



**CITY AUDITOR REPORT  
AUDIT ACTION ITEM PROGRESS  
YEAR ENDED DECEMBER 31, 2022**

**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 this follow up on action items completed/in process of completion in 2022 are summarized below.

**ACTION ITEM STATUS**

All open audit actions were reviewed with responsible management to determine their status. **2022 planned action items are substantially complete**, with IT asset counts underway, account reconciliation controls implemented, 90% of capital projects accounts reviewed, and ARPA funds substantially allocated. Annexation information is now provided to utilities. **2023 target date action items for Accounts Payable/Internal Controls are underway** via an ERP financial system implementation.

2022 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 will begin in late 2022	<b>Asset policy is complete;</b> <b>Asset inventory is in progress.</b>
ACCOUNTS PAYABLE INTERNAL CONTROLS/ June 2021	2. Account reconciliation controls	<b>Complete</b>	
	3. Segregation of roles/tasks	2023 ERP System Implementation	<b>Pending 2023 system implementation for these control improvements.</b> 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. <b>All items have been completed or have efforts underway to enhance cybersecurity response/detection capability. The Auditor assesses these efforts as satisfactory.</b>		
COVID RELIEF FUNDS USE, RECORDKEEPING & REPORTING/ August 2022	7. Review the list of open projects to determine the current status and needed adjustments	Ongoing	In progress. 120 project have been closed in 2022; status feedback to enable any needed adjustments has been received on 90% of projects
	8. Develop plans in conjunction with 2023 budget efforts to utilize \$14.9 million of ARPA-SLFRF funds	<b>Substantially complete</b>	The \$10 million available 'standard allowance' for revenue loss has been elected and will reimburse salary costs. \$4.7 million will replace Programmable Logic Controllers (PLC) and upgrade Cedar Creek plant SCADA security. \$2.2 million will fund (SCADA) functions and mitigate risks of cyber attacks for Water/Wastewater. Approximately \$218,000 remaining ARPA funds are planned for allocation to eligible projects during 2023.
ELECTRIC AND GAS FRANCHISE TAX/Annexation Notices December 2021	9. Notify electric and gas utilities of City annexed property to ensure franchise tax is recorded and paid for applicable addresses .	<b>Complete</b>	