



*Presentation to the Audit Committee
February 24, 2021*

AUDIT GOALS FOR FISCAL YEAR 2022

**STATUS REPORT ON THE FISCAL YEAR 2021 AUDIT PLAN
(JULY 1, 2020 to DECEMBER 31, 2020)**

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Table of Contents

<u>Section</u>	<u>Page</u>
Fiscal Year 2022 Audit Goals	1
Status Report on the Fiscal Year 2021 Audit Plan	3

AUDIT GOALS FOR FISCAL YEAR 2022

	<u>Goals</u>	<u>Initiatives</u>
1.	Facilitate the implementation of the audit recommendations we provide within 1 year of being reported.	<ul style="list-style-type: none"> • Distribute a Corrective Action Form to audit clients which requires them to identify an owner for implementing the recommendation, and either 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 unanticipated projects or 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 determine 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 Audit Committee.
4.	Provide independent, confidential and reliable investigations of fraud, waste or abuse that are 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 available audit hours to audits and audit-related projects, 20% to maintaining the Fraud Hotline, and 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 2022 (continued)

	<u>Goals</u>	<u>Initiatives</u>
6.	Coordinate audits with the City's external auditors.	<ul style="list-style-type: none">• 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 FY21 AUDIT PLAN
(JULY 1, 2020 to DECEMBER 31, 2020)**

Title	Objective(s)	Status	Service	Results/Comments
Carry-over Assignments from Previous Fiscal Years				
Review of the Edward W. Walker, William B. Walker, Barney, Moses, James Garvey, and James Garvey Trusts (City Trusts)	Determine if internal controls are in place and operating as intended to ensure trust expenditures are proper and in accordance with the donor’s bequests.	Complete		The report was presented to the Audit Committee on December 29, 2020.
Compensatory Time Off, also known as “Bankable Overtime,” Review at the Springfield Police Department	Review compensatory time off practices at the Springfield Police Department and assess compliance with union contracts, City policies, and federal/state guidelines. Identify opportunities for improved controls and cost savings associated with current practices.	Complete	The CAFO requested this review due to recent higher than anticipated retirement payouts.	This review was a special request made by the Chief Administrative and Financial Officer. We expect to present the report in the Winter of FY2021.
The Police Career Incentive Pay Program, also known as the Quinn Bill, Review at the Springfield Police Department	Review the program’s practices at the Springfield Police Department and assess compliance with union contracts, City policies, and state guidelines. Identify opportunities for improved controls and cost savings associated with current practices.	In Process	Audit and Assurance	This review was a special request made by the Chief Administrative and Financial Officer. We expect to complete the review and present the report in the Winter of FY2021.
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.

STATUS REPORT ON THE FY21 AUDIT PLAN (continued)
(JULY 1, 2020 to DECEMBER 31, 2020)

Title	Objective(s)	Status	Service	Results/Comments
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	<p>Eighteen (18) allegations have been submitted, sixteen (16) of which have been closed with no further action warranted.</p> <p>A complaint was made against the City Clerk. It was alleged that a money order was supposed to be returned by the City Clerk to the complainant but was instead deposited. We investigated and noted that a clerical oversight was made by the City Clerk who subsequently issued a refund to the complainant.</p> <p>An allegation of ethics violations was made against the Director of DPW. It was alleged that a City sign was given to a private citizen and City resources were used in doing so. We investigated and found no evidence of ethics violations. See report attached.</p>

**STATUS REPORT ON THE FY21 AUDIT PLAN (continued)
(JULY 1, 2020 to DECEMBER 31, 2020)**

Title	Objective(s)	Status	Service	Results/Comments
On-going Assignments (Continued)				
Annual External Financial Audit for Year Ended June 30, 2020	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 in December 2020 and will present the results of their audit in the Spring of FY2021.
The School Department's 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 perform the AUP for the third year. Since FY 2021 represents the third year of the cycle, Powers & Sullivan, LLC, the City's external auditors, will perform the AUP.	Not Started	Audit and Assurance	The AUP is expected to commence in the Winter of FY2021.
New Assignments				
Follow Up Reviews – Citywide Procurement Audit and Human Resources Benefits Review – Life Insurance	Review, monitor, and test the implementation status of prior audit recommendations.	Complete	Audit and Assurance	The report was presented to the Audit Committee on December 29, 2020.

**STATUS REPORT ON THE FY21 AUDIT PLAN (continued)
(JULY 1, 2020 to DECEMBER 31, 2020)**

Title	Objective(s)	Status	Service	Results/Comments
New Assignments (continued)				
Review of the Department of Public Work's Bulk Trash Sticker Program at Big Y	Determine if Big Y has adequate controls to ensure the accuracy and the completeness of the sales of the Department of Public Work's bulk trash stickers and bulk trash sticker inventory records, and the safeguarding of the Department of Public Work's bulk trash stickers.	Complete	Audit and Assurance	The report was presented to the Audit Committee on December 29, 2020.
City Benefits Review – Flexible Spending Account	To calculate the estimated account balance held by WageWorks, the City's third party administrator.	In Process	Audit and Assurance	This review was a special request made by the Chief Administrative and Financial Officer. We expect to complete the review and present the report in the Winter of FY2021.
City Benefits Audit – Health Insurance	Determine whether appropriate controls exist for the administration of City employee benefits – Health insurance.	In Process	Audit and Assurance	We expect to complete the audit and present the report in the Spring of FY2021.
Gift Card Review at Springfield Public Schools	Evaluate the appropriateness of gift cards at the School department, and the adequacy of the administration and oversight with regards to their use.	In Process	Audit and Assurance	We expect to complete the review and present the report in the Spring of FY2021.

**STATUS REPORT ON THE FY21 AUDIT PLAN (continued)
(JULY 1, 2020 to DECEMBER 31, 2020)**

Title	Objective(s)	Status	Service	Results/Comments
New Assignments (continued)				
Payroll Audit	Determine whether the controls over payroll at the City and Springfield School department are effective and that there is reasonable assurance that payroll is correct.	Not Started	Audit and Assurance	The audit is scheduled to commence in the Spring of FY2021.
Inventory Management Review at the Department of Public Works and Parks Department	Determine if the Department of Public Works and Parks department have adequate controls to ensure accuracy and completeness of inventory records, accountability for inventory transactions, and safeguarding of inventory.	Not Started	Audit and Assurance	Work is co-sourced with the City's external auditors and is expected to commence in the Winter of FY2021
Cybersecurity Review at Springfield Public Schools	Reassess the School department's vulnerability to cybersecurity and information theft. This assessment will build on the results of the 2016 and 2018 information technology reviews by examining additional areas of potential vulnerability.	Not Started	Audit and Assurance	The review is outsourced to the City's IT consultants and is expected to commence in the Spring of FY2021.