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# OFFICE OF INTERNAL AUDIT

## 2024 ANNUAL REPORT

January 30, 2025

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MUNICIPALITY OF ANCHORAGE  
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**Office of Internal Audit**  
**2024 Annual Report**

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**MUNICIPALITY OF ANCHORAGE**  
**MAYOR SUZANNE LAFRANCE**

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**OFFICE OF INTERNAL AUDIT**

January 30, 2025

Honorable Mayor and Members of the Assembly:

Attached is the Office of Internal Audit's 2024 Annual Report for your review and information.

This report includes background information on the audit profession, a summary of the 2024 internal audit activity and the portion of the Anchorage Municipal Code pertaining to the Office of Internal Audit.

According to Anchorage Municipal Code section 3.20.100, *Office of internal audit established; staff*, the primary focus of the Office of Internal Audit is to provide the Assembly and the Mayor with objective information to assist them in determining whether government operations are adequately controlled; whether the required high degree of public accountability is maintained over public funds; and to improve the efficiency and effectiveness of Municipal government. To accomplish this, we perform audits to ensure reliability and integrity of financial records, compliance with established policies and procedures, accountability and protection of Municipal assets, and achievement of program results.

During 2024, the Office of Internal Audit issued 8 Municipal audit reports, 2 Anchorage School District audit reports, and 10 Municipal sunset audit reports. In addition, the Office of Internal Audit performed 14 Municipal special projects. Finally, we supported 50 Anchorage Police Department events.

Alden P. Thorn

Director, Internal Audit

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# INTRODUCTION

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# INTRODUCTION

## DEFINITION OF AUDITING

Audit is a term used to describe procedures performed by an auditor in examining financial records, reviewing compliance with laws and regulations, assuring the efficiency and economy of operations, and evaluating the effectiveness in achieving program results.

The audit process includes an evaluation of internal controls, examination of financial and other data, review of management systems and programs, and recommendations for improvement.

Auditors are classified into two categories - internal auditors and external auditors.

**Internal Auditors** are employees of the Municipality of Anchorage. Emphasis is on determining whether the required high degree of public accountability is maintained and improving the efficiency and effectiveness of government operations and activities. To accomplish this, the auditors focus on accountability, internal controls and improving management efficiency. Although internal auditors are Municipal employees, the Municipal Code provides a framework for them to operate with complete independence.

**External Auditors** are not employees of the Municipality of Anchorage. External auditors perform, under contract, an annual audit of the financial records of the Municipality and the federal and state single audits. The emphasis is on the fairness of financial representations. The Municipal Assembly is responsible for the annual independent financial audit, annual federal single audit, and annual state single audit of all Municipal accounts. The annual audits are overseen by the Municipal Audit Committee. The certified public accounting firm of BDO USA, LLP, is currently the external auditor for the Municipality of Anchorage.

## AUDIT PROCEDURES

The Office of Internal Audit performs audits in accordance with generally accepted government auditing standards, except for the requirement of an external peer review. A peer review is not performed due to budget constraints.

The audit process involves three phases: survey, field work, and reporting. Communication with auditees is an important part of all three phases.

**Survey** - Survey work consists of discussions with agency personnel, physical inspections, review of records, and sample tests of transactions. In addition, auditors obtain an understanding of internal controls significant to the audit objectives and consider whether specific internal control procedures have been properly designed and placed in operation.

**Field Work** - During field work, the auditor plans and defines audit objectives, reviews and evaluates extensive data, documents findings, and develops recommendations for corrective action.

**Reporting** - At the end of field work, the results of the audit are communicated to officials at various levels of government. Findings and recommendations are presented in a draft report that is furnished to auditees for their review and response. The final audit report includes the auditor's findings and recommendations and management's responses.

## **SCHEDULING OF AUDITS**

The Director of the Office of Internal Audit prepares an annual audit plan at the beginning of each fiscal year, which is reviewed and endorsed by the Municipal Audit Committee and approved by the Assembly and Mayor. Input is solicited from the Municipal Assembly, the Mayor, and Administration officials. The audit plan may also be revised during the year to accommodate requests from the Municipal Assembly and the Administration. Criteria for scheduling audits include the following:

- Requests by the Municipal Assembly and Administration
- Potential for cost savings through more efficient, effective management
- Potential for increasing revenues
- Areas with a high risk of loss or misappropriation
- Suspected fraud or error
- Areas identified with weak internal controls or known problems
- Safeguarding and management of Municipal assets
- Issues identified by the external auditors

In addition, audits of the Anchorage School District are requested and authorized by the Anchorage School Board Finance Committee.

## **DISTRIBUTION OF AUDIT REPORTS**

Municipal audit reports are distributed to the Mayor, each Municipal Assembly Member, and other appropriate Municipal personnel. Anchorage School District audit reports are distributed to the Anchorage School District.

Copies of reports are available to the public at the following locations:

1. Serial section of the Z. J. Loussac Public Library, 3600 Denali Street, Anchorage, Alaska
2. The Office of Internal Audit, 632 West 6th Avenue, Suite 710, PO Box 196650, Anchorage, Alaska 99519-6650, telephone (907) 343-4438, e-mail: [alden.p.thern@anchorageak.gov](mailto:alden.p.thern@anchorageak.gov)
3. Office of Internal Audit Website: [http://www.muni.org/departments/internal\\_audit](http://www.muni.org/departments/internal_audit)

## **STAFFING OF THE OFFICE OF INTERNAL AUDIT**

Current staff members are:

Alden P. Thern, Director  
Scott Lee, Principal Auditor  
Dalton Benson, Senior Auditor  
Kevin Song, Senior Auditor  
Meredith Basdaras, Senior Auditor (Anchorage School District)  
Albert Dordan, Audit Technician

The current Director of the Office of Internal Audit provides the Municipality with more than 25 years of experience in various aspects of governmental operations. The current audit staff provides the Municipality with a combined total of over 28 years of auditing experience.

Government Auditing Standards Section 4.16 requires that each auditor complete, every two years, at least 80 hours of continuing professional education. At least 24 of the 80 hours should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 56 of the 80 hours should be in subjects that directly enhance the auditor's professional expertise to perform audits. In addition, Government Auditing Standards Section 4.17 requires that at least 20 of the 80 hours should be completed in each year of the two-year period. The courses taken by audit staff to fulfill this requirement help keep them up to date with the latest auditing techniques and current audit issues.

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# **INDEX OF 2024 MUNICIPAL AUDIT REPORTS**

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## 2024 MUNICIPAL AUDIT REPORTS

<b>NUMBER</b>	<b>DATE</b>	<b>REPORT NAME</b>	<b>DEPARTMENT</b>
	02/08/24	2023 Annual Report	Assembly
2024-01	02/08/24	Cash Control Procedures	Solid Waste Services
2024-02	02/08/24	Language Access Policy	Office of the Mayor
2024-03	04/11/24	Women, Infants and Children Nutrition Program	Anchorage Health Department
2024-04	05/09/24	Key and Lock Controls	Anchorage Water and Wastewater Utility
2024-05	07/17/24	Clinics Cash Controls	Anchorage Health Department
2024-06	10/09/24	Annual Municipal Procurement Card Review	Purchasing Department
2024-07	12/03/24	Police and Fire Medical Trust 3-Year Review	Human Resource Department
2024-08	12/17/24	Child Care Licensing Program	Anchorage Health Department

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**INDEX OF 2024 ANCHORAGE SCHOOL DISTRICT  
AUDIT REPORTS**

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**2024 ANCHORAGE SCHOOL DISTRICT AUDIT  
REPORTS**

<b>NUMBER</b>	<b>DATE</b>	<b>REPORT NAME</b>
ASD 2024-01	05/01/24	Procurement Card Purchases
ASD 2024-02	11/18/24	Addenda

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# **INDEX OF 2024 MUNICIPAL SUNSET AUDIT REPORTS**

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## 2024 MUNICIPAL SUNSET AUDIT REPORTS

<b>NUMBER</b>	<b>DATE</b>	<b>COMMISSION/BOARD</b>	<b>DEPARTMENT</b>
2024-S1	08/07/24	Municipal Health and Human Services Commission	Anchorage Health Department
2024-S2	08/07/24	Senior Citizens Advisory Commission	Anchorage Health Department
2024-S3	08/07/24	Heritage Land Bank Advisory Commission	Real Estate Department
2024-S4	08/07/24	Municipal Airports Aviation Advisory Commission	Merrill Field Airport
2024-S5	08/07/24	Port Commission	Don Young Port of Alaska
2024-S6	08/07/24	Library Advisory Board	Anchorage Public Library
2024-S7	08/07/24	Public Transit Advisory Board	Public Transportation Department
2024-S8	08/07/24	Board of Building Regulation Examiners and Appeals	Development Services Department
2024-S9	08/07/24	Youth Advisory Commission	Office of the Mayor
2024-S10	08/07/24	Bidding Review Board	Purchasing Department

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## **INDEX OF 2024 MUNICIPAL SPECIAL PROJECTS**

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## 2024 MUNICIPAL SPECIAL PROJECTS

DATE	SUBJECT	RECIPIENT
01/11/24	Traffic Engineering Inventory System	Assembly
01/18/24	New Additional Step Increases for Public Safety Non-Represented Employees	Assembly
01/18/24	New Additional Step Increases for Non-Represented Employees (Excluding Public Safety Non-Represented Employees)	Assembly
02/07/24	Mission Critical Pay for Snow Removal	Assembly
02/16/24	Building Safety Survey 2023 – Second Half of the Year	Assembly
05/20/24	International Brotherhood of Electrical Workers, Local Union 1547 Contract Cost Validation	Assembly
06/12/24	2023/2024 Procurement Card Rebate	Assembly
07/10/24	AWWU Annual Chemical Inventory	Assembly
07/25/24	Cost Validation for Administrative Agreement (AA) 2024-01 and AA 2024-02, Agreeing to Paid Parental Leave	Assembly
07/30/24	Building Safety Survey 2024 – First Half of Year	Assembly
09/12/24	SWS “Driving Around the Scales” Practice	Assembly
09/18/24	Cost Validation for International Association of Fire Fighters Local 1264 Administrative Agreement 2024-01 Agreeing to paid parental leave	Assembly
11/04/24	IBEW – Technicians Contract Cost Validation	Assembly
11/05/24	Public Employees, Local 71 Contract Cost Validation	Assembly

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**INDEX OF 2024 ANCHORAGE POLICE DEPARTMENT  
EVENTS**

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## 2024 ANCHORAGE POLICE DEPARTMENT EVENTS

The Office of Internal Audit assists the Anchorage Police Department’s Evidence Section in certifying the proper disposal of found, abandoned, or forfeited property in accordance with Anchorage Municipal Code chapter 7.25, *Disposition of Disposable Property*. Property certified for disposal includes drugs, bicycles, cash, guns, and items sent to auction. Specifically, drugs are incinerated; bicycles are donated to the YMCA for their annual bike auction; cash is deposited into Municipal accounts; and designated guns are destroyed. In addition, other guns and items exceeding a fair market value of \$50 are transferred to the custody of the Municipal auction contractor. Proceeds from the auction are distributed into Municipal accounts. Below are the number of events where the Office of Internal Audit verified, with staff from the Anchorage Police Department’s Evidence Section, items to be disposed.

<b>2024 ANCHORAGE POLICE DEPARTMENT EVENTS</b>	
<b>NUMBER OF EVENTS</b>	<b>DISPOSAL EVENT</b>
5	Auction Transfer
6	Bicycle Transfer
10	Cash Conversion
11	Drug Disposal Verification
10	Drug Incineration
5	Gun Transfer
3	Gun Disposal
Total = 50	

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**EXECUTIVE SUMMARIES FROM  
2024 MUNICIPAL AUDIT REPORTS**

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February 8, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-01 Cash Control Procedures, Solid Waste Services**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of the Cash Control Procedures at the Anchorage Solid Waste Services. The objective of this audit was to determine whether adequate cash controls were in place at Solid Waste Services and ensure that all cash receipts were deposited daily per requirements of Policy and Procedure 24-1, *Collecting, Securing, Depositing, and Reporting Cash*. Our audit included a review of twenty-four selected Solid Waste Services Cash Journal SAP records from July 1, 2022, to June 30, 2023. Specifically, we compared the electronic SAP records to the supporting hard copy daily cash drawer summary reports and corresponding bank deposit paperwork to establish accuracy of the data and timeliness of the deposits.

Our review of selected cash journal entries from 2022 and 2023 revealed that Solid Waste Services Customer Service did not deposit cash receipts daily as required by Policy and Procedure 24-1, *Collecting, Securing, Depositing, and Reporting Cash*. In addition, the Municipal Treasury Division's Accounts Receivable Section sent out discrepancy memos to Solid Waste Services notifying them of non-compliances documenting late, missing, or incorrect backup documentation from Solid Waste Services. We also reviewed and found that Solid Waste Services Customer Service did not perform, or could not verify, unscheduled cash counts and reconciliations for each cashier.

There are two findings in connection with this audit. Management comments were responsive to the audit findings and recommendations.

Scott Lee

Acting Director, Internal Audit

February 8, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-02 Language Access Policy, Office of the Mayor**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of the Language Access Policy at the Municipality of Anchorage. The objective of this audit was to determine whether adequate controls were in place over the Municipality's Language Access Policy/Program, and if these controls comply with Policy and Procedure 16-6, *Language Access Policy*, and other applicable Federal/State regulations.

Specifically, we interviewed selected Municipal staff, developed a questionnaire, and conducted a survey. We summarized the survey results and determined if the Municipality's Language Access Program satisfied the following elements of internal controls: identifying Limited English Proficiency who need language assistance access services, how language assistance access services would be provided, how staff would be trained to identify Limited English Proficiency and provide language assistance access services without creating stigma, and how Language Access Programs were monitored and updated based on data collected from language assistance access services. In addition, we also reviewed the Municipality's website and visited select Municipal offices to determine if there was an adequate effort in promoting the Municipality's Language Access Program to the public, and if there was a mechanism developed to collect the user feedback.

Our review found that the Municipality of Anchorage's Language Access Policy required improvements. Specifically, our review found that the requirements of Policy and Procedure 16-6, *Language Access Policy*, were not always followed, and the Municipal Departments' current language programs may not be effective. In addition, the Municipality of Anchorage did not display its effort to effectively promote its Language Access Policy to Limited English Proficiencies, and there was no feedback mechanism to gather data to be used for program improvement.

There are four findings in connection with this audit. Management comments were responsive to the audit findings and recommendations.

Scott Lee

Acting Director, Internal Audit

April 11, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-03, Women, Infants and Children Nutrition Program, Anchorage Health Department**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of the Women, Infants and Children Nutrition Program. The objective of this audit was to determine whether Anchorage Health Department staff complied with the grant requirements in administering the Women, Infants and Children Program. Specifically, we reviewed a sample of Women, Infants and Children Program participant's files in the State of Alaska database to determine if required documentation was in participant files, and whether eligibility was being determined correctly. In addition, we reviewed fiscal year 2023 reports to determine if they were submitted on time and complied with the grant agreement.

Our review found the Anchorage Health Department generally complied with the requirements in the grant agreement for administering the Women, Infants and Children Program. Based on our review, Women, Infants and Children Program staff correctly determined participant eligibility, and fiscal year 2023 reports were submitted on time and complied with the grant agreement. However, we found that required documentation was not always found in Women, Infants and Children Program participant files. These documents included the Family Information Form, Women, Infants and Children Program Application, referrals to other health and social service programs, and participant signatures for verifying receipt of the electronic Women, Infants and Children cards.

There is one finding in connection with this audit. Management comments were responsive to the audit finding and recommendation.

Scott Lee

Acting Director, Internal Audit

May 09, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-04, Key and Lock Controls, Operations and Maintenance Division, Anchorage Water and Wastewater Utility**. A summary of the report is presented below.

In accordance with the 2023 Audit Plan, we performed an audit of the key and lock controls at the Operations and Maintenance Division of Anchorage Water and Wastewater Utility. The objective of this audit was to determine whether adequate management controls are in place over Anchorage Water and Wastewater Utility's keys and locks. Our audit included a review of the *Key Authorization Form* records kept at the Anchorage Water and Wastewater's Operations and Maintenance Division for Anchorage Water and Wastewater Utility employees' currently issued keys to determine the compliances of key authorization, control, and custody requirements described in Anchorage Water and Wastewater Utility Operating Procedure 35-9, *Key Control*. We also interviewed the Anchorage Water and Wastewater staff and management.

Our review found that the controls over the management of the Anchorage Water and Wastewater Utility's Locks and Keys required improvements. Specifically, we found that keys were issued to employees without completing the Anchorage Water and Wastewater Utility key Authorization Forms as required by the Anchorage Water and Wastewater Utility Procedure 35-9, *Key Control*. In addition, we found that it was difficult to identify whether the current Anchorage Water and Wastewater Utility employees/contractors were in possession of keys and there was no guidance for establishing controls for the key issued to the contractors. Finally, we determined that the required actions for lost keys were not always performed or documented.

There are four findings in connection with this audit. Management comments were responsive to the audit findings and recommendations.

Scott Lee

Acting Director, Internal Audit

July 17, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-05, Clinics Cash Controls, Anchorage Health Department**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Anchorage Health Departments' Clinical Services Division that operates the Disease Prevention and Control Clinic and the Reproductive Health Clinic. The objective of this audit was to determine the adequacy of cash control procedures at the Clinics. Specifically, we performed a surprise cash count and reviewed if the Clinics' cash controls complied with Municipal Policy and Procedure 24-1, *Collecting, Securing, Depositing and Reporting Cash*, and its supplemental Cashier Guide and Supervisor Guide. In addition, we reviewed all the Clinics' credit card transactions in the Municipality's bank account from January 2023 through March 2024 to determine if cash journals were completed in SAP for the credit card transactions in SAP, and required supporting documentation was sent to Treasury and a copy was kept at the Clinics. Finally, we reviewed a randomly selected sample of cash journals to determine the timeliness of Clinical Services staff entry into SAP and the timeliness of sending supporting documents to the Treasury.

Our review found the cash controls at the Anchorage Health Department Clinics needed improvement. Specifically, we found that the Clinics did not have adequate controls over safeguarding funds. In addition, our review revealed that Clinical Services staff stopped accepting cash payments for services provided, and cash journals were not always completed in SAP and were sometimes incorrectly prepared. Moreover, Clinical Services staff did not comply with daily cash journal requirements in Policy and Procedure 24-1 and did not always comply with documenting requirements in Policy and Procedure 24-1. Furthermore, bank deposits for cash and checks were not always completed daily as required. Finally, the Clinics Supervisor did not conduct unscheduled cash counts and reconciliations for each cashier as required.

There are seven findings in connection with this audit. Management comments were responsive to the audit findings and recommendations.

Scott Lee

Acting Director, Internal Audit

October 9, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-06, Annual Municipal Procurement Card Review, Purchasing Department**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Municipal Procurement Card Program. The objective of this audit was to determine whether employees adhered to Municipal Policies and Procedures regarding Procurement Card use. Our audit included a review of purchases made from January 1, 2023, to December 31, 2023. Specifically, we reviewed purchases for judgmentally selected transactions to ensure compliance with Policy and Procedure 48-16, Policy and Procedure 24-23, and the Procurement Card Guide.

Overall, most employees adhered to Municipal Policies and Procedures regarding the use of Procurement Cards. However, our review of calendar year 2023 Procurement Card transactions revealed some instances of questionable and prohibited purchases. Examples of questionable purchases included high-end electronic devices, expensive name-brand clothing, flight seat upgrades, furniture, plastic utensils for employee use, seat covers, and appliances. Examples of prohibited purchases included beverages, food, coffee related items, flowers, gifts, graphic art designs, retirement badges and engravings, office decorations, fuel purchases, and parking fine payments. In addition, some Procurement Card purchases appeared to be excessive and/or non-essential, as users could have opted for more cost-effective alternatives that either have the same function or would have accomplished the same task. Examples included \$279 noise-canceling headphones, \$311.98 for ergonomic wireless mouse and keyboard, \$3,748 (\$3,249 + \$499 warranty) commercial refrigerator, and \$995 club chairs with USB ports. Furthermore, some Procurement Card purchases were made without mandatory Annual Supply Contracts. Examples included payments for moving services, tire services, language translation services, and sit-stand desktops from non-contract vendors. Finally, transactions were sometimes split to circumvent the cardholder's single transaction limit.

There were four findings in connection with this audit. Management comments were responsive to the audit findings and recommendations.

Scott Lee

Acting Director, Internal Audit



December 3, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-07, Police and Fire Retiree Medical Trust 3-Year Review**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Police and Fire Retiree Medical Trust. The objective of this audit was to perform the three-year review of the administrative costs and enrollment and payment records for members purchasing health insurance through the Municipality as required by Anchorage Municipal Code subsection 3.87.070B. Specifically, we evaluated trust administration costs incurred from October 2021 to August 2024, and reviewed enrollment and payment records for randomly selected members who purchased health insurance through the Municipality.

Overall, based on our review, Program operations complied with Anchorage Municipal Code Chapter 3.87. Specifically, administrative costs charged to the Police and Fire Retirees Medical Expendable Trust (Trust Fund) from October 2021 through August 2024 appeared reasonable. In addition, we found that correct amounts were contributed to/deducted from participants' Health Reimbursement Arrangement accounts and reimbursed expenses were properly supported and documented for the members purchasing health insurance through the Municipality of Anchorage. However, we determined that the Controller Division staff had not made SAP (the municipality's financial system) journal entries to enter fund activities for the Trust Fund during 2024.

There was one finding in connection with this audit. Management comments were responsive to the audit finding and recommendation.

Alden P. Thern

Director, Internal Audit

December 17, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-08, Child Care Licensing Program Review, Anchorage Health Department**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Anchorage Health Department's Child Care Licensing Program. The objective of this audit was to determine if child care facilities are properly licensed and inspected for safe operation. Specifically, we reviewed samples of selected license applications, approved in fiscal year 2024, to determine if applications were properly processed. In addition, we also reviewed a sample of selected facility inspections and staff background checks. Moreover, we reviewed all complaint investigation files for the fiscal year 2024. Finally, we reviewed fiscal year 2024 program and fiscal reports to determine if they were submitted on time and complied with the grant agreement.

Overall, based on our review, the Anchorage Health Department's Child Care Licensing Program licensed and inspected child care facilities for safe operation. However, our review identified some areas for improvements. Specifically, we found that facility inspection report due date requirements were not always met by Child Care Licensing Program staff, and investigations for complaints filed against child care facilities were not always completed in a timely manner. In addition, Child Care Licensing Program staff did not always provide the correct due dates for biennial license application packets to child care facilities, and applications for licenses were not always processed by Child Care Licensing Program staff as required. Finally, our review found that some requirements in the State of Alaska Child Care Licensing Policies and Procedures Manual for scheduling inspections appeared unobtainable.

There were five findings in connection with this audit. Management comments were responsive to each audit finding and recommendation.

Alden P. Thern

Director, Internal Audit

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**EXECUTIVE SUMMARIES FROM  
2024 ANCHORAGE SCHOOL DISTRICT AUDIT  
REPORTS**

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May 01, 2024

Anchorage School District Superintendent and Members of the School Board:

I am pleased to present for your review **ASD Internal Audit Report 2024-01, Procurement Card Purchases, Anchorage School District**. A summary of the report is presented below.

We have completed an audit of the Anchorage School District's Procurement Card Program. The objective of this audit was to determine whether cardholders adhered to the District's policies and procedures regarding Procurement Card use. Our audit included a review of purchases made from March 1, 2022, to June 30, 2023. Specifically, we reviewed purchases of judgmentally selected transactions to ensure compliance with the Manual.

Overall, most employees complied with Anchorage School District policies and procedures regarding the use of Procurement Cards. However, conditional purchases were not always approved prior to purchase and some Procurement Card transactions appeared split to circumvent the \$2,500 single transaction limit. In addition, personal purchases were not always reimbursed in a timely manner. Moreover, our review of Procurement Card transactions revealed that Procurement Cards were sometimes used for contracted transportation and Procurement Cards were sometimes used for unapproved field trips vendors. Furthermore, we found that eight instances, totaling \$6,497 of donations being made with Procurement Cards to agencies not included on the Anchorage School District's Charitable Giving Campaign list or not approved by the appropriate Instructional Division Senior Director and Fraudulent transaction procedures were not always followed. Finally, Procurement Card purchases were not always allocated and approved within the required timeframe and Amazon memberships accounts purchased using the Anchorage School District's Procurement Card were not always centralized.

There were nine findings in connection with this audit. Management was responsive to the findings and recommendations.

Scott Lee  
Acting Director, Internal Audit

November 18, 2024

Anchorage School District Superintendent and Members of the School Board:

I am pleased to present for your review **ASD Internal Audit Report 2024-02, Addenda, Anchorage School District**. A summary of the report is presented below.

We have completed an audit of the Anchorage School District's, Addenda. The objective of this audit was to determine if addenda payments were consistently and properly administered throughout the Anchorage School District. To achieve our objective, we judgmentally selected 137 addenda representing 58 schools and departments and reviewed the addenda form to understand the terms of the addenda. Furthermore, we reviewed and selected addenda for consistency in payment amounts. The scope of our review was addenda transactions processed from July 1, 2022, through June 30, 2023.

Overall, our audit found that addenda payments were not always consistently and properly administered throughout the Anchorage School District. Specifically, our review found that addendas were not always reviewed or validated prior to being paid, and some Anchorage School District employees were not always paid the correct addenda amount for the duties performed. In addition, we found that some employees were being paid different addenda payments for similar duties, and addenda recipients did not always accept the addenda terms prior to beginning work. Moreover, we found that changes to addenda are not being tracked within the addenda web portal. Finally, grant funded addendas were not always approved by management.

There were six findings in connection with this audit. Management was responsive to the findings and recommendations.

Alden P. Thern  
Director, Internal Audit

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**EXECUTIVE SUMMARIES FROM  
2024 MUNICIPAL SUNSET AUDIT REPORTS**

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August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S1, Municipal Health and Human Services Commission, Anchorage Health Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Municipal Health and Human Services Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Municipal Health and Human Services Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Municipal Health and Human Services Commission be reauthorized. Although the Municipal Health and Human Services Commission did not issue any resolution or report between January 2023 and June 2024, the Municipal Health and Human Services Commission met six times. The Municipal Health and Human Services Commission stayed active and worked to identify the action items for the Municipal Health and Human Services Commission such as vaccine hesitancy and lead testing protocols.

The Municipal Health and Human Services Commission will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S2, Senior Citizens Advisory Commission, Anchorage Health Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Senior Citizens Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Senior Citizens Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Senior Citizens Advisory Commission be reauthorized.

The Senior Citizens Advisory Commission will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit



August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S3, Heritage Land Bank Advisory Commission, Real Estate Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Heritage Land Bank Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Heritage Land Bank Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Heritage Land Bank Advisory Commission be reauthorized. The Heritage Land Bank Advisory Commission is staffed with six of the required seven members.

The Heritage Land Bank Advisory Commission will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee,  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S4, Municipal Airports Aviation Advisory Commission, Merrill Field Airport**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Municipal Airports Aviation Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Municipal Airports Aviation Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Municipal Airports Aviation Advisory Commission be reauthorized. The Municipal Airports Aviation Advisory Commission issued three resolutions from January 2023 to June 2024. In the resolutions, the Municipal Airports Aviation Advisory Commission recommended the Merrill Field Airport to promptly complete certification of five new low-visibility weather approaches, to implement and to execute a coordinated annual snow removal plan, and to fund and hire a vacant position at the Merrill Field Airport. In addition, according to the Municipal Airports Aviation Advisory Commission Chair, the Municipal Airports Aviation Advisory Commission has formed working groups to address business items.

The Municipal Airports Aviation Advisory Commission will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S5, Port Commission, Don Young Port of Alaska**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Port Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Port Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Port Commission be reauthorized.

The Port Commission will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S6, Library Advisory Board, Anchorage Public Library**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Library Advisory Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Library Advisory Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Library Advisory Board be reauthorized.

The Library Advisory Board will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee,  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S7, Public Transit Advisory Board, Public Transportation Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Public Transit Advisory Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Public Transit Advisory Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Public Transit Advisory Board be reauthorized.

The Public Transit Advisory Board will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S8, Board of Building Regulation Examiners and Appeals, Development Services Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Board of Building Regulation Examiners and Appeals. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Board of Building Regulation Examiners and Appeals should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Board of Building Regulation Examiners and Appeals be reauthorized. The Board of Building Regulation Examiners and Appeals is staffed with 10 of the required 11 to 15 members. In addition, the Assembly should consider removing the sunset clause for the Board of Building Regulation Examiners and Appeals from Anchorage Municipal Code since the Board of Building Regulation Examiners and Appeals is mandatory to hear and decide appeals of orders, decisions, or determinations made by the building or fire code official relative to the application and interpretation of Title 23.

The Board of Building Regulation Examiners and Appeals will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit

August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S9, Youth Advisory Commission, Office of the Mayor**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Youth Advisory Commission. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Youth Advisory Commission should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

Based on our review of meeting minutes, resolutions, and attendance records, we recommend that the Youth Advisory Commission be allowed to sunset and not be reauthorized. From January 2023 through June 2024, the Youth Advisory Commission never had a meeting with a quorum. Although we were provided with six meeting agendas for the period, we never received attendance records and the two meeting minutes provided showed that the meetings did not have a quorum. In addition, the Office of the Mayor's staff stated that he could not remember the Youth Advisory Commission ever having a quorum since he was hired in March 2023. Moreover, from January 2023 through June 2024, the Youth Advisory Commission did not provide any reports or resolutions to the Mayor's Office or the Assembly and had not nominated a youth representative or an alternate youth representative to the Assembly. Furthermore, in June 2024 we found that the Youth Advisory Commission was staffed with 6 of the required 15 members. Below is a brief history of prior actions taken with the Youth Advisory Commission

**Commission History  
2012 – 2021**

<b><u>Date</u></b>	<b><u>Action</u></b>
8-15-12	Sunset Audit Report 2012-S5 recommended “. . . that the Youth Advisory Commission be allowed to sunset and not be reauthorized.” In that report we noted that the Youth Advisory Commission was staffed with three of the required nine members, had not met from January 2011 through July 2012 because a quorum could not be established, and had not provided any reports or resolutions to the Mayor's Office or the Assembly from January 2011 through July 2012.
10-9-12	The Assembly approved AO 2012-60(S) which terminated the Youth Advisory Commission.
11-10-15	The Assembly approved AO 2015-119 “. . . to affirmatively continue and reenact the Youth Advisory Commission” with a sunset date of October 14, 2018, “. . . unless affirmatively continued by the Assembly in accordance with section 4.05.150.”

## Commission History 2012 – 2021

<u>Date</u>	<u>Action</u>
8-14-18	Sunset Audit Report 2018-S10 recommended that “. . . the Commission be reauthorized for one year, with another sunset audit at that time. Although the Commission appeared active, it did not regularly record meeting minutes with associated attendance. For meeting minutes that were provided to us, in most instances they did not include attendance records or indicate if minutes were approved. In addition, in mid-July 2018, we reviewed Commission members and found that the Commission was staffed with 5 of the required 15 members, with the term of one member having expired on October 14, 2016. On July 31, 2018, the Anchorage Assembly approved nine individuals to serve on the Commission and reappointed the individual whose term had expired.”
10-9-18	The Assembly approved AO 2018-47 to continue the Youth Advisory Commission until October 14, 2021, pending further continuation by the Assembly in accordance with Anchorage Municipal Code (AMC) section 4.05.150.
8-13-21	Sunset Audit Report 2021-S10 recommended that “...the Commission be allowed to sunset and not be reauthorized. From January 2020 through May 2021, the Commission did not meet. Although we were provided an agenda for a February 27, 2020, meeting, we never received the meeting minutes and could not find a meeting announcement. Therefore, we could not confirm that the meeting occurred. In addition, from January 2020 through May 2021, the Commission did not provide any reports or resolutions to the Mayor's Office or the Assembly and had not nominated a youth representative and an alternate youth representative to the Assembly. Furthermore, in June 2021 we found that the Commission was staffed with 5 of the required 15 members. We recognize that the COVID-19 pandemic impacted the Commission; however, other boards and commissions we reviewed continued operating despite the COVID-19 pandemic.”
10-12-21	The Assembly approved the Assembly Ordinance 2021-60(S), As Amended to reauthorize the Youth Advisory Commission until October 14, 2024.

The Youth Advisory Commission will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit



August 7, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Sunset Audit Report 2024-S10, Bidding Review Board, Purchasing Department**. A brief summary of the report is presented below.

In accordance with Assembly Ordinance Number 2011-64(S-1), Section 14, we have performed a sunset audit of the Bidding Review Board. The objective of this audit was to provide information to the Mayor and Assembly to assist them in determining if the Bidding Review Board should be reauthorized. Our audit included a review of meeting minutes, resolutions and agendas, and member authorization and participation.

The Bidding Review Board did not have any meetings between January 2023 through June 2024. However, *Anchorage Municipal Code subsection 7.20.130A., Appeals, states that "Any person adversely affected by the provisions of chapters 7.10, 7.15 or 7.20, or regulations promulgated thereunder, or by any acts of the municipality in connection with the award of a municipal contract, may request that the mayor or assembly refer the matter to the bidding review board."* This subsection of Anchorage Municipal Code requires the presence of the Bidding Review Board. Therefore, we recommend that the Bidding Review Board be reauthorized. In addition, we also recommend that the Assembly consider removing the sunset clause for the Bidding Review Board from Anchorage Municipal Code.

The Bidding Review Board will sunset October 14, 2024, unless reauthorized by the Assembly.

Scott Lee  
Acting Director, Internal Audit

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# **ANCHORAGE MUNICIPAL CODE CHAPTER 3.20**

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## ANCHORAGE MUNICIPAL CODE CHAPTER 3.20

### “3.20.100 Office of internal audit established; staff.

- A. There is established an office of internal audit to provide the assembly and the mayor with objective information to assist them in determining whether government operations are adequately controlled and whether the required high degree of public accountability is maintained.
1. The office of internal audit shall meet generally accepted government audit standards with regard to independence.
  2. The director of internal audit shall be appointed by the mayor with concurrence of a majority vote of the assembly.
  3. The director of internal audit may be dismissed by the mayor only for cause shown, and only with concurrence of a majority of the assembly.
  4. The director of internal audit shall be a person able to manage a professional audit staff, analyze financial records and evaluate operations for economy, efficiency and program results.
  5. The director of internal audit shall not be actively involved in partisan political activities or the political affairs of the municipality.
  6. The director of internal audit shall interact with the municipal audit committee to ensure maximum coordination between the needs of the assembly and the mayor in the development and execution of the annual audit plan.
- B. The director of internal audit shall have such assistants and employees as are necessary to perform all required duties.

(AO No. 77-359; AO No. 79-27; AO No. 80-5; AO No. 88-70(S))

**Charter reference**— Independent audit, § 13.10.

**Cross reference**— Principal executive personnel, boards and commissions, § 1.35.010.”

### **“3.20.110 Responsibilities of the director of internal audit.**

A. No later than January 31 of each year, the director of internal audit shall:

1. Prepare a draft annual audit plan;
2. Submit the draft plan to municipal audit committee members for review and comment; and
3. Finalize the plan and submit it to the municipal audit committee for final review and endorsement.

The audit plan shall be the official list of audits to be conducted by internal audit during the year. Additionally, the director of internal audit may revise the audit plan during the year to include other appropriate audits, which are consistent with the responsibilities specified in section 3.20.100, and promptly submit the revisions to municipal audit committee members for review and comment and then to the mayor and assembly for approval. Except for audits such as cash and inventory audits where, based on the professional judgment of the director of internal audit, prior notification may hinder the effectiveness of the audit, no audit to be added to the annual audit plan as a revision may commence until the audit plan is revised and approved per this subsection.

- B. In addition to those audits contained in the annual audit plan outlined in subsection A of this section, audits may also be undertaken at the direction of the mayor or a majority of the assembly. The mayor will notify the assembly through an assembly information memorandum (AIM) or other appropriate means prior to commencement of such audits.
- C. The director of internal audit shall cooperate with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be coordinated.
- D. The director of internal audit shall have responsibility to conduct expanded scope audits of all municipal departments, agencies, authorities and activities to independently determine whether:
1. There are adequate internal administrative and accounting control systems in place and that they are functioning as intended;
  2. Activities and programs being implemented have been authorized by the assembly, the mayor or this Code;
  3. Activities and programs are being conducted in a manner contemplated to accomplish the objectives intended by the assembly, the mayor or this Code;
  4. Activities or programs efficiently and effectively serve the purpose intended by the assembly, the mayor or this Code;
  5. Activities and programs are being conducted and funds expended in compliance with applicable laws;

6. Revenues are being properly collected, deposited and accounted for;
  7. Resources, including funds, property and personnel, are adequately safeguarded, controlled and used in a lawful, effective and efficient manner;
  8. Financial and other reports are being provided that disclose fairly and fully all information that is required by law, that is necessary to ascertain the nature and scope of programs and activities, and that is necessary to establish a proper basis for evaluating the programs and activities; and
  9. During the course of audit work, there are any indications of fraud, abuse, conflict of interest or illegal acts.
- E. Audits shall be conducted in accordance with generally accepted government auditing standards.
- F. In all matters relating to the audit work, the director of internal audit and the audit staff must be free from personal and external impairments to independence and shall maintain an independent attitude and appearance.
- G. The director of internal audit shall present conclusions, findings and recommendations, along with verbatim responses from the administration, in a written audit report.
- H. The written audit report shall be promptly presented simultaneously to the mayor and the assembly.
- I. Copies of final audit reports of the office of internal audit shall be available for public inspection during regular business hours.
- J. The duties of the director of internal audit under this section shall not be construed to replace or relieve the responsibility of any other person.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 95-165(S-1), § 2, 10-3-95; AO No. 2015-23(S), § 4, 3-24-15)”

**“3.20.120 Responsibilities of administration when deficient conditions disclosed by audit.**

A. The administration shall:

1. Plan or implement corrective action in response to reported deficient conditions within 30 days of receiving a draft internal audit report disclosing the conditions;
2. Submit to the director of internal audit a written response stating concurrence or nonconcurrence with the audit findings and action taken or planned under subsection A of this section to correct the reported deficiencies, suitable for verbatim inclusion in the final report of audit; and

3. If the response under subsection B of this section describes a plan of action, submit to the director of internal audit a second report promptly upon implementing the plan.

B. This section shall not authorize the public disclosure of material that is confidential or privileged under federal, state or local law, or material the public disclosure of which otherwise would constitute an unwarranted invasion of personal privacy.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 2015-23(S), § 5, 3-24-15)”

**“3.20.130 Access to municipal information by office of internal audit.**

A. In the performance of their duties under section 3.20.110, the director of internal audit and internal audit staff are authorized to have full, free and unrestricted access to:

1. All public records, as defined in section 3.90.020;
2. All activities of the municipal government;
3. All municipal property;
4. All municipal personnel; and
5. All policies, plans and procedures and records pertaining to expenditures financed by municipal funds.

(AO No. 77-359; AO No. 79-27; AO No. 88-70(S); AO No. 91-173(S); AO No. 2015-23(S), § 6, 3-24-15)”