
DATE: January 15, 2016
TO: Distribution List
FROM: Cathy Criswell, City Auditor *Cathy Criswell*
SUBJECT: Sensitive Payments Review

The purpose of this memo is to inform you that Internal Auditing is beginning the annual Sensitive Payments Review for FY 2015.

The review of sensitive payments is an evaluation of the adequacy and validity of documentation for particular expenditures, as recommended by the U.S. General Accounting Office (GAO). The review will be conducted following GAO published guidelines.

The scope of this engagement includes reviewing the system of internal controls and testing sample transactions for expenditures pertaining to compensation, travel, official entertainment, unvouchered expenditures, contracting and consulting, speaking honoraria and executive perquisites. Ethics and conflicts of interest are considered in reviewing transactions in these areas.

The objectives of the Sensitive Payments Review include the following:

- Document and evaluate the adequacy of the system of internal controls over sensitive payments.
- Determine compliance with applicable laws, ordinances, policies and procedures regarding sensitive payments.
- Determine that executive expenses are properly authorized and approved.
- Determine that executive expenses are accurately and promptly recorded and reported.
- Determine whether corrective action has been taken on prior years audit report findings.

Jan Fields, Auditor-in-Charge, is assigned to the project. The Finance Director and Human Resources Director were our assigned contacts for prior year Sensitive Payment Reviews. We will consider them our contacts for this audit as well, unless informed otherwise.

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