



REVISED INTERNAL AUDIT WORK PLAN FOR FISCAL YEARS 2019 AND 2020

City Manager's Office – Internal Audit Division

City Council
April 2, 2019

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BACKGROUND

March 6, 2019 - Governmental Affairs Committee received, discussed, and unanimously recommended that the City Council approve the Revised Internal Audit Work Plan for Fiscal Years 2019 and 2020.



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BACKGROUND

1. Annually, Internal Audit prepares an Internal Audit work plan for review and approval.
2. Plan consists of:
 - A. Work schedule of performance audits
 - B. Internal assessments and/or consulting engagements
 - C. Monitoring and/or other Internal Audit-supported tasks or initiatives
 - D. Allocated hours and resource requirements and limitations



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DISCUSSION

1. October 3, 2018 – Governmental Affairs committee unanimously recommended that City Council approve the Internal Performance Audit Work Plan for FYs 2019 and 2020
2. November 6, 2018 - Internal Performance Audit Work Plan was subsequently approved by City Council



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DISCUSSION

Due to recent personnel changes within Internal Audit, the approved Work Plan was revised to reflect what can be accomplished with current resources

REVISIONS TO THE INTERNAL AUDIT WORK PLAN

- An overview of the plan, including selection criteria for audits/assessments, division budget information, and reporting responsibilities
- Format change to reflect all planned audit and non-audit activities for the year, including monitoring processes, division procedural enhancements to be undertaken, and Internal Audit support of other initiatives
- Estimated hours budgeted for each activity
- Potential reviews for consideration that currently lack resources to complete



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AUDIT WORK PLAN DEVELOPMENT

1. Internal Audit gathers and assesses information about potential risks to the City and prioritizes these risks using the following factors:
 - A. Input from elected officials, executive management, City employees, and the public;
 - B. The likelihood and potential impacts of identified risks;
 - C. Potential community impact;
 - D. Timing and scheduling; and
 - E. Audit resource availability



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INTERNAL AUDIT WORK PLAN FYS 2019 AND 2020

1. Internal Audit Work Plan is adjusted to address unforeseen issues.
2. Revised Internal Audit Work Plan for FYs 2019 and 2020 is summarized in the table below:

| Internal Audit Activity | Summary | Budgeted Hours |
|--|---|----------------|
| Asset Management of Mobile Devices (Innovation & Technology) | Evaluate mobile device management practices and internal controls | Completed |
| Temp Employees, Independent Contractors and Retired Annuitants Compliance with CalPERS (Citywide) (M) (IP) | Assess the overall management of temporary agency employees, independent contractors and retired annuitants to ensure compliance with CalPERS | 90 |
| Sewer Laterals & City-Owned Trees Liability Assessment (Public Works) (M) (IP) | Determine options to reduce sewer lateral repair costs absorbed by the City | 30 |



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INTERNAL AUDIT WORK PLAN FYS 2019 AND 2020

| Internal Audit Activity | Summary | Budgeted Hours |
|--|---|----------------|
| Software Asset Management (Innovation & Technology) (IP) | Assess software asset management practices to ensure compliance with vendor agreements and license-tracking through the lifecycle | 60 |
| Cybersecurity Internal Controls (Innovation and Technology) | Evaluate cybersecurity internal controls in place to determine consistency with industry-established best practices | 300 |
| Contract Compliance – Riverside Convention Center (General Services) | Review contract/agreement to ensure terms and conditions are being met by all parties | 300 |
| CalPERS Compliance Assessment (Human Resources) | Follow up review of the issues identified in the 2013 external CalPERS audit | 120 |



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INTERNAL AUDIT WORK PLAN FYS 2019 AND 2020

| Internal Audit Activity | Summary | Budgeted Hours |
|--|---|----------------|
| Firefighter Work Schedule Optimization (Fire Department) (M) | Assess the firefighter and staffing work schedule based on best practices and NFPA guidelines | 300 |
| Audit Recommendations Follow-up Tracking | Assess the status and quality of implementation for recommendations noted in prior internal and external audits | 150 |
| Internal Audit Division Procedural Enhancements | Implement organizational and procedural changes necessary to ensure compliance with government auditing standards | 522 |
| Internal Audit Monitoring (various processes) | Ongoing/continuous monitoring of various City functions to ensure risks are identified and addressed | 400 |



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INTERNAL AUDIT WORK PLAN FYS 2019 AND 2020

| Internal Audit Activity | Summary | Budgeted Hours |
|--------------------------------------|--|----------------|
| External City Performance Audits | Coordinate activities for the Citywide Audit Program | 165 |
| Other Internal Audit-supported tasks | Provide additional support as needed on other City activities, projects, and tasks | 70 |
| Discretionary Hours | Hours retained for unscheduled or unplanned audits, assessments, special requests, and/or other activities | 270 |
| Training | Hours retained for audit-related, City, or other training | 60 |
| Paid Time Off (PTO) | Hours retained for vacation, holidays, admin, or other PTO categories | 283 |

M = Engagement requested by Management
IP – Engagement is in progress



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OTHER POTENTIAL REVIEW AREAS

1. Listed below are other potential audits or assessments that may need to be conducted using other resources:

| Activity | Summary | Sourcing Recommendation |
|--|--|--------------------------------|
| RPU Rates Monitoring (Public Utilities) | Internal Audit could be utilized to provide continuous monitoring of RPU's rate increases and the projections on which they were based. | Internal Audit Monitoring |
| Construction Contracts Monitoring (Citywide) | Audit objectives may include ensuring proper controls are developed and maintained, identification of overcharges and/or undercharges, and identification of cost avoidance opportunities. | Co-source |
| Property Management Services (various departments) | An opportunity exists to consolidate the citywide property management functions in one department, allowing for enhanced operational efficiencies. | Internal Assessment |
| 311 Call Center Operations (Public Utilities) | Determine if the Call Center provides accurate and quality information to City departments, along with providing quality customer services. | Co-source or Performance Audit |

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RECOMMENDATION

That the City Council review and approve the Revised Internal Audit Work Plan for Fiscal Years 2019 and 2020.

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