



Cathy Criswell, CPA, CIA, City Auditor
OFFICE OF THE CITY AUDITOR

March 28, 2014

Mayor Dewey Bartlett, Jr.
Councilor Jack Henderson
Councilor Jeannie Cue
Councilor David Patrick
Councilor Blake Ewing
Councilor Karen Gilbert
Councilor Byron Steele
Councilor Adrianna Moore
Councilor Phil Lakin, Jr.
Councilor G.T. Bynum

Regarding: Sensitive Payments Review for Fiscal Years 2012 and 2013

The Office of the City Auditor began conducting annual reviews of sensitive payments in 1991. Sensitive payments have long been a subject of concern because these are the types of payments where the greatest risk exists for senior executives to bypass internal controls. Because of the high degree of risk, we believe these areas require recurring and intense examination.

Our sensitive payments review follows guidance published by the U.S. Government Accountability Office. The guidance provides an approach for evaluating and testing the effectiveness of controls over eight specific sensitive payments areas.

Our tests of FY 2012 and 2013 internal controls and transactions noted no conflict of interest situations, no inappropriate payments of compensation, and no indication of misuse or misappropriation of public funds. Please review the attached audit report for additional information.

Audit Report
March 28, 2014

Subject: Sensitive Payments Review for fiscal years 2012 and 2013

Responsible Officers: All executive-level management

Audit Team: Cecilia Ackley, CPA, Vicki Peters, CBA, MBA, Steve Wagner, Seth Potter

Scope:

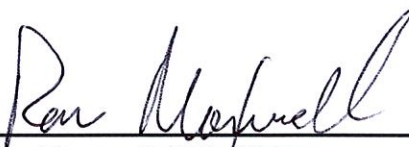
Sensitive payments are transactions with a possibility for city officials, executive management, and certain employees to receive inappropriate benefit due to their position of influence. Internal Auditing performs an annual review of sensitive payments, as recommended by the United States Government Accountability Office (GAO).

Overall Risk Exposure: (Low, Moderate or High):
HIGH

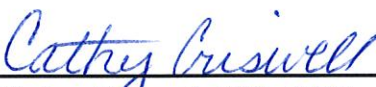
Conclusion: (Satisfactory, Satisfactory-needs improvement or Unsatisfactory)
SATISFACTORY

Significant Results:

1. Internal Auditing noted no conflict of interest situations, no inappropriate payments of compensation, and no indication of misuse or misappropriation of public funds.
2. An audit finding on employee parking subsidies made in a prior year audit is still open. Internal Auditing will follow-up on this again in FY14.



Ron Maxwell, CIA, CFE
Chief Internal Auditor



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