



# City of Bowling Green

## Internal Auditor's Office Fiscal Year 2023/2024 Annual Audit Plan

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## **Introduction**

Enclosed is the Fiscal Year 2023/2024 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 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>	Jeff Meisel and Katie Schaller-Ward (interim Directors)
<u>Legal Department</u>	Hillary Hightower - City Attorney
<u>Neighborhood &amp; Community Services</u>	Brent Childers - Director
<u>Fire Department</u>	Justin Brooks- Fire 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 2023/2024 Audit Plan**

The recommended Audit Plan for Fiscal Year 2023/2024 considers available audit hours, found in Attachment #1 and identifies the potential audit areas listed in the chart below.

City Disaster Preparedness Review (Completing from previous years plan)  
Park Maintenance Work Orders and Related Operational Contracts  
Police Training for Existing Officers  
Fire Investigations  
City Agency Funding Compliance

The Fiscal Year 2023/2024 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. 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 am also the newly appointed Treasurer for the Association of Local Government Auditors as of May 2023 for a two year-term. ALGA has been a wonderful organization to be a part of and to learn from local government auditors across the U.S. and Canada, so I am thrilled to continue service on their Board of Directors as Treasurer.

**ATTACHMENT #1**

**Available Audit Hours for Fiscal Year 2023/2024**

**Available Resources (Audit Hours)**

Number of Staff	1	
Annual Hours Available	<u>2,080</u>	

**Less: Non-Audit Hours**

*Paid Leave*

Holidays	88
Vacation	140
Personal Days	48
Estimated Sick	<u>40</u>

*Estimated Holidays and Leave Time* 316

*Professional Development*

ALGA Annual Conference	20
ACFE Conference	20
Remaining Continuing Education	40
Total Professional Development Hours	<u>80</u>

*Administration*

General Administrative Functions & Tasks	200
ALGA Board Meetings	60
Internal Control/Fraud Awareness Presentations	80
Total Administration Hours	<u>340</u>

Total Indirect Audit Hours 736

**Total Direct Audit Hours Available** 1,344

**Fiscal Year 2023/2024 Audit Plan**

Advisory Services/Special Requests/Employee Hotline Admin.	300
Fieldwork and Various Site Visits, Audits, Follow-Ups and Reviews	850
Annual Risk Assessment and Audit Plan	80
Audit Committee related	80
Unannounced Cash Counts	40

**Total Budgeted Direct Audit Hours** 1,350

Resource Over/Short (6)

# 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												
	12%	11%	12%	15%	5%	9%	18%	2%	5%	11%			
<b>Legislative</b>													
Mayor and Commissioners	5	3	2	2	11	8	2	1	10	1	45	3.73	LOW
<b>City Manager</b>													
City Manager	2	3	2	4	6	10	8	1	10	1	47	4.68	LOW
City Clerk	2	3	2	6	5	11	2	1	10	1	43	3.94	LOW
Public Information	5	3	6	6	4	2	2	1	10	1	40	3.92	LOW
Records Management	5	1	6	6	5	8	2	1	10	1	45	4.29	LOW
Internal Auditor	2	3	2	6	7	10	2	1	10	1	44	3.95	LOW
<b>Finance</b>													
Chief Financial Officer	2	3	2	4	9	13	8	1	10	9	61	5.98	MEDIUM
Revenue/License	5	5	10	6	14	16	11	4	3	9	83	8.59	HIGH
Accounting	5	3	2	6	10	13	5	2	10	3	59	5.51	MEDIUM
Purchasing	5	3	10	6	10	11	5	1	7	3	61	6.12	MEDIUM
<b>Human Resources</b>													
Human Resources Management	10	5	2	6	12	11	5	2	10	1	64	6.03	MEDIUM
Benefits and Insurance	10	9	2	6	12	11	5	1	10	1	67	6.45	MEDIUM
Safety and Training	2	7	6	14	12	8	5	1	3	1	59	6.33	MEDIUM
<b>Law</b>													
	14	3	6	4	12	13	5	1	3	3	64	6.5	MEDIUM
<b>Information Technology</b>													
	5	7	10	4	7	13	11	3	3	1	64	6.99	MEDIUM
<b>Police</b>													
Administration	5	7	4	4	9	8	5	1	7	3	53	5.22	MEDIUM
Records	5	3	6	6	5	5	5	1	7	3	46	4.85	LOW
Criminal Investigations	10	7	6	6	14	13	5	3	7	1	72	6.88	MEDIUM
Traffic and Patrol	10	9	10	8	16	11	5	9	3	1	82	7.72	HIGH
Communications	14	7	6	8	16	13	5	4	5	1	79	7.68	HIGH
Professional Standards	10	5	6	12	16	13	5	3	5	1	76	7.56	HIGH
Evidence	2	3	18	6	8	8	5	1	7	3	61	6.35	MEDIUM
Other (Cadets and Crossing Guards)	5	1	2	6	2	2	2	7	7	1	35	3.09	LOW
<b>Fire</b>													
Administration	5	7	4	4	7	8	5	1	7	1	49	4.9	LOW
Suppression	10	9	10	6	16	11	5	9	7	1	84	7.62	HIGH
Prevention	5	5	6	14	7	8	5	2	7	1	60	6.44	MEDIUM
Training	5	5	6	10	7	8	5	1	7	1	55	5.82	MEDIUM

**Public Works**

Facilities Management	5	7	6	6	2	8	5	1	10	1	51	5.34	MEDIUM
Administration	10	3	2	4	5	8	5	1	10	1	49	4.87	LOW
Planning and Design	5	7	6	6	14	11	5	1	10	1	66	6.21	MEDIUM
Environmental Compliance	5	5	6	6	12	11	5	1	10	1	62	5.89	MEDIUM
Fleet Management	14	7	10	6	7	8	5	4	3	3	67	7.08	MEDIUM
Operations	9	9	12	6	7	8	5	5	3	1	65	6.74	MEDIUM

**Parks and Recreation**

Administration	5	7	6	4	4	8	5	4	10	9	62	6.08	MEDIUM
Maintenance	9	7	10	12	4	8	5	8	5	1	69	7.19	MEDIUM
Athletics	13	5	10	6	9	8	8	10	3	9	81	8.16	HIGH
Aquatics	17	5	16	6	12	11	8	10	7	9	101	9.98	HIGH
Recreation/Fitness	12	5	10	6	9	8	8	10	5	9	82	8.14	HIGH
Golf Courses	12	7	16	12	9	8	8	10	7	9	98	10.08	HIGH
Cemetery	12	5	12	8	7	8	8	2	5	9	76	8.42	HIGH
Community Centers	8	5	10	12	4	5	5	4	10	3	66	6.97	MEDIUM
Beautification	8	5	10	8	2	5	2	2	10	1	53	5.47	MEDIUM

**Neighborhood & Community Services**

Administration	5	5	2	4	2	8	5	1	10	1	43	4.34	LOW
Downtown & Economic	5	3	2	8	6	8	5	1	10	3	51	5.14	MEDIUM
Building and Inspections	5	3	10	8	12	11	5	2	3	9	68	7	MEDIUM
International Communities	5	3	2	6	4	5	5	1	10	1	42	4.25	LOW
Housing Assistance	5	9	6	6	14	8	5	1	7	3	64	6.23	MEDIUM
Neighborhood Services	5	5	2	6	4	5	5	1	10	1	44	4.47	LOW
Code Enforcement	5	5	6	6	7	11	5	1	3	3	52	5.51	MEDIUM