



*Presentation to the Finance Committee
February 5, 2018*

AUDIT GOALS FOR FISCAL YEAR 2019

**STATUS REPORT ON THE FISCAL YEAR 2018 AUDIT PLAN
(JULY 1, 2017 to DECEMBER 31, 2017)**

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Table of Contents

<u>Section</u>	<u>Page</u>
Fiscal Year 2019 Audit Goals	1
Status Report on the Fiscal Year 2018 Audit Plan	3

AUDIT GOALS FOR FISCAL YEAR 2019

	Goals	Initiatives
1.	Facilitate the implementation of the audit recommendations we provide within 1 year of being reported.	<ul style="list-style-type: none"> • Distribute the Corrective Action Form to audit clients which requires them to identify an owner for implementing the recommendation, and a target date for implementing the recommendation or an alternative solution. • Adhere to the follow up process which requires our office to perform testing to verify that corrective actions have been implemented and are effective.
2.	Complete 80% of the annual audit plan each fiscal year, depending on the occurrence of unforeseen events that may cause fewer resources to be available for projects scheduled in the annual audit plan.	<ul style="list-style-type: none"> • Effectively deploy resources in order to assign staff to projects in accordance with their strengths and skill levels. • Monitor annual audit plan.
3.	Reassess and update the annual risk based audit plan to prioritize audit work used to assess the adequacy and effectiveness of the City's system of internal controls.	<ul style="list-style-type: none"> • Update the citywide risk assessment model. • Prepare a feasible audit plan for submission to the Mayor and Finance Committee.
4.	Provide independent, confidential and reliable investigations of fraud, waste or abuse that reported via the City's Fraud Hotline.	<ul style="list-style-type: none"> • Maintain the City's Fraud Hotline. • Provide investigation results, including recommendations for necessary actions to be taken for all allegations of fraud, waste, or abuse that are found to be substantiated.
5.	Allocate 50% of audit effort to audits and audit-related projects, 20% to maintaining the Fraud Hotline, 30% to administration, training, development, and other.	<ul style="list-style-type: none"> • Use time management worksheets to track employee productivity weekly in Auto Audit, project management software. • Monitor time management worksheets and project budgets in Auto Audit.

AUDIT GOALS FOR FISCAL YEAR 2019 (continued)

	<u>Goals</u>	<u>Initiatives</u>
6.	Coordinate audits with the City's external auditors.	<ul style="list-style-type: none">• Internal Audit to audit certain student activity funds for the School Department.• Coordinate and monitor the completion of the City's Comprehensive Annual Financial Report.
7.	Use technology based audit tools.	<ul style="list-style-type: none">• Use Auto Audit, project management software, on all engagements.• Use data mining and flowcharting software on all audits.
8.	Obtain 40 hours of continuing professional education for professional development annually.	<ul style="list-style-type: none">• Allocate the necessary financial support out of the annual budget so that each audit staff has the ability to attend conferences, seminars, webinars, and online training programs.

**STATUS REPORT ON THE FY18 AUDIT PLAN
(JULY 1, 2017 to DECEMBER 31, 2017)**

Title	Objective(s)	Status	Service	Results/Comments
Carry-over Assignments from Previous Fiscal Years				
Follow Up Reviews – Springfield Police Department’s Seized Cash, Department of Elder Affairs, and the Fun and Fitness program at the Park Department.	Review, monitor, and test the implementation status of prior audit recommendations.	Complete	Audit and Assurance	The report was presented to the Finance Committee on February 5, 2018.
Citywide Purchasing and Accounts Payable Procedures Performance Audit	Determine whether appropriate controls exists within the purchasing/disbursement process to ensure correct, appropriate, and timely payments are made for goods/services received.	In-Process	Audit and Assurance	We are updating our testing to include changes to the City’s Procurement policy in 2017.
Investigation of the Alleged Contract Violations for Managing the City’s Golf Courses	Quantify the alleged contract violations by Kennedy Golf Management, Inc.	In Process	Investigation	We do not currently have a timetable for the completion of our investigation.
On-going Assignments				
City’s Investment Quarterly Review	Determine whether the City’s investments comply with City Ordinance 42-35 and Massachusetts General Laws.	On-going	Audit and Assurance	There were no reportable findings.
Maintain the City’s Fraud Hotline	Investigate reports of fraud, waste or abuse.	On-going	Investigation	Four (4) allegations have been submitted all of which have been closed with no further action warranted.

**STATUS REPORT ON THE FY18 AUDIT PLAN (continued)
(JULY 1, 2017 to DECEMBER 31, 2017)**

Title	Objective(s)	Status	Service	Results/Comments
On-going Assignments (continued)				
Annual External Financial Audit for Year Ended June 30, 2017	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	Audit and Assurance	Powers & Sullivan, LLC, the City's external auditors, issued their report on December 17, 2017 and will present the results of their audit to the Finance Committee in the Spring of 2018.
The School Department's Student Activity Funds Agreed Upon Procedures	Comply with Massachusetts General Law. 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. Since FY2018 represents the third year, the AUP will be outsourced to the external auditors. The OIA will work with the external auditors to transition the AUP to them.	Not Started	Audit and Assurance	Powers & Sullivan's agreed upon procedures will commence in February 2018.
New Assignments				
City Golf Courses	Verify the accuracy of cash records and identify any weaknesses surrounding the safekeeping of cash.	In Process	Audit and Assurance	The audit report will be issued in conjunction with the Golf Investigation report.

**STATUS REPORT ON THE FY17 AUDIT PLAN (continued)
(JULY 1, 2017 to DECEMBER 31, 2017)**

Title	Objective(s)	Status	Service	Results/Comments
New Assignments (continued)				
Citywide Unannounced Cash Counts	Verify accuracy of cash records and identify any weaknesses surrounding the safekeeping of cash.	In-process	Audit and Assurance	Unannounced cash counts will be performed through June 30, 2018. Significant deficiencies will be disclosed.
Health and Human Services	Determine whether the controls over operations, including cash receipts, disbursements, payroll, grant compliance, and safeguarding assets are effective.	Not Started	Audit and Assurance	Audit expected to commence in March 2018.
Payroll Audit	Determine whether the controls over payroll are effective and that there is reasonable assurance that payroll is correct.	Not Started	Audit and Assurance	Audit expected to commence in March 2018.
Springfield Police Department (SPD) Follow Up Information Technology Review	Determine whether the FY 2015 recommendations from consultant have been implemented.	Not Started	Audit and Assurance	The OIA will engage Wolf & Company, the City's Information Technology consultants, to perform the review in May 2018.
Springfield Schools Department (SPS) Follow Up Information Technology Review	Determine whether the FY 2016 recommendations from consultant have been implemented.	Not Started	Audit and Assurance	The OIA will engage Wolf & Company, the City's Information Technology consultants, to perform the review in May 2018.
TJ O'Connor Animal Control and Adoption Center	Determine whether the controls over operations, including cash receipts, disbursements, payroll, monitoring contract compliance, and safeguarding assets and narcotics are effective.	Not Started	Audit and Assurance	The OIA proposes that this audit be postponed to FY19 due to resources devoted to the Golf investigation.