City of Springfield
Office of Internal Audit

ANNUAL REPORT FOR FISCAL YEAR 2024

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THE CITY OF SPRINGFIELD, MASSACHUSETTS

January 16, 2025

Honorable Members of the Audit Committee:

Enclosed is our 2024 Annual Report. This report highlights the Office of Internal Audit's activities and accomplishments for Fiscal Year 2024. We thank the Mayor, Audit Committee, City Council, and City management for the support given to this Office.

Respectfully submitted,

Yong Ju No, CPA, CFE

cc: Honorable Mayor Domenic J. Sarno
Honorable Members of the City Council
Cathy Buono, CAFO
Todd Jurczyk, CPA, Powers & Sullivan, LLC

Table of Contents

OVERVIEW

The Office of Internal Audit (OIA) promotes accountability and integrity in City government and strives to identify ways to improve efficiency of procedures and effectiveness of operations by providing the following services:

- **Audit and Assurance Services** in which reviews of departments, processes, systems, and compliance with City Ordinances, laws, regulations, and other requirements are completed,

- **Consulting and Advisory Services** which provide advice and information on internal controls, risk management, and sound business practices, and

- **Investigations** in response to allegations of fraud and abuse, conflicts of interest, nepotism, and other matters in violation of City ordinances, laws, regulations, or other guidance.

In Fiscal Year (FY) 2024, the OIA completed 9 Audit and Assurance engagements and 1 investigation.

As of June 30, 2024, the OIA had 3 Audit and Assurance engagements in process

See Fiscal Year 2024 Activities section of this report on page 2 for a summary of these projects. Also, to access the reports issued by the OIA, please visit: https://www.springfield-ma.gov/audit/auditors-reports

HIGHLIGHTS

Some of our highlights from this past year include:

New Fraud Hotline Administered by a Third Party. The Office of Internal Audit has engaged Syntrio Lighthouse Services to provide an anonymous fraud hotline for all employees of the City of Springfield. To promote this third-party administered hotline, the Office of Internal Audit launched a marketing campaign encouraging employees to anonymously report incidents of fraud, waste, and abuse affecting City resources. Employees were informed that any information they provide may form the basis of an internal investigation by the Office of Internal Audit, and their anonymity will be protected to the fullest extent possible by law.

Information Technology Cybersecurity Reviews. We worked with outside consultants to conduct a Cybersecurity review at the City. This assessment was built on the results of the FY2020 cybersecurity review by examining additional areas of potential vulnerability. We plan on continuing this work related to information technology in Fiscal Year 2024 by reviewing the Springfield Public School's cybersecurity protocols.

Reduced Professional Fees as Follows:

We worked with the City's external auditors and City departments in reducing professional services fees by allocating $25,000 (eligible portion) of the City's annual external audit fees to grants.

FISCAL YEAR 2024 ACTIVITIES

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FISCAL YEAR 2024 ACTIVITIES

Title/Department	Objective(s)	Status	Results/Comments
Audit and Assurance			
Information Technology Cybersecurity Review at City of Springfield	Reassess the City's vulnerability to cybersecurity and information theft. This assessment will build on the results of the FY2020 cybersecurity review by examining additional areas of potential vulnerability.	Complete	The OIA outsourced the review to Wolf & Company, IT Consultants. Wolf & Company issued their report in November 2023 and presented their report to the Audit Committee on March 28, 2024.
Review of the Cash Handling Practices at CYR Arena	Determine if cash collected for skating fees and skate rentals are properly accounted for and safeguarded.	Complete	The OIA presented the report to the Audit Committee on March 28, 2024.
Building and Code Enforcement Audit	Determine if the internal control systems for permitting, inspection, and data management processes are adequately designed and operating effectively.	Complete	The OIA presented the report to the Audit Committee on May 8, 2024.
City Overtime Audit	Assess controls over the overtime process, including compliance with Federal regulations and equal opportunity for eligible employees.	Complete	The OIA expects to present the report to the Audit Committee in December 2024.
Follow Up Review – Big Y Gifts Card Program at Springfield Public Schools	Review, monitor, and test the implementation status of prior audit recommendations.	Complete	The OIA presented the report to the Audit Committee on October 22, 2024.
Follow Up Review – Springfield Police Department Compensatory Overtime	Review, monitor, and test the implementation status of prior audit recommendations.	Complete	The OIA expects present the report to the Audit Committee in January 2025.
Follow Up Review – Springfield Police Department Educational Incentive Program Payment	Review, monitor, and test the implementation status of prior audit recommendations.	Complete	The OIA expects present the report to the Audit Committee in January 2025.

Title/Department	Objective(s)	Status	Results/Comments
Audit and Assurance (continued)			
Student Activity Funds Agreed Upon Procedures	Comply with Massachusetts General Laws. The Office of Internal Audit (OIA) performs the agreed upon procedures (AUP) for two years and the external auditors performs the AUP for the third year. The external auditors perform the AUP for FY2023, which represents the third year of the cycle.	Complete	Powers & Sullivan, LLC issued their report on May 16, 2024.
Annual External Financial Audit for Year Ended June 30, 2023	The City's Ordinance requires the Office of Internal Audit to contract with an independent certified public accounting firm to conduct the annual external audit of City's financial statements. The firm also conducts the federally required Single Audit.	Complete	The external auditors presented the results of their FY 2023 audit to the Audit Committee on July 22, 2024.
Review of the Transportation Services Contract at Springfield Public Schools	Assess the School department's effectiveness in monitoring school bus service contract.	In Process	The OIA presented the report to the Audit Committee on October 22, 2024.
Audit of the City's Worker Compensation Program	Assess the administration of the program and practices applicable to risk mitigation across City departments, cost control, and oversight over the third party administrator.	In Process	The OIA expects present the report to the Audit Committee in January 2025.
City's Investment Quarterly Review	Determine whether the City's investments comply with City Ordinance 42-35 and Massachusetts General Laws.	In Process	Pending the receipt of information from the City Collector/Treasurer for FY2024.

FISCAL YEAR 2024 ACTIVITIES (continued)

Title/Department	Objective(s)	Status	Results/Comments
Investigations			
Investigation of the Alleged Contract Violations for Managing the City's Golf Courses	Quantify the alleged contract violations by Kennedy Golf Management Inc.	Complete	In December 2023, the Federal jury acquitted Kevin Kennedy Jr. of the majority counts of fraud and money laundering.
Maintain the City's Fraud Hotline	Investigate reports of fraud, waste or abuse.	On-going	Fourteen (14) allegations have been submitted, all of which have been closed with no further action warranted.