

**REPORT NO:** 09-38  
**DATE:** 1/26/10  
**ANALYST:** Michael Hebner

### **CLASSIFICATION REPORT**

**PROPOSED TITLE:** Director of Internal Audit

**CURRENT TITLE:** Director of Internal Audit (Board of Estimate & Taxation)

**INCUMBENT:** Vacant

**REASON FOR REQUEST:** Evaluation to ensure proper classification of a  
Appointed Position being brought under the City Council

**DATE QUESTIONNAIRE  
SUBMITTED:** 01/13/10

**DATE OF PREVIOUS STUDY:** N/A; (1995 for the Board of Estimate and taxation)

**DISPOSITION OF PREVIOUS  
STUDY:** Study done by Consulting Firm - DCA Station in 1995  
Commissioned by the Board of Estimate and Taxation

**PERSONS INTERVIEWED:** Archie Carlos, HR Generalist

**RECOMMENDATION:** Establish the position as Director of Internal Audit  
(Appointed), Grade 13, with 610 Points

The position has existed for sometime in the City organization but has been independent of the City Council under the Board of Estimate and Taxation. Now, the City Council has authorized a new Office of Internal Audit which is charged with conducting financial, fiscal compliance, and financial procedure audits of all City Departments, Boards, and Commissions. The position under review will Direct the Office of Internal Audit, organizing and administering to ensure the Office operates without interference or other influence that might adversely affect an independent and objective judgment of the internal audit staff. The position will be responsible for ensuring that the Audit Office follows applicable law and appropriate standards established by the Institute of Internal Auditors for Internal Audit of Government Organizations, and other such standards established concerning and safeguarding internal audit activities.

The specific duties of the position are as follows:

- Develop and annual audit plan which will be submitted to Audit Committee for approval.
- Establish guidelines, policies, and procedures for conducting internal audits.
- Supervise and participate in Audit Activities.

- Determine areas of risk and appraise their significance in relation to operational factors or cost, schedule, etc.; classify audit projects as to degree of risk and significance and as to frequency of audit coverage required.
- Meet with other department heads to discuss their concerns within their areas, ultimately developing comprehensive audit work programs to ensure sufficient audit coverage.
- Report audit issues to the Audit Committee, including appraising the adequacy of action taken by Boards, Commissions, and Departments to address identified problems.
- Determine the adequacy and effectiveness of the City's overall internal accounting and operating control and advise appropriate management personnel of suspected irregularities.
- Examine the manner in which City financial resources are being deployed, identify opportunities to improve operating performance, and prepare written reports recommending improvements.
- Review the reliability of financial information and the means used to identify, measure, classify, and report such information.
- Review the established control systems to ensure compliance with policies, laws, and regulations.
- Conduct exit conferences with representatives of the audited entity and review items/recommendations noted in the audit report.
- Present oral summaries of audit reports to the appropriate boards, committees and the City Council.
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Maintain working relationships with the City's external and State auditors.
- Perform field audits of entities that are subject to be in compliance with City Code and related regulations.
- At the request of the Audit Committee, or other parties, conduct special reviews of suspected irregularities, fraud, misappropriation, or other misuse of City funds, and seek the advice of the City Attorney and report any criminal activity, and establish facts, measure the financial effect, assist in the recovery of assets and evaluate controls to prevent or detect such conditions in the future.

A discussion of the factor assignments provided below helps to define where the position fits in the City structure.

## **POSITION ANALYSIS**

### **PREQUISITE KNOWLEDGE**

The position will require a Bachelor's Degree in Accounting, Public or Business Administration (Master's Degree Preferred), or an equivalent related college degree and eight years of progressively responsible experience in conducting and coordinating internal audit activities in a government or public sector setting, with four years of supervisory or managerial experience directing professional financial auditors. The individual hired will need to be Certified Public Accountant or a Certified Internal Auditor.

Within the City System this equates to a rating of **70**. This level is assigned to higher level management positions requiring considerable education and experience. Typically, positions at this level would have six to ten years of progressively responsible experience which has included management and supervisory experience. Related financial positions with the same rating include the Director Purchasing, Director MFD Finance and Logistics, and the Director Capital and Debt Management.

## DECISIONS AND ACTIONS

The Director of Internal Audit will be responsible for establishing guidelines, policies, and procedures for the conduct of periodic internal audits. The position will be charged with developing an annual work plan, which at a minimum will define the scope of each audit the Office of Internal Audit intends to conduct, including a summary of the nature and scope of each audit to be conducted, identifying the department, board, commission, service, program, function, and/or policy to be audited; and each potential audit objective to be addressed. This annual plan may be amended, with approval of the Audit Committee. The Director of Internal Audit may request an amendment independently, or at the request of the Audit Committee. The position will conduct or oversee investigations of alleged or suspected impropriety, fraud, misappropriation, or other misuse of city funds, and will seek advice from the City Attorney as appropriate and report any suspected criminal activity to appropriate law enforcement authorities.

The position will be responsible for appraising the adequacy of action taken by Departments to correct reported deficiencies. It will be responsible for implementing a comprehensive audit plan to review and evaluate the adequacy and effectiveness of the city's internal system of financial controls to ensure:

- The reliability and integrity of financial records and reports.
- Compliance with policies, procedures, ordinances, rules and statutes related to expenditures and financial controls and best financial management practices.
- That assets are safeguarded from loss.
- Coordinate with external auditors and assist in the implementation of corrective actions recommended by external auditors as appropriate..
- And to ensure that audit and financial reporting meets established standards

The position will be authorized to conduct special reviews and programmatic reviews at the request of the Audit Committee, Mayor, City Council, Finance Officer, Departments, Boards and Commissions.

It will provide assistance to City Departments, Boards and Commissions for evaluation of financial controls. The position will make most day to day decisions as to audit methods, report structure, and staff deployment independently. For administrative purposes, the City Coordinator shall provide administrative supervision for the Director of Internal Audit, and ensure support for the Office of Internal Audit, and shall assist the Audit Committee (*which will be comprised of the Chairperson of the Ways and Means Committee of the City Council, and two other Council Members, and three Citizen members - who have auditing expertise*) with the hiring and performance review process for the Internal Auditor. For other aspects of its function the Director of Internal Audit will look to the Audit Committee for general direction.

The position has Decisions and Actions equivalent to variety of appointed positions rated at **65 points** on this factor. These are managerial positions that oversee and guide major areas of accountability. In the Finance Department the Director Treasury does the day-to-day investing for the City; is responsible for the movement of approximately one billion dollars a year to hundreds of vendors; makes decisions regarding Utilities Billing and regular receivable customer accounts; makes decisions on bank accounts, electronic funds transfers, check imaging, and credit cards. The Director Purchasing manages the procurement of goods, supplies, construction and services-in an annual dollar amount of hundreds of millions of dollars and oversees the processing of contracts involving hundreds of millions of dollars. The Director Assessments is given considerable latitude

in the approval and accountability for all department work assignments for residential, condo, apartment and vacant land properties; for the day to day responsibilities of managing the departmental budget and purchases; handling employee relations and union issues; handling difficult and complex tax court cases; and responding to Council and neighborhood concerns.

Other appointed positions rated at this level include the Controller and Director Budget in the Finance Department which both operate with independence of action, managing a staff function that is regarded as a source of unbiased professional analysis and recommendations to allow City officials to make the best decisions regarding financial performance and estimates. Wrong decisions or actions could have serious budgetary and/or operational implications and could damage the City's image.

A rating of **65** will be assigned.

### **SUPERVISORY RESPONSIBILITY**

The position will have two internal auditor positions that will report to it. The appropriate rating according to the factor rating guide is **5 points** and this will be applied.

### **RELATIONSHIP RESPONSIBILITY**

The position will be the leading authority on auditing of financial, fiscal compliance, and financial procedure for all City Departments, boards and commissions. in the City. The Director of Internal Auditing and the staff assigned to the internal auditing function will have contact with individuals from all levels in the City in these auditing activities.

The position will have frequent contact with Director level positions in Finance Department and with Department Heads and other high level managers to discuss concerns in developing audit plans and to discuss issues and findings related to financial auditing activities. It will have contact with the Mayor and the Mayor's staff, and with City Council Members and their staff regarding financial situations and audit findings. It will work with the all Boards and Commissions on financial auditing issues.

The position will interact with City Attorney and Attorney staff when legal questions arise in the course of auditing. The position will represent the City in communications with outside auditors including the State of Minnesota.

The analyst finds that the position has Relationships Responsibility that corresponds the **80 point** rating for this factor. Jobs at this level the job will have a multitude of contacts, both internally and externally, primarily at a high level. Internally within the department the job will direct the efforts in an assigned area. There are daily contacts at a high level advising City decision-makers including the Mayor, City Council, department heads, and other high level decisions makers. In these relations the job typically is providing leadership on legal questions, planning, and financial issues, development, efficient and effective land use, or comparable high-level issues. Other contacts would involve advice and assistance in solving problems and answering funding questions; clarification of the Mayor/Council directions and intent internally. Externally there are frequent contacts with state and federal officials related to issues and performance; to explaining City policies and procedures; legal matters; and financial matters. There typically is contact with various business associations, non-profit and for profit organizations representing persons interested in City services, economic development, and related contacts. The Director of Budget is a related Financial Position rated at this level.

## **WORKING CONDITIONS**

The position will work primarily in indoor office settings and will spend time operating modern office equipment and computers. It will have meetings in various City Offices. The appropriate rating is **20 points**, and this will be applied.

## **EFFORT**

The analyst finds the effort in the position is primarily mental effort, corresponding to the level of classifications rated **70 points** on this factor. Jobs at this level are appointed classifications, which include Department Heads and primarily require mental effort. In these positions there is a high level accountability for planning, coordinating, and monitoring activities which requires mental effort and creates stress. These are executive level decision making positions and there are competing priorities which require mental effort in developing plans, alternative recommendations for budgets, personal actions, department initiatives, solutions for indentified problems, and so on. There are numerous pressures to meet deadlines on projects, reports, budget preparation, plan development, handling inquiries, etc. The physical effort in these positions corresponds to that required in most executive positions working in an office environment.

A related financial position at this level is the Controller.

## **RECOMMEDNATION**

Establish the position as Director of Internal Audit (Appointed), Grade 13, with 610 Points

**According to the information provided in the City Council Action the proposed position meets the criteria for appointed positions under the Minneapolis Code of Ordinance, Section 20.1010 as follows:**

1. The person occupying the position must report to head of the designated City Department or the Designated City Department Head's Deputy.

The position will head up its own Internal Audit Department. The position will administratively report to the City Coordinator and will receive direction from the Audit Committee comprised of three City Council Members and three citizen members appointed as follows: one (1) by the Mayor, one (1) by the City Council through the open appointments process, and one (1) by the Minneapolis Park and Recreation Board.

2. The person occupying the position must be part of the designated Department Head's management team

The position will head up its own Internal Audit Department.

3. The duties of the position must involve significant discretion and substantial involvement in the development, interpretation, or implementation of City or department policy.

The position will develop and implement City policy regarding financial audits, and financial procedure audits and fiscal compliance audits. It will be involved in interpretation and implementation of City policy.

4. The duties of the position must not primarily require technical expertise where continuity in the position would be significant.

The position requires professional level knowledge and skills in financial and fiscal compliance and auditing, and strong analytical skills and good judgment.

5. There is need for the person occupying the position to accountable to, loyal to, and compatible with the Mayor, City Council, and the Department Head.

The position will need to work with all levels of staff and elected officials in carrying out its duties. Accountability will be paramount in ensuring adherence to appropriate auditing and reporting standards.

**CLASSIFICATION  
FACTOR WORKSHEET**

Benchmark Classifications	Factors						Total Points	Grade Level
	1	2	3	4	5	6		
Risk Manager	65	55	10	60	20	55	525	11
Manager Finance	60	55	30	55	20	60	528	11
Manager Treasury Operations	60	60	35	55	20	60	548	12
Director Capital and Debt Management	70	60	25	60	10	60	570	12
Director Risk and Claims Management.	70	60	15	65	20	60	573	12
Director MFD Finance and Logistics	70	65	15	65	20	60	588	13
Director Purchasing,	70	65	15	65	20	65	593	13
Director Managerial Accounting and Budget	70	65	45	60	20	60	595	13
Director Assessments	65	65	35	65	20	65	598	13
Director Treasury	70	65	50	60	20	65	615	13
Director Budget	75	65	15	80	20	70	635	14
Controller	70	65	50	60	20	60	640	14
<b>PROPOSED CLASSIFICATION</b>								
Director of Internal Audit	70	65	5	80	20	70	610	13

## **DIRECTOR OF INTERNAL AUDIT**

**CODE: C**

**SUPERVISED BY: The Audit Committee**

**SUPERVISES: Auditors**

### **NATURE OF WORK**

**Plan direct and coordinate the Internal Audit strategy for the City of Minneapolis, including all City Departments, Boards, and Commissions, and assist all operating departments with analysis, appraisals, recommendations, counsel and information concerning the activities reviewed to facilitate protection of the City's financial resources.**

### **TYPICAL DUTIES AND RESPONSIBILITIES**

**(Including, but not limited to the following)**

- Develop and annual audit plan which will be submitted to Audit Committee for approval.
- Establish guidelines, policies, and procedures for conducting internal audits.
- Supervise and participate in Audit Activities.
- Determine areas of risk and appraise their significance in relation to operational factors or cost, schedule, etc.; classify audit projects as to degree of risk and significance and as to frequency of audit coverage required.
- Meet with other department heads to discuss their concerns within their areas, ultimately developing comprehensive audit work programs to ensure sufficient audit coverage.
- Report audit issues to the Audit Committee, including appraising the adequacy of action taken by Boards, Commissions, and Department s to address indentified problems.
- Determine the adequacy and effectiveness of the City's overall internal accounting and operating control and advise appropriate management personnel of suspected irregularities.
- Examine the manner in which City financial resources are being deployed, identify opportunities to improve operating performance, and prepare written reports recommending improvements.
- Review the reliability of financial information and the means used to identify, measure, classify, and report such information.
- Review the established control systems to ensure compliance with policies, laws, and regulations.
- Conduct exit conferences with representatives of the audited entity and review items/recommendations noted in the audit report.
- Present oral summaries of audit reports to the appropriate boards, committees and the City Council.
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Maintain working relationships with the City's external and State auditors.
- Perform field audits of entities that are subject to be in compliance with City Code and related regulations.
- At the request of the Audit Committee, or other parties, conduct special reviews of suspected irregularities, fraud, misappropriation, or other misuse of City funds, and seek the advice of the City Attorney and report any criminal activity, and establish facts, measure the financial effect, assist in the recovery of assets and evaluate controls to prevent or detect such conditions in the future.

**MINIMUM QUALIFICATIONS:** Bachelor's Degree in Accounting, Business, Public Administration or Equivalent

**EXPERIENCE:** Eight years of progressively responsible experience in conducting and coordinating internal audit activities in a complex organization, including supervisory or managerial experience directing professional financial auditors

**LICENSES/CERTIFICATIONS:** Certified Internal Auditor (CIA) or Certified Public Accountant (CPA)

**OTHER SPECIFICATIONS**

- Master's Degree preferred.
- Keep abreast of new developments in the audit profession and maintain requirements for certifications (CIA, CPA) by attending two professional conferences/seminars each year.
- Demonstrated knowledge and understanding of local government and the policy-making process.
- Public sector auditing background preferred.
- Strong technical/functional skills in financial reporting and auditing.
- Ability to assume management responsibilities and good leadership skills.
- Strong and developed communication and interpersonal skills.
- Ability to exercise critical, independent, and reliable judgment and make timely and quality decisions.
- Ability to identify problems and recommend and implement solutions for those problems.
- Ability to be self-directed and to take the lead when necessary.

**WORKING CONDITIONS:** Normal

**PROMOTIONAL LINE:** APPOINTED  
**GRADE:** 13 (Exempt)  
**CLASSIFIED:** January 2010  
**JOB SPEC:** January 2010

**CITY OF MINNEAPOLIS**

