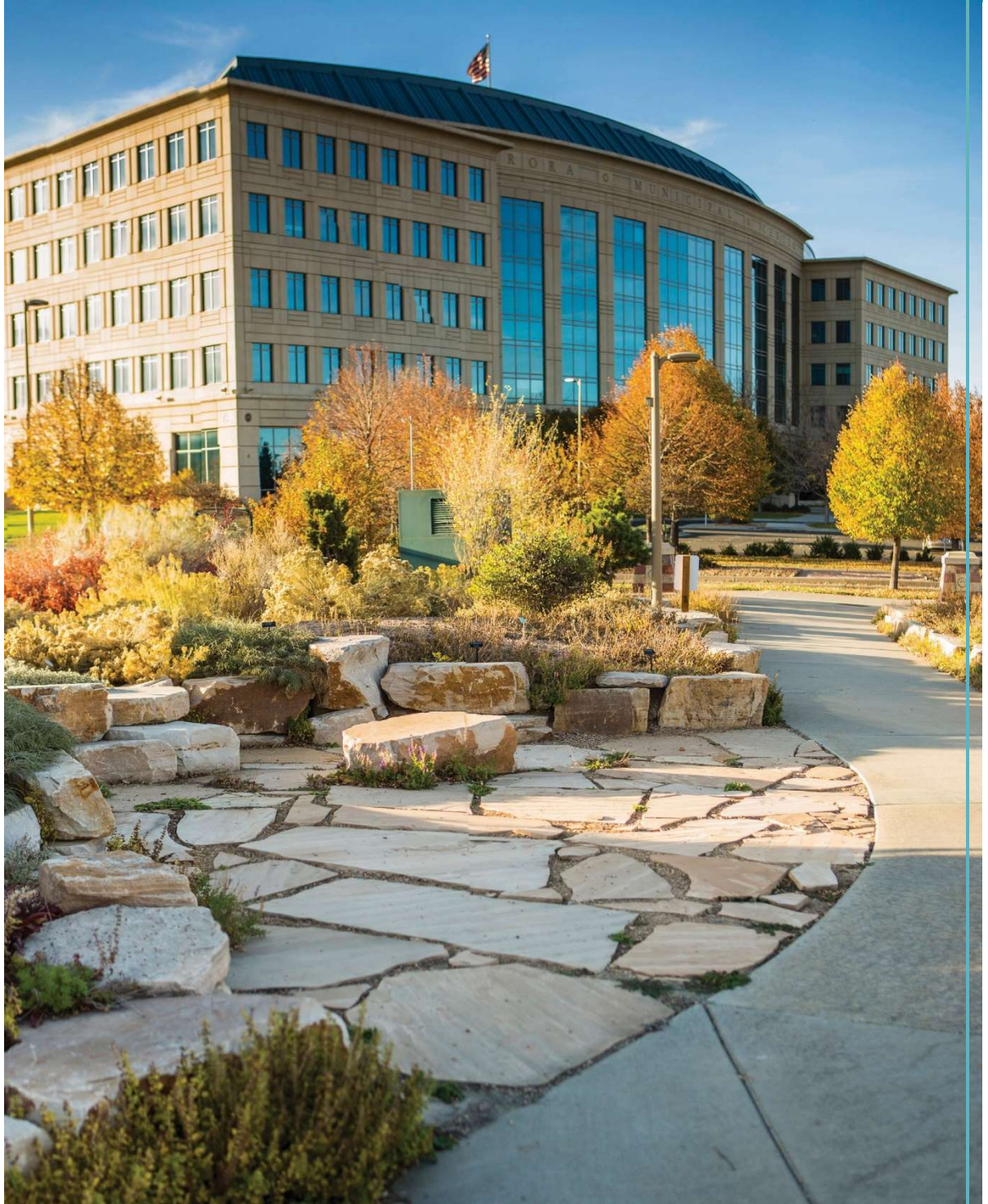




Report of Internal Audit Planning



Background

The City of Aurora Office of the Internal Auditor (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 conducts various 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 audit their financial statements annually. The law states that an independent Certified Public Accountant (CPA) must perform the audit, following generally accepted auditing standards.

The Office of the Internal Auditor prepares an annual audit planning report that the City Manager approves, and the City Council's Management and Finance Committee affirms.

Report of Internal Audit Planning

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 risk definition in the *International Standards for the Professional Practice of Internal Auditing*: **The possibility of an event occurring that will impact 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 to manage and mitigate risk to acceptable levels. Our risk-based approach included assessing various City activities and developing a planning document to address those areas commensurate with the resources available and the audit team’s skill sets.

Risk Assessment Survey

This year, Internal Audit significantly revised our risk assessment approach. We believe this new approach will allow our office to be more agile when addressing City risks. We began our risk assessment by holding individual meetings with the City Manager and each Deputy City Manager. We followed these meetings by issuing a survey via Microsoft Forms to all Department Directors. We employed a six-question survey that included broad, high-level questions (see below) allowing employees the opportunity to answer with minimal effort and without restraint. The survey contained the following questions:

1. Please describe what you believe may be the top five issues or events that may impact your department’s ability to achieve its business priorities as you have planned them.
2. What about your department’s or the City’s operations “keeps you up at night”?
3. What are the top five (maximum) opportunities that you see potentially arising in the coming year that would boost your department’s chances of achieving its business priorities?
4. In your opinion, what do you believe might be the top five threats (internal or external) facing the City in the coming year?
5. In your opinion, what do you believe might be the top five opportunities (internal or external) that the City should seize in the coming year?
6. Who else in your department do you believe could offer valuable insights by completing these questions?

We issued the survey to additional staff based on the responses to the last question. We also scheduled meetings with any additional staff as deemed necessary. The table below shows the number of surveys issued and completed¹.

Survey Responses	Surveys Complete	Surveys Sent	% Complete
Directors	15	19	79%
Supervisors – Staff	33	69	48%
Total	48	88	55%

In addition, we met with the City Attorney, Presiding Judge, and Court Administrator to discuss risks in their operations.

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 comments on potential risk areas in our observations.

INTERNAL AUDIT OBSERVATIONS

Over the last eight years, the Internal Audit department has undertaken significant audit engagements. Many of these engagements stemmed from the risk assessment surveys, meetings with City management, conversations with City staff, requests from City Council members, and discussions among the Internal Audit team.

¹ We conducted the City assessment separately from the Police Auditor, this does not include the Police Department.

In 2021, the City Manager created a new Police Auditor position, increasing our auditor positions to three. The Police Auditor position only performs police department audits. The table below shows the City departments that have been subject to an internal audit since 2017. This depicts the span of current and potential Internal Audit reach.

Department/Appointee/Commission	Number of Audits 2017 to Current²
Police	26 ³
<i>Citywide</i>	6
Finance	4
Aurora 911	3
Housing and Community Services	3
Planning and Development Services	2
Aurora City Council related	2
Aurora Fire Rescue	1
Communications	1
Parks, Recreation, and Open Space	1
Public Works	1
City Clerk's Office	0
Human Resources	0
Information Technology	0
Library and Cultural Services	0
Office of DEI	0
Office of Development Assistance	0
Office of Intergovernmental Relations	0
Office of International and Immigrant Affairs	0
Office of Oil and Gas	0
Office of Special Projects	0
Aurora Water	0
City Attorney's Office	0
Judicial	0
Court Administration	0
Civil Service Commission	0
Office of Public Defender	0
Boards and Commissions	0
Total Audits	50

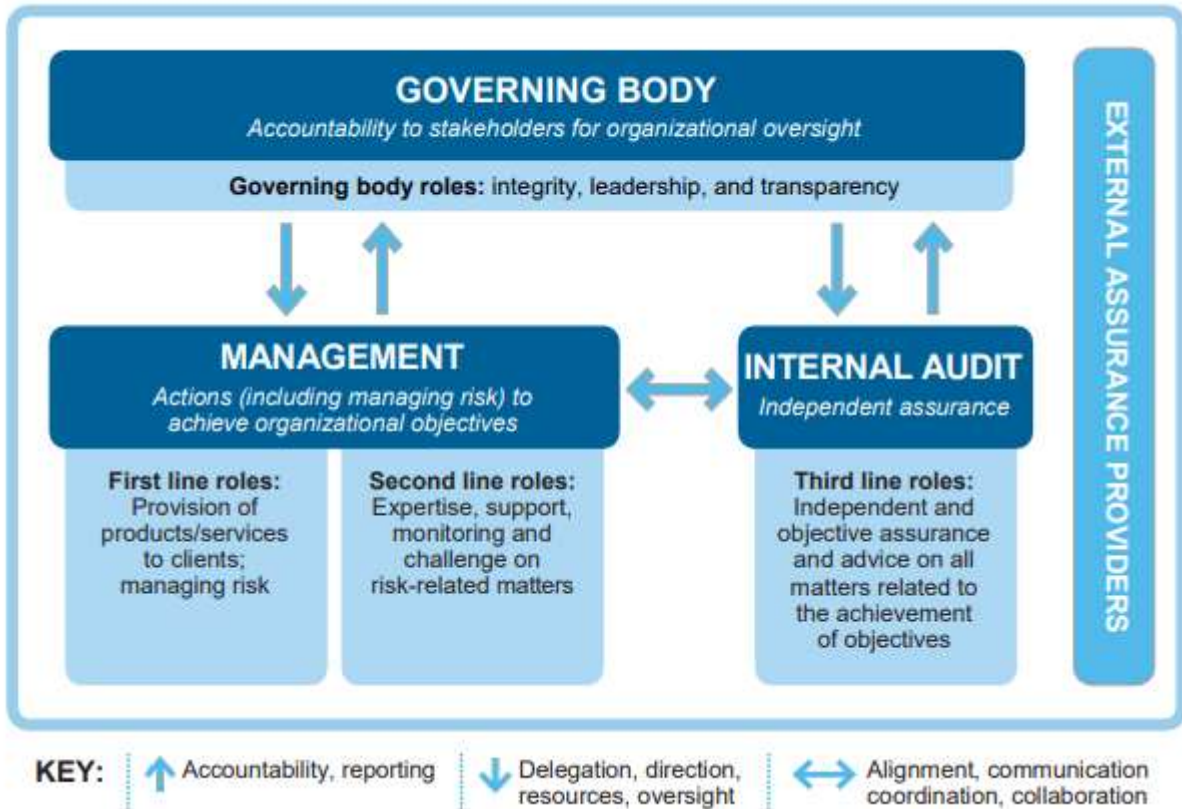
Our Office is limited in its reach by its size⁴. This requires each of our audit staff to operate independently on engagements in order to cover more risk areas in the City. While the Internal Audit Manager does, on occasion, participate in audits, that role is primarily responsible for managing the Office and reviewing auditor work papers. Internal Audit must balance the audit plan against our capacity (as a shop of four), knowledge, and skills. While Internal Audit develops our plan following a risk-based approach, we cannot audit every risk.

² Active engagements at the time of this report.

³ Fourteen were recurring annual engagements or special engagements related to a change of command.

⁴ By comparison, the size of the City of Denver and the City of Colorado Springs audit departments are 46 and 14 respectively. The City of Aurora is a shop of four.

We offer the below graphic of the Three Lines Model as it “helps organizations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management.” It is our responsibility to draw attention to the risks facing the City; it is Management’s responsibility to address the risks⁵.



⁵ <https://www.theiia.org/globalassets/site/about-us/advocacy/three-lines-model-updated.pdf>

Below, we include our observations on potential risks. While the risks identified below may not result in a formal engagement, they are risks of which City management should be aware and will need to address apart from an internal audit.

INFORMATION TECHNOLOGY

Internal Audit started the Information Technology (IT) Operational Assessment in late 2022. This engagement, part of our 2022 audit plan, is a high-level assessment of IT's operations. The objectives of this engagement are to:

- Evaluate the effectiveness of the current IT organizational structure in the context of executing its mission. [We see this as critical considering the volume of IT-related projects planned and underway in the City.]
- Identify additional risk areas for future audit engagements.

IT has engaged Info-Tech, an external third-party information technology research and advisory company, to conduct two internal surveys: organization design and staffing, and management and governance. We will be relying on the results of these surveys to augment our audit efforts. This engagement will serve as the springboard for potential future IT audits.

Cybersecurity and Ransomware: Attacks on the City's network continue each year. 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. Considering the hybrid work environment, IT should remain proactive in monitoring and defending against cybersecurity threats.

Annual cybersecurity training has been mandatory for several years. The cybersecurity micro-learns address the significant areas on which staff need regular refreshers. Topics include hacking, phishing, malware, and unauthorized release of private information. The City monitors proper access and security controls for its critical environments and ensures 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.

CITY STAFFING

A consistent theme throughout the risk assessment was staffing shortages across all City departments and divisions. A pervasive inability to fill critical positions with qualified candidates is leading to excessive burdens on current staff and, in some cases, requiring mandatory overtime, to meet service level expectations. The general theme in our survey responses and discussions is that staff want to complete their tasks; however, the undue pressures and stress from competing priorities, shifting priorities, added priorities, and customer demands, both internal and external, are leading to frustration and burnout. While the City stewards and applies carefully its monetary resources to serve City needs, there is no mechanism by which to apply equally effective management of staff capacity. While new projects may be funded adequately, without adequate staff resource planning, the City careens toward a more dire version of the current state—an overburdened and tired workforce. This is unfair to staff and not sustainable.

While we understand some departments have been able to maintain service levels, it has come at a cost. The risk of continuing with current staffing levels are:

- Burnout and potentially staff turnover
- High amounts of overtime (night and weekend work)
- Staff performing duties outside of their job ranges
- Increased risk of mistakes due to lack of knowledge or experience
- Lack of adequate managing, supervising, or planning
- The lack of time to think strategically to improve processes and operations

It is our opinion that Management must take an honest look into how citywide projects are prioritized and resourced. Due to reduced staff, management must also have more informed discussions regarding expectations and sustainable service levels (resource realistic.) Those included in these discussions should be City Council, management, staff, and other appropriate city stakeholders (residents, businesses, etc.)

COLLABORATION AMONG CITY DEPARTMENTS

Another theme highlighted was the lack of collaboration and communication among City departments and how it impacts how we function as a City, provide service to external City stakeholders, and provide customer service internally. Departments rely on each other to achieve projects, priorities, and objectives.

Is there an established “Aurora Way” of how we get things done as a City? Is there a project management process that can be applied consistently across the City to each project, specifically the projects that impact and rely on multiple departments to execute?

Management will want to understand the current demands more fully before adding new projects and requests. We know that there are multiple initiatives in play:

- Large system implementations
- Studies (staffing, compensation, disparity among purchasing and contracting, office space, etc.)
- Committees (strategic planning, safety, physical safety, DEI, etc.)
- Consultants (information technology, organizational structure)

What are the outcomes of the various studies, committee work, or consultant efforts? What does the City do with the deliverables produced? We will address these questions in the proposed engagements “Citywide Governance Practices” and “Citywide Consultation Services.”

CITY LEADERSHIP COMMUNICATION

The importance of communicating in a transparent and timely manner has only increased. While citywide newsletters and *Take Ten with Twombly’s* have informed staff regarding various initiatives, staff survey comments (in addition to culture survey observations) highlight a need for more top-down and cross-department communication. In addition, information that directly impacts staff seems to get stuck at the manager or supervisor levels, not always making its way throughout the organization.

There is a need for departments to communicate better with each other. As noted in the collaboration section above, many departments depend on one another for service delivery; however, clear

expectations, roadblocks, or priority changes are not always adequately communicated which leads to workgroup frustration.

We acknowledge that City Council and City Management need timely information to effectively discharge their responsibilities. In the current work environment with staffing levels low and workloads high, meeting these data needs has put a strain on staff capacity. This was another common theme from the risk assessment survey. Under normal conditions, such requests, whether for new projects, changes to existing projects, research items, reports, etc. would more easily be added to staff's workloads. We are recommending a greater degree of mindfulness in identifying and balancing true priorities against items of lesser importance until staffing conditions improve.

DISASTER PREPAREDNESS – CLIMATE CHANGE

How the City continues to prepare for the next disaster will be critical to the response. Unfortunately, in discussions with the Office of Emergency Management, City departments lack the commitment to complete preparedness training, update response plans, or respond to OEM requests. In addition, although we recommended in our 2016 City Preparedness audit that the City becomes compliant with the City Council resolution R2004-80⁶, to date, this has yet to be completed (despite various attempts by OEM).

With many different climate crises to prepare for (drought, water reduction, clean water, clean air, fire, and many more), the City must make concerted efforts to prepare City staff. We must also lead and be the example for initiatives impacting City residents.

MANDATORY TRAINING

There are multiple topics and policies on which staff could benefit from required periodic recurring training. Internal Audit recommends annual training on fraud awareness and prevention, as well as the existence and use of the City's *Ethical Advocate* hotline. We would welcome the opportunity to work with Human Resources and other departments to develop a comprehensive list. Fraud is a significant financial and reputational risk for any City, such that employees should receive annual training.

All City employees should have some awareness of their responsibility and how to report concerns. It is essential to keep these matters at the forefront of staff awareness and to do so efficiently and effectively. Therefore, we recommend that all annually mandated training be sufficiently divided across the year so as not to consume an inordinate amount of staff time at a single point in the year. Internal Audit will renew meetings with Human Resources and Training and Development to discuss mandatory training.

DIVERSITY, EQUITY, AND INCLUSION

Internal Audit is not proposing an engagement related to DEI in our current plan. We will continue to have a presence on the Equity Champion team and offer our services to the Office as requested. DEI remains at the forefront of many social issues facing the City of Aurora and its residents. As the new *Americans with Disabilities Act* (ADA) accessibility guidance is released for websites, buildings, programming, and services, management will want to assess and develop a well-defined and properly funded citywide plan to direct compliance efforts.

⁶ City Council Resolution No. R2004-80 adopted the National Incident Management System as the City's disaster system. This resolution requires training at all levels of the organization.

WORKDAY ERM SYSTEM IMPLEMENTATION

Related to many factors already mentioned is the upcoming Workday Enterprise Resource Management system implementation. Management has an opportunity to implement the system, promote its use, and train in a way that motivates staff and reduces resistance to such a significant change. It will be important to communicate a consistent message and explain the *why* and how the change will help the City, departments, and divisions reach their strategic goals.

Staff commented in the survey and discussed during our meetings the high impact of losing project staff and the loss of their institutional knowledge as the system is introduced to all City staff. Failure to address the impact of losing key project staff risks delaying system implementation and could potentially lead to issues during the roll-out, impacting critical citywide functions including payroll and hiring. It will be critical to lessen the impact of current and future turnover of staff involved directly in the system implementation on the roll out by ensuring a line of succession for Workday project staff.

Internal Audit is not proposing an engagement; however, we will remain informed of progress and will continue to assess the risks and opportunities as we plan future audits.

COURT ADMINISTRATION AND JUDICIAL SERVICES

Court Administration, the City Attorney's Office, and Judicial Services rely deeply on inefficient and manual processes. While we will not propose an engagement at this time; we will continue to remain informed of the discussions underway to address the lack of technology and the paper and manual processes between Court Administration, Judicial Services, and the City Attorney's Offices.

ENGAGEMENT PLANNING CONSIDERATIONS

In determining which engagements to include in our planning, we also considered those engagements that remained outstanding from the 2022 plan. We used our professional judgment of risk for these engagements against the risk assessment results and decided whether to keep the prior engagements in our plan and, if so, how to order them.

Currently, our only recurring engagement is the audit of Mayor and City Council expenses. We conduct this audit and report on the results quarterly. This engagement was established at the request of the Audit Committee. Is it the Audit Committee's request that we continue this engagement for the coming year?

Circumstances and risks may change. As a matter of course during an active engagement or before a new engagement begins, we assess whether there is value in continuing or starting the engagement in the context of the prevailing risk environment. This practice allows us to remain agile and deploy our limited resources to what we believe are the most urgent needs. Furthermore, we will assess organizational risks each quarter in 2023 and, as a result, may reorder, add to, or eliminate listed engagements. The engagement objectives in this audit plan are preliminary and subject to change based upon information obtained once the engagement is underway. Internal Audit will inform the City Manager and the Audit Committee of any material changes to active engagement objectives.

The Aurora Police Department is no longer seeking CALEA (Commission on Accreditation for Law Enforcement Agencies) accreditation, therefore we will no longer conduct the audit of property and evidence management as an annually recurring engagement. As a result, the Police Auditor will assess whether such an engagement is necessary against overall police department risks. (The Police Auditor engagements are in a separate report.)

PRIORITY FOR INTERNAL AUDIT ENGAGEMENT PLANNING

Our presentation below of planned engagements reflects our new approach to risk assessment and engagement planning. We intend to keep a running list of proposed engagements and adjust it periodically based on our professional judgment of prevailing risks and our available staff resources. Internal Audit proposes to pursue the listed engagements in the order presented below.

- Information Technology (IT) Operational Assessment (to include the engagement in progress and a future engagement based on findings)⁷
- Citywide Governance Practices (Part 1)
- Citywide Consultation Services
- Sole Source Purchasing Process
- Information Technology (IT) Operational Assessment (Part 2)
- Mayor and City Council Operating Expenses⁸

ELIMINATED ENGAGEMENTS FROM PREVIOUS AUDIT PLANS

Based on current discussions with management, Internal Audit proposes to eliminate the following engagements from prior audit plans. We will assess any eliminated engagements against citywide risks in future quarterly assessments.

- City Clerk's Office After-Action System Implementation
 - *Reason:* Based on more pertinent risk areas and as the new system has been in place for a year, we believe this engagement no longer adds value. Additionally, we are currently reviewing IT operations and believe our resources are better used to address system implementation concerns during that engagement.
- Development Assistance Process Review
 - *Reason:* Based on recent discussions with management, the development processes are undergoing significant changes to include a reorganization, updates to workflows, new performance standards, and customer service training. It would not add value to audit an area undergoing such significant changes.
- Youth Violence Prevention Program
 - *Reason:* Currently the program is not operating due to the lack of staff. The National Public Safety Partnership recently completed an assessment of the program and provided recommendations that will change how the program operates. As the program is not operating, the level of risk is lower than other areas identified in our 2023 plan. We will still perform a limited scope review of program expenses (since inception) and will reconsider the remaining planned audit objectives and any additional related risks going forward during our risk assessment process.
- Citywide Asset Management Review
 - *Reason:* Although asset management and capital planning across the City is a risk, it is also an area that management is currently addressing through various initiatives. We believe our resources are better deployed to other risk areas and will consider this area going forward during our risk assessment process.

⁷ This engagement will carryforward into 2023.

⁸ This engagement is dependent upon the Audit Committee's request.

- Marijuana Enforcement Process
 - *Reason:* When we first started the engagement, the division was undergoing significant leadership and policy changes. Internal Audit paused the engagement to give management time to address the needs of the division. Based on recent discussions with management, the division has made progress in staffing the division and implementing policies and procedures. This engagement will be reconsidered as a part of our ongoing risk assessments.

ENGAGEMENT DETAILS AND PLANNED OBJECTIVES:

<p>Citywide Governance Practices (Part 1)</p>	<p>According to the International Standards for the Professional Practice of Internal Audit (The Standards), Standard 2110—Governance, the internal audit activity must assess and make appropriate recommendations to improve the organization’s governance processes for:</p> <ul style="list-style-type: none"> • Overseeing risk management and control. • Promoting appropriate ethics and values within the organization. • Ensuring effective organizational performance management and accountability. • Communicating risk and control information to appropriate areas of the organization. • Coordinating the activities of and communicating information among the board, external and internal auditors, other assurance providers, and management. <p>The Standards also require that Internal Audit evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities and assess whether the information technology governance of the organization supports the organization’s strategies and objectives. Internally Audit applies a governance checklist in individual engagements where appropriate to the audit objectives. This engagement looks at governance from an organizational level and will be used to identify areas in need of further attention.</p> <p>Objectives:</p> <ul style="list-style-type: none"> ❖ Assess the state of City governance practices in relation to prevailing standards to determine where improvements are needed.
<p>Citywide Consultation Services</p>	<p>The city expends resources (both money and staff time) to engage in studies, assessments, committees, and to manage consultants. We planned this engagement to answer the question, what does the City do with the deliverables from these efforts?</p> <p>Objectives:</p>

	<ul style="list-style-type: none"> ❖ Determine the disposition of any study findings and assess the value of the deliverables in relation to their originally intended purpose.
<p>Purchasing Sole Source Purchasing Process</p>	<p>Sole source purchases are purchases into which the City enters without a competitive process, based on a justification that only one vendor can provide the supply, service, or construction.</p> <p>Objective:</p> <ul style="list-style-type: none"> ❖ Determine whether adequate controls and policies exist to ensure sole source purchases are appropriate and in the best interests of the City.
<p>Information Technology Operational Assessment (Part 2)</p>	<p>Based on the results from the initial IT operational assessment, Internal Audit is using this as a placeholder to conduct an IT-specific engagement.</p>
<p>City Council Mayor and City Council Operating Expenses</p> <p><i>Recurring</i></p>	<p>This engagement was requested by the Management and Finance Committee. Internal Audit will perform recurring test work on a sample of items related to expenditures incurred by the Mayor and City Council members—regardless of the form of payment—for official business and conference and travel expenses recorded in the general ledger maintained in the Finance accounting system.</p> <p>Objectives:</p> <ul style="list-style-type: none"> ❖ Determine whether recorded expenses are incurred in accordance with Council policy. ❖ Determine whether expenses are supported by adequate supporting documentation in accordance with Council and City policy.

INTERNAL AUDIT DEPARTMENT PROJECTS

Below is the special project that, while not a part of the audit planning, will require Internal Audit resources.

<p>Citywide Culture and Engagement Survey Follow-up <i>Yearly</i></p>	<p>In 2022, Internal Audit, in collaboration with Human Resources, issued the first citywide culture and engagement survey. One of the baseline Culture report recommendations is to continue to administer the survey annually to develop longitudinal data on the City’s efforts to improve the culture and reap the benefits therein. In our baseline year, we experienced significant staff apprehension toward participating in the survey for fear of retaliation for their responses.</p> <p>We believe surveying through a third-party assessor specializing in large-scale government employee surveys could reduce the fear and improve participation and the survey’s value. In addition, the assessor would likely produce a report in less time than Internal Audit administering the survey. The ideal assessor would have experience surveying government entities and have benchmark data of other municipalities to compare Aurora’s results. Gathering and reporting year-over-year data will illustrate Management’s commitment to improving the culture and will help identify any areas that may need attention. By having Internal Audit as the facilitator of this process, we believe we can help mitigate staff’s comfort level regarding participation.</p>
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2023 APPROVED POLICE AUDITOR ENGAGEMENTS

The Police Auditor developed this audit plan from the results of the annual risk assessment and meetings with City Management and the Police Chief. The detailed plan is documented separately from the citywide plan. The engagements listed below are in no particular order. The City Manager approved the Police Auditor Plan on October 6, 2022. The Police Auditor will also present this plan to the Public Safety, Courts, and Civil Service Policy Committee as an information item.



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. Internal Audit participates in technology security initiatives as requested by the CISO.

Internal Audit and Risk Operations

Internal Audit meets quarterly with Risk Operations to discuss issues of mutual concern. The meetings foster communication on potential risk issues that may lead to an audit engagement proposal.

Physical Security Steering Committee

Internal Audit facilitates the monthly Physical Security Committee meetings. Other duties include 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 Management & Finance Committee (the Audit Committee of the City Council.) We conduct our work objectively 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, 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. Then, 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 City budget that the City Manager proposes to the City Council and that the City Council approves includes the CAE’s salary and benefits.
- ✧ *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. In addition, the M&F Committee has direct access to the CAE for any questions.
- ✧ **1110.A1** – *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 following 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 2023 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 42 years of diverse work experience. 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 including managing ICMA's U.S. Programs, which offered research and consulting products and services to local governments, the private sector, and the Federal government.

Wayne will retire from the City of Aurora in December 2022. It will be incumbent upon the City Manager to appoint a successor.

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

Michelle Crawford | Police Auditor

Michelle is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), Certified in Risk Management Assurance (CRMA), and has 15 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; National Association for Civilian Oversight of Law Enforcement

Sheree Van Buren | Internal Audit Staff

Sheree is a Certified Internal Auditor (CIA) and a Certified Fraud Examiner (CFE), with 11 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; National Forum for Black Public Administrators; Black Employees for a Better Aurora

Laiba Saqib | Internal Audit Staff

Laiba has four years of audit experience. She earned her bachelor's and master's degrees in Accounting from the Metropolitan State University of Denver in 2018 and 2021, respectively. During her undergrad degree, Laiba interned in the Internal Audit Division at the Colorado Department of Transportation (CDOT). After graduation, she 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 on 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