

AN ORDINANCE 2013 - 09 - 12 - 0637

APPROVING THE FISCAL YEAR 2014 ANNUAL AUDIT PLAN

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**WHEREAS**, in accordance with the provisions of Article V.A. of the City Charter, the City is required to have a Department of Internal Audit which is charged with conducting audits of all city departments, offices, agencies and programs; and

**WHEREAS**, the City Auditor is required to evaluate the adequacy and effectiveness of controls encompassing the City's operations and information systems, which should include reliability and integrity of financial and operational information; effectiveness and efficiency of operations; safeguarding of assets; and compliance with laws, regulations and contracts; and

**WHEREAS**, in accordance with those duties, the City Auditor has prepared an Audit Plan for Fiscal Year 2014, which has been presented to and approved by the Audit Committee; and

**WHEREAS**, it is now necessary to present the Audit Plan to City Council for their consideration and approval; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The Audit Plan for Fiscal Year 2014, as prepared by the City Auditor and approved by the Audit Committee, is hereby approved. A copy of the Plan is attached hereto and incorporated herein for all purposes as Exhibit I.

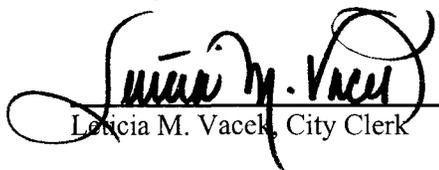
**SECTION 2.** The Fiscal Year 2014 Audit Plan may be amended by the City Auditor if he notifies and obtains the concurrence of the Audit Committee. In the event City Council or City Management has a special request for assistance from the Audit Department, the request may be subject to approval by either the Audit Committee or the Audit Committee Chair, depending upon the urgency of the issue.

**SECTION 3.** This Ordinance is effective immediately if passed by eight affirmative votes; otherwise, this Ordinance shall take effect ten days from the date of passage hereof.

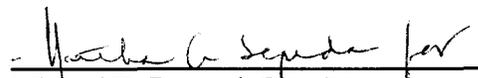
**PASSED AND APPROVED** this 12<sup>th</sup> day of September, 2013.

  
M A Y O R  
Julián Castro

ATTEST:

  
Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

  
Michael D. Bernard, City Attorney

<b>Agenda Item:</b>	9 ( in consent vote: 5, 6, 7, 8A, 8B, 8C, 8D, 8E, 8F, 8G, 8H, 8I, 9, 10, 11, 12 )						
<b>Date:</b>	09/12/2013						
<b>Time:</b>	11:01:42 AM						
<b>Vote Type:</b>	Motion to Approve						
<b>Description:</b>	An Ordinance approving the Fiscal Year 2014 Annual Audit Plan. [ Kevin Barthold , City Auditor]						
<b>Result:</b>	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x			x	
Elisa Chan	District 9		x				
Carlton Soules	District 10		x				



# CITY OF SAN ANTONIO

P. O. BOX 839966  
SAN ANTONIO TEXAS 78283-3966

September 12, 2013

Mayor and City Council:

Enclosed is the proposed Fiscal Year 2014 Audit Plan of the Office of the City Auditor. The plan includes 28 performance, compliance and IT audits and 8 follow-up audits. Also, as in years past, the plan includes time allocated for potential City Council and Management requested projects. With approval of the Audit Committee, this plan may be amended.

In developing the plan, we sought input from the Mayor, City Council Members, the City Manager, Executive Leadership Team and select Department Directors. We added additional input based on local government audit industry trends. This effort resulted in an extensive list of potential areas for audit within the City. We then prioritized these potential areas based on a high-level risk assessment considering factors such as financial impact, compliance and prior issues.

I believe this plan provides adequate audit coverage across City departments and recognizes concerns of City Council and Management.

## **Fiscal Year 2013**

This past year, we continued to refine changes implemented in prior years. We have continued our emphasis on project management and efficiencies within the audit process. We implemented a new audit management software application to improve our processes. We also continued a successful summer internship program within the Office. This program is for upper division or graduate level business majors with an interest in internal auditing.

Through August 31, 2013, we issued 26 audit reports and I anticipate issuing a total of 28 reports by September 30 – the end of the fiscal year 2013.

Additionally, these issued reports highlight significant issues within the City's internal control environment that City Management is addressing.

I am also pleased with the partnership that our office has continued to develop with City Management in the execution of our audit plan. This partnership is critical to both the success of our Office and the improvement of City operations.

We continue to maintain an experienced and credentialed staff with 74% holding at least one audit related professional certification, and 63% holding master's degrees. Our staff is also contributing to the community through participation in various City

sponsored events such as Blood Drives, City Manager's 5K Walk, and School Supply Drives. Additionally, our Office achieved 95% participation in the City's 2013 United Way Charitable Campaign.

**Performance Measures and FY 2013 Goals**

While we internally track multiple measures within the department, five high level measures are reported to City Council. These measures balance performance within the department between effectiveness, efficiency, staff development and City Management relationships. The table below shows our FY 2013 goals and results through August 31, 2013 as well as our new FY 2014 goals.

Performance Measure	Description	FY2013 Goal	FY2013 Actual a/o 8/31	FY2014 Goal
Number of audit products completed	The number of audit reports published	25	26	30
Audit recommendations	The percentage of audit recommendations agreed to by management	95%	99%	95%
Percent of auditor direct time to available time	The percentage of available time devoted to audits	78%	77%	78%
Audit staff with certifications	The percentage of audit staff with at least one professional audit related certification (CPA, CIA, CFE, or CISA)	70%	74%	70%
Percent of actual audit hours to budget hours	The percentage of total audit direct time to budgeted time. Measured as audits are completed.	100%	97.3%	100%

I wish to thank the Mayor, City Council and City Management for their support of the Office of the City Auditor. I look forward to contributing to continued improvements within the Office of the City Auditor, and the impact we will have on improving the City's effectiveness and efficiency in providing services.

Respectfully,



Kevin W. Barthold, CPA, CIA, CISA, CRMA  
City Auditor

Office of the City Auditor  
FY 2014 Proposed Audit Plan

**Audits**

	<b>Project #</b>	<b>Department</b>	<b>Process</b>	<b>Objectives</b>	<b>Estimated Hours</b>
1	AU14-001	ACS	Dispatching and Operations	Determine if dispatching and operations of Animal Control Officers are effective, efficient and in accordance with policies.	800
2	AU14-002	ACS	ACS Contracts	Determine compliance of terms of ACS contracts with non-profit animal rescue groups.	800
3	AU14-003	Aviation	Airline Agreements/ Competitive Credits	Determine if calculations of airline competitive credits are accurate and in compliance with contractual requirements.	800
4	AU14-004	Building & Equipment Services / Public Works	Fleet Maintenance	Determine if fleet maintenance of Public Works equipment is properly managed.	1,200
5	AU14-005	CIMS	On-Call Contracts	Determine if controls over "on-call" contracts for professional services are adequate.	800
6	AU14-006	CIMS	Convention Center Expansion Project Management	Determine if significant components of the HBGCC Expansion Project are adequately and properly managed by CIMS project management personnel.	1,000
7	AU14-007	CIMS	Edwards Aquifer Protection	Determine if sales tax funds received for Edwards Aquifer Protection are utilized in accordance with City ordinances.	800
8	AU14-008	City Clerk's Office	Vital Records	Determine if vital records data (birth and death certificates) are adequately protected and issued in accordance with City and State regulations.	1,000
9	AU14-009	Convention and Visitors Bureau (CVB) / HR	CVB Sales Incentive Compensation Program	Determine if the CVB Sales Incentive Compensation Program is properly managed.	800
10	AU14-010	Downtown Operations	Parking Revenue	Determine if internal controls over parking operation collections and revenue recognition are adequate.	800
11	AU14-011	Finance	Revenue Refunds	Determine if vendor and customer refunds are processed in accordance with City policies.	1,000
12	AU14-012	Finance	Local Preference Program	Determine if implementation of the Local Preference Program is in compliance with established policies.	800
13	AU14-013	Finance	Inner City Reinvestment/ Infill Policy	Determine if the Inner City Reinvestment/Infill Policy (ICRIP) is administered in accordance with policy and incentives are properly accounted.	800
14	AU14-014	Finance	Vendor Master File/ Disbursements	Determine if proper internal controls are in place to ensure the City's Vendor Master File is reliable and disbursements are accurate.	1,200
15	AU14-015	Finance	Home Depot Purchasing Card Program	Determine if the Home Depot purchasing card program is managed in compliance with policies and procedures.	800
16	AU14-016	Finance/ITSD	SAP Application Controls	Determine if SAP configuration management controls are adequate.	1,000
17	AU14-017	ITSD	Oracle Database Controls	Determine if Oracle database security controls are adequate.	800
18	AU14-018	ITSD	Solaris Operating System Security	Determine if Solaris security controls are adequate.	800
19	AU14-019	Library	Library Fines and Fees	Determine if controls over library fines and fees billing and collections are adequate.	800

Office of the City Auditor  
FY 2014 Proposed Audit Plan

	<b>Project #</b>	<b>Department</b>	<b>Process</b>	<b>Objectives</b>	<b>Estimated Hours</b>
20	AU14-020	Military Affairs	Operations	Determine if the operations of the Military Affairs Department are effective and efficient.	800
21	AU14-021	Pre-K for SA	Fiscal	Determine if Pre-K for SA operations are in compliance with City fiscal policies.	800
22	AU14-022	SAFD	SAFD Fire Inspections	Determine if control's over the SAFD fire inspection program are adequate to ensure appropriate and timely inspections.	800
23	AU14-023	SAFD	Incentive Compensation	Determine if internal controls over SAFD incentive compensation are adequate to ensure compliance with department policy.	600
24	AU14-024	SAPD	Incentive Compensation	Determine if internal controls over SAPD incentive compensation are adequate to ensure compliance with department policy.	600
25	AU14-025	SAPD	Asset Seizure Confiscated Property	Determine if controls over the SAPD Asset Seizure confiscated property funds are adequate and in compliance with regulations to include State reporting requirements.	800
26	AU14-026	SAPD	Off Duty Special Event Compensation	Determine if controls over the SAPD off-duty special event compensation process are adequate.	1,200
27	AU14-027	SAPD	Helicopter Maintenance	Determine if controls over the SAPD helicopter maintenance program are adequate and in compliance with FAA regulations.	800
28	AU14-028	SWMD	TDS Transfer Station Contract	Determine if the City and TDS are in compliance with the terms of the transfer station contract.	800

**Follow-up Audits**

	<b>Project #</b>	<b>Department</b>	<b>Process</b>	<b>Objectives</b>	<b>Estimated Hours</b>
F1	AU14-F01	Building & Equipment Services (BES)	Fuel Inventory Management	Determine if BES successfully implemented action plans to address prior audit recommendations relating to fuel inventory management.	550
F2	AU14-F02	Economic Development	SBEDA	Determine if the Economic Development Department successfully implemented action plans to address prior audit recommendations relating to SBEDA.	350
F3	AU14-F03	Economic Development	Incentives	Determine if the Economic Development Department successfully implemented action plans to address prior audit recommendations relating to incentives.	350
F4	AU14-F04	Finance	Sole Source Contracts	Determine if the Finance Department successfully implemented action plans to address prior audit recommendations relating to sole source contracts.	350
F5	AU14-F05	Finance	SAePS	Determine if the Finance Department successfully implemented action plans to address prior audit recommendations relating to SAePS.	350
F6	AU14-F06	SAFD	SAFD Fleet Maintenance	Determine if SAFD management successfully implemented action plans to address prior audit recommendations relating to fleet maintenance.	450

Office of the City Auditor  
FY 2014 Proposed Audit Plan

	<b>Project #</b>	<b>Department</b>	<b>Process</b>	<b>Objectives</b>	<b>Estimated Hours</b>
F7	AU14-F07	San Antonio Metropolitan Health District (SAMHD)	Lab Operations	Determine if SAMHD management successfully implemented action plans to address prior audit recommendations relating to lab operations.	550
F8	AU14-F08	Solid Waste Management Department (SWMD)	Household Hazardous Waste	Determine if the SWMD successfully implemented action plans to address prior audit recommendations relating to the HHW disposal contract.	500

**Special Projects**

		Citywide		Provide time for consulting and special projects requested by Council or City Management.	1,000
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Total Hours 28,450