

# INTERNAL AUDIT

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## MISSION

Internal Audit serves the City of Minneapolis and the public interest by providing the Mayor, City Council, and other City leaders and management with objective services to help minimize risks, improve internal controls, maximize efficiencies and effectiveness of operations, reduce cost, and strengthen accountability.

## BUSINESS LINES

Powers and duties of the Internal Auditor:

a) The internal auditor shall:

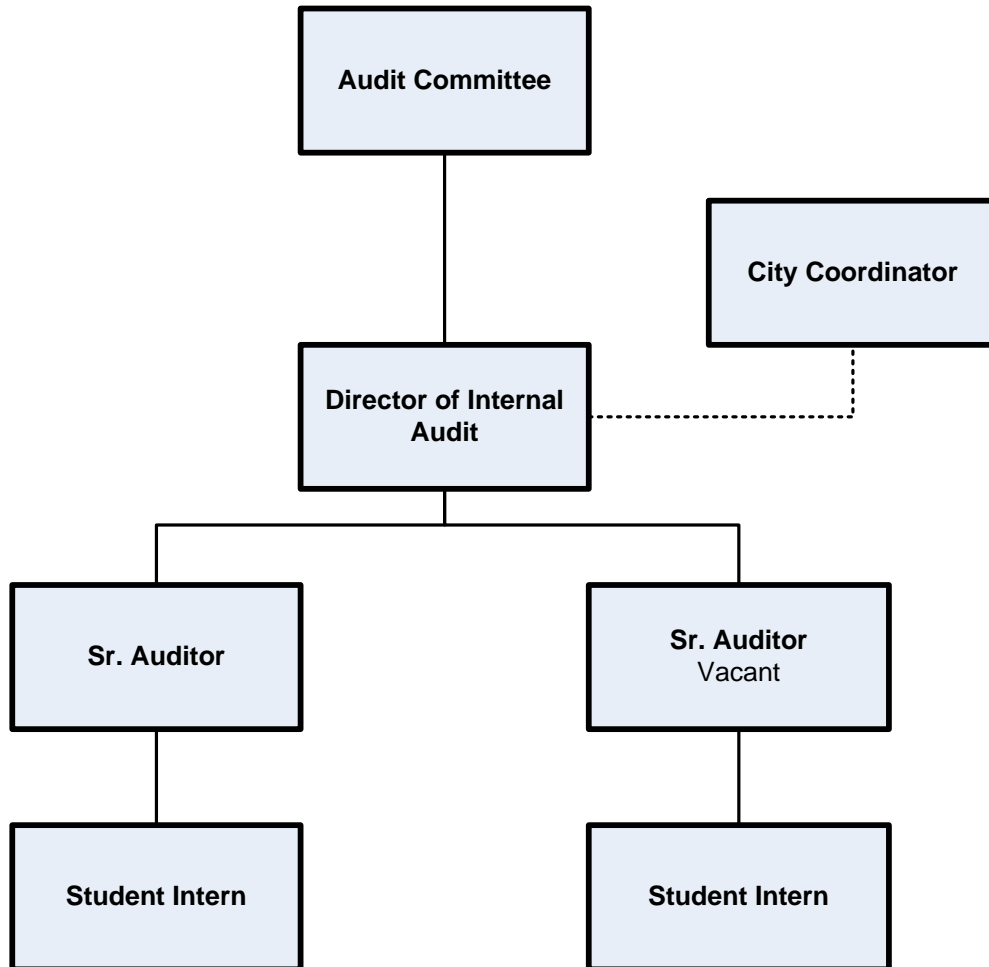
- 1) Establish guidelines, policies, and procedures for the conduct of periodic internal audits.
- 2) Develop an annual audit plan to be submitted to the Audit Committee for approval.
- 3) Conduct investigations of alleged or suspected impropriety, fraud, misappropriation, or other misuse of city funds, shall seek advice from the city attorney as appropriate and report any suspected criminal activity to appropriate law enforcement authorities.
- 4) Appraise the audit committee on the adequacy of action taken by departments to correct report deficiencies.
- 5) Implement a comprehensive audit plan to review and evaluate the adequacy and effectiveness of the city's internal system of financial controls to ensure:
  - a) The reliability and integrity of financial records and reports.
  - b) Compliance with policies, procedures, ordinances, rules and statutes related to expenditures and financial controls.
  - c) The assets are safeguarded from loss.
- 6) Coordinate with external auditors and assist in the implementation of corrective actions recommended by external auditors as appropriate.
- 7) Submit an annual report to the mayor and city council indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.

b) The internal auditor may:

- 1) Subject to the approval of the audit committee, conduct special reviews and programmatic reviews at the request of the mayor, city council, finance officer, city departments, boards and commissions.
- 2) Provide assistance to city departments, boards and commissions for evaluation of financial controls. (2009-Or-190, § 4, 12-18-09)

## ORGANIZATION CHART

City of Minneapolis  
Department of Internal Audit  
Organization Chart



### A City that Works

#### Internal Audit

General Fund: \$491,487

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve City of Minneapolis (the City) operations. We help the City accomplish its goals and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The department's responsibilities include: 1) financial review, 2) operational reviews (related to department

operations that may have a financial impact), 3) compliance reviews (related to federal, state, and local rules and regulations), 4) information technology (IT) reviews related to system access, general controls, networks, databases and interfaces that may impact the availability, integrity, and completeness of financial data, 5) training services for internal controls enhancements, and 6) fraud investigations.

## **FINANCIAL ANALYSIS**

### **Expenditure**

The total Internal Audit Department's General Fund budget increases from \$382,136 to \$491,487 from 2013 to 2014. This is an increase of \$109,350, or 28.6%. Total increase is due to an addition of one FTE that will allow the department's capacity to increase the number of projects from 6 per year to 12 and increase staffing levels from two to three.

### **Revenue**

This Department does not produce revenue.

### **Fund Allocation**

This department is funded completely in the General Fund.

### **Mayor's Recommended Budget**

The Mayor recommended an additional ongoing General Fund appropriation in the amount of \$126,000 for this department to hire one additional auditor.

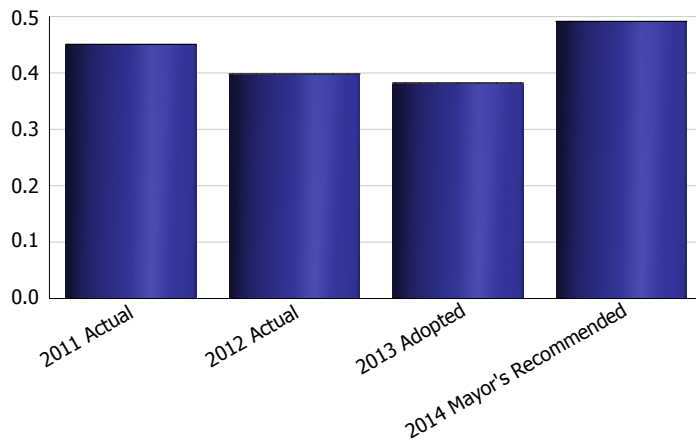
# INTERNAL AUDIT EXPENSE AND REVENUE INFORMATION

EXPENSE	2011 Actual	2012 Actual	2013 Adopted	2014 Mayor's Recommended	Percent Change	Change
<b>GENERAL</b>						
SALARIES AND WAGES	256,360	189,379	193,009	270,752	40.3%	77,743
FRINGE BENEFITS	76,863	66,376	68,707	100,004	45.5%	31,296
CONTRACTUAL SERVICES	103,779	113,084	83,023	110,300	32.9%	27,277
OPERATING COSTS	13,725	29,230	37,397	10,431	-72.1%	(26,966)
<b>TOTAL GENERAL</b>	<b>450,726</b>	<b>398,070</b>	<b>382,136</b>	<b>491,487</b>	<b>28.6%</b>	<b>109,350</b>
<b>TOTAL EXPENSE</b>	<b>450,726</b>	<b>398,070</b>	<b>382,136</b>	<b>491,487</b>	<b>28.6%</b>	<b>109,350</b>

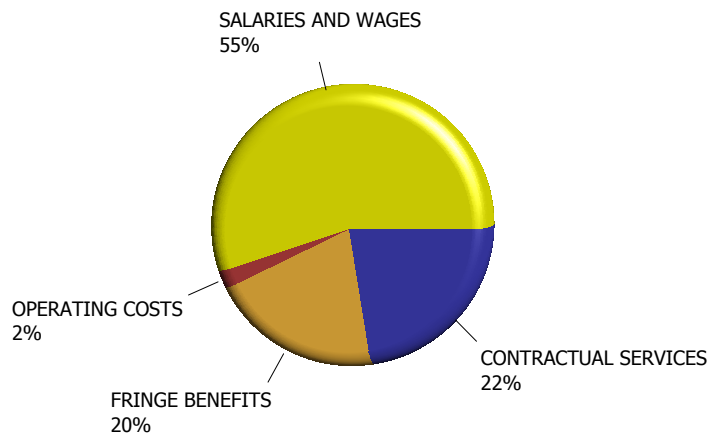
## INTERNAL AUDIT EXPENSE AND REVENUE INFORMATION

### Expense 2011 - 2014

In Millions



### Expense by Category



# INTERNAL AUDIT

## Staffing Information

Division	2011 Budget	2012 Budget	2013 Budget	2014 Mayor's Recommended	% Change	Change
Internal Audit	3.00	2.50	2.00	3.00	50.0%	1.00
Overall	3.00	2.50	2.00	3.00	50.0%	1.00

## Positions 2011-2014

