



# Standard Administrative Policy and Procedures Manual

Title: **FINANCIAL POLICY**

Date of Version: **April 3, 2006**

Section: **INTERNAL AUDIT POLICY**

Resolution No.: **2006-113**

## **SECTION 1 - POLICIES**

- A. Internal audits will be performed on an ongoing basis to determine the following:
  - 1. Compliance with City policies and procedures,
  - 2. Security of City assets, and
  - 3. Effectiveness and efficiency of policies and procedures
- B. The internal auditor will consult with the Department Director while preparing, conducting, and evaluating an audit. Department Directors will review audit results prior to being released.
- C. Frequency of audits will be determined by the schedule maintained in the Finance Department. Unannounced visits can be made where the potential for misuse is high (i.e.: areas where cash is involved).
- D. Whenever possible, audits will be performed at a time that is convenient to both the department being audited and the internal auditor.
- E. Findings of the internal auditor will be reported to the City Manager and will be available for review to the City's external audit firm.

## **SECTION 2 - PROCEDURES**

- A. A questionnaire will be emailed to the Department Director prior to the audit if the audit requires a site visit. Other audits (such as Purchasing and Travel) will be done on an ongoing basis.
- B. After the completed questionnaire is received by the Finance Department, an onsite audit will be performed. If the completed questionnaire is not returned to the Finance Department within two weeks, an onsite audit will still be performed unannounced.

- C. The internal auditor will fill out a predetermined checklist to ascertain whether proper procedures are being followed.
- D. Observation of how functions are carried out shall be an important part of each onsite audit.
- E. Upon completion of an internal audit, a report shall be prepared by the internal auditor and given to the Finance Director for review. This report shall state how the audit was conducted, any areas of concern, and suggestions for corrective actions when necessary. After review by the Finance Director, the report will be given to the Department Director. Any areas of concern will be reviewed with the Department Director at that time. Department Directors are encouraged to provide responses to the audit report which will be attached accordingly.
- F. After review of the audit report by the Finance Director and the Department Director, a copy of the audit report and the Department Director's responses will be provided to the Assistant City Managers and the City Manager. One copy of the audit and the department's responses, along with work papers, will be kept in the Finance Department.
- G. If material weaknesses are found, a follow-up audit will be performed at the discretion of the Finance Department and/or the Assistant City Managers. This is to ensure that corrective actions have been taken.
- H. Internal audit results for audits conducted during the fiscal year will be reported in the annual Budget Basis Financial Report.