



RESOLUTION UPDATING INTERNAL AUDIT GOVERNING RULES

City Manager's Office – Internal Audit Division

Governmental Affairs Committee
March 6, 2019

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BACKGROUND

1. April 12, 2016 - City Council adopted Resolution 22988, establishing Internal Audit Governing Rules
 - A. Provide framework for conduct of Internal Audit function as independent and objective assurance and consulting activity
 - B. Ensure office has direct access to City Council



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DISCUSSION

1. The Internal Audit Governing Rules:
 - A. Required to be reviewed annually by Governmental Affairs Committee
 - B. Require that Governmental Affairs Committee formally review and approve changes
2. Changes made to Governing Rules in February 2019 include the following:



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DISCUSSION

- A. Reporting
 - i. Clarification added to reflect dual reporting structure of Internal Audit Division
- B. Authority and Confidentiality
 - i. Clarification added to reflect Internal Audit Division works under the functional authority of City Council through Governmental Affairs Committee



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DISCUSSION

C. Independence and Objectivity

- i. Added statement – “internal auditors must be independent in fact and appearance and free from personal, external, and organizational impairments”

D. Activities and Services – Monitoring Services

- i. Removed “Administrative Manual policy updates”
- ii. Removed “Performance measure data”
- iii. Added “City payroll overtime trends/tracking”



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DISCUSSION

E. Internal Audit Workplan

- i. Clarified that Internal Audit Workplan will be submitted annually

F. Progress Reporting and Monitoring

- i. Updated to reflect monitoring and other activities will be reported to Governmental Affairs Committee
- ii. Removed paragraph on annual reporting on the overall state of internal controls



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DISCUSSION

G. Quality Control and Assurance Program

- i. Revised first sentence to state Internal Audit “continuously aims to ensure its work” is performed in accordance with GAGAS



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RECOMMENDATIONS

That the Governmental Affairs Committee:

1. Receive, review, and provide input on the proposed updates to the Internal Audit Governing Rules outlined herein; and
2. Recommend that the City Council adopt a resolution that will update the Internal Audit Governing Rules.



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