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OFFICE OF THE  
CITY MANAGER

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CALIFORNIA

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May 25, 2004

City Council  
Sacramento, California

Honorable Members In Session:

**SUBJECT DEVELOPMENT OF THE FY2004/2005 ANNUAL INTERNAL AUDIT  
WORKPLAN**

**LOCATION:** Citywide

**RECOMMENDATION**

The Internal Audit Manager requests the Mayor and City Council comments and direction for the attached Annual Internal Audit Workplan. A finalized FY 2004/2005 Annual Internal Audit Workplan will be submitted for City Council approval along with the annual budget.

**CONTACT PERSON** Martin Kolkin, Internal Audit Manager – 808-1244

**FOR COUNCIL MEETING OF** May 25, 2004

**SUMMARY**

This report sets forth the work process steps for the City's Internal Audit Manager and provides a preliminary Internal Audit Workplan for FY2004/2005. The Internal Audit Manager seeks comments and feedback from the Mayor and City Council on the preliminary Annual Internal Audit Workplan.

Following comments and feedback, a final FY 2004/2005 Annual Internal Audit Workplan will be resubmitted for City Council approval.

## **BACKGROUND**

The Internal Auditor functions as an objective evaluator of the effectiveness of all City activities, operations, services and programs, ensuring compliance with organizational policies and procedures, state statutes, and federal regulations. The Internal Audit Manager reports to the City Manager, with access to the City Council, and maintains organizational and operational independence from all other departments within the City. The results of all completed projects are required to be presented to the City Manager and the City Council.

### Procedures

The City Manager's internal operating procedures require the submission of an Annual Internal Audit Workplan for the City Council's approval. The Annual Internal Audit Workplan contains the planned projects to be completed during the current fiscal year. Significant audit fieldwork cannot proceed without the review of the City Manager and the approval of a majority of the City Council.

### Responsibility

The Internal Audit Manager is responsible for preparing the Annual Internal Audit Workplan for review by the City Manager and subsequent submission to the City Council.

### Work Process

The approval of the Annual Internal Audit Workplan is a critical step in the audit work process. Significant audit fieldwork cannot proceed without the review of the City Manager and approval of the City Council.

### Modifications and Changes

The Annual Internal Audit Workplan is routinely modified as circumstances change throughout the year. However, changes will only be made at 1) the direction of the City Manager and City Council or 2) following changes initiated by the Internal Audit Manager and subsequently authorized by the City Manager and City Council.

## **FINANCIAL CONSIDERATIONS**

No additional financial considerations.

## **ENVIRONMENTAL CONSIDERATIONS**

This activity does not constitute a "project" and is therefore exempt from the California Environmental Quality Act (CEQA), CEQA Guidelines Sections 15061(b) and 15378(b)(3).

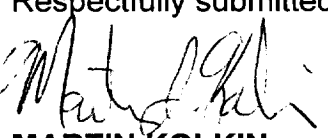
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**POLICY CONSIDERATIONS**

The Internal Audit Manager's presentation of the Annual Internal Audit Workplan is consistent with the City Council policy to add the function of Internal Audit Manager for the City of Sacramento.

**ESBD Considerations**

No goods or services are to be purchased.

Respectfully submitted,  
  
**MARTIN KOLKIN**  
Internal Audit Manager

**RECOMMENDATION APPROVED:**


  
**ROBERT P. THOMAS**  
City Manager

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## Preliminary Internal Audit Workplan for Fiscal Year 2004/2005

Areas of Review	Scope
<b>Campaign Financing Audit.</b>	<p>This audit will examine the City's process for providing funds to candidates from the Campaign Reform Fund.</p> <p>Additionally, all revenues and expenses of individuals receiving matching funds will be examined to determine compliance with the public financing of campaign ordinance.</p>
<b>Revenue Division, General Control Review of Cash Collection and Handling.</b>	<p>This review will perform a detailed examination of the collection, handling, recording, and depositing of daily receipts within the Revenue Division.</p> <p>It is anticipated that this audit will lead to additional audits. Several examples of revenues and the associated managerial processes that could be reviewed may include parking ticket receipts, Golf, and the North Natomas Permit Office.</p>
<b>The Mayor and City Council Discretionary Accounts Annual Report for Fiscal Year 2003/2004.</b>	<b>The report will be an annual review of the recordkeeping and will review the nature of discretionary spending accounts for the Mayor and City Council during fiscal year 2003/2004.</b>
<b>Parking Follow-Up Audit</b>	<b>This audit follows-up on the progress of areas previously identified for improvement in the On-Street and Off-Street Parking audit reports.</b>
<b>Continuing Professional Education</b>	<b>Obtain continuing professional education as required by Government Auditing Standards.</b>
<b>Internal Audit Manager's Comments on the External Auditor's annual management letter.</b>	<b>Provide Internal Audit Manager's input to issues raised in the External Auditor's annual management letter comments.</b>
<b>Special Projects</b>	<b>Perform special projects assigned by the City Manager and the City Council.</b>
<b>Internal Audit Annual Report</b>	<b>Provide an annual report detailing work completed, projects-in-process, and accomplishments.</b>
<b>Fiscal Year 2005/2006 Annual Internal Audit Workplan</b>	<b>Gather ideas and information for the following year's Annual Internal Audit Workplan.</b>