



CITY AUDITOR REPORT AUDIT ACTION ITEM PROGRESS YEAR ENDED DECEMBER 31, 2021

BACKGROUND

International Standards for the Professional Practice of Internal Auditing require establishing ‘a follow-up process to monitor and ensure that management actions have been effectively implemented.’ The results of these follow up for action items completed/in process of completion in 2021 are summarized below.

ACTION ITEM STATUS

All 2020 audit actions were reviewed with responsible management to determine their status. **2020 planned action items are substantially complete**, with one policy-driven item needing Executive management team input before finalization. **2021 action items** are underway via an ERP financial system implementation and control/process reviews and changes.

2021 OPEN AUDIT ACTION ITEM TARGET DATES			
AUDIT AND AUDIT DATE	ACTION	TARGET DATE	STATUS
IT ASSET INVENTORY/ November 2020	1. Develop IT Asset Inventory policy to define such assets; upon definition, conduct count as internal control to verify IT asset possession/existence	Policy is anticipated to be finalized 1st quarter 2022, and the resulting IT Asset Inventory is planned for 4th quarter of 2022	In process; the asset inventory project will be conducted when a policy is finalized to define which IT items which are categorized as ‘assets’. Information Technology management is currently vetting the draft policy with senior manager/deputy director level stakeholders, and will present the policy to the Executive Management team when this input is obtained.
ACCOUNTS PAYABLE INTERNAL CONTROLS/ June 2021	2. Account reconciliation controls	Yr End 2021	In process; reconciliations are being reviewed based on risk within financial statement captions/areas; reconciliation processes will be realigned based on this assessment.
	3. Segregation of roles/tasks	2022 ERP System Implementation	A new ERP-based financial system has been purchased which features enhanced controls which allow for: *report creation to monitor errors/omissions/anomalies, *audit trails of approvals, adjustments and approval overrides
	4. System capability control weaknesses 5. Monitoring/detection/prevention of errors, omissions or misappropriation		
CYBERSECURITY DETECTION & RESPONSE CAPABILITIES/ August 2021 - KSA 45- 221 (a) (12) confidential	6. Details and results in these security-sensitive areas were shared only with City management and City Council members.		
CAPITAL PROJECT BIDDING & PAYMENT/ January 2021	7. Potential improvement (action not required, improvement opportunity highlighted): discuss/consider benefits of vendor credit/financial inquiries	N/A	County and state authorities have been consulted re: the vendor credit/financial checks they have in place. Various combinations of these check methods are being considered.