

PROPOSED ANNUAL AUDIT PLAN FY 2023



Office of the City Auditor



To the Members of the Audit and Oversight Committee:

The Office of the City Auditor has prepared this Audit Plan for the Fiscal Year Ending September 30, 2023, based on the Audit plan for the Fiscal Year Ending September 30, 2021, as approved. The process of developing the Audit Plan would normally include identifying those areas that are considered significant and include activities that contain the greatest risk. The purpose is to ensure these areas are subject to audit. The original draft audit plan was submitted and approved September 28, 2022. It was updated as discussed at the last meeting and is subject to amendment by the Audit and Oversight Committee (AOC) as new priorities arise.

International Professional Practices Framework® (IPPF)® - 2017 Edition published by The Institute of Internal Auditors requires that internal auditors develop an audit plan based on the assignment of risk. The previous City Auditor chose to use a methodology originating from an enterprise-wide risk identification and assessment process and based on timing of replacement of the City Auditor, we would like to follow up and finish audits left unfinished or not started from the FY 2021 Annual Audit Plan, while we develop a risk analysis and audit universe. We would also like to leave time for any special request audits or services.

Additionally, the IPPF 2017 Edition requires that audit offices are peer reviewed for quality assurance every five (5) years and the results of that peer review are published on the audit shop's webpage. We will undertake the process of scheduling the peer review during the coming fiscal year as well.

Since our team is newly formed, we will also require additional time for training and development and to be collocated, but we look forward to serving the citizens and City of Brownsville.

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FISCAL 2023 AUDIT PLAN

The following fiscal year 2023 Audit Plan provides a population of risk-based audits from which the Office of the City Auditor will execute. The plan includes the performance of ten (10) audits during the year based on available staffing and incorporates audits covering a diverse selection of departments and key business processes. Estimates of hours to complete are in parenthesis, which includes fieldwork, report preparation, and follow-up of corrective actions. The audit plan may be revised during the year due to changing circumstances and conditions. We did not recalculate the hours required but kept those from the previous annual plan. We have created an Excel document to follow up on findings and recommendations to report on progress from previous audits. We will work with management to perform simple risk assessments on the following areas to determine the order of projects, and welcome feedback to assure these audits are still appropriate.

1) TRAVEL EXPENSES

Review reimbursements for employee travel expenses in conformity with Finance travel policy, examine supporting documentation, expenditure authorization, duplicate charges, and appropriateness of travel costs. Also, evaluate food expenditures posted to department budgets, e.g., lunches. [380 hours]

2) AIRPORT TERMINAL CONSTRUCTION – PHASE 1 PARKING LOT

Review procedures over purchasing and contract administration to ensure compliance with contract provisions and federal grant requirements. Include examination of contractor billing and invoices, review of any contractor markups, change orders authorizing out of scope work, and other procedures, e.g., Davis-Bacon. [400 Hours]

3) GREATER BROWNSVILLE INCENTIVES CORPORATION (GBIC)

Review activities underway for development projects, both current and former, and evaluate the effectiveness of GBIC in meeting its mission to promote economic development for the City and whether the results translate into a good return for the City in terms of the tax funds that are allocated to GBIC, as well as identifying opportunities for improving operations. [280 Hours]

4) ASSET SEIZURE AND FORFEITURE PROGRAM (Police Department)

Ensure funds generated from forfeitures and sales of assets forfeited under Texas State Code of Criminal Procedure §59, the U.S. Department of Justice and U.S. Department of the Treasury equitable sharing programs are segregated and not comingled, not spent on unallowable costs (items that supplant rather than supplement, e.g., fringe benefits, salaries, normal overtime pay). [365 Hours]

5) EMERGENCY MEDICAL SERVICES

Evaluate response time and effectiveness of software, ensure protection of personally identifiable information (PII), and review uncollectible accounts. [310 Hours]

6) BROWNSVILLE COMMUNITY IMPROVEMENT CORPORATION (BCIC)

Review activities underway for development projects, both current and former, and evaluate the effectiveness of BCIC in meeting its mission to promote economic development for the City and whether the results translate into a good return for the City in terms of the tax funds that are allocated to BCIC, as well as identifying opportunities for improving operations. [290 Hours]

7) FIREARMS INVENTORY (Police)

Purchase, disposal, and tracking of firearms. [300 Hours]

8) HUMAN RESOURCES

Assess the overall effectiveness of human resource processes, with specific focus on time reporting accuracy and completeness, including management's process for ensuring that hours reported were worked and paid within the correct pay scale and differentials; Conduct high-level assessment of the hiring, recruiting and terminating processes. [300 Hours]

9) PROCUREMENT/ACCOUNTS PAYABLE

Examine the processing of purchases and payments for the acquisition of goods and services, evaluate compliance with existing policies and procedures, laws and regulations, review conformity with competitive bidding requirements, segregation of duties over payments, control over check stock, review of reconciliations, etc. [To be determined (TBD)] Note: An audit was performed of the P-Card function in FY2021 and published April 20, 2021. We may choose to also look at month and year end close internal controls based on findings of material weakness in the area.

10) BPUB Rate Setting and Transfers to City

Examine BPUB rate setting practices from a selected date through 2021 or most current rate setting period to evaluate compliance with existing policies & procedures, rules, regulations, industry standards, and laws to determine compliance and analyze cost effectiveness for the customers and proper transfers to the city. Also look at transfers to the city to ensure amounts were transferred as per guidelines. This audit may replace one of the above audits and although BPUB has their own internal audit department, there could be limitations on that department due to placement under management. This audit was added due to current events and the effect on constituents. This was not covered in the forensic audit of Tenaska. [TBD]

11) ARPA and CARES ACT Grants

Examine grant income and expenditures for compliance with applicable guidelines. [TBD]

12) Parks and Recreation Process Specific

Examine processes and procedures related to risk within activities geared towards children to determine if safety and best practices are being applied. Scope may be limited. [TBD]

BUDGET AND STAFFING

For fiscal 2023 the Office of the City Auditor will be staffed with three persons: the City Auditor, the Deputy City Auditor, and the Assistant Auditor.

The breakdown that follows consists of the hours available for audit work with an estimate of 3,828 hours available depending on staffing of the vacancy for Deputy City Auditor and consistent staffing throughout the coming year. General Administration includes time spent preparing agendas, attending Audit & Oversight Committee meetings, developing the annual audit plan, procedures relating to maintaining equipment, ordering supplies, and other office required procedures.

Exhibit 1 Auditor created

Leave Entitlement City Auditor			Leave Entitlement Deputy City Auditor			Leave Entitlement Assistant Auditor		
Entitlement	Days	Hours	Entitlement	Days	Hours	Entitlement	Days	Hours
Vacation	10	80	Vacation	10	80	Vacation	15	120
Sick	10	80	Sick	10	80	Sick	15	120
Floating	2	16	Floating	2	16	Floating	2	16
Holidays	12	96	Holidays	12	96	Holidays	12	96
Total	34	272	Total	34	272	Total	44	352

Exhibit 2 Auditor created

Estimated productivity with 2 team members	City Auditor		Assistant Auditor		Total	
	Hours	Percent	Hours	Percent	Hours	Percent
Available Staff Hours *	2080	100%	2080	100%	4,160	100%
Audit & Projects	1,400	67%	1,028	49%	2,428	58%
General Administration	208	10%	500	24%	708	17%
Training & CPE	200	10%	200	10%	400	10%
Holiday & Floating	112	5%	112	5%	224	5%
Vacation & Sick	160	8%	240	12%	400	10%
* (52 weeks x 5 days each at 8 hours per day)						

Exhibit 3 Auditor created

Estimated productivity with 3 team members	City Auditor		Deputy City Auditor		Assistant Auditor		Total	
	Hours	Percent	Hours	Percent	Hours	Percent	Hours	Percent
Available Staff Hours *	2,080	100%	1,920	100%	2,080	100%	6,080	100%
Audit & Projects	1,400	67%	1,240	65%	1,028	49%	3,668	60%
General Administration	208	10%	208	11%	500	24%	916	15%
Training & CPE	200	10%	200	10%	200	10%	600	10%
Holiday & Floating	112	5%	112	6%	112	5%	336	6%
Vacation & Sick	160	8%	160	8%	240	12%	560	9%
* (52 weeks x 5 days each at 8 hours per day)								

The City Auditor is required to have 40 hours of continuing professional education annually to maintain CIA (Certified Internal Auditor) status and 20 hours of fraud and ethics courses to maintain CFE (Certified Fraud Examiner) designation. Additional hours are added for training because our team is newly formed and will require additional on-the-job training, instruction, and research as well as team building.

The Annual Audit Plan includes nine audits scheduled for FY 2023 leftover from FY 2021, with a total budget of 4,475 hours, which includes 2,975 audit hours and a contingency of 1,500 hours for following up on open recommendations and any special projects which are not budgeted for, plus an additional audit based on current issues. The last two audits were added after conferring with the Audit and Oversight Committee and City management and will be scoped by the City Auditor. Hours have not been budgeted for these projects, but they will come from hours available. Projects will be scheduled in order using project risk assessments.

Exhibit 4 Auditor created

Project	Hours estimated
Travel Expenses	380
Airport Terminal Construction - Phase 1 Parking Lot	400
GBIC	280
Asset Seizure and Forfeiture Program (police department)	365
Emergency Medical Services	310
BCIC	290
Firearms Inventory	300
Human Resources	300
Procurement/Accounts Payable	350
Subtotal	2,975
Other projects	1,500
Total	4,475

The previous auditor stated it was ideal to have one audit per month, but we chose a more conservative approach giving 3 months per audit based on learning curves and staffing. Additionally, the total hours available for auditing in the above schedules is only 2,428 with our current staff or estimated at 3,668 with a third team member. We are currently a department of two, in the process of interviewing for our third team member, the Deputy City Auditor.

Currently the City Auditor is housed in City Hall, the Assistant Auditor is located with the City Secretary at City Plaza and the Deputy City Auditor is yet to be hired. We are working with Internal Services to obtain a permanent secure office location for all City Auditor staff.

Work on the audits that are either ongoing or planned for the rest of FY 2023 may carry over into FY 2024. Audit plans are intended to be flexible living documents subject to change based on need and attainable goals. The City Auditor’s office is dedicated to following through on the most advantageous projects to benefit the City of Brownsville and its citizens in the coming year.

We look forward to working collaboratively with City of Brownsville management on areas such as self-assessment, risk assessment, standard operating procedures, the importance of documenting controls, identifying key controls, and documentation of continuity of operations plans.