
OFFICE OF INTERNAL AUDIT

2023 ANNUAL REPORT

February 8, 2024

MUNICIPALITY OF ANCHORAGE
Office of Internal Audit
632 W 6th Avenue, Suite 710
P.O. Box 196650
Anchorage, Alaska 99519-6650
www.muni.org/departments/internal_audit



OFFICE OF INTERNAL AUDIT
Scott Lee
Acting Director
Phone: (907) 343-4438
E-Mail: scott.lee@anchorageak.gov

Office of Internal Audit

2023 Annual Report

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MUNICIPALITY OF ANCHORAGE
MAYOR DAVE BRONSON

OFFICE OF INTERNAL AUDIT

February 8, 2024

Honorable Mayor and Members of the Assembly:

Attached is the Office of Internal Audit's 2023 Annual Report for your review and information.

This report includes background information on the audit profession, a summary of the 2023 internal audit activity and the portion of the Anchorage Municipal Code pertaining to the Office of Internal Audit.

According to Anchorage Municipal Code section 3.20.100, *Office of internal audit established; staff*, 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 2023, the Office of Internal Audit issued 7 Municipal audit reports, 2 Anchorage School District audit reports, and 3 Municipal sunset audit reports. In addition, the Office of Internal Audit performed 12 Municipal special projects. Finally, we supported 53 Anchorage Police Department events.

Scott Lee



Acting Director, Internal Audit

INTRODUCTION

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: scott.lee@anchorageak.gov
3. Office of Internal Audit Website: http://www.muni.org/departments/internal_audit

STAFFING OF THE OFFICE OF INTERNAL AUDIT

Current staff members are:

Currently Vacant, Director
Scott Lee, Principal Auditor/Acting Director
Derek Reynolds, Senior Auditor
Dalton Benson, Senior Auditor
Meredith Basdaras, Senior Auditor (Anchorage School District)
Albert Dordan, Audit Technician

The current Acting Director of the Office of Internal Audit provides the Municipality with more than 15 years of auditing experience. The current audit staff provides the Municipality with a combined total of over 26 years of auditing experience.

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.

INDEX OF 2023 MUNICIPAL AUDIT REPORTS

2023 MUNICIPAL AUDIT REPORTS

NUMBER	DATE	REPORT NAME	DEPARTMENT
	01/6/23	2022 Annual Report	Assembly
2023-01	03/29/23	Training Center Operations, Anchorage Fired Department	AFD
2023-02	05/3/23	Accounts Receivable, Finance Department	Finance
2023-03	06/23/23	Infor Public Sector Access Controls	Information Technology
2023-04	08/11/23	Sole Source Purchases	Purchasing
2023-05	08/31/23	Annual Municipal Procurement Card Review	Purchasing
2023-06	11/8/23	Harry J. McDonald Memorial Center	Parks & Recreation
2023-07	12/5/23	Contract/Grant Management Controls	Anchorage Health Department

INDEX OF 2023 ANCHORAGE SCHOOL DISTRICT AUDIT REPORTS

2023 ANCHORAGE SCHOOL DISTRICT AUDIT REPORTS

NUMBER	DATE	REPORT NAME
ASD 2023-01	02/24/23	Student Nutrition Warehouse Inventory Controls
ASD 2023-02	09/25/23	Fixed Assets Controls

INDEX OF 2023 MUNICIPAL SUNSET AUDIT REPORTS

2023 MUNICIPAL SUNSET AUDIT REPORTS

NUMBER	DATE	COMMISSION/BOARD	DEPARTMENT
2023-S1	08/11/23	Public Safety Advisory Commission	Office of the Mayor
2023-S2	08/11/23	Watershed and Natural Resources Advisory Commission	Planning
2023-S3	08/11/23	Port of Alaska Modernization Program and Design Advisory Board	Port of Alaska

INDEX OF 2023 MUNICIPAL SPECIAL PROJECTS

2023 MUNICIPAL SPECIAL PROJECTS

DATE	SUBJECT	RECIPIENT
01/30/2023	Building Safety Survey 2022 – Second Half of Year	Community Development
01/5/2023	Municipal Attorney's Office – Salary Increase	Assembly
02/6/2023	Parental Leave Ordinance, SEE Parental Leave Priceout	Assembly
04/7/2023	Bean's Café May 2021 Invoice Validation	Municipal Attorney
04/25/2023	Observation of Risk Limiting Audit – April 2023 Regular Election	N/A
05/15/2023	Plumbers & Steamfitters, Local 367 Contract Cost Validation	Assembly
05/31/2023	2022/2023 Procurement Card Rebate	Purchasing
07/17/2023	Non-Cashable Leave and Holiday Hours	Assembly
08/16/2023	Building Safety Survey 2023 – First Half of Year	Community Development
09/19/2023	Teamsters Local 959 Contract Validation	Assembly
11/20/2023	APDEA Administrative Agreement Cost Validation	Assembly
11/20/2023	New Additional Step Increase for Non-Represented Employees	Assembly

INDEX OF 2023 ANCHORAGE POLICE DEPARTMENT EVENTS

2023 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.

2023 ANCHORAGE POLICE DEPARTMENT EVENTS	
NUMBER OF EVENTS	DISPOSAL EVENT
4	Auction Transfer
7	Bicycle Transfer
11	Cash Conversion
12	Drug Disposal Verification
12	Drug Incineration
4	Gun Transfer
3	Gun Disposal
Total = 53	

EXECUTIVE SUMMARIES FROM 2023 MUNICIPAL AUDIT REPORTS

April 5, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2023-01, Training Center Operations, Anchorage Fire Department**. A summary of the report is presented below.

In accordance with the 2022 Audit Plan, we have completed an audit of Training Center Operations at the Anchorage Fire Department. The objective of this audit was to determine whether Anchorage Fire Department Training Center operations were adequate to support the department's training needs. Specifically, this audit focused on the training of Anchorage Fire Department Fire and Emergency Medical Services personnel. Our audit included a review of training records from January 1 to December 31, 2021, course offerings, and regulatory requirements. Specifically, we compared the training records of Anchorage Fire Department Emergency Medical Services personnel to State of Alaska licensing and recertification requirements.

Our audit revealed that the Anchorage Fire Department Training Center needs to make significant changes to ensure that the Anchorage Fire Department's Fire and Emergency Medical Services personnel training is administered, developed, delivered, and tracked in a more efficient manner. Specifically, the Training Center's processes did not fully support State of Alaska requirements for bi-annual recertification of Emergency Medical Services personnel. In addition, the Training Center did not have complete, accurate, or readily available information regarding the Anchorage Fire Department's training activities. Furthermore, the Training Center did not have written policies and procedures regarding training. Finally, the Anchorage Fire Department did not have any performance metrics for the Training Center.

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

Michael Chadwick, CIA, CICA

Director, Internal Audit

May 23, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2023-02, Accounts Receivable, Finance Department**. A summary of the report is presented below.

In accordance with the 2022 Audit Plan, we have completed an audit of Accounts Receivable at the Finance Department. The objective of this audit was to determine the methodology, effectiveness, and accuracy of the Municipality's accounts receivable functions and systems. This audit was limited to general government and did not include enterprise activities. Our audit included a review of 50 randomly selected invoices from an SAP accounts receivable aging report, and 36 randomly selected credit memos processed in 2021 and 2022. In addition, we analyzed returned mail found in the Treasury Division and judgmentally selected and reviewed delinquent personal property tax accounts. Further, we reviewed the adequacy of internal controls for the stand-alone accounts receivable systems. Finally, we reviewed the adequacy of stand-alone systems policies and procedures and followed up a previous audit finding regarding the Anchorage Fire Department's false alarm billings.

We found that the management of Municipal accounts receivable can be improved. Specifically, some Municipal agencies using accounts receivable stand-alone billing systems did not have exceptions approved by the Chief Fiscal Officer for internal billing and collection policies and procedures that deviated from Policy & Procedure 24-21, *Customer Setup, Billing and Managing PeopleSoft Accounts Receivable*. Moreover, some accounts receivable found in some stand-alone billing systems could be better managed and some stand-alone billing systems were not approved by the Chief Fiscal Officer. In addition, some accounts receivable from stand-alone billing systems were not recorded in the Municipality's general ledger. Furthermore, accounts receivable stand-alone system aging reports for the Anchorage Health Department's Community Health Nursing Program and Food Safety and Sanitation Program contained unexplained credit entries that may have distorted the true value of outstanding accounts receivable, and departments using the SAP billing system did not always process and submit billing paperwork timely to Treasury. We also found that Treasury did not always properly process invoices and the Anchorage Fire Department did not enter their false alarm bills into SAP according to their exception for monthly billing. Finally, Policy & Procedure 24-21 needs to be revised since it was last updated in April 2003, prior to the implementation of SAP, and Treasury staff did not always pursue collection contact activity for delinquent personal property taxes at prescribed follow-up intervals.

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

Michael Chadwick, CIA, CICA

Director, Internal Audit

June 23, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2023-03, Infor Public Sector Access Controls, Information Technology Department**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we have completed an audit of the Infor Public Sector software system. The objective of this audit was to determine whether access controls to the Infor Public Sector Software system for Municipal employees and supporting staff were adequate and complied with applicable policies and procedures. Our audit included a review of the Infor Public Sector Software system user account records maintained by the Information Technology Department. Specifically, we compared active user account records to current Municipal employee and contractor records.

We found access controls to the Infor Public Sector Software system for Municipal employees and supporting staff can be improved. Specifically, we found that the Infor Public Sector Software system user accounts for terminated employees were not always deactivated in a timely manner. Moreover, the Municipality of Anchorage did not possess the Infor Public Sector Software system licensing agreement and the Infor Public Sector Software system user account password requirements and controls were not activated.

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

Michael Chadwick, CIA, CICA

Director, Internal Audit

August 11, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2023-04, Sole Source Purchases, Purchasing Department**. A summary of the report is presented below.

In 2022, we performed an audit of sole source purchases and issued Internal Audit Report 2022-02, dated April 28, 2022. To assess the effectiveness of corrective actions and the adequacy of controls, we were requested to perform a follow-up audit.

The objective of this follow-up audit was to determine the effectiveness of corrective action taken by Purchasing on the Findings contained in Internal Audit Report 2022-02. Our audit included a review of all sole source purchases identified in SAP reports from July 2021 through December 2022, and sole source purchases reported on Assembly Information Memorandums and approved on Assembly Memorandums to determine if the sole source purchases were properly identified, accurately reported, and had reasonable justification during the same time period. In addition, we evaluated if there was adequate transparency in the sole source purchasing process.

Management action taken in response to the 2022 audit partially improved some of the identified issues. Our follow-up audit revealed that action taken by Purchasing Department personnel partially corrected 3 of 5 deficiencies. However, we found that further management action is still required to improve the reporting of sole source purchases, and public notification of sole source purchases, and the strengthening of Anchorage Municipal Code Title 7, *Purchasing and Contracts and Professional Services*.

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

Scott Lee

Acting Director, Internal Audit

September 1, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2023-05, Annual Municipal Procurement Card Review, Purchasing Department**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of 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, 2022, to December 31, 2022. Specifically, we reviewed purchases for 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 2022 Procurement Card transactions revealed some instances of questionable or prohibited purchases. Examples of questionable purchases included travel expenses for a contractor, expensive brand-named jackets, appliances such as multiple portable air conditioning units, microwave ovens, a coffee maker, a \$589 vacuum, and a \$1,098 barbeque grill. In addition, printer ink and a wireless mouse were purchased for an employee's home work station. Examples of prohibited purchases included balloons, baked goods, retirement badges, retirement plaques, and fuel. Moreover, it appeared that transactions were sometimes split to circumvent cardholders' single transaction limits, and some Procurement Card transactions did not contain an adequate description of the purchases. Finally, Procurement Card transaction files with supporting documentation such as monthly statements, receipts and original invoices for purchases made with Procurement Cards were not always maintained at some Departments.

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

Scott Lee

Acting Director, Internal Audit

November 8, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2023-06, Harry J. McDonald Memorial Center, Parks and Recreation Department**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of Harry J. McDonald Memorial Center. The objective of this audit was to determine if Fire Lake Arena Management, Inc. complied with the contract requirements. Specifically, we reviewed the contract to determine the pertinent contract requirements for the Harry J. McDonald Memorial Center's operations. We also interviewed the Harry J. McDonald Memorial Center's staff, as well as Parks and Recreation Department management, and Eagle River/Chugiak Parks and Recreation Division staff.

Our review revealed that the Municipality of Anchorage and Fire Lake Arena Management, Inc. did not have a contract at the time of this audit. Due to lack of audit criteria (i.e., Contract requirements) at the time of this audit, an audit of contract compliance was not possible.

There was one finding in connection with this audit. However, the discrepancy was corrected during our audit. As a result, Management's response was not required for the finding and recommendation in this report.

Scott Lee

Acting Director, Internal Audit

December 5, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2023-07, Contract/Grant Management Controls, Anchorage Health Department**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of the Contract/Grant Management Controls at the Anchorage Health Department. The objective of this audit was to determine if there were adequate management controls in place for administration of the Anchorage Health Department contracts and grants, and associated transactions. Specifically, we selected haphazard samples of purchase orders and selected a judgmental sample of invoices from September 17, 2021, to August 8, 2022, to determine if purchases were appropriate and properly approved. In addition, we reviewed invoices provided by Anchorage Health Department staff.

Our review found that Anchorage Health Department management contracted vendors for supplies and services that were not always properly authorized with available funds. As a result, the Anchorage Health Department received invoices that could not be paid.

There is one finding in connection with this audit. Management comments were responsive to the audit finding and recommendation.

Scott Lee

Acting Director, Internal Audit

**EXECUTIVE SUMMARIES FROM
2023 ANCHORAGE SCHOOL DISTRICT AUDIT
REPORTS**

February 24, 2023

Anchorage School District Superintendent and Members of the School Board:

I am pleased to present for your review **ASD Internal Audit Report 2023-01, Student Nutrition Warehouse Inventory Controls, Anchorage School District**. A summary of the report is presented below.

We have completed an audit of the Anchorage School District's Student Nutrition Warehouse Inventory Controls. The objective of this audit was to determine the adequacy of internal controls for receiving, storing, issuing, and accounting for inventory in the Student Nutrition Department's warehouse. To achieve our objective, we interviewed Student Nutrition Department staff to identify internal controls and responsibilities for managing inventory. We also conducted our own inventory of selected items and reviewed inventory adjustments.

Overall, inventory controls and procedures at the Student Nutrition Department warehouse need improvement. Specifically, the food warehouse, including the cold storage section, was not properly organized and maintained and the warehouse location field in PrimeroEdge was not used to record where items were located. In addition, user privileges for PrimeroEdge did not always appear reasonable and necessary and the inventory adjustment process used by the Student Nutrition Department warehouse staff resulted in questionable adjustments. Furthermore, on-hand inventory balances in PrimeroEdge were not accurate and the July 27, 2022, Student Nutrition Warehouse Item Status report showed 72 of 312 (23%) active items with negative balances, with 38 of these items having negative balances in the hundreds. Moreover, "Best by Dates" were not used to manage the items stored in the warehouse and the warehouse lacked standard operating procedures for PrimeroEdge users that outlined specific processes for completing warehouse tasks. Finally, although security had improved since our last audit, the food warehouse was still not adequately secured to prevent unauthorized access.

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

Michael Chadwick, CIA, CICA

Director, Internal Audit

September 25, 2023

Anchorage School District Superintendent and Members of the Anchorage School Board:

I am pleased to present for your review **ASD Internal Audit Report 2023-02, Fixed Assets Controls, Anchorage School District**. A summary of the report is presented below.

We have completed an audit of the Anchorage School District's Fixed Assets Controls. The objective of this audit was to determine if the Anchorage School District properly monitors and accounts for fixed assets. Specifically, our audit included a review of fixed assets selected from the inventory results submitted by the schools in 2023. We also reconciled the inventory results to BusinessPlus fixed assets records for selected schools. In addition, we reviewed the fixed assets inventory and surplus procedures to determine if the procedures complied with applicable Anchorage School Board policies and if there were adequate internal controls to ensure whether the fixed assets records in BusinessPlus were accurate.

Overall, the controls over the Anchorage School District's fixed assets can be improved. Specifically, our review found that centralized assets at the Anchorage School District were not always tracked and inventoried properly, and schools were not tracking and maintaining decentralized assets. In addition, the fixed assets disposal process did not always comply with Anchorage School Board policy. Moreover, the truck transfer form that is currently used for transferring and surplusizing fixed assets did not always include needed information to accurately track the fixed assets history in BusinessPlus. Finally, schools did not always submit the fixed asset inventory count to Central Accounting by the due date.

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

Scott S. Lee

Acting Director, Internal Audit

**EXECUTIVE SUMMARIES FROM
2023 MUNICIPAL SUNSET AUDIT REPORTS**

August 11, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present **Sunset Audit Report 2023-SI, Public Safety Advisory Commission, Office of the Mayor**, for your review. 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 Safety Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Public Safety 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 Assembly consider reauthorizing the Public Safety Advisory Commission until January 2024. In addition, the Assembly should consider holding a work session with the Public Safety Advisory Commission to discuss its role and recent activities to help determine if the Public Safety Advisory Commission should be reauthorized beyond January 2024. With the appointment of seven Public Safety Advisory Commission members since May 2023, the Public Safety Advisory Commission is fully staffed. However, with the recent member appointments, the Public Safety Advisory Commission could only provide unapproved meeting minutes for one meeting in 2022, and one unapproved meeting minutes and one approved meeting minutes for 2023. As a result, we could not accurately determine if member attendance requirements were met. Finally, from January 2022 through July 2023, the Public Safety Advisory Commission did not issue any reports or resolutions, according to Commission staff.

The Public Safety Advisory Commission will sunset on October 14, 2023, unless reauthorized by the Assembly.

Scott Lee

Acting Director, Internal Audit

August 11, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present **Sunset Audit Report 2023-S2, Watershed and Natural Resources Advisory Commission, Planning Department**, for your review. 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 Watershed and Natural Resources Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Watershed and Natural Resources 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 Watershed and Natural Resources Advisory Commission be reauthorized.

The Watershed and Natural Resources Advisory Commission will sunset on October 14, 2023, unless reauthorized by the Assembly.

Scott Lee

Acting Director, Internal Audit

August 11, 2023

Honorable Mayor and Members of the Assembly:

I am pleased to present **Sunset Audit Report 2023-S3, Port of Alaska Modernization Program and Design Advisory Board, Port of Alaska**, for your review. 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 of Alaska Modernization Program and Design Advisory Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Port of Alaska Modernization Program and Design 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 documents pertaining to matters such as meeting agendas, meeting minutes, resolutions, member authorization, and member participation, we recommend that the Port of Alaska Modernization Program and Design Advisory Board be allowed to sunset and not be reauthorized. According to Port of Alaska Modernization Program and Design Advisory Board's Chair, he believes that the Port of Alaska Modernization Program and Design Advisory Board has done its job.

The Port of Alaska Modernization Program and Design Advisory Board will sunset on October 14, 2023, unless reauthorized by the Assembly.

Scott Lee

Acting Director, Internal Audit

ANCHORAGE MUNICIPAL CODE CHAPTER 3.20

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)”