

INTERNAL AUDITOR POLICY

WHEREAS, the City Council desires to ensure an independent and objective internal audit function; and

WHEREAS, the City Council finds the establishment of policies to govern the internal audit function will help bring a systematic, disciplined approach to evaluate and improve the efficiency and effectiveness of management, control and governance processes within the City; and

WHEREAS, the City Council recognizes that risk management and continual process improvements are necessary to responsive and transparent city operations.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

SCOPE OF RESPONSIBILITY:

The internal auditor shall have authority to audit all aspects of City operations. The internal auditor shall be free from interference in determining the scope of audit, performing work and communicating results. The internal auditor shall have unrestricted access to all records, personnel and physical property relevant to any audit.

The primary responsibilities of the internal auditor shall be to perform the following functions:

1. to assess whether adequate Financial control audits designed to ensure adequate controls exist to safeguard City financial resources;
2. to conduct Fraud investigation audits designed to determine whether fraud has occurred, the extent of the fraud and recommend corrective actions;
3. to conduct performance audits designed to assess the efficiency and effectiveness of operations, activities or programs; and
4. to perform follow-up audits designed to evaluate actions taken in response to prior audit findings.

AUDIT PLAN:

The City Manager shall submit an annual report to the City Council for approval of 1-, 3- and 5-year internal audit plans. Such audit plans shall be prepared in consultation with the internal auditor, Director of Finance and the Finance Advisory and Audit Committee. Such plans will include, but not be limited to, City of Columbia functions subject to internal audit in the near term as well as long-term audit oversight necessary to ensure systematic oversight of City processes.

The objectives of the audit plan are to achieve the following:

- identify auditable activities, areas and process for audit in the year applicable to the plan;
- identify resources needed to perform the audits identified in the plan based on estimated internal audit resources available;
- to focus on risk, opportunities, or where a high reliance on controls to assist the city in performing functions imposed on by local, state or federal laws exists;
- to assist in the performance and compliance with accreditation requirements for accredited departments;

- to assess whether accounting standards and other prescribed requirements in respect to the keeping of accounts have been complied within all material aspects;
- to assess whether resources are being used economically and efficiently and management system objectives are being achieved effectively;
- to identify, encourage, develop and report better practices; and
- to assess controls and the control environment.

RESOURCE ALLOCATION AND REPORTING REQUIREMENTS:

The City Manager shall have the authority to reassign internal audit resources to any matters that come to the City Manager's attention and that the City Manager believes are more urgent and critical than the most recently audit plan. The City Manager shall communicate any such matters to the City Council.

The City Manager shall advise City Council of any functions that the City Manager reasonably believes would be more appropriately investigated by an external, independent agency, whether or not those functions are included in any Council approved plan.

The City Manager shall present the result of any internal audit contained in the audit plans to the City Council no less frequently than annually and, in the event that any material deficiencies are found that require Council action to correct, as soon as is practical.

In the event the internal auditor leaves employment at the City, the City Manager will report such departure to the City Council as soon as is practical and inform the Council of the basis for the departure.

The City Manager shall ensure that the internal auditor adheres to the Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors. The City Manager shall promptly report to the City Council any violation of the Code or any Standards that are not followed.

The City Manager is solely responsible for establishing and maintaining controls to discourage the perpetuation of fraud and limit the exposure to risk if fraud does exist.

The City Manager shall make available to the City Council, upon request, the working papers of any audit function, taking steps to ensure any necessary confidential information is preserved. The City Manager shall prepare a report documenting the reasons for denying City Council access to any such request. Under no circumstances shall any audit report be considered a closed record as it pertains to City Council access to such report. Public access to any audit report shall be governed by the Missouri Sunshine Law.

The internal auditor shall be available for inquiry from individual City Council members but under no circumstances shall Council members direct the internal auditor to take or not take any action.