

**City of Orem**  
**Internal Controls**  
**June 30, 2016**

**Control Environment**

The City of Orem has established an audit committee that provides oversight and reviews controls. The City also has internal auditors continually reviewing controls and processes. The City's Accounting Division Manager and Administrative Services Director have many years of experience with city finances and budgets. The staff and department directors are knowledgeable about controls and compliance requirements and have a clear knowledge of each of their responsibilities. The City follows an ethical code of conduct and is responsive to questioned costs, findings, and recommendations.

**Risk Assessment**

The Accounting Division Manager, Administrative Services Director, department directors, and City Manager have discussed control objectives. The Administrative Services Director and department directors have been given responsibility to identify and communicate changes. They ensure new employees are trained in their duties.

**Control Activities**

Operating policies and procedures are communicated to department directors and their staffs by the Administrative Services Director and/or Accounting Division staff. Management is aware of the prohibition against overriding established controls. Where possible, segregation of duties has been implemented for performance, review, and recordkeeping procedures. Monthly financial reports are given to City Council members and the City Manager. All department directors, division managers, and other approved city personnel have the ability to monitor their financial accounts at any time through the City's financial program. They monitor compliance regularly with their budgets as well as comparing current year activity to prior year activity and can report discrepancies to accounting staff at any time.

**Information and Communication**

Reports are prepared monthly for review by the City Council and City Manager. As department directors, managers, and supervisors monitor their financial accounts, communication is constantly occurring with accounting staff regarding budgets and other financial operations.

**Monitoring**

The City Manager and Administrative Services Director review budgetary and major revenue comparisons. Monthly, the City Council reviews the financial reports. Any questions are resolved and corrections made if necessary.