

City of Palo Alto
Office of the City Auditor

Quarterly Status Report
Period ending 12/31/22

Policy and Services Committee
March 8, 2022



An aerial photograph of a coastal town and hills. The foreground shows a residential area with red-roofed houses and a prominent white tower. The middle ground features a dense forest of trees with some autumn-colored foliage. In the background, a large body of water (likely a bay or lake) stretches across the frame, with a town built on a hillside overlooking it. The hills in the distance are covered in sparse vegetation and have a reddish-brown hue. The sky is blue with some light clouds.

Quarterly Status Report

Period ending 12/31/21



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

Updates

Task		Key activities
1.	Citywide risk assessment	<ul style="list-style-type: none">• Seeking approval for the FY22/23 Risk Assessment Report today
2.	Annual audit plan	<ul style="list-style-type: none">• Seeking approval for the FY22/23 Risk Assessment Report today
3.	Financial audit	<ul style="list-style-type: none">• Solicited proposals from Financial Audit firms• Presented the FY21 audit results in conjunction with Administrative Services

Progress to date

Task		Key activities
4.	Execute audit plan	<ul style="list-style-type: none"> • City Council reviewed and approved three (3) audits • Policy & Services reviewed an additional three (3) audits to be presented to Council • Approved one (1) task order associated with the Wire Payment Process
5.	Periodic reporting, hotline monitoring, admin tasks	<ul style="list-style-type: none"> • Reviewed and Fraud/Waste/Abuse Hotline reports • Delivered Annual Report • Attended meetings: City Council, ELT, Agenda Planning
6.	City Auditor evaluation	<ul style="list-style-type: none"> • Preliminary planning for initial peer review

Reports issued – FY21

Reports Issued

5

Audit Activities in
Progress

7

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 (deferred)
- **Task 4.6 – Power Purchase Agreement Review** (pending Council presentation)
- **Task 4.7 – Economic Recovery Advisory** (to be covered with P&S tonight)
- **Task 4.8 – Public Safety Building** (on-going, 1st memo approved by Council)
- **Task 4.9 – Building Permit Process**
- **Task 4.10 – Non-Profit Agreement Risk Management**
- **Task 4.11 – Utility Work Order & Accounting Process Review** (kicked off in January)
- Task 4.12 – Wire Payment Process (kick-off pending)

Fraud, waste & abuse


Hotline Reports & Updates		
Quarter	Received	Closed
Prior Period(s)	2	2
April – June 2021	0	0
July – September 2021	0	0
Oct. – Dec. 2021	0	0

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

Policy & Services Committee Action

The City Auditor recommends that the Policy & Services Committee take the following action:

- Accept the Office of the City Auditor's Quarterly Status Report covering October – December 2021



Questions & discussion





Thank you!

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