

**CITY OF JONESBORO, ARKANSAS  
FINANCE DEPARTMENT**

***INTERNAL AUDIT STATEMENT OF PURPOSE, AUTHORITY & RESPONSIBILITY***

**POLICY STATEMENT**

It is the policy of the City of Jonesboro, Arkansas to establish and support an internal audit function as an independent appraisal function to examine and evaluate City activities as a service to the City's administration and City Council. Responsibility for the internal audit function is assigned to the City Finance Department under the supervision of the Finance Director. Internal audit reports administratively to the Mayor and functionally to the audit committee of the City Council.

**SCOPE**

Internal auditing activities performed by the City of Jonesboro shall focus on assuring the adequacy of accounting, financial, administrative, and operating controls and procedures; compliance with such controls and procedures; and the proper application of controls and procedures in support of overall management control. Internal auditing shall evaluate the City's policies and procedures to protect its assets, to comply with laws and regulations, to promote efficiency and economy of operations, and to ensure the preparation of fair and reliable reports to management, the City Council, government agencies and legislative bodies, and the general public.

**AUTHORITY**

The Finance Director is authorized to direct a program of internal auditing within the City of Jonesboro. In the discharge of its responsibilities, internal audit shall have full, free, and unrestricted access to all City activities, records, property, and personnel. After an audit is undertaken, only the finance Director may terminate it prior to its completion, and the reasons to terminate it shall be reviewed by the Mayor, when deemed appropriate by the Finance Director. Any action of any source or nature which occurs after an audit has commenced which is designed to impede the conduct of the audit will be reported by the Finance Director to the Mayor and/or audit committee as soon as practicable.

**PURPOSE**

Internal auditing examines and evaluates the adequacy and effectiveness of the systems of management control provided by the City to direct its activities toward the accomplishment of its objectives in accordance with City policies and plans and in accordance with applicable laws and regulations.

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**RESPONSIBILITY**

Internal audit shall be responsible for, at intervals to be established by the Finance Director, the following activities:

1. Review of City departments to determine whether they are efficiently and effectively conducting their operations in a manner that is consistent with City objectives and acceptable standards of administrative practice.
2. Determination of the adequacy and effectiveness of the City's systems of internal accounting and operating controls.
3. Review of the reliability and integrity of financial information and the means used to identify, measure, classify, and report such information.
4. Review established systems to ensure compliance with applicable policies, plans, procedures, laws, and regulations, and determine whether the City is in compliance.
5. Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
6. Appraise the economy and efficiency with which resources are employed, identify opportunities to improve operating performance, and recommend solutions to problems where appropriate.
7. Review operations and programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
8. Review compliance with applicable laws and guidelines for ethical business conduct by City officials and employees.
9. Report to the audit committee the results of completed audits and whether appropriate action has been taken on significant audit findings.
10. Conduct special examinations at the request of the mayor or audit committee.
11. Report to those members of management who should be informed or who should take corrective action, the results of audit examinations, the audit opinions formed, and the recommendations made.
12. Evaluate any plans or actions to correct reported conditions for satisfactory disposition of audit findings. If the corrective action is considered unsatisfactory, hold further discussions to achieve acceptable disposition or refer unresolved issues to the Audit Committee.
13. Provide adequate follow up to ensure that adequate corrective action is taken and that it is effective.

It is explicitly understood that Internal Auditing assumes no authority or responsibility for any and all activities which are reviewed.

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**CORRECTIVE ACTION**

City department heads are responsible for seeing that corrective action on reported weaknesses is either planned or taken within 30 days from receipt of a report disclosing those weaknesses, and are responsible for providing a written report of action planned or completed action to the Finance Director. If a plan for action is reported, a second report shall be made promptly upon completion of the plan. In instances where management indicates no action is to be taken on audit recommendations, or if management disagrees with audit recommendations, the audited entity shall state the reason(s) in writing to the Finance Director. If the Finance Director is not fully satisfied with the disposition of audit findings and recommendations, the matter will be reported to the Mayor and/or Finance Committee.

**AUDIT REPORTS**

The Finance Director shall provide copies or extracts of those copies of audit reports as are deemed necessary to properly inform the Mayor and Audit Committee. Auditees may, at the discretion of the Finance Director, be provided a preliminary (draft) report for discussion purposes prior to the preparation of the final report. Audit reports will be distributed in a controlled manner on the basis of "need to know", primarily to those levels of management which have functional responsibility for acting on the findings and recommendations reported. Copies of all reports will be provided to the Mayor and/or Finance Committee in such detail and form as deemed appropriate by the Finance Director.