City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: **City Auditor's Office**

CITY AUDITOR: **Madison Rorschach**

DATE: **April 29, 2024**

SUBJECT

Receive a report, hold a discussion, and take necessary action regarding the completion and closure of Audit Project 010 – Capital Projects Administration: Property Acquisition.

BACKGROUND

In accordance with the City of Denton Ordinance 21-2035, the Internal Audit Advisory Committee is responsible for providing oversight of the internal audit function, including monitoring follow-up on reported findings to assure corrective action is taken by management.

DISCUSSION

An audit project of the City's property acquisition process for capital improvement projects was originally conducted and reported to the City Council in May 2020. This audit identified a few risks including missing documentation of critical property acquisition steps such as appraisal reports, initial and final offer letters, and title commitments, and a lack of defined authority levels for property negotiation.

Since the issuance of this audit, several improvements have been made to the City's procurement process including:

- Implementation of procedures that outline the negotiation process for acquiring real estate assets and reporting these to the Accounting Division;
- Establishment of minimum requirements for hired property appraisers; and
- Establishment of clear requirements for Real Estate staff to receive adequate training.

Internal Audit generally evaluated these process improvements as part of the April 2022 and July 2023 follow-up reviews and believes that these improvements adequately address the recommendations issued as part of the original Audit of Capital Projects Administration: Property Acquisition.

RECOMMENDATION

Staff recommends approval of the attached Audit Project Completion Form and final closure of Audit Project 010 – Capital Projects Administration: Property Acquisition. These processes will continue to be considered for review annually as part of the Annual Internal Audit Plan development process.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Mar. 17, 2020: Audit/Finance Committee recommended forwarding the Audit to City Council

May 12, 2020: Audit of Capital Projects Administration presented, and Project 010 closed till follow-up by Council
Apr. 5, 2022: Audit of Capital Projects Administration: Property Acquisition Follow-Up Review presented, and Project 010 closed till informal follow-up review by Council
Jul. 21, 2023: Fiscal Year 2022-23 Informal Follow-Up Review distributed to City Council via the Friday Report – included information on Project 010

EXHIBITS
1. Agenda Information Sheet
2. Audit Project Completion Form – 010 Capital Projects Administration: Property Acquisition
3. Audit of Capital Projects Administration: Property Acquisition
4. Audit of Capital Projects Administration: Property Acquisition Follow-Up Review

Respectfully submitted:
Madison Rorschach, 940-349-7228
City Auditor