



City of Bowling Green

Internal Auditor's Office Fiscal Year 2024/2025 Annual Audit Plan

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06/21/24

Introduction

Enclosed is the Fiscal Year 2024/2025 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.

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.

Risk assessment meetings were conducted with senior managers and key division management to discuss risk in their respective departments as well as any upcoming changes or challenges in their area of responsibility. Meetings included:

<u>City Manager Department</u>	Jeff Meisel - City Manager
<u>Human Resources Department</u>	Erin Hulsey - Director
<u>Public Works Department</u>	Andy Souza- Director
	Denise Gilland- Fleet Manager
	Ryan Johnson- Operations Manager
<u>Legal Department</u>	Hillary Hightower - City Attorney
<u>Neighborhood & Community Services</u>	Brent Childers - Director
<u>Fire Department</u>	Justin Brooks- Fire Chief
	Doug Morris- Deputy Chief
<u>Finance Department</u>	Katie Schaller-Ward - Assistant City Manager/CFO
<u>Information Technology Department</u>	Donnita Weeks - Director
<u>Parks and Recreation Department</u>	Brent Belcher - Director
<u>Police Department</u>	Michael Delaney - Police Chief

The Fiscal Year 2024/2025 Audit Plan

The recommended Audit Plan for Fiscal Year 2024/2025 considers available audit hours, found in Attachment #1 and identifies the potential audit areas listed in the chart below.

Police Training (finalizing from previous years plan)
Fire Investigations (rolling over from previous years plan)
Body Worn Camera Follow-Up Audit
Code Enforcement Lien Process Follow-Up Audit
Petty Cash Follow-Up Audit
Target Solutions Follow-Up Audit
Citywide Controlled Asset Audit
Parks Youth Basketball Audit

The Fiscal Year 2024/2025 Audit Plan includes time to conduct unannounced cash counts, City facility site visits, random spot checks, and administer the Employee Ethics Hotline, while being responsive to special requests and advisory needs of management. I am also continuing with the emergency response work on a consulting basis with senior management. I am working with a small group of senior managers to present and update various topics pertaining to emergency response in an effort to improve our ability to respond to citizens needs and effectively use our resources when the next emergency situation occurs. I am also serving my second year as Treasurer for the Association of Local Government Auditors.

ATTACHMENT #1
Available Audit Hours for Fiscal Year 2024/2025

Available Resources (Audit Hours)

Number of Staff	1	
Annual Hours Available	2,080	
<u>Less: Non-Audit Hours</u>		
<i>Paid Leave</i>		
Holidays	88	
Vacation	120	
Personal/Bonus Hours	60	
Estimated Sick	40	
<i>Estimated Holidays and Leave Time</i>		308
<i>Professional Development</i>		
ALGA Annual Conference	20	
ACFE Conference	20	
Remaining Continuing Education	40	
Total Professional Development Hours		80
<i>Administration</i>		
General Administrative Functions & Tasks	150	
ALGA Board Meetings	60	
Internal Control/Fraud Awareness Presentations	80	
Total Administration Hours		290
Total Indirect Audit Hours		678
Total Direct Audit Hours Available		1,402
<u>Fiscal Year 2024/2025 Audit Plan</u>		
Advisory Services/Special Requests/Employee Hotline Admin.		300
Fieldwork and Various Site Visits, Audits, Follow-Ups and Reviews		950
Annual Risk Assessment and Audit Plan		80
Audit Committee related		80
Unannounced Cash Counts		24
Total Budgeted Direct Audit Hours		1,434
Resource Over/Short		(32)

ATTACHMENT #2

Criteria Legend:

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

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%	9%	12%	16%	5%	9%	20%	2%	7%	9%			
Legislative													
Mayor and Commissioners	5	3	2	2	11	8	2	1	10	1	45	3.86	LOW
City Manager													
City Manager	2	3	2	4	6	10	8	1	10	1	47	4.98	LOW
City Clerk	2	3	2	6	5	11	2	1	10	1	43	4.14	LOW
Public Information	2	3	6	6	4	2	2	1	10	1	37	3.76	LOW
Records Management	2	3	6	6	5	8	2	1	10	1	44	4.35	LOW
Internal Auditor	2	3	2	6	7	10	2	1	10	1	44	4.15	LOW
Finance													
Chief Financial Officer	2	3	2	4	9	13	8	1	10	9	61	6.12	MEDIUM
Revenue/License	5	7	10	4	14	16	11	4	3	9	83	8.46	HIGH
Accounting	5	5	2	12	10	13	5	2	10	3	67	6.84	MEDIUM
Purchasing	2	3	10	12	10	11	5	1	7	3	64	6.88	MEDIUM
Human Resources													
Human Resources Management	2	7	2	4	12	11	5	2	10	1	56	5.15	MEDIUM
Benefits and Insurance	5	9	2	8	12	11	5	1	10	1	64	6.28	MEDIUM
Safety and Training	2	7	6	8	12	8	5	1	3	1	53	5.49	MEDIUM
Law													
	5	3	6	4	12	13	5	1	3	3	55	5.45	MEDIUM
Information Technology													
	5	7	10	6	7	13	11	3	3	1	66	7.42	MEDIUM
Police													
Administration	2	7	4	4	7	8	5	1	7	3	48	4.82	LOW
Records	2	3	6	8	5	5	5	1	7	3	45	4.97	LOW
Criminal Investigations	10	7	6	6	14	13	5	3	7	1	72	6.92	MEDIUM
Traffic and Patrol	10	9	10	8	16	11	5	9	3	1	82	7.66	HIGH
Communications	14	7	6	10	14	13	5	4	3	1	77	7.74	HIGH
Professional Standards	5	5	6	10	12	13	5	3	1	1	61	6.31	MEDIUM
Evidence	2	3	14	8	8	8	5	1	7	3	59	6.35	MEDIUM
Other (Cadets and Crossing Guards)	5	1	2	8	2	2	2	7	7	1	37	3.56	LOW
Fire													
Administration	2	7	4	4	7	8	5	1	7	1	46	4.64	LOW
Suppression	10	9	10	8	16	11	5	9	7	1	86	7.94	HIGH
Prevention	2	5	6	10	7	8	5	2	7	1	53	5.68	MEDIUM
Training	2	5	10	10	7	8	5	1	7	1	56	6.14	MEDIUM

Public Works														
Facilities Management	5	7	6	4	2	8	5	2	10	1	50	5.19	MEDIUM	
Administration	5	3	2	4	5	8	5	1	10	1	44	4.48	LOW	
Planning and Design	5	7	6	6	14	11	5	1	10	1	66	6.36	MEDIUM	
Environmental Compliance	5	5	6	4	12	11	5	1	10	1	60	5.76	MEDIUM	
Fleet Management	5	7	10	6	7	8	5	4	3	3	58	5.97	MEDIUM	
Operations	5	9	10	6	7	8	5	5	3	1	59	5.99	MEDIUM	
Parks and Recreation														
Administration	5	7	6	4	4	8	5	4	10	9	62	6.05	MEDIUM	
Maintenance	9	9	10	14	4	8	5	8	5	1	73	7.76	HIGH	
Athletics	12	5	10	12	9	8	8	10	5	9	88	9.02	HIGH	
Aquatics	12	5	16	12	12	11	8	10	7	9	102	10.3	HIGH	
Recreation/Fitness	9	5	10	6	9	8	8	10	5	9	79	7.73	HIGH	
Golf Courses	12	7	16	14	9	8	8	10	1	9	94	9.96	HIGH	
Cemetery	9	7	10	10	7	8	8	2	5	9	75	8.29	HIGH	
Community Centers	5	5	10	14	4	5	5	10	10	3	71	7.26	MEDIUM	
Beautification	5	5	10	8	2	5	2	2	10	1	50	5.26	MEDIUM	
Neighborhood & Community Services														
Administration	5	5	2	4	2	8	5	1	10	1	43	4.51	LOW	
Downtown & Economic	5	3	2	8	6	8	5	1	10	3	51	5.35	MEDIUM	
Building and Inspections	5	5	10	8	12	11	5	2	3	9	70	7.13	MEDIUM	
International Communities	5	3	2	6	4	5	5	1	10	1	42	4.48	LOW	
Housing Assistance	5	9	6	6	14	8	5	1	7	3	64	6.24	MEDIUM	
Neighborhood Services	5	3	2	6	4	5	5	1	10	1	42	4.48	LOW	
Code Enforcement	5	7	6	6	7	11	5	1	3	3	54	5.7	MEDIUM	