

Internal Audit Report



2021 Office of the Internal Auditor Operations Report

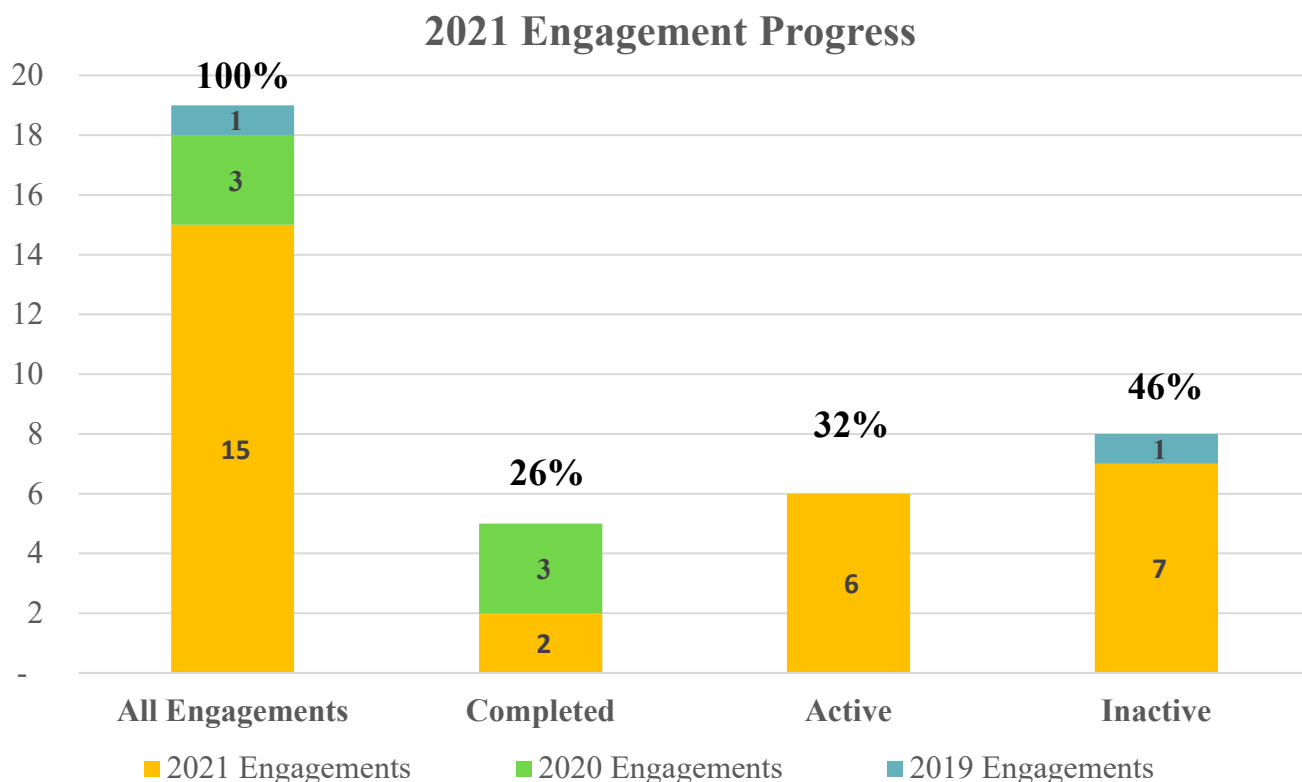
For the quarter ended June 30, 2021



2021 ENGAGEMENT PROGRESS SUMMARY

Through June 30, Internal Audit has completed 26% of scheduled engagements closing out the three carryover engagements from the 2020 audit plan. Another 32% are currently active, all from the 2021 audit plan. One engagement remains from the 2019 audit plan—Succession Planning Survey. We do not consider it likely that we will commence this engagement in 2021. Staff have been heavily surveyed over the last year and survey fatigue is setting in. Additionally, Human Resources is likely to be consumed with the ERP implementation for the remainder of the year and beyond. We will regroup with them to decide if this engagement warrants retention on the audit plan or if it should be postponed to a later date. In the context of all the audit engagements, we consider this a low risk engagement that could be postponed if necessary. In total, 58% of all our possible engagements are either active or were completed in the first quarter. We are satisfied with this degree of progress through the first half of the year.

Internal Audit continues to work remotely, conducting business in-person only when absolutely necessary. Our TeamMate audit software and the ability to use electronic signatures have allowed us to be effective in this remote work environment. We can obtain audit documentation electronically and engage client staff through Microsoft Teams effectively.



As of June 30, 2021

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.*

2021 Operations Report—For the quarter ended June 30, 2021

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 in which that work is anticipated. This information is as of June 30. Engagements marked TBD in the table below are subject to possible carryover into 2022 or even deletion either in deference to more important engagements or if they are no longer relevant at the time.

Engagements	Milestones							
	1. Team Preparation	2. Client Evaluation	3. Internal Controls	4. Risk Evaluations	5. Preparation Finalization	6. Objectives Test Work	7. Reporting	8. Wrap Up
Succession Planning Survey		TBD						
AEDC Incentives	COMPLETED							
APD Versadex Case Management	COMPLETED							
APD Property and Evidence	COMPLETED							
<i>New</i> —APD Property and Evidence Change of Custodian	COMPLETED							
APD Vice and Narcotics	COMPLETED IN Q3							
Marijuana Enforcement	Q2	Q3	Q3	Q3	Q3	Q3	Q4	Q4
P-card Transactions Monitoring	Q2 and throughout the year							
AFR Culture Survey Follow Up	Q3	Q3	Q3	Q3	Q3	Q3	Q3	Q3
Payroll and HR Selected Process Reviews	TBD							
Planning Administration Culture Follow Up	POSTPONED DUE THE CHANGE IN LEADERSHIP							
Audit of Mayor and Council Expenses	Q3 and throughout the year							
Court Case Management	TBD							
<i>New</i> —Visit Aurora	Q3	Q3	Q3	Q3	Q4	Q4	Q4	Q4
Police: APD K-9 Part 1	COMPLETED							

Engagements	Milestones							
	1. Team Preparation	2. Client Evaluation	3. Internal Controls	4. Risk Evaluations	5. Preparation Finalization	6. Objectives Test Work	7. Reporting	8. Wrap Up
Police: K-9, Part 2	TBD							
Police: CCJRA Compliance						Q3		
Police: Crisis Intervention	Q3							
Police: Senate Bill 217 Compliance	Q3							

Other Matters

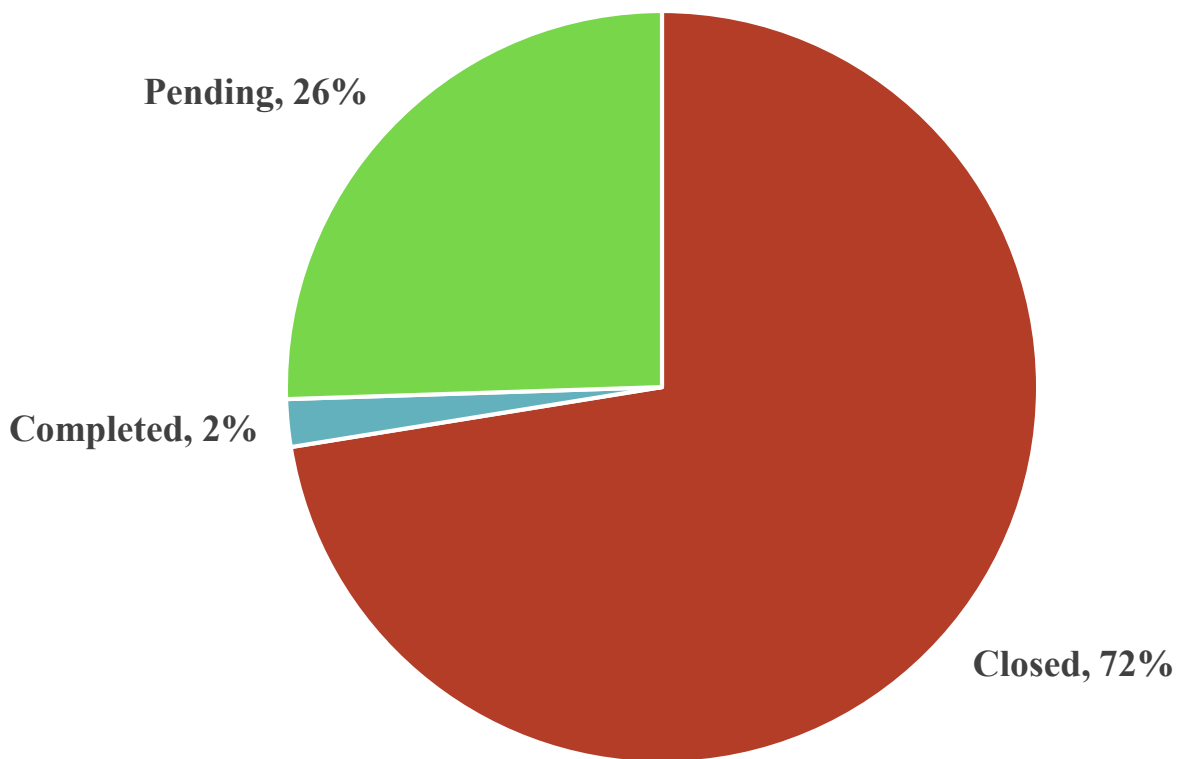
2022 Risk Assessment: Both Internal Audit and the Police Auditor commenced our risk assessment activities in Q2. We will use our risk survey and interview results as the basis for developing our proposed 2022 audit plans. Our target is to have draft plans to the City Manager in October and have them approved and presented to the Audit Committee in November.

Staff Professional Development: All staff is on track to complete their annually required 40 hours (minimum) of continuing professional training for 2021.

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, 2021. As of that date, 26% of all audit recommendations issued remained incomplete (Pending; either an implementation effort is in process or it has not begun.) All the percentages shown are almost identical to the prior quarter. What has changed is that new recommendations have been added and the number completed and closed have increased. The list that follows the table on the next page outlines the status, by engagement, of outstanding audit recommendations. Internal Audit regularly monitors the progress made on these recommendations.

Audit Recommendations Status as of June 30, 2021



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.

2021 Operations Report—For the quarter ended June 30, 2021

Report Release	Audit Plan Year	Engagement Year	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
March 2018	2016	Fire Department Overtime	21		1	22
April 2017	2016	Overall Disaster Preparedness Assessment	10		1	11
September 2017	2016	Core 4 Culture Impact Assessment	3		1	4
May 2018	2017	Lethal and Less Lethal Weapons Inventory and Control Review	11		7	18
May 2019	2018	Fleet Management Operational Review	24		10	34
October 2019	2018	Purchasing Operations Review-Part 1	1		5	6
November 2018	2018	Overall Disaster Preparedness: Recommendations Follow-up	3		4	7
November 2020	2019	Purchasing Card Transaction Propriety			10	10
February 2020	2019	Grant Administration Processes	4	2	10	16
October 2019	2019	Planning Administration Culture Survey	4	2	8	14
October 2019	2019	House Aurora Partnership	10		3	13
September 2020	2020	APD - Body Camera Compliance			10	10
	2020	Economic Development Rebates Tracking			8	8
January 2021	2020	APD - Versadex Case Management			6	6
April 2021	2020	APD - K9 Operations Part 1			5	5
June 2021	2021	APD - Property and Evidence Audit	1	4	1	6
Engagements with pending recommendations			120	8	100	228
<i>Subtotal pending as a percentage of Grand Total</i>			53%	4%	44%	100%
Closed and completed			164	0	0	164
<i>Subtotal closed and completed as a percentage of Grand Total</i>			100%	0%	0%	100%
Totals for all recommendation statuses			284	8	100	392
<i>Total as a percentage of Grand Total</i>			72%	2%	26%	100%
Prior quarter numbers for all recommendation statuses			269	10	94	373
<i>Total as a percentage of Grand Total</i>			72%	3%	25%	100%
Change from prior quarter			15	-2	6	19

Implementation Notes

2015 Payroll and HR Audit

- Implementation is in process; the final recommendation is pending the implementation of a new technology solution. We expect completion when the new solution is in place.

2016 Citywide Physical Security Assessment

- The newly hired Physical Security Manager is addressing the remaining outstanding recommendations. We expect continued progress throughout 2021.

2016 Fire Department Overtime

- The final recommendation relates to establishing performance measures for overall performance. This will be addressed during the City’s strategic planning process expected to be concluded in Q3 2021.

2016 Overall Disaster Preparedness Assessment

- Revised completion dates are Q4 2021. Internal Audit completed a follow-up engagement on the original audit recommendations: see *2018 Overall Disaster Preparedness: Recommendations Follow Up* below.

2016 Core 4 Culture Impact Assessment

- Human Resources is addressing the recommendations in Q4 2021.

2017 Lethal and Less Lethal Weapons Inventory and Control Review

- A new inventory system has been selected and is in the final stages of implementation. We expect the completion of all recommendations in 2021.

2018 Fleet Management Operational Review

- Implementations were delayed awaiting Wi-Fi installation by the Information Technology Department; this is outside of Fleet’s control.

2018 Purchasing, Part 1

- Implementation is in process; revised target dates are in Q3 2021.

2018 Overall Disaster Preparedness: Recommendations Follow Up

- Implementation is in progress; revised target dates are in Q3 2021.

2019 Grant Administration Processes

- Implementation is in process. Finance is developing new procedures and training for release in the first quarter of 2021.

2019 Purchasing Card Transaction Propriety

- Implementation is in process.

2019 Planning Administration Culture Survey

- Planning has been making consistent progress in addressing the recommendations.

2019 House Aurora Partnership

- New Homelessness Manager and the new Housing and Community Services Director are making progress on reimaging this program and implementing recommendations.

2019 Dispatch Culture Survey (Follow Up)

- Implementation of recommendations is in process.

2020 APD – Body Worn Camera Compliance

- Implementation is in process. APD is in the process of selecting a new BWC vendor. Updates to the BWC Policy are working through the APD approval process.

2020 APD – Versadex Case Management

- Implementation of recommendations is in process.

INTERNAL AUDIT TEAM

Wayne Sommer | Internal Audit Manager

Wayne is a Certified Public Accountant (CPA) and a Chartered Global Management Accountant (CGMA) with 41 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), with specialization in not-for-profit entities and financial institutions. He spent the next seven years in various financial and management capacities at a Northern Virginia savings bank. 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 (CFO), 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 Senior—Police Auditor

Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), Certified in Risk Management Assurance (CRMA), and has 14 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 11 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

Laiba Saqib | Internal Audit Staff

Laiba earned a Master of Professional Accounting (MPAcc) degree from the Metropolitan State University of Denver (MSU Denver) in 2021. She received her Bachelor's in Accounting also from the Metropolitan State University of Denver. During her undergrad degree, Laiba interned as an internal audit intern for the Audit Division at the Colorado Department of Transportation (CDOT). After graduation, Laiba took a job as a tax auditor at the Colorado Department of Revenue and started her graduate degree. During her master's program, Laiba worked as the internal auditor for the University as a semester-long project. Laiba has been with the City of Aurora since March 2021.

Professional Associations: Institute for Internal Auditors; Association of Local Government Auditors

Appendix A: Completed Engagement Summary Reports

- AEDC Incentives
- 2021 APD Property and Evidence
- 2021 APD Property and Evidence—Change of Custodian
- 2021 APD Vice and Narcotics
- APD K-9, Part 1