



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of 6/10/14
Second Reading Ordinance for the City Council Meeting of 6/17/14

DATE: 5/20/14
TO: Ronald L. Olson, City Manager
FROM: Arlena Sones, City Auditor
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Annual Audit Plan Deadline

CAPTION:

Ordinance amending the City Code of Ordinance, Section 12 ½-2 to allow the annual audit plan to be submitted at the calendar year-end instead of the fiscal year-end.

PURPOSE:

The City Auditor's Office conducts an annual risk assessment which is based on a variety of factors such as surveys of City departments and discussions with City management, the external auditor, and the Audit Committee. The annual audit plan represents areas of highest risk to the City which have been selected for audit.

BACKGROUND AND FINDINGS:

The annual audit plan must be presented to the Audit Committee for review prior to presenting it to the City Council for approval. The deadline of the annual audit plan coincides with the fiscal year-end. It occurs simultaneously with the City's budget approval.

The current timing of the Annual Audit Plan draws the attention of City Council members away from vital fiscal year-end and budgetary concerns. There is no budgetary or financial reasoning for the Audit Plan to coincide with the fiscal year-end.

Revising the deadline will enhance the audit planning efforts as this will allow for consideration of any department restructuring or other changes taking effect in the new fiscal year.

ALTERNATIVES:

The alternative is to keep the current deadline as is.

OTHER CONSIDERATIONS:

Three audits have been added by the Audit Committee to an already aggressive FY 2014 audit plan. By moving the current deadline from September 30th to December 31st, audit staff will gain three months to complete more of the planned audits.

CONFORMITY TO CITY POLICY:

There are no other City policies related to the annual audit plan.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

On April 15, 2014, the Audit Committee approved the request to bring this item to City Council for consideration. The City Manager was also agreeable to requesting the change in deadline.

FINANCIAL IMPACT:

Operating Revenue Capital X Not applicable

| Fiscal Year: 2013-2014 | Project to Date Expenditures (CIP only) | Current Year | Future Years | TOTALS |
|-----------------------------------|--------------------------------------------------------|---------------------|---------------------|---------------|
| Line Item Budget | | | | |
| Encumbered / Expended Amount | | | | |
| This item | | | | |
| BALANCE | | | | |

Fund(s):

Comments:

RECOMMENDATION:

Staff recommends that City Council approved the Ordinance amendments.

LIST OF SUPPORTING DOCUMENTS:

Ordinance