



The Honorable Mayor Shaunna O'Connell

City of Taunton Internal Audit Program Review

Presented by the Finance Department
Office of the Mayor
5-16-23

Update City Officials and Residents

- ▶ Objectives
 - ▶ Provide Internal Audit Facts
 - ▶ Define Parameters of Audits
 - ▶ Define Audit Objectives
 - ▶ Transparent Public Presentation on Findings

Mass General Law

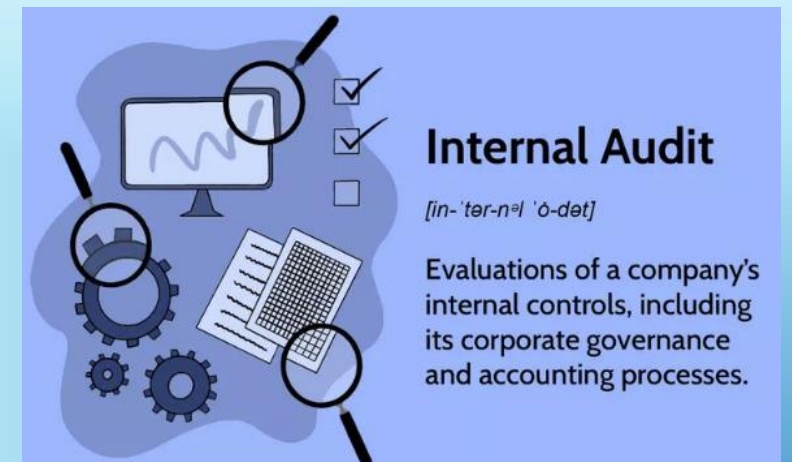
CH. 41 §50

▶ **Section 50: Powers and duties of Auditors**

- ▶ The auditors of a City shall examine the books and accounts of all its officers and committees entrusted with the receipt, custody or expenditure of money, and all original bills and vouchers on which money has been or may be paid from its treasury.
- ▶ They shall have free access to such books, accounts, bills and vouchers as often as once a month for the purpose of examination, and shall examine the same at least once in each year, and annually report in writing the result of their examinations.
- ▶ They shall, at least once in each year, verify the cash balance of each of such officers and committees by actual count of the cash and by reconciliation of bank balances,
- ▶ They shall insert in their annual report their certificate under oath of the facts so found.

Internal Audit Facts

- ▶ What is an internal audit?
 - ▶ Internal Audit is a tool used to evaluate internal controls, compliance, and financial process and reporting
- ▶ What is the purpose of conducting internal audits?
 - ▶ Identify efficiencies
 - ▶ Evaluate risk
 - ▶ Identify flaws and teachable opportunities
 - ▶ Bring forward value added processes
- ▶ How frequently will there be internal audits?
 - ▶ City will conduct quarterly internal audits
 - ▶ Randomly selected
 - ▶ Provide report to Council and residents each quarter
 - ▶ Program to begin FY 2024



Internal Audit Objectives

- ▶ Internal audit enhances the efficiency of operations
- ▶ Motivates employees to adhere to City policy and M.G.L.
- ▶ Allows management to explore specific areas of its operations
- ▶ In line with Best Practices
- ▶ Provides public transparency
- ▶ Drives accountability amongst Department Managers
- ▶ Educates employees with teachable moments

Internal Audit Parameters

- ▶ Payroll
 - ▶ Does Department have a payroll processing policy?
 - ▶ Process for tracking compensated absences
 - ▶ Test three payrolls in last quarter for compensated absence validity
- ▶ Procurement
 - ▶ Does Department have a quote/bid book or storage?
 - ▶ Test three purchases made in current fiscal year
 - ▶ Knowledge of procurement laws
- ▶ Accounts Payables
 - ▶ Procedure for processing invoices
 - ▶ Procedure for outstanding invoices
 - ▶ Test three invoices waiting to be processed for reasons for not being processed

Internal Audit Parameters Cont.

- ▶ Cash Handling
 - ▶ Reconciliation process
 - ▶ View cash interaction with customer
 - ▶ Cash on hand count (variance of +/- \$2.00)
- ▶ Inventory
 - ▶ Does Department track inventory? (Items over \$5,000.00)
 - ▶ Test three purchases made in last three months
 - ▶ Knowledge of inventory disposal rules
- ▶ Compliance with Policies
 - ▶ Does Department have a policy book?
 - ▶ Employee reimbursements
 - ▶ Knowledge of record retention rules

Public Presentation

- ▶ Finance Department presents findings of Audit
 - ▶ Quarterly
- ▶ Audit will be reviewed and signed off by the Department Manager
 - ▶ If policy or procedure correction is needed, plan will be enacted
- ▶ Council will be made aware of findings in advance of presentation
 - ▶ Similar to other Finance Department reports

Comments and Considerations

- ▶ Finance Department always looking to improve and assist Departments
- ▶ Evaluation of Operations
- ▶ Looked favorably upon by DOR and rating agencies



Thank You Mayor O'Connell and Municipal Councilors