



City Council Staff Report

From: City Manager
Report Type: **CONSENT CALENDAR**
Lead Department: City Auditor

Meeting Date: **March 4, 2024**
Report #:2402-2639

TITLE

Approval of Office of the City Auditor FY2024 Task 4 Task Orders (CEQA Status - Not a Project)

RECOMMENDATION

The Policy and Services Committee and the Office of the City Auditor recommend that the City Council approve the following Task 4 Task Orders identified in the FY 2024 Audit Plan Report:

- TASK ORDER FY24-4.23 Recruitment and Succession Planning
- TASK ORDER FY24-4.24 Grant Management
- TASK ORDER FY24-4.25 Emergency Preparedness
- TASK ORDER FY24-4.26 Utility Billing
- TASK ORDER FY24-4.27 Payment Card Industry Data Security Standard (PCI/DSS)

EXECUTIVE SUMMARY

The committee members approved the attached five task orders at the Policy and Services Committee meeting on February 13, 2024¹.

MOTION: Council Member Lythcott-Haims moved, seconded by Chair Kou to recommend the City Council approve the following Task 4 Task Orders:

- a) TASK ORDER FY24-4.23 Recruitment and Succession Planning
- b) TASK ORDER FY24-4.24 Grant Management
- c) TASK ORDER FY24-4.25 Emergency Preparedness
- d) TASK ORDER FY24-4.26 Utility Billing
- e) TASK ORDER FY24-4.27 Payment Card Industry Data Security Standard (PCI/DSS)

MOTION PASSED: 2-0

¹ Policy & Services Committee, February 13, 2024, Agenda Item #1, SR #2312-2460,
<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=14868>

BACKGROUND

Task 4, Execute Annual Audit Plan, in the agreement between the City of Palo Alto (City) and Baker Tilly US, LLP (Baker Tilly)² states, “Conduct a minimum number of internal audits in accordance with each approved annual audit plan based on the risk assessments. Each internal audit will commence only upon the City’s approval of a Task Order (which may be at the task or sub-task level) as required by this Agreement. Each internal audit requires the preparation of a written report for review by the City Manager, City Attorney and appropriate Council committee, and review/approval by the City Council as required.”

ANALYSIS

The Office of the City Auditor (OCA) is seeking approval from the Policy and Services Committee of the following Task Orders for internal audits listed in the Fiscal Year 2024 audit plan that was approved by the City Council on January 22, 2024³:

- TASK ORDER FY24-4.23 Recruitment and Succession Planning

The preliminary audit objectives include:

- Determine the efficiency and effectiveness of the recruitment and hiring process
- Determine whether a formal succession plan and related policies procedures are in place

- TASK ORDER FY24-4.24 Grant Management

The preliminary audit objective is to determine whether the City has adequate internal controls to manage the grant lifecycle efficiently and effectively

- TASK ORDER FY24-4.25 Emergency Preparedness

The preliminary audit objective is to determine whether the City is working to prevent wildfire and adequately prepared to respond to wildfire as part of the City’s emergency management plan

- TASK ORDER FY24-4.26 Utility Billing

The preliminary audit objectives include:

² Baker Tilly US, LLP, Agreement for Professional Services, C21179340;
<https://www.cityofpaloalto.org/files/assets/public/v/5/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220509/20220509pccsmamended-linked.pdf>

³ City Council, January 22, 2024, Agenda Item #9, SR # 2311-2304
<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=13333>

- Determine whether the internal controls over the utility billing process are adequate and working effectively to ensure billing is accurate and in compliance with the City's policy and regulations
- Determine whether billing adjustments are properly supported and approved
- TASK ORDER FY24-4.27 Payment Card Industry Data Security Standard (PCI/DSS)

The preliminary audit objective is to determine whether the internal controls over the payment card processing are adequate and working effectively for the City and any third party service provider

Each of these task orders begins March 1, 2024 and ends December 2024. Audit work will commence in alignment with the identification and appointment of a new City Auditor.

FISCAL/RESOURCE IMPACT

Work recommended in these tasks is within both the approved scope and compensation of the agreement with Baker Tilly and funding levels in the Fiscal Year 2024 operating budget for the OCA.

STAKEHOLDER ENGAGEMENT

No stakeholder outreach was necessary to create task orders for the tasks described in the signed contract.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because the Auditor task orders are administrative activities that will not result in direct or indirect physical changes in the environment. CEQA Guidelines section 15378(b)(5).

ATTACHMENTS

Attachment A: TASK ORDER FY24-4.23 Recruitment and Succession Planning

Attachment B: TASK ORDER FY24-4.24 Grant Management

Attachment C: TASK ORDER FY24-4.25 Emergency Preparedness

Attachment D: TASK ORDER FY24-4.26 Utility Billing

Attachment E: TASK ORDER FY24-4.27 Payment Card Industry Data Security Standard (PCI/DSS)

APPROVED BY:

Kate Crowley, Baker Tilly