



City of Bowling Green

Internal Auditor's Office Fiscal Year 2022/2023 Annual Audit Plan

Deborah Jenkins, CIA, CFE, CGAP, CICA
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Introduction

Enclosed is the Fiscal Year 2022/2023 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>	Greg Meredith - Director
<u>Legal Department</u>	Hillary Hightower - City Attorney
<u>Neighborhood & 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 - Chief Information Officer
<u>Parks and Recreation Department</u>	Brent Belcher - Director
<u>Police Department</u>	Michael Delaney - Police Chief

The Fiscal Year 2022/2023 Audit Plan

The recommended Audit Plan for Fiscal Year 2022/2023 considers available audit hours, found in Attachment #1 and identifies the potential audit areas listed in the chart below.

Overtime Payroll Audit
City Disaster Preparedness Audit
Animal Control Audit Follow-Up
Building and Inspection Division Audit Follow-Up
911 Center Funding Audit Follow-Up
Golf Course Special Events Audit

The Fiscal Year 2022/2023 Audit Plan includes time to conduct unannounced cash counts, City facility site visits, and 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.

ATTACHMENT #1

Available Audit Hours for Fiscal Year 2022/2023

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	40	

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 2021/2022 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													
	11%	10%	15%	8%	2%	12%	24%	3%	5%	10%			
Legislative Mayor and Commissioners	5	3	2	2	11	8	2	1	10	1	45	3.6	LOW
City Manager City Manager	2	3	2	4	6	10	8	1	10	1	47	5.01	MEDIUM
City Clerk	5	3	2	6	5	11	2	1	10	1	46	4.16	LOW
Public Information	10	3	6	6	4	2	2	1	10	1	45	4.21	LOW
Records Management	5	1	6	6	5	8	2	1	10	1	45	4.2	LOW
Internal Auditor	2	3	2	6	7	10	2	1	10	1	44	3.75	LOW
Finance Chief Financial Officer	2	3	2	4	9	13	8	1	10	9	61	6.23	MEDIUM
Revenue/License	5	5	10	4	14	16	11	4	1	9	79	8.78	HIGH
Accounting	5	3	2	10	10	13	5	2	10	3	63	5.77	MEDIUM
Purchasing	7	3	10	4	10	11	5	1	7	3	61	6.29	MEDIUM
Human Resources Human Resources Management	5	5	2	12	12	11	5	2	10	1	65	5.73	MEDIUM
Benefits and Insurance	2	9	2	12	12	11	5	1	10	1	65	5.77	MEDIUM
Safety and Training	2	7	6	14	12	8	5	1	3	1	59	5.62	MEDIUM
Law	5	3	6	4	12	13	5	1	3	3	55	5.55	MEDIUM
Information Technology	14	7	10	4	7	13	11	3	1	1	71	8.64	HIGH
Police Administration	5	7	4	4	9	8	5	1	7	3	53	5.19	MEDIUM
Records	5	3	6	6	5	5	5	1	7	3	46	4.81	LOW
Criminal Investigations	7	7	6	6	14	13	5	3	7	1	69	6.43	MEDIUM
Traffic and Patrol	14	9	10	6	16	11	5	9	3	1	84	7.78	HIGH
Communications	14	7	6	6	16	13	5	4	5	1	77	7.17	MEDIUM
Evidence	2	3	18	6	8	8	5	1	7	3	61	6.7	MEDIUM
Other (Cadets and Crossing Guard	5	1	2	8	2	2	2	7	7	1	37	3.01	LOW
Fire Administration	7	7	4	4	7	8	5	1	7	1	51	5.17	MEDIUM
Suppression	10	9	10	6	16	11	5	9	7	1	84	7.54	HIGH
Prevention	2	5	6	8	7	8	5	2	7	1	51	5.07	MEDIUM
Training	2	5	6	14	7	8	5	1	7	1	56	5.52	MEDIUM

Public Works														
Facilities Management	5	7	6	6	2	8	5	2	10	1	52	5.49	MEDIUM	
Administration	2	3	2	4	5	8	5	1	10	1	41	4.03	LOW	
Planning and Design	5	7	6	6	14	11	5	1	10	1	66	6.06	MEDIUM	
Environmental Compliance	5	5	6	6	12	11	5	1	10	1	62	5.82	MEDIUM	
Fleet Management	10	7	10	6	7	8	5	4	1	3	61	6.55	MEDIUM	
Operations	9	9	12	6	7	8	5	5	3	1	65	6.87	MEDIUM	
Parks and Recreation														
Administration	7	7	6	4	4	8	5	4	10	9	64	6.45	MEDIUM	
Maintenance	14	7	10	6	4	8	5	8	5	1	68	7.05	MEDIUM	
Athletics	12	5	10	6	9	8	8	10	3	9	80	8.21	HIGH	
Aquatics	12	5	16	6	12	11	8	10	7	9	96	9.73	HIGH	
Recreation/Fitness	12	5	10	6	9	8	8	10	5	9	82	8.31	HIGH	
Golf Courses	17	7	16	10	9	8	8	10	7	9	101	10.38	HIGH	
Cemetery	17	5	12	6	7	8	8	2	5	9	79	8.88	HIGH	
Community Centers	8	5	10	6	4	5	5	10	10	3	66	6.34	MEDIUM	
Beautification	8	5	10	6	2	5	2	2	10	1	51	5.14	MEDIUM	
Neighborhood & Community Services														
Administration	2	5	2	4	2	8	5	1	10	1	40	4.17	LOW	
Downtown & Economic	10	3	2	6	6	8	5	1	10	3	54	5.29	MEDIUM	
Building and Inspections	10	3	10	6	12	11	5	2	3	9	71	7.25	MEDIUM	
International Communities	5	3	2	6	4	5	5	1	10	1	42	4.14	LOW	
Housing Assistance	5	9	6	6	14	8	5	1	7	3	64	5.95	MEDIUM	
Neighborhood Services	5	5	2	6	4	5	5	1	10	1	44	4.34	LOW	
Code Enforcement	10	5	6	6	7	11	5	1	3	3	57	6.12	MEDIUM	