

July 21, 2025

To: City of Cupertino Audit Committee
From: Moss Adams LLP
Subject: Internal Audit Status Report April 22 through July 21, 2025

FY24-25 INTERNAL AUDIT PROGRAM	GRANTS MANAGEMENT INTERNAL CONTROLS REVIEW	SPECIAL REVENUE FUND PROCESS REVIEW	RECOMMENDATION VALIDATION PROCESS ESTABLISHMENT
Objective	Assess the internal controls in place over the City’s grants management activities (including applications, review, administration, and reporting).	Document the process used for special revenue fund accounting, identify gaps compared to best practices, and conduct testing of prior years’ accounting.	Inventory prior internal and external audit recommendations, collaborate with City staff to develop a tracking mechanism and process to report and validate recommendation implementation.
Schedule	April through August 2025	August 2024 through July 2025	July 2024 through June 2025
Activities for This Period	Completed kickoff, analysis, interviews, preliminary observations, and testing plan. Requested grants listings and listings of subrecipients.	Completed analysis and interviews, developed draft and final reports.	Developed initial tracking spreadsheet, requested documentation to begin validating recommendations City staff report as implemented, and reviewed documentation to determine status.
Activities for Next Period	Conduct detailed testing and develop draft and final reports.	None	Continue to validate recommendations throughout Ongoing Internal Audit Services for FY 25-26.
Issues	None	None	None

FY25-26 INTERNAL AUDIT PROGRAM	COUNCIL-WIDE POLICY REVIEW INVENTORY	CITY-WIDE INTERNAL CONTROL REVIEW	INVESTMENT/CASH FLOW POLICY REVIEW/RECOMMENDATION	ONGOING INTERNAL AUDIT SERVICES
Objective	Review and provide recommendations to align council policies with best practices.	Conduct a review of the City’s internal controls framework in key areas that are deemed important to protecting City assets and resources.	Review and provide best practice recommendations over City’s investment/cash flow policy.	Attend Audit Committee and Council meetings, prepare status reports, manage internal audit program, and monitor FWA hotline.
Schedule	TBD – depending on City management	August through November 2025	August through early October 2025	July 2025 through June 2026
Total Budget	\$40,000	\$45,000	\$10,000	\$25,000
Activities for Next Period	TBD – depending on City management	Initiate project	Initiate project, review policy and develop best practices	Continue to monitor FWA hotline, perform validation continuation, and provide ongoing support to City.

FRAUD, WASTE, AND ABUSE HOTLINE STATISTICS: QUARTERLY					
Complaint Type	Complaints Received This Quarter	Under Review	Referred to Appropriate City Official(s)	Closed	Open
Compliance & Ethics	3	2	3	1	2
Fraud	0	0	0	0	0
Employment Matters	1	1	1	1	1

HOTLINE STATISTICS: LIFETIME (OCTOBER 2022-PRESENT)	
Total Reports	37
Reports Closed	27
Reports Open	10

OUTSTANDING REPORTS – DAYS OPEN	
Open Reports	Days Outstanding
Report 2000302663	515
Report 2000309461	493
Report 2000311746	485
Report 2000320154	458
Report 2000320491	456
Report 2000423152	130
Report 2000435031	93
Report 2000448473	55
Report 2000459484	22
Report 2000465974	2