

July 15, 2024

To: City of Cupertino Audit Committee
 From: Moss Adams LLP
 Subject: Internal Audit Status Report April 15 through July 15, 2024

FY23-24 INTERNAL AUDIT PROGRAM	ENTERPRISE RISK ASSESSMENT	CITYWIDE POLICY REVIEW	ONGOING INTERNAL AUDIT SERVICES
Objective	To identify, analyze, and measure the City's overarching areas of risk by the level of inherent vulnerability, the level of preparedness to mitigate them, and the impact such negative events could have on the City should they occur. This assessment serves as management's and the internal auditor's basis for determining possible actions for managing and mitigating uncertainty, both on an inherent and a residual basis, and informs the three-year internal audit work program.	Inventory City policies in each department, identify gaps, and review policies for opportunities for update and alignment with best practice. Provide a prioritized implementation plan for policy update.	Attend Audit Committee and Council meetings, prepare status reports, manage internal audit program, and monitor FWA hotline.
Schedule	December 2023 through May 2024	September 2023 through July 2024	July 2023 through June 2024
Activities for This Period	<ul style="list-style-type: none"> Completed analysis Developed draft and final reports Presented final report to Audit Committee 	Completed analysis. Developed draft report.	Met biweekly with City staff, monitored FWA hotline, and provided assistance at the City's request.
Activities for Next Period	None	Finalize report and present to the Audit Committee	Continue to monitor FWA hotline and provide ongoing support to City.
Issues	None	None	None

FY24-25 INTERNAL AUDIT PROGRAM	GRANTS MANAGEMENT INTERNAL CONTROLS REVIEW	SPECIAL REVENUE FUND PROCESS REVIEW	RECOMMENDATION VALIDATION PROCESS ESTABLISHMENT	ONGOING INTERNAL AUDIT SERVICES
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.	Attend Audit Committee and Council meetings, prepare status reports, manage internal audit program, and monitor FWA hotline.
Schedule	January through April 2025	July through October 2024	July 2024 through June 2025	July 2024 through June 2025
Activities for This Period	N/A	Scheduled kickoff meeting and developed document request.	Developed project plan.	Met biweekly with City staff, monitored FWA hotline, and provided assistance at the City's request.
Activities for Next Period	None	Conduct analysis, develop preliminary observations and draft report.		Continue to monitor FWA hotline and provide ongoing support to City.
Issues	None	None	None	None

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

HOTLINE STATISTICS: LIFETIME (OCTOBER 2022-PRESENT)	
Total Reports	22
Reports Closed	18
Reports Open	4