



Annual Citywide Risk Assessment

Fiscal Year 2020





Internal Audit Unit

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Attached is the Annual Citywide Risk Assessment proposed by the Internal Audit Unit of the City of Fresno. Included within this document is the Audit Work Plan, which lists the proposed audit assignments for FY 2020. The Audit Work Plan was developed by considering the results of the FY 2020 Citywide Risk Assessment, and input from other sources. The list of proposed audit assignments for FY2020 includes performance audits regarding the various City departmental activity groups and other audit projects and activities. We designed our work plan to address what we considered to be risk areas, while limiting the scope of work to what we can realistically accomplish with the staff resources available.

Respectfully submitted,

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Calculation of Estimated Audit Hours Available for FY 2020

Two Full-Time Equivalent (FTE) Auditor	Principal Internal Auditor Hours	Internal Auditor Hours	Total Hours
Total Annual Hours Available	2,080	2,080	4,160
Less Non-Audit Hours:			
Annual Leave*	160	120	280
Supplemental Sick	0	40	40
FMLA/Other Leave	320		320
Holidays	96	96	192
Administrative Leave	60	60	120
Continuing Professional Education	40	40	80
Administrative Duties**	120	80	200
Other Assigned Projects***	120	120	240
Total Non-Audit Hours	916	556	1,472
Total Annual Audit Hours Available	1,164	1,524	2,688

*"Annual Leave" - Maximum hours available- 13.3 hours * 12 months = 159.6 hours (rounded to 160). Note - In most cases, auditors will take approximately 120 hours annual leave/year. If additional is requested it will need to be discussed and approved by Management.

**Administrative Duties" include completing timecards/leave approval; Performance Self-Evaluations; organization of office projects/tasks, etc.; research for training opportunities; and any time not attributed to a specific project or task assigned by management

***"Other Assigned Projects" include tasks such as developing IA department (updating annual risk assessment and audit plan, etc.), responding to Council and other stakeholder requests, internal research projects, presentation preparation, stakeholder outreach meetings, and research & development for future audit issues, etc.



Citywide Risk Assessment – Fiscal Year 2020

A risk assessment includes scoring based on a variety of risk factors. A risk factor is an indicator of a condition that could negatively affect the organization. They can measure inherent risk or organizational vulnerability. The risk assessment was used as a measurement tool for audits within the departments of the City of Fresno.

The first step in creating the City’s risk assessment model was to define the audit universe. The audit universe is a listing of all of the City’s significant Auditable Units (all of the City’s potential audits that could be performed). We created a list of all the City’s departments and their divisions as the Auditable Units.

A questionnaire was developed and sent to all department directors, with the request of responses per each division of their department. Responses to the questionnaires were submitted and scored into the risk assessment. Additional risk factors scored by department were the number of full time employees (FTEs), revenues, and expenditures. The last risk factor taken into account was based on when the last audit for that division was conducted.

The final step to completing the risk assessment was calculating the total risk score for each of the submitted section of each department. The risk assessment was listed in order based on highest risk score to lowest risk score. In addition, the divisions are rated in descending order by tenths, identifying the top 30 percent (or those ranking 10, 9, or 8) as High Risk. The next 40 percent (ranking 7, 6, 5, or 4) were identified as Medium Risk, and the bottom 30 percent (score of 3, 2 or 1) of risk scores were ranked as Low Risk (See Attachment B – Citywide Risk Assessment).

Interpreting Risk Assessment Results

If a division has a high risk score, this indicates that the services they provide, or functions they are responsible for, are high in risk due to factors such as having a large amount of expenditures or revenues. A high risk score does not mean that a division is being managed ineffectively or that it is not functioning properly. High risk areas may indicate opportunities to address activities which are mission critical, provide substantial support for other internal City operations, reflect high public need, or consume significant financial resources. The overall risk scores identify activities with the highest risk factors that may warrant additional audit services.



Audit Work Plan – Fiscal Year 2020

While the annual risk assessment plays a major role in shaping the audit plan, it is not the sole factor defining that plan. Factors like scope limitations, an improvement of internal controls, input from stakeholders, and notification of possible internal control violations can also guide the audit plan’s development. In the end, the Principal Internal Auditor uses all pertinent factors in conjunction with their professional judgment to develop the audit plan.

In the Audit Work plan for FY 2020, we have included the carryover of an audit from FY 2019 for Public Works. The audits following that are those proposed for FY 2020 and are based on the FY 2020 Citywide Risk Assessment results.

Work Plan Item No.	Risk Score	Activity Group Audit	Audit Objectives	Status
1	81	Public Works - Consultant Services and Project Management*	Limited scope audit of policies and procedures	Report Writing
2	68	Fire Department - Business & Fiscal Services	Payroll process and overtime audit	In progress
3	57	Follow-up Review: Planning & Development - Parking Services	Follow up review of recommendations given in the 2019-01 Transitional Review of Parking Services audit	Not started
4	82	Transportation Department - Administration	Grant management process and close out review	Not started

*Note - The audit was carried over into the current fiscal year because it was not completed by the end of FY 2019. The audit risk score is based on the FY 2018 Risk Assessment.

Attachment A



Internal Audits Annual Risk Assessment Management Questionnaire

Name: _____ Title: _____

Department: _____ Division: _____

1. To what extent does your department/division interface with the external public?

Description / Purpose: Assess how frequently your department/division works/interacts directly with the public or City residents. Little to no interaction is not a negative indicator, but rather an indicator that your department/division serves internal customers – internal customer interaction is addressed in question 3.

- a. None.
- b. Rarely or infrequently.
- c. Monthly to quarterly level of interface.
- d. Weekly level of interface.
- e. Continual interface with the external public several times daily or more.

2. To what extent is your department considered to be “mission critical” for the City to achieve its goals and objectives?

Description / Purpose: Mayor Brand’s vision for Fresno is economic prosperity, improving public safety, improving the quality of life, and uniting our community. Ascertain the significance that your department/division plays in the City’s overall vision. Little to no contribution is not a negative indicator, but rather an indicator that your department may provide services that support other internal customers.

- a. No contribution towards the City’s goals / objectives.
- b. Minimal contribution towards attaining the City’s goals and objectives.
- c. Moderate contribution towards attaining the City’s goals and objectives.
- d. Significant contribution towards attaining the City’s goals and
- e. The success of the city’s goals and objectives is fully dependent on this department.

3. To what extent does your department/division support internal operations or are considered critical to achieving the objectives of other operation’s missions/goals?

Description / Purpose: Determine the level of support and role your department/division plays in helping other departments/divisions achieve their overall mission. This question identifies the interconnectedness that one department/division has with other internal operations.

- a. No support provided to other operations.
- b. Infrequent (i.e. annual) support provided to other operations.
- c. Periodic (i.e. monthly) support provided to other operations.



Internal Audits Annual Risk Assessment Management Questionnaire

- d. Regular (i.e. weekly) support provided to other operations.
- e. Ongoing support provided to other operations every day.

4. To what extent would failure to achieve your department's/division's mission or goals lead to public displeasure or negative media coverage?

Description / Purpose: Assess how the department's/division's level of visibility to the public, public interest in the department/division, interest of the media, or other public relations factors would lead to an increased potential loss or embarrassment if the department/division did not perform its critical mission or goals. This could also be called the newspaper test – how much negative press or public disapproval would a failure cause?

- a. No risk of loss or embarrassment.
- b. Low risk of loss or embarrassment.
- c. Moderate risk of loss or embarrassment.
- d. Significant risk of loss or embarrassment.
- e. Very high risk of loss or embarrassment.

5. To what extent is there potential loss due to the cash or cash-convertible nature of your department's/division's transactions?

Description / Purpose: Assess the risk associated with cash or cash-convertible assets. Be sure to factor in the amount of cash collected as compared to business transacted by other means (credit card, electronic funds transfer, invoice, journal entry, etc.), as well as risks associated with the volume, type, and nature of existing assets that are susceptible to theft such as equipment, supplies, and inventories.

- a. None.
- b. Minimal amount of cash transactions or assets are difficult to convert to cash.
- c. Moderate amount of cash transactions or assets can be converted to cash with some difficulty.
- d. Nature of operations is primarily cash or assets are easily converted to cash.
- e. Fully cash or equivalent operations.

6. To what extent does your department/division track activity performance metrics?

Description / Purpose: Determine the extent to which your department/division captures, assesses, and responds to performance measurement data.

- a. We continuously capture performance metrics on key operations, assess achievement of goals and trends in the information, and adjust operations to improve upon our performance in all key areas.



Internal Audits Annual Risk Assessment Management Questionnaire

- b. We track performance information in all key operations, assess and use data to improve operations, but we do not engage this process in a continuous, fluid manner.
- c. We track performance information in all our key operations and may assess data to some extent, but we do not use data to improve performance in all key areas.
- d. We collect some performance information, but the information does not account for all our key operations or we do not assess the data.
- e. We do not track performance measures or metrics.

7. To what extent do regulations affect or have impact on operations?

Description / Purpose: Assess how government regulations (federal, state, or local) impact your department's/division's operations and the exposure to sanctions and potential penalties for noncompliance. Please be sure to factor in the complexity, volume, and change in regulations, including ordinances, municipal codes, administrative regulations, MOUs, federal and state laws and regulations, contract conditions, and grant provisions that pertain to your department/division.

- a. None.
- b. Few regulations and little risk of noncompliance.
- c. Risk of either substantial regulations or significant penalties.
- d. Complex, voluminous, or frequently changing regulations with significant penalties.
- e. Heavily regulated with serious consequences for noncompliance.

Attachment B

Department	Division	RAQ	RAQ	RAQ	RAQ	RAQ	RAQ	RAQ	FTEs	Rev	Exp	Risk	Adjusted		
		1	2	3	4	5	6	7				Score	A1	Risk Score	Rank 10ths
Public Utilities	Water	9	9	9	9	3	3	9	9	9	9	78	9	87	10
Public Utilities	Wastewater Management	9	7	5	9	5	3	9	9	9	9	74	9	83	10
Public Utilities	Solid Waste	9	9	9	9	3	7	9	9	9	9	82	0	82	10
Transportation	Administration	9	7	9	9	7	0	9	9	9	7	75	7	82	10
Public Works	Streets/Traffic Signals	9	9	9	9	3	5	7	7	9	9	76	5	81	10
Police	Support	9	9	9	9	5	0	9	9	5	9	73	7	80	10
Public Works	Landscape Maintenance	9	7	7	7	5	3	7	7	9	9	70	9	79	9
Public Works	Traffic Operations & Planning	9	7	9	9	3	0	7	7	9	9	69	9	78	9
Fire	Training	9	9	7	9	5	3	9	7	3	7	68	9	77	9
Public Works	Construction Management/Facilities	9	7	9	7	3	3	5	7	9	9	68	9	77	9
Public Utilities	Administration	9	9	9	7	3	0	7	9	9	9	71	5	76	8
Public Works	Engineering/Design/Project Management	9	9	9	9	3	3	9	7	9	9	76	0	76	8
Planning & Development	Current Planning	9	7	9	7	5	0	9	7	7	5	65	9	74	8
Police	Investigations	9	9	5	9	7	0	9	9	5	9	71	3	74	8
Public Works	Administration	9	9	9	7	3	0	7	7	9	9	69	5	74	8
Fire	Personnel & Investigations	9	9	9	9	3	0	7	7	3	7	63	9	72	8
Police	Patrol	9	7	7	9	3	0	9	9	5	9	67	5	72	8
City Attorney	Code Enforcement	9	9	9	9	9	0	9	5	0	3	62	9	71	7
Police	Administration	9	9	9	9	3	0	9	9	5	9	71	0	71	7
Fire	Operations	9	9	9	9	5	0	7	7	3	7	65	5	70	7
Transportation	Municipal Fleet Management	3	9	9	7	0	3	7	9	9	7	63	7	70	7
Transportation	FAX Maintenance	7	7	9	7	3	0	5	9	9	7	63	7	70	7
Fire	Fire Prevention and Technical Services	9	9	9	9	3	0	7	7	3	7	63	5	68	6
Fire	Business & Fiscal Services	9	9	9	9	3	0	7	7	3	7	63	5	68	6
Transportation	Capital Projects	7	7	3	5	0	3	9	9	9	7	59	9	68	6
ISD	Systems & Applications	9	9	9	5	3	7	5	3	5	3	58	9	67	6
Transportation	IT	3	5	5	5	3	3	9	9	9	7	58	9	67	6
Planning & Development	Long Range Planning	7	7	5	7	0	5	7	7	7	5	57	9	66	6
Personnel	Organization Development & Training	9	7	9	5	3	3	7	0	7	5	55	9	64	5

Finance	Administration	9	5	5	7	5	7	7	5	3	0	53	10	63	5
Personnel	Operations	9	7	9	5	3	3	5	0	7	5	53	9	62	5
Personnel	Risk Management	9	7	9	5	3	3	7	0	7	5	55	7	62	5
Personnel	Administration	7	5	9	5	5	3	5	0	7	5	51	9	60	5
Personnel	Labor Relations	3	7	9	5	3	3	7	0	7	5	49	9	58	4
Transportation	Public Safety	0	3	9	9	0	0	3	9	9	7	49	9	58	4
PARCS*	Administration	9	7	5	9	7	3	5	3	3	3	54	3	57	4
Planning & Development	Parking	9	5	5	5	7	0	7	7	7	5	57	0	57	4
Airports	Properties	9	0	0	9	3	0	9	3	7	7	47	9	56	3
Airports	Public Safety	9	3	0	9	0	0	9	3	7	7	47	9	56	3
City Manager	Mayors Office	9	7	9	9	3	7	3	0	0	0	47	9	56	3
ISD	Geographic Information Systems	5	7	9	7	0	5	3	3	5	3	47	9	56	3
City Attorney	Transactions	3	7	9	9	0	0	9	5	0	3	45	9	54	3
ISD	Regional Communications	3	7	9	5	0	5	5	3	5	3	45	9	54	3
ISD	Computer Services	3	9	9	5	0	5	3	3	5	3	45	9	54	3
Airports	Fresno Chandler Airport	9	0	0	9	0	0	9	3	7	7	44	9	53	2
Airports	Projects	9	0	0	9	0	0	9	3	7	7	44	9	53	2
Airports	Operations	9	0	0	9	0	0	9	3	7	7	44	7	51	2
Airports	Administration	9	0	0	9	0	0	9	3	7	7	44	7	51	2
ISD	Administration	5	7	9	3	3	5	3	3	5	3	46	5	51	2
City Attorney	Litigation	9	5	3	9	0	0	7	5	0	3	41	9	50	1
City Clerk	Administration	9	5	9	7	3	0	7	0	0	0	40	9	49	1
Finance	Utilities Billing & Collections	9	3	5	5	7	7	5	5	3	0	49	0	49	1
Airports	Finance	5	0	0	9	3	0	9	3	7	7	43	5	48	1
City Manager	City Manager	9	9	9	9	0	3	5	0	0	0	44	0	44	1
Finance	Central Printing	3	0	7	3	0	7	0	5	3	0	28	9	37	1

Key

- RA# - Risk Assessment Questionnaire question number
- FTEs - Full time employees (according to FY 20 budget)
- Rev - Budgeted revenues (according to FY 20 budget)
- Exp - Budgeted expenses (according to FY 20 budget)
- A1 - Adjustment 1, years since division was audited
- Rank - 1-3, Low risk; 4-7, Medium risk; 8-10, High risk

Scoring System

Response	Score
A	0
B	3
C	5
D	7
E	9

* Only one response was received for the whole department