



CITY OF NORMAN, OK CITY COUNCIL CONFERENCE MEETING

Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069

Tuesday, September 10, 2024 at 5:30 PM

AGENDA

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, relation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

AGENDA ITEMS

1. DISCUSSION REGARDING THE INTERNAL AUDIT CHARTER AND POLICIES.

ADJOURNMENT

CITY OF NORMAN
INTERNAL AUDIT INTERNAL CHARTER

1. General

This document sets forth the purpose, authority and responsibilities of the City Auditor of the City of Norman (hereafter referred to as the City).

2. Purpose and Mission

The purpose of the City Auditor and Internal Audit is to assist management and staff of the City under the governance of City Council, in the effective discharge of its responsibilities by providing them and City Staff independent, objective analysis, recommendations and consulting services designed to add value and improve the City of Norman's (The City) operations. Specifically, the adequacy and effectiveness of the internal control structure, the safeguarding of assets, compliance with applicable laws, regulations and City policies and the achievement of management objectives. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Department helps the City of Norman accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

It also provides reasonable assurance to Management and City Council that the City's financial and operational controls, designed to manage the organization's risks and achieve the City's objectives, are operating in an efficient, effective and ethical manner and also assists management in improving the City's business performance.

The purpose of the Internal Audit Internal Charter is to define the scope, duties and responsibilities of the Internal Auditors and the submission of reports to the Finance Committee and City Council for recommending improvements to the operations of the City and strengthen the overall governance mechanism of the City.

3. Definition of Internal Auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

4. Standards for the Professional Practice of Internal Auditing

The Internal Audit Department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework (IPPF), including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (the Standards)*, and the Definition of Internal Auditing. The City Auditor will report quarterly, to the City Manager and the Finance Committee, regarding the Internal Audit Department's conformance to the Code of Ethics and the *Standards*.

5. Authority and Organization

The City Auditor will report functionally to **City Council, the Finance** Committee and administratively (day-to-day operations) to the City Clerk. To establish, maintain, and assure that the City of Norman's Internal Audit Department has sufficient authority to fulfill its duties, **City Council has authority to:**

- Approve the Internal Audit Department's Internal Charter.
- Approve the risk-based internal triennial audit plan.
- Approve the Internal Audit Department's budget and resource plan.
- Receive communications from the City Auditor on the Internal Audit Department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the City Auditor.
- Approve the remuneration (salary) of the City Auditor.
- Make appropriate inquiries of management and the City Auditor to determine whether there is inappropriate scope or resource limitations.

The City Auditor will have unrestricted access to, and communicate and interact directly with, **City Council** and **Finance** Committee, including in private meetings without management present.

City Council authorizes the Internal Audit Department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information **to determine whether the City's control, risk management and governance processes, as designed and implemented by management, are adequate and functioning.**
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance, **as it relates to audit engagements,** from the necessary personnel of the City of Norman, as well as other specialized services from within, or outside the City of Norman, in order to complete the engagement.

6. Independence and Objectivity

To permit the maintenance of a fully independent and objective approach, the City Auditor will ensure that the Internal Audit Department remains free from **interference by any element in the organization, ensure** all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the City Auditor determines that independence or objectivity may be impaired, in fact or appearance, the details will be disclosed to the appropriate parties.

Internal auditors will **exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.** Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a

manner that they believe their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the City of Norman or its affiliates.
- Initiating or approving transactions external to the Internal Audit Department.
- Directing the activities of any City of Norman employee not employed by the Internal Audit Department, except to the extent that such employees have been appropriately assigned to auditing teams, or to otherwise assist internal auditors.

Where the City Auditor has, or is expected to have, roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The City Auditor will confirm to City Council, at least annually, the organizational independence of the Internal Audit Department.

The City Auditor will disclose to the **City Council and the Finance Committee** any interference, and related implications, in determining the scope of internal auditing, performing work, and/or communicating results.

7. Responsibilities

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to City Council, the **Finance Committee**, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the City of Norman. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the City of Norman’s strategic objectives are appropriately identified and managed.
- **Develop a risk analysis to identify the higher risk activities of the City.**
- The actions of City of Norman’s officers, directors, employees, and contractors are in compliance with the City of Norman’s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, and applicable laws, regulations that could significantly impact the City of Norman.
- Information and the means used to identify, measure, analyze, classify and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The City Auditor will report periodically to City management and City Council regarding:

- The Internal Audit Department’s purpose, authority, responsibility.
- The Internal Audit Department’s plan and performance relative to its plan.
- The Internal Audit Department’s conformance with The IIA’s Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the City Council.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the City of Norman.

The City Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Department does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibilities

The City Auditor has the responsibility to:

- Submit, at least annually, to senior management and City Council an update to the triennial risk-based internal audit plan for review and approval.
- Communicate to senior management and City Council the impact of resource limitations on the internal audit plan.

- Review and adjust the internal audit plan, as necessary, in response to changes in City of Norman’s business risks, operations, programs, systems, and controls.
- Communicate to senior management and the City Council any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the City Council any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Department collectively possess or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit Internal Charter.
- Ensure trends and emerging issues that could impact City of Norman are considered and communicated to senior management and City Council, as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Department.
- Ensure adherence to City of Norman’s relevant policies and procedures, unless such policies and procedures conflict with the Internal Audit Internal Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the City Council.
- Ensure conformance of the Internal Audit Department with the *Standards*, with the following qualifications:
 - If the Internal Audit Department is prohibited by law or regulation from conformance with certain parts of the *Standards*, the City Auditor will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the Standards are used in conjunction with requirements issued by Government Auditing Standards issued by the Comptroller General of the United States, the City Auditor will ensure that the Internal Audit Department conforms with the *Standards*, even if the Internal Audit Department also conforms with the more restrictive requirements of Government Auditing Standards issued by the Comptroller General of the United States.

8. Quality Control and Peer Review

The City Auditor will establish and maintain a quality assurance and improvement program (QAIP) that covers all aspects of the Internal Audit Department. The program will include an evaluation of the Internal Audit Department’s conformance with the Standards and an evaluation of whether internal auditors apply The IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Department and identify opportunities for improvement.

The City Auditor will communicate to senior management and City Council on the Internal Audit Department’s quality assurance and improvement program (QAIP), including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the City of Norman.

9. Fraud

City employees have a duty to report instances of suspected theft, fraud, or misuse of funds to Internal Audit who will coordinate internal investigations with the appropriate officials (e.g. Legal, City Council, senior management).

Approval

City Auditor

Date

Mayor

Date

City Manager

Date

A RESOLUTION CREATING POLICIES AND PROCEDURES FOR THE OFFICE OF THE CITY AUDITOR

WHEREAS, Article V, Section 3, of the Charter of the City of Norman provides that the City Auditor shall be selected by the City Council; and

WHEREAS, the Office of the City Auditor is established within the City of Norman, and its duties delineated, by Article V, Section 3 of the City of Norman Charter; and

WHEREAS, Mayor and City Council adopt certain policies and procedures in the above regard by resolution as deemed necessary; and

WHEREAS, recognizing that development of the triennial audit plan is a comprehensive and on-going process and recognizing that many audits and special projects performed by the City Auditor span multiple fiscal years, it is reasonable to create the policy to require that an audit plan covering a three year period be submitted for review and approval by the Audit Committee and Mayor and Council.

WHEREAS, the City Auditor has developed and the Audit Committee has reviewed the attached policy and procedure which is incorporated herein and made a part hereof.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Norman that they do hereby adopt and direct the City Auditor to implement the attached Policies and Procedures for the Office of the City Auditor.

ADOPTED by the Council and **SIGNED** by the Mayor of The City of Norman the ___ day of May 2024.

Mayor

ATTEST:

City Clerk

APPROVED as to form and legality this ___ day of May.

City Attorney

**THE CITY OF NORMAN
OFFICE OF THE CITY AUDITOR
POLICIES AND PROCEDURES
CREATED AS OF MAY 15, 2024**

1. The City Auditor represents The City of Norman, as constituted by the duly elected Mayor and Council under the City Charter, and shall discharge his or her responsibilities accordingly. Answers to formal requests shall be addressed to the Mayor and Council jointly.

2. The City Auditor shall advise the Mayor and Council of any existing or potential personal or external impairments to his or her independence in all matters relating to the performance of his or her responsibilities as the City Auditor.

3. The City Auditor shall receive: a) copies of the financial statements and reports of The City of Norman and all its divisions and departments; b) copies of all audit reports and letters to management regarding internal controls; and c) consultants reports on matters affecting the operations of The City.

4. The City Auditor shall have full and complete access to any and all of The City's and its divisions' and departments' records, physical properties and personnel relevant to audit functions, as set out in the laws of the State of Oklahoma and the Charter and Ordinances of The City of Norman.

5. Potentially sensitive audit findings and disagreements with management shall be immediately addressed with the Audit Committee or the Council.

6. Management's responses to audit findings or recommendations of the City Auditor shall be submitted to the City Auditor in writing on a timely basis. Responses shall indicate what actions have been and/or will be taken in regard to specific findings and recommendations in the internal audit report, with additional comments as deemed appropriate by management.

7. The City Auditor shall determine whether appropriate action has been taken on reported audit findings and shall report the status to Mayor and Council.

8. The operations of the Office of the City Auditor shall be conducted in accordance with generally accepted government auditing standards and related internal auditing standards insofar as they be compatible with Oklahoma law and the Charter and Ordinances of The City of Norman.

9. Request for internal audit services from the Council, City Manager or Department Heads shall be written or confirmed in writing with the City Auditor. Requests shall define the scope and timing of services requested.

10. The City Auditor shall submit an audit plan once every three years covering a three year period for review and approval by the Audit Committee and Council. The audit plan may be amended as follows:

- a. If the City Auditor determines that there is serious concern regarding fraud, abuse, or illegality, or that the scope of an audit in progress should be expanded as the result of any findings, the City Auditor is authorized to amend the audit plan as appropriate. The City Auditor shall notify the Audit Committee and the Mayor and Council of the amendment.
- b. The audit plan may otherwise be amended following notification to and opportunity for comment by the Audit Committee and the Mayor and Council. Such amendments may be initiated by the Mayor and Council, Audit Committee, or the City Auditor.

11. Period progress reports reflecting the status of performance under approved audit plan shall be presented to the Audit Committee and provided to Mayor and Council.