



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Meeting Agenda

Internal Audit Advisory Committee

Monday, January 30, 2023

5:30 PM

City Hall Conference Room

CANCELLED - 1/30/2023 @ 7:33 A.M.

After determining that a quorum is present, the Internal Audit Advisory Committee of the City of Denton, Texas will convene in a Regular Meeting on Monday, January 30, 2023, at 5:30 p.m. in the City Hall Conference Room at City Hall, 215 E. McKinney Street, Denton, Texas at which the following items will be considered:

1. ITEMS FOR INDIVIDUAL CONSIDERATION

- B. [IAAC23-001](#) Consider approval of minutes for October 24, 2022.

Attachments: [Exhibit 1 - Draft Minutes](#)

- F. [IAAC23-002](#) Management Reports
1. Internal Audit Fiscal Year 2022-23 First Quarter Performance Report
2. Internal Audit Fiscal Year 2022-23 Tentative Project Schedule

Attachments: [Fiscal Year 2022-23 First Quarter Report](#)
[Internal Audit Fiscal Year 2022-23 Tentative Project Schedule](#)

- E. [IAAC23-003](#) Hold a discussion and give direction regarding potential staffing option changes for the Department of Internal Audit for fiscal year 2023-24.

Attachments: [Exhibit 1 - Agenda Information Sheet \(Staffing Discussion\)](#)

- D. [IAAC23-004](#) Hold a discussion and give direction regarding the City Auditor's Office FY 2022-2027 Strategic Plan.

Attachments: [Exhibit 1 - Agenda Information Sheet](#)
[Exhibit 2 - FY 2022-2027 City Auditor's Office Strategic Plan](#)
[Exhibit 3 - FY 2021-22 Strategic Plan Performance](#)
[Exhibit 4 - Audit Coverage Assessment \(Jan. 2023\)](#)

- A. [IAAC23-005](#) Receive nominations and hold an election of a Chair and Vice-Chair.

Attachments: [Exhibit 1 - Agenda Information Sheet \(Election\)](#)

- C. [IAAC23-006](#) Hold a discussion and consider adoption of the 2023 meeting schedule.

Attachments: [Exhibit 1 - Agenda Information Sheet \(Schedule\)](#)

2. CONCLUDING ITEMS

A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the Sustainability Framework Advisory Committee or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

CERTIFICATE

I certify that the above notice of meeting was posted on the official website (<https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>) and bulletin board at City Hall, 215 E. McKinney Street, Denton, Texas, on January 26, 2023, in advance of the 72-hour posting deadline, as applicable, and in accordance with Chapter 551 of the Texas Government Code.

NOTE: THE CITY OF DENTON'S DESIGNATED PUBLIC MEETING FACILITIES ARE ACCESSIBLE IN ACCORDANCE WITH THE AMERICANS WITH DISABILITIES ACT. THE CITY WILL PROVIDE ACCOMMODATION, SUCH AS SIGN LANGUAGE INTERPRETERS FOR THE HEARING IMPAIRED, IF REQUESTED AT LEAST 48 HOURS IN ADVANCE OF THE SCHEDULED MEETING. PLEASE CALL THE CITY SECRETARY'S OFFICE AT 940-349-8309 OR USE TELECOMMUNICATIONS DEVICES FOR THE DEAF (TDD) BY CALLING 1-800-RELAY-TX SO THAT REASONABLE ACCOMMODATION CAN BE ARRANGED.

Notice is hereby given that the Internal Audit Advisory Committee Meeting scheduled for Monday, January 30, 2023, at 5:30 p.m. in the City Hall Conference Room at City Hall, 215 E. McKinney Street, Denton, Texas has been cancelled.

CERTIFICATE OF CANCELLATION

I certify that the above notice of cancellation was posted on City of Denton official website (<https://tx-denton.civicplus.com/242/Public-Meetings-Agendas>) and bulletin board at City Hall, 215 E. McKinney Street, Denton, Texas, on January 30, 2023.

CITY SECRETARY



City of Denton

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215 E. McKinney St.
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Legislation Text

File #: IAAC23-001, **Version:** 1

AGENDA CAPTION

Consider approval of minutes for October 24, 2022.

City of Denton Internal Audit Advisory Committee

After determining that a quorum was present, the Internal Audit Advisory Committee of the City of Denton, Texas convened in a Regular Meeting on Monday, October 24, 2022, at 5:33 p.m. in the City Hall Conference Room at City Hall, 215 E. McKinney Street, Denton, Texas.

PRESENT: Chair Mainja, Vice-Chair Wells and Members Allison and Ingram.

1. ITEMS FOR INDIVIDUAL CONSIDERATION

A. IAAC22-027 Consider approval of minutes for July 25, 2022.

Vice-Chair Wells moved to approve the minutes as presented; motion seconded by Member Ingram. Motion carried.

AYES (4): Chair Mainja, Vice-Chair Wells and Members Allison and Ingram.

NAYS (0): None.

B. IAAC22-028 Draw straws to determine which two (2) members shall receive an initial term of one (1) year in order to stagger terms.

The item was presented, and discussion followed.

Chair Mainja and Member Allison drew short straws signifying a term of one year.

Vice-Chair Wells and Member Ingram drew long straws signifying a term of two year.

C. IAAC22-029 Receive a report, hold a discussion, and take necessary action regarding the completion and closure of Audit Project 003 - Procurement Process.

The item was presented, and discussion followed.

Member Allison moved to accept direction option 1, close audit project 003; motion seconded by Member Ingram. Motion carried.

AYES (4): Chair Mainja, Vice-Chair Wells and Members Allison and Ingram.

NAYS (0): None.

D. IAAC22-030 Management Reports

1. Internal Audit Fiscal Year 2021-22 Fourth Quarter Performance Report
2. Internal Audit Fiscal Year 2022-23 Tentative Project Schedule

The item was presented, and discussion followed.

2. CONCLUDING ITEMS

None

With no further business, the meeting was adjourned at 6:21 p.m.

Martin Mainja
Chair

Tammy Peal
Recording Secretary

MINUTES APPROVED ON: _____



City of Denton

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Legislation Text

File #: IAAC23-002, Version: 1

AGENDA CAPTION

Management Reports

1. Internal Audit Fiscal Year 2022-23 First Quarter Performance Report
2. Internal Audit Fiscal Year 2022-23 Tentative Project Schedule



MEMORANDUM

DATE: January 30, 2023
TO: Internal Audit Advisory Committee
FROM: Madison Rorschach, City Auditor *Madison Rorschach*
SUBJECT: Fiscal Year 2022-23 First Quarter Performance Report

FY22-23 Annual Audit Plan Status

Audit Project Status – The Internal Audit Department is responsible for conducting audits to assess a variety of risks including internal control weaknesses, inefficiencies in City operations, ineffectiveness of City programs, and noncompliance with laws, regulations, and policies. Each year, an annual audit plan is approved by the City Council to establish the workload of the Internal Audit Department. The following table summarizes the status of each audit project included on the fiscal year 2022-23 Annual Internal Audit Plan at the end of the first quarter.

Table 1: FY22-23 Audit Project Status As of 12/31/22

Audit Project	Status	Hours Budgeted	Hour Actuals
Overflow: Police Body-Worn Camera Usage	Reporting	NA	319.25
Solid Waste Operations: Scale House Management	Closed	300	226.00
Solid Waste Operations: Safety, Training, & Reporting Compliance	Fieldwork	300	265.25
Recreation Facility Operations	Fieldwork	500	136.25
Fleet Services Operations: Fuel Management	Initiation	300	0.25
Fleet Services Operations: Vehicle Management	Hold	200	0
Pedestrian & Cyclist Safety	Hold	600	0
Fire Prevention: Phase 1	Hold	200	0
Fire Prevention: Phase2	Hold	200	0
Staff Recruiting & Hiring	Hold	500	0
Overflow – Economic Development: Retention & Expansion Follow-Up Review	Closed	NA	20.50
Overflow – Grants Management Follow-Up Review	Closed	NA	28.50
Overflow – Procurement Process: Second Follow-Up Review	Complete	NA	71.75
CIP: Planning & Design and Construction Follow-Up Review	Closed	200	40.75
Municipal Court Payments Follow-Up Review	Hold	100	0
Building Permits Follow-Up Review	Hold	100	0
COVID-19: Pandemic Preparedness Follow-Up Review	Hold	100	0
Utility Street Cuts Follow-Up Review	Hold	100	0.50
Police Property Room Second Follow-Up Review	Hold	100	0
Police Property Room Inventory	Hold	100	0

Post-Audit Feedback Survey Results – Based on the five audit project reports issued during the first quarter of fiscal year 2022-23, the Internal Audit Department's services were rated 5.00 out of five stars by auditee department's staff with a 38 percent response rate.

Avg. Q1 Internal Audit Service Rating: 

Ad-Hoc Project Updates – The Internal Audit Department completed the following Consultation projects during the first quarter of fiscal year 2022-23:

- Seven advice requests from Public Works, Procurement, Water, Legal, and the City Manager's Office departments;
- One data assistance request from the Human Resources Department;
- One analysis project to verify the accuracy of the Fleet Services Division's vehicle replacement tracking data – the [Analysis Report](#) is available on Internal Audit's webpage;
- Two new anonymous fraud, waste, and abuse reports were submitted and one report was pending investigation. Per City Policy 509.01 "Fraud Response," these submission were reviewed by the Investigation Committee. All three of these cases have now been closed.

In addition, Internal Audit entered into an agreement in November 2022 to perform an Internal Control Assessment of the Finance Department. This assessment is expected to be complete in April 2023 and results will be provided to City Management as well as used in future Internal Audit risk assessments. This project is expected to take 100 of the 300 hours budgeted for Analysis Requests and Investigations. The engagement letter has been attached for reference.

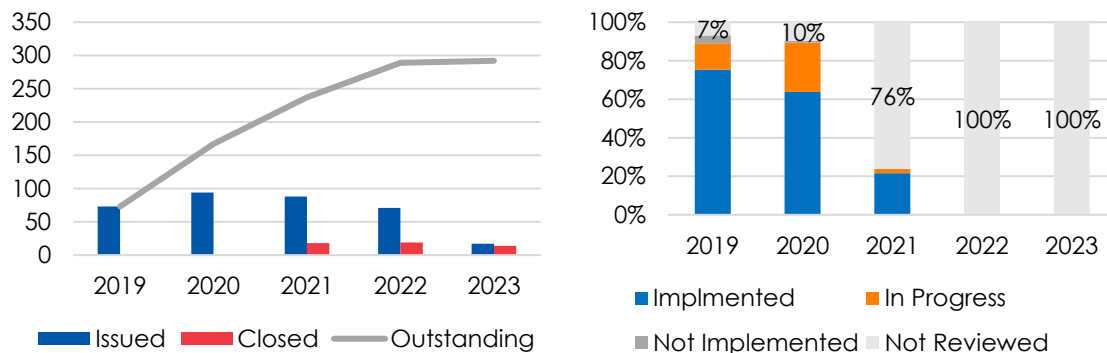
Police Body-Worn Camera Usage Audit Report Publication Delay Update – This audit project was initially scheduled to be presented to the City Council on October 24, 2022. After the completion of fieldwork, Internal Audit Department staff discussed this reporting timeline with the new Police Chief, who was sworn in on October 3, 2022 and agreed to delay the presentation to Council to allow the new Chief to further acclimate to the new position. The report was presented on January 10, 2023.

Audit Scope Expansion – Fuel Management – Based on discussions with City Management, the scope of the Fuel Management audit has been expanded to incorporate an agreed upon procedures engagement that will include a vehicle inventory and will provide best practice information on vehicle replacement planning. A performance audit will also be conducted covering fuel management as originally planned. To account for this change, 100 budgeted hours from the Fuel Management Audit and the Fire Prevention Audit Series have been reallocated to the Vehicle Management Engagement.

Follow-Up Review Monitoring

Outstanding Recommendations – At the end of the first quarter of Fiscal Year 2022-23, the Internal Audit Department has issued a total of 343 recommendation and has formally completed five audit projects that included 51 recommendations. Figure 1 below shows the current pace of audit recommendation issuance and closure as well as the current follow-up status of audit recommendations by fiscal year issued.

Figure 1: Audit Recommendation Status by Fiscal Year



Follow-Up Review Pace Discussion – In general, the Department has had a goal to have performed follow-up work on at least 30 percent of outstanding recommendations. Practically, this means that the Department has planned to perform at least six follow-up reviews annually 18 to 36 months after the initial audit was issued. Currently, the Department has performed follow-up work on about 40 percent of outstanding recommendations.

2022 Training & Development Program Report

Continuing Professional Education Compliance Report – Annually, the City Auditor prepares a CPE Compliance Report to document the Internal Audit Department's compliance with *Generally Accepted Government Auditing Standards*. Based on this report, all current employees of the Department adequately met CPE requirements, though one Audit Intern was half an hour short. The full report is attached for reference. During 2022, the City spent an average of \$15.23 per CPE hour and was budgeted to spend an average of \$33 per CPE hour.

Training & Development Program Costs – The Internal Audit Department has implemented a Training & Development Program in order to ensure staff have the knowledge, skills, and abilities necessary to adequately perform audit projects as required by *Generally Accepted Government Auditing Standards*. This program includes funding Continuing Professional Education – or CPE – for audit staff, supporting staff in holding audit-related certifications, and

encouraging participation in professional organizations. Table 2 summarizes the costs of this program per activity.

Table 2: 2022 Training & Development Program Costs

Program Activity	Total Cost	Cost Per Staff
Continuing Professional Education	\$2,590	\$740
Certification Support	\$1,269	\$363
Professional Org. Participation ¹	\$1,260	\$420
Total Program:	\$5,119	\$1,463

Attachments

1. Finance Department Internal Controls Assessment Engagement Letter
2. First Quarter Time Utilization Report
3. 2022 Yellow Book CPE Compliance Report

¹ Internal Audit staff are members of the Association of Local Government Auditors, the Institute of Internal Auditors, the Association of Certified Fraud Examiners, and ISACA (formerly the Information Systems Audit and Control Association).



November 22, 2022

Cassey Ogden
Chief Financial Officer
City of Denton, TX

Ms. Ogden:

On October 17, 2022 we discussed the Internal Audit Department performing an internal control assessment of the Finance Department. This letter is intended to formalize this agreement in accordance with *Generally Accepted Government Auditing Standards*.

Internal Audit Responsibilities

Under this agreement, the Internal Audit Department agrees to document the Finance Department's internal control framework in accordance with the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*. Per this agreement, the Finance Department consists of the following functions:¹

- Accounts Payable
- Budget
- Fixed Asset Accounting
- General Ledger Accounting
- Grants Management
- Payroll
- Purchasing
- Treasury
- Warehouse

Management Responsibilities

Generally Accepted Government Auditing standards require that management understands and agrees to perform the following functions in connection with these advisory services:

- a. Assumes all management responsibilities;
- b. Oversees the services, by designating an individual who possesses suitable skill, knowledge, or experience;
- c. Evaluates the adequacy and results of the services provided; and
- d. Accepts responsibility for the results of the services.

More specifically, this means that Finance Department staff is ultimately responsible for designing, implementing, and operating its internal control framework to meet its identified objectives. In addition, management agrees to

¹ The City of Denton has several distinct accounts receivable functions that are housed within different City Departments that will not be reviewed as part of this assessment.

provide necessary documentation and time to facilitate assessment completion.

Reporting

The City Auditor will provide a written Analysis Report outlining the assessment procedures conducted as well as documentation of identified internal controls including the related internal control principles and responsible staff in a format that may be manipulated by the Department. This report is intended to be informational only and will not include recommendations for process improvements; it is not intended to provide assurance with regards to fraud, waste, or abuse or compliance with City and State regulations.

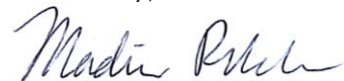
This report will also be provided to the City Manager's Office and will be used by the Internal Audit Department as part of future risk assessments. The Internal Audit Department anticipates that this project will be complete by March 2023.

Other

Based on this agreement, the City Auditor does not believe that provision of these analysis services creates a threat to the independence of the Internal Audit Department as documented in the Department's engagement files.

If you wish for us to provide these analytical services, please sign and return a copy of this letter. If you have any questions, please don't hesitate to contact me via phone at (940) 349-7228 or (682) 667-4245 or at Madison.Rorschach@CityofDenton.com.

Sincerely,



Madison Rorschach, City Auditor

RESPONSE:

This letter correctly sets forth the understanding and management agrees to assume its responsibilities as stated previously.

Acknowledged and agreed by:

Signature: **Cassandra D Ogden** Digitally signed by Cassandra D Ogden
DN: dc=com, dc=cityofdenton, dc=codad, ou=Department Users and Groups, ou=General Government,
ou=City Managers Office, cn=Cassandra D Ogden, email=Cassandra.Ogden@cityofdenton.com
Date: 2022.11.22 11:49:43 -06'00'

Title: **Chief Financial Officer**

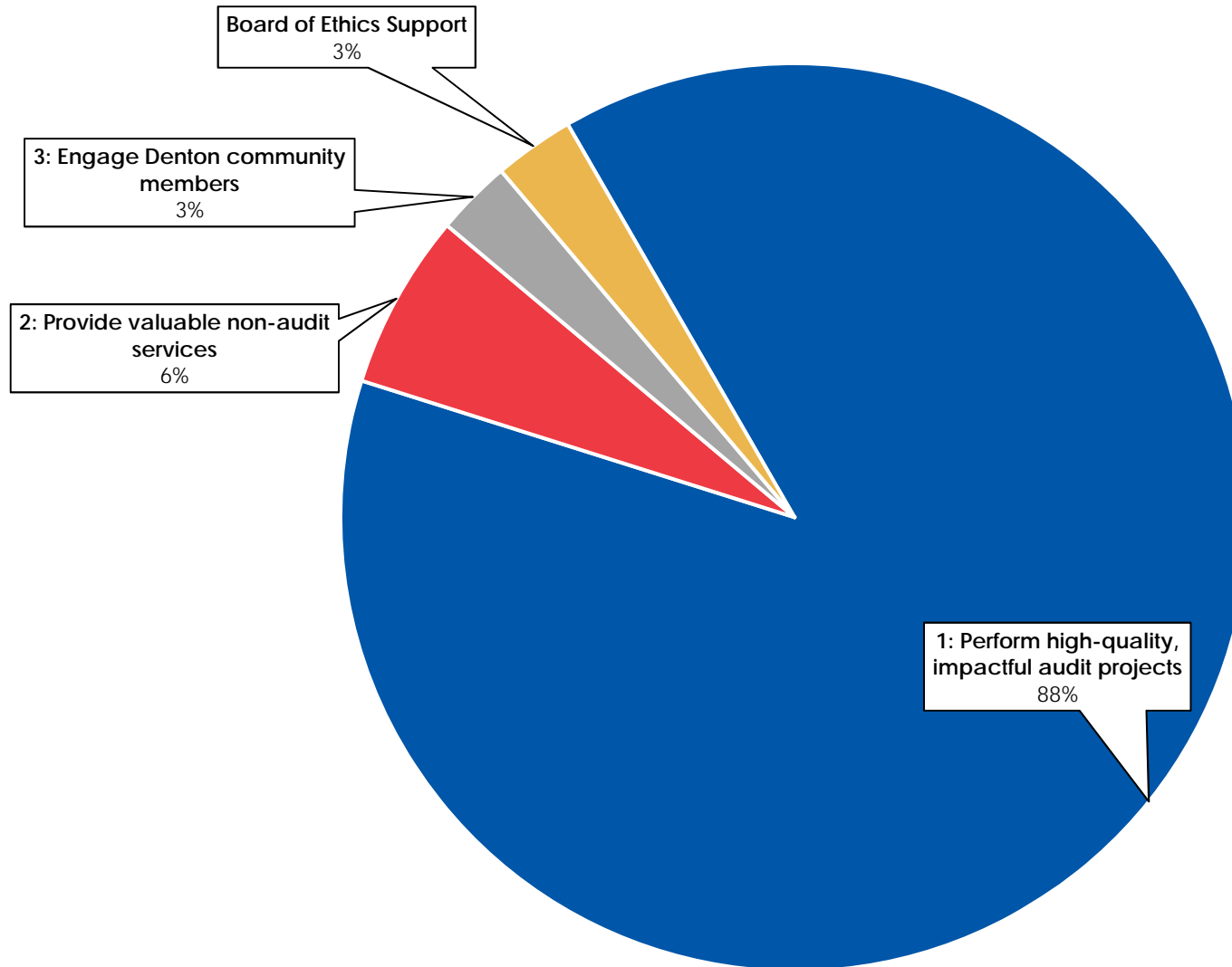
Date: **11/22/22**

FY 2022-23 Annual Time Utilization Report

As of Quarter One

Program	Quarter 1		Quarter 2		Quarter		Quarter 4		Year to Date	
	Time	Cost	Time	Cost	Time	Cost	Time	Cost	Time	Cost
New Audit Projects	600.75	\$21,543							600.75	\$21,543
Training & Development	65.00	\$3,770							65.00	\$3,770
Audit Follow-Up Reviews	46.25	\$2,709							46.25	\$2,709
Non-Audit Services	32.75	\$2,126							32.75	\$2,126
Board of Ethics Support	23.00	\$1,493							23.00	\$1,493
Anti-Fraud Activities	17.75	\$1,145							17.75	\$1,145
Performance Reporting	13.50	\$876							13.50	\$876
Community Outreach	8.25	\$535							8.25	\$535
Total:	807.25	\$34,198							807.25	\$34,198

FY 2022-23 Time Utilization by Strategy
(As of Quarter 1)





Government Auditing Standards CPE Compliance

Calendar Years 2020-2021 & 2021-2022

The Internal Audit Department currently follows the 2018 revision of Government Auditing Standards as promulgated by the United States Government Accountability Office. These standards require audit staff to develop and maintain their competency by completing continuing professional education – or CPE – as follows:

- At least 80 hours of CPE for every two years of employment;
- At least 20 hours of CPE during each year of employment; and
- At least 30 percent of CPE hours must be related to government auditing.

The tables below show the number of CPE hours each auditor employed in the Internal Audit Department completed for the last two CPE reporting periods based on available records. Required CPE hours were calculated assuming ten CPE hours for every three months of employment per the Internal Audit Department's Procedures Manual.

Table 1: Continuing Professional Education Summary (CY 2020 & 2021)

Employee	Title	Required CPE	2020 CPE	2021 CPE	Gov. Related CPE	Adequate
Umesh Dalal	City Auditor	14	Unk	NA	Unk	Unk
Amber Jackson	Senior Auditor	44	4	47	43%	Yes
Madison Rorschach	City Auditor	80	63	46	72%	Yes
Neeraj Sama	Senior Auditor	80	50	74	51%	Yes

Table 2: Continuing Professional Education Summary (CY 2021 & 2022)

Employee	Title	Required CPE	2021 CPE	2022 CPE	Gov. Related CPE	Adequate
Andy Fernandezdelara	Intern (Spring)	3.5	NA	5.5	27%	Yes
Scott Garcia	Intern (Summer)	5	NA	4	75%	No
Jenesa Halter	Senior Auditor	20	NA	20	65%	Yes
Amber Jackson	Senior Auditor	80	47	46.5	37%	Yes
Madison Rorschach	City Auditor	80	46	44	52%	Yes
Neeraj Sama	Senior Auditor	60	74	42	42%	Yes

Based on the above information, all current Internal Audit Department staff have adequately met CPE requirements with the exception of one intern.

Prepared by: *Madison Rorschach*

Madison Rorschach, City Auditor

Date: December 19, 2022

215 E. McKinney St., Denton, TX 76201 • (940) 349-7228

**Internal Audit FY22-23 Tentative Schedule
(January 23, 2023)**

Purple	New Audit Projects
Blue	Follow-Up Audit Projects
Green	Consultation Projects
Yellow	Routine Audit Projects
Orange	Administrative Projects

	October			November			December			January			February			March			
	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	
New Audit Proj.	030 Solid Waste Operations Series													033 Ped. & Cyc. Safety					
		031 Recreation Facility Operations																	
	029 PD Body Cameras										032 Fleet Operations Series								
Other Proj.	009 CIP: Planning & Design Follow-Up									Ethics 101				022 Building Permits Follow-Up					
	011 CIP: Construction Follow-Up												019 Municipal Court Payments Follow-Up						
									23-05 Finance Dept. Internal Control Assessment										
	April			May			June			July			August			September			
	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	Beg.	Mid.	End.	
New Audit Proj.	033 Pedestrian & Cyclist Safety																		
		034 Fire Prevention Series																	
	032 Fleet										035 Staff Recruiting & Hiring								
Other Proj.	022							R01 PD Inventory			004 Police Property Room Follow-Up								
											Audit Plan Dev.								
	016 Pandemic Prep Follow-Up										005 Utility Street Cuts Follow-Up								



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Legislation Text

File #: IAAC23-003, Version: 1

AGENDA CAPTION

Hold a discussion and give direction regarding potential staffing option changes for the Department of Internal Audit for fiscal year 2023-24.



City of Denton

City Hall
215 E. McKinney Street
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AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit
CITY AUDITOR: Madison Rorschach
DATE: January 30, 2023

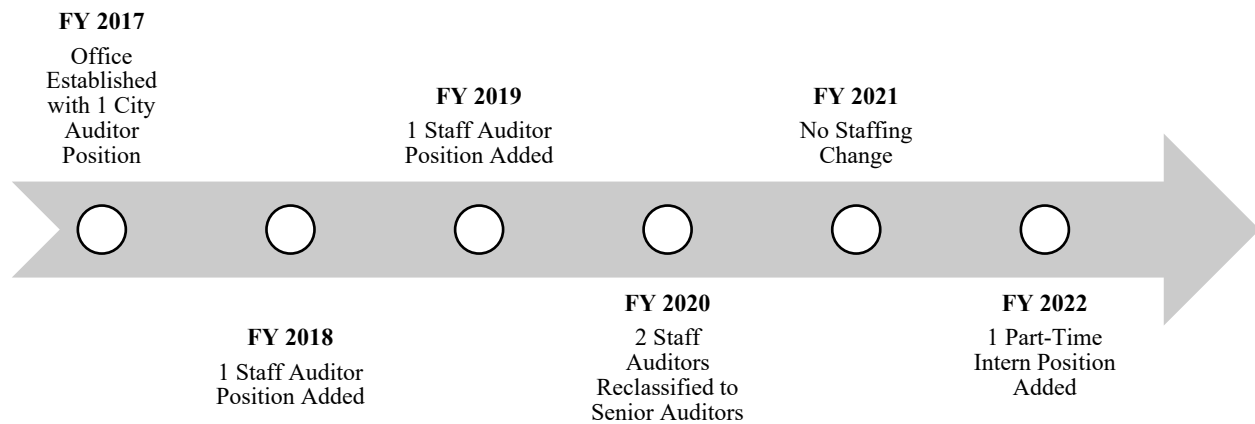
SUBJECT

Hold a discussion and give direction regarding potential staffing option changes for the Department of Internal Audit for fiscal year 2023-24.

BACKGROUND

The City of Denton's Internal Audit Department was reestablished in 2017 due to the result of a City Charter. Figure 1 below illustrates the timeline around Department staffing increases since that occurred.

Figure 1: Department Staffing Timeline

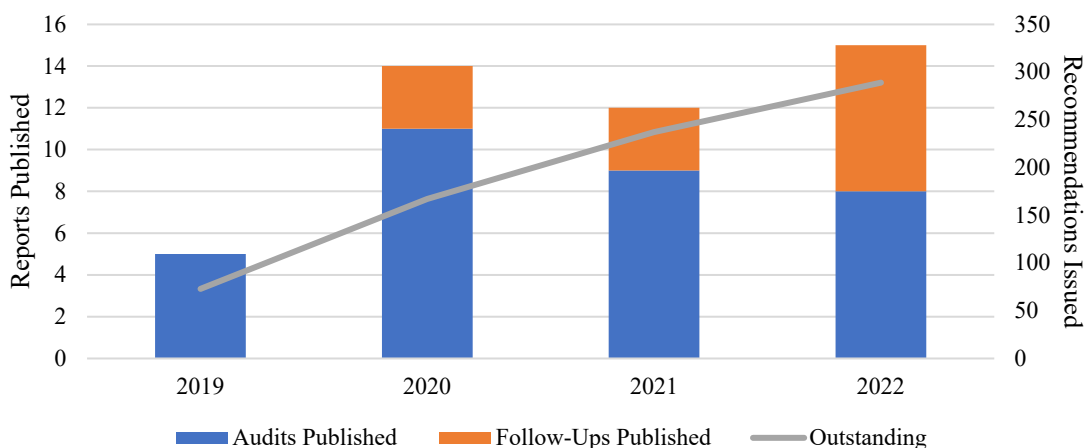


Based on this information, the Internal Audit Department currently has 3.5 full-time equivalents, though it should be noted that the Intern position has been filled for approximately half of the time it has been established making the Department have an effective 3.25 full-time equivalents. Under the current staffing model, Senior Auditors work as audit project managers (i.e. Auditor-In-Charge/Audit Lead) for new audit projects while the City Auditor serves as the audit project manager for all follow-up reviews while Audit Interns, when employed, work as staff for all active projects. In addition, the City Auditor performs most non-audit services mostly independently though analysis projects are reviewed by a Senior Auditor.¹

Using this model, the Department has published the following audits and had outstanding recommendations (i.e. recommendations from audit projects that are not considered complete) as summarized in Figure 2.

¹ Non-Audit hours includes consultative services (advice, data assistance, and analysis projects) and time spent on anti-fraud activities (fraud awareness training, ad-hoc investigations and detective tests).

Figure 2: Reports and Recommendations by Fiscal Year



DISCUSSION

Based on this information, I would like direction from the Committee on potential staffing option. Potential options include:

1. Continue with current staffing levels (3.5 FTE) for fiscal year 2023-24;
2. Request addition of a Staff Auditor bringing staffing levels to 4.5 FTE;
3. Request reclassification of Intern to Staff Auditor bringing staffing levels to 4.0 FTE; or
4. Eliminate the Intern position bringing staffing levels to 3.0 FTE.

Table: Estimated Staffing Option Impacts on Production

Option	Productive Hours	New Audit Reports	Follow-Up Reports	Non-Audit Hours	Total Cost ²
1	3,800	10	6	200	\$0.00
2	5,000	12	8	600	\$70,000
3	4,400	12	6	200	\$53,000
4	3,200	8	6	200	(\$17,000)

Direction from this discussion will provide the framework for submitting fiscal year 2023-24 budget information and setting the fiscal year 2023-24 Annual Internal Audit Plan. If staffing was expanded, the staffing model would likely shift to have Senior Auditors act as audit project manager for all most New Audit Reports and all Follow-Up reports, freeing up time for the City Auditor to further develop and implement an Anti-Fraud Program including creating, refining, and performing regular fraud detection tests, conducting internal control assessments, and partnering with the City's Compliance Office to perform routine compliance reviews of critical functions and controls.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

None.

EXHIBITS

1. Agenda Information Sheet

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

² Cost estimate includes additional salary, benefits, equipment, and training costs.



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Legislation Text

File #: IAAC23-004, **Version:** 1

AGENDA CAPTION

Hold a discussion and give direction regarding the City Auditor's Office FY 2022-2027 Strategic Plan.



City of Denton

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AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit
CITY AUDITOR: Madison Rorschach
DATE: January 30, 2023

SUBJECT

Hold a discussion and give direction regarding the City Auditor's Office FY 2022-2027 Strategic Plan.

BACKGROUND

The City Auditor implemented the FY 2022-2027 Strategic Plan in March 2022 after presenting and receiving feedback from the Internal Audit Advisory Committee and City Council in February 2022. Prior to this, no strategic plan had been developed or implemented since the Office's reestablishment in 2017.

DISCUSSION

Staff has implemented the FY 2022-2027 City Auditor's Office Strategic Plan as part of an effort to focus and guide the functions that report to the City Auditor including the Internal Audit Department (see Exhibit 2). This Strategic Plan is intended to outline the vision, mission, and values of the City Auditor's Office as well as to provide measurable goals and objectives to carry out the vision and mission. Performance on the goals laid out in this plan for Fiscal Year 2021-22 was presented during the October, 24, 2022 Internal Audit Advisory Committee meeting (see Exhibit 3). In addition, audit coverage as of January 2023 is included as it relates to Strategic Plan goals (see Exhibit 4).

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

During the October 24, 2022 meeting, the Committee requested to review and discuss the City Auditor's Office FY 2022-2027 Strategic Plan.

EXHIBITS

1. Agenda Information Sheet
2. City Auditor's Office FY 2022-2027 Strategic Plan
3. FY 2021-22 Strategic Plan Performance
4. Audit Coverage Assessment (Jan. 2023)

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

City Auditor's Office Strategic Plan

Fiscal Years 2022 through 2027

This strategic plan is intended to guide Denton functions that report to the Denton City Auditor in alignment with the 2017-18 City of Denton Strategic Plan, specifically as a strategy under the Organizational Excellence key focus area.

Vision

Strengthen public trust and promote continuous improvement throughout City operations.

Mission

Serve Denton residents by providing independent and objective reviews of City functions.

Values

- **Accountability.** Government officials and agencies, including the City Auditor's Office, are accountable to all Denton residents for their performance, use of resources, stewardship or assets, and ethical conduct.
- **Transparency.** Free and open access to information is necessary for government officials and agencies to be accountable to all Denton residents.
- **Integrity.** Work and reports must be conducted fairly, honestly, objectively, and independently. If work or reports are found to be inaccurate, this will be publicly acknowledged and corrected.
- **Quality.** Continuous evaluation and improvement are critical to producing high-quality work that adds value to City operations and the public well-being.

Goals, Objectives, and Strategies

Objectives		Activities	Performance Measures	Goals
Strategy A: Perform high-quality, impactful audit projects				
1.	Audit Project Coverage	Audit each functional area of the City once every six years	No. of functional areas not audited during strategic plan period	≤3 areas
2.	Audit Project Impact	Issue feasible recommendations	Annual Concurrent Rate	≥90%
		Follow-up on all audit projects to evaluate progress	Annual Disagreement Rate	≤5%
3.	Audit Project Quality	Solicit feedback on audit quality from auditees on if the Dept. added value through meaningful results	Three-Year Rolling Implementation Rate	≥70%
			Annual percent Strongly Agree	≤70%
			Annual percent Strongly Disagree	≤10%
		Average overall Internal Audit services rating	≥4.00	
		Receive a Peer Review in accordance with GAGAS	Peer Review opinions	Pass
Strategy B: Provide valuable non-audit services				
1.	Fraud, Waste, and Abuse Program	Educate City employees on fraud risks	Annual percent of employees who completed fraud awareness training	≥90%
		Promptly react to all received fraud, waste, or abuse allegations	Business days between allegation submission and Investigation Committee initial discussion	≤3 days
		Monitor City transactions for evidence of fraud	Annual no. of fraud detection tests	≥3 tests
2.	Consultation Projects	Provide advice, analysis, or data assistance upon request	Quarterly no. of consultation projects completed	≥5 proj.
Strategy C: Engage Denton community members				
1.	Audit Project Engagement	Publicize audit report releases	Monthly audit report News Flash subscriptions	≥10 subs.
		Translate audit reports	Annual translated report unique views	≥5 views
		Solicit audit ideas from the public	Annual audit idea submissions	≥10 ideas
			Three-Year Rolling no. of audit ideas proposed in an audit plan	≥2 ideas
		Increase public knowledge of the Department	Attend community events to promote the Department	≥2 events

City Auditor's Office Strategic Plan

Fiscal Year 2021-22 Performance

Objectives		Activities	Performance Measures	Goal	FY21-22
Strategy A: Perform high-quality, impactful audit projects					
1.	Audit Project Coverage	Audit each functional area of the City once every six years	No. of functional areas not audited during strategic plan period	≤3 areas	7 (On Track)
2.	Audit Project Impact	Issue feasible recommendations	Annual Concurrent Rate	≥90%	90%
		Follow-up on all audit projects to evaluate progress	Annual Disagreement Rate	≤5%	0%
3.	Audit Project Quality	Follow-up on all audit projects to evaluate progress	Three-Year Rolling Implementation Rate	≥70%	74%
		Solicit feedback on audit quality from auditees on if the Dept. added value through meaningful results	Annual percent Strongly Agree	≤70%	57%
			Annual percent Strongly Disagree	≤10%	5%
			Average overall Internal Audit services rating	≥4.00	4.81
		Receive a Peer Review in accordance with GAGAS	Peer Review opinions	Pass	Pass
Strategy B: Provide valuable non-audit services					
1.	Fraud, Waste, and Abuse Program	Educate City employees on fraud risks	Annual percent of employees who completed fraud awareness training	≥90%	96%
		Promptly react to all received fraud, waste, or abuse allegations	Business days between allegation submission and Investigation Committee initial discussion	≤3 days	2.91 days
		Monitor City transactions for evidence of fraud	Annual no. of fraud detection tests	≥3 tests	0 tests
2.	Consultation Projects	Provide advice, analysis, or data assistance upon request	Quarterly no. of consultation projects completed	≥5 proj.	4.75 proj.
Strategy C: Engage Denton community members					
1.	Audit Project Engagement	Publicize audit report releases	Monthly audit report News Flash subscriptions	≥10 subs.	22 subs.
		Translate audit reports	Annual translated report unique views	≥5 views	10 views
		Solicit audit ideas from the public	Annual audit idea submissions	≥10 ideas	5 ideas
			Three-Year Rolling no. of audit ideas proposed in an audit plan	≥2 ideas	TBD
		Increase public knowledge of the Department	Attend community events to promote the Department	≥2 events	2 events

Audit Coverage Assessment

As part of its goal to perform high-quality, meaningful audit projects, the City Auditor's office has implemented a strategy to ensure each functional area of the City is audited at least once every six years. The following table depicts the current progress towards this goal.

Functional Area	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Internal Services						
Finance		007, 015	023			
Procurement	002, 003			028		
Human Resources			018		035	
Facilities Management		013, 014				
Fleet Services					032	
Technology Services				027		
Strategic Services						
Community & Quality of Life						
Community Services		013				
Parks & Recreation					031	
Library Services		013				
Marketing & Communications						
City Secretary's Office						
Development & Infrastructure						
Development Services		010	022			
Engineering/Capital Projects	005	009, 011			033	
Economic Development		012				
Streets, Drainage, & Traffic		006			033	
Airport		013				
Public Safety						
Police	004	008, 013,		029		
Fire		013,		024	034	
Municipal Court			019			
Emergency Management		016				
Public Safety Communications						
Animal Services						
Utilities						
Customer Service	001		017, 020, 021			
Denton Municipal Electric			017	025		
Water Utilities	005		017, 021	026		
Solid Waste		013			030	
Environmental Services				026		
New Performance Audit Reports Issued:	5	11	9	9	9	



City of Denton

City Hall
215 E. McKinney St.
Denton, Texas 76201
www.cityofdenton.com

Legislation Text

File #: IAAC23-005, Version: 1

AGENDA CAPTION

Receive nominations and hold an election of a Chair and Vice-Chair.



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit
CITY AUDITOR: Madison Rorschach
DATE: January 30, 2023

SUBJECT

Receive nominations and hold an election of a Chair and Vice-Chair.

BACKGROUND

According to the City of Denton's Boards and Commissions Handbook, the chair and vice-chair are to be elected annually in January, but no later than February.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

None.

EXHIBITS

1. Agenda Information Sheet

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



City of Denton

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Legislation Text

File #: IAAC23-006, **Version:** 1

AGENDA CAPTION

Hold a discussion and consider adoption of the 2023 meeting schedule.



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AGENDA INFORMATION SHEET

DEPARTMENT: Internal Audit

CITY AUDITOR: Madison Rorschach

DATE: January 30, 2023

SUBJECT

Hold a discussion and consider adoption of the 2023 meeting schedule.

BACKGROUND

Boards and Commissions of the City are required to adopt a regular meeting schedule annually.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

None.

FUTURE MEETING DATES

- Monday April 24 at 5:30 pm
- Monday July 31 at 5:30 pm
- Monday October 30 at 5:30 pm

EXHIBITS

1. Agenda Information Sheet

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