

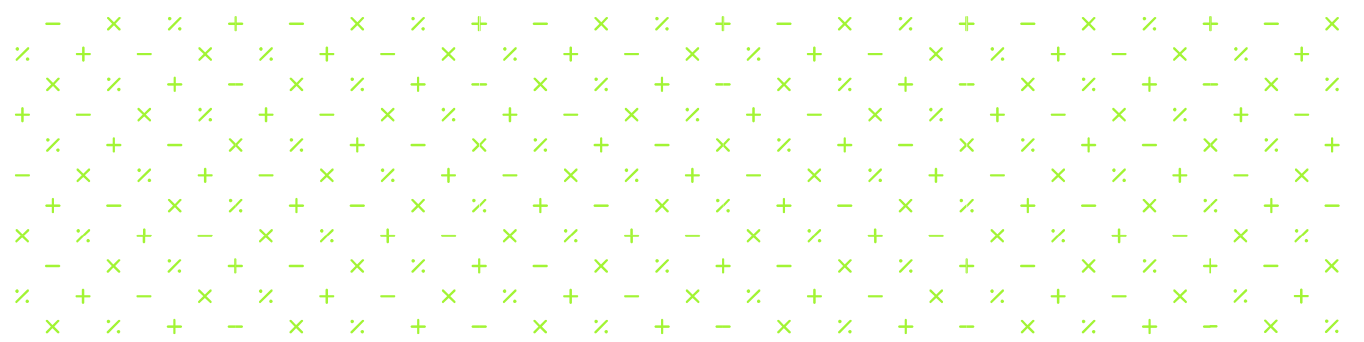


# City of Cupertino FY 22-23 Internal Audit Program

---

**City Council Committee Meeting**

**September 6, 2022**



# Overview

---

1. Introduction
2. Internal Audit Program Components
3. Internal Audit Program Review
4. Internal Audit Departments Covered
5. Recommended Internal Audit Plan
6. Recommended Internal Audit Plan Timing
7. Audit Committee Prioritization

# 1. Introduction

- The City retained Moss Adams to serve as the designated Internal Auditor and conduct projects focusing on:
  - Risks
  - Internal controls
  - Efficiency and effectiveness
  - Best practices
  - Compliance
- Work is being completed under appropriate industry standards



## 2. Internal Audit Program Components



4



### 3. Internal Audit Program Review

**Focus**

**Accomplishments**

- Enterprise Risk Assessments 2021
- Internal Controls Projects Completed 1
- Performance/Efficiency Projects Completed 2
- Policies Reviewed *To Come*
- Recommendations Delivered 27
- Ethics Hotline *To Come*
- Recommendations Validated *To Come*



# 4. Internal Audit Departments Covered

Department	Projects
Administrative Services	Procurement (22), Finance P&Ps (22)
City Clerk	
City Manager's Office	FWA Program (22)
Community Development	
Communications	
Innovation & Technology	
Parks & Recreation	
Public Works	Capital Program (22)



Enterprise Projects: Risk Assessment (21)

## 5. Recommended Internal Audit Plan: *Chronological Order*

- Ongoing Internal Audit Services: Attend Audit Committee and Council meetings; prepare status reports, manage internal audit program, and prepare FY 23-24 internal audit plan. (52 weeks)
- Policy Review Ongoing Support: As the City updates and develops draft financial policies based on the prioritized inventory, review drafts and provide recommendations to align policies with best practice. (52 weeks)
- Library Construction Audit: Perform audit of library construction to review reporting, project accounting consistency controls, and related construction controls; identify non-compliant project charges and change orders and control improvement opportunities. (8 weeks)
- Budget Process Review: Document and review the City's budget process, compare to best practice, and provide recommendations for improvements in efficiency and effectiveness. (6 weeks)
- Enterprise Leadership Effectiveness Study: Assess the effectiveness of the City's management and governance collaboration framework and provide recommendations to strengthen and streamline procedures to align with best practices for municipal leadership. (15 weeks)



# 6. Recommended Internal Audit Plan Timing

Project	7-9/22	10-12/22	1-3/23	4-6/23
Fraud, Waste, & Abuse Program (FY 22-23 carryover)	█			
Library Construction Audit		█		
Budget Process Review		█		
Enterprise Leadership Effectiveness Study			█	
Policy Review Ongoing Support	█	█	█	█
Ongoing Internal Audit Services	█	█	█	█





# 7. Audit Committee Prioritization

## *Fiscal Year 2022-2023 Program:*

- Ongoing Support:
  - Ongoing Internal Audit Services
  - Policy Review Ongoing Support
- Budget Process Review
- Enterprise Leadership Effectiveness Study
- Library Construction Audit

## *Potential Future Internal Audit Projects:*

- Grants Management Performance Audit
- IT General Controls Review
- Cybersecurity Review





The material appearing in this presentation is for informational purposes only and is not legal or accounting advice. Communication of this information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although these materials may have been prepared by professionals, they should not be used as a substitute for professional services. If legal, accounting, or other professional advice is required, the services of a professional should be sought.