

TO: Personnel Board

FROM: Tameaka Bryant, Human Resources

DATE: May 10, 2021

SUBJECT: Internal Audit Manager

The Finance Director, David Schmiedicke, requested the creation of a new civil service classification of “Internal Audit Manager” to create and implement the city’s internal audit function. This new classification would be responsible for implementing the auditing changes recommended by Baker Tilly, and developing a citywide internal audit program. After a thorough review of the new position description, the Baker Tilly’s City of Madison Risk Assessment Results & Internal Audit Plan, as well as several conversations with Finance Director Schmiedicke, and Craig Franklin, Treasury and Revenue Manager. I recommend the creation of a new classification of Internal Audit Manager, and a 1.0 FTE Internal Audit Manager position be created within the Finance Department operating budget.

In 2020, the City’s Finance Department collaborated with Baker Tilly for an assessment on the City needs to facilitate a successful internal audit program. Baker Tilly recommended the City’s need to have an internal audit program that is independent of the of the accounting services area. This decision was based on a comprehensive study interviewing a variety of leaders across the City. Baker Tilly found that the city has several high risk areas: Budget and Program Management, Cybersecurity, IT Application Development and Support, and Sewer Operations. They recommended the creation of an internal audit program that is outside of the Accounting Services Unit and reports directly to the Finance Director in a strategic manager capacity. The report also speaks of once the audit program has been created and implemented by the audit manager hiring up to two (2) employees to support this program. The study includes recommendations consistent with best practices in the field and city ordinances.

Previously the Internal Auditor position was filled at the Accountant and Account Technician level; however, these recruitments ultimately proved unsuccessful as the necessary fiscal audit functions fell beyond the skill set of the staff hired into this role. Based on the recommendations of the Baker Tilly study, the Finance Department needs a higher-level professional in order to build the leadership capacity to create and implement a successful internal audit program. The Internal Audit Manager will develop and review internal control systems to ensure City funds are appropriately used, manage the city’s internal audit program and lower level staff that will be hired once the program is implemented, review program and performance accomplishments of City agencies and determine if agencies carried out policies directed or approved by the Common Council.

The Internal Audit Manager classification specification describes the work as:

**...highly responsible managerial work** in developing and administering the City’s **comprehensive internal audit program including internal control systems, program and performance accomplishments** of city agencies and determine if agencies carried out policies directed or approved by the Common Council. Work is performed under the general supervision of

the City Finance Director, and is characterized by considerable independent judgment. [emphasis added]

The City's classification of Risk Manager most closely aligns with the work of the proposed position. An excerpt of the Risk Manager classification specification states:

...**highly responsible managerial work in developing and administering the City's comprehensive risk management program** including liability, casualty and property insurance, worker's compensation, and employee safety programs; in **identifying and recommending loss prevention and reduction methodologies and techniques**; and in **providing related technical expertise**. This position oversees and supervises the City's occupational health and safety program. Work is performed under the general supervision of the City Finance Director, and is characterized by considerable independent judgment. [emphasis added]

Both of these positions are very similarly aligned by managing the potential risks to the City. The Risk Manager evaluates the physical risks citywide; and the Internal Audit Manager is responsible for preventing financial risks. The Internal Audit Manager will prevent these risks by performing initial audits and then ongoing rotating audits on each agency and department, responding immediately to risks that arrive at each agency.

For the above reasons, I recommend creating a new classification of Internal Audit Manager in CG18, Range 15, and recreating the vacant position of Administrative Support Clerk as a new 1.0 FTE position of Internal Audit Manager in the Finance Department operating budget.

We have prepared the necessary Resolution to implement these recommendations.

Editor's Note:

Compensation Group/Range	2021 Annual Minimum (Step 1)	2021 Annual Maximum (Step 5)	2021 Annual Maximum +12% longevity
20/06	\$ 43,728.36	\$ 48,378.72	\$54,184.26
18/15	\$ 90,198.16	\$ 108,601.22	\$ 121,633.46

cc:

David Schmiedicke – Finance Director  
Harper Donahue, IV – Human Resources Director  
Greg Leifer-Employee and Labor Relations Manager  
Emaan Abdel-Halim-Human Resources Services Manager