



*Presentation to the Audit Committee  
February 11, 2020*

---

**AUDIT GOALS FOR FISCAL YEAR 2021**

**STATUS REPORT ON THE FISCAL YEAR 2020 AUDIT PLAN  
(JULY 1, 2019 to DECEMBER 31, 2019)**

*Yong Ju No, CPA  
Director of Internal Audit*

## Table of Contents

<u>Section</u>	<u>Page</u>
Fiscal Year 2021 Audit Goals	1
Status Report on the Fiscal Year 2020 Audit Plan	3

## AUDIT GOALS FOR FISCAL YEAR 2021

	<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"> <li>• 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.</li> <li>• Adhere to the follow up process which requires our office to perform testing to verify that corrective actions have been implemented and are effective.</li> </ul>
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"> <li>• Effectively deploy resources in order to assign staff to projects in accordance with their strengths and skill levels.</li> <li>• Monitor annual audit plan.</li> </ul>
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"> <li>• Update the citywide risk assessment model.</li> <li>• Prepare a feasible audit plan for submission to the Mayor and Audit Committee.</li> </ul>
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"> <li>• Maintain the City's Fraud Hotline.</li> <li>• 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.</li> </ul>
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"> <li>• Use time management worksheets to track employee productivity weekly in Auto Audit, project management software.</li> <li>• Monitor time management worksheets and project budgets in Auto Audit.</li> </ul>

**AUDIT GOALS FOR FISCAL YEAR 2021 (continued)**

	<u><b>Goals</b></u>	<u><b>Initiatives</b></u>
6.	Coordinate audits with the City's external auditors.	<ul style="list-style-type: none"><li>• Internal Audit to audit certain student activity funds for the School Department.</li><li>• Coordinate and monitor the completion of the City's Comprehensive Annual Financial Report.</li></ul>
7.	Use technology based audit tools.	<ul style="list-style-type: none"><li>• Use Auto Audit project management software on all engagements.</li><li>• Use data mining and flowcharting software on all audits.</li></ul>
8.	Obtain 40 hours of continuing professional education for professional development annually.	<ul style="list-style-type: none"><li>• 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.</li></ul>

**STATUS REPORT ON THE FY20 AUDIT PLAN  
(JULY 1, 2019 to DECEMBER 31, 2019)**

Title	Objective(s)	Status	Service	Results/Comments
<b>Carry-over Assignments from Previous Fiscal Years</b>				
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.	Complete	Audit and Assurance	The report was presented to the School Department's Finance Committee on January 16, 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.	In Process	The CAFO requested this review due to recent higher than anticipated retirement payouts.	We expect to issue the report in February 2020.
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 FY20 AUDIT PLAN (continued)  
(JULY 1, 2019 to DECEMBER 31, 2019)**

Title	Objective(s)	Status	Service	Results/Comments
<b>On-going Assignments</b>				
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	Twelve (12) allegations have been submitted all of which have been closed with no further action warranted.
Annual External Financial Audit for Year Ended June 30, 2019	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 2019 and will present the results of their audit to the Mayor and Audit Committee in the Spring of 2020.
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 2019 represents the first year of the cycle, the OIA will perform the AUP.	In Process	Audit and Assurance	

**STATUS REPORT ON THE FY20 AUDIT PLAN (continued)  
(JULY 1, 2019 to DECEMBER 31, 2019)**

Title	Objective(s)	Status	Service	Results/Comments
<b>On-going Assignments (continued)</b>				
Audit of the Edward W. Walker, William B. Walker, and Barney Trusts	Comply with Massachusetts General Laws, which require the audit of public trusts annually.	In Process	Audit and Assurance	
Audit of the Walker, Moses, James Garvey, and James Corcoran Trusts	Comply with Massachusetts General Laws, which require the audit of public trusts annually.	In Process	Audit and Assurance	
<b>New Assignments</b>				
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.	Complete	Audit and Assurance	The OIA outsourced the review to Wolf & Company, IT Consultants. Their report was presented to the Audit Committee on February 11, 2020.
Inventory Management Audit at Facilities Department and Springfield Public Schools	Determine if the School and Facilities departments have adequate controls to ensure accuracy and completeness of inventory records, accountability for inventory transactions, and safeguarding of inventory.	In Process	Audit and Assurance	Work is co-sourced with the City's external auditors.

**STATUS REPORT ON THE FY20 AUDIT PLAN (continued)  
(JULY 1, 2019 to DECEMBER 31, 2019)**

Title	Objective(s)	Status	Service	Results/Comments
<b>New Assignments (continued)</b>				
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	
City Benefits Audit – Health Insurance	Determine whether appropriate controls exist for the administration of City employee benefits – Health insurance.	Not Started	Audit and Assurance	
TJ O’Connor Animal Control and Adoption Center Performance Audit	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	
Audit 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.	Not Started	Audit and Assurance	



**STATUS REPORT ON THE FY20 AUDIT PLAN (continued)**  
**(JULY 1, 2019 to DECEMBER 31, 2019)**

Title	Objective(s)	Status	Service	Results/Comments
<b>New Assignments (continued)</b>				
Follow Up Reviews – Citywide Procurement Audit and Human Resources Benefits Review – Life Insurance	Review, monitor, and test the implementation status of prior audit recommendations.	Not Started	Audit and Assurance	