


SUBJECT: Audits, Internal, Findings, Recommendations	NUMBER: 17.02.010
RESPONSIBLE OFFICER: CFO, Administrative Service Department, City Treasurer	EFFECTIVE DATE: 4/09/2018
POLICY OWNER: CFO, Administrative Services Department, City Treasurer	LAST UPDATED:
POLICY CONTACT: CFO, Administrative Services Department, City Treasurer	APPROVED:  Kurt O. Wilson

POLICY

- 1) In the City of Stockton, internal audits shall be performed by qualified employees of the City of Stockton or by a qualified external party contracted for this purpose, and shall be referred to as the "Internal Auditor." The Internal Auditor reports directly to the Audit Committee.
- 2) Pursuant to standards set forth by the Institute of Internal Auditors (IIA), the Internal Auditor is independent when it can carry out its work freely and objectively.
 - a. Independence permits auditors to render the impartial and unbiased judgments essential to the proper conduct of audits. It is achieved through organizational status and objectivity.
 - b. Objectivity is an independent mental attitude that auditors must maintain in performing audits. Auditors are not to subordinate their judgment on audit matters to that of others. Objectivity requires auditors to perform in such a manner that they have an honest belief in their work product and that no significant quality compromises are made.
- 3) The Internal Auditor for the City of Stockton shall adhere to the Code of Ethics set forth by the Institute of Internal Auditors.
- 4) All internal audits shall be performed in a manner consistent with the Government Auditing Standards or the professional standards set forth by the Institute of Internal Auditors (IIA) or the American Institute of CPAS (AICPA).
- 5) The City's Internal Auditor performs an audit program consisting of independent audits assessing the following:
 - a. Internal Controls
 - b. Risk Management
 - c. Operational and Organizational Efficiency and Effectiveness
 - d. Compliance with Applicable Laws, Policies, and Procedures

e. Fraud, waste, and abuse

- 6) The Internal Auditor for the City of Stockton shall have access to, and authority to examine any and all documents including but not limited to: books, accounts, internal memoranda, writings and tapes, reports, vouchers, correspondence files and other records, bank accounts, money and other property of any City department, office or agency, whether created by the City Charter or otherwise, with the exception of the office of any elected official.
- 7) All City employees are expected to comply with the requests of the Internal Auditor in providing these documents or other information. Failure to cooperate with an audit or hindering an audit could result in formal disciplinary action.

In coordination with the City Manager's Office, the Internal Auditor shall document all audit findings issued to the City through external, internal or other audits and track the implementation of recommendations.

RESPONSIBILITIES

Audit Committee

- Provide sound governance through the evaluation of audit reports
- Ensure management upholds prudent financial practices and internal controls
- Ensure the quality and independence of the City's audit function

Internal Auditor

- Develop and follow annual audit plan
- Present the results of all internal audits to the Audit Committee
- Track audit findings, assess progress toward implementation of recommendations, and validate/closeout findings when sufficient documentation is provided by Departments
- Report interim activities, including status of recommendations, to the Audit Committee during scheduled meetings

City Manager's Office (or designee)

- Compile all audit findings issued to the City
- Compile the implementation progress reported by Departments
- Act as primary point of contact for Internal Auditor, or identify appropriate designee, for internal audit projects

Department Heads and Managers

- Address audit findings and recommendations
- Assist work of Internal Auditor by providing information or documents upon request

City Employees

Assist work of Internal Auditor by providing information or documents upon request

RELATED POLICIES

17.02.020 External Audits

RELATED FORMS, DOCUMENTS, OR LINKS

N/A

FREQUENTLY ASKED QUESTIONS

N/A

UPDATE HISTORY

N/A
