



City of Bowling Green

Internal Auditor's Office Fiscal Year 2019/2020 Annual Audit Plan

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Introduction

Enclosed is the Fiscal Year 2019/2020 Audit Plan for the Internal Auditor's Office. Professional internal audit standards, as well as the Internal Auditor's Office Charter, requires the preparation and presentation of this type of plan to the Audit Committee. This plan process was revamped in an effort to allow increased flexibility and add more frequent site visits to City locations. The risk assessment was conducted which resulted in a narrowed scope listing of potential audits. Revisions to this listing can occur if additional projects of high priority are identified during the course of the fiscal year.

Audit Prioritization and Selection

A risk assessment was performed to identify and prioritize audits posing the greatest potential for risk and liability to the City. This process provides a tool to assign priority for the purpose of reducing the risk and liability exposure through observations, testing, analysis and recommendations. In developing the risk assessment model and audit plan, risk is defined as the potential for loss to a division due to error, fraud, inefficiency, failure to comply with statutory requirements or actions which may have a negative effect on the City.

A systematic risk assessment approach was performed. This approach separates risk into individual *risk factors*, which were assessed individually, then combined into an overall score reflecting a Division's risk potential. For each of the individual risk factors, the Internal Auditor's Office evaluated the associated risk and ranked them in one of several risk levels. This process attempts to account for a relative measure of importance between each of the risk factors and the resulting impact on the overall risk score for each division by weighting each individual risk factor. A "weighting" factor was derived by performing a comparison of each specific risk factor, with all the other risk factors on a "more important than" basis. The result of this analysis is summarized in Attachment #2.

Based on the selected risk factors, interviews and ride along meetings were performed with senior management, which focused on the control environment, risk assessment, control activities, information and communication, new activities and monitoring for each division. The following senior managers discussed their specific departmental risks and operations:

<u>City Manager Department-</u>	Jeff Meisel – City Manager
<u>Human Resources Department-</u>	Erin Hulseley – Director
<u>Public Works Department-</u>	Greg Meredith – Director
<u>Legal Department-</u>	Gene Harmon – City Attorney
<u>Neighborhood & Community Services-</u>	Brent Childers – Director
<u>Fire Department-</u>	Jason Colson – Fire Chief
<u>Finance Department-</u>	Katie Schaller-Ward – Assistant City Manager/CFO
<u>Information Technology Department-</u>	Lynn Hartley – Chief Information Officer
<u>Parks and Recreation Department-</u>	Brent Belcher – Director
<u>Police Department-</u>	Doug Hawkins – Police Chief

The Fiscal Year 2019/2020 Audit Plan

The recommended Audit Plan for Fiscal Year 2019/2020 considers available audit hours, found in Attachment #1 and identifies the potential audit areas listed in the chart below. Not all of these topics can be audited in one year, but the goal is to transition to issue more limited scope audits versus large operational audits and allow more flexibility in the audit process. A monthly highlight report is being developed, as well, to inform management and elected officials of activities on a monthly basis.

City Manager	Law
Public Record Requests	Code Enforcement Liens and Collection Contract Review Process Payment Contract Compliance
Police	Fire
Open Records Compliance BodyCam Compliance Evidence Targeted Items	FOB Access at Fire Stations Fire Improvement Fund Verification Sworn Training Reports to State
Finance	Human Resources
Delinquent Property Tax Collection Delinquent W/H Collection Delinquent Net Profit Collection	Target Solution Compliance Spousal Non-Coverage Verification
Information Technology	Parks and Recreation
Parking lot lease FOBS HelpDesk Efficiency	MainTrak Workorders Golf Shop Inventory
NCS	Public Works
City Grant Tracking Animal Control Call Response Time City Central Efficiency	Leaf Removal Process Environmental Data Collection Fleet Core Fee Process

The Fiscal Year 2019/2020 Audit Plan includes time to conduct Follow-up Audits of Cemetery Administration and TimeClock system, oversee the BOLT implementation review; unannounced cash counts and administer the Employee Ethics Hotline, while being responsive to special requests and advisory needs of management. There is continued concern about audit coverage as a one-person audit shop, but I will continue to search for ways to add greater value to the City based on the resources available. I hope that the revamping of audit focus to include site visits and selecting more narrowed focus audits will increase coverage. In addition, a monthly report is being developed to provide senior management and elected officials frequent updates on audit progress.

ATTACHMENT #1
Available Audit Hours for Fiscal Year 2019/2020

Available Resources (Audit Hours)

Number of Staff	1	
Annual Hours Available	2,080	
<u>Less: Non-Audit Hours</u>		
<i>Paid Leave</i>		
Holidays	80	
Vacation	120	
Personal Days	48	
Estimated Sick	47	
<i>Estimated Holidays and Leave Time</i>	295	
<i>Professional Development</i>		
IIA Certified Internal Auditor Challenge Exam	40	
ALGA Annual Conference	20	
ALGA Board Meetings	20	
Total Professional Development Hours	80	
<i>Administration</i>		
General Administrative Functions & Tasks	175	
Internal Control/Fraud Awareness Presentations	80	
Total Administration Hours	255	
Total Indirect Audit Hours		630
Total Direct Audit Hours Available		1,450
<u>Fiscal Year 2018/2019 Audit Plan</u>		
Advisory Services/Special Requests/Employee Hotline Admin.		250
Fieldwork and Various Site Visits, Audits and Reviews		700
Cemetery Administration Follow-up Audit		160
Timeclock Follow-up Audit		120
Annual Risk Assessment and Audit Plan		80
Oversee BOLT Impementation Review		40
Legal Department Collection Services Audit		40
Audit Committee related		40
Unannounced Cash Counts		20
Total Budgeted Direct Audit Hours		1,450
Resource Over/Short		0

ATTACHMENT #2

Data Entry Cells

Criteria Legend:

- A [Changes in Procedures/Personnel](#)
- B [Budgeted Expenditures](#)
- C [Liquidity and Negotiability of Assets](#)
- D [Management](#)
- E [External Influences](#)
- F [Nature of Transactions](#)
- G [Quality of Internal Controls](#)
- H [Composition of Personnel](#)
- I [Time Since Last Audit](#)
- J [Revenue Materiality](#)

Department	Criteria										Gross Score	Weighted Score	Risk
	A	B	C	D	E	F	G	H	I	J			
	Maximum Points per Criteria												
	27	9	18	18	16	18	18	18	7	9			
	Weights												
	11%	10%	15%	8%	2%	8%	25%	3%	8%	10%			
Legislative													
Mayor and Commissioners	7	3	2	2	11	10	5	1	10	1	52	4.73	LOW
City Manager													
City Manager	7	3	2	4	6	10	8	1	10	1	52	5.54	MEDIUM
City Clerk	7	3	2	8	5	11	2	1	10	3	52	4.62	LOW
Public Information	2	3	6	6	4	2	2	1	10	1	37	3.57	LOW
Records Management	5	1	6	6	5	8	2	1	10	1	45	4.2	LOW
Internal Auditor	2	3	2	8	7	10	5	1	10	1	49	4.58	LOW
Finance													
Chief Financial Officer	7	3	2	4	9	13	8	1	10	9	66	6.64	MEDIUM
Revenue/License	13	5	10	16	14	16	11	2	1	9	97	10.06	HIGH
Accounting	2	3	2	8	10	16	8	2	10	3	64	6.1	MEDIUM
Purchasing	2	3	10	8	10	11	8	1	7	1	61	6.43	MEDIUM
Human Resources													
Human Resources Management	7	5	2	4	12	13	5	2	10	1	61	5.38	MEDIUM
Benefits and Insurance	2	9	2	12	12	11	8	1	10	1	68	6.43	MEDIUM
Safety and Training	2	7	6	6	12	8	8	1	10	1	61	6.11	MEDIUM
Law													
	10	5	6	10	12	13	11	1	1	3	72	7.74	HIGH
Information Technology													
	2	7	10	6	7	13	11	1	7	1	65	7.52	HIGH
Police													
Administration	7	7	4	6	9	10	8	1	7	3	62	6.42	MEDIUM
Records	10	3	6	14	5	2	2	1	7	3	53	5.07	MEDIUM
Criminal Investigations	7	7	6	6	14	13	5	3	7	1	69	6.17	MEDIUM
Traffic and Patrol	10	9	10	6	16	11	5	9	7	1	84	7.36	MEDIUM
Communications	14	7	6	8	14	13	2	4	3	1	72	6.06	MEDIUM
Evidence	2	3	14	14	8	8	5	1	7	3	65	6.68	MEDIUM
Other (Cadets and Crossing Guards)	5	1	2	8	2	2	2	7	7	1	37	3.16	LOW
Fire													
Administration	7	7	4	6	7	10	8	1	7	1	58	6.18	MEDIUM
Suppression	10	9	6	6	16	11	5	9	7	1	80	6.76	MEDIUM
Prevention	2	5	6	8	7	8	5	2	7	1	51	5.01	MEDIUM
Training	2	3	6	8	7	2	5	1	7	1	42	4.3	LOW

Public Works

Facilities Management	10	7	6	6	2	11	5	2	10	1	60	6.31	MEDIUM
Administration	2	5	2	4	7	13	8	1	10	1	53	5.45	MEDIUM
Planning and Design	2	7	6	6	14	11	5	1	10	1	63	5.64	MEDIUM
Environmental Compliance	2	7	6	6	12	11	5	1	10	1	61	5.6	MEDIUM
Fleet Management	5	7	10	8	7	8	5	2	1	3	56	5.86	MEDIUM
Operations	2	9	10	8	7	8	5	5	10	1	65	6.34	MEDIUM

Parks and Recreation

Administration	2	5	6	4	6	8	5	2	10	9	57	5.71	MEDIUM
Maintenance	5	7	10	6	4	8	8	6	5	1	60	6.63	MEDIUM
Athletics	5	5	10	6	9	5	8	10	3	9	70	7.05	MEDIUM
Aquatics	9	5	16	6	12	8	8	10	7	9	90	9.01	HIGH
Recreation/Fitness	5	5	10	6	9	5	8	10	1	9	68	6.89	MEDIUM
Golf Courses	5	7	16	4	9	5	8	10	7	9	80	8.31	HIGH
Cemetery	10	5	12	6	7	5	8	2	3	9	67	7.62	HIGH
Community Centers	5	5	10	6	4	5	5	10	10	5	65	6.36	MEDIUM
Beautification	6	0	10	6	2	5	5	2	10	1	47	5.29	MEDIUM

Neighborhood & Community Services

Administration	7	5	2	4	2	8	1	1	10	1	41	3.75	LOW
Inspection	5	5	10	6	9	8	1	1	3	5	53	4.87	LOW
Housing Assistance	5	7	4	6	14	8	1	1	7	3	56	4.39	LOW
Neighborhood Action/City Central	5	3	2	6	4	5	1	1	10	1	38	3.29	LOW
Code Enforcement	5	5	6	6	9	8	1	1	7	3	51	4.39	LOW
Animal Control	5	1	6	6	9	5	1	1	10	3	47	3.99	LOW