

**COMPASS INDEPENDENT AUDIT
 QUARTERLY REPORT TO THE CITY COUNCIL
 FOR THE QUARTER ENDING JUNE 30, 2014**

Legal Requirement

Rapid City Municipal Code 2.95.030 (H) requires the Chief Auditor to submit, through the Audit Committee, quarterly reports to the City Council concerning the status of all pending audits and projects and the status or progress of any actions to implement audit recommendations.

Current Status

As of June 30, 2014 three audits were in progress.

City Fees Audit

This audit was in the reporting phase. A draft of the audit findings and recommendations was sent to the Mayor and department directors for review and comment. The Auditor began working on the draft audit report and completion of final working papers.

Information Technology Audit

The Information Technology Audit was started in mid-March. This audit was in the fieldwork phase. The audit plan has been completed and audit staff began the research, analysis and testing to complete work on the audit objectives.

Fleet Management Audit

The Fleet Management Audit was started in early June. This audit was in the planning phase. The Auditor solicited input from department directors regarding the audit objectives. Background research and analysis was conducted during June to help develop audit objectives and prepare the audit program. Planning work will continue into the third quarter of 2014.

Recommendations From Completed Audits Not Implemented		
July 14, 2014		
Recommendation	Comments	Estimated Completion
City-Wide Cash Handling Audit (February 2013) Approved by COMPASS Committee March 18, 2013 Acknowledged by City Council April 1, 2013		

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The City Finance Office should develop cash handling guidelines to assist City departments in developing effective written cash handling policies and procedures.	
City departments should use these guidelines to draft policies and procedures and make modifications as necessary to address site-specific situations.	Airport, Finance, Fire and Police will develop policies and procedures when the guidance from the Finance Office is provided.
The City Finance Office should develop a process for City department employees to use to review for missing, voided, or canceled receipts.	The Finance Office will develop a process as part of the guidelines issued with recommendation one.
Department management should develop and implement monitoring procedures over cash handling to ensure records are complete and accurate; and that cash and change funds are accurate, reasonable and sufficient.	Two departments (Finance and Fire) are in the process of implementing it.
The City Finance Office should develop and provide training on proper internal controls for all City employees with cash handling responsibilities.	
City-Wide Charge Account Audit (August 2013) Approved by COMPASS Committee August 19, 2013 Acknowledged by City Council September 16, 2013	
The City Finance Office should develop purchasing policies and procedures to provide guidance to City departments. City departments can further develop these purchasing policies and procedures specific to department needs.	Between October 2014 and March 2015
The City Finance Office should seek City Council approval of an ordinance to require vendors to register with the City before allowing purchases to be made on account.	Between October 2014 and March 2015
The City Finance Office should develop guidelines and requirements and policies and procedures for vendors to strengthen controls around purchases and charge accounts for the City of Rapid City.	Between October 2014 and March 2015
City management and Human Resources should implement a process to provide City employees with City issued identification.	