

# Internal Audit Rules of Procedure



INTERNAL AUDIT OFFICE



# Rules of Procedure

## Internal Audit Rules of Procedure

### Purpose

The purpose of the internal audit function is to strengthen the City of Goodyear's ability to create, protect, and sustain the value chain by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the City of Goodyear's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

City of Goodyear's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditor's Global Internal Audit Standards (GIAS), and in accordance with the United States Government Accountability Office Government Auditing Standards (GAS) which are set in the public interest.
- The internal audit function is independently positioned with accountability to the Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Government Auditing Standards***

All Internal Audit activities will be conducted in accordance with the United States Government Accountability Office, 2024 Government Auditing Standards Revision (Yellow Book GAO-24-106786 [Yellow Book](#)).

### ***Commitment to Adhering to the Global Internal Audit Standards***

The City of Goodyear's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' Global Internal Audit Standards ([Red Book](#)) and Topical Requirements. The City Auditor will report annually to the Audit Committee and senior



# Rules of Procedure

management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Each audit engagement will identify the standard used to conduct the audit.

## Mandate

City of Goodyear Municipal Code § 3-1-10 City Auditor. (A) A City Auditor shall be appointed by the City Manager to provide independent and objective assurances on City programs and activities. Services provided are designed to add value, improve organizational operations, identify opportunities to minimize organizational risks, maximize efficiency and effectiveness, and strengthen public confidence and accountability.

## Authority

The City of Goodyear's Audit Committee grants the internal audit function the mandate to provide the Audit Committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee.

The Audit Committee authorizes the internal audit function to:

- City of Goodyear Municipal Code § 3-1-10 City Auditor. (F) Access. The City Auditor will have access, consistent with law, to all City records, property, information systems, and personnel necessary to accomplish the objectives related to approved annual audit plans.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the City of Goodyear and other specialized services from within or outside the City of Goodyear to complete internal audit services.

## Independence, Organizational Position, and Reporting Relationships

City of Goodyear Municipal Code § 3-1-10 City Auditor. (D) Independence of Internal Audit Program. The City Auditor will be appointed by and report to the City Manager. The independence of the internal audit program will be established through the periodic

# Rules of Procedure

reporting to the Audit Committee required under the responsibilities of the City Auditor. The City Auditor will not conduct work where there is, or the appearance of, a conflict of interest.

The City Auditor will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the City Manager. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the City Auditors' ability to maintain objectivity.

The City Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the City Auditor will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence.

City of Goodyear Municipal Code § 3-1-10 City Auditor. (G) Interference with City Auditor prohibited. A department, office, or program subject to an audit shall cooperate with the City Auditor or their designee and is prohibited from interfering with the audit process, from initiation to completion, including the findings, conclusions, and recommendations of the audit and any associated reports.

The City Auditor will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

## Changes to the Mandate and Rules of Procedure

Circumstances may justify a follow-up discussion between the City Auditor, Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit Rules of Procedure. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant change in the Government Auditing Standards.
- A significant reorganization within the City.
- Significant changes in the City Auditor's office, Audit Committee, and/or senior management.

# Rules of Procedure

- Significant changes to the City of Goodyear's strategies, objectives, risk profile, or the environment in which the City operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

## Audit Committee Oversight

To establish, maintain, and ensure that the City of Goodyear's internal audit function has sufficient authority to fulfill its duties, the Audit Committee will:

- Discuss with the City Auditor and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the City Auditor has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the City Auditor and senior management other topics that should be included in the internal audit Rules of Procedure.
- Approve the internal audit function's Rules of Procedure, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit Rules of Procedure annually with the City Auditor to consider changes affecting the City, such as the employment of a new City Auditor or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit Rules of Procedure annually.
- Approve the risk-based internal audit plan.
- Collaborate with senior management to determine the qualifications and competencies the City expects in a City Auditor, as described in the Global Internal Audit Standards (Principle 7, Standard 7.2 Chief Audit Executive Qualifications).
  - May provide guidance to the City Manager when requested for appointment and retention of the City Auditor and staffing of the internal audit function.
  - Compensation of the City Auditor and staff.
  - Feedback about the City Auditors' performance with the Audit Committee.
- Receive communications from the City Auditor about the internal audit function including its performance relative to its plan.

# Rules of Procedure

- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the City Auditor to determine whether scope or resource limitations are inappropriate.

## City Auditor Roles and Responsibilities

### Ethics and Professionalism

The City Auditor will ensure that internal auditors:

- Conform with the Government Audit Standards and the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competence, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the City and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

### Objectivity

The City Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the City Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

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

# Rules of Procedure

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

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the City Auditor, Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

## **Managing the Internal Audit Function**

The City Auditor has the responsibility to:

- At least annually, develop a flexible risk-based internal audit plan that considers the input of the Audit Committee and senior management. Discuss the plan with the Audit Committee and senior management and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the City of Goodyear's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with audit standards.

# Rules of Procedure

- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the audit standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact City of Goodyear and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the City of Goodyear's relevant policies and procedures unless such policies and procedures conflict with the internal audit Rules of Procedure or the audit standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the City Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary, escalated to the Audit Committee.

## **Communication with the Audit Committee and Senior Management**

The City Auditor will report quarterly to the Audit Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance are relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with the Government Auditing Standards and

# Rules of Procedure

The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond City of Goodyear's risk appetite.

## Quality Assurance and Improvement Program

The City Auditor will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Government Auditing Standards and Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the City Auditor will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments). External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the City of Goodyear; qualifications must include at least one assessor holding an active Certified Internal Auditor credential, and the City Auditor will communicate the results of the external assessment to the Audit Committee and senior management.

## Scope and Types of Internal Audit Services

City of Goodyear Municipal Code § 3-1-10 City Auditor. (B) Scope of the office of the City Auditor. The scope of the office of the City Auditor will be adequately comprehensive to assist City management and the Audit Committee with determining whether the City's network of risk management, control, and governance processes is adequate and functioning in a manner to ensure:

- (1) Risks are appropriately identified and managed.



# Rules of Procedure

- (2) Significant financial, managerial, and operating information is accurate, reliable, and timely.
- (3) Employees' actions comply with policies, standards, procedures, and applicable laws and regulations.
- (4) Resources are acquired economically, used efficiently, and adequately protected.
- (5) Programs, plans, and objectives are achieved.
- (6) Quality and continuous improvement are fostered in the City's control process.
- (7) Activities are conducted to acceptable professional standards.

The scope of internal audit services covers the entire breadth of the organization, including all City of Goodyear's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the City of Goodyear.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of City of Goodyear's strategic objectives are appropriately identified and managed.
- The actions of City of Goodyear's officers, directors, management, employees, and contractors or other relevant parties comply with City of Goodyear's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.



# Rules of Procedure

- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the City of Goodyear.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

**Approved by the Audit Committee at its meeting on January 26, 2026.**

## Acknowledgments/Signatures

\_\_\_\_\_  
City Auditor

\_\_\_\_\_  
Date

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
Audit Committee Chair

\_\_\_\_\_  
Date