ITEM NO. 2

City Auditor
Audit Plan
2008/2009

Recurring Audit Activities:	Initial Objective:
Payment Card Industry Data Security Standards Reviews	Annually review all sites, currently 28, that accept credit card payments for compliance with PCI DSS.
Fraud & Ethics Hotline Investigations	Review and investigate information from the Fraud and Ethics Hotline.
Mesa Stat Presentation Observations	Attend Mesa Stat presentations in anticipation of verification and certification of performance measurement and financial data.
Unscheduled assistance to others	Provide assistance to customers of a short duration, twenty-four hours or less.
Follow-up Audits for 2008/2009	Perform follow-up reviews of completed audits, 9-12 months after completion.

- Fire Department; Fire Resource Management Inventory
- Mesa Arts Center; Complimentary Tickets
- Parks, Recreation & Commercial Facilities; Adult Softball League Revenues
- Police Department; Police Records; Fee Collection Processes
- Mesa Arts Center; Event Settlements
- Mesa Cemetary; Fee Collection
- Financial Services Operations; Revenue Collections Operations
- Fire Department; Overtime
- PRCF; Adult Sports; Registration Fees and Processes
- Citywide; Surprise Cash Counts
- Police Department; Police Evidence Room; Policies & Procedures

On-Going Audits from Prior Year Audit Plan (2007/2008):	
RC 272: Fire Department; Overtime	Review overtime usage and determine if it is used appropriately and/or if there is another alternative.
RC 245; PRCF; Adult Sports; Registration Fees and Processes	Review and determine if PRCF's Adult Sports Program policies, procedures, and cash handling are adequate and reliable.
Citywide: Surprise Cash Counts	Randomly select cash handling facilities and perform surprise cash counts.
RC 573: Police Department; Police Evidence Room; Policies & Procedures	Review and determine if the Police Evidence Room's policies and procedures adequately protect and catalog evidence.
Scheduled Audits for 2008/2009:	
RC 310: Development Services Department; Contract Monitoring Process	Review and determine if the Development Services Department effectively and efficiently monitors their contracts.
RC 161: Information Technology Department; Contract Monitoring Process	Review and determine if the Information Technology Department effectively and efficiently monitors their contracts.
RC 116: Procurement Services; Request For Proposal/Bid Process	Review and determine if Procurement Services' request for proposal/bid process is adequate.

Attachment 1
Page 1 of 2

City Auditor
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RC 261: Planning Division; Fee Collection and Processes	Review and determine if the Planning Division's policies, procedures, and cash handling are adequate and reliable.
RC 120: City Attorney; Risk Management Process	Review and determine if the City Attorney's Risk Management process is adequate, reliable and controls are in place.
RC 272: Fire Department; Fee Collection and Processes	Review and determine if the Fire Department's policies, procedures, and cash handling are adequate and reliable.
RC 161: Information Technology Department; Disaster Recovery Plan	Review the plan for design, completeness and overall adequacy, ensuring it reflects current operations, and contains sufficient internal control considerations.
RC 272: Fire Department; Southwest Ambulance Contract	Review and determine if both parties are in compliance with the contract.

Additional Audits: (as time permits)

RC 247: Mesa Arts Center; Campus Wide Admin & Ops; Box Office	Review and determine if the Box Office's policies, procedures, and cash handling are adequate and reliable.
RC 382: Facilities Maintenance; Custodial Services	Review and determine if the service is in compliance with applicable city policies, determine if contractural terms have been met, and determine if there are opportinities to improve the economy, efficiency and effectiveness of custodial services.
RC 201: Financial Services; Centralized Appropriations; Lease Payments	Review and determine if lease payments are in accordance with the lease agreement and if the agreement is properly documented and authorized.
RC 155: Real Estate Services; Property Sales	Review and determine that property sales were properly authorized, transacted, and documented.
RC 330: Building Safety: Inspection Services; Inspections and Enforcement	Review policies, procedures, and practices to help ensure Inspection Services is operating effectively and efficiently and ensure data reported in COMPASS is verifiable and reliable.

Special Audits:

Special Requests	Audit requests that require immediate attention and may supersede a scheduled audit.

Approval Signatures:

Gary K. Ray

ary Ray, City Auditor

Christopher J. Brady

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Keno Hawker

eno Hawker, Mayor

Attachment 1
Page 2 of 2

Selection: Develop the annual audit plan from risk analysis of the audit universe, management and council requests, and auditor observations from previous engagements. Establish preliminary audit objectives. The annual audit plan is reviewed by the Audit and Finance Committee and adopted by the City Council.

Planning: Auditor selection. Engagement letter. Draft audit program and refine the audit objectives. Set audit scope. Hold entrance conference. Address auditee concerns.

Survey: Determine the laws, regulations, guidelines, benchmarks, or performance measures relevant to the objectives. Gain an understanding of how the program or activity is supposed to function. Identify potential problem areas. Establish audit materiality, assess audit risk and clarify audit objectives. Assemble information that will enable the auditor to make decisions concerning the nature, timing and extent of detailed audit work. The survey includes a timely gathering and analysis of information so that potential audit areas can be identified and plans made to review and test management controls over these areas. Survey work may be more extensive for first time reviews or performance audits than for previously performed audits or other types of audits.

Data Gathering/Fieldwork: Collecting and analyzing the evidence needed to develop and support the findings, conclusions and recommendations. Working papers prepared and analyzed during this phase may include:

- Excerpts of auditee policies, procedures and documents
- Write-ups of meetings, inquiries, observations, and interviews
- Spreadsheets, schedules, analyses, conclusions, recommendations
- Computer printouts

Keep client informed of progress and findings as the audit proceeds.

Reporting: Develop the draft report and submit to auditee. Hold initial exit conference. The auditee is requested to respond in written format within thirty days. It is currently the City Manager's practice to have all responses sent to and approved by him. Audit reviews the response and determines if any further action, adjustment, or comment is necessary. Once the response is deemed acceptable or additional audit comments are made it is attached to the final report. The report is issued to the Audit and Finance Committee for acceptance.

Follow-up: Verify that audit recommendations and auditee response was followed. The follow-up is conducted nine to twelve months after the audit was concluded. The follow-up includes some of the steps in the Planning and Data Gathering/Fieldwork stages. The follow-up report follows the same path as a regular report unless all recommendations have been completed then no auditee response is required.