



CITY OF GLENDALE, CALIFORNIA
Internal Audit

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DATE: May 27, 2025

TO: Audit Committee Members

CC: Roubik Golanian, City Manager
Mike Garcia, City Attorney
John Takhtalian, Assistant City Manager/Interim Director of Finance
City Council

FROM: Natalie Minami-Valdivia, Principal Internal Auditor

SUBJECT: Internal Audit Activity Report as of March 31, 2025

The purpose of this memo is to report on the Internal Audit activity for the quarter ended March 31, 2025. The report includes seven sections as highlighted below:

1. Projects Completed
2. Projects in Progress
3. Continuous Auditing
4. Outstanding Audit Items
5. Outstanding Priority 1 Audit Items
6. Outstanding Audit Items Meeting Audit Committee Discussion Criteria
7. Advisory Services

1. Projects Completed

The table below provides a summary of the projects completed during the quarter ended March 31, 2025.

Project #	Project Title	Date Issued	Actual Hours	Plan #
2025-03	Workers' Compensation Disability Settlement Process Audit – Human Resources Department	2/11/2025	667	1
2025-04	PCI Compliance Audit	3/31/2025	128	5

2. Projects in Progress

As of March 31, there was one project in progress. The table below provides a summary of the objective for this project.

Project Title – Department	Audit Objective(s)	Plan #
Take Home and City Assigned Vehicle Usage	The objective of this audit is to determine whether adequate controls are in place to ensure that the City's take home vehicles and City assigned vehicles are being managed and utilized appropriately.	2

3. Continuous Auditing

Continuous Auditing is an automatic method used to perform auditing activities on a more frequent basis. It is designed to test controls and assess risks in a more efficient manner by utilizing data analytics tools and audit software. Utilizing technologies, continuous auditing increases Internal Audit's capacity to cover a greater data population and provide management with timely assurance over key business controls.

The table below provides a summary of projects completed during the past quarter. Detailed test results and recommendations were provided to relevant departments for appropriate actions as necessary.

Test Subject	Objective(s)	Description, Scope, and Result
UAC – AD EE	To determine whether Active Directory user access is limited to authorized employees and whether access is revoked in a timely manner for separated employees at a point in time.	<p>The test covered comparing Active Directory user accounts to active employees as of February 24, 2025.</p> <p>The test results were shared with and corrected by ITD on February 25, 2025, and shared with management on March 6, 2025.</p>
PCards	To identify areas of noncompliance with the City's Pcard policies and procedures.	<p><u>Description</u></p> <p>Nine tests were included to cover the following three areas: 1) Split Payments, 2) Cardholder/Approver, and 3) Duplicate Payments.</p> <p><u>Scope</u></p> <p>The Split Payments and Cardholder/Approver tests covered a</p>

Test Subject	Objective(s)	Description, Scope, and Result
		<p>total of 8,133 Pcard transactions in the amount of \$2,321,480 for the period from October 1, 2023 to March 31, 2024. The Duplicate Payments test covered 3,886 Pcard transactions in the amount of \$1,067,584.</p> <p><u>Results</u></p> <p>Ten exceptions related to split payments were identified. These exceptions along with recommendations were provided to affected departments on April 1, 2025.</p>

4. Outstanding Audit Items

Internal Audit conducted follow-up on outstanding audit items by working with department representatives to ensure timely and appropriate implementation of all recommendations. Seven projects with a total of 31 audit items were reviewed. As of March 31, 2025, eight items were implemented and 23 items remained outstanding as of March 31, 2025.

5. Outstanding Priority 1 Audit Items

For the quarter ended March 31, 2025, no outstanding audit items with a priority 1 risk rating were identified. A priority 1 risk rating is given to audit items representing critical control weaknesses that could potentially expose the City to a higher degree of combined risks.

6. Outstanding Audit Items Meeting Audit Committee Discussion Criteria

Based on the passage of Resolution #2 by the Audit Committee, City department directors are requested to appear and discuss the status of outstanding audit items at an Audit Committee meeting when any of the following three events occur:

- Determination is made to change the status of an audit item to not-implemented;
- The item has not been implemented within two years of the report date;
- The item has not been implemented within three years of the report date.

For the period of January 1 through March 31, 2025, no audit items that entered one of the three event categories noted above were identified.

7. Advisory Services

Internal Audit team members are often asked to participate in a variety of team projects or programs within the City, primarily in an advisory role. Below is a listing of the assignments with activity during the quarter ended March 31, 2025, listed by department and the assigned auditor(s):

City Treasurer's Office

- Investment Policy Advisory Committee – *Natalie Minami-Valdivia*
- PCI Compliance Team – *Natalie Minami-Valdivia & Ani Antanesyan*

Glendale Water & Power

- Energy Risk Management Committee – *Natalie Minami-Valdivia*