COSO Framework					Total Controls		Effective Controls	
Internal Control Component	COSO Principle	Principle Objective	Principle Deployed?	Point of Focus	Major Controls	Compensating Controls	Major Controls	Compensating Controls
Control Environment	Principle 1: Demonstrates Commitment to Integrity and Ethical Values	The organization demonstrates a commitment to integrity and ethical values.	Yes	Sets Tone at the Top	7	3	6	3
				Establishes Standards of Conduct	1	2	1	1
				Evaluates Adherence to Standards of Conduct	2	1	2	1
				Addresses Deviations in a Timely Manner	5	0	5	0
	Principle 2: Exercises Oversight Responsibility	The City Council demonstrates independence from management and exercises oversight of the development and performance of internal control.	Yes	Establishes Oversight Responsibilities	3	0	3	0
				Applies Relevant Expertise	2	0	2	0
				Operates Independently	2	0	2	0
				Provides Oversight for the System of Internal Control	2	1	2	1
	Principle 3: Establishes Structure, Authority, and Responsibility	Management establishes, with Council oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.	Yes	Considers all Structures of the Entity	3	1	3	0
				Establishes Reporting Lines	3	1	3	1
				Defines, Assigns, and Limits Authorities and Responsibilities	6	2	6	1
	Principle 4: Demonstrates Commitment to Competence	The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.	Yes	Establishes Policies and Practices	1	1	1	0
				Evaluates Competence and Addresses Shortcomings	8	1	7	0
				Attracts, Develops, and Retains Individuals	5	2	5	1
				Plans and Prepares for Succession	0	2	0	2
	Principle 5: Enforces Accountability	The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.	Yes	Enforces Accountability through Structures, Authorities, and Responsibilities	6	3	5	2
				Establishes Performance Measures, Incentives, and Rewards	1	1	1	0
				Evaluates Performance Measures, Incentives, and Rewards for Ongoing Relevance	2	1	2	0
				Considers Excessive Pressures	2	1	2	1
				Evaluates Performance and Rewards or Disciplines Individuals	4	1	2	0
Risk Assessment	Principle 6: Specifies Suitable Objectives	The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.	Yes	Operations Objectives Reflect Management's Choices	3	0	3	0
				Operations Objectives Consider Tolerances for Risk	1	1	1	1
				Includes Operations and Financial Performance Goals	2	0	2	0
				Forms a Basis for Committing of Resources	2	0	2	0
				Complies with Applicable Accounting Standards	2	0	2	0
				Considers Materiality	2	0	2	0
				External Financial Reporting Objectives Reflect Entity Activities	2	0	2	0
				Complies with Externally Established Standards and Frameworks	0	2	0	2
				External Non-Financial Reporting Objectives Consider the Required Level of Precision	1	1	1	1
				External Non-Financial Reporting Objectives Reflect Entity Activities	1	1	1	1
				Internal Reporting Objectives Reflect Management's Choices	2	0	2	0
				Internal Reporting Objectives Consider the Required Level of Precision	2	0	2	0
				Internal Reporting Objectives Reflect Entity Activities	2	0	2	0
				Reflects External Laws and Regulations	2	2	2	2
				Compliance Objectives Consider Tolerances for Risk	1	1	1	1
	Principle 7: Identifies and Analyzes Risk	The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.	Yes	Includes Entity, Subsidiary, Division, Operating Unit, and Functional Levels	3	3	3	3
				Analyzes Internal and External Factors	9	5	8	4
				Involves Appropriate Levels of Management	2	2	2	2
				Estimates Significance of Risks Identified	1	2	0	2
				Determines How to Respond to Risks	2	2	2	2

Internal Control Component	COSO Principle	Principle Objective	Principle Deployed?	Point of Focus	Major Controls	Compensating Controls	Major Controls	Compensating Controls
	Principle 8: Assesses Fraud Risk	The organization considers the potential for fraud in assessing risks to the achievement of objectives.	Yes	Considers Various types of Fraud	3	0	3	0
				Assesses Incentives & Pressures	2	0	2	0
				Assesses Opportunities	2	0	2	0
				Assesses Attitudes and Rationalizations	2	0	2	0
	Principle 9: Identifies and Analyzes Significant Change	The organization identifies and assesses changes that could significantly impact the system of internal control.	Yes	Assesses Changes in the External Environment	4	1	3	1
				Assesses Changes in the Business Model	2	1	2	1
				Assesses Changes in Leadership	1	1	1	1
Control Activities	Principle 10: Selects and Develops Control Activities	The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.	Yes	Integrates with Risk Assessment	5	0	5	0
				Considers Entity-Specific Factors	5	0	5	0
				Determines Relevant Business Processes	5	0	5	0
				Evaluates a Mix of Control Activity Types	5	0	5	0
				Considers at what Level Activities are Applied	5	0	5	0
				Addresses Segregation of Duties	5	0	5	0
	Principle 11: Selects and Develops General Controls over Technology	The organization selects and develops general control activities over technology to support the achievement of objectives.	Yes	Determines Dependency Between the Use of Technology in Business Processes and Technology General Controls	1	1	1	1
				Establishes Relevant Technology Infrastructure Control Activities	4	1	3	1
				Establishes Relevant Security Management Process Control Activities	7	1	7	1
				Establishes Relevant Technology Acquisition, Development, and Maintenance Process Control Activities	3	0	3	0
	Principle 12: Deploys through Policies and Procedures	The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.	Yes	Establishes Policies and Procedures to Support Deployment of Management's Directives	4	0	4	0
				Establishes Responsibility and Accountability for Executing Policies and Procedures	4	0	4	0
				Performs in a Timely Manner	4	0	4	0
				Takes Corrective Action	4	0	4	0
				Performs Using Competent Personnel	4	0	4	0
				Reassesses Policies and Procedures	4	0	4	0
Information & Communication	Principle 13: Uses Relevant Information	The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.	Yes	Identifies Information Requirements	2	2	2	2
				Captures Internal and External Sources of Data	2	0	2	0
				Processes Relevant Data into Information	3	0	3	0
				Maintains Quality throughout Processing	4	0	4	0
				Considers Costs and Benefits	3	0	3	0
	Principle 14: Communicates Internally	The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.	Yes	Communicates Internal Control Information	4	3	4	3
				Communicates with the City Council	4	2	4	2
				Provides Separate Communication Lines	1	2	1	2
				Selects Relevant Method of Communication	5	6	5	6
	Principle 15: Communicates Externally	The organization communicates with external parties regarding matters affecting the functioning of internal control.	Yes	Communicates to External Parties	5	7	5	7
				Enables Inbound Communications	6	2	6	2
				Communicates with the City Council	2	1	2	1
				Provides Separate Communication Lines	2	0	2	0
				Selects Relevant Method of Communication	6	8	6	8

Internal Control Component	COSO Principle	Principle Objective	Principle Deployed?	Point of Focus	Major Controls	Compensating Controls	Major Controls	Compensating Controls
Monitoring Activities	Principle 16: Conducts Ongoing and/or Separate Evaluations	The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.	**Yes**	Considers a Mix of Ongoing and Separate Evaluations	**5**	**2**	**5**	**2**
				Considers Rate of Change	**5**	**1**	**5**	**1**
				Establishes Baseline Understanding	**4**	**2**	**4**	**2**
				Uses Knowledgeable Processes	**4**	**1**	**4**	**1**
				Integrates with Business Processes	**3**	**0**	**3**	**0**
				Adjusts Scope and Frequency	**2**	**2**	**2**	**2**
				Objectively Evaluates	**4**	**0**	**4**	**0**
	Principle 17: Evaluates and Communicates Deficiencies	The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including sr. management and the board of directors, as appropriate.	**Yes**	Assesses Results	**5**	**1**	**5**	**1**
				Communicates Deficiencies to Parties Responsible for Corrective Action, Sr. Management, and the City Council	**3**	**0**	**3**	**0**
				Monitors Corrective Actions	**1**	**1**	**1**	**1**

Principle 1: Demonstrates Commitment to Integrity and Ethical Values

Objective: The organization demonstrates a commitment to Integrity and Ethical Values.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Sets the Tone at the Top – The City Council and management at all levels of the entity demonstrate through their directives, actions, and behavior the importance of integrity and ethical values to support the functioning of the system of internal control.	The City has a formal Employee Handbook that includes a Code of Ethics section. Each year during benefits Open Enrollment employees are required to acknowledge that they know where to read the handbook. Newly hired employees are also briefed on the City's ethical expectations during New Hire Orientation and most departments have additional ethics and integrity training or policies that they expect their employees to follow. The City also supports a number of transparency efforts such as the Internal Audit Office, Open Records Requests, and financial transparency efforts. Some performance appraisals also include evaluations of an employee's integrity and ethical behavior. Integrity and honesty were also identified by the City Council as organizational values. Finally, there is evidence that the City has disciplined employees due to ethics violations in the past. While we found that few performance appraisals include a direct evaluation of an employees adherence to the City's ethical standards, most reviewed the City's adherence to City policies - including the Code of Ethics. In addition, the City adequately supports an ethical "tone at the top" through a number of other methods. Though we found that this point of focus is designed and operating effectively, we believe it could be improved by altering the Employee Handbook acknowledgement language to state that employees "know" what policies are included in the handbook.	**Yes**	Employee Handbook (section 9)	Major Preventive	WP D-4 WP C-2 WP F-3	Reviewed the City's Employee Handbook and compared it to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool."	The employee handbook contains adequate policies to establish an ethical tone at the top.	Yes	
			Benefits Open Enrollment and Employee Handbook	Compensating Preventive	WP D-5 WP D-33 WP D-34 WP D-35	Reviewed the acknowledgement language used during Open Enrollment.	The City of College Station's employee handbook only requires an employee to know where they can review the Handbook, not for the employee to acknowledge that they "know" the policies contained within it. The recommendation was fully implemented. All employees must certify they have read the employee handbook and agree to comply with all policies.	Yes	Employees should be required to read the employee handbook, however, the City has reinforced ethical values through a number of other compensating controls. RECOMMENDATION: Change the language used during open enrollment to state that the employee "knows" what policies are included in the handbook. ADDRESSED: See WP D-34 & D-35
			Performance Appraisals	Major Detective	WP C-23 WP D-16	Reviewed all 2015 employee appraisal templates provided by Human Resources.	Only 17% of reviewed templates included an evaluation of ethics and integrity. However, 75% of evaluations reviewed the employee's adherence to City and Department policies and procedures - which include the Code of Ethics. This means that 79% of templates included a review of ethics and integrity either directly or indirectly.	**No**	While including an evaluation of ethics and integrity is a positive step in encouraging an ethical organizational culture, it is not necessary for an adequately ethical "tone at the top," especially considering most employees are evaluated on their compliance with policies and procedures.
			Internal Audit Office	Major Detective	WP C-1 WP C-7 WP C-8 WP C-23 WP C-51 WP D-15 WP D-26	Reviewed the City Charter, City Ordinances, and City Internal Audit Office's webpage and compared this documentation to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool." Reviewed management responses and audit recommendation implementation efforts to previous internal audit engagements (164 recommendations) over the last 10 fiscal years.	We found evidence that the City Internal Audit Office is set up to effectively evaluate the City's internal control structure. Also, management generally concurs with and implements both internal audit and external audit recommendations	Yes	
			Financial Transparency and Open Records Requests	Major Preventive	WP C-1 WP C-5 WP C-21 WP C-53 WP C-54 WP D-28	Reviewed the City's webpage about financial transparency and examined all external audit recommendations from FY06 through FY16.	The City promotes ethical behavior by publishing many financial documents online for public review and undergoing an external audit annually.	Yes	

COSO Internal Control Assessment

Principle 1: Demonstrates Commitment to Integrity and Ethical Values

Objective: The organization demonstrates a commitment to Integrity and Ethical Values.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Strategic Plan	Major Preventive	WP C-18	Reviewed the City's 2017 Strategic Plan.	The City's Strategic Plan lists "Do the right thing. Act with integrity and honesty" as an organizational value.	Yes	
			New Hire Orientation Employee Handbook (section 2.12)	Major Preventive	WP C-2 WP F-3 WP C-14 WP C-15	Reviewed the City's Employee Handbook. Reviewed the City's New Hire Orientation agenda and booklet.	All newly hired regular full-time and part-time employees must attend New Hire Orientation. During this orientation, HR staff spends 30 minutes discussing ethics and integrity. Additionally, the City's Code of Ethics is included in the new hire booklet.	Yes	
			Informal monitoring mechanisms	Compensating Detective	WP C-51 WP D-25	Reviewed previous audit observations.	There is evidence of informal monitoring mechanisms among employees that reinforce integrity and ethical behavior.	Yes	
			HR's Case Management System (Tyler Munis)	Major Corrective	WP D-24 WP C-46	Reviewed the Case Management system from March 2017 and interviewed staff from the Human Resources department.	Found evidence that 10 employees who had deviated from standards of conduct (Code of Ethics) were reported to HR and handled using the Case Management System.	Yes	
			Individual Department policies and procedures	Compensating Preventive	WP D-32	Surveyed 14 Department Directors regarding how they remove the temptation for unethical behavior.	86% of departments have additional policies and procedures to remove temptation for unethical behavior above what the City already provides.	Yes	
Establishes Standards of Conduct – The expectations of the City Council and senior management concerning integrity and ethical values are defined in the entity's standards of conduct and understood at all levels of the organization and by outsourced service providers and business partners.	A formal standard of conduct is established in the Employee Handbook Code of Ethics section. Furthermore, most departments have additional ethics and integrity training or policies that they expect their employees to follow. Finally, some job descriptions list specific employee responsibilities or qualifications related to ethics and integrity that are expected; while this control component would add additional weight to establishing standards of conduct, a formal City-wide Employee Handbook with a dedicated Code of Ethics adequately establishes standards of conduct.	**Yes**	Employee Handbook (section 9)	Major Preventive	WP D-4 WP F-3	Reviewed the City's Employee Handbook and compared it to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool."	The Employee Handbook contains adequate policies related to ethics and integrity.	Yes	
			Job Descriptions	Compensating Preventive	WP D-7 WP D-9	From a sample of 198 job descriptions (giving us a 95% confidence that the estimated percentages are within plus or minus 5% of the true value), we evaluated if the job description listed any ethical behavioral traits as part of the job duties or qualifications.	Only 12% of reviewed job descriptions included specific employee responsibilities or qualifications related to ethics or integrity. Additionally, we found evidence that job descriptions were developed with the help of HR.	**No**	While this control component would add additional weight to establishing standards of conduct, a formal City-wide Employee Handbook with a dedicated Ethics and Integrity section is an adequate level of control.
			Individual Department policies and procedures	Compensating Preventive	WP D-32 WP I-7 WP I-9 WP I-17 WP I-37	Surveyed 14 Department Directors regarding how they remove the temptation for unethical behavior in their department.	86% of departments have additional policies and procedures to remove temptation for unethical behavior above what the City already does.	Yes	

Principle 1: Demonstrates Commitment to Integrity and Ethical Values

Objective: The organization demonstrates a commitment to Integrity and Ethical Values.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Evaluates Adherence to Standards of Conduct – Processes are in place to evaluate the performance of individuals and teams against the entity's expected standards of conduct.	At least annually, full-time employees receive performance evaluations by their supervisor. All department directors also believe their employees are provided with the proper amount of supervision to supplement annual appraisals. While we found that few performance appraisals include a direct evaluation of an employees adherence to ethical standards, most evaluated the employee's adherence to City policies - including the Code of Ethics. While this does not fully cover the City, employees are also supervised during which they are being evaluated based on the City's standards of conduct. This being said, we recommend that the City develop performance appraisal criteria that specifically addresses integrity and ethical behavior, on which all employees are evaluated.	**Yes**	Performance Appraisals	Major Detective	WP C-13 WP C-25 WP C-57 WP D-22	From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had a FY17 performance appraisal in their employee file. E-mailed HR staff regarding employees whose appraisals were not easily located.	86% of the employees sampled had been evaluated during FY17. The other 14% were either new hires or had been recently promoted and thus did not receive and end of year performance appraisal.	Yes	
			Performance Appraisals	Major Preventive	WP C-23 WP D-16 WP D-33	Reviewed all 2015 employee appraisal templates provided by Human Resources.	Only 17% of reviewed templates included an evaluation of ethics and integrity. However, 75% of evaluations reviewed the employee's adherence to City and Department policies and procedures - which include the Code of Ethics. This means that 79% of templates included a review of ethics and integrity either directly or indirectly.	Yes	Performance appraisals should be designed to directly include an evaluation of an employee's ethics and integrity. RECOMMENDATION: Design a performance appraisal template that is used City wide and includes criteria that should be common to all City employees.
			Employee Supervision	Compensating Detective	WP D-32 WP I-37	Surveyed 14 Department directors regarding their opinion on if employees are provided the proper amount of supervision.	100% of department directors believe their employees are provided with the proper amount of supervision.	Yes	
Addresses Deviations in a Timely Manner – Deviations of the entity's expected standards of conduct are identified and remedied in a timely and consistent manner.	The City's formal Employee Handbook includes a section that contains guidelines for disciplinary action including the general disciplinary process and what disciplinary actions can be taken. These guidelines also include an appeals process for employees who feel the disciplinary action they received was unfair, and a grievance process for employees to initiate investigations of other staff members' behavior. These issues are generally recorded in Human Resources' Case Management system; typically disciplinary issues are handled in eight days. Employees who receive negative performance evaluations are put on a performance improvement plan (PIP), which is monitored through this Case Management system as well.	**Yes**	HR's Performance Improvement Plans (PIPs)	Major Corrective	WP D-22 WP D-24 WP C-46	Interviewed staff from the Human Resources department and reviewed records in the Case Management system.	Found evidence that one employee was placed on a performance improvement plan when an appraisal indicated that performance deviated from expectations.	Yes	
			Employee Handbook (section 10)	Major Preventive	WP D-4 WP C-2 WP F-3	Reviewed the City's Employee Handbook and compared it to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool."	The employee handbook contains adequate policies that communicate the general disciplinary process and disciplinary actions that can be expected if violations of the Code of Ethics occur.	Yes	
			Appeals Process - Employee Handbook (section 10.02)	Major Corrective	WP D-24 WP C-2 WP C-46 WP F-3	Interviewed staff from the Human Resources department and reviewed records in the Case Management system.	There was no evidence of the appeals process being utilized in the Case Management system.	Yes	While there was no evidence in the Case Management system, we only received data from this system back to March 2017.
			Grievance Process - Employee Handbook (section 10.04)	Major Corrective	WP D-24 WP C-2 WP C-46 WP F-3	Interviewed staff from the Human Resources department and reviewed records in the Case Management system from March 2017 to January 2018	Found evidence of seven employees bringing grievances to HR. There is evidence of grievances being substantiated (3) and unsubstantiated (3).	Yes	

COSO Internal Control Assessment

Principle 1: Demonstrates Commitment to Integrity and Ethical Values

Objective: The organization demonstrates a commitment to Integrity and Ethical Values.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			HR's Case Management System (Tyler Munis)	Major Corrective	WP D-24 WP C-46	Reviewed the Case Management system from March 2017 to January 2018 and interviewed staff from the Human Resources department. Calculated the average time it took to resolve an issue from when it occurred.	Found evidence that 10 employees who had deviated from standards of conduct were reported to HR and handled using the Case Management System. On average, disciplinary action issues reach a resolution after 8 days.	Yes	

COSO Internal Control Assessment

Principle 2: Exercises Oversight Responsibility

Objective: The City Council demonstrates independence from management and exercises oversight of the development and performance of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Establishes Oversight Responsibilities - The City Council identifies and accepts its oversight responsibilities in relation to established requirements and expectations.	The City Council is responsible for structuring the City government, authorizing expenditures and revenue plans, and regulating the City of College Station's development. Twice a month, the City Council meets to review information presented by City staff whether by request or requirement. At these meetings the City Council reviews and approves long-term plans, expenditures, fee structures, etc. Additionally, the City Council oversees several committees including the Audit Committee.	**Yes**	City Charter (section 22)	Major Preventive	WP C-1 WP C-2	Reviewed the City Charter for duties assigned to the City Council.	The City Charter adequately enumerates the City Council's powers and duties to the City regarding oversight and overall responsibility.	Yes	
			City Council Meetings	Major Preventive	WP D-29	Used discovery sampling of City Council Workshop and Regular Meeting minutes to determine if the City Council had considered a number of different issues. Interviewed the City Manager and City Internal Auditor regarding their interactions with Council.	Found that the Council had considered IT, financial, and operational internal controls, long-term plans, expenditures, organizational and fee structures, and legal issues during City Council meetings. Additionally, the Council meets with key City employees regularly.	Yes	
			City Committees	Major Preventive	WP D-30	Reviewed the City's Citizen Committees, Boards, and Commissions webpage and related webpages to determine what commissions, boards, and committees had been established.	The City has a number of citizen, Council, and combination committees that are all appointed by and report to the City Council.	Yes	
Applies Relevant Expertise - The City Council defines, maintains, and periodically evaluates the skills and expertise needed among its members to enable them to ask probing questions of senior management and take commensurate actions.	The City Council periodically attends municipal government trainings. Additionally, the City Council forms committees to advise them in certain areas and appoints members with relevant expertise.	**Yes**	City Council Training	Major Preventive	WP D-31	Reviewed Council Orientation documentation provided by City staff. Used Council expenditure data to determine what trainings Council members attended throughout FY17.	City Council is adequately trained and maintains the relevant knowledge need to be a functional municipal oversight body.	Yes	
			City Committees	Major Preventive	WP D-30	Reviewed the City's Citizen Committees, Boards, and Commissions webpage and related webpages to determine what requirements must be meet for all commissions, boards, and committees.	There is evidence that the knowledge needed for each committee has been considered and is ensured during the appointment process.	Yes	
Operates Independently - The City Council has sufficient members who are independent from management and objective in evaluations and decision-making.	The Mayor and City Council are elected from and by the citizenry of College Station by a majority vote. City Council members must comply with state law pertaining to conflicts of interest of local government officials, including Texas Local Government Code, Chapter 171. City Policy requires an employee to automatically resign from their City employment if they file for a College Station City Council position.	**Yes**	City Charter	Major Preventive	WP C-1	Reviewed the City Charter for sections detailing Council member independence requirements.	The City Charter states that City Council members shall comply with state law pertaining to conflicts of interest of local government officials, including Texas Local Government Code, Chapter 171.	Yes	
			Employee Handbook (section 9.03.C)	Major Preventive	WP C-2 WP F-3	Reviewed the City Employee Handbook for sections detailing how employee independence regarding the City Council.	The Employee Handbook states that any City employee who files for a City of College Station City Council position automatically resigns from their City employment.	Yes	

COSO Internal Control Assessment

Principle 2: Exercises Oversight Responsibility

Objective: The City Council demonstrates independence from management and exercises oversight of the development and performance of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Provides Oversight for the System of Internal Control - The City Council retains oversight responsibility for management's design, implementation, and conduct of internal control: - **Control Environment** - Establishing integrity and ethical values, oversight structures, authority and responsibility, expectations of competence, and accountability to the board. - **Risk Assessment** - Overseeing management's assessment of risks to the achievement of objectives, including the potential impact of significant changes, fraud, and management override of internal control. - **Control Activities** - Providing oversight to senior management in the development and performance of control activities. - **Information and Communication** - Analyzing and discussing information relating to the entity's achievement of objectives. - **Monitoring Activities** - Assessing and overseeing the nature and scope of monitoring activities and management's evaluation and remediation of deficiencies.	Twice a month, the City Council meets to review information presented by City staff whether by request or requirement. At these meetings the City Council reviews and approves long-term plans, expenditures, fee structures, etc. Additionally, the City Council meets with key City managers (including the City Auditor, City Attorney, and City Manager) regularly. Department directors and their staff meet with City Council members via City Council Meetings, Council appointed Committee Meetings, and other meetings by request. Employee performance appraisals generally include an evaluation of the employee's work to meet the department or division's goals, which directly stem from the City Council's direction via the Strategic Plan.	**Yes**	City Council Meetings	Major Preventive	WP D-29	Used discovery sampling of City Council Workshop and Regular Meeting minutes to determine if the City Council had considered a number of different issues. Interviewed the City Manager and City Internal Auditor regarding their interactions with Council.	Found that the Council had considered IT, Financial, and Operational internal controls, long-term plans, expenditures, organizational and fee structures, and legal issues during City Council meetings. Additionally, the Council meets with key City employees regularly. The City Manager has formal meetings with the Mayor weekly and all other Council members every other week; the City Manager also has informal meetings with all other Council members in varying frequencies. Additionally, the City Internal Auditor meets with the Mayor monthly and other Council members on request.	Yes	
			Department Head Meetings with Council	Compensating Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their opinion on the level of interactions their department have with other departments, City Council, and executive management.	100% of department directors claim they maintain good working relationships with other executive team members. 100% of department directors frequently meet with the City Manager or other members of the City Manager's Office. 79% of department directors say their employees give presentations to City Council or Council appointed committees.	Yes	
			Performance Appraisals	Major Preventive	WP C-18 WP C-23 WP D-16	Reviewed all 2015 employee appraisal templates provided by Human Resources.	99% of performance appraisal templates are linked to the departments goals. All department goals are linked to the City's strategic plan, which is informed by the City Council.	Yes	

Principle 3: Establishes Structure, Authority, and Responsibility

Objective: Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Considers All Structures of the Entity - Management and the City Council consider the multiple structures used (including operating units, legal entities, geographic distribution, and outsourced service providers) to support the achievement of objectives.	Annually, the City's structure is considered and changed as necessary through the budget process. Additionally, the Tyler Munis ERP system is being implemented to facilitate the flow of communication across functionally unique departments. Long-term planning initiatives involving the City's development, growth, and fee structures are considered and brought to the City Council. Finally, departments generally believe that their managers and supervisors have time to carry out their duties and responsibilities even if they are fulfilling multiple roles. Even though some employees are fulfilling more than one role, this is most likely not do to a lack of organizational structure planning or consideration but a necessary prioritization of resources.	**Yes**	Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23 WP D-27	Reviewed the FY18 budget kickoff memo. Reviewed the City's annual budgets from FY09 through FY18.	Department organizational charts are updated at least annually. In addition, there is evidence that all departments and the City as a whole periodically consider the organization's structure and make changes as necessary.	Yes	
			Employee Roles and Responsibilities	Compensating Preventive	WP D-32 WP I-2 WP I-13 WP I-15 WP I-19 WP I-22 WP I-36 WP I-37	Surveyed 14 Department directors regarding their opinion on their departments staffing levels.	86% of department directors believe their managers and supervisors have time to carry out their duties and responsibilities. 29% of directors responded that their managers and supervisors do not fulfill the roles of more than one employee.	**No**	While some employees are fulfilling more than one role, this is most likely not do to a lack of organizational structure consideration, but prioritization due to resource deficiencies.
			Long-Term Planning	Major Preventive	WP C-23 WP C-26 WP C-27 WP C-28 WP C-29 WP C-30 WP C-31 WP D-13 WP D-18	Reviewed the FY18 budget for evidence of long term planning, reviewed master plans and rate studies.	Found evidence that City management and City Council have considered long term City planning issues such as development, growth, and fee structures and how they affect the City. In addition, financial forecasts are generally conservative.	Yes	
			Tyler Munis System	Major Detective	WP D-12	Reviewed documentation regarding the implementation of the Tyler Munis enterprise resource planning system.	There is evidence that the ERP system was implemented to increase department communication efforts.	Yes	
Establishes Reporting Lines - Management designs and evaluates lines of reporting for each entity structure to enable execution of authorities and responsibilities and flow of information to manage the activities of the entity.	Annually, general reporting lines within each department are evaluated and changed as necessary through the budget process. In addition, job descriptions contain the job title of the employee's direct supervisor. Departments have also established additional ways of delivering key information to all employees and communicating information up the chain of command. The City has also established processes for employees to raise issues directly to the City Manager.	**Yes**	Job Descriptions	Major Preventive	WP D-7 WP D-9	From a sample of 198 job descriptions (giving us a 95% confidence that the estimated percentages are within plus or minus 5% of the true value), we evaluated if the job description listed the potential employee's supervisor's title.	99% of job descriptions reviewed had a supervisor's title clearly listed.	Yes	
			Annual Budget Process	Major Preventive	WP C-23	Reviewed the FY18 annual budget.	The annual budget shows a detailed organizational chart for each department - excluding general government departments.	Yes	

Principle 3: Establishes Structure, Authority, and Responsibility

Objective: Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			City-wide Communication Channels	Major Detective	WP C-15 WP C-17	Reviewed the City's 2018 New Hire Orientation Booklet. Reviewed a 2016 Public Communications Survey which received responses from 43% of City employees.	The City has established an Employee Involvement Committee (established in 2007) to give the City Manager a forum for communicating with employees on various issues. 45% of surveyed employees agree that the City as a whole communicates well. 43% of employees agree that the City provides adequate ways for them to give feedback to the CMO.	Yes	
			Departmental Communication Channels	Compensating Detective	WP C-17 WP D-32 WP I-37	Surveyed 14 Department directors regarding their opinion on the clarity and appropriateness of their department's internal reporting relationships. Reviewed a 2016 Public Communications Survey which received responses from 43% of City employees.	Found that 100% of departments have procedures and processes established to deliver key information to all employees, and 79% of departments have policies or procedures established to effectively communicate information up the chain of command. 49% of surveyed employees agree that their department communicates well. 56% of employees agree that there are adequate ways for them to give feedback to their supervisors or department directors.	Yes	
Defines, Assigns, and Limits Authorities and Responsibilities - Management and the board of directors delegate authority, define responsibilities, and use appropriate processes and technology to assign responsibility and segregate duties as necessary at the various levels of the organization: **City Council** - Retains authority over significant decisions and reviews management's assignments and limitations of authorities and responsibilities. **Senior Management** - Establishes directives, guidance, and control to enable management and other personnel to understand and carry out their internal control responsibilities. **Management** - Guides and facilitates	Employee authority and responsibilities are listed on their job descriptions. Additional responsibilities for all employees are detailed in operational manuals such as the Employee Handbook, the Purchasing Manual, and IT's Policies and Procedures. Overtime analysis indicates that employee responsibilities may not be appropriately limited in some departments; however, overall the City has appropriately established responsibilities. Departments believe that key areas of authority and responsibility (i.e. supervisors and managers) are defined, assigned, and communicated adequately throughout their departments. In addition, most departments have established procedures to monitor the results of this delegated authority and responsibility. The City Council has final authority over many decisions involving IT, financial, and	**Yes**	Job Descriptions	Major Preventive	WP D-7 WP D-9	From a sample of 198 job descriptions (giving us a 95% confidence that the estimated percentages are within plus or minus 5% of the true value), we evaluated if the job description listed the potential employee's job duties and responsibilities.	99% of job descriptions had clearly defined job duties and responsibilities.	Yes	
			Overtime Tracking and Analysis	Compensating Detective	WP B-9 WP D-17	Reviewed city overtime hours between 2013 and 2017.	College Station employees appear to work excessive overtime to complete assigned tasks - specifically in Police and Fire.	**No**	Overtime indicates that employee responsibilities may not be appropriately limited in some departments; however, overall the City has appropriately established responsibilities.
			Employee Handbook Purchasing Policies and Procedures IT Policies and Procedures	Major Preventive	WP C-1 WP C-2 WP F-3 WP C-21 WP C-22 WP C-24 WP D-14	Reviewed the Employee Handbook, Purchasing Manual, and IT Policies and Procedures to identify any guidance regarding overriding internal controls.	Found eleven instances of guidance regarding overriding internal controls; two instances specifically require documentation; all instances required an employee to seek approval from a higher authority.	Yes	

Principle 3: Establishes Structure, Authority, and Responsibility

Objective: Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Management - Guides and facilitates the execution of senior management directives within the entity and its subunits. **Personnel** - Understands the entity's standard of conduct, assessed risks to objectives, and the related control activities at their respective levels of the entity, the expected information and communication flow, and monitoring activities relevant to their achievement of the objectives. **Outsourced Service Providers** - Adheres to management's definition of the scope of authority and responsibility for all non-employees engaged.	decisions involving IT, financial, and operational internal controls, long-term plans, expenditures, organizational and fee structures, and legal issues. The City appropriately requires contractors to indemnify the City *to the fullest extent of the law* regarding mistakes made on the contractors part.		City Council Meetings	Major Preventive	WP D-29 WP D-30	Used discovery sampling of City Council Workshop and Regular Meeting minutes to determine if the City Council had considered a number of different issues. Interviewed the City Manager and City Internal Auditor regarding their interactions with Council.	Found that the Council retains final authority over IT, financial, and operational internal controls, long-term plans, expenditures, organizational and fee structures, and legal issues through City Council meetings and additional meetings with key City employees.	Yes	
			Contract Indemnification Language	Major Preventive	WP C-56	Reviewed the City's form/standard contracts for indemnification language.	Found that all standard contracts required the vendor to indemnify the City *to the fullest extent of the law.*	Yes	
			Departmental Communication Channels	Compensating Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their opinion on how areas of responsibility and authority are communicated and defined in their department.	100% of departments believe key areas of authority and responsibility are defined and communicated through their department.	Yes	
			Departmental Performance Monitoring Procedures	Major Detective	WP D-32 WP I-2 WP I-13 WP I-15 WP I-19 WP I-22 WP I-36 WP I-37	Surveyed 14 Department directors regarding how authority and responsibility are assigned and delegated in their department.	86% of department directors believe authority and responsibility are clearly assigned throughout their department. 71% have established practices and procedures that monitor the results of delegated authority and responsibility.	Yes	
			Employee Roles and Responsibilities	Major Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their opinion on the appropriateness of delegated authority in relation to the assignment of responsibility.	86% of department directors believe their employees are empowered to correct problems or implement improvements at appropriate levels.	Yes	

Principle 4: Demonstrates Commitment to Competence

Objective: The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Establishes Policies and Practices - Policies and practices reflect expectations of competence necessary to support the achievement of objectives	Formal expectations of competency for all employees are established in the Employee Handbook. In addition, job descriptions list specific employee responsibilities or qualifications that employees are expected to meet. While these are not regularly updated, there is evidence that they are updated when needed. This being said, we recommend that employees annually verify that their job description is accurate during the performance appraisal process.	**Yes**	Employee Handbook	Major Preventive	WP C-2 WP F-3 WP D-4	Reviewed the City's Employee Handbook and compared it to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool."	The Employee Handbook establishes adequate policies that address competencies required by all City employees.	Yes	
			Job Descriptions	Compensating Preventive	WP D-6 WP D-7 WP D-33	From a sample of 198 job descriptions (giving us a 95% confidence that the estimated percentages are within plus or minus 5% of the true value), we evaluated if the job description listed specific duties that an employee must perform and specific qualifications that an employee must have to be hired.	Over 98% of job descriptions included a clear list of responsibilities and listed requirements concerning education, experience, and accomplishments. However, almost 40% of job descriptions had not been updated in over five years (almost 80% hadn't been updated in over a year). There is no City policy regarding when or how often job descriptions should be updated.	**No**	While job descriptions are not regularly updated, if a job remains the same over many years there is no reason to update it. RECOMMENDATION: Have employees verify that their job description accurately describes their duties and responsibilities annually during their performance appraisal.
Evaluates Competence and Address Shortcomings- The City Council and management evaluate competence across the organization and in outsourced service providers in relation to established policies and practices, and act as necessary to address shortcomings.	The Employee Handbook allows departments to evaluate potential new employee's competence through skills tests. In addition, all potential new employees are required to undergo and pass a background test and a reference check. Annually, employees are evaluated on their job competency through the performance appraisal process. These appraisals include comments on the employee's performance as well as suggestions for improvement. Employees who receive negative appraisals are placed on a performance improvement plan (PIP), which is monitored by Human Resources in their Case Management system. In addition, the Employee Handbook provides guidance regarding what disciplinary actions can be taken if deviations in expected competency occur. Supervisors and managers are allowed and encouraged to involve Human Resources in repeated or egregious competency issues, which are tracked in the Case Management system. While it is City policy for potential new employees to undergo a reference check, this	**Yes**	Performance Appraisals	Major Detective	WP C-13 WP C-25 WP C-57 WP D-22	From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had a FY17 performance appraisal in their employee file.	86% of the employees sampled had been evaluated during FY17. The other 14% were either new hires or had been recently promoted and thus did not receive and end of year performance appraisal.	Yes	
			Performance Appraisals	Major Preventive	WP C-23 WP D-16	Reviewed all 2015 employee evaluation templates provided by Human Resources.	99% of performance appraisals include an evaluation of the employee's competence.	Yes	
			Performance Appraisals	Major Corrective	WP C-13 WP C-25 WP C-57 WP D-22 WP D-33	From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had received suggestions for improvement and what type of comments the employee had received on their appraisal.	49% of sampled employee performance appraisals were given suggestions for improvement. On the other hand, 78% sampled employee performance appraisals included feedback, but 62% of these comments were entirely positive and thus more likely to be ineffective for the employee.	**No**	Though employees are not always receiving constructive criticism on their formal appraisal, appropriate supervision helps to ensure employees are being adequately evaluated. RECOMMENDATION: Supervisors should receive clear instruction or training regarding how and to whom performance appraisals are directed.
			Performance Appraisals Case Management System	Major Corrective	WP C-13 WP C-25 WP C-57 WP D-22 WP D-24	Interviewed staff from the Human Resources department and reviewed records in the Case Management system.	Found evidence that one employee was placed on a performance improvement plan when an appraisal indicated that performance deviated from expectations.	Yes	

Principle 4: Demonstrates Commitment to Competence

Objective: The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	is not a necessary step to evaluate competence given other compensating controls, such as background tests and the six month probationary performance evaluation. In addition, though some employees did not receive written suggestions for improvements or feedback, adequate employee supervision may provide an effective avenue for evaluating employee competence. This being said, we recommend that supervisors receive clear instruction or training on to whom performance appraisal comments should be directed.		Employee Handbook (section 2.05)	Major Preventive	WP C-2 WP F-3	Reviewed the City's Employee Handbook.	The Employee Handbook allows for departments to require the completion of a skills test when hiring. Previous audits have found evidence of this in the Fire Department and Police Department.	Yes	
			Employee Handbook (sections 2.05, 2.06, and 2.07) Hiring Process	Major Preventive	WP C-2 WP F-3 WP C-13 WP C-25 WP C-57 WP D-22	Reviewed the Employee Handbook for policies that indicate City-wide competency requirements. From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had received a background check if it was required at the time.	Found adequate policies that require potential new employees to meet certain competency requirements including background checks. Found evidence that 99% of employees received a background check.	Yes	
			Employee Handbook (sections 2.05, 2.06, and 2.07) Hiring Process	Compensating Preventive	WP C-2 WP F-3 WP C-13 WP C-25 WP C-57 WP D-22	Reviewed the Employee Handbook for policies that indicate City-wide competency requirements. From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had received reference check if it was required at the time.	Found adequate policies that require potential new employees to meet certain competency requirements including experience checks. Found evidence that 39% of employees received an experience check.	**No**	While reference checks are appropriate, they are not necessary in judging a potential new employee's competence if a thorough application is complete.
			Employee Handbook (section 10)	Major Preventive	WP C-2 WP F-3 WP D-4	Reviewed the City's Employee Handbook and compared it to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool."	The employee handbook contains adequate policies that communicate the general disciplinary process and disciplinary actions that can be expected if deviations from expected competency levels occur.	Yes	
			HR's Case Management System (Tyler Munis)	Major Corrective	WP D-24 WP C-46	Reviewed the Case Management system and interviewed staff from the Human Resources department.	Found evidence that ten employees who had deviated from competency expectations were reported to HR and handled using the Case Management System.	Yes	

Principle 4: Demonstrates Commitment to Competence

Objective: The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Attracts, Develops, and Retains Individuals - The organization provides the mentoring and training needed to attract, develop, and retain sufficient and competent personnel and outsourced service providers to support the achievement of objectives	The Employee Handbook allows departments to evaluate potential new employee's competence through skills tests. In addition, all potential new employees are required to undergo and pass a background test and a reference check. After being hired, all full-time and part-time employees undergo new hire orientation at the City-wide level and typically some type of departmental or job specific training at the department level. In addition, employees are typically supervised more heavily while they are new, but still appropriately supervised after the probation period. Over the past few years, Human Resources has also offered a number of City-wide trainings, particularly in regards to properly supervising employees. Finally, the City utilizes a number of benefits such as leave accrual and retirement policies to encourage employee retention and longevity.	**Yes**	HR Trainings	Major Preventive	WP D-8	Interviewed Human Resources' staff and reviewed the City-wide trainings (via presentation slides) they have provided.	Human Resources has provided multiple City-wide trainings - particularly regarding supervising - to employees; however, there have been very few trainings since 2014. In response to this, HR is currently in the process of hiring a Training & Development Coordinator.	Yes	
			New Hire Orientation	Major Preventive	WP C-14 WP C-15	Reviewed the 2017 New Hire Orientation Agenda and the 2018 New Hire Orientation Booklet.	New Hire Orientation includes an overview of the City's programs, expectations regarding safety and respect for fellow employees, highlights from the City's Employee Handbook, and a review of the City's values and history.	Yes	
			Turnover Tracking and Analysis	Compensating Detective	WP C-10 WP D-3 WP D-11	Reviewed turnover rates from FY16 through FY14. Further investigated turnover rates for key fiscal and operational internal control departments. Used the City Internal Auditor's institutional knowledge to identify why key employees in Fiscal Services separated from the City.	For most departments, turnover is under the national state and local government average. Additionally, turnover rates in key internal control departments do not appear to indicate a problem with internal control structures.	Yes	
			Individual Department Training Efforts	Compensating Preventive	WP C-16 WP D-32 WP I-3 WP I-4 WP I-37	Surveyed Department directors regarding the training and counseling above what HR offers City-wide that is offered to employees in their department. Reviewed an Employee Survey conducted in 2013 by the CMO and Public Communications; At the time 64% of all City employees (608) participated.	100% of Department directors say their department provides employees with additional training opportunities. 64% of departments have mechanisms in place to ensure employees receive the appropriate training. 64% of employees agreed or somewhat agreed that the City provides the ongoing training they need. Additionally, 66% of employees agreed or somewhat agreed that employees in their department are encouraged to get additional training.	**No**	While it appears that department's aren't consistently providing employees with additional training opportunities employees who must meet professional requirements do so; City-wide trainings are adequate.
			Employee Supervision	Major Detective	WP D-8 WP D-32 WP I-37	Surveyed Department directors regarding their opinion on if employees are provided the proper amount of supervision. Reviewed Human Resources training presentation's (via presentation slides) provided by HR staff.	100% of department directors say their employees are provided with the proper amount of supervision which includes guidance, review, and on-the-job training. Over the past five years, the City's Human Resources department has offered a variety of supervisor oriented trainings.	Yes	

Principle 4: Demonstrates Commitment to Competence

Objective: The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Employee Handbook (section 2.05)	Major Preventive	WP C-2 WP F-3	Reviewed the City's Employee Handbook.	The Employee Handbook allows for departments to require the completion of a skills test when hiring.	Yes	
			Employee Handbook (sections 4, 5, and 6)	Major Preventive	WP D-10 WP C-2 WP F-3	Reviewed the City's Employee Handbook.	The City utilizes benefits policies to encourage longevity such as the leave accrual policy and the retirement vesting system.	Yes	
Plans and Prepares for Succession - Senior management and the City Council develop contingency plans for assignments of responsibility important for internal control.	Succession planning has been considered informally by Human Resources staff. The City has trained supervisors to plan for succession in the past (2008). While there is no formal process for succession planning, we found evidence that departments have considered and plan for succession. This being said, we recommend that City-wide procedures be formalized to reduce the risk of losing institutional knowledge.	**Yes**	HR Trainings	Compensating Preventive	WP D-10	Interviewed Human Resources' staff and reviewed the documentation provided.	Currently 17% of the City's employees are eligible for retirement. In 2008 a training for supervisors was conducted that revolved around planning for employees retirement.	Yes	
			Informal Consideration at the Department Level	Compensating Detective	WP D-10 WP D-33	Reviewed audit work previously conducted regarding succession planning and the loss of institutional knowledge.	We also found that 43% of 74 key City supervisors identified loss of institutional knowledge as a risk to their operations.	Yes	There is no formal procedure for succession planning, however, there is evidence that the City as a whole and departments on their own have considered succession planning. RECOMMENDATION: Formalize procedures that identify and help to mitigate the risk of losing institutional knowledge.

Principle 5: Enforces Accountability

Objective: The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Enforces Accountability through Structures, Authorities, and Responsibilities - Management and the City Council establish the mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities across the organization and implement corrective action as necessary.	The City encourages accountability through City-wide transparency programs and policies such as the City Internal Auditor's Office, the annual external audit, the Purchasing Manual, IT Policies and Procedures, and some individual department policies and procedures. In addition, all employees are annually evaluated on their performance of internal control related job duties and those employees that deviate from expectations are put on performance improvement plans (PIP), which are monitored by Human Resources. In addition, we found evidence of informal, peer pressure-based monitoring mechanisms during previous audits. Though most departments do not have additional accountablility policies or procedures, the City has adequate controls in this area without additional department support. Finally, though performance appraisals may not always include written suggestions for improvements or feedback, adequate employee supervision provides alternative accountability mechanisms.	**Yes**	Informal Monitoring Mechanisms	Compensating Detective	WP D-25	Reviewed previous audit observations.	There is evidence of informal monitoring mechanisms that reinforce internal controls.	Yes	
			City Internal Audit Office	Major Detective	WP C-51 WP D-15 WP D-26	Reviewed the City Charter, City Ordinances, and City Internal Audit Office's webpage and compared this documentation to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool." Reviewed management responses and audit recommendation implementation efforts to previous internal audit engagements (164 recommendations) over the last 10 fiscal years.	We found evidence that the City Internal Audit Office is set up to effectively evaluate the City's internal control structure. Also, management generally implements these recommendations	Yes	
			Purchasing Policies and Procedures	Major Preventive	WP C-24 WP D-14	Reviewed policies and procedures manual.	The Purchasing Manual establishes adequate monitoring controls over the purchasing function. In addition, it includes guidance for when overriding an internal control is necessary.	Yes	
			IT Policies and Procedures	Major Preventive	WP C-22 WP D-14	Reviewed policies and procedures manual.	The IT Polices and Procedures manual establishes adequate monitoring controls over information technology security. In addition, it includes guidance when overriding an internal control is necessary.	Yes	
			Performance Appraisals	Major Corrective	WP D-22	From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee was given suggestions for improvement.	49% of sampled employee performance appraisals were given suggestions for improvement. On the other hand, 78% sampled employee performance appraisals included feedback, but 62% of these comments were entirely positive and thus more likely to be ineffective for the employee.	**No**	Through performance appraisals may not always include written suggestions for improvements or feedback, adequate employee supervision provides alternative accountability mechanisms.

Principle 5: Enforces Accountability

Objective: The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Employee Supervision	Compensating Detective	WP D-8 WP D-32 WP I-37	Surveyed Department directors regarding their opinion on if employees are provided the proper amount of supervision. Reviewed Human Resources training presentation's (via presentation slides) provided by HR staff.	100% of department directors say their employees are provided with the proper amount of supervision which includes guidance, review, and on-the-job training. Over the past five years the City's Human Resources department has offered a variety of supervisor oriented trainings.	Yes	
			Individual Department policies and procedures	Compensating Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their endorsement of performance-based management.	29% of department directors had established policies or procedures to enforce accountability above what the City already does.	**No**	The City has adequate controls in this area without additional department support.
			HR's Case Management System (Tyler Munis)	Major Corrective	WP D-24 WP C-46	Reviewed the Case Management system from March 2017 and interviewed staff from the Human Resources department.	Found evidence that two employees who had deviated from internal control competency standards were reported to HR and handled using the Case Management System.	Yes	
			External Audit	Major Detective	WP D-28	Reviewed all external audit reports from FY06 through FY16.	The City's Comprehensive Annual Financial Reports do not have material misstatements.	Yes	
Establishes Performance Measures, Incentives, and Rewards - Management and the City Council establish performance measures, incentives, and other rewards appropriate for responsibilities at all levels of the entity, reflecting appropriate dimensions of performance and expected standards of conduct, and considering the achievement of both short-term and longer-term objectives.	Annually, departmental performance metrics for all divisions are established during the budgeting process. In addition, some departments endorse and practice a performance-based management style based on benchmarks and performance metrics. Though not all departments practice performance-based management, the City's focus on this adequately establishes performance measures and incentives for meeting them.	**Yes**	Annual Budgeting Process	Major Preventive	WP C-23 WP D-23	Compared the City's policies and procedures to the US Office of Personnel Management's Human Capital Framework criteria.	All City department's have a strategic plan in the annual budget that lists performance metrics that are directly linked with the City Council's strategic plan.	Yes	
			Individual Department policies and procedures	Compensating Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their endorsement of performance-based management.	57% of departments individually endorse performance-based management through additional policies and procedures.	**No**	Although 43% of departments do not specifically endorse all aspects of performance-based management, the City as a whole demonstrates a dedication to performance-based management.
Evaluates Performance Measures, Incentives, and Rewards for Ongoing Relevance - Management and the City Council align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	Annually, departmental performance metrics for all divisions are evaluated during the budgeting process. Using a risk-based approach, the City Internal Auditor's Office has evaluated departments, divisions, and functions throughout the City and recommended improvements; generally, these	**Yes**	Annual Budgeting Process	Major Preventive	WP C-23 WP D-23	Compared the City's policies, procedures, and other documentation to the US Office of Personnel Management's Human Capital Framework criteria.	Found evidence that performance metrics are considered over multiple years and evaluated as necessary.	Yes	

Principle 5: Enforces Accountability

Objective: The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
objectives.	recommended improvements; generally, these improvements are well received and implemented. In addition, some departments endorse and practice a performance-based management style based on benchmarks and performance metrics. Though not all departments practice performance-based management, the City has an adequate evaluation process for established performance measures and the incentives for meeting them.		City Internal Audit Office	Major Detective	WP C-51 WP D-15 WP D-26	Reviewed management responses and audit recommendation implementation efforts to previous internal audit engagements (164 recommendations) over the last 10 fiscal years.	Found that on average management concurs with about 90% of audit recommendations. Of those recommendations followed-up on, only 6% had not been implemented.	Yes	
			Individual Department policies and procedures	Compensating Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their endorsement of performance-based management.	57% of departments individually endorse performance-based management through additionally policies and procedures.	**No**	Although 43% of departments do not specifically endorse all aspects of performance-based management, the City as a whole demonstrates a dedication to performance-based management.
Considers Excessive Pressures - Management and the City Council evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities, develop performance measures, and evaluate performance.	Annually, managers and supervisors evaluate their employees using a performance appraisal. Some performance appraisals include an evaluation on dynamic competencies that are employee-specific goals and objectives; these goals and the pressures to meet them are evaluated annually. Those employees that are not evaluated on dynamic competencies do not sustain this pressure. At a City-wide level, annual zero-based budgeting techniques require department directors to make a business case for their service level adjustments; this allows the City Manager's Office to get a better understanding of the pressures departments are under and adjust these pressures in turn. In addition, I found several instances where policy dictates how and when employees can override internal controls.	**Yes**	Performance Appraisals	Compensating Preventive	WP C-23 WP D-16	Reviewed all 2015 employee appraisal templates provided by Human Resources.	About 50% of performance appraisals evaluated their employees on individual "dynamic competencies."	Yes	
			Employee Handbook Purchasing Policies and Procedures IT Policies and Procedures	Major Preventive	WP C-1 WP C-2 WP C-21 WP C-22 WP C-24 WP D-14	Reviewed the Employee Handbook, Purchasing Manual, and IT Policies and Procedures to identify any guidance regarding overriding internal controls.	Found twelve instances of guidance regarding overriding internal controls; three instances specifically require documentation; all instances required an employee to seek approval from a higher authority.	Yes	
			Annual Budgeting Process	Major Preventive	WP C-19 WP C-20 WP C-23 WP D-19	Interviewed Fiscal Services staff involved in the annual budgeting process. Obtained documentation of the budget process.	All departments must justify their service level adjustments to the City Manager's Office where in the City Manager ascertains what departments need versus what they want.	Yes	
Evaluates Performance and Rewards or Disciplines Individuals - Management and the City Council evaluate performance of internal control responsibilities, including adherence to	Annually, employees receive a performance appraisal that covers competency, ethics, and internal control duties as they relate to the employee's job. Promotions, pay increases, and discipline are decided upon from these	**Yes**	Case Management System	Major Corrective	WP D-24 WP C-46	Reviewed the Case Management system and interviewed staff from the Human Resources department.	Found evidence that employees who had deviated from competency expectations were reported to HR and handled using the Case Management System.	Yes	

Principle 5: Enforces Accountability

Objective: The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
standards of conduct and expected levels of competence and provide rewards or exercise disciplinary action as appropriate.	appraisals. In addition, employees who either receive a negative performance review or are seen to be incompliant with competency or conduct expectations are disciplined by their supervisors and/or Human Resources as appropriate. Finally, some departments support performance based management as a day to day managing style. Though it seems that performance is adequately connected to discipline, some improvements could be made involving the connection between performance and rewards. Additionally, while not all departments endorse performance-based management, the City as a whole has developed adequate policies and procedures in this respect.		Employee Handbook (section 10)	Major Preventive	WP C-2 WP F-3 WP D-4	Reviewed the City's Employee Handbook and compared it to criteria identified in the Green Book's "Internal Control Management and Evaluation Tool."	The employee handbook contains adequate policies that communicate the general disciplinary process and disciplinary actions that can be expected if violations of policy occur.	Yes	
			Performance Appraisals (Employee Handbook section 3.09)	Major Preventive	WP C-2 WP F-3 WP C-13 WP C-16 WP C-25 WP D-22 WP D-33	Reviewed City policy regarding employee promotions. Reviewed an Employee Survey conducted in 2013 by the CMO and Public Communications; At the time 64% of all City employees (608) participated. From a judgement sample of 30 recently promoted employees we identified if an employee had received an evaluation linked to their promotion. Compared the average of these performance scores to the "all employee" average performance scores.	According to City policy, employees who receive a promotion should be evaluated six months after their promotion. Out of a sample of 30, we found that only 1 employee had been adequately evaluated. In addition, there is no statistical difference in overall performance score between a sample of all employees and a judgement sample of promoted employees. Also, about 2 of every 5 employees see a clear connection between pay and performance.	**No**	While the comparison made in this test is not statistically sound due to only a judgement sample of employees being taken, it still indicates that high scoring performance evaluations do not necessarily mean promotion. This being said, many performance appraisals did note what compensation increase an employee could expect to receive the next year. RECOMMENDATION: Improve associations between employees' performance and rewards.
			Performance Appraisals	Major Detective	WP C-13 WP C-25 WP D-22	From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had a FY17 performance appraisal in their employee file.	86% of the employees sampled had been evaluated during FY17. The other 14% were either new hires or had been recently promoted and thus did not receive and end of year performance appraisal. On the other hand, only 49% of sampled employees received suggestions for improvement.	**No**	
			Individual Department policies and procedures	Compensating Preventive	WP D-32 WP I-37	Surveyed 14 Department directors regarding their endorsement of performance-based management.	57% of departments individually endorse performance-based management through additionally policies and procedures.	**No**	Although 43% of departments do not specifically endorse all aspects of performance-based management, the City as a whole demonstrates a dedication to performance-based management.

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

	Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Operations Objectives	Operations Objectives Reflect Management's Choices - Operations objectives reflect management's choices about structure, industry considerations, and performance of the entity.	Periodically, the City Council develops and updates City-wide strategic objectives. These are directly linked to department goals identified in the annual budget process. In addition, the department lists several on-going key performance measures that stem from performance measures developed at the business unit level as part of the strategic business plan process. We found that no department goals directly contradicted each other, and that all were related to City-wide strategic objectives.	**Yes**	Strategic Plan	Major Preventive	WP C-18 WP C-77 WP E-3	Reviewed the City's 2017 Strategic Plan document. Reviewed the City's Strategic Plan Revised Implementation Plan.	Periodically, the City Council updates the City's strategic objectives. We found that these objectives are directly linked to departmental objectives. In addition, we found that the City has developed an Implementation Plan to advance the council's goals laid out in the City's Implementation Plan.	Yes	
				Strategic Business Plan Process	Major Preventive	WP C-59 WP C-60 WP E-5	Reviewed several strategic business plans.	Strategic Business Plans include a section in which business units develop performance measures and project forward their expected output. These measures are developed based on current services that the business unit provides.	Yes	
				Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23 WP E-3	Reviewed the City FY18 Annual Budget and supporting documents. Compared all department goals to each other.	The annual budget process involves departments developing annual goals, on-going key performance indicators, and annual department issues and needs. Additionally, we found that some department's annual goals are complimentary - particularly within the same department. Also, we found that all department goals are related to the City's strategic plan objectives.	Yes	
	Operations Objectives Consider Tolerances for Risk - Management considers the acceptable levels of variation relative to the achievement of operations objectives.	Annually, department directors, with the help of division managers, develop a list of issues and needs - essentially risks - as part of the budget process. They then propose solutions to these risks as service level adjustments (SLAs), which reflect their combined risk appetites. The City Manager and budget division then review these SLAs to determine if there is a more efficient way to mitigate the risks identified or if the City must be willing to accept the risk.	**Yes**	Varying Department Risk Appetites	Compensating Preventive	WP E-7	Interviewed 74 City leaders at the beginning of FY17 and assigned each individual a risk rating.	Found that the City's leadership is slightly risk averse, however, the City Council is more risk taking. These tendencies are reflected in the controls they cited as being in place in their respective department/division.	Yes	
				Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23 WP D-19 WP E-3	Reviewed the City FY18 Annual Budget and supporting documents.	Department directors develop a list of issues and needs - essentially risks - and propose service level adjustments (SLAs) to mitigate these risks. The City Manager and the Budget division then review these SLAs to determine if there is a more efficient way to mitigate the risks identified.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Includes Operations and Financial Performance Goals - The organization reflects the desired level of operations and financial performance for the entity within operations objectives.	At the department level, the annual budget identified revenue and expenditure objectives by fund, department, and division, which are integrated with specific department operational objectives. At the business unit level, performance objectives and expenditure objectives - including capital improvement plans - are identified for the following five years.	**Yes**	Annual Budget Process	Major Detective	WP C-19 WP C-20 WP C-23	Reviewed the City FY18 Annual Budget and supporting documents.	The annual budget breaks down revenue and expenditure projections - or objectives - by fund, department, and division. In addition, it identifies departmental issues and needs, on-going performance measures, and annual department goals.	Yes	
			Strategic Business Plan Process	Major Preventive	WP C-59 WP C-60 WP E-5	Reviewed several strategic business plans.	Strategic business plans includes the development of performance measurement goals as well as projected operating budgets and capital improvement plans for the next five years.	Yes	
Forms a Basis for Committing of Resources - Management uses operations objectives as a basis for allocating resources needed to attain desired operations and financial performance.	Annually, department directors propose service level adjustments (SLAs) intended to correct or fulfill issues or needs that they have identified. These SLAs are then reviewed by the City Manager who then advises the department on what SLAs to submit based on the City's strategic plan - created by the City Council. The Budget division then reviews the submitted SLAs and brings them before the City Council who has final approval over spending decisions.	**Yes**	Strategic Plan	Major Preventive	WP C-18 WP C-77 WP E-3	Reviewed the City's 2017 Strategic Plan document.	The City's strategic plan guides prioritization of department operational and financial objectives. This is also reflected in the City's Implementation Plan of the Council's Strategic Plan.	Yes	
			Annual Budget Process	Major Detective	WP C-19 WP C-20 WP C-23	Reviewed the City FY18 Annual Budget and supporting documents.	Department directors propose service level adjustments (SLAs) to correct or fulfill issues or needs that they have identified. The City Manager and the Budget division then review these SLAs to determine if there is a more efficient way to mitigate the risks identified. These SLAs are then finalized after review from the City Council and resources are officially committed to the projects and expenditures identified in the budget.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

	Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
al Reporting Objectives	Complies with Applicable Accounting Standards - Financial reporting objectives are consistent with accounting principles suitable and available for that entity. The accounting principles selected are appropriate in the circumstances.	The City conforms to Generally Accepted Accounting Principles (GAAP) and presents its Comprehensive Annual Financial Report (CAFR) to the Government Finance Officer's Association (GFOA) for evaluation annually. The CAFR is also reviewed annually by an independent external auditor to determine if there are any material misstatements presented.	**Yes**	Comprehensive Annual Financial Report	Major Preventive	WP C-21 WP C-72 WP D-28	Reviewed Fiscal and Budgetary Policy Statements which provides the rules and guidelines to be followed by the Fiscal Services Department.	According to Fiscal and Budgetary policies, the City presents its financial position in accordance with generally accepted accounting principles (GAAP). In addition, the Comprehensive Annual Financial Report should be prepared in accordance with GAAP and presented to the Government Finance Officer's Association (GFOA) for evaluation. We found that the City received the Certificate of Achievement for Excellence in Financial Reporting - awarded by the GFOA - annually since 2012.	Yes	
				External Audits	Major Detective	WP C-72 WP D-28	Reviewed the City's Comprehensive Annual Financial Report. Reviewed the external audit opinions from FY06 through FY16 to determine if any material misstatements were identified.	Annually, an independent audit is conducted to determine the City's accuracy in financial reporting. We verified that the external auditors presented an opinion that "the financial statements … present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City" from FY06 through FY16.	Yes	
	Considers Materiality - Management considers materiality in financial statement presentation.	According the generally accepted accounting principles (GAAP) - which the City claims to utilize - organizations must consider materiality when presenting their financial position. Annually, an independent external auditor ensures that these standards - including those involving materiality - are met and that the City's financial position is	**Yes**	Comprehensive Annual Financial Report	Major Preventive	WP C-21 WP C-72 WP D-28	Reviewed Fiscal and Budgetary Policy Statements which provides the rules and guidelines to be followed by the Fiscal Services Department. Reviewed the accounting standards followed by the City.	According to Fiscal and Budgetary policies, the City presents its financial position in accordance with generally accepted accounting principles (GAAP). According to these standards the organization must consider materiality when presenting its financial position.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

External Financi

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	presented fairly and accurately.		External Audits	Major Detective	WP C-72 WP D-28	Reviewed the City's Comprehensive Annual Financial Report. Reviewed the external audit opinions from FY06 through FY16 to determine if any material misstatements were identified.	Annually, an independent audit is conducted to determine the City's accuracy in financial reporting. We verified that the external auditors presented an opinion that "the financial statements … present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City" from FY06 through FY16.	Yes	
External Financial Reporting Objectives Reflect Entity Activities - External reporting reflects the underlying transactions and events to show qualitative characteristics and assertions.	Guidelines regarding financial reporting and accounting principles are addressed in the Fiscal and Budgetary Policy Statements. The City Charter sets the guidelines for remaining ethical and accurate during the budget process. Also, the City has be awarded with the Certificate of Achievement for Excellence in Financial Reporting - awarded by the GFOA - annually since 2012 for the CAFR, which is obtained by following the Generally Accepted Accounting Principles set by the Financial Accounting Standards Board. In addition, a similar award - the Distinguished Budget Presentation Award - has been given to the City for the annual budget since 2012.	**Yes**	Comprehensive Annual Financial Report	Major Preventive	WP C-21 WP C-72 WP D-28	Reviewed the FY17 Comprehensive Annual Financial Report.	The Comprehensive Annual Financial Report includes financial statements broken out by fund and department - adequately linking revenues and expenditures to the entity's activities.	Yes	
			Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23	Reviewed the City FY18 Annual Budget and supporting documents.	The annual budget presents the actual revenues and expenditures from the past fiscal year and the estimated revenues and expenditures from the year the budget was released. These revenues and expenditures are broken out by fund, department, and activity, which adequately relates them back to the entity's activities. In addition, we found that the City received the Distinguished Budget Presentation Award - awarded by the GFOA - annually since 2012.	Yes	
Complies with Externally Established Standards and Frameworks - Management establishes objectives consistent with laws and regulations, or standards and frameworks of recognized external organization.	Some key performance indicators developed and reported during the annual budget process refer to standards and regulations set by outside agencies. In addition, departments typically have external agencies, such as FERC, HUD, TCOLE, etc., to which they report. Also, five City departments are accredited, and many City positions require professional	**Yes**	Annual Budget Process	Compensating Preventive	WP C-23 WP E-13	Reviewed all performance metrics identified in the FY18 budget and determined what type of outside agency - if any - they were related to.	Determined that few key performance indicators are used to directly report to outside agencies. Most likely this is because the budget is used more internally and does not necessarily indicate that the City does not report metrics to outside agencies.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

	Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
External Non-Financial Reporting Objectives		licenses and certifications.		Additional External Department Reports	Compensating Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Found that all interviewed departments must send or retain reports to external agencies. These include Federal agencies and laws, state agencies and laws, associations. All departments requires some positions to have professional licenses and certifications. Finally, the Fire, Police, Water, Public Works, and Parks & Recreation department are accredited.	Yes	
	External Non-Financial Reporting Objectives Consider the Required Level of Precision - Management reflects the required level of precision and accuracy suitable for user needs and as based on criteria established by third parties in non-financial reporting.	Generally, key performance indicators developed and reported during the annual budget process are adequate to indicated the City's objectives and performance. Other external reports are typically dictated by the external agency and thus have the level of precision necessary.	**Yes**	Annual Budget Process	Major Preventive	WP C-18 WP C-23 WP E-13	Reviewed all performance metrics identified in the FY18 budget and determined if they were reported in an understandable and precise way.	Determined that 93% of key performance indicators meaningfully indicated performance (i.e. were understandable and adequately precise). In addition, 93% of performance indicators actually measured the City's performance – the other 7% only indicated workload. 99% of performance metrics were reproducible from year to year. 86% of metrics were comparable to other cities – allowing for the City to account for its unique activities while still being able to benchmark.	Yes	
				Additional External Department Reports	Compensating Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	External reports are typically structured by the requesting agency; therefore reports have the appropriate level of precision.	Yes	
	External Non-Financial Reporting Objectives Reflect Entity Activities - External reporting reflects the underlying transactions and events to show qualitative characteristics and assertions.	Key performance indicators developed and reported during the annual budget process are relevant to the City's strategic objectives and thus reflect the entity's activities. In addition, departments reflect their activities in additional external reports.	**Yes**	Annual Budget Process	Major Preventive	WP C-23 WP E-13	Reviewed all performance metrics identified in the FY18 budget and determined if they were adequately related to the entity's objectives.	Determined that 99% of performance metrics were directly linked to the City's strategic objectives.	Yes	
				Additional External Department Reports	Compensating Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Found that over 90% of external reporting conducted by departments reflect the agency's objectives.	Yes	
	Internal Reporting Objectives Reflect Management's Choices - Operations objectives reflect management's choices about structure, industry considerations, and performance of	The City has some standardized internal reporting, such as the annual budget and incident reporting to risk management. In addition, departments typically do some form of reporting to the City Council and the City	**Yes**	Annual Budget Process	Major Preventive	WP C-23 WP E-13	Reviewed the FY18 budget and determined if it reflected management's choices.	The budget is prepared to reflect the structural choices of the City's departments. In addition, performance metrics are reported annually.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

	Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	the entity.	Manager's Office.		Additional Internal Department Reports	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	All interviewed departments utilize intra-department performance reporting. In addition, incidents or accidents are reported to Risk Management, performance metrics are reported to the City Manager's Office, and general activities are typically reported to the City Council. This being said, some divisions do not necessary produce internal reports.	Yes	
Internal Reporting Objectives	Internal Reporting Objectives Consider the Required Level of Precision - Management reflects the required level of precision and accuracy suitable for user needs and as based on criteria established by third parties in non-financial reporting.	Functions that require internal reporting typically establish what must be reported, or reports allow for dialogue between the department and the requesting function. In addition, we found that department-created reporting metrics were generally precise.	**Yes**	Annual Budget Process	Major Preventive	WP C-18 WP C-23 WP E-13	Reviewed all performance metrics identified in the FY18 budget and determined if they were reported in an understandable and precise way.	Determined that 93% of key performance indicators meaningfully indicated performance (i.e. were understandable and adequately precise). In addition, 93% of performance indicators actually measured the City's performance – the other 7% only indicated workload. 99% of performance metrics were reproducible from year to year. 86% of metrics were comparable to other cities – allowing for the City to account for its unique activities while still being able to benchmark.	Yes	
				Additional Internal Department Reports	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	The functions that internal reports are produced for typically have requested certain information or can ask clarifying questions to ensure reports have the correct level of precision.	Yes	
	Internal Reporting Objectives Reflect Entity Activities - Internal reporting reflects the underlying transactions and events to show qualitative characteristics and assertions.	Generally, internal reporting reflects all of the department's activities.	**Yes**	Annual Budget Process	Major Preventive	WP C-23 WP E-13	Reviewed all performance metrics identified in the FY18 budget and determined if they were adequately related to the entity's objectives.	Determined that 99% of performance metrics were directly linked to the City's strategic objectives.	Yes	
				Additional Internal Department Reports	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Found that over 90% of internal reporting conducted by departments reflects the agency's objectives.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

	Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Compliance Objectives	Reflects External Laws and Regulations - Laws and regulations establish minimum standards of conduct which the entity integrates into compliance objectives.	The City's Purchasing Manual provides evidence that laws and regulations are considered and applied throughout City activities. The employee handbook requires City employees to comply with state and federal laws. In the event of a conflict between employment or City ordinances with any State or Federal law, that law should prevail. In addition, the handbook includes several policies that reflect Federal or state laws and regulations. Strategic business plans assess the City's regulatory environment, to which departments and divisions are supposed to comply and adapt. In addition, once key performance indicator reported during the annual budget process refer to meeting laws and regulations.	**Yes**	Purchasing Manual (Chapter 5)	Major Preventive	WP C-24	Reviewed the City's purchasing manual.	The purchasing manual contains several references to the Texas Local Government Code and Government Code, which restricts how its municipal purchases are made.	Yes	
				Employee Handbook	Major Preventive	WP C-2 WP F-3 WP C-11 WP C-69 WP D-4	Reviewed the City's Employee Handbook including the original 2004 version, 2004 version with edits, and the new 2018 version.	The City has identified that its policies and procedures shall remain in compliance with Federal and State laws and regulations. In addition, the employee handbook contains several policies that reflect Federal or state laws and regulations. In addition, the City of College Station hired outside legal council to update its Employee Handbook to ensure that it complied with all Federal, state, and local laws and regulations.	Yes	
				Annual Budget Process	Compensating Preventive	WP C-23 WP E-13	Reviewed all performance metrics identified in the FY18 budget and determined if they were related to any Federal, state, or local laws and regulations.	Determined that 1 key performance indicator directly alludes to federal, state, and local laws or regulations. Most likely this is because the budget is used more internally and does not necessarily indicate that the City does not report metrics to outside agencies.	Yes	
				Strategic Business Plan	Compensating Preventive	WP C-18 WP E-5	Reviewed the strategic business plan work paper.	As part of the strategic business plan, key personnel from the City Manager's Office develop or update an assessment of the regulatory environment surrounding the City. Department or division level managers then adapt these assessments to their specific business unit.	Yes	
	Compliance Objectives Consider Tolerances for Risk - Management considers the acceptable levels of variation relative to the achievement of operations objectives.	The City has several policies, procedures, and manuals that instruct employees on internal controls that vary according to the department or division manager's risk appetite. In addition, there are few instances of guidance on overriding internal controls. This suggests that the department has considered and is	**Yes**	Varying Department Risk Appetites	Compensating Preventive	WP E-7	Interviewed 74 City leaders at the beginning of FY17 and assigned each individual a risk rating.	Found that the City's leadership is slightly risk averse, however, the City Council is more risk taking. These tendencies are reflected in the controls they cited as being in place in their respective department/division.	Yes	

Principle 6: Specifies Suitable Objectives

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	responsive to varying risk tolerances regarding compliance objectives.		Employee Handbook Purchasing Policies and Procedures IT Policies and Procedures	Major Preventive	WP C-1 WP C-2 WP F-3 WP C-21 WP C-22 WP C-24 WP D-14	Reviewed the Employee Handbook, Purchasing Manual, and IT Policies and Procedures to identify any guidance regarding overriding internal controls.	Found twelve instances of guidance regarding overriding internal controls; three instances specifically require documentation; all instances required an employee to seek approval from a higher authority.	Yes	

Principle 7: Identifies and Analyzes Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Includes Entity, Subsidiary, Division, Operating Unit, and Functional Levels - The organization identifies and assesses risks at the entity, subsidiary, division, operating unit, and functional levels relevant to the achievement of objectives.	Risk is assessed at an entity-wide level by the City Internal Audit Office periodically. In addition, the City commissions an actuarial report annually that estimates City-wide insurance risks. At the department level, risks are identified and assessed annually through the annual budget process. In addition, we found evidence that the Risk Management Division occasionally identifies and analyzes risks based on insurance "loss-runs." At the business unit level, risks are identified and assessed every five years as part of the strategic business plan process. Also, the Risk Management Division is occasionally brought into specific projects to identify and assess potential risks. The City uses standard contracting to transfer risk to outside agencies or vendors. When these standard contracts are not used, the situation is reviewed by the Contract Review Committee, which identifies and assesses the risks involved.	**Yes**	City Internal Audit Office	Compensating Detective	WP C-10 WP C-49 WP C-50 WP C-58	Reviewed previous Internal Audit Risk Assessment reports.	Every three to five years the City Internal Audit Office performs a City-wide risk assessment.	Yes	
			Annual Budget Process	Major Detective	WP C-19 WP C-23 WP E-3	Reviewed FY18 Department strategic plans.	Annually, departments are asked to identify three to five pressing issues or risks to address completely or partially during that fiscal year.	Yes	
			Actuarial Report	Compensating Detective	WP C-61 WP E-4	Reviewed the FY17 Workers Compensation, Auto Liability, General Liability and Property Coverages Actuarial Report.	Annually, risk is quantitatively identified for City-wide insurance policies.	Yes	
			Strategic Business Plan Process	Major Detective	WP C-60 WP C-62 WP E-5	Reviewed previous Strategic Business Plan documents for several business units.	Every five years, City departments assess each business units risks through a SWOT analysis as part of the Strategic Business Plan process.	Yes	
			Standard Contracting	Major Preventive	WP C-40 WP C-56 WP E-4	Reviewed standard contracting forms promulgated by the City Attorney's Office.	Standard City contracts adequately transfer risk to vendors and other outside agencies. Non-standard contracts are typically reviewed by the Contract Review Committee. The City has adopted ordinances to regulate the way contracts are executed.	Yes	
			Risk Management Division	Compensating Detective	WP C-64 WP E-4	Interviewed the Risk & Workforce Compliance Manager to determine what risk analysis activities they conduct. Reviewed loss-run documentation as well as documentation of risk analysis conducted by Risk Management for specific projects.	The Risk Management Division creates "loss-runs" for departments which are able to quantify the monetary effect of risks that have occurred. In addition, Risk staff are occasionally brought in by departments to conduct a risk analysis for specific projects.	Yes	
Analyzes Internal and External Factors - Risk identification considers both internal and external factors and their impact on the achievement of objectives.	Externally, the City has its employees develop and update a City-wide assessment of the City's economic, organization, policy, regulatory, technology, and demographic outlook every five years as part of the strategic business plan process. In addition, the City has developed an Emergency management Plan; this is supplemented by the IT Disaster Recovery Plan, which was not completed or approved by the City Council. The City has also	**Yes**	Strategic Business Plan Process	Compensating Detective	WP C-60 WP C-62 WP E-5	Reviewed previous Strategic Business Plan documents for several business units.	As part of the strategic business plan process, key managers develop or update City-wide assessments of the City's economic, organization, policy, regulatory, technology, and demographic outlook. These are then adapted to fit each business unit's unique challenges within the actual strategic business plan.	Yes	

Principle 7: Identifies and Analyzes Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	developed standard contracts, waivers, and agreements to transfer risk to outside organizations. Finally, the City has developed several department driven reactionary measures in response to risks that have been realized historically. Internally, the City ensures employees are adequately qualified for their job through job descriptions, background checks, and reference checks. While the City does not seem to uniformly enforce reference checks this is not a material deficiency. In addition, the City encourages longevity and retention through compensation and benefits policies. Purchasing and spending risks are also mitigated through the purchasing manual and annual budget process. Finally, many departments have developed reactionary measures in response to risks that have been realized historically and several departments have gone through an accreditation process.		IT Disaster Recovery Plan	Major Preventive	WP C-71	Reviewed the City's IT Disaster Recover Plan and discussed it with the City's Assistant Director of Information Technology.	The City's IT Disaster Recovery Plan began development in 2013, but was never completed or approved by the City Council.	No	While it is appropriate for the City to have a IT specific Disaster Recovery plan, part of this risk is analyzed in the Emergency Management Plan. RECOMMENDATION: The City should update its IT Disaster Recovery Plan.
			Emergency Management Plan	Major Preventive	WP C-63 WP E-6	Interviewed the Emergency Management Coordinator, conducted site visit of the Emergency Operations Center, and reviewed the City's 2014 Emergency Management Plan.	The City's emergency management plan identifies and analyzes a number of natural disasters, structural failures, and mass security threats.	Yes	
			Standard Contracting	Major Preventive	WP C-40 WP C-56 WP E-4	Reviewed standard contracting forms promulgated by the City Attorney's Office. Reviewed contract administration summary documentation promulgated by the City Attorney's Office.	Standard City contracts adequately transfer risk to vendors and other outside agencies. Non-standard contracts are typically reviewed by the Contract Review Committee. The City has adopted ordinances to regulate the way contracts are executed.	Yes	
			Waivers and Other Agreements	Major Preventive	WP E-10	Reviewed waiver, agreements, and other standard forms requiring outside parties to release the City from risk.	Found a number of waivers and agreements that the City utilizes that adequately protect the City from risk through transference.	Yes	
			Externally Orientated Department-Driven Reactionary Measures	Compensating Corrective	WP C-36 WP C-66 WP E-4 WP J-2	Interviewed the Risk & Workforce Compliance Manager to determine examples of documentation, plans, policies, or procedures were developed in reaction to changing external conditions. Obtained documentation of these examples.	Found evidence that the City has analyzed and reacted to external factors with the following documents: ADA Transition Plan (C-66), Economic Development Master Plan (C-36), and policies involving CBDG and HOME grants requiring proof of loan-payoffs and release lien of prior to future reimbursements (J-2, page 111).	Yes	
			Job Descriptions	Major Preventive	WP C-2 WP D-7	Reviewed all policies and procedures that could reduce the risk of hiring inept employees. Reviewed 198 job description (giving us a 95% confidence that the estimated percentages are within plus or minus 5% of the true value) to see if job qualifications were clear.	Job descriptions list the experience, education, and accomplishments needed to adequately fulfill a job and are reviewed by potential employees when they apply.	Yes	

Principle 7: Identifies and Analyzes Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Reference Checks	Compensating Preventive	WP C-2 WP D-22	Reviewed all policies and procedures that could reduce the risk of hiring inept employees. Reviewed 87 employee files (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value) to see if employees had received the appropriate reference checks.	It is the City's policy to require hiring managers to verify a potential new employee's experience by requiring reference checks. We found evidence that 39% of employees hired after this policy was implemented received this check.	**No**	While reference checks are appropriate, they are not necessary in judging a potential new employee's competence if a thorough application is complete.
			Purchasing Manual	Major Preventive	WP C-24	Reviewed the Purchasing Manual (updated February of 2018).	The purchasing manual requires large purchases to be openly bid, reducing the risk of 'favoritism.'	Yes	
			Background Checks	Major Preventive	WP C-2 WP C-13 WP C-25 WP C-34 WP C-57 WP C-75 WP D-22	Reviewed the Employee Handbook for policies that indicate City-wide competency requirements. From a sample of 87 full-time employees (giving us a 95% confidence that the estimated percentages are within plus or minus 10% of the true value), we identified if an employee had received a background check if it was required at the time.	Found adequate policies that require potential new employees to meet certain competency requirements including background checks. Found evidence that 99% of employees received a background check. In addition, we found evidence that employees in Facilities and IT must undergo more extensive background checks because they have access to the Police Department.	Yes	
			Employee Handbook (Compensation and Benefits)	Compensating Preventive	WP D-10 WP C-2 WP F-3 WP C-16	Reviewed the City's Employee Handbook. Reviewed an Employee Survey conducted in 2013 by the CMO and Public Communications; At the time 64% of all City employees (608) participated.	The City utilizes benefits policies to encourage longevity and retention such as the leave accrual policy and the retirement vesting system. Found that 71% of employees surveyed in 2013 were satisfied or somewhat satisfied with their overall benefits package.	Yes	
			Annual Budget Process	Major Detective	WP D-19 WP D-27 WP E-3	Interviewed key Fiscal Services staff members. Reviewed the City's annual budgets from FY09 through FY18.	The City's annual budgeting and services level adjustment process requires department heads to make a business case for the funding of their operations, requiring a consideration of risk. There is evidence that the City has downsized agency operations in the past.	Yes	

Principle 7: Identifies and Analyzes Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Department Accreditation Processes	Major Detective	WP E-4 WP E-12	Interviewed the Risk & Workforce Compliance Manager to determine which departments had undergone accreditation and obtained documentation of this.	We found evidence that the following agencies had undergone an accreditation process that required a consideration of risk: Water Services, Public Works, Parks & Recreation, Fire, and Police.	Yes	
			Internally Orientated Department-Driven Reactionary Measures	Compensating Corrective	WP C-43 WP C-44 WP D-12 WP E-4	Interviewed the Risk & Workforce Compliance Manager to determine examples of documentation, plans, policies, or procedures were developed in reaction to changing external conditions. Obtained documentation of these examples.	Found evidence that the City has analyzed and reacted to internal factors with the following documents: Tyler Munis Implementation.	Yes	
Involves Appropriate Levels of Management - The organization puts into place effective risk assessment mechanisms that involve appropriate levels of management.	Periodically the City Internal Audit Office - a functionally independent department - conducts a City-wide risk assessment that is reported to City Council members. In addition, actuarial reports are prepared by a consultant annually, which are then reported to Council members. Department directors also prepare the department's annual strategic plans, which include a risk analysis. These plans are reviewed by the City Manager's Office and City Council members. Finally, business unit risk analyses are prepared by the business unit manager, which are then reviewed by the department director and the City Manager's Office.	**Yes**	City Internal Audit Office	Compensating Detective	WP C-10 WP C-49 WP C-50 WP C-58 WP D-15	Reviewed previous Internal Audit Risk Assessment reports.	City-wide risk assessments are reported to the City's Audit Committee, which includes three City Council Members and prepared by the Internal Audit Office - a functionally independent department.	Yes	
			Annual Budget Process	Major Detective	WP C-19 WP C-23 WP E-3	Reviewed FY18 Department strategic plans.	Risks identified at the department level are reviewed annually as part of the budget process - specifically at budget hearings with the City Manager and City Council members. These are prepared by department directors.	Yes	
			Actuarial Report	Compensating Detective	WP C-61 WP E-4	Reviewed the FY17 Workers Compensation, Auto Liability, General Liability and Property Coverages Actuarial Report.	Actuarial reports are presented to City Council annually and are prepared by an outside actuarial consultant.	Yes	
			Strategic Business Plan Process	Major Detective	WP C-60 WP C-62 WP E-5	Reviewed previous Strategic Business Plan documents for several business units.	Strategic business unit processes are completed by business unit managers and reviewed by department directors and the City Manager's Office.	Yes	
Estimates Significance of Risks Identified - Identified risks are analyzed through a process that includes estimating the potential significance of the risk.	At the City-wide level, risk significance is estimated by the City Internal Audit Office. Annually, City departments identify and analyze risks. The response to these risks is then identified and submitted to the City Manager's Office as a service level adjustment	**Yes**	City Internal Audit Office	Compensating Detective	WP C-10 WP C-49 WP C-50 WP C-58	Reviewed previous Internal Audit Risk Assessment reports.	As part of the Internal Audit Office's City-wide risk assessment, risks are verified and analyzed in an attempt to estimate the significance of the risk. Areas deemed high-risk are often further reviewed by the Department in future audits.	Yes	

Principle 7: Identifies and Analyzes Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	(SLA). The City Manager's Office then ranks these risks by recommending the SLAs as part of the budget process. These are then ranked again by the Budget division. Every five years, the City undergoes the Strategic Business Plan process which identifies risks through a SWOT analysis, however, the City does not have a standard way for departments to estimate the significance of these risks. The City's lack of standardized risk estimation in the strategic business plan process is a deficiency.		Annual Budget Process	Compensating Detective	WP C-19 WP C-23 WP E-3	Reviewed FY18 Department strategic plans. Determined if issues/risks identified were relevant to the Department's activities.	As part of the annual budget process, risks or issues are identified for each department and the most pressing issues are identified. We found that all issues/risks identified were relevant to the departments' activities. In addition, departments submit potential service level adjustments - meant to respond to identified risks - which are then ranked once by the City Manager's Office and then again by the Budget Division.	Yes	According to COSO this is a deficiency.
			Strategic Business Plan Process	Major Detective	WP C-60 WP C-62 WP E-5	Reviewed previous Strategic Business Plan documents for several business units. Determined if the issues/risks identified in the FY11 through FY15 strategic business plans were relevant to the business unit's activities.	As part of the strategic business plan process, risks are identified as threats or weaknesses in a SWOT analysis and the most pressing threats or weaknesses are identified, however, the City does not have a standardized system used to estimate the significance of these risks. This being said, we found that all threats and weaknesses identified were relevant to the business units' activities.	**No**	According to COSO this is a deficiency.
Determines How to Respond to Risks - Risk assessment includes considering how the risk should be managed and whether to accept, avoid, reduce, or share the risk.	The City Internal Audit Office's risk assessments typically lead to audit topics, which further explore and recommend responses to identified risks. Department strategic plans in the annual budget include potential responses to identified risks and issues. Strategic Business Plans include potential responses to threats and weaknesses identified. Departments also have varying risk appetites that are appropriately established considering their functions.	**Yes**	City Internal Audit Office	Compensating Detective	WP C-10 WP C-49 WP C-50 WP C-58	Reviewed previous Internal Audit Risk Assessment reports.	The City Internal Audit Office's risk assessments do not typically include recommendations, however, they typically lead to audit topic suggestion, which generally include recommendations to improve operations.	Yes	
			Varying Department Risk Appetites	Compensating Preventive	WP E-7	Interviewed 74 City leaders at the beginning of FY17 and assigned each individual a risk rating.	Found that the City's leadership is slightly risk averse, however, the City Council is more risk taking. These tendencies are reflected in the controls they cited as being in place in their respective department/division.	Yes	
			Annual Budget Process	Major Detective	WP C-19 WP C-23 WP E-3	Reviewed FY18 Department strategic plans.	Annually, departments identify risks or issues and how they plan to address these issues in the next fiscal year.	Yes	

Principle 7: Identifies and Analyzes Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Strategic Business Plan Process	Major Detective	WP C-60 WP C-62 WP E-5	Reviewed previous Strategic Business Plan documents for several business units.	Every five years, the strengths and weaknesses of the City's business units are identified and potential solutions to these are proposed.	Yes	

Principle 8: Assesses Fraud Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Considers Various Types of Fraud - The assessment of fraud considers fraudulent reporting, possible loss of assets, and corruption resulting from the various ways that fraud and misconduct can occur.	The auditing standards followed by the City Internal Audit Office and the external auditors include examples of various types of fraud that could be indicated in financial audits, attestation engagements, and performance audits. We found documentation that these standards were followed by the City Internal Audit Office. In addition, we found that the City Internal Audit Office has implemented an anonymous ethics hotline.	**Yes**	City Internal Audit Office	Major Detective	C-65 C-68 E-11	Reviewed City Internal Audit Officer's policies and procedures. Reviewed the auditing standards followed by the City Internal Audit Office. Identified evidence of standards being followed.	Auditing standards followed by the City Internal Audit Office include examples of various types of fraud that could be indicated in financial audits, attestation engagements, and performance audits. We found documentation that these standards were followed.	Yes	
			Employee Fraud Hotline	Major Corrective	E-11	Reviewed fraud hotline results, policies, and case summary information.	The City Internal Audit Office has implemented an anonymous ethics hotline.	Yes	
			External Compliance and Single Audits	Major Detective	C-67 C-68 E-11	Reviewed FY17 Compliance and Single Audit Reports. Reviewed the auditing standards followed by the external auditors.	Auditing standards followed by the external auditors include examples of various types of fraud that could be indicated in financial audits, attestation engagements, and performance audits.	Yes	
Assesses Incentive and Pressures - The assessment of fraud risk considers incentives and pressures.	The auditing standards followed by the City Internal Audit Office and the external auditors state that the audit team must discuss individuals' incentives or pressures to commit fraud. There is documentation that these standards are followed by the City Internal Audit Office.	**Yes**	City Internal Audit Office	Major Detective	C-65 C-68 E-11	Reviewed City Internal Audit Officer's policies and procedures. Reviewed the auditing standards followed by the City Internal Audit Office. Identified evidence of standards being followed.	Auditing standards followed by the City Internal Audit Office state that the audit team must discuss individuals' incentives or pressures to commit fraud. There is evidence that these standards are followed by the City Internal Audit Office.	Yes	
			External Compliance and Single Audits	Major Detective	C-67 C-68 E-11	Reviewed FY17 Compliance and Single Audit Reports. Reviewed the auditing standards followed by the external auditors.	Auditing standards followed by the external auditors state that the audit team must discuss individuals' incentives or pressures to commit fraud.	Yes	
Assesses Opportunities - The assessment of fraud risk considers opportunities for unauthorized acquisition, use, or disposal of assets, altering of the entity's reporting records, or committing other inappropriate acts.	The auditing standards followed by the City Internal Audit Office and the external auditors state that the audit team must discuss the opportunities for fraud to occur. We found documentation that these standards were followed by the City Internal Audit Office.	**Yes**	City Internal Audit Office	Major Detective	C-65 C-68 E-11	Reviewed City Internal Audit Officer's policies and procedures. Reviewed the auditing standards followed by the City Internal Audit Office. Identified evidence of standards being followed.	Auditing standards followed by the City Internal Audit Office state that the audit team must discuss the opportunities for fraud to occur. We found documentation that these standards were followed.	Yes	
			External Compliance and Single Audits	Major Detective	C-67 C-68 E-11	Reviewed FY17 Compliance and Single Audit Reports. Reviewed the auditing standards followed by the external auditors.	Auditing standards followed by the external auditors state that the audit team must discuss the opportunities for fraud to occur.	Yes	
Assesses Attitudes and Rationalizations - The assessment of fraud risk considers how management and other personnel might engage in or justify inappropriate actions.	The auditing standards followed by the City Internal Audit Office and the external auditors state that the audit team must discuss rationalizations or attitudes that could allow individuals to commit fraud. We found documentation that these standards were followed by the City Internal Audit Office.	**Yes**	City Internal Audit Office	Major Detective	C-65 C-68 E-11	Reviewed City Internal Audit Officer's policies and procedures. Reviewed the auditing standards followed by the City Internal Audit Office. Identified evidence of standards being followed.	Auditing standards followed by the City Internal Audit Office state that the audit team must discuss rationalizations or attitudes that could allow individuals to commit fraud. We found documentation that these standards were followed.	Yes	

Principle 8: Assesses Fraud Risk

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			External Compliance and Single Audits	Major Detective	C-67 C-68 E-11	Reviewed FY17 Compliance and Single Audit Reports. Reviewed the auditing standards followed by the external auditors.	Auditing standards followed by the external auditors state that the audit team must discuss rationalizations or attitudes that could allow individuals to commit fraud.	Yes	

Principle 9: Identifies and Analyzes Significant Change

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Assesses Changes in the External Environment - The risk identification process considers changes to the regulatory, economic, and physical environment in which the entity operates.	The City has its employees develop and update a City-wide assessment of the City's economic, organization, policy, regulatory, technology, and demographic outlook every five years as part of the strategic business plan process. In addition, the City has developed an Emergency Management Plan; this is supplemented by the IT Disaster Recovery Plan, which was not completed or approved by the City Council. The City has also developed standard contracts, waivers, and agreements to transfer risk to outside organizations. Finally, the City has developed several department driven reactionary measures in response to risks that have been realized historically.	**Yes**	Strategic Business Plan Process	Major Detective	WP C-60 WP C-62 WP E-5	Reviewed previous Strategic Business Plan documents for several business units.	As part of the strategic business plan process, key managers develop or update City-wide assessments of the City's economic, organization, policy, regulatory, technology, and demographic outlook. These are then adapted to fit each business unit's unique challenges within the actual strategic business plan.	Yes	
			IT Disaster Recovery Plan	Major Preventive	WP C-71	Reviewed the City's IT Disaster Recover Plan and discussed it with the City's Assistant Director of Information Technology.	The City's IT Disaster Recovery Plan began development in 2013, but was never completed or approved by the City Council.	No	While it is appropriate for the City to have a IT specific Disaster Recovery plan, part of this risk is analyzed in the Emergency Management Plan. RECOMMENDATION: The City should update its IT Disaster Recovery Plan.
			Emergency Management Plan	Major Preventive	WP C-63 WP E-6	Interviewed the Emergency Management Coordinator. Reviewed the City's 2014 Emergency Management Plan.	The City's emergency management plan considers and proposes responses to sudden environmental changes that cause hazardous conditions.	Yes	
			Economic Development Master Plan	Compensating Preventive	WP C-36	Reviewed the City's 2013 Economic Development Master Plan.	The Economic Development Master Plan takes into account existing economic conditions and is updated and revised periodically.	Yes	
			Waivers and Other Agreements	Major Preventive	WP E-10	Reviewed waiver, agreements, and other standard forms requiring outside parties to release the City from risk.	Found a number of waivers and agreements that the City utilizes that adequately protect the City from risk through transference.	Yes	
Assesses Changes in the Business Model - The organization considers the potential impacts of new business lines, dramatically altered compositions of existing business lines, acquired or divested business operations on the system of internal control, rapid growth, changing reliance on foreign geographies, and new technologies.	Annually, organizational, and thus business model, changes are assessed during the budget process. In addition, we found that the City had considered the impact of major changes to the business model through conducting trainings for the Tyler Munis system. Finally, the City has also developed a Comprehensive Plan that anticipates and guides growth in the City.	**Yes**	Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23 WP D-27	Reviewed the FY18 budget kickoff memo. Reviewed the City's annual budgets from FY09 through FY18.	Department organizational charts are updated at least annually. In addition, there is evidence that all departments and the City as a whole periodically consider the organization's structure and make changes as necessary.	Yes	

Principle 9: Identifies and Analyzes Significant Change

Objective: The organization considers the potential for fraud in assessing risks to the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			ERP Implementation	Compensating Preventive	WP C-43 WP C-44 WP D-12 WP E-4	Reviewed documentation related to the ICE Project and examined training documentation and premade reports for the Tyler Munis system. Interviewed the City's Risk and Workforce Compliance Manager.	There is evidence that the City considered the impact of transitioning to a new enterprise resource management system by implementing training programs for Tyler Munis.	Yes	
			Planning and Development Comprehensive Plan	Major Preventive	WP C-70	Reviewed the 2009-2030 College Station Comprehensive Plan.	The Comprehensive Plan is used to anticipate and guide growth in a manner that provides College Station with a balance of land uses that promote economic growth while retaining the quality of life.	Yes	
Assesses Changes in Leadership - The organization considers changes in management and respective attitudes and philosophies on the system of internal control.	After every election, the City conducts a City Council orientation to bring new members up to speed with City policies and procedures. The City also has several informal department succession plans to help mitigate the risks associated with leadership changes.	**Yes**	Informal Consideration of Succession at the Department Level	Compensating Detective	WP D-10 WP D-33 WP E-9	Reviewed audit work previously conducted regarding succession planning and the loss of institutional knowledge. Requested any succession planning documentation or information from department directors.	We found that 43% of 74 key City supervisors identified loss of institutional knowledge as a risk to their operations. Most departments plan for succession as it becomes apparent employee are going to retire or leave the City. Only one department has a formal succession plan.	Yes	There is no formal procedure for succession planning, however, there is evidence that the City as a whole and departments on their own have considered succession planning. RECOMMENDATION: Formalize procedures that identify and help to mitigate the risk of losing institutional knowledge.
			City Council Trainings	Major Corrective	WP C-4 WP C-5 WP C-6 WP C-55 WP D-31	Reviewed Council Orientation documentation provided by City staff. Used Council expenditure data to determine what trainings Council members attended throughout FY17.	After every election, City staff hold an orientation for new City Council members. In addition, Council members undergo various trainings throughout the year.	Yes	

Principle 10: Selects and Develops Control Activities

Objective: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Integrates with Risk Assessment - Control activities help ensure that risk responses that address and mitigate risks are carried out.	The City has put in place appropriate processes and internal controls to mitigate the following risks: making inappropriate purchases or payments to vendors or employees, theft or misappropriation, financial misstatement, and inappropriate revenue loss.	**Yes**	Accounts Payable Process	Major	WP C-24 WP C-32 WP C-40 WP F-2 WP F-23 WP Y-6	Interviewed relevant City staff including the Purchasing Division, Accounting Division, and some department staff involved in the requisition and receiving process. Reviewed policies and procedures manuals and identified internal controls.	The accounts payable process adequately protects the City from making any inappropriate purchases or payments.	Yes	
			Inventory Process	Major	WP F-8 WP F-14 WP F-30 WP F-33 WP J-14 WP J-15 WP J-16 WP J-17 WP J-18 WP Y-7	Interviewed relevant City staff including Warehouse staff and Fleet Services personnel. Reviewed policies and procedures manuals and identified internal controls.	The inventory process adequately protects City inventory from theft and misappropriation.	Yes	
			Fixed Assets Process	Major	WP C-52 WP F-17 WP F-20 WP F-22 WP F-24 WP F-25 WP F-26 WP F-28 WP F-31 WP F-34 WP F-42 WP J-6 WP J-11 WP Y-8	Interviewed relevant City staff including Accounting staff, and department staff involved in allocating fixed asset costs. Reviewed policies and procedures manuals and identified internal controls.	The fixed assets process adequately ensures assets are being accounted for and depreciated appropriately. Physical security of some smaller assets (i.e. equipment) may be lacking.	Yes	
			Payroll Process	Major	WP C-78 WP F-29 WP F-35 WP F-37 WP J-7 WP J-8 WP J-9 WP J-10 WP J-13 WP Y-9	Interviewed relevant City staff including Payroll staff and Human Resources staff. Reviewed policies and procedures manuals and identified internal controls.	The payroll process adequately protects employee information and mitigates the risk of the City making inaccurate or inappropriate payments to employees.	Yes	

Principle 10: Selects and Develops Control Activities

Objective: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Accounts Receivable Process	Major	WP F-1 WP F-4 WP F-5 WP F-6 WP F-7 WP F-10 WP F-11 WP F-12 WP F-13 WP F-15 WP J-1 WP J-2 WP J-3 WP J-5 WP J-12 WP Y-10	Interviewed relevant City staff including Accounting staff and department personnel involved in cash handling (i.e. City Secretary's Office, Planning & Development, Community Services, Municipal Court, Utility Billing, and Parks & Recreation). Reviewed policies and procedures manuals and identified internal controls.	The accounts receivable process adequately ensures the City is receiving appropriate revenue for services performed.	Yes	
Considers Entity-Specific Factors - Management considers how the environment, complexity, nature, and scope of its operations, as well as the specific characteristics of its organization, affect the selection and development of control activities.	Internal controls adequately consider entity-specific factors. For example, purchasing, vehicle maintenance, inventory issuance, and employee record maintenance have all been centralized due to transaction volume and costs associated with geographical dispersal. In addition, fixed asset processes have been adapted to aid in the acceptance and accounting of "donated" infrastructure.	**Yes**	Accounts Payable Process	Major	WP C-24 WP C-32 WP C-40 WP F-2 WP F-23 WP Y-6	Interviewed relevant City staff including the Purchasing Division, Accounting Division, and some department staff involved in the requisition and receiving process. Reviewed policies and procedures manuals and identified internal controls.	Requisitions are typically initiated by a department-specific designated employee. Purchase Orders are issued by a centralized Purchasing Division, who manage the bidding process. If non-standard contracts are necessary they are reviewed by the City Attorney's Office. Purchases are then received by department-specific receivers. Invoices are entered and approved by Accounting staff. A three-way match between the invoice, receiving report, and purchase order is required by the system before an invoice can be paid. Checks and electronic fund transfers are handled by accounting staff.	Yes	

Principle 10: Selects and Develops Control Activities

Objective: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Inventory Process	Major	WP F-8 WP F-14 WP F-30 WP F-33 WP J-14 WP J-15 WP J-16 WP J-17 WP J-18 WP Y-7	Interviewed relevant City staff including Warehouse staff and Fleet Services personnel. Reviewed policies and procedures manuals and identified internal controls.	The City has one main warehouse that is utilized most frequently by Electric and Water crews. Warehouse staff are responsible for ordering, receiving, issuing, and accounting for inventory on these departments on request. In addition, several departments use vehicles including Public Works, Police, Fire, Parks & Recreation, and a few others. All vehicles are refueled daily at one of two City fueling stations. Fleet Services is responsible for ordering, receiving, and accounting for fuel inventory. The City utilizes vehicle fuel cards that allow employees in the system to pump fuel.	Yes	
			Fixed Assets Process	Major	WP C-52 WP F-17 WP F-20 WP F-22 WP F-24 WP F-25 WP F-26 WP F-28 WP F-31 WP F-34 WP F-42 WP J-6 WP J-11 WP Y-8	Interviewed relevant City staff including Accounting staff, and department staff involved in allocating fixed asset costs. Reviewed policies and procedures manuals and identified internal controls.	City infrastructure is often constructed or donated as part of a project (assets may also be direct purchases). Internal projects undergo the project process which includes: development, initiation, design, procurement, construction/ implementation, and warranty. Fixed assets are ultimately accounted by the Accounting Division in the City's financial system. For the Electric and Water divisions, once a project is complete (or donated) the assets created from that project are identified, costs are allocated, and a useful life is assigned before the information is sent to Accounting. Vehicles are received and maintained by Fleet Services, who notify Accounting when vehicles are obtained or disposed.	Yes	

Principle 10: Selects and Develops Control Activities

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Payroll Process	Major	WP C-78 WP F-29 WP F-35 WP F-37 WP J-7 WP J-8 WP J-9 WP J-10 WP J-13 WP Y-9	Interviewed relevant City staff including Payroll staff and Human Resources staff. Reviewed policies and procedures manuals and identified internal controls.	Changes to employee payroll information are made by the Human Resources department after initiation by the employee or their supervisor. Each department has designated "time keepers" who are responsible for ensuring City employees' time under their purview is carried over into the payroll. Each City payroll (paid every two weeks) is then generated by Payroll staff, centralized in the Accounting Division.	Yes	
			Accounts Receivable Process	Major	WP F-1 WP F-4 WP F-5 WP F-6 WP F-7 WP F-10 WP F-11 WP F-12 WP F-13 WP F-15 WP J-1 WP J-2 WP J-3 WP J-5 WP J-12 WP Y-10	Interviewed relevant City staff including Accounting staff and department personnel involved in cash handling (i.e. City Secretary's Office, Planning & Development, Community Services, Municipal Court, Utility Billing, and Parks & Recreation). Reviewed policies and procedures manuals and identified internal controls.	The City has several functions that accept currency including: the City Secretary's Office, Planning & Development, Community Services, the Municipal Court, Utility Billing, Accounting, and Parks & Recreation. Each function has its own cash handling process; deposits for Accounting, Planning & Development, Community Services, and Accounting are collected in Fiscal Services offices each morning for deposit via armored car. An armored car visits other functions individually. Invoicing for most departments is centralized in Accounting, but the Municipal Court and Utility Billing have separate invoicing processes. The Municipal Court and Accounting utilize the same third-party collections agency. Utility Billing process narratives and flowcharts will be conducted once MUNIS implementation is completed.	Yes	

Principle 10: Selects and Develops Control Activities

Objective: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Determines Relevant Business Processes - Management determines which relevant business processes require control activities.	Management has established appropriate internal controls and processes for business activities. These include: the purchasing of goods and services (A/P process), the issuance and storage of goods (Inventory process), the accounting of capital assets (Fixed Asset process), the payment of employee wages and benefits (Payroll process), and the receipt and recording of revenues (A/R process).	**Yes**	Accounts Payable Process	Major	WP C-24 WP C-32 WP C-40 WP F-2 WP F-23 WP Y-6	Interviewed relevant City staff including the Purchasing Division, Accounting Division, and some department staff involved in the requisition and receiving process. Reviewed policies and procedures manuals and identified internal controls.	Adequate system controls are in place to prevent individuals from making inappropriate purchases. Purchasing Division has established adequate internal controls over the bidding process.	Yes	
			Inventory Process	Major	WP F-8 WP F-14 WP F-30 WP F-33 WP J-14 WP J-15 WP J-16 WP J-17 WP J-18 WP Y-7	Interviewed relevant City staff including Warehouse staff and Fleet Services personnel. Reviewed policies and procedures manuals and identified internal controls.	Adequate internal controls have been developed over warehouse inventory and fuel inventory.	Yes	
			Fixed Assets Process	Major	WP C-52 WP F-17 WP F-20 WP F-22 WP F-24 WP F-25 WP F-26 WP F-28 WP F-31 WP F-34 WP F-42 WP J-6 WP J-11 WP Y-8	Interviewed relevant City staff including Accounting staff, and department staff involved in allocating fixed asset costs. Reviewed policies and procedures manuals and identified internal controls.	Controls over infrastructure assets, such as water pipes, streets, electric lines, etc. are adequate. Internal controls over vehicles are adequate. Controls over more mobile assets, such as equipment (excluding vehicles), could be improved.	Yes	
			Payroll Process	Major	WP C-78 WP F-29 WP F-35 WP F-37 WP J-7 WP J-8 WP J-9 WP J-10 WP J-13 WP Y-9	Interviewed relevant City staff including Payroll staff and Human Resources staff. Reviewed policies and procedures manuals and identified internal controls.	Adequate internal controls have been established over personnel information changes, payroll processing, and time entry.	Yes	

Principle 10: Selects and Develops Control Activities

Objective: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Accounts Receivable Process	Major	WP F-1 WP F-4 WP F-5 WP F-6 WP F-7 WP F-10 WP F-11 WP F-12 WP F-13 WP F-15 WP J-1 WP J-2 WP J-3 WP J-5 WP J-12 WP Y-10	Interviewed relevant City staff including Accounting staff and department personnel involved in cash handling (i.e. City Secretary's Office, Planning & Development, Community Services, Municipal Court, Utility Billing, and Parks & Recreation). Reviewed policies and procedures manuals and identified internal controls.	Adequate internal controls have been established over department cash handling processes, including additional daily and monthly reconciliations by Accounting. Adequate internal controls have been established over the City's invoicing processes.	Yes	
Evaluates a Mix of Control Activity Types - Control activities include a range and variety of controls and may include a balance of approaches to mitigate risks, considering both manual and automated controls, and preventive and detective controls.	The City uses several electronic systems to enforce internal controls and processes, including: Tyler Munis, TRAKiT, GEMS, RecTrac, and Petro Vend. These controls typically include role-based access, automatic verifications and calculations, process work flows, and reporting features. In addition, the City maintains physical controls (such as security measures, inventory counts, etc.) over inventory and capital assets (generally). Supervisors are also expected to oversee their employees daily and review documents and transactions that are created	**Yes**	Accounts Payable Process	Major	WP C-24 WP C-32 WP C-40 WP F-2 WP F-23 WP Y-6	Interviewed relevant City staff including the Purchasing Division, Accounting Division, and some department staff involved in the requisition and receiving process. Reviewed policies and procedures manuals and identified internal controls.	The accounts payable process is mostly completed in the Tyler Munis system, which identifies employee's as a specific role. This prevents employees from being able to complete the process with just their login. In addition, the system requires a three-way match in order to pay invoices. Employees are also expected to manually review and approve requisitions, purchase orders, and receiving reports.	Yes	

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	over the course of doing business.		Inventory Process	Major	WP F-8 WP F-14 WP F-30 WP F-33 WP J-14 WP J-15 WP J-16 WP J-17 WP J-18 WP Y-7	Interviewed relevant City staff including Warehouse staff and Fleet Services personnel. Reviewed policies and procedures manuals and identified internal controls.	Warehouse item issuance is processed through the Tyler Munis system, which utilizes roles to prevent employee's from making inappropriate requests. Items issued must be approved by a department supervisor, and only warehouse staff are allowed to pull items from inventory. In order to pump fuel an employee must have a physical vehicle fuel card and must have a driver's license number that is in the fuel system. The fuel system allows for preventative controls to be placed on vehicle cards. Fleet Services staff reconcile fuel tank readings with fuel system levels (based on transactions). A physical reading of fuel tank readings is also taken.	Yes	
			Fixed Assets Process	Major	WP C-52 WP F-17 WP F-20 WP F-22 WP F-24 WP F-25 WP F-26 WP F-28 WP F-31 WP F-34 WP F-42 WP J-6 WP J-11 WP Y-8	Interviewed relevant City staff including Accounting staff, and department staff involved in allocating fixed asset costs. Reviewed policies and procedures manuals and identified internal controls.	Controls over the fixed asset process are largely manual. For Water, cost allocation calculations are done manually and verified by Accounting. For Electric, cost allocation calculations are done via a work order program and verified by Accounting. Due to the nature of many of the City's assets, physical security is not an issue; however physical controls over smaller assets (i.e. equipment) may be lacking.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Payroll Process	Major	WP C-78 WP F-29 WP F-35 WP F-37 WP J-7 WP J-8 WP J-9 WP J-10 WP J-13 WP Y-9	Interviewed relevant City staff including Payroll staff and Human Resources staff. Reviewed policies and procedures manuals and identified internal controls.	The Tyler Munis system prevents HR staff from making changes to employee records without an active personnel action. In addition, roles are assigned to staff that prevent one employee from making inappropriate changes. The system also automatically calculates almost all pays (two manual calculations are made for a few employees each payroll). Personnel action changes are reviewed and verified by separate staff. In addition, all time entries are approved by the employee's supervisor; "time keepers" review submitted time to ensure all employees they are responsible for have submitted time. Payroll totals are reviewed and approved by an Fiscal Services supervisor in the JP Morgan system.	Yes	
			Accounts Receivable Process	Major	WP F-1 WP F-4 WP F-5 WP F-6 WP F-7 WP F-10 WP F-11 WP F-12 WP F-13 WP F-15 WP J-1 WP J-2 WP J-3 WP J-5 WP J-12 WP Y-10	Interviewed relevant City staff including Accounting staff and department personnel involved in cash handling (i.e. City Secretary's Office, Planning & Development, Community Services, Municipal Court, Utility Billing, and Parks & Recreation). Reviewed policies and procedures manuals and identified internal controls.	Cash handling policies generally require staff to provide employee's with receipts. Payment reconciliations are generally reviewed by management, and deposits are stored securely. Invoices are processed through the Tyler Munis system. Changes to invoices require system and physical approval from an Accounting supervisor.	Yes	
Considers at What Level Activities Are Applied - Management considers control activities at various levels in the entity.	The City has many controls at the operational level such as process work flows, physical security, competency requirements, etc. They also employ reconciliations, reviews, and approvals by supervisors, department directors, and City Manager's Office staff where appropriate. In addition, departments that focus on internal services (i.e. Fiscal	**Yes**	Accounts Payable Process	Major	WP C-24 WP C-32 WP C-40 WP F-2 WP F-23 WP Y-6	Interviewed relevant City staff including the Purchasing Division, Accounting Division, and some department staff involved in the requisition and receiving process. Reviewed policies and procedures manuals and identified internal controls.	Purchases are typically requisitioned and received at the user level, and approved by the user's supervisor. Purchase orders are issued to vendors via the centralized Purchasing Division. Invoices are then paid by the Accounting Division.	Yes	

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	Services, the City Attorney's Office, etc.) have final authority on decisions made by all departments.		Inventory Process	Major	WP F-8 WP F-14 WP F-30 WP F-33 WP J-14 WP J-15 WP J-16 WP J-17 WP J-18 WP Y-7	Interviewed relevant City staff including Warehouse staff and Fleet Services personnel. Reviewed policies and procedures manuals and identified internal controls.	Inventory is requisitioned and received by the division that maintains physical control over the inventory (i.e. Warehouse or Fleet Services staff). Inventory ordering and usage for projects is then approved by the appropriate department supervisor. Purchase orders are issued to the vendor by a centralized purchasing division. Invoices are paid by the Accounting Division.	Yes	
			Fixed Assets Process	Major	WP C-52 WP F-17 WP F-20 WP F-22 WP F-24 WP F-25 WP F-26 WP F-28 WP F-31 WP F-34 WP F-42 WP J-6 WP J-11 WP Y-8	Interviewed relevant City staff including Accounting staff, and department staff involved in allocating fixed asset costs. Reviewed policies and procedures manuals and identified internal controls.	Direct purchase assets go through the typical A/P process. Infrastructure assets are either created by City staff or donated by developers. Assets are approved and inspected by Planning & Development staff. Department staff allocate costs for each asset. The depreciation expense is calculated for all assets by Accounting division staff.	Yes	
			Payroll Process	Major	WP C-78 WP F-29 WP F-35 WP F-37 WP J-7 WP J-8 WP J-9 WP J-10 WP J-13 WP Y-9	Interviewed relevant City staff including Payroll staff and Human Resources staff. Reviewed policies and procedures manuals and identified internal controls.	Employee records are maintained and updated by Human Resources staff based on personnel actions. Personnel actions may be initiated by the employee or their supervisor. Each department has their own "time keeper" that prepares time sheets for calculations after they have been approved by the employee's supervisor. Payroll payments are made by Accounting staff and approved by Fiscal Services supervisors.	Yes	

Principle 10: Selects and Develops Control Activities

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Accounts Receivable Process	Major	WP F-1 WP F-4 WP F-5 WP F-6 WP F-7 WP F-10 WP F-11 WP F-12 WP F-13 WP F-15 WP J-1 WP J-2 WP J-3 WP J-5 WP J-12 WP Y-10	Interviewed relevant City staff including Accounting staff and department personnel involved in cash handling (i.e. City Secretary's Office, Planning & Development, Community Services, Municipal Court, Utility Billing, and Parks & Recreation). Reviewed policies and procedures manuals and identified internal controls.	Cash, checks, and credit cards are accepted at many points throughout the City. Typically these cashier's daily remittances are reviewed by a supervisor before deposit. In addition, Accounting staff reconcile transactions daily and monthly to the bank deposit statement. Invoices are prepared and managed by Accounting staff. Changes made to invoices are approved by the Accounting supervisor.	Yes	
Addresses Segregation of Duties - Management segregates incompatible duties, and where such segregation is not practical, management selects and develops alternative control activities.	The City has appropriately segregated duties for most processes. These include: requisitioning, receiving, ordering, and paying for goods and services; acquiring, issuing, and disposing of inventory items; acquiring, accounting, and retiring capital assets; updating and maintaining employee records; approving, and paying employee wages and benefits; and (generally) invoicing, processing, and reconciling payments and revenues.	**Yes**	Accounts Payable Process	Major	WP C-24 WP C-32 WP C-40 WP F-2 WP F-23 WP Y-6	Interviewed relevant City staff including the Purchasing Division, Accounting Division, and some department staff involved in the requisition and receiving process. Reviewed policies and procedures manuals and identified internal controls.	The duties of requisitioning, purchasing, receiving, and paying for goods and services are adequately segregated.	Yes	
			Inventory Process	Major	WP F-8 WP F-14 WP F-30 WP F-33 WP J-14 WP J-15 WP J-16 WP J-17 WP J-18 WP Y-7	Interviewed relevant City staff including Warehouse staff and Fleet Services personnel. Reviewed policies and procedures manuals and identified internal controls.	Duties of requisitioning, issuing, and utilizing warehouse inventory are adequately segregated. Duties of issuing fuel cards and pumping fuel are adequately segregated; however, some improvement could be made in approving which employees are entered into the system.	Yes	
			Fixed Assets Process	Major	WP C-52 WP F-17 WP F-20 WP F-22 WP F-24 WP F-25 WP F-26 WP F-28 WP F-31 WP F-34 WP F-42 WP J-6 WP J-11 WP Y-8	Interviewed relevant City staff including Accounting staff, and department staff involved in allocating fixed asset costs. Reviewed policies and procedures manuals and identified internal controls.	Asset purchases are approved via the purchasing process; fixed assets are then recorded as such by Accounting personnel. Vehicle purchases have appropriate segregation of duties. Infrastructure asset designs are approved and inspected by Planning & Development personnel, built by developers or City crews, costs are allocated by department staff, and the fixed asset ledger is maintained by the Accounting division.	Yes	

Principle 10: Selects and Develops Control Activities

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Payroll Process	Major	WP C-78 WP F-29 WP F-35 WP F-37 WP J-7 WP J-8 WP J-9 WP J-10 WP J-13 WP Y-9	Interviewed relevant City staff including Payroll staff and Human Resources staff. Reviewed policies and procedures manuals and identified internal controls.	The duties of preparing, authorizing, and creating payroll payments are performed by separate individuals. In addition, changes to employee records are initiated, approved, and made by separate and appropriate individuals depending on the type of change being made.	Yes	
			Accounts Receivable Process	Major	WP F-1 WP F-4 WP F-5 WP F-6 WP F-7 WP F-10 WP F-11 WP F-12 WP F-13 WP F-15 WP J-1 WP J-2 WP J-3 WP J-5 WP J-12 WP Y-10	Interviewed relevant City staff including Accounting staff and department personnel involved in cash handling (i.e. City Secretary's Office, Planning & Development, Community Services, Municipal Court, Utility Billing, and Parks & Recreation). Reviewed policies and procedures manuals and identified internal controls.	In general, cash handling functions throughout the City have appropriate segregation of duties given materiality. However, in accounting, the employee who generates and manages invoices also processes remitted payments.	Yes	Management response to recommendations indicate this risk will be adequately mitigated.

Principle 11: Selects and Develops General Controls over Technology

Objective: The organization selects and develops general control activities over technology to support the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Determines Dependency between the Use of Technology in Business Processes and Technology General Controls - Management understands and determines the dependency and linkage between business processes, automated control activities, and technology general controls.	The IT department provides standard "how-to" documents to aid City employees in operating standard City software and hardware including: internet browsers, phone systems, e-mail applications, the City's financial system, etc. In addition, we found evidence that other City departments consider their business process needs when purchasing and implementing new IT systems.	**Yes**	IT Help Topics	Compensating Preventive	WP F-9	Reviewed IT information provided on the City's intranet.	The City's IT department has developed several "how-to" documents that include the following topics: Windows 10, Cisco Phone, Jabber Instant Messenger, GIS, Microsoft Office, Tyler Munis, Outlook, passwords, printers, and SunGard.	Yes	
			Individual Department IT Systems	Major Detective	WP F-40	Interviewed individuals from each City department and asked for more information on IT systems and internal controls.	Departments are generally using their information systems appropriately and have determined what technology controls are necessary to ensure business processes are effective.	Yes	
Establishes Relevant Technology Infrastructure Control Activities - Management selects and develops control activities over the technology infrastructure, which are designed and implemented to help ensure the completeness, accuracy, and availability of technology processing.	The IT department has worked to develop policies and procedures to ensure the City's technology infrastructure is sufficient to provide complete, accurate, and available technology processing. In addition, we found evidence that departments have implemented their own policies and procedures to ensure the availability of technology infrastructure for their own systems. The IT department had also partially developed an IT Disaster Recovery Plan, however, this was never completed or approved. Since its partial development in 2013, it has become increasingly more essential to have an IT-specific Disaster Recovery Plan in place and our Office recommends that the IT department develop an updated version. This being said, we believe some of these issues are covered in the Brazos Valley Emergency Response plan, thus reducing the risk. In addition the City regularly updates and backs ups servers and updates and maintaines programs and systems.	**Yes**	IT Policy and Procedures Manual	Major Preventive	WP C-22 WP F-9	Reviewed IT policies and procedures manual for policies regarding infrastructure controls.	The City has adequate policies to mitigate risks that come from technology infrastructure. Specifically these include ensuring all infrastructure purchases are run through the IT department and prohibiting any unapproved devices from being connected to the City's network.	Yes	
			Individual Department IT Systems	Compensating Detective	WP F-40	Interviewed individuals from each City department and asked for more information on IT systems and internal controls.	Information systems that contain sensitive information are adequately safeguarded with relevant technology controls.	Yes	
			Back Ups and Updates of Servers	Major Preventive	WP F-44	Discussed IT measures implemented by the City's IT Department with the Chief Information Officer.	IT performs full backups on the last Firday of every month and incremental backups are run in between those times. Every server that requires backing up is backed up in this manner.	Yes	
			Program and System Updates and Maintenance	Major Preventive	WP F-44	Discussed IT measures implemented by the City's IT Department with the Chief Information Officer.	Programs and systems are updated at regular intervals and immediately when a new vulnerability is discovered.	Yes	
			IT Disaster Response Plan	Major Corrective	WP C-63 WP C-71 WP F-9	Reviewed the City's IT Disaster Recovery Plan and discussed it with the City's Assistant Director of Information Technology. Reviewed the Brazos Valley Emergency Management Plan.	The City's IT Disaster Recovery Plan began development in 2013, but was never completed or approved by the City Council.	No	While it is appropriate for the City to have a IT specific Disaster Recovery plan, part of these risk are analyzed in the Emergency Management Plan. RECOMMENDATION: The City should update its IT Disaster Recovery Plan.

Principle 11: Selects and Develops General Controls over Technology

Objective: The organization selects and develops general control activities over technology to support the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Establishes Relevant Security Management Process Control Activities - Management selects and develops control activities that are designed and implemented to restrict technology access rights to authorized users commensurate with their job responsibilities and to protect the entity's assets from external threats.	The IT department has worked to develop policies and procedures that adequately reduce the risk of unauthorized IT access including user authentication procedures and other security measures. In addition, the City requires all employees with authorized network access to annually undergo security awareness training. Employees with access to sensitive criminal justice information systems are required to undergo an additional security awareness training, which is refreshed every two years. IT has also developed a Computer Security Incident Response Plan that provides adequate procedures to investigate and document IT security incidents at different severity levels. In addition, the City utilizes firewalls, security software, intrusion detectors, and phishing scheme tests.	**Yes**	IT Policy and Procedures Manual	Major Preventive	WP C-22 WP F-9	Reviewed IT policies and procedures manual for policies regarding security controls.	The City has adequate policies to mitigate IT security risks. These include requiring user authentication, providing guidance on what activities are allowed, and ensuring documents and files are distributed only as appropriate.	Yes	
			City-wide Security Training	Major Preventive	WP F-9	Reviewed City-wide security training.	All employees who are authorized users are required to undergo security awareness training annually. The IT department is responsible for tracking who has and has not completed this training and is empowered to discontinue an employee's network access if their training is not completed on time. This training is made available to employees through the City's intranet.	Yes	
			Firewalls	Major Preventive	WP F-44	Discussed IT measures implemented by the City's IT Department with the Chief Information Officer.	Palo Alto Internet firewall and Barracuda e-mail firewall block malicious email, prevent malware from being downloaded from untrusted websites, and prevent access to blacklisted websites or unsecure devices for traffic going out and coming back in the City.	Yes	
			Security Software	Major Preventive	WP F-44	Discussed IT measures implemented by the City's IT Department with the Chief Information Officer.	Security software is installed on each PC - Trend Micro is installed on every PC and Laptop. It covers spyware , malware, viruses and scheduled weekly scans. The definitions are usually updated weekly from the Trend server. Also they push out updates as soon as possible, if an attack has been reported and they know how to fix it.	Yes	
			Intrusion Detectors	Major Detective	WP F-44	Discussed IT measures implemented by the City's IT Department with the Chief Information Officer.	The Palo Alto firewall protects against intrusion and cyber security threats from outside the City. Bradford networks protects our internal switch ports from intrusion.	Yes	

Principle 11: Selects and Develops General Controls over Technology

Objective: The organization selects and develops general control activities over technology to support the achievement of objectives.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Phishing Scheme Testing	Compensating Detective	WP F-44	Discussed IT measures implemented by the City's IT Department with the Chief Information Officer.	KnowBe4 is paid to administer random phishing tests. They do not notify the City when these occure so some of the phishing emails that users report could be from them and are not harmful if clicked on. If a link is clicked on by an employee it brings up a page letting them know that they clicked on a "malicious" link.	Yes	
			Criminal Justice Information System Policy	Major Preventive	WP C-75 WP F-9	Reviewed IT's Criminal Justice Information System policy.	All IT employees with access to criminal justice information must receive specialized training within six months of their assignment to sensitive positions. These personnel must then receive a refresher training course at least once every two years. Training requirements are enforced by the IT department and the Police Department's Criminal Justice Information System coordinator.	Yes	
			Computer Security Incident Response Plan	Major Corrective	WP C-74 WP F-9	Reviewed IT's Computer Security Incident Response Plan.	The incident response plan adequately categorizes IT security incidents and provides procedures to adequately investigate and document issues.	Yes	
Establishes Relevant Technology Acquisition, Development, and Maintenance Process Control Activities - Management selects and develops control activities over the acquisition, development, and maintenance of technology and its infrastructure to achieve management's objectives.	City policies and procedures require all hardware and software acquisitions to be supervised by IT to ensure new information technology is compatible with the City's systems. The IT department has also set up an IT Help Desk, which is accessible via the City's intranet or over the phone. This system allows City employees to receive IT's help with hardware and software maintenance and installation. Finally, we found that different departments have their own controls involving the acquisition, development, and maintenance of their IT systems.	**Yes**	IT Policy and Procedures Manual	Major Preventive	WP C-22 WP F-9	Reviewed IT policies and procedures manual for policies regarding technology acquisition, development, and maintenance.	The City has adequate policies to mitigate the risk of IT acquisition, development, and maintenance. Specifically, these include requiring software updates and prohibiting IT purchases outside of the IT department.	Yes	
			IT Support System	Major Corrective	WP C-76 WP F-9	Reviewed IT support system documentation and user interface.	The City's IT support system provides an adequate way for all City employees to access IT's services through the issuance of IT "tickets." These tickets may involve an individual, technical issue or a service request including: purchasing hardware or software, installing hardware or software, or maintaining hardware or software.	Yes	
			Individual Department IT Systems	Major Detective	WP F-40	Interviewed individuals from each City department and asked for more information on IT systems and internal controls.	Over 90% of departments have established appropriate criteria for acquiring information technology systems.	Yes	

Principle 12: Deploys through Policies and Procedures

Objective: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Establishes Policies and Procedures to Support Deployment of Management's Directives - Management establishes control activities that are built into business processes and employees' day-to-day activities through policies establishing what is expected and relevant procedures specifying actions.	The City has developed several manuals that detail policies and procedures for all employees. These include the Employee Handbook, the Purchasing Manual, the Budget Manual, and other manuals that describe financial system processes. In addition, all departments have developed policies and procedures that reflect their control activities.	**Yes**	Department Policies	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	All departments have established policies and procedures that reflect control activities over their processes.	Yes	
			Munis Manuals	Major Preventive	WP F-41	Reviewed Tyler Munis employee manuals.	Found that training manuals had been developed for the following functions: general ledger reporting, approvals, contracts, inventory, p-card coding, requisition and change order entry, receiving, request for check, time entry, employee self service, capital assets. It seemed as though a manual for Accounts Receivable may have been developed but it was not readily available on the City's intranet.	Yes	
			Other Financial Manual	Major Preventive	WP C-20 WP C-24	Reviewed financial manuals.	Found that Fiscal Services had developed a Purchasing Manual and a Budget Manual to aid departments in these processes.	Yes	
			Employee Handbook	Major Preventive	WP C-2 WP C-69 WP F-3	Reviewed City Employee Handbook.	The Employee Handbook contains sections that detail expectations for employee ethics and conduct, the hiring and onboarding process, the types of employment the City provides, compensation guidelines, employee benefits, types of leave, training and development opportunities and expectations, health and safety policies, electronic communications and devices policies, and the disciplinary process.	Yes	
Establishes Responsibility and Accountability for Executing Policies and Procedures - Management establishes responsibility and accountability for control activities with management (or other designated personnel) of the business unit or function in which the relevant risks reside.	The Employee Handbook, Budget Manual, Purchasing Manual, and Tyler Munis manuals describe which departments and individuals are responsible for certain control activities. In addition, department policies and procedures generally establish responsibility for internal controls.	**Yes**	Department Policies	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Over 90% of departments identify the parties responsible for executing policies and procedures.	Yes	

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Munis Manuals	Major Preventive	WP F-41	Reviewed Tyler Munis employee manuals.	All employee manuals are available on the City's intranet for those employee's that need them. In addition, over 90% of manual identify what department, division, or individual is responsible for certain tasks. Finally, the Tyler Munis system has assigned system roles that only allow certain individuals access to certain modules.	Yes	
			Other Financial Manual	Major Preventive	WP C-20 WP C-24	Reviewed financial manuals.	The Budget and Purchasing Manual identify responsible individuals for these processes.	Yes	
			Employee Handbook	Major Preventive	WP C-2 WP C-69 WP F-3	Reviewed City Employee Handbook.	Policies in the Employee Handbook generally identify what department is responsible for certain items, and the employee's individual responsibilities.	Yes	
Performs in a Timely Manner - Responsible personnel perform control activities in a timely manner as defined by the policies and procedures.	The Employee Handbook, Budget Manual, Purchasing Manual, and Tyler Munis manuals describe when control activities should take place. In addition, department policies and procedures generally include when control activities should take place.	**Yes**	Department Policies	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Over 90% of departments identify a particular time frame in which internal controls should take place.	Yes	
			Munis Manuals	Major Preventive	WP F-41	Reviewed Tyler Munis employee manuals.	Over 90% of the manuals reviewed included some reference to when controls should be performed. Some manuals do not include this information, but only because they are performed at the employee's leisure.	Yes	
			Other Financial Manual	Major Preventive	WP C-20 WP C-24	Reviewed financial manuals.	The Purchasing Manual and Budget Manual identify when internal controls and processes should take place.	Yes	
			Employee Handbook	Major Preventive	WP C-2 WP C-69 WP F-3	Reviewed City Employee Handbook.	The Employee Handbook provides guidelines on the timing of certain controls.	Yes	
Takes Corrective Action - Responsible personnel investigate and act on matters identified as a result of executing control activities.	The Employee Handbook, Budget Manual, Purchasing Manual, and Tyler Munis manuals describe corrective action that should be taken when exceptions are noted. Some department policies and procedures include guidelines on when to take corrective actions.	**Yes**	Department Policies	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Over 90% of departments identify corrective action to take if control activities result in exceptions.	Yes	
			Munis Manuals	Major Preventive	WP F-41	Reviewed Tyler Munis employee manuals.	About 50% of reviewed manuals detailed what corrective actions should be taken and when.	Yes	

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Other Financial Manual	Major Preventive	WP C-20 WP C-24	Reviewed financial manuals.	The Purchasing Manual identifies when corrective actions should be taken, but the Budget Manual does not.	Yes	
			Employee Handbook	Major Preventive	WP C-2 WP C-69 WP F-3	Reviewed City Employee Handbook.	Section 11 of the Employee Handbook details the disciplinary process.	Yes	
Performs Using Competent Personnel - Competent personnel with sufficient authority perform control activities with diligence and continuing focus.	The Employee Handbook, Budget Manual, Purchasing Manual, and Tyler Munis manuals identify competent personnel who are responsible for certain control activities. In addition, department policies and procedures establish that competent personnel are responsibility for internal controls.	**Yes**	Department Policies	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Over 85% of departments identify which competent personnel are responsible for internal control activities.	Yes	
			Munis Manuals	Major Preventive	WP F-41	Reviewed Tyler Munis employee manuals.	All reviewed manuals identified personnel with sufficient authority and competence to perform internal control duties. In addition, manuals assist employees with understanding and using the Tyler Munis system.	Yes	
			Other Financial Manual	Major Preventive	WP C-20 WP C-24	Reviewed financial manuals.	The purchasing process is centralized in the Purchasing Division who are appropriately competent. The budget process is centralized in the Budget Division who are appropriately competent.	Yes	
			Employee Handbook	Major Preventive	WP C-2 WP C-69 WP F-3	Reviewed City Employee Handbook.	Parties that are responsible for certain control activities are competent. In addition, the Employee Handbook details several policies that help ensure hired individuals are competent for their jobs.	Yes	
Reassesses Policies and Procedures - Management periodically reviews control activities to determine their continued relevance, and refreshes them when necessary.	Generally, department policies and procedures are reviewed annually. Most manuals that are used by general employees are updated less than annually, but do receive periodic review.	**Yes**	Department Policies	Major Preventive	WP F-40	Interviewed key personnel involved in control, communication, and monitoring activities.	Over 90% of departments review their policies and procedures at least every three years. Over 50% of departments review or update their policies at least annually.	Yes	
			Munis Manuals	Major Preventive	WP F-41	Reviewed Tyler Munis employee manuals.	Found evidence that 50% of manuals that had been originally created in 2017 were revised in January of 2018.	Yes	

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Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Other Financial Manual	Major Preventive	WP C-20 WP C-24	Reviewed financial manuals.	Found that the Purchasing Manual was updated in February of 2018, before this it had been revised and updated in November of 2011. The Budget Manual is reviewed annually as part of the budget process.	Yes	
			Employee Handbook	Major Preventive	WP C-2 WP C-69 WP F-3	Reviewed City Employee Handbook.	The Employee Handbook received a full update at the beginning of 2018 - previous full revisions occurred in September 2004. We found evidence that policies were reviewed and revised during that time.	Yes	

Principle 13: Uses Relevant Information

Objective: The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Identifies Information Requirements - A process is in place to identify the information required and expected to support the functioning of the other components of internal control and the achievement of the entity's objectives.	The IT Department has developed several specific information technology related policies to help ensure that the City's objectives are met. In addition, the Chief Information Officer (CIO) has conducted a COBIT and ITIL Maturity Model assessment to identify areas in need of improvement in the City's IT system; from these assessments the CIO has developed several objectives. The Department also has an informal project management strategy that aids IT staff in identifying information requirements for new IT projects.	**Yes**	COBIT Assessment & Implementation	Compensating Corrective	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	The Chief Information Officer conducted a Control Objectives for Information and Related Technologies (COBIT) assessment of the City's IT department and systems. Once this was complete, findings and objectives developed from that assessment were presented to the City's management team.	Yes	
			ITIL Assessment	Compensating Detective	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	The Chief Information Officer conducted an assessment of the City's IT department and systems based on the Information Technology Infrastructure Library (ITIL) Maturity Model and determined that the City was currently at a Level 2 (Repeatable). Findings and objectives were developed based on this assessment and presented to the City's management team.	Yes	
			IT Project Management	Major Preventive	WP G-3 HR Payroll WP	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	Currently there is no standardized project management process in place. This being said, IT hopes to develop a project "playbook" to formalize procedures on project reporting, including a scope phase that will help identify information requirements.	Yes	
			IT Policies	Major Preventive	WP C-22	Reviewed IT Policies.	The City's IT department has developed specific information technology policies to help the entity achieve its objectives.	Yes	
Captures Internal and External Sources of Data - Information systems capture internal and external sources of data.	The City has several information systems that capture both internal and external sources of data. These include but are not limited to: Tyler Munis, Legistar, work order systems, record and reporting systems, traffic monitoring systems, cashiering systems, etc.	**Yes**	Internal Systems	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	The City has several systems that capture, store, and process internal data, such as the Tyler Munis financial system, Legistar, work order systems for Water, Electric, and Public Works, HR's Case Management system, record systems for the Police and Fire departments, etc.	Yes	

Principle 13: Uses Relevant Information

Objective: The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			External Systems	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	The City has several systems that capture, store, and process external data, such as Planning & Development's TRAKiT, Public Works' traffic monitoring systems, Parks & Recreation's RecTrac, Police's online police report system, etc.	Yes	
Processes Relevant Data into Information - Information systems process and transform relevant data into information.	The City has several information systems that process and transform both internal and external sources of data. These include but are not limited to: Tyler Munis, Legistar, work order systems, record and reporting systems, traffic monitoring systems, cashiering systems, etc.	**Yes**	Internal Systems	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	Many department IT systems transform internal data into relevant information. For example, Tyler Munis process financial data and stores it as journal entries. In addition, Electric's work order system transforms projects into assembly units.	Yes	
			External Systems	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	Many department IT systems transform external data into relevant information. For example, Public Works traffic monitoring system allows staff to react and respond to traffic interruptions. In addition, TRAKiT routes permit submittals to the correct reviewers and inspectors.	Yes	
			IT Dashboards for Departments	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	IT provides departments with dashboards that allow department directors to process relevant data in their systems.	Yes	
Maintains Quality throughout Processing - Information systems produce information that is timely, current, accurate, complete, accessible, protected, and verifiable and retained. Information is reviewed to assess its relevance in supporting the internal control components.	The City has password protected all of its systems and utilizes role-based security to ensure those who should not have access to certain information do not have access. In addition, sensitive IT areas, such as server rooms, are physically secured by badge-access entry. Staff are also required to undergo an annual security training that includes information on password strength, phishing schemes, etc. City personnel are also trained to contact IT if they notice anything suspicious in the IT systems they use. IT staff also constantly monitor for direct attacks or IT threats.	**Yes**	Role-Based Security and System Access Controls	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	All City staff must be entered into the network system to have access and must have a password that meets certain requirements. In addition, separate department systems also require password logins.	Yes	
			Annual Security Training	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	All City staff must annually undergo security training that includes topics such as password strength and phishing schemes.	Yes	
			Physical Security Measures	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	Many City building entrances are secured with badge-access only doors. Specifically, server rooms and other sensitive IT-related areas are limited to only people that need access.	Yes	

Principle 13: Uses Relevant Information

Objective: The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Threat Monitoring	Major Detective	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	IT staff are constantly monitoring for threats and direct attacks. In addition, City staff are trained to inform IT staff if a potential threat is recognized.	Yes	
Considers Costs and Benefits - The nature, quantity, and precision of information communicated are commensurate with and support the achievement of objectives.	Several processes require staff to consider the costs and benefits of new IT systems. For example, the purchasing manual requires that all purchase requests for computer equipment, software, telecommunications or related services be approved by the IT department. IT systems requested through the budget (service level adjustments) must also be approved by the City Manager's Office and City Council and require the requesting department to make a business case for the system. Finally, IT's project management strategy typically requires the costs and benefits of the project to be considered before work has begun.	**Yes**	Purchasing Manual	Major Preventive	WP C-24	Reviewed the City's Purchasing Manual.	City purchasing policies require that all requests for computer equipment, software, telecommunications and related services or supplies be submitted to the IT Department for review and technical evaluation. The IT department will make a recommendation on the purchase, which may be appealed by the requesting department. This process allows IT to consider the costs and benefits of new software, hardware, etc. to the City and their own department.	Yes	
			Budget Process	Major Preventive	WP C-23 WP D-19 WP D-27 WP E-3	Interviewed key Fiscal Services staff members. Reviewed the City's FY18 budget.	The City's annual budgeting and service level adjustment process requires the Chief Information Officer to make a business case for the funding of their operations, requiring a consideration of costs and benefits.	Yes	
			IT Project Management	Major Preventive	WP G-3	Interviewed the Chief Information Officer and reviewed the slides of a COBIT presentation prepared by the CIO.	Currently, there is no standardized project management process in place. Some projects are more structured with milestones and other developed progress metrics, but others are not. This being said, IT has begun developing a project portfolio to show all current IT projects. IT also hopes to develop a project "playbook" to formalize procedures on project reporting. The department will also establish a dedicated project management office.	Yes	

Principle 14: Communicates Internally

Objective: The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Communicates Internal Control Information - A process is in place to communicate required information to enable all personnel to understand and carry out their internal control responsibilities.	The City has developed several documents to communicate internal control information to employees. These include the City Charter, the Employee Handbook, and department-specific policies and procedures. In addition, much of the City-wide internal control information (such as tone at the top and the disciplinary process) is also communicated verbally to employees during New Hire Orientation. Updates or changes to these controls are also communicated via the City's intranet - CityNet - which also gives employees access to many form and manuals that are key parts of internal control procedures. In addition to these methods, the City Manager communicates with department directors directly at least once every two weeks regarding any issues, including internal controls, that may arise from their departments. Department directors are expected to appropriately disseminate any City Manager information and decisions that stem from these meetings. Finally, the Human Resources Director monitors personnel related issues and may inform the City Manager's Office of any issues that may concern them.	**Yes**	Policies & Procedures	Major Preventive	WP C-21 WP C-22 WP C-24 WP C-52 WP C-75 F WPs WP G-1 WP G-2 J WPs	Reviewed policy and procedure documentation provided by the City's departments and divisions and identified internal controls.	Department and division policy and procedure documentation generally provides adequate explanation of internal controls. For those controls that were not documented, staff was able to adequately communicate existing internal control.	Yes	
			Employee Handbook	Major Preventive	WP C-69 WP D-4 WP D-34 WP D-35 WP F-3 WP G-1 WP G-2	Reviewed the Employee Handbook and identified internal controls as part of the COSO matrix.	The Employee Handbook adequately communicates City-wide internal controls including: an ethical tone at the top, the disciplinary process, a conflict of interest policy, competency requirements, benefits policies that encourage longevity, and policies that reflect Federal and State laws.	Yes	
			City Charter	Compensating Preventive	WP C-1 WP G-1 WP G-2	Reviewed the City Charter and identified internal controls as part of the COSO matrix.	The City Charter adequately communicates City-wide internal controls including: the City Internal Audit Office's independence and responsibilities, the City Council's powers and duties, a conflict of interest policy, and an ethical tone at the top.	Yes	
			Management Team Meetings	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	About every two weeks, the City Manager and their staff meet with department directors and discuss department-specific and City-wide issues. Department directors are expected to disseminate information obtained here to their staff when appropriate. In addition, the City Manager's Office often meets individually with department directors to discuss issues.	Yes	
			Personnel Issue Monitoring (HR)	Major Corrective	WP C-46 WP D-24 WP G-1	Reviewed the Case Management system from March 2017 and interviewed staff from the Human Resources department. Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	When personnel issues that the City Manager's Office needs to be aware of come up, the HR Director meets with the CMO. We found no evidence in the Case Management system comments that the City Manager's Office had been involved in personnel issues.	Yes	Though communication with the City Manager's Office is not documented in the Case Management system, this does not mean it is necessarily not occurring. In addition, issues in the Case Management system during our scope may have not warranted CMO involvement.

Principle 14: Communicates Internally

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			New Hire Orientation	Compensating Preventive	WP C-14 WP C-15 WP G-2	Reviewed the City's New Hire Orientation agenda and booklet.	All newly hired regular full-time and part-time employees must attend New Hire Orientation. During this orientation, HR staff spends 30 minutes discussing ethics and integrity (i.e. establishing tone at the top). In addition, the New Hire booklet contains brief descriptions of benefits policies that encourage longevity, the conflict of interest policy, and additional ethics and values information.	Yes	
			Organization Intranet (CityNet)	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed the City's intranet website - CityNet.	CityNet gives employees access to many internal controls including: access to the Employee Handbook; forms for purchasing, contract routing, new employees, risk management, and other general employee forms; information and access to the Employee Fraud Hotline; access to the Emergency Operations Plan; the Purchasing Manual and other purchasing guides; and other training manuals for financial systems.	Yes	
Communicates with the Board of Directors - Communication exists between management and the board of directors so that both have information needed to fulfill their roles with respect to the entity's objectives.	The City Manager's Office is primarily responsible for communicating with the City Council. This communication is done through a number of different channels including: a weekly update on areas of interest throughout the City, daily responses to Council questions about City operations and policies, and formal and informal meetings with Council members on a number of topics. The City Manager's Office, City Secretary's Office, and City Attorney's Office run a City Council introductory training for new Council members when necessary. In addition, the City uses a meeting agenda process to provide policy-makers (including	**Yes**	City Council Training	Compensating Preventive	WP C-4 WP C-5 WP D-31 WP G-1	Reviewed Council Orientation documentation provided by City staff. Used Council expenditure data to determine what trainings Council members attended throughout FY17.	City Council is adequately trained (by City staff and outside agencies) and maintains the relevant knowledge need to be a functional municipal oversight body.	Yes	
			City Council Meetings	Major Preventive	WP D-29 WP G-1	Used discovery sampling of City Council Workshop and Regular Meeting minutes to determine if the City Council had considered a number of different issues. Interviewed the City Manager and City Internal Auditor regarding their interactions with Council.	The City Manager and City Council members meet at least once every two weeks. In addition, the City Internal Auditor meets with the Mayor once a month. The City Manager also allows department directors to meet with City Council members, however, lower levels of staff are not allowed to request meetings with City Council members.	Yes	

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Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	process to provide policy makers (including City Council) with necessary information to make decisions. The Public Communication Department also holds meetings with Council members to provide guidance on speaking to the public and the media. Department directors may also meet with City Council members to discuss issues throughout the City.		Weekly Council Update	Compensating Preventive	WP G-1 WP G-2	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels. Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	On every Friday, the City Manager's Office sends an e-mail to the City Council on any areas of interest in the City that Council should be aware of. These e-mails are edited by Public Communications staff before being sent to Council.	Yes	
			Meeting Agenda Process	Major Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Items may come to the City Manager's attention through the Council Meeting agenda process. In addition, the City Manager's Office may include items on the Council Meeting Agenda. The City utilizes the Legistar system to approve agenda items. All agenda items are required to have a cover sheet that should provide Council members with enough information to make an informed decision during the meeting. In addition, agendas are reviewed by the City Manager's Office and department directors before being publicly posted.	Yes	
			Communication with City Manager's Office	Major Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Found that the City Council will often ask the City Manager's Office for information regarding constituent questions via e-mail.	Yes	
			Communication with Public Communication Staff	Major Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	Found that Public Communications staff will occasionally brief City Council before meetings with the media. In addition, they may prepare and go over talking points and generally provide advice for talking to the media.	Yes	
Provides Separate Communication Lines - Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective.	The City provides two 24/7 communication channels to report internal control and non-internal control related issues to appropriate City officials. These include: an Employee Fraud Hotline, which allows employees to anonymously report unethical behavior to the Internal Audit Office; and the "Ask the City Manager" web portal, which allows employees to anonymously (or not) report issues to the City Manager or raise policy or operational concerns to the City Manager. In addition, the Public Communications	**Yes**	"Ask the City Manager" Web Portal	Compensating Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	This web portal allows employees to anonymously send the City manager their comments and suggestions. According to CMO staff, the "Ask the City Manager" portal has not been used since the previous City Manager left the City.	Yes	Due to the recent separation of the City Manager, this portal is not currently in use, however, it should resume usage when a new City Manager is hired.
			Employee Fraud Hotline	Major Detective	WP E-11 WP G-2	Reviewed fraud hotline results, policies, and case summary information.	The Employee Fraud Hotline was established in 2008 to allow employees to report unethical behavior anonymously.	Yes	

Principle 14: Communicates Internally

Objective: The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	department periodically conducts internal surveys to gauge employee opinions on issues such as: benefits, salary, and communication.		Internal Communication Surveys	Compensating Detective	WP C-16 WP C-17 WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed internal communication surveys.	According to Public Communications staff, results from the survey were analyzed and changes were made to the City in response.	Yes	
Selects Relevant Method of Communication - The method of communication considers the timing, audience, and nature of the information.	The City utilizes several types of communication channels to disseminate and receive information about internal control processes and operational and financial issues. One of the most common channels are meetings, which allow an easy dialogue between those employees present and generally (all meetings with multiple City Council members are subject to Open Meetings requirements) allow a greater sense of privacy for more confidential information. In addition, the City has developed several documents, including the City Charter, Employee Handbook, and department-specific policies and procedures, that are disseminated to appropriate staff members. The City also utilizes several electronic forms of communication, including e-mail (subject to Open Records Request), an Employee Fraud Hotline (that provides anonymity) and an "Ask the City Manager" web portal. Finally, the City requires all employees to undergo a New Hire Orientation, and the Public Communication Department periodically conducts employee surveys that allow employees to respond to prepared questions on specific topics of interest.	**Yes**	Policies & Procedures	Major Preventive	WP C-21 WP C-22 WP C-24 WP C-52 WP C-75 F WPs WP G-1 WP G-2 J WPs	Reviewed policy and procedure documentation provided by the City's departments and divisions and identified internal controls.	Found that policies and procedure documents are adequately communicate processes to operational staff and ensure internal controls are functioning.	Yes	
			Employee Handbook	Major Preventive	WP C-69 WP D-4 WP D-34 WP D-35 WP F-3 WP G-1 WP G-2	Reviewed the Employee Handbook and identified internal controls as part of the COSO matrix.	Found that employees are required to acknowledge that they have read the handbook annually.	Yes	
			City Charter	Compensating Preventive	WP C-1 WP G-1 WP G-2	Reviewed the City Charter and identified internal controls as part of the COSO matrix.	Found that the City Charter is adequate to communicate internal controls to the appropriate audience.	Yes	
			Management Team Meetings	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Group meetings with all department directors every two weeks allows for departments to be aware of other department's issues and encourages coordination. In addition, individual meetings with the CMO allows for more sensitive issues to be brought up and discussed.	Yes	
			"Ask the City Manager" Web Portal	Compensating Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	This web portal allows employees to anonymously send the City manager their comments and suggestions. The City Manager may respond if the employee provides their name and e-mail. Input received this way may result in a blog post.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Personnel Issue Monitoring (HR)	Major Corrective	WP C-46 WP D-24 WP G-1	Reviewed the Case Management system from March 2017 and interviewed staff from the Human Resources department. Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	If the HR director identifies a personnel issue via the HR Case Management system, they may set up a meeting with the City Manager's Office to discuss further action.	Yes	
			New Hire Orientation	Compensating Preventive	WP C-14 WP C-15 WP G-2	Reviewed New Hire Orientation documentation.	All newly hired regular full-time and part-time employees must attend New Hire Orientation with the first few weeks of being hired. This orientation lasts for about three and a half hours and covers the following topics: policies and ethics, programs overview, the City Manager's Office, respect in the workplace, risk management and safety, and information security.	Yes	
			Organization Intranet (CityNet)	Compensating Preventive	WP G-2	Reviewed the City's intranet website - CityNet.	CityNet is generally easy to use and necessary forms are easy to find. In addition, kiosks have been placed in certain areas for employee's who do not typically have computer access.	Yes	
			Employee Fraud Hotline	Major Detective	WP E-11 WP G-2	Reviewed fraud hotline results, policies, and case summary information.	Since 2008, there has been 38 complaints submitted through the hotline. In addition, the hotline policy is documented in the employee handbook, and employees are shown a video about the hotline during New Hire Orientation.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Department Specific Communication Plans	Compensating Preventive	WP C-16 WP G-6 WP G-7 WP G-8 WP G-9 WP G-10 WP G-11 WP G-12 WP G-13 WP G-14	Reviewed department internal communication plans provided by the Public Communications Manager and the Public Communciations Director.	Internal communication plans based on the 2013 Employee Survey were developed by the Public Communications Department for: the CMO, Electric, Fire, Fiscal, Parks & Recreation, Planning & Development, Police, Public Works, and Water. These plans identified which methods of communication department employees prefer and include recommendations for message delivery. They also identify which topics employees in the City departments felt were most important to be informed about. In addition, the documents recommended communication methods for department heads and supervisors and summarized the communication plans of the City Manager's Office and the Human Resources Department.	Yes	
			Internal Communication Surveys	Compensating Detective	WP C-16 WP C-17 WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed internal communication surveys.	Found that 64% of the City's fulltime employees participated in the 2013 survey and 43% participated in the 2016 survey.	Yes	

Principle 15: Communicates Externally

Objective: The organization communicates with external parties regarding matters affecting the functioning of internal control.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Communicates to External Parties - Processes are in place to communicate relevant and timely information to external parties including shareholders, partners, owners, regulators, customers, and financial analysts and other external parties.	The City primarily disseminates information and communicates with external parties through electronic media including: a City blog, TV broadcasts, podcasts, radio broadcasts, and an e-mail notification system. The City also utilizes face-to-face communication methods including: public meetings, meetings with other local agencies, meetings with the media, and seminars and trainings for citizens. In addition, the City adheres to Texas financial transparency standards and distributes physical information such as newsletters and welcome bags for new students. The City also provides communications training with department directors and key supervisors to aid appropriate communication with citizens and the media. The Public Communication Department has also developed a communications strategic plan to guide them in communication efforts.	**Yes**	Public Meetings	Major Preventive	WP C-81 WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Citizens are welcome to attend City Council meetings to observe policy makers comments and decisions	Yes	
			Financial Transparency and Open Records Requests	Major Preventive	WP C-1 WP C-5 WP C-21 WP C-53 WP C-54 WP D-28 WP G-1	Reviewed the City's webpage about financial transparency and examined all external audit recommendations from FY06 through FY16. Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	The City publishes many financial documents online for public review including: payments to vendors for goods and services, payments to agencies per contractual terms and conditions, travel reimbursements to employees, and refunds for deposits on utilities, facilities rentals, etc. In addition citizens may request further information through an Open Records request. Finally the City undergoes a financial external audit annually.	Yes	
			Meetings with Local Agencies	Major Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	The City Manager's Office meets monthly with the City of Bryan's City Manager, Texas A&M financial personnel, and the Brazos County Judge to discuss items that could affect all jurisdictions. The City Manager also has frequent informal communication with the City of Bryan's City Manager. Finally, the City Manager's Office also meets periodically with the College Station ISD superintendent and has several meetings a year about interlocal agreements on road improvements.	Yes	
			Public Communication Strategic Plan	Major Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed the Strategic Public Communications Plan.	The Public Communications Department developed a strategic plan during 2014. This document addressed goals and objectives and their implementation strategy. In addition, it detailed plans for Public Relations, Media Relations & Crisis Communications, and Marketing & Advertising.	Yes	
			City Blog	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The City maintains a blog through which they disseminate information to external parties.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Videos and TV Broadcasts	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The City maintains a YouTube channel through which they disseminate public service announcements and other information. In addition, the City utilizes a television channel for the same purpose. City Council meetings can also be lived-streamed on the City's website and are archived and made available to the public back to 2009.	Yes	
			E-Notify System	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The City offers an electronic notification service that utilizes e-mail to update citizens on a variety of topics that they can choose including: City events, City news, City Manager and crime reports, public notices, etc.	Yes	
			Newsletters	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The City also offers subscription newsletter that are mailed to citizens upon request including: utility billing, homeowner's associations, etc.	Yes	
			Meetings with Media	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communications department holds periodic meetings with the media to better inform them on complicated issues, such as the budget process or changes to Planning & Development's overlay process.	Yes	
			Podcasts and Radio Broadcasts	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	City staff and Council members periodically make appearances on local radio broadcasts. In addition, the City periodically releases a podcast called "Is This A Thing" that answers economic development questions.	Yes	
			Communications Training	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department conducts communications trainings for department directors and key supervisors every five years.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Neighborhood & Community Relations Coordinator	Major Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department also has a position dedicated to reaching out and communicating with the community. These efforts include distributing welcome bags and information for college students through local agencies, presenting seminars on different topics, holding a Citizen's University annually, and creating a community living course for students who have violated City ordinances.	Yes	
Enables Inbound Communications - Open communication channels allow input from customers, consumers, suppliers, external auditors, regulators, financial analysts, and others, providing management and the board of directors with relevant information.	The City has developed many electronic channels to allow citizens to communicate issues and questions to the City. These include: e-mails, phone calls, and social media interactions with City Council and City staff, citizen surveys, and the SeeClickFix app, which allows citizens to report ordinance violations. The City also utilizes social listening software to identify citizen complaints and respond when appropriate. Face-to-face interactions, such as public meetings, meetings with other local agencies, and seminars or trainings, allow for a dialogue between citizens or other agency personnel and City officials. The Public Communications Department has also developed a communications strategic plan.	**Yes**	Public Meetings	Major Preventive	WP C-81 WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Citizens may submit oral or written comments at regular City Council meetings.	Yes	
			Citizen Initiated Social Media	Compensating Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Council members and the City receive feedback from citizens through their social media and e-mail accounts. In addition, the City has posted phone numbers to allow citizens to reach City functions. Citizens expect responses as part of these forms of communication.	Yes	
			Meetings with Local Agencies	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	The City Manager's Office meets monthly with the City of Bryan's City Manager, Texas A&M personnel, and the Brazos County Judge to discuss items that could affect all jurisdictions. The City Manager also has frequent informal communication with the City of Bryan's City Manager. Finally, the City Manager's Office also meets periodically with the College Station ISD superintendent and has several meetings a year about interlocal agreements on road improvements.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Public Communication Strategic Plan	Major Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed the Strategic Public Communications Plan.	The Public Communications Department developed a strategic plan during 2014. This document addressed goals and objectives and their implementation strategy. In addition, it detailed plans for Public Relations, Media Relations & Crisis Communications, and Marketing & Advertising.	Yes	
			Neighborhood & Community Relations Coordinator	Major Detective	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department also has a position dedicated to reaching out and communicating with the community. These efforts include distributing welcome bags and information for college students through local agencies, presenting seminars on different topics, holding a Citizen's University annually, and creating a community living course for students who have violated City ordinances.	Yes	
			Social Listening Software	Major Detective	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department monitors digital conversations to understand what people are saying about the City of College Station online. They then respond to any comments or questions when necessary.	Yes	
			Citizen Surveys	Compensating Detective	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department periodically releases surveys to the public. In addition, they conduct an annual survey of the media.	Yes	

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Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			City Code Violation Reporting	Major Corrective	WP G-2 WP G-4 WP G-5	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed City Code Enforcement's Violation Reporting webpage and explored the SeeClickFix system.	The City manages an application called SeeClickFix that allows citizens to report code enforcement violations and other non-emergency issues they see within the City. This system allows citizens to track the status of their complaint, receive progress reports and comment on other complaints. This system is managed by the Community Services Department. In addition, violations can be reported via e-mail or over the phone. All violation reports are considered anonymous.	Yes	
Communicates with the Board of Directors - Relevant information resulting from assessments conducted by external parties is communicated to the board of directors.	Occasionally, the City hires external parties to conduct assessments of the City. The information received from these assessments is then presented during City Council meetings and often requires some direction or decision to be made. These presentations are included as agenda items for the meeting, which includes a summary and background materials on the information being presented to help ensure Council members are up-to-date and prepared. In addition, the City Manager's Office updates the Council weekly on areas of interest - this may include updates on external assessments.	**Yes**	City Council Meetings	Major Preventive	WP D-29 WP G-1	Used discovery sampling of City Council Workshop and Regular Meeting minutes to determine if the City Council had considered a number of different issues. Interviewed the City Manager and City Internal Auditor regarding their interactions with Council.	Found that the City Manager and City Council members meet at least every two weeks. In addition, the City Internal Auditor meets with the Mayor once a month. The City Manager also allows department directors to meet with City Council members, however, lower levels of staff are not allowed to request meetings with City Council members. These meetings may involve the communication of information from external assessments.	Yes	
			Weekly Council Update	Compensating Preventive	WP G-1 WP G-2	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels. Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	Every Friday, the City Manager's Office sends an e-mail to the City Council on any areas of interest in the City that Council should be aware of. These e-mails are edited by Public Communications staff before being sent to Council. These updates may involve the communication of information from external assessments.	Yes	
			Meeting Agenda Process	Major Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Information gained from external assessments is primarily reported at City Council meetings (about every two weeks). To present this information, department directors are required to submit an agenda item that includes a summary of relevant information.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Provides Separate Communication Lines - Separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication when normal channels are inoperative or ineffective.	The City provides a channel for citizens and other external stakeholders to report code violations of other citizens. Although the hotline is currently not open to all citizens to report internal control deficiencies within the City, it is open to vendors. For example, Inventation to Bid documents advertise the City's Fraud Hotline to potential vendors. Vendors have reported concerns via the hotline (see audit project 18.04 "Roof Repair Attestation Examination Engagement).	**Yes**	City Code Violation Reporting	Major Corrective	WP G-2 WP G-4 WP G-5	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed City Code Enforcement's Violation Reporting webpage and explored the SeeClickFix system.	Citizens can report code violations by e-mail, phone number, or through an application called SeeClickFix. According to City policy, all violation reports are considered anonymous unless the reporter requests follow-up information. The SeeClickFix system allows for violations to be reported anonymously, even if users have created a profile.	Yes	
			Fraud Hotline	Major Detective	WP E-11 WP G-2 Audit 18.04	Reviewed fraud hotline results, policies, and case summary information. Reviewed audit project 18.04.	The Fraud Hotline is not open to citizens, but is open to contractors or vendors.	Yes	RECOMMENDATION Processes should be expanded or initiated to allow citizens to report potential internal control deficiencies or fraud.
Selects Relevant Method of Communication - The method of communication considers the timing, audience, and nature of the communication and legal, regulatory, and fiduciary requirements and expectations.	The City utilizes several types of communication channels to disseminate and receive information and input to and from external sources. Many of these channels are electronic and typically fall into two categories: enabling dialogue or providing one-way communication. Those channels that enable dialogue between citizens and the City include: daily social media, phone calls, and e-mail interactions, the City's blog, the SeeClickFix application, and social listening software. The City also engages in one-way communication through: videos and television broadcasts, podcasts and radio broadcasts, state required Financial Transparency efforts, and an electronic notification system that utilizes e-mail. The City also hosts several face-to-face meetings that enable dialogue between the outside stakeholders and City officials including: public meetings (i.e. City Council meetings), meetings with the media, meetings with other local agencies, and seminars and trainings aimed at educating citizens about codes and ordinances. The City also sends out physical newsletters to those citizens that wish	**Yes**	Public Meetings	Major Preventive	WP C-81 WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Public meetings allow for citizens to receive information on various topics that City Council members discuss. In addition, the Hear Visitors portion of the meeting allows citizens to raise issues and potentially have a dialogue with City Council on those issues.	Yes	
			Financial Transparency and Open Records Requests	Major Preventive	WP C-1 WP C-5 WP C-21 WP C-53 WP C-54 WP D-28 WP G-1	Reviewed the City's webpage about financial transparency and examined all external audit recommendations from FY06 through FY16. Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Open Records requests and Financial Transparency allows citizens to view or request information they want to see at their leisure. Financial data is available 24/7, which open records requests must be responded to within 10 days.	Yes	
			Citizen Initiated Social Media	Compensating Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Social media, phone calls, and e-mail allow citizens to receive quick responses from key City officials on a variety of topics.	Yes	
			Meetings with Local Agencies	Major Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	City Manager meetings with key other local agencies allow a two-way dialogue that fosters communication on area-wide issues.	Yes	

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Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	physical newsletters to those citizens that wish to receive them.		City Blog	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	This allows the City to disseminate information in a more flexible media than traditional press statements and encourages citizen interaction. In addition, the media often uses these posts when reporting on news stories.	Yes	
			Videos and TV Broadcasts	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	This allows the City to disseminate information in a way that can be viewed by citizens at any time.	Yes	
			E-Notify System	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	This system allows citizens to choose which topics they want to be informed about and to get current updates.	Yes	
			Newsletters	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	This system allows citizens to choose which newsletters that are important to them.	Yes	
			Meetings with Media	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communications department holds periodic meetings with the media to better inform them on complicated issues, such as the budget process or changes to Planning & Development's overlay process.	Yes	
			Podcasts and Radio Broadcasts	Compensating Preventive	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	This allows the City to disseminate information in a way that can be heard by citizens at any time.	Yes	
			Neighborhood & Community Relations Coordinator	Major Detective	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department also has a position dedicated to reaching out and communicating with the community. These efforts include distributing welcome bags and information for college students through local agencies, presenting seminars on different topics, holding a Citizen's University annually, and creating a community living course for students who have violated City ordinances.	Yes	

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Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Social Listening Software	Major Detective	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	This system allows the City to respond to any online comments or questions when necessary.	Yes	
			Citizen Surveys	Compensating Detective	WP G-2	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator.	The Public Communication Department periodically releases surveys to the public. In addition, they conduct an annual survey of the media.	Yes	
			City Code Violation Reporting	Major Corrective	WP G-2 WP G-4 WP G-5	Interviewed the Public Communications Director, the Public Communications Manager, and the Neighborhood & Community Relations Coordinator. Reviewed City Code Enforcement's Violation Reporting webpage and explored the SeeClickFix system.	The City manages an application called SeeClickFix that allows citizens to report code enforcement violations and other non-emergency issues they see with in the City. This system allows citizens to track the status of their complaint, receive progress reports and comment on other complaints. This system is managed by the Community Services Department. In addition, violations can be reported via e-mail or over the phone. All violation reports are considered anonymous.	Yes	

Principle 16: Conducts Ongoing and/or Separate Evaluations

Objective: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Considers a Mix of Ongoing and Separate Evaluations - Management includes a balance of ongoing and separate evaluations.	The City has several key evaluation functions that are both ongoing and periodic. For instance, the Internal Audit Office historically has conducted 3-4 performance audits every year over different department's, division's, or function's operations. Similarly, the City Manager's Office occasionally hires outside consultants to conduct evaluations of City operations. City staff also evaluate operations on an ongoing basis. For instance, department and division managers have access to financial modules that let them monitor their budgets and review account expenses. Departments also monitor performance metrics for each division and report these to be included in the annual budget.	**Yes**	Internal Audit Policies & Procedures	Compensating Detective	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires Internal Audit staff to develop an annual audit plan to be presented to the Audit Committee. This list includes potential audit topics on which to conduct separate evaluations.	Yes	
			Audit Plan	Compensating Detective	WP C-58	Reviewed proposed audit plans from 2014 through 2018.	Audit plans include a list of potential topics with a description of why the topic is relevant and potential audit tests.	Yes	
			Audit Reports	Major Detective	WP C-7 H WPs	Reviewed audit reports from 2015 through 2018.	Audit reports include findings and analysis from separate evaluations of City department, divisions, and programs.	Yes	
			Separate Department Evaluations	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	The City Manager's Office occasionally contracts with management consulting firms to review how the City's departments are managed.	Yes	
			Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23	Reviewed budget documentation, including the budget kick-off memo, and examined all department reporting requirements.	The annual budget process involves departments developing annual goals, on-going key performance indicators, and annual department issues and needs.	Yes	
			Tyler Munis Access	Major Detective	WP H-20	Reviewed the Tyler Munis General Ledger Training Manual.	The General Ledger training manual explains the following: the chart of accounts, how to view a specific account balance or project balance, how to run a year to date budget report, how to run a historical actuals comparison report, and how to run a flexible period budget report.	Yes	
			Department Internal Reporting	Major Detective	WP F-40	Interviewed department directors and division supervisors.	Several departments utilize intra-department performance reporting. In addition, department activities are typically reported to the City Manager's Office and City Council more regularly than annually.	Yes	

Principle 16: Conducts Ongoing and/or Separate Evaluations

Objective: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Considers Rate of Change - Management considers the rate of change in business and business processes when selecting and developing ongoing and separate evaluations.	The Internal Audit Office bases the selection of their separate evaluations on periodic City-wide risk assessments and annual evaluations of the organization. The City Manager's Office also conducts separate evaluations - especially when they suspect operational changes are needed. In addition, the budget process allows for department goals, issues, and performance metrics to be updated annually to reflect organizational changes. The Tyler Munis system also allows supervisors to examine the effects of organizational change as it is happening.	**Yes**	Internal Audit Policies & Procedures	Compensating Detective	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires Internal Audit staff to develop an annual audit plan based on the following factors: financial and performance risks, the financial auditors' results, requests and suggestions from the City Council, city management, and other interested parties, the feasibility of audit topics, and the availability of resources.	Yes	
			Audit Plan	Major Detective	WP C-58	Reviewed proposed audit plans from 2014 through 2018.	Audit plans include a list of potential topics with a description of why the topic is relevant. The topics were picked based on the following factors: financial and performance risks, the financial auditors' results, requests and suggestions from the City Council, City management, and other interested parties, the feasibility of audit topics, and the availability of resources.	Yes	
			Audit Risk Assessments	Major Detective	WP C-10 WP C-41 WP C-50	Reviewed periodic audit risk assessments.	Occasionally, the Internal Audit department conducts a City-wide risk assessment to assist in creating the annual audit plan and determine high risk areas of the City.	Yes	
			Separate Department Evaluations	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Occasionally, the City Manager's Office hires outside consultants to assess City operations - especially when they suspect operational changes are needed.	Yes	
			Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23	Reviewed budget documentation, including the budget kick-off memo, and examined all department reporting requirements.	Budget performance metrics and goals are considered annually by City management and the public. At this time, they may be adjusted to reflect organizational changes.	Yes	
			Tyler Munis Access	Major Detective	WP H-20	Reviewed the Tyler Munis General Ledger Training Manual.	The Tyler Munis system allows department directors and division supervisors to review actual account expenditures whenever they want. This ongoing evaluation process is driven by organizational change.	Yes	

Principle 16: Conducts Ongoing and/or Separate Evaluations

Objective: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Establishes Baseline Understanding - The design and current state of an internal control system are used to establish a baseline for ongoing and separate evaluations.	Internal audits first establish a baseline for the auditee's operations before making recommendations to improve these operations. The implementation of these recommendations is then tracked which makes establishing this baseline easier if a similar audit is conducted later. In addition, the annual budget allows for longitudinal evaluations of each department's key performance metrics. Similarly, Tyler Munis allows supervisors to compare actual costs to the budget or to actual costs from previous years.	**Yes**	Internal Audit Policies & Procedures	Compensating Detective	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires Internal Audit staff to conduct a survey phase for each audit, which considers the program being audited, potential users, relevant internal controls, potential risk areas, and more.	Yes	
			Audit Plan	Compensating Detective	WP C-58	Reviewed proposed audit plans from 2014 through 2018.	Audit plans include a list of potential topics with a description of why the topic is relevant. The topics were picked based on the following factors: financial and performance risks, the financial auditors' results, requests and suggestions from the City Council, city management, and other interested parties, the feasibility of audit topics, and the availability of resources. These topics help the Internal Audit Office establish internal control requirements.	Yes	
			Audit Risk Assessments	Major Detective	WP C-10 WP C-41 WP C-50	Reviewed periodic audit risk assessments.	Occasionally, the Internal Audit department conducts a City-wide risk assessment to determine high risk areas of the City by establishing general internal control requirements.	Yes	
			Audit Recommendation Tracking	Major Corrective	WP C-51	Reviewed audit recommendation tracking spreadsheet.	Audit recommendation implementation is tracked in a spreadsheet by Internal Audit Office staff. This aids the office in understanding internal control baselines after evaluations have caused change.	Yes	
			Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23	Reviewed budget documentation, including the budget kick-off memo, and examined all department reporting requirements.	The budget document includes the actual from the previous year, an estimate for the current year, and a goal for the budgeted year. This allows for longitudinal metric comparison.	Yes	
			Tyler Munis Access	Major Detective	WP H-20	Reviewed the Tyler Munis General Ledger Training Manual.	Tyler Munis reports allow supervisors to compare actual expenditures to the budget and to compare actual or budgeted expenditures to previous years. This allows for longitudinal metric comparison.	Yes	

Principle 16: Conducts Ongoing and/or Separate Evaluations

Objective: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Uses Knowledgeable Personnel - Evaluators performing ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	Competence for Internal Audit Office staff is ensured through continuing professional education, which is tracked to ensure all staff are in compliance with Government Auditing Standards. The City Manager's Office also hires outside consultants through the request for proposal process, which establishes criteria for evaluators and promotes the lowest responsible bidder. In addition, the supervisors of a function are expected to evaluate the expenditures of their organization. Similarly, the City Manager's Office, with the aid of Budget personnel, evaluate department expenditures, goals, issues, and performance metrics annually.	**Yes**	Internal Audit Policies & Procedures	Major Preventive	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires staff to be collectively competent for audits on which they perform work. This includes requiring the City Internal Auditor to be a Certified Internal Auditor (CIA) and a Certified Government Auditing Professional (CGAP) as well as seeking additional licenses when necessary. Additional staff are required to have a CIA or be in the process of obtaining that certification within one year after beginning employment. Collective competence is assessed by the City Internal Auditor for every audit as part of creating the work plan.	Yes	
			Separate Department Evaluations	Major Preventive	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Occasionally, the City Manager's Office hires outside consultants to perform evaluations of the City's operations. These consultants are hired through the Request for Proposal process which identifies the most cost effective, responsible bidder.	Yes	
			Audit Continuing Professional Education Tracking	Compensating Detective	WP C-82	Reviewed audit staff continuing professional education tracking spreadsheet.	Internal Audit staff continuing professional education hours are tracked on a spreadsheet to help ensure that individuals are meeting all professional certification requirements.	Yes	
			Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23	Reviewed budget documentation, including the budget kick-off memo, and examined all department reporting requirements.	Budgeted expenses and department performance metrics are reviewed annually by the City Manager's Office and budget personnel.	Yes	
			Tyler Munis Access	Major Detective	WP H-20	Reviewed the Tyler Munis General Ledger Training Manual.	Department and division supervisors, who should have organizational knowledge, are expected to monitor actual expenditures in comparison to the budget.	Yes	
Integrates with Business Processes - Ongoing evaluations are built into the business processes and adjust to changing conditions.	Performance metrics are reported annually as part of the budget process and are direct measures of the department's business processes. In addition, the Tyler Munis module reflects actual expenses that are incurred as part of the business process. These are		Annual Budget Process	Major Preventive	WP C-19 WP C-20 WP C-23 WP E-3	Reviewed budget documentation, including the budget kick-off memo, and examined all department reporting requirements. Reviewed all FY18 department goals, issues, and performance metrics.	Annually department directors and division supervisors must report their performance metrics and consider operational goals and issues for the next year.	Yes	

Principle 16: Conducts Ongoing and/or Separate Evaluations

Objective: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	sometimes classified as projects and used when job costing is necessary.		Tyler Munis Access	Major Detective	WP H-20	Reviewed the Tyler Munis General Ledger Training Manual.	Department and division supervisors are expected to monitor actual expenditures in comparison to the budget as they manage their operations.	Yes	
			Department Internal Reporting	Major Detective	WP F-40	Interviewed department directors and division supervisors.	Several departments utilize intra-department performance reporting. In addition, department activities are typically reported to the City Manager's Office and City Council more regularly than annually.	Yes	
Adjusts Scope and Frequency - Management varies the scope and frequency of separate evaluations depending on risk.	The scope of each internal audit is varied based on results from the audit's survey phase. In addition, consultant evaluations overseen by the City Manager's Office are varied based on the present need.		Internal Audit Policies & Procedures	Compensating Detective	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires staff to conduct a survey phase for each audit, which considers the program being audited, potential users, potential risk areas, reliability of data, matters that have received media attention, attestation risk, and more. In addition, a work plan is developed of each audit based on this information that describes the scope of each audit.	Yes	
			Audit Plan	Compensating Detective	WP C-58	Reviewed proposed audit plans from 2014 through 2018.	Audit plans typically include a description of the audit's potential scope.	Yes	
			Audit Reports	Major Detective	WP C-7 H WPs	Reviewed audit reports from 2015 through 2018.	Each audit report includes a scope and methodology section which describes the audit's scope and the tests used to reach findings. The scope of each audit performed from 2015 through 2018 varies.	Yes	
			Separate Department Evaluations	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Occasionally, the City Manager's Office hires outside consultants to perform evaluations of the City's operations including: cost of service studies, rate studies, transportation studies, insurance studies, feasibility studies, management reviews, etc.	Yes	
Objectively Evaluates - Separate evaluations are performed periodically to provide objective feedback.	Internal Audit staff are required to attest to their objectivity and independence for every audit in documented work papers and in the audit report itself. In addition, the City Internal Audit Office reports functionally to the City Council to help ensure objectivity and independence. Finally, consultants hired by the City Manager's Office should have more incentive to present accurate, objective	**Yes**	Internal Audit Policies & Procedures	Major Preventive	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires staff to be free of independence impairments both in fact and appearance. This is documented for each audit in an Independence Statement and Independence and Objectivity Assessment. Any potential impairments must be disclosed to the Audit Committee.	Yes	

Principle 16: Conducts Ongoing and/or Separate Evaluations

Objective: The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
	findings than a consultant hired by the department the assessment is evaluating.		Audit Reports	Major Detective	WP C-7 H WPS	Reviewed audit reports from 2015 through 2018.	All audit reports include a statement regarding the Office's compliance with Government Auditing Standards, which require independence and objectivity.	Yes	
			City Charter	Major Preventive	WP C-1	Reviewed the City Charter.	The City Internal Audit Office reports functionally to the City Council.	Yes	
			Separate Department Evaluations	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	Occasionally, the City Manager's Office hires outside consultants to perform evaluations of the City's operations.	Yes	

Principle 17: Evaluates and Communicates Deficiencies

Objective: The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
Assesses Results - Management and the board of directors, as appropriate, assess results of ongoing and separate evaluations.	The City Internal Audit Office periodically conducts evaluations of different City departments, divisions, and functions. These evaluations include recommendations to which management is expected to respond and are then presented to the Audit Committee and then typically presented publicly to the City Council. The City Manager's Office also periodically contracts with consultants to conduct evaluations of City departments and divisions. These are presented publicly to the City Council.	**Yes**	Internal Audit Policies & Procedures	Major Preventive	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires Internal Audit staff to obtain a management response to audit recommendations before publication. The report, including this management response, is then reviewed by the Audit Committee and finalized. The final report is then presented to the City Council at an audit committee.	Yes	
			Audit Reports	Major Corrective	WP C-7 H WPs	Reviewed audit reports from 2015 through 2018.	All audit reports are presented to management and the City Council. Occasionally, an audit report is not publicly published due to sensitive information.	Yes	
			Audit Management Responses	Major Corrective	WP C-7 H WPs	Reviewed audit management responses from 2015-2018.	All performance audit reports from 2015 through 2018 include a management response section. The attestation engagement did not include a published management response, however, a management response was received.	Yes	
			Audit Committee Meetings	Major Corrective	WP C-8	Reviewed creation of the audit committee City ordinance.	The Audit Committee is tasked with overseeing all audits performed by the City Internal Auditor's Office.	Yes	
			City Council Meetings	Compensating Corrective	WP D-29 H WPs	Used discovery sampling of City Council Workshop and Regular Meeting minutes to determine if the City Council had considered a number of different issues.	Since 2015 through 2018 all audits conducted by the City Internal Audit Office except one was presented to the City Council.	Yes	This audit was not presented to City Council due to concerns about sensitive information.
			Separate Department Evaluations	Major Detective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	The City Manager's Office occasionally contracts with management consulting firms to review how the City's departments are managed. These assessments are then presented to the City Council.	Yes	
Communicates Deficiencies - Deficiencies are communicated to parties responsible for taking corrective action and to senior management and the board of directors, as appropriate.	The Internal Audit Office reports include a Findings & Analysis section that communicates deficiencies. These reports also include recommendations to improve performance. The City Manager's Office also contracts with consultants to conduct evaluations; these evaluations typically include some sort of recommendation or operational options.	**Yes**	Internal Audit Policies & Procedures	Major Preventive	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires Internal Audit staff to prepare a written audit report to communicate results. These reports typically include the following sections: background, scope & methodology, findings & analysis, an executive summary, recommendations, and management's response to recommendations.	Yes	

Principle 17: Evaluates and Communicates Deficiencies

Objective: The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Auditor Conclusion: We have performed audit procedures to assess if the entity level controls below are deployed across the City to provide reasonable assurance that the above principle is present. The results of these audit procedures are documented below.

Are entity level controls deployed across the City to demonstrate the key principle above is present? **YES**

Points of Focus	Control Activity	Point of Focus Supported	Control Component	Control Type	Ref. Docs	Audit Testing Procedures	Audit Results	Control Effective	Auditor Notes
			Audit Reports	Major Corrective	WP C-7 H WPs	Reviewed audit reports from 2015 through 2018.	All eight performance audits published from 2015 through 2018 include a section that communicates recommendations. In addition, an attestation engagement was published; a management letter that includes recommendations was released to management only as part of the communication.	Yes	
			Separate Department Evaluations	Major Corrective	WP G-1	Interviewed the interim City Manager and the Assistant City Manager regarding communication channels.	The City Manager's Office occasionally contracts with management consulting firms to review how the City's departments are managed, including: rate studies, feasibility studies, cost of service studies, management reviews, etc. These studies typically communicate their findings in a written report.	Yes	
Monitors Corrective Actions - Management tracks whether deficiencies are remediated on a timely basis.	Internal audit report recommendations are monitored through a standardized follow-up process. Follow-up results are reported to the Audit Committee and the City Council annually.	**Yes**	Internal Audit Policies & Procedures	Major Detective	WP C-65	Reviewed Internal Audit policies and procedures documentation.	Audit policy requires the Internal Audit Office staff to request a status update on all audit recommendations between six to twelve months after issuance. The status of recommendations are then communicated to the Audit Committee and City Council annually.	Yes	
			Audit Recommendation Tracking	Compensating Detective	WP C-51	Reviewed audit recommendation tracking spreadsheet.	The Internal Audit Office tracks each issued audit recommendation including: management's agreement, implementation state, published date, follow-up date, time between issuance and follow-up, and whether the report is available online.	Yes	