



AGENDA MEMORANDUM
Audit Committee Meeting of February 14, 2023

DATE: February 14, 2023

TO: Gil Hernandez, Audit Committee Chair

THROUGH: George Holland, City Auditor
GeorgeH3@cctexas.com
(361) 826-3660

FROM: Kimberly L. Houston
KimberlyH@cctexas.com
(361) 826-3657

**Overview of Capital Improvement Program Risk Assessment and
5-year Audit Program**

OUTSIDE PRESENTER(S):

<u>Name</u>	<u>Title/Position</u>	<u>Department</u>
Robert S. Bright	Engagement Director	Talson Solutions, LLC
Kenneth J. Brzozowski, CCA CCP	Director of Audit	Talson Solutions, LLC
Yvette Suarez, CCA	Audit Manager	Talson Solutions, LLC

ISSUE:

Briefing on the City Auditor's Office Capital Improvement Program (CIP) Risk Assessment and 5-year Audit Program.

BACKGROUND:

City leadership has developed a comprehensive CIP budget program that identifies short, mid, and long-range projects for the period of FY2023 – FY2032. The total CIP budget is \$4.5 billion, with \$592.9 million budgeted for the current fiscal year, FY2023. The City is also the recipient of \$67.5 million in funding from the American Rescue Plan Act of 2021, for which City leadership has identified five (5) areas of concentration for infrastructure improvement and/or replacement. In recognition of these aggressive efforts and the increasing need to perform systematic construction audits., the City Auditor's Office has sought co-sourced auditing. Co-sourcing will allow for focused efforts on construction auditing, while Internal Audit continues its efforts to address audit needs across the city.

This is the inaugural year for the City Auditor's Office construction audit program. To begin this process, the City Auditor's Office is contracting with Talson Solutions, LLC to perform a CIP Risk Assessment, which will result in a 5-year agile construction audit program. The first year of the 5-year audit program will cover four construction projects which consist of two utility projects, one street project, and one building project. The results of the risk assessment. as well as

recommended amendments to the 2023 Annual Audit Plan, will be presented to the Audit Committee.

LIST OF SUPPORTING DOCUMENTS:

Presentation – Capital Improvement Program Risk Assessment and 5-year Audit Plan Process