



*Presentation to the Audit Committee
January 30, 2019*

AUDIT GOALS FOR FISCAL YEAR 2020

**STATUS REPORT ON THE FISCAL YEAR 2019 AUDIT PLAN
(JULY 1, 2018 to DECEMBER 31, 2018)**

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AUDIT GOALS FOR FISCAL YEAR 2020

	<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 2020 (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 FY19 AUDIT PLAN
(JULY 1, 2018 to DECEMBER 31, 2018)**

Title	Objective(s)	Status	Service	Results/Comments
Carry-over Assignments from Previous Fiscal Years				
Citywide Purchasing and Accounts Payable Procedures Performance Audit	Determine whether appropriate controls exist within the purchasing/disbursement process to ensure correct, appropriate, and timely payments are made for goods/services received.	Complete	Audit and Assurance	The OIA presented its report to the Finance Committee on October 15, 2018.
City Cash Handling Follow Up Review and Unannounced Cash Counts	Determine whether the recommendations from the Cash Handling Performance Audit in FY 2016 have been implemented. Verify accuracy of cash records and identify any weaknesses surrounding the safekeeping of cash.	Complete	Audit and Assurance	The OIA expects to present its report in February 2019.
Springfield Police Department Information Technology Follow Up Review	Determine whether the FY 2015 recommendations from consultant have been implemented.	Complete	Audit and Assurance	The IT consultant's report will be presented to the Audit Committee on January 30, 2019.
Springfield School Department Information Technology Follow Up Review	Determine whether the FY 2016 recommendations from consultant have been implemented.	Complete	Audit and Assurance	The OIA expects the IT consultant's report to be presented to the School Committee in February 2019.
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 FY19 AUDIT PLAN (continued)
(JULY 1, 2018 to DECEMBER 31, 2018)**

Title	Objective(s)	Status	Service	Results/Comments
Carry-over Assignments from Previous Fiscal Years (continued)				
City Golf Courses	Verify the accuracy of cash records and identify any weaknesses surrounding the safekeeping of cash.	In Process	Audit and Assurance	The OIA expects to issue its report in conjunction with the Golf Investigation report.
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	Seven allegations have been submitted of which six have been closed with no further action warranted. One allegation is currently being investigated by the OIA.
Annual External Financial Audit for Year Ended June 30, 2018	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 2018 and will present the results of their audit to the Mayor and Audit Committee in the Spring of 2019.
Request for Proposal (RFP) for External Auditing Services	Undertake a competitive bidding process for external financial statement auditing services.	In Process	Audit and Assurance	Responses have been received. An evaluation committee, consisting of the CAFO, Comptroller, and Director of Internal Audit, will review the bids and decide by January 2019 which firm to engage based on the qualification criteria as defined in the RFP.

**STATUS REPORT ON THE FY19 AUDIT PLAN (continued)
(JULY 1, 2018 to DECEMBER 31, 2018)**

Title	Objective(s)	Status	Service	Results/Comments
New Assignments (continued)				
Unannounced Cash Counts	Verify the accuracy of cash records and identify any weaknesses surrounding the safekeeping of cash.	In Process	Audit and Assurance	The OIA expects to continue fieldwork activities through June 2019.
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.	In process	Audit and Assurance	The CAFO requested this review due to recent higher than anticipated retirement payouts. The OIA expects to commence fieldwork activities in January 2019.
Procurement Card Audit at the School Department	Evaluate the appropriateness of procurement card purchases and the adequacy of administration and oversight with regards to its use.	Not Started	Audit and Assurance	The OIA expects to commence fieldwork activities in March 2019.
City Benefits Audit – Health Insurance	Determine whether appropriate controls exist for the administration of City employee benefits – Health insurance.	Not Started	Audit and Assurance	The CAFO requested the audit due to the retirement of the Benefits Director in FY 2018. The OIA expects to commence fieldwork activities in May 2019.

**STATUS REPORT ON THE FY19 AUDIT PLAN (continued)
(JULY 1, 2018 to DECEMBER 31, 2018)**

Title	Objective(s)	Status	Service	Results/Comments
New Assignments (continued)				
Information Technology Follow Up Review	Reassess the City’s vulnerability to cybersecurity and information theft. This assessment will build on the results of the 2014 and 2016 information technology reviews by examining additional areas of potential vulnerability.	Not Started	Audit and Assurance	The OIA will outsource the review to Wolf & Company, who is expected to commence fieldwork activities in May 2019.
TJ O’Connor Animal Control and Adoption Center	Determine whether the controls over operations, including cash receipts, disbursements, payroll, monitoring contract compliance, and safeguarding of assets and narcotics are effective.	Postponed to FY 2020	Audit and Assurance	The OIA has scheduled this audit to commence in FY 2020.
Payroll Audit	Determine whether appropriate controls exist for the administration of the City’s payroll process.	Postponed to FY 2020	Audit and Assurance	The OIA has scheduled this audit to commence in FY 2020.
Follow Up Reviews – Citywide Procurement Audit and Human Resources Life Insurance Review.	Review, monitor, and test the implementation status of prior audit recommendations.	Postponed to FY 2020	Audit and Assurance	The OIA has scheduled this audit to commence in FY 2020.