Minneapolis
City of Lakes

2015 Internal Audit Annual Report

City of Minneapolis – Internal Audit Department
January 26, 2016

Internal Audit Department
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Honorable Members of the Audit Committee:

This annual report of the Internal Audit Department of Minneapolis, Minnesota, for the year ended December 31, 2015 is presented for your review.

As I conclude my first year as the City Auditor, I am happy to report that we completed six projects in fiscal year 2015, as follows:

- Police Body Camera Consultation
- Purchasing Card Pilot Program Consultation
- Records Management Audit
- Finance Internal Control Monitoring Program Consultation
- Complaint Protocol Consultation
- Personnel Files Maintenance Practices Audit

Our reports were geared towards providing independent and reliable information to stakeholders about areas where the City should adjust how risks were managed. We made 79 recommendations last year and management agreed with 98% of them.

We appreciate the Audit Committee's ongoing commitment and support of a strong and independent audit function as well as an acceptable level of risk management within the City. We look forward to continuing to work with elected officials and City leadership on finding ways to balance the cost and benefit of managing risk.

Sincerely,

Will Tetsell, City Auditor

Our Mission

To serve 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 efficiency and effectiveness of operations, reduce costs and strengthen accountability.

Our Vision

We strive to provide world-class internal audit services to the City of Minneapolis and be regarded as a valued resource by City residents, elected officials, City Leadership and employees.

Our Work Product

The Internal Audit Department conducts audits and consultations and prepares reports and memoranda, respectively. Audit work is guided by the audit framework promulgated by the Institute of Internal Auditors, which requires:

- An approved charter/ordinance
- Independence as a function and objectivity as an auditor
- Proficiency and professionalism
- Extensive quality assurance and improvement activities
- Value-added management of the audit function
- Contributions to the improvement of governance, risk management and control processes
- Engagement planning
- Execution of audits with sufficient information and adequate supervision
- Communication of the results in an effective and useful manner
- Follow-up processes on engagements and communication of unacceptable residual risk

Audits provide findings and recommendations based on an evaluation of evidence against criteria. Consultations provide recommendations based on an evaluation of evidence against criteria, research or our professional opinion. Findings are followed-up on to determine what the remediation progress on findings is and whether the remediation is adequate.

Occasionally council members request information about issues coming before them, which can lead to staff direction to conduct audits or consultations.

Our Team

The Internal Audit department was staffed with the equivalent of 2.3 full time employees (FTE) for 2015 and outsourced about 1/3 of an FTE for IT Audit services. The department was budgeted for 3 FTEs plus the out-sourced IT Audit consultants.

In 2016, the budget remained at 3 FTEs and included funding for approximately 1/4 of an FTE for outsourced IT Audit services plus limited funding for other professional services.

Our office holds degrees in economics, accounting, mathematics and physics, and one team member is both a certified Public Accountant and a Certified Internal Auditor.

Our Areas of Responsibility

All City departments, boards and commissions are subject to Internal Audit activities, such as risk assessment, audits, consultations and program audits.

The Internal Auditor is not required to conduct specific audits on a regular basis.

Professional Development

The Internal Audit department emphasizes professional development to improve our skills, effectiveness and efficiency. The office provides continuing education, encourages professional certification and supports staff involvement in professional associations.

The Internal Audit department team holds memberships in both the Association of Local Government Auditors and the Institute of Internal Auditors; both of which provide access to a wealth of resources, best practices and emerging trends in both auditing and risk management.

2015 Reports Published

Audits

Records Management
Human Resource Personnel File Maintenance and Retention

Consultations

Police Body Camera Pilot Program
Purchasing Card Procedure and Policy
Finance Internal Control Monitoring Program
Complaint Protocol

Follow Up

We successfully closed or consolidated 21 findings in 2015 from audits that were done between 2011 and 2013. Three findings remain outstanding.

The audits in 2015 produced 14 findings that will be incorporated into our continual follow-up procedures.

Client Satisfaction Surveys

We survey our clients for each substantive project that we work on. The survey includes questions regarding our performance on audit planning, report quality, timing, communication and recommendations. The survey asks each respondent to rate each category on a scale from 'inadequate' to 'excellent'.

Our results for the aforementioned categories are as follows:

Audit Planning:	86%
Quality Reporting:	84%
Timing:	82%
Communication:	78%
Recommendations:	78%
Overall:	82%