

# City of Cupertino FY 24-25 Internal Audit Program

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**Audit Committee Meeting**  
**June 2024**



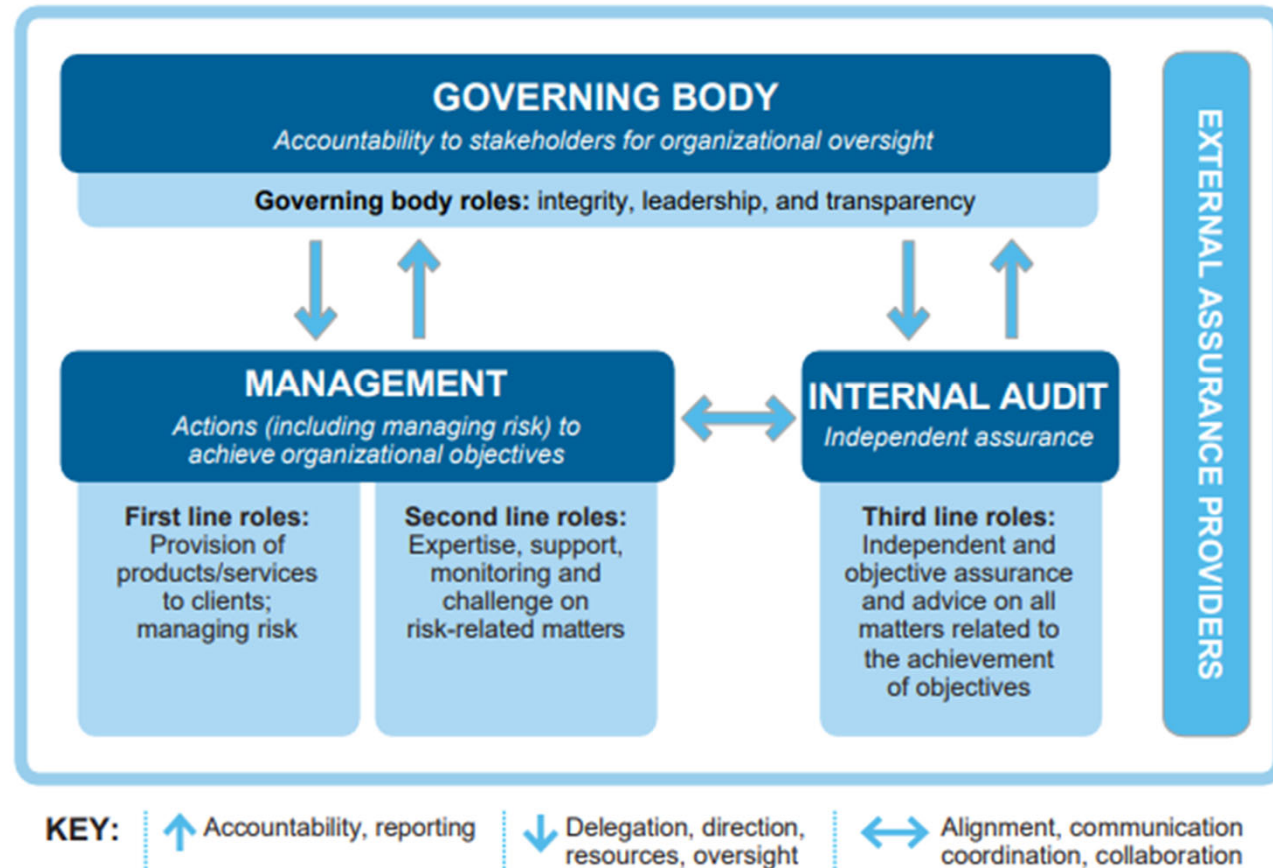
# Internal Audit Overview

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- The City retained Moss Adams to serve as the designated Internal Auditor and conduct projects focusing on:
  - Risks
  - Internal controls
  - Efficiency and effectiveness
  - Best practices
  - Compliance
- Work is being completed under appropriate industry standards (IIA, GAGAS, AICPA)

# Role of Internal Audit

## The IIA's Three Lines Model

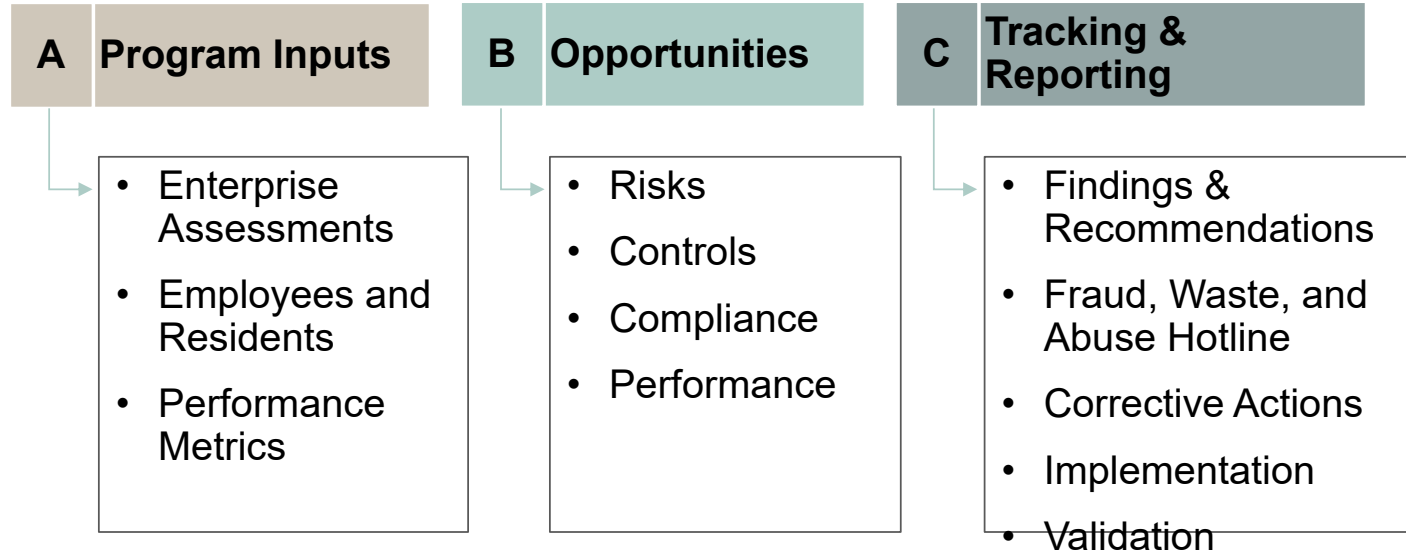


Source: IIA

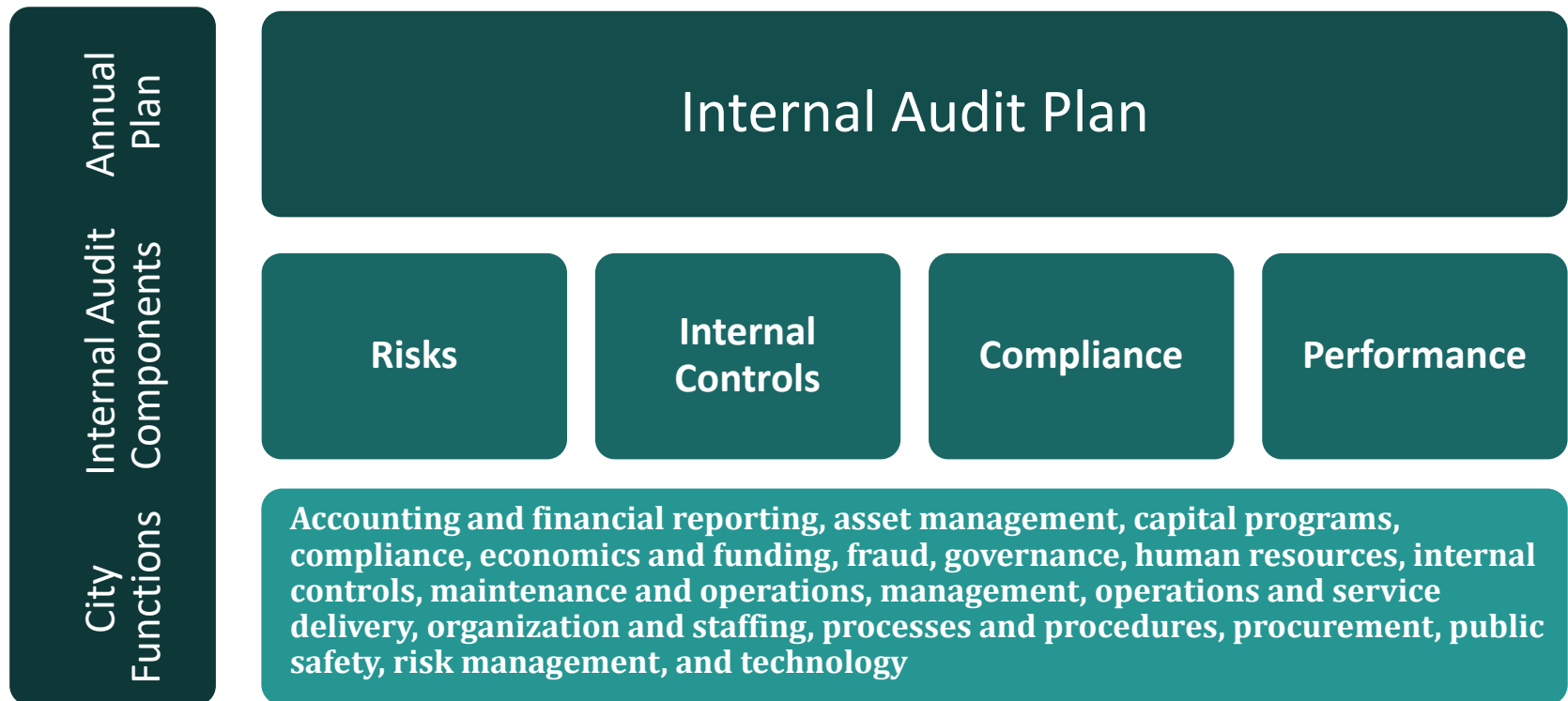


# Holistic Internal Audit Program Components

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# Internal Audit Program Components



# Program Review

<b><u>Focus</u></b>	<b><u>Accomplishments</u></b>
• Enterprise Risk Assessments	2021
• Internal Controls Projects Completed	2
• Performance/Efficiency Projects Completed	5
• Policies Reviewed	133
• Recommendations Delivered	52
• Ethics Hotline Reports Received	21 reports
• Recommendations Validated	<i>To Come</i>



# Departments Covered

Department	Projects
Administrative Services	Procurement (22) Finance P&Ps (22) Budget Process Review (23)
City Clerk	
City Manager's Office	FWA Program (22)
Community Development	
Communications	
Innovation & Technology	
Parks & Recreation	
Public Works	Capital Program (22) Library Construction Audit (23)

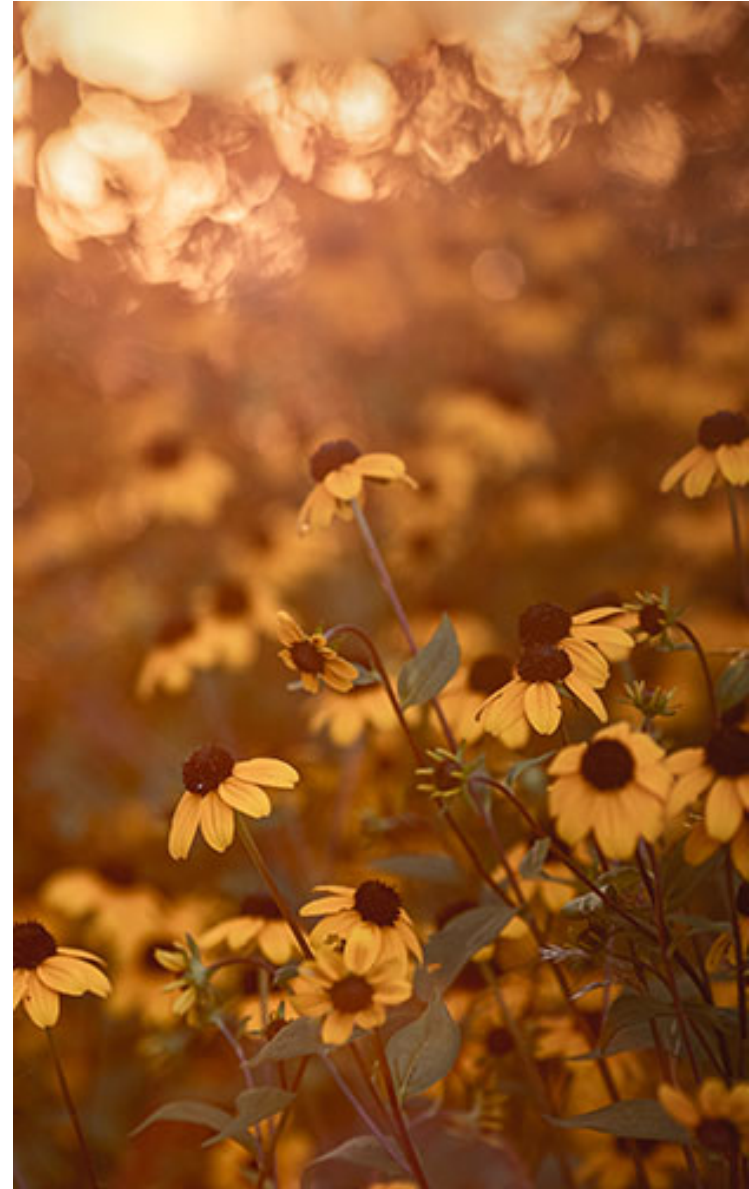
- Enterprise Projects: Risk Assessment (21, 24), Enterprise Leadership (23), Policies and Procedures (24)



# Recommended Internal Audit Projects

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- 1. Grants Management Internal Controls Review** Assess the internal controls in place over the City's grants management activities (including applications, review, administration, and reporting). (16 weeks, \$25,000)
- 2. Special Revenue Fund Process Review** Document the process used for special revenue fund accounting, identify gaps compared to best practices, and conduct testing of prior years' accounting. (16 weeks, \$18,000)
- 3. Recommendation Validation Process Establishment** Inventory prior internal and external audit recommendations, collaborate with City staff to develop a tracking mechanism and process to report and validate recommendation implementation. (20 weeks, \$10,000)
- 4. Ongoing Internal Audit Services** Attend Audit Committee and Council meetings, prepare status reports, manage internal audit program, and monitor FWA hotline. (\$7,000)







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## + × - Resources

- Government Finance Officer's Association (GFOA)
  - GFOA Best Practices Guide on Audit Committees
- Institute of Internal Auditors
  - IIA Publication "The Audit Committee: Internal Audit Oversight"
- U.S. Government Accountability Office (GAO)
- American Institute of Certified Public Accountants
- Association of Certified Fraud Examiners

