

INTERNAL AUDIT

MISSION

Internal Audit assists the City of Minneapolis achieve its objectives. It 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:

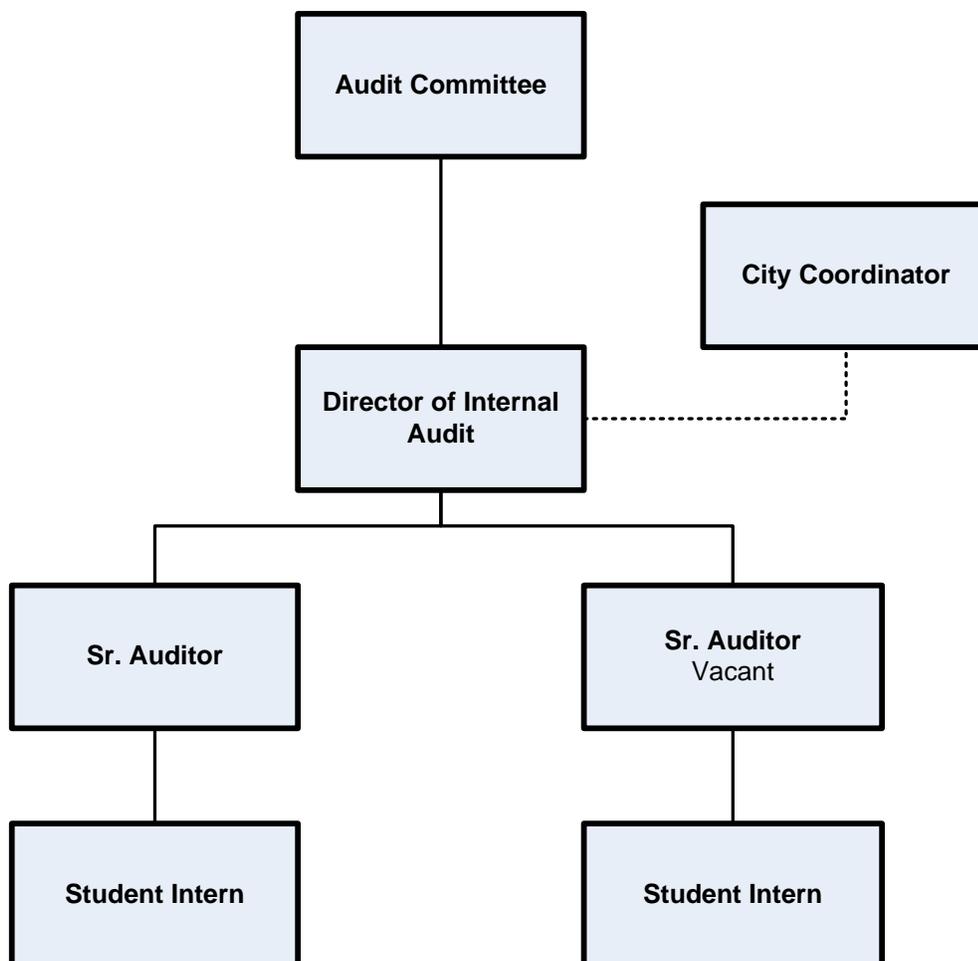
- 1) Establish guidelines, policies, and procedures for the conduct of periodic internal audits.
- 2) Develop an annual audit plan to be submitted to the Audit Committee for approval.
- 3) Conduct investigations of alleged or suspected impropriety, fraud, misappropriation, or other misuse of city funds, 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 statues 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



Goal: A City that Works

Internal Audit

General Fund: \$382,136

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve City of Minneapolis (the City) operations. The department works to 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 reviews, 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

For 2013, the budget for the Office of Internal Audit is \$382,136, a 12.7% decrease from 2012 because the 2012 budget included \$60,000 in one-time funding. The department reduced 0.5 FTEs from 2012 staffing levels to cover loss of the one-time funding.

Revenue

This department does not generate revenue.

Fund Allocation

The Office of Internal Audit is funded entirely within the General Fund.

Mayor's Recommended Budget

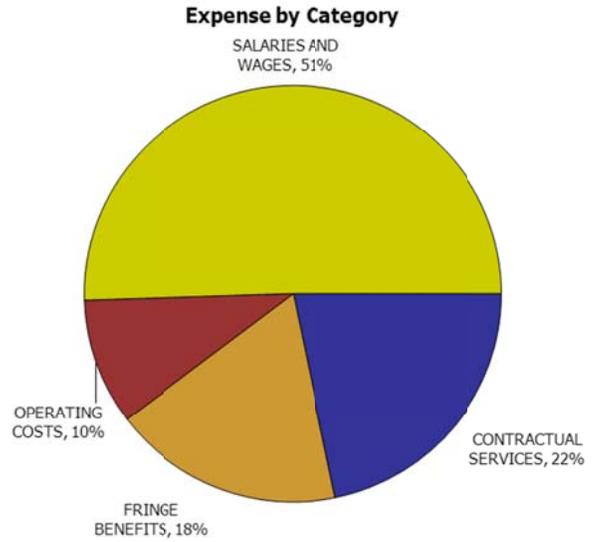
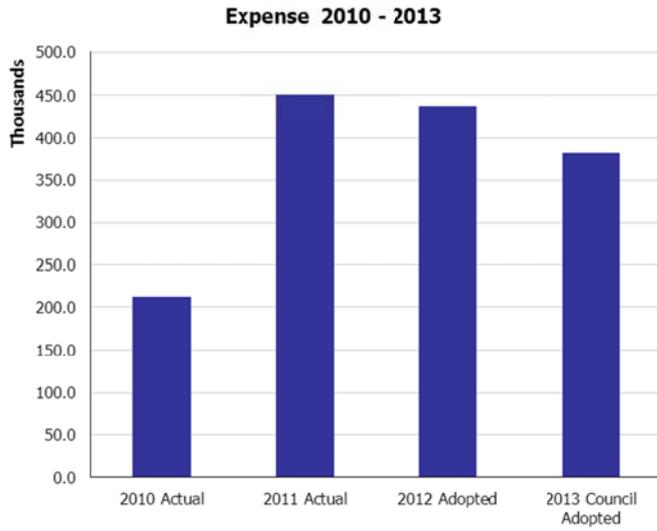
The Mayor recommended no programmatic changes to the proposed budget.

Council Adopted Budget

Council approved the Mayor's recommendations.

**INTERNAL AUDIT
EXPENSE AND REVENUE INFORMATION**

EXPENSE	2010 Actual	2011 Actual	2012 Adopted	2013 Council Adopted	Percent Change	Change
GENERAL						
SALARIES AND WAGES	91,824	256,360	209,292	193,009	-7.8%	(16,283)
FRINGE BENEFITS	24,176	76,863	68,632	68,707	0.1%	75
CONTRACTUAL SERVICES	85,016	103,779	125,542	83,023	-33.9%	(42,519)
OPERATING COSTS	11,415	13,725	34,093	37,397	9.7%	3,304
TOTAL GENERAL	212,431	450,726	437,559	382,136	-12.7%	(55,423)
TOTAL EXPENSE	212,431	450,726	437,559	382,136	-12.7%	(55,423)



INTERNAL AUDIT

Staffing Information

Division	2010 Budget	2011 Budget	2012 Budget	2013 Council Adopted	% Change	Change
Internal Audit	2.00	3.00	2.50	2.00	-20.0%	(0.50)
Overall	2.00	3.00	2.50	2.00	(20%)	(0.50)

Positions 2010-2013

