



City of Minneapolis

Internal Audit Charter

Introduction

The internal audit function was established by ordinance on December 18, 2009. The internal audit function is codified in the Minneapolis Code of Ordinances, Chapter 17, sections 17.80 -17.130.

Purpose

The purpose of Internal Audit is to provide an independent, objective assurance and consulting activity designed to add value and improve the City of Minneapolis' (City's) risk management efforts. It helps the City and its boards and commissions accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of processes and controls designed to manage risk.

Independence of Internal Audit

To help ensure independence and objectivity, Internal Audit reports to the Audit Committee, which consists of three council members, one Park and Recreation Board member, and two Minneapolis residents. The Audit Committee appoints the Internal Auditor, who controls and supervises the Office of Internal Audit. Administratively, Internal Audit reports to the City Coordinator.

Authority

Internal Audit personnel are authorized, under the direction of the Director of Internal Audit, to:

- Have full, free and unrestricted access to the records, property and personnel of all City departments, boards and commissions, in order to conduct internal audits.
- Have access to all documents and records of organizations receiving funds originating or passed through by the city (including but not limited to the Youth Coordinating Board (YCB), and the Neighborhood Revitalization Program (NRP)) to ensure that adequate internal controls are in place and operating effectively, regarding the expenditure of those funds relating to the City.
- Have full and free access to the Audit Committee.
- Obtain the necessary assistance of personnel in departments/units of the City where they perform audits, as well as other specialized services from within or outside the City.

To maintain an independent status, Internal Audit personnel are not authorized to:

- Perform any operational duties for the City or its boards and commissions.
- Initiate or approve accounting policies and procedures or transactions external to the Internal Audit department.
- Direct activities of any City employees not employed by Internal Audit department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Scope and Responsibilities

The Internal Auditor will:

- I. Develop an annual audit plan using appropriate risk-based methodology and considering risks or concerns identified by management to be submitted to the audit committee for approval. The annual audit plan shall include at a minimum, the following information:
 - The scope of each proposed audit, including a summary of the nature, materials, and time covered by each audit to be conducted.
 - Identification of the department, board, commission, service, program, function, and/or policy to be audited.
 - Each potential audit objective to be addressed.
- II. Implement the annual audit plan as approved, including any requested special projects as approved by the Audit Committee.
- III. Conduct investigations of alleged or suspected impropriety, fraud, misappropriation, or other misuse of city funds, and seek advice from the city attorney as appropriate and provide required reports to appropriate authorities.
- IV. Coordinate with external auditors and monitor the implementation of corrective actions recommended by external auditors as appropriate.
- V. Submit reports to the Audit Committee indicating audits completed, major findings, corrective actions taken by administrative managers, and significant findings which have not been fully addressed by management.
- VI. Maintain a qualified, competent professional audit staff having the necessary knowledge, skills and disciplines to perform this function.
- VII. Allocate Internal Audit resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives.
- VIII. Coordinate with State Auditor/external auditors to minimize duplication of efforts and maximize efficient audit coverage.

The Internal Auditor may:

- I. 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.
- II. Subject to the approval of the Audit Committee, provide assistance to city departments, boards and commissions for evaluation of financial controls and other audit related matters.
- III. Amend the annual audit plan, subject to the approval of the Audit Committee, with an independent amendment or an amendment at the request of the Audit Committee.
- IV. Initiate, conduct, or expand the scope of an audit or investigation if a finding requires expansion of the scope, or if a determination has been made that fraud, abuse, or illegality may have occurred.

Standards of Audit Practice

The internal audit department is guided by The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Audit Committee Chair

Date:

Director of Internal Audit

Date:

Effective Date: 5/24/2016

Version: 1.0