



OFFICE OF THE CITY MANAGER

November 13, 2017

TO: Audit Committee
FROM: Ruthe Holden, Internal Audit Manager *reh*
SUBJECT: Internal Audit Quarterly Status Update

Recommendation:

This report is for information only.

Background:

The Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards) requires the Internal Audit Manager to periodically report to Senior Management and the Audit Committee on the internal audit activity's performance relative to its plan. This quarterly status update to the Audit Committee includes the status of progress to the approved audit plan, discussion of external audits received by the City, status of all open audit recommendations, a summary of fraud hotline issues, addition of an intern, and the results of our annual internal quality assessment.

Status of the Internal Audit Plan

The Audit Committee approved the Internal Audit Plan for FY2016 (midyear) and FY2017 at the February 22, 2016 meeting. Institute of Internal Auditor's Audit Standard 2010 requires that the Internal Auditor must establish a risk-based Audit Plan that determines the priorities of the internal audit activity, consistent with City goals. The Audit Plan with the status of each audit is included in Attachment A. The completed and in process audits are summarized below:

A. Completed reviews:

1. C17-OCM-02 Internal Review of Inclusionary Housing Units: The final report of the Internal Review of Inclusionary Housing Units was completed and distributed to the City Council, City Manager, and Director Housing and Career Services. This project was initiated at the request of the City Manager. The objective was to determine why the Inclusionary units at 139 S. Los Robles and 482 S. Arroyo Parkway remained vacant for what appeared to be an extended period of time. There are three recommendations included in the report that management agreed to correct. These recommendations will be tracked and included in next quarter's