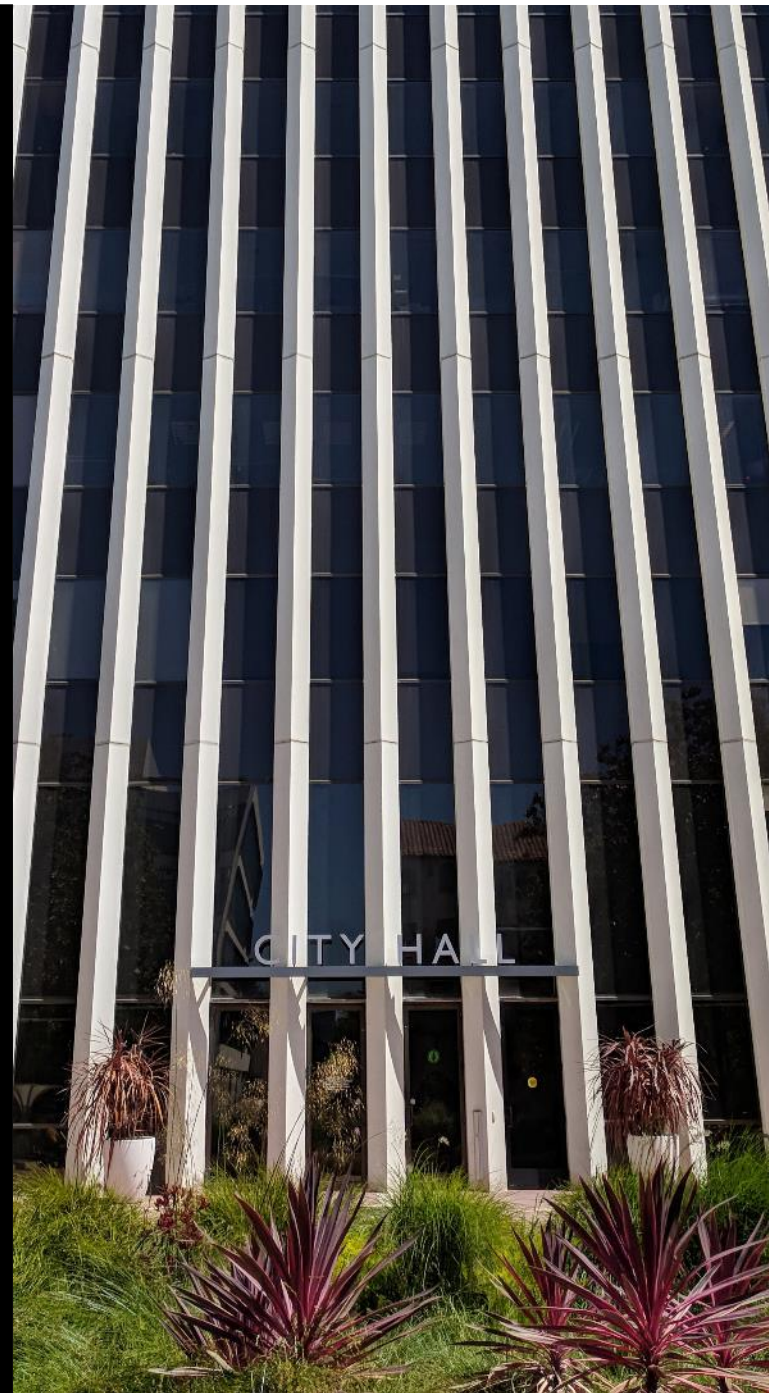




City of Palo Alto
Office of the City Auditor

Quarterly Status Report

April 13, 2021





Agenda

- Quarterly status report
- Task order review/approval
- Questions & discussion



Quarterly Status Report
January – March 2021

Scope of work overview

Task 1: Citywide risk assessment

Task 2: Preparation of the annual audit plan

Task 3: Financial audit tasks

Task 4: Execute the annual plan

Task 5: Preparation of quarterly reports and annual status report

Task 6: Evaluation and benchmarking

Progress to date

Task		Key activities
1.	Citywide risk assessment	<ul style="list-style-type: none"> Approved by City Council – March 1, 2021
2.	Annual audit plan	<ul style="list-style-type: none"> Approved by City Council – March 1, 2021
3.	Financial audit	<ul style="list-style-type: none"> The final FY20 audit report (the Single Audit) was presented to and approved by the Finance Committee on April 6, 2021 Single Audit report to be on Consent Agenda in May One-year contract extension approved by City Council on April 12, 2021 due to extraordinary circumstances

Progress to date

Task		Key activities
4.	Execute audit plan	<ul style="list-style-type: none"> Ten (10) total task orders are approved or pending approval Seven (7) audit activities are currently in progress Requesting approval of two (2) task orders today
5.	Periodic reporting, hotline monitoring, admin tasks	<ul style="list-style-type: none"> Reviewed and Fraud/Waste/Abuse Hotline reports Delivering the FY21 Q3 quarterly report today
6.	City Auditor evaluation	<ul style="list-style-type: none"> Preliminary planning for initial peer review

Reports issued – FY21

Reports Issued

2

Audit Activities in
Progress

7

The City Auditor has delivered two reports, including the Risk Assessment Report and Annual Audit Plan. Seven (7) projects are currently in progress. If the task orders on today's agenda are approved, a total of three (3) additional projects will be pending kick-off.

Audit activities

(bold in progress)

- Task 4.1 – Construction Project Controls
- Task 4.2 – Asset Capitalization
- Task 4.3 – Assessment of SAP Functions & Internal Controls
- Task 4.4 – IT Risk Management
- Task 4.5 – Investment Management
- Task 4.6 – Power Purchase Agreement Review
- Task 4.7 – Economic Recovery Advisory
- Task 4.8 – Public Safety Building
- Task 4.9 – Building Permit Process (requesting approval)
- Task 4.10 – Non-Profit Agreement Risk Management (requesting approval)

Fraud, waste & abuse

Hotline Reports & Updates		
Quarter	Received	Closed
Prior Period(s)	1	1
January – March 2021	1	1

The City Auditor, in conjunction with the City Manager and City Attorney, reviewed and closed two (2) Hotline reports filed in the prior two quarters.

The background image shows a large building with a prominent red-tiled dome, likely a government or institutional structure. The building is surrounded by lush greenery, including several tall palm trees and dense bushes. The sky is clear and blue. A black rectangular overlay is positioned in the center of the image, containing the text "Task Order Approval".

Task Order Approval

Audit plan – overview of phases




Audit Activities – Phase II

	Project Title	Audit Objectives
X	Building Permit & Inspection Process	<ul style="list-style-type: none"> • Identify highest impact area to focus the assessment (e.g., specific permit type(s), specific sub-processes, etc.). • Document corresponding process(es) and evaluate for efficiency and effectiveness. • Benchmark operational performance against industry practices and established standards.
X	Nonprofit Agreements Risk Management	<ul style="list-style-type: none"> • Evaluate controls in place to ensure that nonprofit organizations are properly vetted prior to selection and monitored through the life of an agreement. • Assess the performance monitoring process against the best practice. • Follow up on relevant audit findings from past audit work.

Policy & Services Committee action

The City Auditor recommends that the Policy & Services Committee take the following actions and forward the corresponding report to City Council for consent:

1. Accept the Office of the City Auditor's Quarterly Status Report covering January – March 2021
2. Approve the following Task Orders, identified in the Audit Plan Report:
 - Building Permitting Process
 - Non-Profit Agreement Risk Management



Questions & discussion





Thank you!

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