



*Presentation to the Audit Committee  
February 9, 2016*

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**AUDIT GOALS FOR FISCAL YEAR 2017**

**STATUS REPORT ON THE FISCAL YEAR 2016 AUDIT PLAN**

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### AUDIT GOALS FOR FISCAL YEAR 2017

	Goals	Initiatives
1.	Facilitate the implementation of the audit recommendations we provide within 1 year of being reported.	<ul style="list-style-type: none"> <li>• 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.</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 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 assess 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 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 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"> <li>• Utilize time management worksheets to track employee productivity weekly.</li> <li>• Monitor time management worksheets and project budgets.</li> </ul>

**AUDIT GOALS FOR FISCAL YEAR 2017 (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 school 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>• Utilize data mining and flowcharting software on all audits.</li></ul>
8.	Obtain 40 hours of CPE 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 FY16 AUDIT PLAN AS OF DECEMBER 31, 2015**

<b>Title</b>	<b>Objective(s)</b>	<b>Status</b>	<b>Service</b>	<b>Results/Comments</b>
<b>Carry-over Assignments from FY15</b>				
Operational Audit of Elder Affairs	Evaluate policies and procedures related to cash handling, disbursements, and grant administration.	Complete	Audit and Assurance	See attached report.
Springfield Police Department	Review policies and procedures related to cash seizures from narcotics arrests.	In-Process	Consultation and Advisory	Report will be issued and discussed with the Audit Committee on February 16, 2016 .
Springfield Police Department	Review policies and procedures related to investigative funds (“buy money.”)	Not started	Consultation and Advisory	Review scheduled to start in February 2016.
<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	No reportable findings.
Annual External Financial Audit for Year Ended June 30, 2015	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	Complete. External auditors report issued December 10, 2015.
Maintain the City’s Fraud Hotline	Investigate reports of fraud, waste or abuse.	On-going	Investigation	Nine allegations have been submitted all of which have been closed with no further action warranted.

**STATUS REPORT ON THE FY16 AUDIT PLAN AS OF DECEMBER 31, 2015 (continued)**

Title	Objective(s)	Status	Service	Results/Comments
<b>New Assignments</b>				
The School Department's Student Activity Funds Agreed Upon Procedures	Comply with Massachusetts General Law.	In-Process	Audit and Assurance	Report expected to be issued February 2016.
Information Technology Review at Springfield Public Schools	Evaluate the IT Policies and Procedures at Springfield Public Schools and assess their external network for vulnerabilities. Review will be performed by a consultant.	In-Process	Audit and Assurance	Report expected to be issued February 2016.
Citywide Cash Handling Procedures Performance Audit	Determine whether controls over cash collection, accounting, and deposit of funds are appropriate.	In-Process	Audit and Assurance	
Citywide Unannounced Cash Counts	Verify accuracy of cash records and identify any weaknesses surrounding the safekeeping of cash.	In-Process	Audit and Assurance	
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.	Not Started	Audit and Assurance	
City's Information Technology Follow Up Review	Determine if the FY2014 recommendations from consultant have been implemented.	Not Started	Audit and Assurance	Review scheduled to start in April 2016.