

# Internal Audit Report



## 2020 Office of the Internal Auditor Operations Report

For the quarter ended March 31, 2020

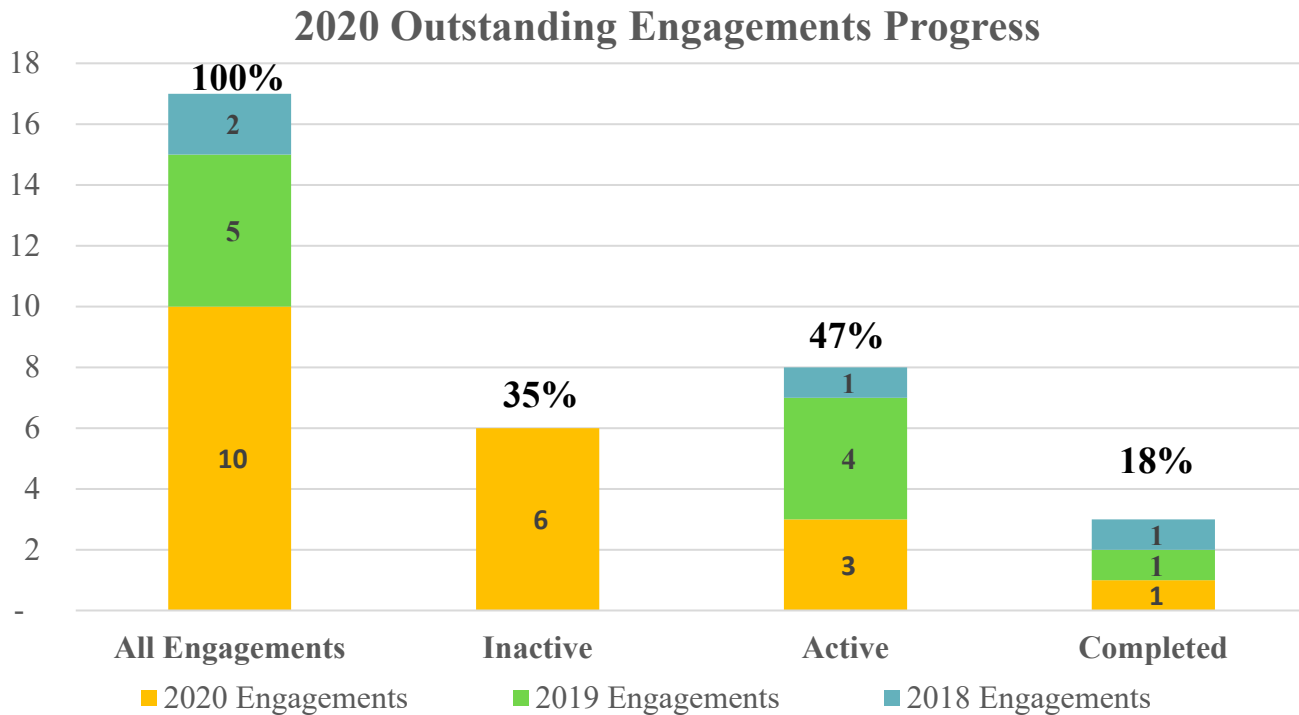




## 2020 ENGAGEMENT PROGRESS SUMMARY

Through March 31, Internal Audit has completed 18% of scheduled engagements; 47% are currently active. We added one new engagement in the most recent quarter and may add another possible engagement. In total, 65% of all our engagements are either active or completed in the first quarter. This is exceptional considering that we only have two staff auditors to conduct engagements.

The Covid 19 pandemic has modestly impacted our audit operations. Our auditors have been prepared to work remotely since 2014 and have been doing so since March 19, 2020. They will continue to do so until circumstances allow us to resume normal activities in the office. We anticipate that our ability to continue making progress on engagements in the second quarter will lessen due to our need to work with other staff who may be otherwise occupied. We have projects and professional development requirements that will allow us to stay productive in the near term.



*As of March 31, 2020*

## 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 stay-at-home pandemic 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				Q2	Q3			
Succession Planning Survey		TBD						
City Governance	TBD							
P-card Transactions							Q2	Q2
Purchasing Operations Review Pt 2							Q2	Q2
Public Safety Dispatch Culture Follow Up								Q2
APD Property and Evidence							Q2	Q2
Marijuana Enforcement	TBD							
Secondary Employment Compliance	TBD							
APD Body Cam Compliance							Q2	Q2
Construction Project Review	TBD							
Court Case Management	TBD							
NEW APD Overtime Grants Compliance								Q2
POSSIBLE Development Financial Incentives	TBD							

Engagements	Comments
Payroll Operations, Part 1	This engagement was assigned to the Internal Audit Manager. Delays in progress were due to competing priorities. We have segmented this engagement 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	We originally planned this as a joint project with Human Resources. The pandemic required that we postpone this until a more suitable time for both departments.
City Governance	This is a critical and significant engagement. The pandemic required 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 Q2.
Purchasing Operations Review Pt 2	The client has the draft final report for review. This engagement will complete in Q2.
Public Safety Dispatch Culture Follow Up	The client has the draft final report for review. This engagement will complete in Q2.
APD Property and Evidence	This is an active engagement. We expect to complete this in Q2.
Marijuana Enforcement	We will refrain from planning for this engagement until we have a clearer picture of the pandemic’s impact on City 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. We expect to complete this in Q2.
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.
NEW APD Overtime Grants Compliance	This is an active engagement. We expect to complete this in Q2.
POSSIBLE Development Financial Incentives	The pandemic interrupted discussions between CM Marcano and Internal Audit regarding an engagement proposal to bring to M&F. We will continue discussions at an appropriate time.

## **Other Matters**

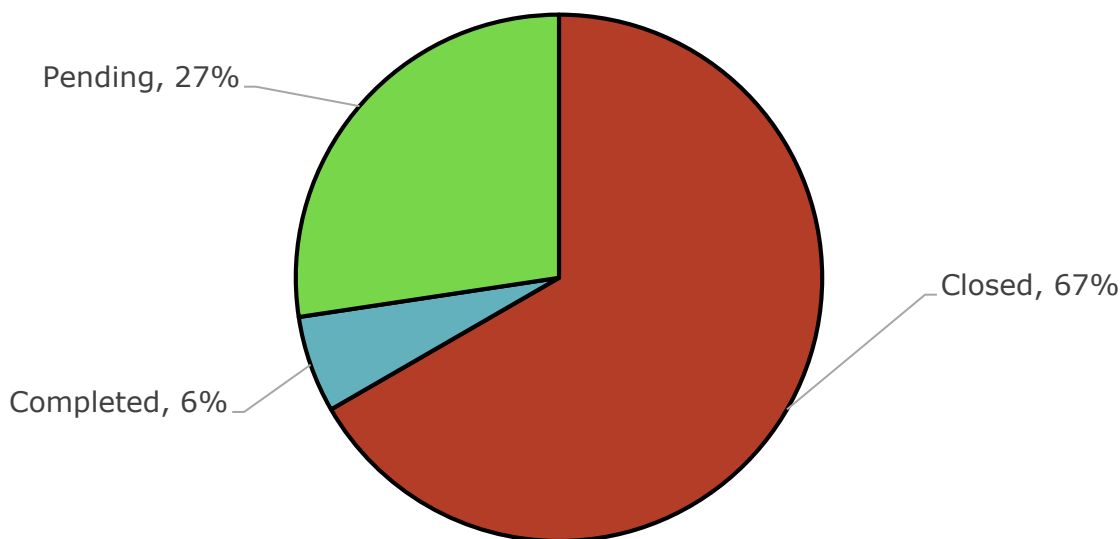
**Staff Professional Development:** All staff is on track to complete their annually required 40 hours (minimum) of continuing professional training for 2019. Sheree Van Buren is pursuing her Certified Fraud Examiner (CFE) designation.

## 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 March 31, 2020. As of that date, 27% of all audit recommendations issued remained incomplete (Pending.) That number is the same as what was reported at the end of the previous quarter, despite having added 21 new recommendations. We also recently extended the due dates for some of the outstanding recommendations, recognizing that current efforts to handle Covid-related matters took priority. The table on the next page 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.

	December 31, 2019		March 31, 2020	
<b>Closed</b>	218	69%	224	67%
<b>Completed</b>	12	4%	20	6%
<b>Pending</b>	85	27%	92	27%
<b>Totals</b>	315		336	

### Recommendations Status as of March 31, 2020



**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 March 31, 2020

<i>Report Release Date</i>	<i>Audit Plan Year and Engagement Name</i>	<i>Closed</i>	<i>Completed</i>	<i>Pending</i>	<i>Grand Total</i>
January 2016	2015 Payroll and HR Audit	13	1	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	12	3	19	34
November 2018	2018 Overall Disaster Preparedness: Recommendations Follow-up	2	1	4	7
October 2019	2018 Purchasing Operations Review-Part 1	-	-	6	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
<b>Engagements with pending recommendations</b>		93	18	92	203
<i>Subtotal as a percentage of grand total</i>		46%	9%	45%	100%
<b>Closed and Completed</b>		131	2	-	133
<i>Subtotal as a percentage of grand total</i>		98%	2%	0%	100%
<b>Grand total for all recommendations</b>		224	20	92	336
<i>Subtotal as a percentage of grand total</i>		67%	6%	27%	100%

### Implementation Notes

#### 2015 Payroll and HR Audit

- Revised completion date is June 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.

#### 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 December 31, 2019 (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 waiting on the completion of a software RFP for a new inventory system.

2018 Change of Command Metro Gang Task Force

- Implementation of recommendations is in process.

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 Q4 2019.

2018 Purchasing, Part 1

- Implementation is in progress; implementation dates are in Q2 2020.

2019 APD Program Expenses

- Implementation is in progress

2019 CALEA Property and Evidence Audit

- Implementation is in progress

2019 Grant Administration Processes

- The final report was issued in Q1 2020; implementation dates are targeted for Q4 2020.

2019 House Aurora Partnerships

- Implementation is in progress; implementation dates are targeted for Q2 2020.

2019 Planning Culture Survey

- Planning is developing its strategy to implement recommendations during 2020.

## INTERNAL AUDIT TEAM

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### **Wayne Sommer** | Internal Audit Manager

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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.) 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.) Preceding coming to Aurora, Wayne spent 23 years at the International City/County Management Association (ICMA) –14 as Director, Administration and Finance, and nine working in executive management roles performing strategic planning, business development, and organizational change and development. Wayne 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

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Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), is 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 serving 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

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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. She spent three years as an Audit Associate with PwC, LLP. where she worked in the financial services industry. Sheree has been serving the City of Aurora since August 2014.

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

## Appendix A: Completed Engagement Summary Reports

- Grant Administration Processes
- APD: Vice and Narcotics
- PerfectMind/Worldpay Reconciliation Review