



Memorandum

Memo No: 16/17-03

Date: March 7, 2017

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA
City Auditor

Re: Summary of Follow-Up Audits as of December 31, 2016

Since fiscal year 2015-16, the City's Auditor Office (CAO) has implemented a continuous auditing approach for following up on prior audit findings. Under this audit method, the CAO will be able to work with the departments as they update and implement their agreed upon recommendations. In coordination with the Budget Office (BO), who maintains the Audit Compliance Tracking System (ACTS), it has been agreed that the City departments will inform the CAO when they have updated the ACTS with their supporting documentation to close a finding or observation.

The CAO will review the supporting documentation attached in the system. If the corrective actions taken by the department comply with the agreed upon recommendations stated in the findings or if an alternative method has been used and agreed upon, CAO staff will consider the finding(s) to be closed. Upon the City Auditor's final review, CAO staff will then communicate the closure of the finding(s) to the BO. The BO coordinator will close the item within the ACTS and will continue to follow up with departments to provide supporting documentation and to inform the CAO of updates to the ACTS.

In the process of clearing findings, CAO staff visited individual departments, interviewed management personnel and performed tests, on a more frequent basis, to evaluate the adequacy of management's implementation of the audit recommendations. In this process, we have closed or resolved 198 audit findings. The attached schedule (**Exhibit A**) recaps 31 that are still open as of December 31, 2016.

CAO has completed several new audits this fiscal year and 13 new audit findings and observations have been added into the ACTS. The departments are responsible for updating the current status of the findings in the ACTS. Furthermore, the departments are to provide proper notice to CAO staff that corrective actions have been undertaken to address the open audit findings.

We would like to thank the departments that have taken a proactive approach to implement the corrective actions. Additionally, we will continue to work with the departments to resolve prior findings accumulated over several years and to ensure compliance with the City's policies and procedures.

cc: Lee R. Feldman, City Manager
Cynthia A. Everett, City Attorney
Jeff Modarelli, City Clerk