

Office of the City Auditor

Performance Report and Audit Plan

The people elect an auditor to keep an independent watch over city operations and the resources they have provided to the government.

OUR PERFORMANCE FOCUS



PROJECTS COMPLETED



PERFORMING QUALITY WORK



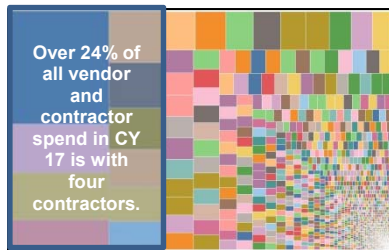
CUSTOMER SATISFACTION



EFFICIENCY AND EFFECTIVENESS

✔ **AUDIT PROJECTS COMPLETED**

We issued 10 reports last year. Here are some highlights from those reports:



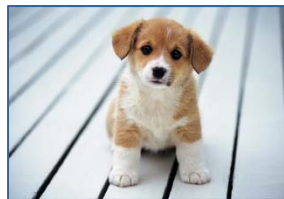
VENDOR AND CONTRACTOR RISK

We developed 27 unique algorithms to analyze over 2500 vendors on an on-going basis. City managers will be able to use this tool to monitor \$826 million budgeted spending.



ERP ACCESS CONTROLS

We created a script to analyze user roles in the ERP financial system. The Finance Department will be able to repeat this process to monitor user access and reduce the risk of unauthorized activity.



ANIMAL WELFARE CENTER FOLLOW-UP

We reviewed the status of 14 audit recommendations on cash handling operations. Management had made several process improvements and had plans to complete others.



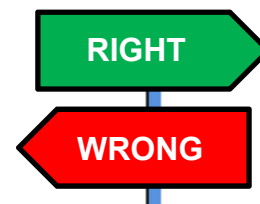
RECRUITING AND RETAINING MILLENNIALS

The Human Resources Director requested assistance with getting feedback from City employees (ages 18-35) on the best ways to recruit and retain Millennials. Millennials are an increasingly important part of the workforce, growing to 75% of the US workforce in 12 years.



REPORT OF MANAGEMENT ACTIONS

We followed up on 35 open audit recommendations. The status was 15 completed, 12 in process, 1 declined and 7 with future due dates.



ETHICAL COMPLIANCE SURVEY

We surveyed elected officials and executive management to evaluate compliance with the City of Tulsa ethics code. The survey also raised awareness of ethics requirements.

SPECIAL REQUESTS COMPLETED

We provided a variety of advisory services to add value and improve operations for the City of Tulsa, including:

- Fees for Services Working Group
- Health Insurance Working Group
- Ethics Hotline
- Sales Tax Concentration Analysis
- Resilient Tulsa
- Oklahoma Quality Foundation Award Application

QUALITY ASSURANCE REVIEW

An external quality review team completed a project focused on determining the extent of compliance with *The International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditor. The review period included audits completed July 2016 through September 2017. The review team awarded the highest rating of **GENERALLY CONFORMS**.

CUSTOMER SATISFACTION

Evaluation Topic	Score
Scope of audit work	3.6
Audit process and report	3.4
Audit staff	3.8
Management of internal audit activity	3.6

OVERALL SCORE – 3.6 on a 4 point scale

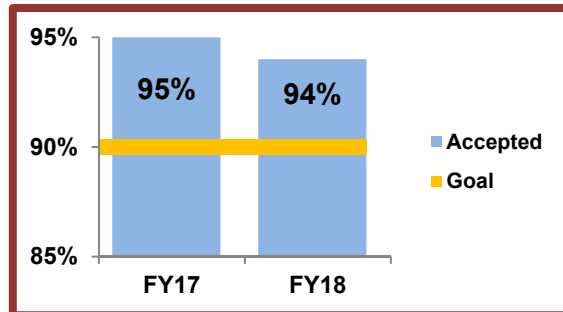
Based on a survey of City managers audited during fiscal years 2017 and 2018

Survey comment:

“Currently the staff is doing an excellent job – it’s hard to improve upon excellence.”

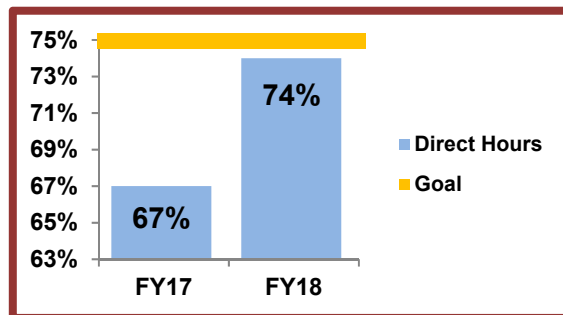
PERCENT OF AUDIT RECOMMENDATIONS ACCEPTED

Managers who receive audit recommendations have the option of accepting or declining recommendations. We measure our effectiveness based on the percentage of recommendations accepted.



STAFF DIRECT TIME TO AVAILABLE TIME

Direct time is a measurement of how much time auditors spend directly on audit projects during the time they are at work. We measure this to assess our efficiency.



CITY-WIDE RISK ASSESSMENT

The Office of the City Auditor follows the *International Standards for the Professional Practice of Internal Auditing* of the Institute of Internal Auditors, which requires selection of audit projects to be based on a risk assessment process. Audit staff asked department directors and other City leaders to share their thoughts on the City's most significant risks. The following table summarizes leaders' comments on the top 3 risks.

High Risk Area	Number of times mentioned	Related FY19 audit project
<p>Human Resources – Succession planning remains a top risk due to the number of people in leadership positions who have retired or may soon retire. City managers face a challenge in retaining personnel in key positions due to competition from other employers. Additional human resources risks mentioned related to training, staffing levels, pay levels and pay equity.</p>	21	<ul style="list-style-type: none"> ▶ Succession Planning ▶ Employee Pay/Staffing ▶ Employee Performance Planning and Review ▶ Overtime
<p>Process and Control – City managers cited a wide variety of process and control risks, which were concentrated in two categories: (1) Process effectiveness risk - the risk a particular process might not be performed, and (2) Process control risk - the risk a process or system might not be adequately controlled to ensure its accurate functioning.</p>	19	<ul style="list-style-type: none"> ▶ Capital Projects/ Construction Contracts ▶ Financial Systems Internal Control ▶ Purchasing Cards ▶ Goals/KPIs ▶ Results Driven Contracting ▶ Payroll/Kronos
<p>Financial Risk – Reliance on sales tax as the primary source of support for the general fund, as well as reductions in city-wide revenue levels, are concerns for City leadership. Recent state funding cuts have resulted in reductions in revenue shared with municipalities. The scarcity of revenue across the City creates conditions where some departments are repeatedly operating on low funding levels, or are underfunded.</p>	10	<ul style="list-style-type: none"> ▶ Budget Prioritization

Audit Plan

Fiscal Year Ending June 30, 2019

Project	Hours	Departments Included
In-Process Projects		
Capital Projects/Construction Contracts	750	Engineering
Fees for Services	500	City-wide
Succession Planning	500	City-wide
Employee Pay/Staffing	250	City-wide
ISO 55001 Evaluation	250	Water and Sewer
FY17 Sensitive Payments Review	100	City-wide
New Projects		
Overtime	1000	City-wide
Financial Systems Internal Control Evaluation	1250	Finance
Purchasing Cards	500	City-wide
Goals/Key Performance Indicators	500	City-wide
Results Driven Contracting	500	City-wide
Payroll/Kronos	500	Human Resources/Finance
Employee Performance Planning and Review	500	City-wide
Budget Prioritization	500	City-wide/Finance
Special Projects		
Reserve for special projects and miscellaneous audit time	1100	
On-Going Projects		
Sensitive Payments Review	500	City-wide
Report of Management Actions	300	City-wide
Annual Risk Assessment/Audit Planning	300	City-wide
Internal Quality Assurance Review	250	Internal Auditing
Ethics Hotline Support	200	City-wide