



November 16, 2011

**Audit Committee**

350 South 5th Street  
Minneapolis, MN 55415-1396  
Office: (612) 673-3358  
Fax: (612) 673-3812

Dear Madam Chair & Audit Committee Members:

As the Mayor's Appointee, and as serving as Vice Chair, I wanted to voice my concerns about the 2012 proposed budget for the Internal Audit Department. I know the Council & Mayor both support the internal audit function, and I think we all agree, that the Department has added enormous value this past year.

As you remember, the Internal Audit Department initially focused on the highest risk areas identified by City officials and managers as well as the early assessment conducted by the external audit firm (KPMG) and the Audit Committee. Despite the current restraints, I am pleased that the Audit Department has added—and continues to add—value to the effective operation of City Government.

Unfortunately, the proposed 2012 budget reduces the Department by one FTE and cuts consulting fees—an overall impact that would reduce the department's capacity by 41%. As Vice Chair, I believe this reduction would open the City to more risks and potentially create obstacles which could negatively impact audit results and future plans. The lack of critical resources would reduce the overall audit coverage for the enterprise and the level of assistance available to all City officials and managers.

As the Vice Chair, and as one of the citizen experts on this Committee, I would like a motion brought forward to the Ways & Means Committee, requesting the 2012 Internal Audit Budget be maintained at the existing 2011 amount (which includes all three FTEs). This will help the City avoid any unnecessary risks and allow the Audit Department to continue making progress on its approved plan, the one that we approved back in January of this year.

I truly understand how difficult these budget decisions are. However, cutting this department—especially in its first formative year, and given the momentum we have gained as an Audit Committee—would be counter-productive to the commitment and hard work of so many. As an Audit Committee, let's do the right thing..."good governance is good business...and good business is good government." Let's maintain our level of governance AT LEAST to the 2011 level of coverage.

Respectfully submitted,

Stephanie Woodruff  
Vice Chair

