**APPROVED BY CITY COUNCIL 08-24-26**

# City Auditor
# Proposed FY 2026/27 Audit Plan

**Planned Audits –** Preliminary objectives are refined during the audit planning phase based on updated risk profiles, resource availability, and input from relevant departments. To provide scheduling and scope flexibility, about 10-20% of the Planned audits listed below are expected to carry over into the next fiscal year. The Annual Audit Plan is subject to change based on new and emerging risks, special requests, or investigations.

| | Planned Audit Topics | Preliminary Objectives | Audit Area |
|---|---|---|---|
| 1. | **FY 2025/26 External Financial/Compliance Audit *(Contracted)*** | The annual financial audits include the City's Comprehensive Annual Financial Report; federally required Single Audit; state-required reports (Annual Expenditure Limitation Report, Highway User Revenue Fund (HURF) compliance); and the Municipal Property Corporation and Community Facilities Districts annual financial reports. | City Treasurer's Office: Accounting, Finance<br>(External Audit) |
| 2. | **Biennial Certified Audit of Land Use Assumptions, Infrastructure Improvement Plan, and Development Impact Fees *(Contracted, Non-audit)*** | State law requires a biennial certified audit to be contracted as an alternative to establishing an advisory committee. This review will cover fiscal years 2024/25 and 2025/26. | Water Resources |
| 3. | **City Court Minimum Accounting Standards, CY 2023-2026** | Required every three years, this audit evaluates compliance with the Minimum Accounting Standards established by the state Supreme Court and covers CY 2023-2026. | City Court |
| 4. | **Software License Management** | Evaluate effectiveness of controls over the management of software licenses and subscriptions. | Citywide, IT |
| 5. | **Parks and Preserve Tax** | Determine whether uses of the Parks and Preserve Tax monies followed uses outlined in Proposition 490. | Various |
| 6. | **Destination Marketing Contract** | This audit will evaluate whether the contractor met program requirements relating to administrative costs and uses of city funding. | Tourism |
| 7. | **Investigative Case Management** | Assess whether staffing deployment, caseload distribution, and case management processes within Police Investigative Services Bureau are effective and efficiently structured to meet the department's current needs. | Police |
| 8. | ***Carryforward:*** **HR Recruitments** | Evaluate recruitment process and timelines for efficiency and effectiveness. | Human Resources |
| 9. | ***Carryforward:*** **Bank Reconciliations** | Evaluate the design and effectiveness of internal controls over bank reconciliations and banking controls. | Accounting |

| | | | |
|---|---|---|---|
| 10. | *In Progress:*<br>IT Management of Mobile Computing Devices | Evaluate effectiveness of controls and management of mobile computing devices. This audit will review technical security controls as well as controls over the related service charges for these devices. | IT |
| 11. | *In Progress:*<br>ERP User Access and Approval Workflow | Assess internal controls over system access and approval workflows for the city's financial system. | IT, Accounting |
| **Annual Reports and Other Projects:** | | | |
| 12. | Triennial Review of the City Auditor's Compliance with Government Auditing Standards | External peer review of compliance with Government Auditing Standards. Required every three years, this review will cover calendar years 2024 – 2026. | City Auditor |
| 13. | Annual Report on Follow-ups on Status of Audit Recommendations | Review, assess and report on the status of management's corrective actions taken in response to prior audit recommendations. This review, implemented in late 2009, is now required by City Code. | various |
| 14. | Annual Report on City Auditor's Integrity Line | Investigate tips that are received related to potential fraud, waste or abuse of City resources and annually report on the results. | various |
| 15. | City Court IT Network Scan Verification *(Nonaudit)* | Validate the accuracy of the summarized results of the Court IT network scan for submission to the state Administrative Office of the Courts. | IT, City Court |
| | Annual Audit Risk Assessment | Updates to the audit risk assessment model for recent organizational and reporting changes. | |
| | Special Requests | As determined by the City Auditor and in accordance with the City Code, the Audit Plan may be updated during the year for special requests or emerging risks. | |

**Contingency Audits – These are next priority audits. May be added to the plan or substitute a planned audit due to timing or other factors (resource availability or contract provisions).**

1. Solid Waste Landfill and/or Recycling Contracts
2. Healthcare Claims
3. Cash Handling Controls
4. Selected IT Audit
5. Vendor Set-up and Maintenance
6. E-Verify Compliance

**Sunset Reviews -** The City Auditor supports the Audit Committee in carrying out its Council-assigned duty to periodically review the city's Boards and Commissions. Through these "sunset reviews" the Audit Committee considers the ongoing continuation of boards and commissions and whether modifications should be recommended.

| Sunset *Reviews Due in FY 2026/27* | *Tentative schedule:* |
| --- | --- |
| Parks and Recreation Commission | 1st Qtr |
| McDowell Sonoran Preserve Commission | 1st Qtr |
| Development Review Board | 1st Qtr |
| Planning Commission | 2nd Qtr |
| Neighborhood Advisory Commission | 2nd Qtr |
| Library Board | 2nd Qtr |