent back to the process owner. Ownership for recommendations was moved to Community Development and dates have been revised. Community Development is planning a review of the entire program. We will work with them as they review the program and continue to monitor progress.

2019 Planning Culture Survey

- Implementation is in progress.

2020 CALEA Property and Evidence Audit

- Implementation is in progress.

2020 Body-Worn Camera Compliance 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 Body-Worn Cameras
- Public Safety Culture Survey