



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 2023. The Audit Work Plan was developed by considering the results of the FY 2023 Citywide Risk Assessment, and input from other sources. The list of proposed audit assignments for FY 2023 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 2023

Three Full-Time Equivalent (FTE) Auditor	Principal Internal Auditor Hours	Internal Auditor Hours	Internal Auditor Hours	Total Hours
Total Annual Hours Available	2,080	2,080	2,080	6,240
Less Non-Audit Hours:				
Annual Leave*	160	120	120	400
Supplemental Sick	40	40	40	120
FMLA/Other Leave			300	300
Holidays	96	96	96	288
Administrative Leave	60	60	60	180
Continuing Professional Education	40	40	40	120
Administrative Duties**	120	80	80	280
Other Assigned Projects***	120	120	120	360
Total Non-Audit Hours	636	556	856	2,048
Total Annual Audit Hours Available	1,444	1,524	1,224	4,192

*"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 leave 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 2023

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 the City’s significant Auditable Units (all 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, is the amount of time that has elapsed since the last audit was conducted for a division.

The final step to completing the risk assessment was calculating the total risk score for each of the submitted divisions 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 2023

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 Internal Audit Unit uses all pertinent factors in conjunction with their professional judgment to develop the audit plan.

In the Audit Work plan for FY 2023, we have included the carryover of an audit from FY 2022 for the Information Services and PARCS Departments. The audits following are those proposed for FY 2023 and are based on the FY 2023 Citywide Risk Assessment results.

Work Plan Item No.	Risk Score	Activity Group Audit	Audit Objectives	Status
1	51*	Information Services Department - Administration	Wireless devices audit	Fieldwork
2	60	Finance Department - Administration	Evaluation of Internal Controls	RFP Interviews Being Conducted
3	56*	PARCS - Administration	TBD	Not started
4	73	Airports - Administration	Follow-up review	Not started
5	87	Public Utilities-Water	TBD	Not started
6	86	Public Works-Construction Management	TBD	Not started

*Note - The audit was carried over into the current fiscal year because it was not completed by the end of FY 2022. The audit risk score is based on the FY 2023 Risk Assessment.