

DRAFT

# Proposed Audit Plan for FY 2021

**Tim Beirnes**  
Inspector General  
November 12, 2020

# Planning Approach

- **Review Strategic Plan**
- **Reviewing 2021 Budget**
- **Identifying those programs, activities and functions that we consider to present potential risk to the District**
- **Considering time since programs were last audited**
- **Obtaining input from executive management and the Governing Board**

DRAFT

**Proposed Audit Projects FY2020-2021****Divisions**

# GASB Statement No. 87 Implementation

## Objectives:

- Project will entail assisting Finance with implementation of GASB 87 and provide a pre-audit of the final analysis to determine whether the standard has been properly implemented
- Also entails coordinating with the District accounting firm, RSM, to ensure that the new standard is properly implemented
- GASB extended implementation date approximately one year due to COVID-19



# Audit of Fixed Assets Processes and Procedures

## Objective:

- Provide an independent review of the District's asset management processes and procedures for fixed assets; including a comparison of the District's procedures to industry best practices in order to identify potential improvements

# Audit of Fleet Maintenance Operations

## Objectives:

- **Assessing the effectiveness and efficiency of the vehicle maintenance function**
- **Examining the vehicle replacement cycle process**

# Audit of Fleet Utilization and Replacement

## Objectives:

- Analyzing the process for assigning and utilizing vehicles and whether the fleet size is appropriate to carryout the District's mission.
- Determining whether disposing of low utilization equipment, and renting as needed, would be more cost efficient.
- Determining whether vehicles are purchased via state and other government contracts.
- Analyzing the process for retiring and replacing older vehicles/equipment and whether the process is in accordance with District established guidelines.

# Audit of RECOVER Program

## Objectives:

- Review the original agreement for RECOVER and determine where the District and U.S. Army Corps of Engineers' are today in terms of expenditures and expected deliverables and the future course for the program



# Audit of CERP Real Estate Cost Share

## Objectives:

- **Examine the District's process for preparing In-Kind Credit Requests to ensure the District is requesting credit for all eligible costs related to real estate acquisitions for CERP Project. Assess whether adequate supporting documentation is maintained for such expenditures**
- **A separate audit was performed for all non real estate expenses.**

# Audit of Environmental Resource Permit (ERP) Permit Enforcement **DRAFT**

## Objectives:

- **Determine whether the Environmental Resources and Regulatory Support Bureau's enforcement activities ensure compliance with state laws, regulations, and individual ERP permits**

# Audit of Consumptive Water Use Permit Compliance (CUP) Enforcement

DRAFT

## Objectives:

- **Determine whether Regulation's Water Use Bureau is sufficiently ensuring that permit holders are complying with the limiting conditions of their water use permits and whether compliance with the limiting conditions specified in water use permits are sufficiently monitored and enforced.**

# Audit of Mitigation Banks

## Objectives:

- **Examine the process for monitoring mitigation banks to ensure compliance with permit requirements.**
- **Examine the process for monitoring trust funds established for perpetual maintenance and the sufficiency of investment earnings to cover on-going maintenance expenses.**



# Audit of Construction Change Orders

## Objectives:

- **Determine that change orders are negotiated in accordance with contract terms and conditions.**
- **Verifying cumulative change order amounts as a percentage of original contracts and compare such to industry averages.**

# 2021 Audit of Internal Controls Over DMV Data

## Objective:

- Determine whether District internal controls related to the drivers license information received from the DMV are sufficient to ensure that DMV records are adequately protected from unauthorized access, distribution, use, modification, or disclosure

# Monitoring of Construction Contract Change Orders

## Objective:

**On an on-going basis, periodically verifying cumulative change order amounts as a percentage of original construction contracts and compare such to industry averages.**

# Monitoring of Procurement Card Transactions

## Objective:

Periodically examine procurement card transactions to ensure they are:

- ☐ Appropriate District expenditures
- ☐ Contain adequate supporting documentation
- ☐ Properly recorded in the accounting records



# Monitoring of Negotiated Contract Work Orders

## Objective:

- Periodically select a sample of contracts to ensure that work orders are properly negotiated in a manner that maintains the District's best interest

# Other Audit Projects

## Objective:

- **Audit Follow-Up**
- **Investigate Whistle-Blower Complaints**
- **Audit Requests from Governing Board and District Management**
  - **Our Office periodically receives request for audits and investigations from the Governing Board and Executive Management on an as needed basis**

# Administrative Projects

- **Audit Plan for Fiscal Year 2022**
- **Office of Inspector General Annual Report**

# Auditor General Recommendations

- **Present Long-Term Audit Plan to Audit and Finance Committee for approval.**
- **Incorporate estimated resources for each audit into the annual audit plan.**



# Long-Term Audit Plan FY 2022-2026

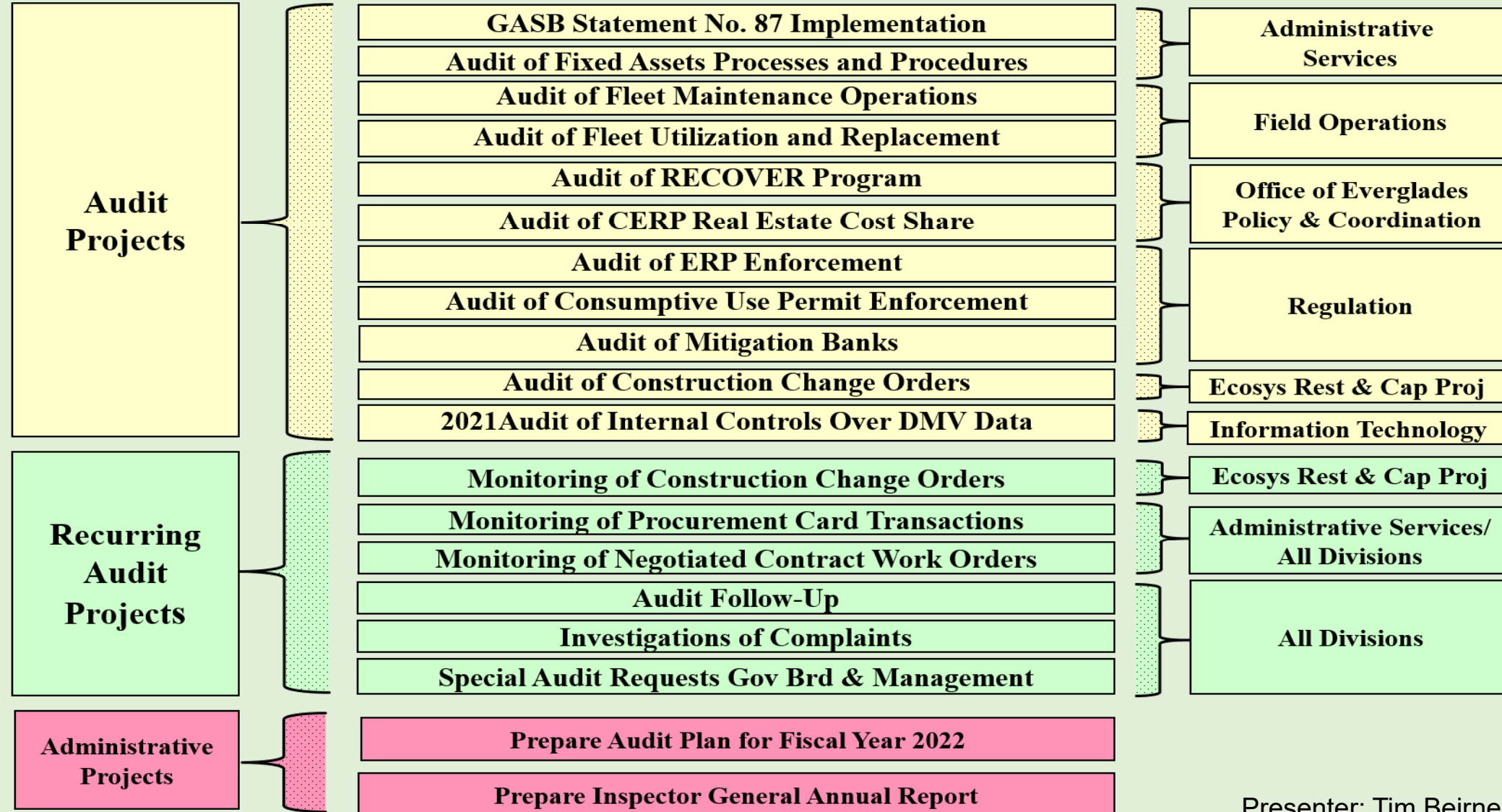
- **Designed to provide sufficient audit coverage over time to reach all significant programs, activities, and functions.**
- **Provides a listing of proposed audit projects and associated audit objectives for the next five years.**
- **Audit cycle time between audits for the audit population varies based on risk assessment for the audit area.**
- **Five-year plan updated annually.**
- **Provides flexibility to incorporate additional audit subjects to meet the Governing Board's and management's needs**

# Discussion & Questions ?

DRAFT

## Proposed Audit Projects FY2020-2021

## Divisions



# Recommendation

- ☐ **Recommend Approval of the Audit Plan for FY 2020-2021**