

CITY OF MINNEAPOLIS

Audit Committee Meeting

January 26, 2016

Agenda

- **Audit Reports**
 - Records Management Update
 - Human Resources Personnel File Maintenance Practices
- **2015 Audit Annual Report**
- **2016 Audit Plan**
- **Auditor Update**
 - State Auditor Findings Update
 - Audit Findings Update
 - Departmental Projects
 - 3rd Party Governance Risk Theme

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Records Management Audit Update

Records Management Update - PeopleSoft Access Termination Testing

Finding: PeopleSoft HR Access

- 1,057 or 79% of the security profiles for employees terminated between 1/1/15 and 11/30/15 were locked outside of the defined operations standard.
- Security profiles were changed without logging, which makes it impossible to determine if these users had heightened access.
- HR was reviewing terminations frequently for access rights; however, it appears that many terminations were backdated, leaving HR's control only partially effective.

Records Management Update - PeopleSoft Access Termination Testing



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Human Resources Personnel File Maintenance Practices

Human Resources Personnel File Maintenance Practices Audit - Objective

The objective of this audit was to collect evidence on how well employee personnel and medical files are maintained by City departments, and the understanding of the Form I-9 process by the City's Form I-9 Representatives. The audit included Minneapolis Park and Recreation Board (MPRB) employee files.

Human Resources Personnel File Maintenance Practices Audit – Findings

City Finding 1: Existence and Completeness of Personnel Files and Medical Files

- Personnel files did not consistently contain the documents identified by HR as necessary to be included in each file, and some personnel files and medical files could not be located.

Human Resources Personnel File Maintenance Practices Audit – Findings

City Finding 2: Accessibility and Separation of Personnel Files and Medical Files

- Archived files stored on-site were maintained in a locked storage room with inadequate access controls, which could result in unauthorized access to personnel files and medical files.



Human Resources Personnel File Maintenance Practices Audit – Findings

City Finding 3: I-9 Representative Awareness

- Many I-9 Reps did not fully understand either their responsibilities or the risk resulting from not fulfilling those responsibilities.

MPRB Finding 1: I-9 Representative Awareness

- Many I-9 Reps did not fully understand either their responsibilities or the risk resulting from not fulfilling those responsibilities.

Human Resources Personnel File Maintenance Practices Audit

Commentary

- Electronic Files
- Physical Access Assessment



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Internal Audit 2015 Annual Report

Internal Audit 2015 Annual Report

Highlights

- Six projects completed
 - Audits
 - Records Management
 - HR Personnel File Maintenance and Retention
 - Consultations
 - Police Body Camera Pilot Program
 - Purchasing Card Procedure and Policy Review
 - Finance Internal Control Monitoring Program
 - Complaint Protocol Review

Internal Audit 2015 Annual Report

Highlights

- 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 consisting of 79 recommendations that will be incorporated into our continual follow-up procedures.
- Client Satisfaction Surveys
 - Overall score of 82% for audit planning, quality reporting, timing, communication and recommendations.

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2016 Audit Plan

2016 Audit Plan

Project Name	Project Type	Description
Accounts Payable	Audit	Evaluate key processes and controls around payment timeliness, accuracy and fraud.
Civil Rights Contract Compliance	Audit	Review of the processes and regulations in place for Civil Rights contracting requirements and review the execution consistency and accuracy of the respective processes.
IT Projects Management	Consultation	Determine if the City has adequate project management processes and tools to guide system implementations.
License Plate Reader Pre-requirement Review	Consultation	Determine if the License Plate Reader system and related processes meet the standards as included in the State Legislature.
Park and Recreation Worker Safety	Audit	Determine if the Park and Rec Board has practices and procedures in place to both prevent injuries and adequately address injuries that do happen.
Off-Street Parking Operator	Audit	Evaluate the service level agreements and City's and vendor's adherence to the contractual requirements.
PeopleSoft Finance Access	Audit	Determine the adequacy of access controls for the PeopleSoft Financial module.

2016 Audit Plan, cont.

Project Name	Project Type	Description
PeopleSoft Web Portal Security	Audit	Determine the adequacy of security controls for the PeopleSoft web portals.
Police Body Camera Pre-Requirement Review	Consultation	Determine if the Body Camera system and related processes meet the standards as included in pending State Legislature.
Transportation Management Org.	Audit	Third-party governance audit including, but not limited to grant compliance.
CPED Loan Lifecycle (2015)	Audit	Assess the people, process and technology risks involved in CPED loaning, managing, collecting, and monitoring funds.
ELMS Implementation (2015)	Consultation	Consult on various process and control additions and modifications.
NCR Neighborhood Programming and Support (2015)	Program Audit	Outsourced evaluation of NCR neighborhood programming and support.
Police Records Management System Implementation (2015)	Consultation	Identify risks with the configuration and implementation of a new records management system during implementation.

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Auditor Update

Audit Plan and Projects Update

Projects in Progress:

- NCR Programming and Support Program Audit
- Police Records Management Implementation Consultation
- CPED Loan Programs – Fieldwork Phase
- Transportation Management Organization Audit

State Auditor Findings Update

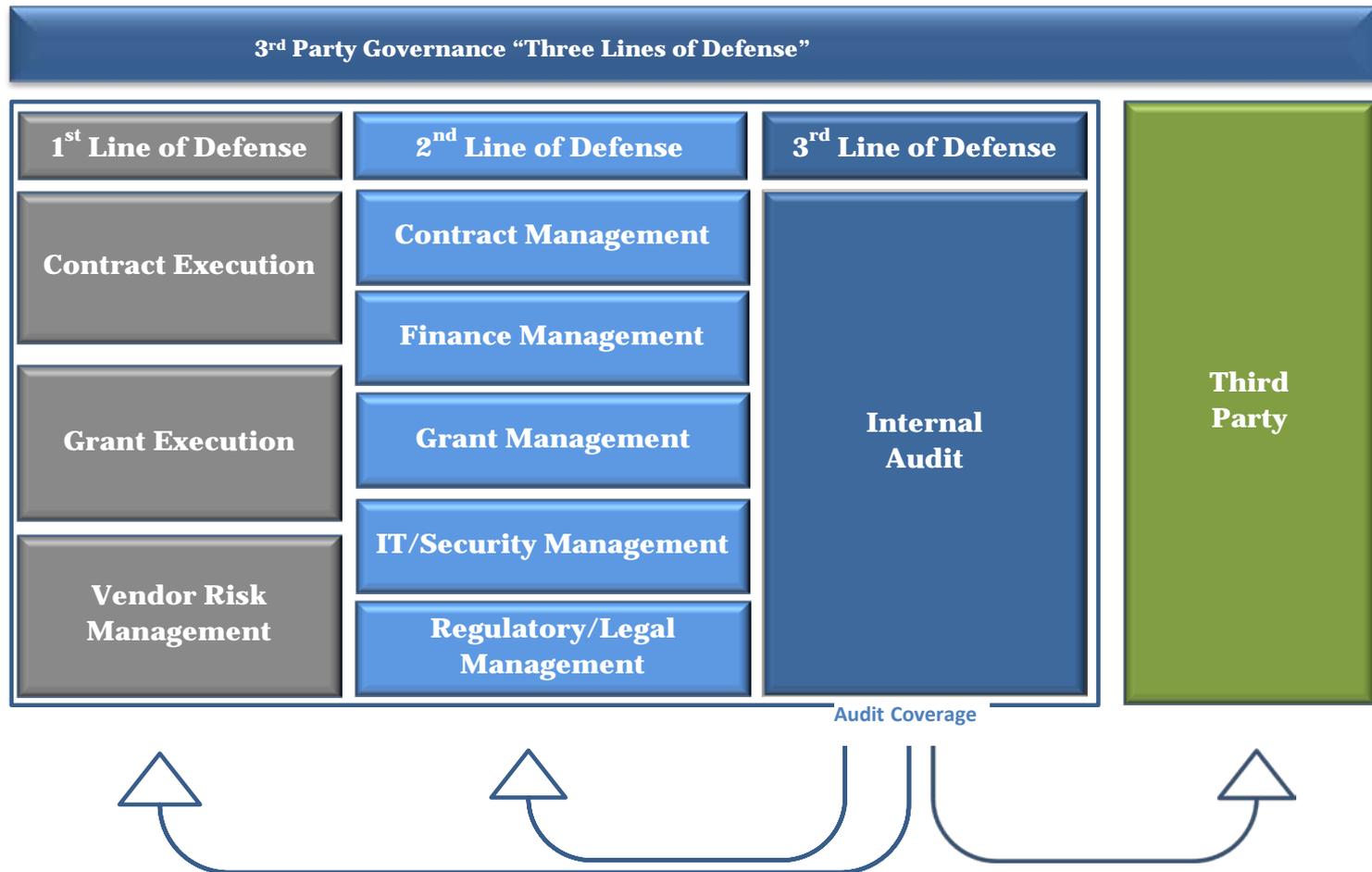
The State Auditor identified 10 findings related to financial statements audited in accordance with government auditing standards.

<u>Finding</u>	<u>Status</u>
• Bank Reconciliations: 2013-001	Corrected
• Loan C Documentation: 2013-002	Aug. 2017
• Audit Adjustments: 2014-001	Corrected
• Capital Asset Reporting Process: 2014-002	Corrected
• Network and System Access Termination: 2014-003	Corrected
• Identification of Federal Awards: 2011-002	Corrected
• Subrecipient Monitoring: 2011-004	Corrected
• Cash Management: 2014-004	Corrected
• Procurement, Suspension and Debarment: 2014-005	Corrected
• Prompt Payment of Invoices: 2009-001	June 2016

Audit Findings Follow Up

- There are three outstanding findings from the prior audit team.
 - Three findings were incorporated into findings from the Records Management audit.
 - One finding was incorporated into a finding from the State Auditor
- The two audits in 2015 produced 14 findings
 - Ten from the Records Management Audit
 - Four from the HR Personnel File Maintenance AuditInternal Audit is working with City departments to document remediation plans and timelines for follow-up.

Risk Themes – Third-Party Governance



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