

# **2007 Audit Program**

## **City of Sioux Falls**

*Presented by*

*Internal Audit*

*Rich Oksol, Lead Internal Auditor*

*Endorsed by*

*The Audit Committee of the City Council*

## **Audits**

### ***Construction Contracts Administration***

To evaluate controls over the administration of construction contracts

### ***Purchasing/Procurement***

To evaluate controls over the city-wide purchasing and procurement process

### ***Washington Pavilion Management Contract***

To evaluate compliance of Washington Pavilion Management Inc

### ***Cash Handling***

To evaluate city-wide controls to ensure that an adequate separation of duties exists and that City funds are accounted for, adequately safeguarded, and deposited in a timely manner

## **Other Projects**

### ***Internal Control Guide***

Begin researching and writing a city-wide internal control guide.

*This is not a policy and procedures manual for city managers. Rather, it will be compilation of internal audit's observations and recommendations on Best Practices in managing business risks and creating effective and efficient systems of internal control. This will be a collaborative effort with senior managers and subject matter experts who will provide input and feedback to address areas of financial risk, general risk, information systems risk etc. The guide will make reference to existing executive orders and City policies and will be updated periodically.*

### ***Unassigned Audit Hours***

A total of 400 unassigned hours has been set aside to perform special audits, "quick response" audits, investigations, and projects requested by elected officials or City directors and authorized by the Audit Committee.

### ***Risk-Based Audit Program***

Develop an audit program for 2008 using appropriate risk-based methodologies

### ***Fraud Risk Assessment***

Complete a city-wide fraud risk assessment to determine any areas of potential vulnerability along with recommendations to address any areas of concern

### ***Routine Reviews and Procedures***

In addition to planned audits, Internal Audit may review the following functions or processes that are smaller in scope than an audit, but are still important.

#### ***Asset Verifications including cash counts***

To determine whether monies collected City-wide are accounted for and adequately safeguarded. *This activity will include routine unannounced verifications of petty cash funds, change funds etc.*

To determine whether assets acquired with City funds are properly accounted for. *This activity will include counts of supplies and materials inventories with a comparison to the perpetual (computer) records. It will include verifications of capital equipment/noncapital inventory. It will also include unannounced verifications of non-capital equipment considered "portable and attractive" such as audio/visual equipment, tires etc.*

The results of assets verifications will be communicated via interoffice memorandum.

#### ***Vendor Contracts***

To determine whether vendors are invoicing the City (and the City is paying) in accordance with the vendor's bid and/or contract. The emphasis is on supplies and materials contracts.

*This activity will include a review of City contracts and accounts payable files.*

The results will be communicated via interoffice memorandum.

#### ***Anti-fraud Procedures***

Use Computer Assisted Auditing Techniques (CAAT) and other specific audit techniques to look for indicators of fraud in accounts payable and payroll. Follow up on any suspicious transactions.