INTERNAL AUDITOR

Article VII

Section [##] Office of Internal Auditor

The Internal Auditor shall be appointed by the City Manager in consultation with the Audit Committee and confirmed by the Council. The Internal Auditor shall serve for a term of ten years. The Internal Auditor shall report to and be accountable to the Audit Committee and the Council. The Internal Auditor may be removed for cause by a vote of three-quarters of the members of the Audit Committee subject to the right of the Internal Auditor to appeal to the Council to overturn the Audit Committee's decision. Any such appeal must be filed with the City Clerk within 10 calendar days of receiving the notice of dismissal or termination from the Audit Committee. The City Clerk shall thereafter cause the appeal to be docketed at a regular open meeting of the Council no later than 30 days after the appeal is filed with the Clerk. The Council may override the decision of the Audit Committee to remove the Internal Auditor by a vote of two-thirds of the members of the Council.

The Internal Auditor shall prepare annually an Audit Plan and conduct audits in accordance therewith and perform such other duties as may be required by ordinance or as provided by the Constitution and general laws of the State. The Internal Auditor shall include in the Audit Plan audits and investigations as requested by the City Manager, the Council, the City Attorney or the Audit Committee or deemed necessary by the Internal Auditor. The Internal Auditor shall have access to, and authority to examine any and all records, documents, systems and files of City and/or other property of any City department, office or agency, whether created by the Charter or otherwise. It is the duty of any officer, employee or agent of the City having control of such records to permit access to, and examination thereof, upon the request of the Internal Auditor or his or her authorized representative. It is also the duty of any such officer, employee or agent to fully cooperate with, and to make full disclosure of all pertinent information. All City contracts with consultants, vendors or agencies will be prepared with an adequate audit clause to allow the Internal Auditor access to the entity's records needed to verify compliance with the terms specified in the contract.

Proposed language to be added to Municipal Code:

Pursuant to Charter Section [##], in addition to the duties enumerated therein, the Internal Auditor shall have the following powers and duties:

(a) The Audit Plan required in Charter Section [39.1] shall be based on a formal Risk Assessment of City operations. The Risk Assessment shall be performed in accordance with the Professional Practice of Internal Auditing. Those City activities, organizational units, or functional processes that have the highest level of inherent risk, as identified in the Risk Assessment, shall be included in the annual Audit Plan.

(b) On or before September 1 of every year, the Internal Auditor shall conduct an annual audit of the City's internal financial controls, and post audits of the fiscal transactions and accounts kept by or for the City and its departments, offices and agencies. Such audits shall include but not be limited to the evaluation of key controls over financial reporting, examination and analysis of fiscal procedures and the examination, checking and verification of accounts and expenditures. The audits shall be conducted in accordance with Generally Accepted Government Auditing Standards in conjunction with the Internal Standards for the Professional Practice of Internal Auditing, and shall include tests of the accounting records and other auditing procedures as the Internal Auditor may deem necessary under the circumstances. The audits shall include the issuance of suitable reports of examination so the Audit Committee, Council, City Manager, and the public will be informed as to the adequacy of the City's internal controls over financial reporting.

(c) Conduct performance audits, as appropriate, of any City department, office or agency. A "performance audit" means a post audit which determines with regard to the purpose, functions and duties of the audited agency all of the following:

(1) Whether the audited department, office or agency, is managing or utilizing its resources, including public funds, personnel, property, equipment and space in an economical and efficient manner.

(2) Causes of inefficiencies or uneconomical practices, including inadequacies in information management systems, internal and administrative procedures, organizational structure, use of resources, allocation of personnel, purchasing policies and equipment.

(3) Whether the purposes and/or functions of the department or agency are being satisfactorily achieved.

(4) Whether objectives established by the City Manager, Council or other authorizing body are being met.

(5) Whether audit recommendations will improve efficiency and effectiveness.

(d) Conduct special audits and investigations, as requested by the City Manager, City Council, City Attorney or Audit Committee, or deemed necessary by the Internal Auditor. "Special audits" and "investigations" mean assignments of limited scope, intended to determine:

(1) The accuracy of information provided to the City Manager, City Council, Audit Committee or public.

(2) The costs and consequences of recommendations made to the Council.

(3) The validity of accusations of material fraud, waste or abuse reported through the City's confidential hotline and other sources.

(4) Other information concerning the performance of City Departments, Offices or Agencies as requested by the City Manager or Audit Committee.

(e) Prepare and submit to the Audit Committee, at least quarterly, a written report of the City Internal Auditor's activities and findings, together with any recommendations to improve the administration of the City;

(g) Perform other auditing functions, consistent with other provisions of the harter, and prepare and submit such other reports, as may be requested by the City Manager, City Council or Audit Committee such as but not limited to:

(1) Assessing City departments, agencies and vendors compliance with appropriate City, State and Federal policies, procedures, laws, regulations, and contracts.

(2) Evaluating if City assets are properly accounted for and safeguarded from losses.

(3) Reviewing the City's information technology systems to ensure electronic data is accurately processed and adequately safeguarded.