

# Internal Audit Update

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LONG TERM FINANCIAL POLICY AUDIT  
SUBCOMMITTEE

AUGUST 14, 2025

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# Background

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- Moss Adams completed a review of Internal Controls in 2016
- Finance Department forms Internal Audit Unit (IAU) within Financial Reporting Division
  - Recruited an internal auditor in 2016
  - Presented audit reports to LTFPA
- IAU drafted Audit Management Plan based on Moss Adams comments

# Internal Audit Unit

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- Created a Corrective Action Plan that assessed all the comments from the Moss Adams review
  - Of the 68 comments, 7 were deemed Highly Critical
- The work is highly labor intensive, in some cases involving policy development or updating, in addition to audit testing/retesting
- Internal Auditor left the City in 2020

# Lessons Learned

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- IAU was understaffed
  - One auditor was tasked with policy development, testing, and report writing
- IAU needed to be in a different department to provide more independence and have more authority
- Stand alone audit committee

# Moving forward

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- Have audit firm review past audit plan and work to date
  - Develop a new Corrective Action Plan
- Specific item to review this year in addition to Action Plan
- Will require retaining firm for audit testing, policy development and re-testing