

# City of Cupertino FY 25-26 Internal Audit Program

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**Audit Committee Meeting**

**April 2025**



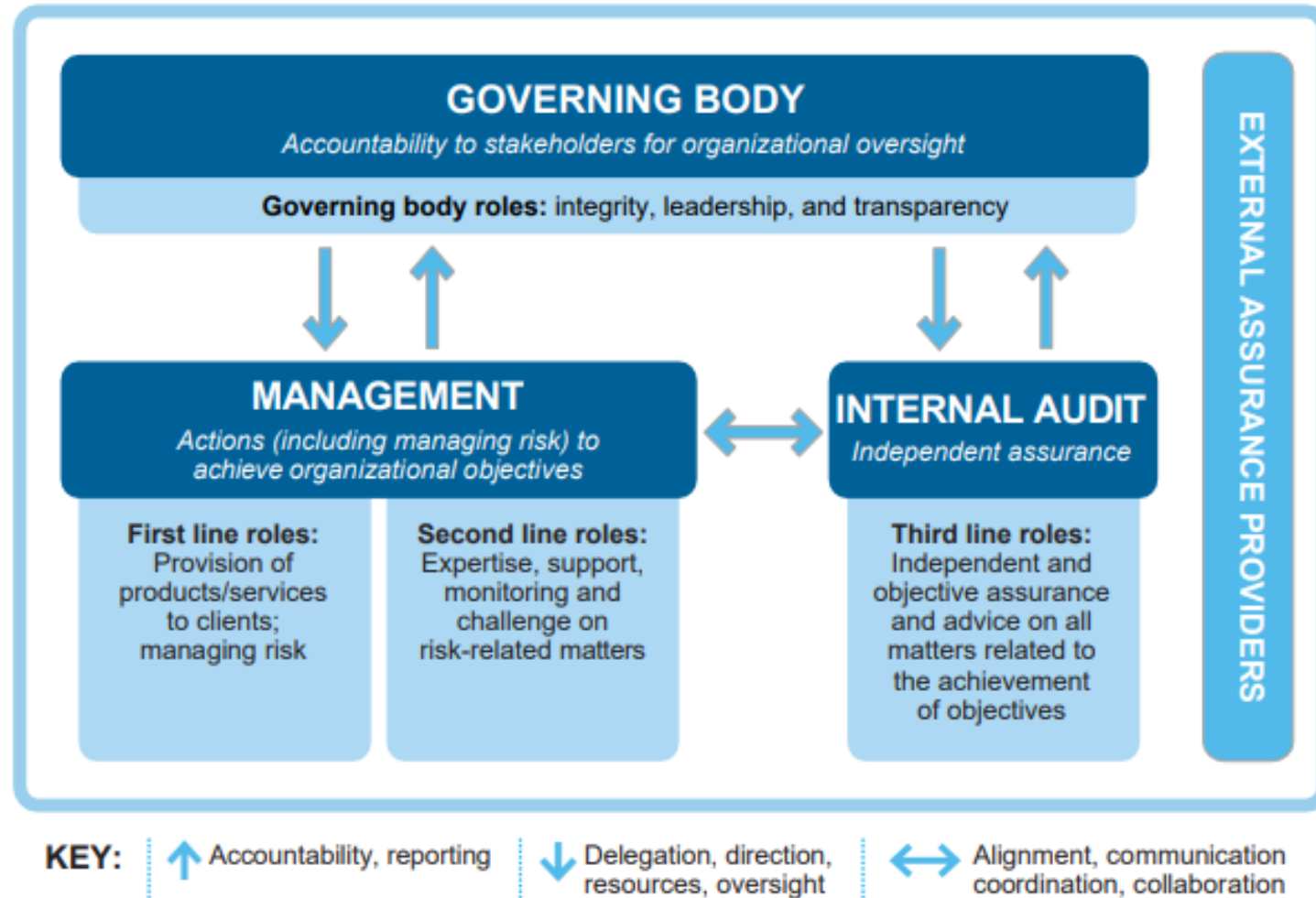
# Internal Audit Overview

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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)

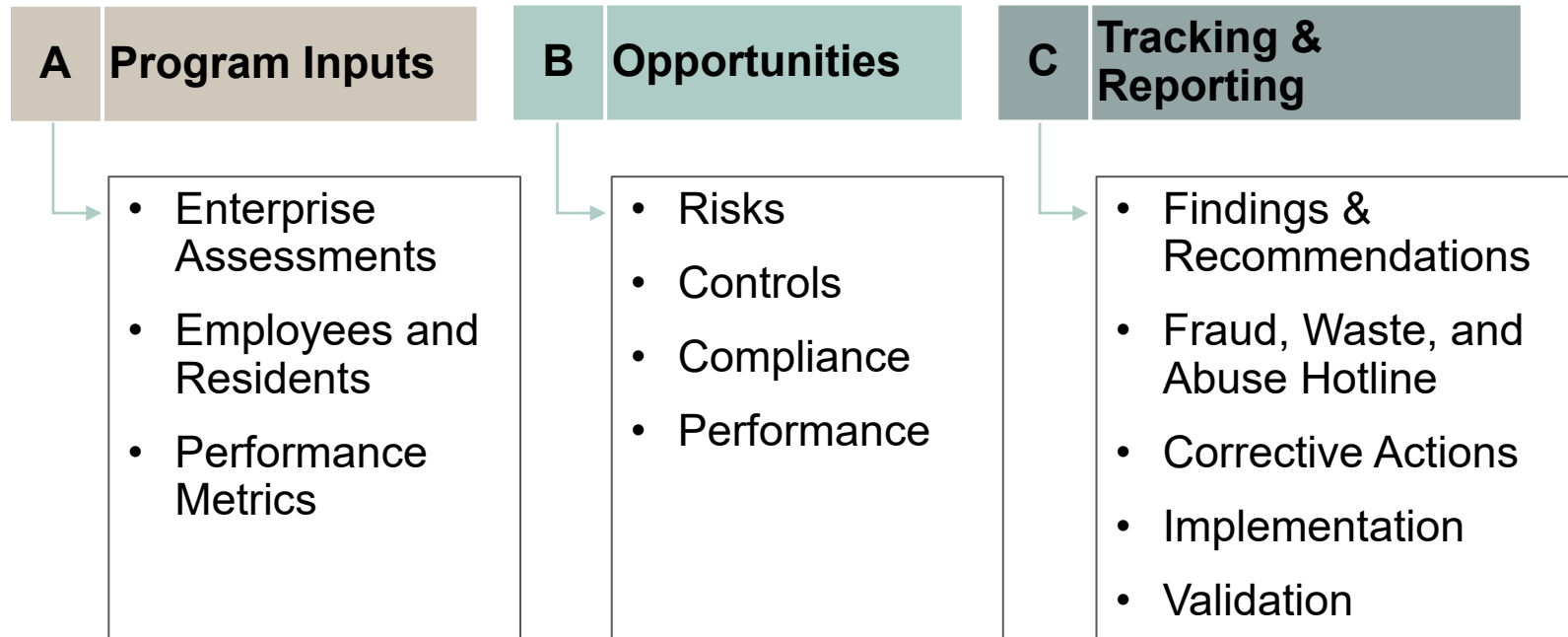
# Role of Internal Audit

## The IIA's Three Lines Model



# Holistic Internal Audit Program Components

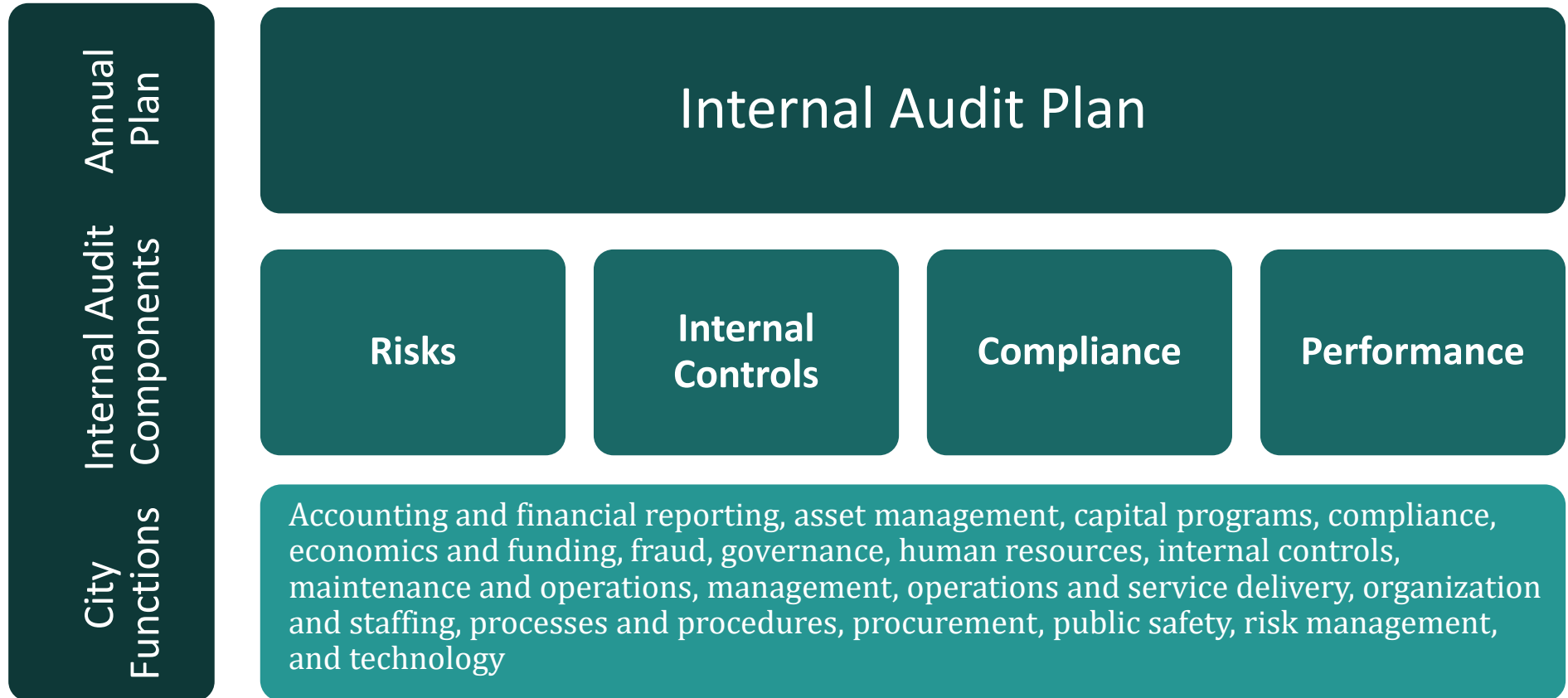
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# Internal Audit Program Components



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# Program Review

## Focus

- Enterprise Risk Assessments
- Internal Controls Projects Completed
  - *Grant Management Internal Controls*
- Performance/Efficiency Projects Completed
  - *Special Revenue Fund Process*
- Policies Reviewed
- Recommendations Delivered
- Ethics Hotline Reports Received
- *Recommendations Validated in FY25*

## Accomplishments

2021, 2024

2

*FY25*

5

*FY25*

139

52

33 reports

45



# Departments Covered

Department	Projects
Administrative Services	Procurement (22) Finance P&Ps (22) Budget Process Review (23) Grants Management Internal Control Review (25) Special Revenue Fund Process (25)
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), Recommendation Validation (25)



# Potential FY25-26 Internal Audit Projects

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## **Performance Projects**

1. Permitting Efficiency Study
2. CIP Implementation

## **Internal Controls and Compliance Projects**

1. Council-Wide Policy Review Inventory
2. City-Wide Internal Controls Review
3. Investment/Cash Flow Policy Review/Recommendation
4. Credit Card Testing

## **Program Management:**

1. Ongoing Internal Audit Services
2. Ongoing Recommendation Validation





# Recommended FY25-26 Internal Audit Projects

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1. **Council-Wide Policy Review Inventory (already approved by City Council)** Review and provide recommendations to align council policies with best practices(16 weeks, \$40,000)
2. **City-Wide Internal Control Review** Conduct a review of the City's internal controls framework in key areas that are deemed important to protecting City assets and resources. (16 weeks, \$45,000)
3. **Investment/Cash Flow Policy Review/Recommendation** Review and provide best practice recommendations over the City's investment/Cash Flow policy. (8 weeks, \$10,000)
4. **Ongoing Internal Audit Services** Attend Audit Committee and Council meetings, prepare status reports, recommendation validation manage internal audit program, and monitor FWA hotline. (\$25,000)





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- 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

