



*Presentation to the Audit Committee
January 29, 2015*

Audit Goals - Fiscal Years 2015 and 2016

Fiscal Year 2015 Update (October 1, 2014 to December 31, 2014)

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AUDIT GOALS FOR FISCAL YEAR 2015

	Goals	Initiatives
1.	Develop an annual audit plan based upon risk assessment.	<ul style="list-style-type: none"> • Develop a citywide risk assessment model. • Prepare a feasible audit plan for submission to the Mayor and Audit Committee.
2.	Standardize procedures in Internal Audit.	<ul style="list-style-type: none"> • Develop an internal audit manual with standardize forms and checklists.
3.	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.
4.	Coordinate audits with the City's external auditors.	<ul style="list-style-type: none"> • Internal Audit to audit certain school activity funds for the School Department. • Coordinate and monitor the completion of the City's Comprehensive Annual Financial Report.
5.	Allocate 40% of audit effort to audits and audit-related projects, 20% to maintaining the Fraud Hotline, 40% to administration, training, development, and other.	<ul style="list-style-type: none"> • Effectively deploy resources so that they are used in a way that optimizes the achievement of this goal. Resources may include employees, external service providers, and technology based audit techniques.
6.	Use technology based audit tools.	<ul style="list-style-type: none"> • Utilize data mining and flowcharting software on all audits.
7.	Obtain 40 hours of CPE 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.
8.	Recruit staff to fill existing vacancy.	<ul style="list-style-type: none"> • Hire an employee with the required skills to meet the needs of the department.

AUDIT GOALS FOR FISCAL YEAR 2016

	Goals	Initiatives
1.	Facilitate the implementation of the audit recommendations we provide within 1 years of being reported.	<ul style="list-style-type: none"> • Establish a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.
2.	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 Audit Committee.
3.	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.
4.	Increase productivity of Internal Audit by 25% by allocating 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"> • Monitor annual audit plan and budgets. • Implement standardized forms specific to time management and engagement time planning.
5.	Coordinate audits with the City's external auditors.	<ul style="list-style-type: none"> • Internal Audit to audit certain school activity funds for the School Department. • Coordinate and monitor the completion of the City's Comprehensive Annual Financial Report.
6.	Use technology based audit tools.	<ul style="list-style-type: none"> • Utilize data mining and flowcharting software on all audits.
7.	Obtain 40 hours of CPE 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.

FISCAL YEAR 2015 UPDATE (OCTOBER 1, 2014 TO DECEMBER 31, 2014)

Title	Objective(s)	Status	Results/Comments
<u>ACTIVITIES DURING THE QUARTER</u>			
Audit and Advisory Assignments			
City's Investment Quarterly Review	Comply with City Ordinance 42-35. Determine whether the City's investments are compliance with Massachusetts General Laws.	On-going	No reportable findings from our review of FY15 first quarter investment report from the City Treasurer.
City Auditor Advisory Roles	Provide guidance and advice to management.	On-going	<p>Reviewed and provided comments to the School Department's Draft Student Activity Funds Policy.</p> <p>Reviewed postage meter machine use policy and provided recommendations.</p> <p>Reviewed cash handling procedures for the Administrative Services of the Police Department and provided recommendations.</p> <p>Reviewing the Police Department's seized assets and forfeitures procedures.</p>
Other Monitoring and Administrative Assignments			
Maintain the City's Fraud Hotline	Investigate reports of fraud, waste or abuse.	On-going	Twelve allegations have been submitted all of which have been closed with no further action warranted.
Internal Audit Manual	Standardize procedures, forms and checklists.	In Process	The audit manual will consist of types of services offered, audit process, workpaper procedures, and protocol for issuing reports.

FISCAL YEAR 2015 UPDATE (OCTOBER 1, 2014 TO DECEMBER 31, 2014) - Continued

Title	Objective(s)	Status	Results/Comments
Other Monitoring and Administrative Assignments (continued)			
Fiscal Years 2015 and 2016 Annual Goals	Comply with City Ordinance 67-12.	Completed	
<u>ACTIVITIES ON THE HORIZON</u>			
Audit and Advisory Assignments			
City's Accounts Payable Review	Evaluate procurement and disbursement procedures.	Not Started	
City's Accounts Receivable Review	Evaluate billing and collection procedures.	Not Started	
The School Department's Student Activity Funds Agreed Upon Procedures	Comply with Massachusetts General Law.	Not Started	The School Committee must approve the Student Activity Funds Policy prior to the start of the assignment.
Other Monitoring and Administrative Assignments			
Fiscal Year 2016 Audit Plan	Comply with City Ordinance 67-12.	Not Started	