



2019 Risk-Based Integrated Audit Plan

**City of Minneapolis
Internal Audit Department
February 11, 2019**

Table of Contents

Executive Summary 3

Approach and Methodology..... 3

Proposed 2019 Risk-Based Integrated Audit Plan..... 7

Executive Summary

Internal Audit provides the City of Minneapolis management, leaders and the Audit Committee with an independent and objective assessment of the City's governance, risk management, and control processes and contributes to the improvement of those processes in conformance with professional standards.

The City of Minneapolis Internal Audit performs periodic City-wide risk assessments to identify auditable functions and programs, assess risk, and build a solid audit plan where Internal Audit resources are allocated most efficiently. Consulting engagements are considered based on management input and the engagement's potential to improve management of risks, add value, and improve the City's operations.

The Audit Plan is presented to the Audit Committee for approval. Ongoing audit activities, results, and issue remediation efforts are presented to the Audit Committee throughout the year.

This document sets out details of the approach, methodology and matters considered in assessing areas of risk within the City of Minneapolis and the identification of internal audits in the proposed rolling, integrated internal audit plan.

Approach and Methodology

Internal Audit uses an industry standard approach aligning with the Institute of Internal Auditors Professional Practices Framework, in performing the risk assessment that gives consideration to the key strategic, operational, compliance, financial, information technology (IT), cybersecurity, fraud and other risks associated with the City of Minneapolis. Risk category examples are described in Table 1, below.

Table 1 Risk Categories

Risk Category	Description
Financial	Protection of City assets and Risks related to the reliability of the City's reporting, including the accuracy and timeliness needed to support decision making and performance evaluations.
Compliance	Risk of failing to comply with applicable laws and regulations and failure to detect and report activities that are not compliant with statutory, regulatory, or City requirements.

Operational	The risk to the City's effectiveness, reliability, or quality of services due to how the City manages key business processes that will impact its ability to meet department and City goals and objectives.
Information Technology	The broad risk associated with advances in technology and impacts to systems and operations. Technology used may not effectively support the current and future needs of the department or City. The City may experience compromise to the integrity, access or availability of data or operating systems.
Cybersecurity	Risk that the City does not adhere to fundamental cybersecurity risk management principles which requires coordination between the operational areas and IT.
Public Health and Safety	The risk that employee attitudes, conduct or lack of awareness of hazards could impact the protection of lives and property, and hinder efforts to prevent accidents and incidents. The risk that the City will experience loss of critical functions caused by natural disasters or hazards.
Strategic – Reputation / Political	The risk that business practices, behaviors, or decisions do not align with City's core values, which could adversely impact the confidence and trust of internal or external stakeholders. The risk that the occurrence of a political event will impact the City, its mission, processes, or other activities associated with the status quo, or operations.

A key component in conducting the City-wide risk assessment is interviewing management and City leadership to discuss their goals and objectives, and risks to achieving them. To build a comprehensive risk universe, all programs included in the City budget were included, as well as City of Minneapolis Park and Recreation Board programs. Internal Audit considered additional factors that may increase or mitigate risk, including the following:

- The probability and impact of an adverse event for all relevant risk categories
- Department or program budget
- Prior and current audit coverage and identified issues
- State Auditor findings
- Internal and external complaints, including fraud, waste and abuse
- Strength of existing control environment
- Emerging risks that could impact our City
- Maturity of management's risk assessment and risk management activities
- Management plans to implement key programs or systems

IT and Integrated Audits

Internal Audit contracts with an external provider for IT audits and in 2019 plans to begin integrating IT audit considerations, such as IT general controls, into all audits where applicable. This integrated approach benefits

the City by enabling Internal Audit to obtain IT and cybersecurity subject matter expertise while transferring knowledge to Internal Audit staff.

Additional IT and security related questions posed during risk assessment interviews and surveys included:

- What are the key IT systems you use in your department?
- Who manages the IT systems you use?
- Has your system ever been audited by an independent group? If yes, please let us know when and if possible, provide copy of the results.
- Have you experienced any issues in the operations of the systems you use?
- Does your system contain personally identifiable or sensitive (e.g. police records) data?
- Do you have new system implementations or upgrades in the next fiscal year?

Department Level Risk Management Processes

Some City of Minneapolis departments and boards are implementing risk management processes. A risk management program drives value where management defines key activities and programs, identifies risks to achieving program objectives, creates action plans to mitigate those risks, takes action, and monitors outcomes.

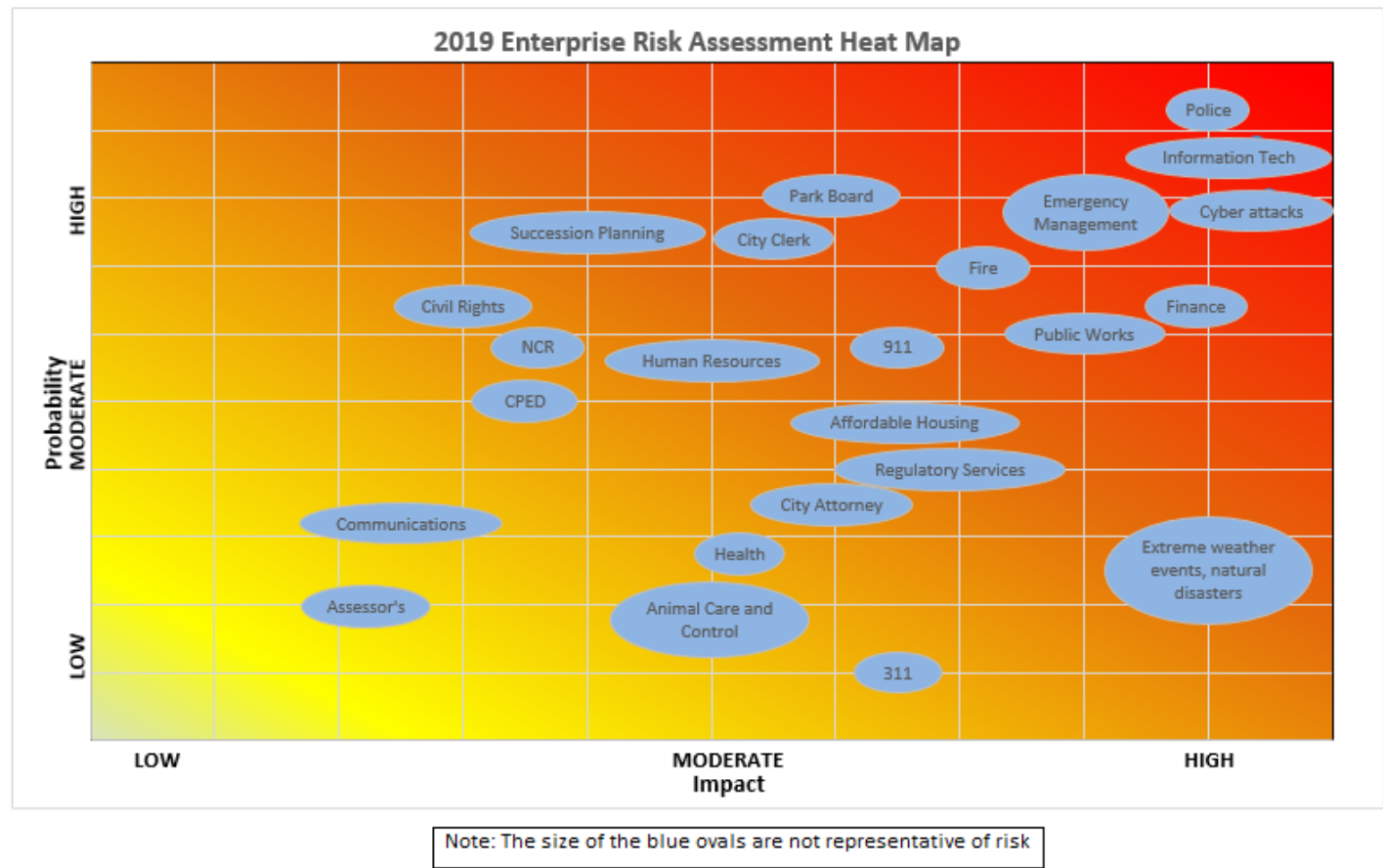


As a financial or operational risk management program matures, management action should result in better achievement of department goals and objectives. Internal Auditors are in a position to serve as risk specialists to help management identify risks and approaches for strengthening the control environment, thus providing more effective coverage of risks City-wide.

The probability of a City function or activity experiencing an adverse event, and the impact that adverse event may have, are estimated and rated from low to high risk and severity, respectively. For example, an unlikely adverse event related to a City activity that could result in loss of life will be rated high risk, while an activity with high probability of an adverse event but low impact could also be rated higher risk because small losses may accumulate over time and become significant.

The heat map in Table 2 below gives a high-level view of departments, activities and programs that pose higher risk for the City. The determination that a department is high risk is principally a reflection of the nature of the programs or functions for which a department is responsible and does not imply inadequate management.

Table 2 Heat Map



Internal Audit informed the proposed audit plan beginning on the next page from risk assessment results and prioritized the audit plan based on risk rating, management availability and Internal Audit resources. Internal Audit may contract out one or more audits should additional subject matter expertise be required. While general audit objectives have been included in the audit plan, specific objectives and scope will be determined once preliminary background interviews, walkthroughs and research have been conducted. This process enables Internal Audit to focus efforts on areas that pose the greatest risk or that can add the most value.

The longer-term Audit Plan is a road map meant to be frequently adjusted and reviewed. As required by IIA Standard 2010.A1, Internal Audit must review and adjust the audit plan, as necessary, in response to changes in the City’s functions, risks, operations, programs, systems, and controls.

The proposed audit plan includes audit work in progress, one consultation to be removed, and fourteen audits and consultations added to the plan, covering a period from Q1 2019 to Q3 2020.

Proposed 2019 Risk-Based Integrated Audit Plan

City of Minneapolis Internal Audit 2019 Integrated Audit Plan							
Proposed Start Date	Project Name	Primary Function or Service	Project Type	Objective	Hours - City Internal Audit	Hours -IT Auditor	Audit Status
	Grant Management - City	Finance, Various depts	Audit	Review City grant management processes to determine whether controls are adequately designed and operating effectively to ensure grant compliance	800	-	In Progress
	NCR Process Review	NCR	Consultation	Work with NCR to consult on the proposed changes in neighborhood spending oversight of City-reimbursed funds	50	-	In Progress
	Records Retention - CPED and Public Works	CPED, Public Works	Consultation	Partner with Clerk Records staff to review CPED's and Public Works records retention schedules, compliance, and prepare the department to address records issues when relocating to new office building in 2020	500	-	In Progress
	Complaint Management	Human Resources, City Attorney, City Coordinator	Consultation	Follow up with Internal Audit's October 2015 recommendations which include administrative framework, oversight and reporting, communication and continual improvement themes	100	-	In Progress
	MPD Equity in Recruiting Data Analysis Phase I	MPD	Consultation	Collaborate with IT Analytics, MPD, Office of Police Conduct Review, and Human Resources to study recruiting statistics, discuss results, enabling management to identify and implement process improvements	100	-	In Progress
	Results MPLS	All	Project - Staff Direction	Collaborate with City staff tasked with Results Minneapolis to increase the usefulness of Results Minneapolis as a tool for Council oversight of departments	50	-	In Progress
	Continuous Monitoring - Data Management and Governance	IT, Various depts	Continuous Monitoring	Monitor and provide feedback on risk management activities related to information governance, data management, privacy, and security that help the City meet its objectives in an efficient way	80	-	In Progress

	Continuous Monitoring - Internal Controls	Finance, Human Resources	Continuous Monitoring	Monitor and provide feedback on risk management activities designed to improve the internal control environment over financial reporting	50	-	In Progress
2018 REMOVE	Fleet Services Division	Public Works	Consultation	Update: Public Works completed design and implementation of their fleet services business model in 2018 and the consultation is not needed.			
2019 Q1 ADD	Park Board Enterprise Risk Management	Park Board	Consultation	Provide guidance to Park Board management in the roll out of a Park Board-wide risk management program. A strong risk management program provides additional protections against the City's assets and helps reduce the likelihood and impact of adverse events	300	-	Not Started
2019 Q1 ADD	PW/311 Sidewalk Snow and Ice Removal - Data Collection and Reporting Process Review	Public Works, 311	Project	Review data collection and reporting of information and complaints related to sidewalk snow and ice removal to identify potential process improvements	40	60	Not Started
2019 Q2 ADD	Contract Amendments Review	Finance, City Attorney, Various depts	Audit	Review City contract amendments and processes to ensure relevant controls sufficiently mitigate risk of fraud, waste and abuse	400	-	Not Started
2019 Q2 ADD	MPD Equity in Post-Hire to Separation Processes Data Analysis-Phase II	MPD, Human Resources, Civil Rights	Consultation	Collaborate with IT Analytics, MPD, Office of Police Conduct Review, and Human Resources to analyze equity in MPD post-hire to separation processes and identify areas for improvement if applicable	400	-	Not Started
2019 Q2 ADD	Data Lake IT General Controls	IT	Consultation	Review design and effectiveness of Data Lake security and IT general controls to ensure adequate safeguards are in place for data aggregation and reporting	50	80	Not Started
2019 Q3 ADD	Revenue and Collections	Finance	Audit	Review design and effectiveness of controls around City revenue and collections processes	600	-	Not Started
2019 Q3 ADD	Water Network Integration Consultation	Public Works	Consultation	Review the configuration of the planned network connection between City and Water IT to help ensure that the Water SCADA systems are secured from external internet threats	20	140	Not Started
2019 Q4	Affordable Housing	City Coordinator, Mayor, CPED, Regulatory Services	Audit	Review the City's progress with affordable housing strategic planning, quantifiable goals, implementation, and monitoring for compliance to identify risks to the achievement of outcomes of multiple affordable housing programs. -Phase I	400	-	Not Started

2019 Q4 ADD	Procurement ABC System Post-Implementation User Access Management Review	Finance	Audit	Review effectiveness of controls around user authentication, authorization, permissions, segregation of duties, thresholds and add-on processes implemented in the ABC Procurement system	100	80	Not Started
2020 Q1	Grant Management - Park Board	Park Board	Audit	Review grant management processes for the MPRB to determine whether controls are adequately designed and operating effectively to ensure grant compliance	500	-	Not Started
2020 Q1 ADD	Municipal ID Privacy and IT General Controls	City Clerk	Consultation	Review design and governance of privacy and IT General Controls for the Municipal ID program	50	150	Not Started
2020 Q2 ADD	Security Incident Event Monitoring (SIEM) Review	IT	Consultation	Review the configuration of the Splunk SIEM and associated governance to remediate identified security threats.	40	150	Not Started
2020 Q2 ADD	Park Board Patron Safety - Aquatics	Park Board	Audit	Review whether Park Board Aquatics safety and maintenance practices align with policies and program goals	400	-	Not Started
2020 Q3 ADD	Geographic Information System (GIS) Governance and IT General Controls	IT, Various depts	Audit	Review governance and effectiveness of IT general controls in the City's use of GIS systems	50	120	Not Started
2020 Q3 ADD	Contract Audit (contract TBD)	Finance, TBD	Audit	Continue auditing the City's high dollar contracts: review effectiveness of contract monitoring, compliance and financial controls	500	-	Not Started
2020 Q TBD ADD	Body Worn Camera Compliance	MPD, Park Board Police	Audit/Consultation	Review or compliance audits to meet Police Body Worn Camera required biennial audit expectations	500	40	Not Started
Ongoing	Prior Audit Issue Follow up	City-wide	Audit	Internal Audit reviews management's assertion and supporting evidence that an issue has been remediated, and if applicable, closes the audit issue	400	100	
Ongoing	Enterprise Risk Assessment	City-wide	Audit	Ongoing assessment of risk within the City of Minneapolis and identification of internal audits to be considered as part of the proposed rolling, integrated internal audit plan	100	10	
Ongoing	Investigations	City-wide	Investigation	Internal Audit investigations are inquiries into circumstances surrounding suspected incidents of fraud waste or abuse of City assets, or City policy violations. They are conducted to determine extent of loss, identify control weaknesses and make recommendations for corrective actions	200	40	
Ongoing	Training	Internal Audit	Professional Requirements	Each full-time FTE must complete a minimum of 40 continuing professional education hours	160	-	