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# INTERNAL AUDIT DEPARTMENT

## 2021 ANNUAL REPORT

January 7, 2022

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MUNICIPALITY OF ANCHORAGE  
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# Office of Internal Audit

## 2021 Annual Report

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### TABLE OF CONTENTS

Director's Letter.....	2
Introduction.....	3
Index of 2021 Municipal Audit Reports .....	7
Index of 2021 Anchorage School District Audit Reports.....	9
Index of 2021 Municipal Sunset Audit Reports .....	11
Index of 2021 Municipal Special Projects .....	13
Index of 2021 Anchorage School District Special Projects.....	16
Index of 2021 Anchorage Police Department Events.....	18
Executive Summaries from 2021 Municipal Audit Reports.....	20
Executive Summaries from 2021 Anchorage School District Audit Reports.....	31
Executive Summaries from 2021 Municipal Sunset Audit Reports .....	34
Anchorage Municipal Code Chapter 3.20 .....	46



**MUNICIPALITY OF ANCHORAGE**  
**MAYOR DAVE BRONSON**

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**OFFICE OF INTERNAL AUDIT**

January 7, 2022

Honorable Mayor and Members of the Assembly:

Attached is the Office of Internal Audit's 2021 Annual Report for your review and information.

This report includes background information on the audit profession, a summary of the 2021 internal audit activity and the portion of the Anchorage Municipal Code pertaining to the Office of Internal Audit.

According to Anchorage Municipal Code 3.20.100, the primary focus of the Office of Internal Audit is to provide the Assembly and the Mayor with objective information to assist them in determining whether government operations are adequately controlled; whether the required high degree of public accountability is maintained over public funds; and to improve the efficiency and effectiveness of Municipal government. To accomplish this, we perform audits to ensure reliability and integrity of financial records, compliance with established policies and procedures, accountability and protection of Municipal assets, and achievement of program results.

During 2021, the Office of Internal Audit issued 10 Municipal audit reports, 2 Anchorage School District audit reports, and 10 Municipal sunset audit reports. In addition, the Office of Internal Audit performed 20 Municipal special projects and 2 Anchorage School District special projects. One of these Municipal special projects involved providing nearly 500 hours of staff support to the Emergency Operations Center in response to the COVID-19 pandemic. Finally, we supported 56 Anchorage Police Department events.

Michael Chadwick, CIA, CICA  
Director, Internal Audit

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## INTRODUCTION

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# INTRODUCTION

## DEFINITION OF AUDITING

Audit is a term used to describe procedures performed by an auditor in examining financial records, reviewing compliance with laws and regulations, assuring the efficiency and economy of operations, and evaluating the effectiveness in achieving program results.

The audit process includes an evaluation of internal controls, examination of financial and other data, review of management systems and programs, and recommendations for improvement.

Auditors are classified into two categories - internal auditors and external auditors.

**Internal Auditors** are employees of the Municipality of Anchorage. Emphasis is on determining whether the required high degree of public accountability is maintained and improving the efficiency and effectiveness of government operations and activities. To accomplish this, the auditors focus on accountability, internal controls and improving management efficiency. Although internal auditors are Municipal employees, the Municipal Code provides a framework for them to operate with complete independence.

**External Auditors** are not employees of the Municipality of Anchorage. External auditors perform, under contract, an annual audit of the financial records of the Municipality and the federal and state single audits. The emphasis is on the fairness of financial representations. The Municipal Assembly is responsible for the annual independent financial audit, annual federal single audit, and annual state single audit of all Municipal accounts. The annual audits are overseen by the Municipal Audit Committee. The certified public accounting firm of BDO USA, LLP is currently the external auditor for the Municipality of Anchorage.

## AUDIT PROCEDURES

The Office of Internal Audit performs audits in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. A peer review is not performed due to budget constraints.

The audit process involves three phases: survey, field work, and reporting. Communication with auditees is an important part of all three phases.

**Survey** - Survey work consists of discussions with agency personnel, physical inspections, review of records, and sample tests of transactions. In addition, auditors obtain an understanding of internal controls significant to the audit objectives and consider whether specific internal control procedures have been properly designed and placed in operation.

**Field Work** - During field work, the auditor plans and defines audit objectives, reviews and evaluates extensive data, documents findings, and develops recommendations for corrective action.

**Reporting** - At the end of field work, the results of the audit are communicated to officials at various levels of government. Findings and recommendations are presented in a draft report that is furnished to auditees for their review and response. The final audit report includes the auditor's findings and recommendations and management's responses.

## **SCHEDULING OF AUDITS**

The Director of the Office of Internal Audit prepares an annual audit plan at the beginning of each fiscal year, which is reviewed and endorsed by the Municipal Audit Committee and approved by the Assembly and Mayor. Input is solicited from the Municipal Assembly, the Mayor, and Administration officials. The audit plan may also be revised during the year to accommodate requests from the Municipal Assembly and the Administration. Criteria for scheduling audits include the following:

- Requests by the Municipal Assembly and Administration
- Potential for cost savings through more efficient, effective management
- Potential for increasing revenues
- Areas with a high risk of loss or misappropriation
- Suspected fraud or error
- Areas identified with weak internal controls or known problems
- Safeguarding and management of Municipal assets
- Issues identified by the external auditors

In addition, audits of the Anchorage School District are requested and authorized by the Anchorage School Board Finance Committee.

## **DISTRIBUTION OF AUDIT REPORTS**

Municipal audit reports are distributed to the Mayor, each Municipal Assembly Member, and other appropriate Municipal personnel. Anchorage School District audit reports are distributed to the Anchorage School District.

Copies of reports are available to the public at the following locations:

1. Serial section of the Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska
2. The Office of Internal Audit, 632 West 6th Avenue, Suite 710, PO Box 196650, Anchorage, Alaska 99519-6650, telephone (907) 343-4438, e-mail: [michael.chadwick@anchorageak.gov](mailto:michael.chadwick@anchorageak.gov)
3. Office of Internal Audit Website: [http://www.muni.org/departments/internal\\_audit](http://www.muni.org/departments/internal_audit)

## **STAFFING OF THE OFFICE OF INTERNAL AUDIT**

Current staff members are:

Michael Chadwick, Director  
Scott Lee, Principal Auditor  
Derek Reynolds, Senior Auditor  
Dalton Benson, Senior Auditor  
Vacant, Senior Auditor (Anchorage School District) (Currently in the recruitment process.)  
Vacant, Audit Technician (Vacancy is due to a requested 5 percent budget reduction in 2022.)

The current Director of the Office of Internal Audit provides the Municipality with more than 26 years of auditing experience. The current audit staff provides the Municipality with a combined total of over 19 years of auditing experience. Professional certifications held by office personnel include: Certified Internal Auditor (CIA) and Certified Internal Controls Auditor (CICA).

Government Auditing Standards Section 4.16 requires that each auditor complete, every two years, at least 80 hours of continuing professional education. At least 24 of the 80 hours should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 56 of the 80 hours should be in subjects that directly enhance the auditor's professional expertise to perform audits. In addition, Government Auditing Standards Section 4.17 requires that at least 20 of the 80 hours should be completed in each year of the two-year period. The courses taken by audit staff to fulfill this requirement help keep them up to date with the latest auditing techniques and current audit issues.

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## INDEX OF 2021 MUNICIPAL AUDIT REPORTS

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## 2021 MUNICIPAL AUDIT REPORTS

NUMBER	DATE	REPORT NAME	DEPARTMENT
	01/07/21	2020 Annual Report	Assembly
2021-01	04/14/21	Transfer of Responsibility Agreements	Municipal Manager
2021-02	04/23/21	Community Right-to-Know Program	Anchorage Fire Department
2021-03	05/13/21	Annual Municipal Procurement Card Review	Purchasing
2021-04	06/10/21	Procurement Card Review	Eagle River/Chugiak Parks and Recreation
2021-05	06/10/21	Purchase Orders Under \$5,000	Purchasing
2021-06	08/26/21	Animal Care and Control Center Cash Controls	Anchorage Health Department
2021-07	10/13/21	Chemicals Inventory: Asplund Wastewater Treatment Facility Follow-Up	Anchorage Water and Wastewater Utility
2021-08	11/10/21	Monitoring of Overtime	Human Resources
2021-09	12/27/21	Police and Fire Retiree Medical Trust Three-Year Review	Human Resources
2021-10	12/27/21	Levy Upon Connection Assessment	Anchorage Water and Wastewater Utility

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## **INDEX OF 2021 ANCHORAGE SCHOOL DISTRICT AUDIT REPORTS**

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<b>2021 ANCHORAGE SCHOOL DISTRICT AUDIT REPORTS</b>
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NUMBER	DATE	REPORT NAME
ASD 2021-01	04/20/21	Student Transportation Maintenance
ASD 2021-02	12/09/21	Contract Change Orders

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## **INDEX OF 2021 MUNICIPAL SUNSET AUDIT REPORTS**

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<b>2021 MUNICIPAL SUNSET AUDIT REPORTS</b>			
<b>NUMBER</b>	<b>DATE</b>	<b>COMMISSION/BOARD</b>	<b>DEPARTMENT</b>
2021-S1	08/13/21	Americans With Disabilities Act Advisory Commission	Anchorage Health Department
2021-S2	08/13/21	Municipal Health and Human Services Commission	Anchorage Health Department
2021-S2	08/13/21	Senior Citizens Advisory Commission	Anchorage Health Department
2021-S4	08/13/21	Heritage Land Bank Advisory Commission	Real Estate Department
2021-S5	08/13/21	Municipal Airports Aviation Advisory Commission	Merrill Field Airport
2021-S6	08/13/21	Port Commission	Port of Alaska
2021-S7	08/13/21	Library Advisory Board	Anchorage Public Library
2021-S8	08/13/21	Public Transit Advisory Board	Public Transportation Department
2021-S9	08/13/21	Board of Building Regulation Examiners and Appeals	Development Services Department
2021-S10	08/13/21	Youth Advisory Commission	Office of the Mayor

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## INDEX OF 2021 MUNICIPAL SPECIAL PROJECTS

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## 2021 MUNICIPAL SPECIAL PROJECTS

DATE	SUBJECT	RECIPIENT
01/14/21	Building Safety Survey 2020 4 <sup>th</sup> Quarter Results	Administration
01/19/21	Anchorage Police Department Employees Association Contract Cost Validation	Assembly
02/12/21	Anchorage Sister Cities Commission Bank Account	Administration
02/16/21	International Brotherhood of Electrical Workers, Local Union 1547 Contract Cost Validation	Assembly
04/19/21	Non-Cashable Vaccine Leave	Assembly
04/23/21	Building Safety Survey 2021 1 <sup>st</sup> Quarter Results	Administration
05/25/21	2021 Matson Dunnage Accuracy and Supporting Documentation	Administration
05/25/21	Observation of Anchorage Police Department Drugs Checked Out for Verification	Administration
06/16/21	International Brotherhood of Electrical Workers-Technicians Contract Cost Validation (Revised)	Assembly
06/23/21	2020/2021 Procurement Card Rebate	Administration
06/29/21	2020 Municipal Travel	Administration/Assembly
07/19/21	Plumbers and Pipefitters, Local 367 Cost Validation – Administrative Agreement	Assembly
07/27/21	Observation of APD Drugs Checked Out for Verification	Administration
08/06/21	Building Safety Survey 2021 2 <sup>nd</sup> Quarter Results	Administration
08/16/21	Public Employees, Local 71 Contract Cost Validation	Assembly
09/21/21	CARES and ARPA Grants: Target Dates and Budgets	Administration
10/07/21	49 <sup>th</sup> State Angel Fund	Administration

<b>2021 MUNICIPAL SPECIAL PROJECTS (continued)</b>		
<b>DATE</b>	<b>SUBJECT</b>	<b>RECIPIENT</b>
11/01/21	Building Safety Survey 2021 3 <sup>rd</sup> Quarter Results	Administration
11/29/21	International Association of Fire Fighters Local Union 1264 Contract Cost Validation	Assembly
12/30/21	Emergency Operations Center COVID-19 2021 Staffing Assistance	N/A



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## **INDEX OF 2021 ANCHORAGE SCHOOL DISTRICT SPECIAL PROJECTS**

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<b>2021 ANCHORAGE SCHOOL DISTRICT SPECIAL PROJECTS</b>
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DATE	SUBJECT
05/27/21	Cell Phones/MiFi Devices/Student Cable Modem Controls
08/11/21	Anchorage School District Accounts Payable Vendor Special Study

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## **INDEX OF 2021 ANCHORAGE POLICE DEPARTMENT EVENTS**

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## 2021 ANCHORAGE POLICE DEPARTMENT EVENTS

The Office of Internal Audit assists the Anchorage Police Department's Evidence Section in certifying the proper disposal of found, abandoned, or forfeited property in accordance with Anchorage Municipal Code Chapter 7.25, *Disposition of Disposable Property*. Property certified for disposal includes drugs, bicycles, cash, guns, and items sent to auction. Specifically, drugs are incinerated; bicycles are donated to the YMCA for their annual bike auction; cash is deposited into Municipal accounts; and designated guns are destroyed. In addition, other guns and items exceeding a fair market value of \$50 are transferred to the custody of the Municipal auction contractor. Proceeds from the auction are distributed into Municipal accounts. Below are the number of events where the Office of Internal Audit verified, with staff from the Anchorage Police Department's Evidence Section, items to be disposed.

2021 ANCHORAGE POLICE DEPARTMENT EVENTS	
NUMBER OF EVENTS	DISPOSAL EVENT
5	Auction Transfer
7	Bicycle Transfer
12	Cash Conversion
12	Drug Disposal Verification
12	Drug Incineration
5	Gun Transfer
3	Gun Disposal

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## **EXECUTIVE SUMMARIES FROM 2021 MUNICIPAL AUDIT REPORTS**

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April 14, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-01, Transfer of Responsibility Agreements, Municipal Manager**. A brief summary of the report is presented below.

In accordance with the 2020 Audit Plan, we have completed an audit of Transfer of Responsibility Agreements. The objective of this audit was to determine whether Transfer of Responsibility Agreements requiring an exchange of funds from the State of Alaska to the Municipality of Anchorage to cover ongoing costs were properly administered. To accomplish our objective, we reviewed a sample of the active Transfer of Responsibility Agreement files to ensure that they contained the appropriate documentation and to determine if the Transfer of Responsibility Agreements were properly set up in SAP. In addition, we determined if Transfer of Responsibility Agreement expenditures were accurately tracked to ensure that Transfer of Responsibility Agreement award amounts covered the actual costs incurred by the Municipality of Anchorage.

Our audit revealed that the administration of some Transfer of Responsibility Agreements could be improved. Specifically, some Transfer of Responsibility Agreement costs were not properly tracked for Transfer of Responsibility Agreements that specified fixed payments to the Municipality of Anchorage. In addition, Transfer of Responsibility Agreements were not clearly defined within the Municipality of Anchorage. As a result, it would be difficult to identify with certainty how many Transfer of Responsibility Agreement exist within the Municipality of Anchorage.

There were two findings in connection with this audit. Management was responsive to the findings and recommendations.



April 23, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-02, Community Right-to-Know Program, Anchorage Fire Department**. A brief summary of the report is presented below.

In accordance with the 2020 Audit Plan, we have completed an audit of the Community Right-to-Know Program at the Anchorage Fire Department. The objective of this audit was to determine the adequacy of procedures used to manage the Community Right-to-Know Program and bill for services. To accomplish our objective, we reviewed Community Right-to-Know Program Fire Inspection Notices, invoices, site plans, placard photographs, and historical records to determine compliance. In addition, we conducted site visits to facilities to ascertain the status of the required placarding. We also reviewed municipal finance records to determine if fees and penalties were deposited in the proper accounts. Finally, we pulled judgmental or random samples from unbilled and billed facilities, facilities reporting hazardous materials in State of Alaska's E-Plan Online Tier II Reporting System, and first-time filers.

Our audit revealed that the Community Right-to-Know Program had significantly improved since our prior audit in 2006 when we found Community Right-to-Know Program files and records in an unauditible condition. However, we identified some areas that can be further improved. Specifically, although the Community Right-to-Know Program's billing process had improved, facilities were not always invoiced, incorrect amounts were sometime invoiced, and some facilities were invoiced incorrect additional reporting fees. In addition, placard requirements for first-time filers were not always followed, civil penalties for Community Right-to-Know Program violations were not properly administered, and fees and penalties collected from the Community Right-to-Know Program were comingled with other Anchorage Fire Department funds. Finally, the Fire Prevention Division lacked adequate policies and procedures for the administration of the Community Right-to-Know Program.

There were five findings in connection with this audit. Management was responsive to the findings and recommendations.

May 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-03, Annual Municipal Procurement Card Review, Purchasing Department**. A brief summary of the report is presented below.

In accordance with the 2021 Audit Plan, we have completed an audit of the Procurement Card Program. The objective of this audit was to determine whether employees adhered to Municipal policies and procedures regarding Procurement Card use. Our audit included a review of purchases made from January 1, 2020, to December 31, 2020. Specifically, we reviewed purchases of judgmentally selected transactions to ensure compliance with Policy and Procedure 48-16, Policy and Procedure 24-23, and the Procurement Card Guide.

Overall, most employees adhered to Municipal policies and procedures regarding the use of Procurement Cards. However, our review of calendar year 2020 Procurement Card transactions revealed some instances of questionable or prohibited purchases. Examples of questionable purchases included cable/satellite television subscriptions, online fitness subscriptions, expensive neoprene seat covers for some municipal vehicles, plastic utensils for employee use, mobile app-controlled gym timers, 55-inch televisions, and appliances. Examples of prohibited purchases included catered dinners for department staff, water, “a replacement motor for the department’s fiberoptic Christmas tree,” retirement badges, and retirement plaques. In addition, transactions were sometimes split to circumvent the cardholder’s single transaction limit. Finally, some Procurement Card transactions contained inadequate descriptions of the purchases.

There were three findings in connection with this audit. Management was responsive to the findings and recommendations.

June 10, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-04, Procurement Card Review, Eagle River/Chugiak Parks and Recreation Division, Parks and Recreation Department**. A brief summary of the report is presented below.

As a supplement resulting from our Annual Municipal Procurement Card Review (Internal Audit Report 2021-03), we have completed an audit of Procurement Card Purchases at the Eagle River/Chugiak Parks and Recreation Division. The objective of this audit was to determine whether Eagle River/Chugiak Parks and Recreation Division employees adhered to Municipal policies and procedures regarding Procurement Card use. Our audit included a review of purchases made from January 1, 2020, to February 28, 2021. Specifically, we reviewed judgmentally selected P-Card transactions to ensure compliance with Policy and Procedure 48-16, *Procurement Card Program*, Policy and Procedure 24-23, *Disallowed Purchases*, and the Procurement Card Guide.

Our audit revealed that Eagle River/Chugiak Parks and Recreation Division controls over Procurement Card purchases need improvement. By and large, after reviewing the Eagle River/Chugiak Parks and Recreation Division's Procurement Card purchases and physically visiting the Eagle River/Chugiak Parks and Recreation Division's facilities, it appears that the tone set by the Eagle River/Chugiak Parks and Recreation Division's management is a culture of excess. Specifically, when we visited the Eagle River/Chugiak Parks and Recreation Division's facilities, we found purchased goods stored in the reception area, office hallways, an office, a conference room, four closets, a drive-in bay area, five conexes, a maintenance garage, and horse stables with very little labeling indicating where items should be stored. Moreover, the Eagle River/Chugiak Parks and Recreation Division had not catalogued previously purchased equipment and supplies to evaluate what was in stock to identify whether additional materials were needed, help ensure accountability, and to ensure that items were not missing. Furthermore, some items purchases made by the Eagle River/Chugiak Parks and Recreation Division were not fully planned to determine if the items were needed and how they would be used; we identified several questionable purchases; and some Procurement Card purchases made for the Beach Lake Lodge appeared to be excessive. In addition, the Eagle River/Chugiak Parks and Recreation Division did not always maintain complete, accurate, or readily available information regarding Procurement Card transactions. Finally, configurations in the Procurement Card payment system allowed Procurement Card transactions to be approved by a cardholder's subordinate and allowed Procurement Card holders to review and approve their own transactions.

There were eight findings in connection with this audit. Management was responsive to the findings and recommendations.

June 10, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-05, Purchase Orders Under \$5,000, Purchasing Department**. A brief summary of the report is presented below.

In accordance with the 2021 Audit Plan, we have completed an audit of Purchase Orders Under \$5,000. The objective of this audit was to determine whether there were sufficient internal controls in place for purchases under \$5,000 made with SAP-automated purchase orders. Our audit included a review of automated purchase orders processed by various departments in 2020. Specifically, we identified and reviewed purchases that may have been split to circumvent the \$5,000 limit. We also judgmentally selected transactions to ensure purchases were properly authorized, supported, and physically present for inspection if goods were procured. Since Municipal Light and Power was purchased by the Chugach Electric Association, Inc. in October 2020, we did not review their automated POs.

Based on our review, internal controls for purchases under \$5,000 made with SAP-automated purchase orders were sufficient. We did not include a finding regarding the lack of a written policy and procedure for using the SAP-automated purchase order function for purchases under \$5,000 since Purchasing developed and submitted a draft policy and procedure to the Office of Management and Budget in April 2021 for review.

There were no findings or recommendations in connection with this audit.

August 26, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-06, Animal Care and Control Center Cash Controls, Anchorage Health Department**. A brief summary of the report is presented below.

In accordance with the 2021 Audit Plan, we have completed a cash control audit at Animal Care and Control Center. The objective of this audit was to determine whether Animal Licensing and Placement Services had adequate controls in place over cash and credit transactions, and if these controls complied with Municipal Policy and Procedure 24-1, *Collecting, Securing, Depositing and Reporting Cash*. To accomplish our objective, we performed a surprise cash count. In addition, we reviewed documents from January 2020 to June 2021 to verify that deposits were made timely and reviewed cash documents for completeness to ensure that the revenues were properly recorded in the Municipality of Anchorage's SAP system. Finally, we verified compliance with other requirements of Policy and Procedure 24-1.

Based on our review, we found that Animal Care and Control Center generally complied with Policy and Procedure 24-1 and had well organized documentation to support cash deposits. However, Animal Care and Control Center staff did not always deposit cash and checks on a daily basis and did not send cash documents to the Treasury Division on a daily basis. Finally, unscheduled cash counts and reconciliations for each cashier were not regularly conducted.

There were two findings in connection with this audit. Management was responsive to the findings and recommendations.

October 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-07, Chemicals Inventory: Asplund Wastewater Treatment Facility Follow-Up, Anchorage Water and Wastewater Utility**. A brief summary of the report is presented below.

In accordance with the 2021 Audit Plan, we have completed a chemical inventory follow-up audit at the Asplund Wastewater Treatment Facility. The objective of this audit was to conduct a follow-up audit to determine the effectiveness of corrective actions taken by Anchorage Water and Wastewater Utility on the deficiencies contained in Internal Audit Report 2019-04 and Internal Audit Report 2020-04. Specifically, on July 29, 2021, we inventoried all chemicals stored at Anchorage Water and Wastewater Utility's Asplund Wastewater Treatment Facility.

Based on our review, we found that management action was partially effective in correcting the issues identified in Internal Audit Report 2019-04 and Internal Audit Report 2020-04. Although our follow-up audit revealed that our physical inventory counts matched Anchorage Water and Wastewater's Maximo Work Management System records, recent receipts and usage of sodium hypochlorite, commonly called liquid bleach, were not recorded in the Municipality of Anchorage's SAP financial system and Anchorage Water and Wastewater's Maximo Work Management System.

There was one finding in connection with this audit. Management was responsive to the finding and recommendation.



November 10, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-08, Monitoring of Overtime, Human Resources Department**. A summary of the report is presented below.

In accordance with the 2020 Audit Plan, we have completed an audit concerning the Monitoring of Overtime. The objective of this audit was to determine whether overtime within the Municipality of Anchorage was properly monitored and controlled in accordance with existing policies and procedures and applicable Anchorage Municipal Codes. To accomplish our objective, we conducted interviews and reviewed samples of records from the six departments that incurred the most overtime to determine if appropriate documentation of overtime scheduling and authorization was properly retained. The six departments included: Anchorage Police Department, Anchorage Fire Department, Anchorage Water and Wastewater Utility, Maintenance and Operations, Public Transportation, and Solid Waste Services. Additionally, we determined if overtime expenditures were properly tracked and monitored to ensure that department managers were aware of the expenses incurred by the Municipality of Anchorage.

Based on our review, we found that the Municipality of Anchorage needs to improve its monitoring of overtime. Specifically, some departments we reviewed did not use overtime reports to monitor or control overtime expenses, but only tracked overtime as part of their general financial reports. In addition, existing overtime tracking and approval functionality with the Municipality of Anchorage's financial system was not used. Moreover, the municipal departments we reviewed could not provide complete documentation of all overtime incurred. Finally, some departments did not always require advanced approval of overtime and Policy and Procedure 40-9, *Documenting and Approving Overtime*, did not reflect the current processes used by departments to schedule and approve overtime.

There were five findings in connection with this audit. Management was responsive to the findings and recommendations.

December 27, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-09, Police and Fire Retiree Medical Trust Three-Year Review, Human Resources Department**. A summary of the report is presented below.

In accordance with the 2021 Audit Plan, we have completed an audit of the Police and Fire Retiree Medical Trust. The objective of this audit was to perform the three-year review of the administrative costs and enrollment and payment records for members purchasing health insurance through the Municipality as required by Anchorage Municipal Code subsection 3.87.070B. Specifically, we evaluated trust administration costs incurred from October 2018 to September 2021, and reviewed enrollment and payment records for randomly selected members who purchased health insurance through the Municipality.

Based on our review, the Retiree Medical Funding Program for Police Officers and Firefighters operations complied with Anchorage Municipal Code chapter 3.87. Specifically, administrative costs charged to Fund 713000, *Police and Fire Retirees Medical Expendable Trust*, from October 2018 through September 2021 appeared reasonable. In addition, we found that correct contribution amounts were credited to the members' health reimbursement arrangement accounts, correct insurance premium amounts were deducted from the members' health reimbursement arrangement accounts, and reimbursed expenses were properly supported and documented, for the members purchasing health insurance through the Municipality of Anchorage. Finally, we determined that the Controller Division staff made timely journal entries to record Fund 713000 activities, for both expenditures and revenues, and the Human Resources Department staff performed timely reconciliations between the Municipality of Anchorage's health insurance billings and the Retiree Medical Funding Program for Police Officers and Firefighters' payments.

There were no findings in connection with this audit.

December 27, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2021-10, Levy Upon Connection Assessment, Anchorage Water and Wastewater Utility**. A summary of the report is presented below.

In accordance with the 2021 Audit Plan, we have completed an audit of the levy upon connection assessment process. The objective of this audit was to determine whether Anchorage Water and Wastewater Utility had proper procedures and controls to ensure that levy upon connection assessments for new water and sewer services to properties were properly prepared. Specifically, we tested randomly selected samples from water and wastewater connect permits issued from 2018 through 2020 and reviewed them to determine if the properties were properly identified for levy upon connection assessment. We also reviewed all ten levy upon connection rolls processed and approved during the last four years to determine if all properties were assessed in a timely manner, used correct assessment area amounts, and assessment calculations were correct. These ten levy upon connection rolls contained 129 properties that were assessed. In addition, we determined if a required lien was recorded for all the assessed properties and recorded in a timely manner. Finally, we reviewed if assessments had been properly levied in accordance with the Anchorage Water and Wastewater Utility tariff.

Based on our review, we found that although Anchorage Water and Wastewater Utility has made some improvements in processing levy upon connection assessments since our prior audit, further improvements are needed. Specifically, properties subject to levy upon connection assessments were not always processed in a timely manner. Furthermore, properties with water and wastewater connect permits were not always identified for levy upon connection assessments. Moreover, our review identified 6 of 129 (5%) properties that were not correctly assessed. In addition, Anchorage Water and Wastewater Utility levied additional trunk assessments for some properties that had been previously assessed and levied. Finally, Anchorage Water and Wastewater Utility staff did not always verify that approved levy upon connection roll assessments were recorded as liens with the State of Alaska Department of Natural Resources Recorder's Office.

There were five findings in connection with this audit. Management was responsive to the findings and recommendations.

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**EXECUTIVE SUMMARIES FROM  
2021 ANCHORAGE SCHOOL DISTRICT AUDIT  
REPORTS**

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April 20, 2021

Anchorage School District Superintendent and Members of the School Board:

I am pleased to present for your review **ASD Internal Audit Report 2021-01; Student Transportation Maintenance; Transportation Department; Anchorage School District**. A brief summary of the report is presented below.

We have completed an audit of Student Transportation Maintenance at the Transportation Department of the Anchorage School District. The objective of this audit was to determine if the policies and procedures were adequate to ensure operational efficiency and safely transport students. To achieve our objective, we determined if preventive maintenance was performed regularly and properly documented. In addition, we determined if proper inventory controls were in place and if pre-trip and post-trip inspections were completed daily. Moreover, we interviewed staff and reviewed state and federal inspection requirements. In addition, we randomly selected 25 buses to determine if pre-trip inspections, post-trip inspections, annual state inspections, preventive maintenance, and unscheduled repairs were performed and documented from January 2019 through December 2020. Finally, we conducted a physical inventory count of 30 randomly selected items to verify the accuracy of inventory records.

Based on our review, we found the Transportation Department performed its maintenance activities in a timely manner to ensure operational efficiency and safely transport students. However, additional improvements can be made. Specifically, the Transportation Department's inventory system needs improvement and the Transportation Department had no formal preventive maintenance procedure and schedule.

There were two findings in connection with this audit. Management was responsive to the findings and recommendations.

December 9, 2021

Anchorage School District Superintendent and Members of the School Board:

I am pleased to present for your review **ASD Internal Audit Report 2021-02; Contract Change Orders; Purchasing and Warehouse Department; Anchorage School District**. A summary of the report is presented below.

We have completed an audit of contract change orders at the Purchasing and Warehouse Department of the Anchorage School District. The objective of this audit was to determine whether change orders were appropriate, authorized, recorded, and reported according to policies and procedures. In addition, we determined if change orders had sufficient oversight and were not being abused by low bidders, increasing project costs. To achieve our objective, we interviewed staff, reviewed current policies and procedures, and reviewed 50 change orders and modifications dated January 2020 through August 2021, related to 20 judgmentally selected contracts.

Based on our review, we found that change orders we examined appeared to be appropriate, properly authorized, and properly recorded. However, Anchorage School District policies related to contract change orders/modifications/amendments need revision to strengthen reporting and exception requirements. Finally, it appeared that a contractor artificially reduced (“low-balled”) the initial bid and later benefitted from a change order that modified the pricing structure.

There were two findings in connection with this audit. Management was responsive to the findings and recommendations.

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**EXECUTIVE SUMMARIES FROM  
2021 MUNICIPAL SUNSET AUDIT REPORTS**

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August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S1, Americans With Disabilities Act Advisory Commission, Anchorage Health Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Americans With Disabilities Act Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Americans With Disabilities Act Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Americans With Disabilities Act Advisory Commission be allowed to sunset and not be reauthorized. Currently, the Americans With Disabilities Act Advisory Commission is staffed with only one of the required seven members. From January 2020 through June 2021, the Americans With Disabilities Act Advisory Commission did not meet but could have met in 2020 since it had four members at that time. We recognize that the COVID-19 pandemic may have impacted the Americans With Disabilities Act Advisory Commission; however, other boards and commissions we reviewed continued meeting despite the COVID-19 pandemic. In addition, the Americans With Disabilities Act Advisory Commission did not meet in 2019 prior to the pandemic but could have met in 2019 since it had five members at that time. In Sunset Audit Report 2018-S1 we recommended that the Assembly should consider holding a work session with the Americans With Disabilities Act Advisory Commission to discuss its role and recent activities to help determine if it should be reauthorized beyond January 2019. In that audit report we noted that the June 2018 Americans With Disabilities Act Advisory Commission meeting minutes stated that, "There is a discussion of the recommendation of the commission and the potential of the sunset of the commission. The commission was in place because the MOA did not have a designed [sic] ADA Coordinator and the commission may need to review the role and goals of the commission now that the MOA has an ADA Coordinator." If the Americans With Disabilities Act Advisory Commission is authorized to continue beyond October 14, 2021, we recommend that Anchorage Municipal Code section 4.60.240 be amended to formally move the Americans With Disabilities Act Advisory Commission from the Anchorage Health Department to the Human Resources Department where Americans With Disabilities Act Advisory Commission staff and a part-time Americans with Disabilities Act Coordinator are currently located.

The Americans With Disabilities Act Advisory Commission will sunset October 14, 2021, unless reauthorized by the Assembly.



August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S2, Municipal Health and Human Services Commission, Anchorage Health Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Municipal Health and Human Services Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Municipal Health and Human Services Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Municipal Health and Human Services Commission be reauthorized. However, our review found that one member was absent from three regular meetings without an excuse and failed to attend two-thirds of the regular meetings without an excuse during any 12-month period from January 2020 through June 2021. This member was not removed from the Municipal Health and Human Services Commission. Moreover, the Municipal Health and Human Services Commission did not recommend to the Mayor and Assembly a health and human services plan as required by Anchorage Municipal Code subsection 4.60.060A.3.a., *Composition; powers and duties; staff*. However, in Resolution 2020-05 the Municipal Health and Human Services Commission recommended that the Assembly adopt updates to Anchorage Municipal Code section 4.60.060, *Municipal health and human services commission*, which included the deletion of the requirement to recommend to the Mayor and Assembly a health and human services plan.

The Municipal Health and Human Services Commission will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S3, Senior Citizens Advisory Commission, Anchorage Health Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Senior Citizens Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Senior Citizens Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Senior Citizens Commission be reauthorized.

The Senior Citizens Advisory Commission will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S4, Heritage Land Bank Advisory Commission, Real Estate Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Heritage Land Bank Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Heritage Land Bank Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Heritage Land Bank Advisory Commission be reauthorized. The Heritage Land Bank Advisory Commission is staffed with four of the required seven members.

The Heritage Land Bank Advisory Commission will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S5, Municipal Airports Aviation Advisory Commission, Merrill Field Airport**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Municipal Airports Aviation Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Municipal Airports Aviation Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Municipal Airports Aviation Advisory Commission be reauthorized. However, the Assembly should consider reminding the Municipal Airports Aviation Advisory Commission of their duties as stated in Anchorage Municipal Code subsection 4.60.160B., *Municipal airports aviation advisory commission*, since the Municipal Airports Aviation Advisory Commission did not issue any reports or resolutions from January 2020 to June 2021. In addition, we could not find in the Municipal Airports Aviation Advisory Commission's meeting minutes any discussion regarding Merrill Field Airport's operating budget, other than discussions regarding Coronavirus Aid, Relief and Economic Security Act funding. Moreover, the Municipal Airports Aviation Advisory Commission is fully staffed, but it does not currently have a member of the Alaska Airmen's Association. Finally, the terms for three Municipal Airports Aviation Advisory Commission members expired on October 14, 2019, and on October 14, 2020 (two Municipal Airports Aviation Advisory Commission members), but they continued to serve on the Municipal Airports Aviation Advisory Commission, despite efforts by the Merrill Field Airport Manager to fill vacancies.

The Municipal Airports Aviation Advisory Commission will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S6, Port Commission, Port of Alaska**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Port Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Port Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Port Commission be reauthorized. The Port Commission is fully staffed. However, the terms for five Port Commission members expired on October 14 in 2016, 2017, 2019, and 2020 (two Port Commission members), but these members continued to serve on the Port Commission. According to the Port Commission Chair, Port Commission members were told that the Mayor and Assembly would renew appointments and that they were to continue serving as Port Commission members unless told otherwise.

The Port Commission will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S7, Library Advisory Board, Anchorage Public Library**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Library Advisory Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Library Advisory Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Library Advisory Board be reauthorized. The Library Advisory Board is fully staffed. However, the terms for two Library Advisory Board members expired on October 14, 2019, and October 14, 2020, but these members continued to serve on the Library Advisory Board. In addition, one of these Library Advisory Board members was absent from 9 of the 15 regular meetings during any 12-month period from January 2020 through June 2021.

The Library Advisory Board will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S8, Public Transit Advisory Board, Public Transportation Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Public Transit Advisory Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Public Transit Advisory Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Public Transit Advisory Board be reauthorized.

The Public Transit Advisory Board will sunset October 14, 2021, unless reauthorized by the Assembly.

August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S9, Board of Building Regulation Examiners and Appeals, Development Services Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Board of Building Regulation Examiners and Appeals. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Board of Building Regulation Examiners and Appeals should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Board of Building Regulation Examiners and Appeals be reauthorized. The Board of Building Regulation Examiners and Appeals is staffed with 9 of the required 11 to 15 members.

The Board of Building Regulation Examiners and Appeals will sunset October 14, 2021, unless reauthorized by the Assembly.



August 13, 2021

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2021-S10, Youth Advisory Commission, Office of the Mayor**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Youth Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Youth Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Youth Advisory Commission be allowed to sunset and not be reauthorized. From January 2020 through May 2021, the Youth Advisory Commission did not meet. Although we were provided an agenda for a February 27, 2020, meeting, we never received the meeting minutes and could not find a meeting announcement. Therefore, we could not confirm that the meeting occurred. In addition, from January 2020 through May 2021, the Youth Advisory Commission did not provide any reports or resolutions to the Mayor's Office or the Assembly and had not nominated a youth representative and an alternate youth representative to the Assembly. Furthermore, in June 2021 we found that the Youth Advisory Commission was staffed with 5 of the required 15 members. We recognize that the COVID-19 pandemic impacted the Youth Advisory Commission; however, other boards and commissions we reviewed continued operating despite the COVID-19 pandemic. Below is a brief history of prior actions taken with the Youth Advisory Commission.

#### **Commission History 2012 – 2018**

<b><u>Date</u></b>	<b><u>Action</u></b>
8-15-12	Sunset Audit Report 2012-S5 recommended “. . . that the Youth Advisory Commission be allowed to sunset and not be reauthorized.” In that report we noted that the Youth Advisory Commission was staffed with three of the required nine members, had not met from January 2011 through July 2012 because a quorum could not be established, and had not provided any reports or resolutions to the Mayor's Office or the Assembly from January 2011 through July 2012.
10-9-12	The Assembly approved Assembly Ordinance 2012-60(S) which terminated the Youth Advisory Commission.

**Commission History  
2012 – 2018**

<b><u>Date</u></b>	<b><u>Action</u></b>
11-10-15	The Assembly approved Assembly Ordinance 2015-119 “. . . to affirmatively continue and reenact the Youth Advisory Commission” with a sunset date of October 14, 2018, “. . . unless affirmatively continued by the Assembly in accordance with section 4.05.150.”
8-14-18	Sunset Audit Report 2018-S10 recommended that “. . . the Commission be reauthorized for one year, with another sunset audit at that time. Although the Commission appeared active, it did not regularly record meeting minutes with associated attendance. For meeting minutes that were provided to us, in most instances they did not include attendance records or indicate if minutes were approved. In addition, in mid-July 2018, we reviewed Commission members and found that the Commission was staffed with 5 of the required 15 members, with the term of one member having expired on October 14, 2016. On July 31, 2018, the Anchorage Assembly approved nine individuals to serve on the Commission and reappointed the individual whose term had expired.”
10-9-18	The Assembly approved Assembly Ordinance 2018-47 to continue the Youth Advisory Commission until October 14, 2021, pending further continuation by the Assembly in accordance with Anchorage Municipal Code section 4.05.150.

The Youth Advisory Commission will sunset October 14, 2021, unless reauthorized by the Assembly.

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## **ANCHORAGE MUNICIPAL CODE CHAPTER 3.20**

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## ANCHORAGE MUNICIPAL CODE CHAPTER 3.20

### **“3.20.100 Office of internal audit established; staff.**

- A. There is established an office of internal audit to provide the assembly and the mayor with objective information to assist them in determining whether government operations are adequately controlled and whether the required high degree of public accountability is maintained.
1. The office of internal audit shall meet generally accepted government audit standards with regard to independence.
  2. The director of internal audit shall be appointed by the mayor with concurrence of a majority vote of the assembly.
  3. The director of internal audit may be dismissed by the mayor only for cause shown, and only with concurrence of a majority of the assembly.
  4. The director of internal audit shall be a person able to manage a professional audit staff, analyze financial records and evaluate operations for economy, efficiency and program results.
  5. The director of internal audit shall be either a certified internal auditor or a certified public accountant.
  6. The director of internal audit shall not be actively involved in partisan political activities or the political affairs of the municipality.
  7. The director of internal audit shall interact with the municipal audit committee to ensure maximum coordination between the needs of the assembly and the mayor in the development and execution of the annual audit plan.
- B. The director of internal audit shall have such assistants and employees as are necessary to perform all required duties.

(AO No. 77-359; AO No. 79-27; AO No. 80-5; AO No. 88-70(S))

**Charter reference**— Independent audit, § 13.10.

**Cross reference**— Principal executive personnel, boards and commissions, § 1.35.010.”

**“3.20.110 Responsibilities of the director of internal audit.**

A. No later than January 31 of each year, the director of internal audit shall:

1. Prepare a draft annual audit plan;
2. Submit the draft plan to municipal audit committee members for review and comment; and
3. Finalize the plan and submit it to the municipal audit committee for final review and endorsement.

The audit plan shall be the official list of audits to be conducted by internal audit during the year. Additionally, the director of internal audit may revise the audit plan during the year to include other appropriate audits, which are consistent with the responsibilities specified in section 3.20.100, and promptly submit the revisions to municipal audit committee members for review and comment and then to the mayor and assembly for approval. Except for audits such as cash and inventory audits where, based on the professional judgment of the director of internal audit, prior notification may hinder the effectiveness of the audit, no audit to be added to the annual audit plan as a revision may commence until the audit plan is revised and approved per this subsection.

- B. In addition to those audits contained in the annual audit plan outlined in subsection A of this section, audits may also be undertaken at the direction of the mayor or a majority of the assembly. The mayor will notify the assembly through an assembly information memorandum (AIM) or other appropriate means prior to commencement of such audits.
- C. The director of internal audit shall cooperate with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be coordinated.
- D. The director of internal audit shall have responsibility to conduct expanded scope audits of all municipal departments, agencies, authorities and activities to independently determine whether:
1. There are adequate internal administrative and accounting control systems in place and that they are functioning as intended;
  2. Activities and programs being implemented have been authorized by the assembly, the mayor or this Code;
  3. Activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by the assembly, the mayor or this Code;
  4. Activities or programs efficiently and effectively serve the purpose intended by the assembly, the mayor or this Code;
  5. Activities and programs are being conducted and funds expended in compliance with applicable laws;

6. Revenues are being properly collected, deposited and accounted for;
  7. Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in a lawful, effective and efficient manner;
  8. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the programs and activities; and
  9. During the course of audit work, there are any indications of fraud, abuse, conflict of interest or illegal acts.
- E. Audits shall be conducted in accordance with generally accepted government auditing standards.
- F. In all matters relating to the audit work, the director of internal audit and the audit staff must be free from personal and external impairments to independence and shall maintain an independent attitude and appearance.
- G. The director of internal audit shall present conclusions, findings and recommendations, along with verbatim responses from the administration, in a written audit report.
- H. The written audit report shall be promptly presented simultaneously to the mayor and the assembly.
- I. Copies of final audit reports of the office of internal audit shall be available for public inspection during regular business hours.
- J. The duties of the director of internal audit under this section shall not be construed to replace or relieve the responsibility of any other person.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 95-165(S-1), § 2, 10-3-95; AO No. 2015-23(S), § 4, 3-24-15)”

**“3.20.120 Responsibilities of administration when deficient conditions disclosed by audit.**

A. The administration shall:

1. Plan or implement corrective action in response to reported deficient conditions within 30 days of receiving a draft internal audit report disclosing the conditions;
2. Submit to the director of internal audit a written response stating concurrence or nonconcurrence with the audit findings and action taken or planned under subsection A of this section to correct the reported deficiencies, suitable for verbatim inclusion in the final report of audit; and

3. If the response under subsection B of this section describes a plan of action, submit to the director of internal audit a second report promptly upon implementing the plan.

B. This section shall not authorize the public disclosure of material that is confidential or privileged under federal, state or local law, or material the public disclosure of which otherwise would constitute an unwarranted invasion of personal privacy.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 2015-23(S), § 5, 3-24-15)”

**“3.20.130 Access to municipal information by office of internal audit.**

A. In the performance of their duties under section 3.20.110, the director of internal audit and internal audit staff are authorized to have full, free and unrestricted access to:

1. All public records, as defined in section 3.90.020;
2. All activities of the municipal government;
3. All municipal property;
4. All municipal personnel; and
5. All policies, plans and procedures and records pertaining to expenditures financed by municipal funds.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 2015-23(S), § 6, 3-24-15)”