

City of Minneapolis
Request for Committee Action

To: Audit Committee, Members of the Public
Date: 5/24/2016
Referral: None
From: Audit Committee Chair Linea Palmisano
File Type: Annual Performance Review

Subject:

Pursuant to statutory requirements, the Audit Committee must receive and file an annual summary of the performance evaluation of our Internal Auditor.

Description:

Pursuant to the Open Meeting Law, on January 26, 2016 Audit Committee held a closed session to discuss the annual performance review of our Internal Auditor.

Previous Actions:

None

Ward/Address:

City-wide

Background/Analysis:

This is the first annual performance review for Director Tetsell. He was hired October 2014.

Financial Review:

No Budget Impact.

Attachments:

1. Summary Letter from Audit Committee Chair
2. Goal Outline – First 100 Days



City Council

Linea Palmisano

Council Member, Thirteenth Ward

350 South 5th Street – Room 307
Minneapolis, MN 55415-1383

Office 612 673-6113
Fax 612 673-3940
TTY 612 673-2157

Linea.Palmisano@minneapolismn.gov

To: Minneapolis Audit Committee, Members of the Public
From: Linea Palmisano, Audit Committee Chair

Dear Members of the Audit Committee and Members of the Public,

At our last regular meeting of January 26, 2016, we had a closed session to discuss the annual performance review of our Internal Auditor Will Tetsell. This meeting was convened as a closed meeting of the Audit Committee pursuant to the Open Meeting Law, for the express purpose of discussing non-public personnel data. This letter serves to summarize the conclusions regarding his evaluation.

This evaluation included input from several sources including post-engagement surveys with departments where audit activity was conducted, peer review from departmental leadership that assisted with the re-development of this department, Mr. Tetsell's self-assessment, and HR personnel files.

Upon review of input from those that have engaged in audit activity with the Internal Audit department, Mr. Tetsell is exceeding expectations in these areas:

- Strategic Leadership
- Stakeholder Leadership

Mr. Tetsell successfully developed and completed an aggressive "100 Day Plan" to establish an audit team and begin building relationships and began development of an appropriate lens to assess risk across our city enterprise. He has established working relationships with departments and divisions and marketed the Internal Audit department as a team that can help the City understand risks and how to effectively manage them. These relationships have proven to be beneficial in establishing a robust list of potential projects. These conversations resulted in a robust list of projects that Audit could work on to benefit departments, divisions and the City enterprise.

It was also found that Mr. Tetsell is meeting expectations in these areas:

- Results Leadership
- People Leadership





Minneapolis
City of Lakes

City Council

Linea Palmisano

Council Member, Thirteenth Ward

350 South 5th Street – Room 307
Minneapolis, MN 55415-1383

Office 612 673-6113

Fax 612 673-3940

TTY 612 673-2157

Linea.Palmisano@minneapolismn.gov

An opportunity for management growth is in regards to leadership within his Internal Audit team, which is challenging due to the small size of this department. Mr. Tetsell has been asked to spend more time in working to attract, develop and retain a high-quality workforce with ever-increasing effectiveness, work on engagement in building employee morale, and work on development plans for employees to grow their own potential.

It is in consideration of all these things that the Audit Committee agreed that Mr. Tetsell has provided the City and the public with exemplary performance and we look forward to a productive 2016.

Regards,

Linea Palmisano, Council Member and Audit Committee Chair

Linea Palmisano
Council Member
City of Minneapolis, 13th Ward



City of Minneapolis Internal Audit Department
Goal Outline: First 100 Days

CONDUCT AN EXTERNAL AND INTERNAL ENVIRONMENTAL SCAN

- Review Internal Audit strategic plan goals, performance metrics, and achievements from prior year.
- Synthesize data on the internal and external business operating environment (budget and Results Minneapolis), and regulatory climate (City Attorney).
- Assess current audit department effectiveness using stakeholder feedback, QAR results.
- Benchmark against other audit functions to identify relative strengths/weaknesses and opportunities/threats.
- Clarify Internal Audit scope of responsibility.

UNDERSTAND THE CITY'S STRATEGIC OBJECTIVES

- Assess current Internal Audit capabilities against business priorities, relevant governance requirements, and emerging risks.
- Articulate any assumptions about corporate/business risk management approach.
- Outline how corporate strategic objectives could translate into Internal Audit strategic objectives, requirements, and expectations.
- Establish links with the business strategy planning cycle (synchronize timing).
- Review mandates for change (Audit Committee guidance on their intentions for the M.O. of the new department) and review mission/vision/charter for audit.

ASSESS ASSURANCE-RELATED EFFORTS BY OTHER TEAMS

- Understand responsibilities of other departments in the areas of governance, enterprise risk management, compliance, and internal controls (first and second lines of defense).
- Assess quality of other city-wide risk and compliance activities, and understand views of key stakeholders.
- Evaluate scope for greater coordination of assurance work across the organization.
- Identify leverage points for Internal Audit.

FORMULATE AND CONFIRM STRATEGIC PRIORITIES

- Using inputs from the items above, identify the strategic objectives for the audit function.
- Assess trade-offs and prioritize strategic objectives.
- Translate agreed on objectives into goals, impact, ROI, and timetable for achievement.
- Present Internal Audit strategy for approval by executive and audit committees.

ASSESS SKILLS, ORGANIZATIONAL STRUCTURE, AND READINESS

- Define key roles and competencies required to execute Internal Audit strategy.
- Optimize talent sourcing strategies, guest auditors, and co-sourcing.
- Assess the capability readiness of existing people, processes, and technology.
- Revise organizational structure as necessary.

DEVELOP AND INTEGRATE AN OPERATING PLAN

- Define prioritized initiatives and goals into an annual Internal Audit operating plan to guide the day-to-day implementation of strategic decisions.
- Define milestones, deliverables, and responsibilities to manage the delivery of change activities.

CREATE SUCCESS METRICS AND A PERFORMANCE-MONITORING SYSTEM

- Define business-focused and impact-based Internal Audit performance metrics.
- Establish a process for Internal Audit strategy updates by setting milestones, clear deliverables, and review triggers.

COMMUNICATE THE INTERNAL AUDIT STRATEGY BROADLY

- Align individual Internal Audit staff goals and incentives to overall strategy.
- Customize Internal Audit strategy communication for key stakeholders and the Internal Audit team.
- Engineer ongoing, two-way interactions to drive engagement with Internal Audit strategy and create a feedback loop.

MONITOR AND ADAPT THE INTERNAL AUDIT STRATEGY

- Measure and report progress toward Internal Audit strategic objectives.
- Adapt Internal Audit strategy as business conditions change.