



**FINANCE DEPARTMENT**  
INTERNAL AUDIT WORK PLAN  
FISCAL YEARS  
2019 – 2021

## INTRODUCTION

The Finance Department (the Department) Plan that follows is the proposed guideline for use of Internal Audit resources for the Calendar Years 2020 & 2021. The timeline is designed to coincide with the terms of the BET members elected every two years. The plan includes reviews and audits of the Town's various operational activities, compliance efforts, and internal controls over financial activity and reporting. To provide the Committee with a practical assessment for achieving goals, the Department has categorized its objectives by audit area.

As with any long-term plan, its achievement is subject to changing conditions. Internal Audit Plan changes usually result due to special requests from Department Management, the Comptroller's Office, or the Audit Committee. It is the responsibility of the Department to estimate the impact of additional work on the plan. All proposed changes are to be brought to the attention of the Comptroller and the Audit Committee for discussion as soon as possible.

## PROPOSED INTERNAL AUDIT PROJECTS AND REVIEWS.

The audits and descriptions that follow are not presented in any order of priority.

1. **Department of Public Works - Financial Internal Controls and Operations Review of Activities at the Holly Hill Waste Disposal Facility-** Budgeted revenue at the facility for Fiscal 2020-2021 is \$3,126,585 NOTE: Includes newly implemented Tipping Fee Ordinance. Test period to cover two years plus the time period covering the implementation of the tipping fee ordinance.

**FINANCIAL CONTROLS:** Employees collect and process a significant number of cash receipts. The Town implemented a newly enacted Tipping Fee Ordinance.

- Identify revenue streams at the Transfer Station for 2018-2019 & 2019-2020
- Map the current process flows for any revenue/fee collections for Transfer Station services
- Review current automated systems used to support the Transfer Station
- Confirm regulations and procedures used to validate residency with Transfer Station use
- Confirm protocols for managing and validating licensed haulers
- Test monthly financial transactions for various services and revenue types
- Review and assess the implementation of tipping fees revenues as of July 1, 2020 through October 2020
- Review the process and controls of the Point of Sale system and use of credit cards relative to the new tipping fee collection process
- Review the process and controls of the collection process
- Review the automated system (Evalon) that processes financial transactions

**AUDIT COMPLETED AND ACCEPTED BY THE AUDIT COMMITTEE**

2. **Parks and Recreation Department: Financial Review of Activities at the Dorothy Hamill Skating Rink** –Policies and procedures for cash handling and receipting will be performed to determine if cash and checks received during the business day are receipted properly, deposited intact daily, and that cash and check receipts are properly safeguarded throughout the day.

#### **AUDIT COMPLETED AND ACCEPTED BY THE BET AUDIT COMMITTEE**

3. **Parks & Recreation: Marinas** – Financial review over the three marinas and boat yard.
  - Identify revenue streams at the marinas
  - Map the current process flows for any revenue/fee collections for marina services
  - Review current automated systems used to support the marinas
  - Confirm regulations and procedures used to validate residency and/or boat ownership at the marinas
  - Test monthly financial transactions for various services and revenue types

#### **AUDIT COMPLETED AND ACCEPTED BY THE AUDIT COMMITTEE**

4. **Greenwich Public Schools: Follow up review and audit of the School Activity Funds** – Performed a review of the GPS Student Activity Funds to include a review of the money collection processes, activity fund accounts, collection and spending protocols, account reconciliations, and policies and procedures controls in place. Last Audit performed in 2012.

#### **AUDIT COMPLETED AND ACCEPTED BY THE BET AUDIT COMMITTEE.**

5. **Greenwich Public Schools Lunch Program:** Perform a review of the GPS School Lunch Program to include the following:
  - Review the documented processes and controls of the School Lunch program
  - Review the controls around reconciling selected School Lunch registers (15). This is for the High School, one Middle School and two Elementary Schools
  - Confirm how differences in monies collected are tracked and monitored
  - Confirm how and who can void register transactions
  - Confirm cash collection procedures regarding internal controls
  - Assess who has the ability to make changes to financial information contained in the School Lunch Point of Sale system
  - Test monthly School Lunch collection and correction reports
  - Review inventory control procedures and how inventory controls have been implemented

#### **AUDIT COMPLETED AND ACCEPTED BY THE AUDIT COMMITTEE**

6. **Fleet Department: Financial Analysis of Use of Outsourced Labor, Motor Fuel Dispensing and Inventory Control over Automotive and other Vehicle Replacement Parts** - A cost benefit analysis of the use of outsourced labor at the Fleet Department, a review of motor fuel dispensing and a reconciliation of vehicle replacement parts will be performed. Review inventory control procedures and how inventory controls have been implemented. Proposed scope of services:
- Review the documented processes and controls of using outsourced labor within the Fleet Department.
  - Review the documented processes and inventory controls associated with vehicle replacement parts.
  - Review internal controls and supporting documentation for gas pump usage and monitoring.
  - Review current automated systems used to support the inventory of vehicle replacement parts.
  - Test and validate the protocols for using outsourced labor.
  - Test monthly inventory controls for various replacement parts along with ongoing inventory reconciliations.
  - Test monthly gas pump usage and reconciliations.
  - Document findings and operational/control gaps observed.
  - Provide management with a report of our findings and recommendations.
  - Meet with management to review the results of the report.

**AUDIT COMPLETED AND ACCEPTED BY THE AUDIT COMMITTEE**

7. **Greenwich Department of Human Services:** Follow-up to the April 2018 review of Internal Controls over Cash and Client Assistance Handling. The April 2018 audit was predicated on the theft of cash and subsequent arrest of an employee in the department. Proposed scope of services:
- Review the documented processes and controls within the Department of Human Services related to Client Assistance and distribution of funds.
  - Confirm how monies for the Client Assistance program are distributed, monitored and tracked.
  - Review the Controls around reconciling the Client Assistance program.
  - Confirm the technologies used to process Client Assistance transactions
  - Test monthly Client Assistance transactions.
  - Provide management with a report of our findings and recommendations.
  - Meet with management to review the results of the report.

**AUDIT COMPLETED AND ACCEPTED BY THE AUDIT COMMITTEE**

8. **Griffith E. Harris Golf Course:** Review of Cash Handling Internal Controls for the golf course. The Golf Course is a municipal run operation reported as a Special Revenue/Revolving Fund. Approximate revenues and expenses are \$1.7 million. Last audit performed in 2014. Proposed scope of services:
- Review the documented processes and controls of the Golf Course revenues.
  - Identify revenue streams of the various Golf Course fees for the facility.
  - Review current automated systems used to support the Golf Course.
  - Confirm regulations and procedures used to validate residency for the use of the Golf Course.
  - Test monthly financial transactions for various services and revenue types.
  - Document findings and operational/control gaps observed.
  - Provide management with a report of our findings and recommendations.
  - Meet with management to review the results of the report.

#### **AUDIT ONGOING – COMPLETION PLANNED FOR NOVEMBER**

9. **Police Special Duty** – In recent years the Town has started paying the Greenwich Police Department personnel for a variety of side-jobs through the payroll system. Whereas the billing and payment of the side jobs was done previously off-line. Proposed scope of services:
- Review and confirm the police union contracts/agreements from 2019 through 2021 and document the provision/rules associated with the use of regular, compensatory, overtime and vacation time.
  - Obtain institutional knowledge of past practices related to time tracking, accrual processing and how special duty jobs are assigned and tracked.
  - Review the processes and controls of time entry, payroll process, vacation/extra vacation time tracking and accruals and private duty job processing.
  - Confirm how invoices of the Special Duty jobs are generated.
  - Confirm how monies for the Special Duty jobs are billed and collected.
  - Confirm how differences in invoices and monies collected and billed are tracked and monitored.
  - Confirm the technologies used to process Special Duty jobs.
  - Test invoices generated, and monies received transactions.
  - Test the accruals processed and tracked.
  - Provide management with a report of our findings and recommendations.
  - Meet with management to review the results of the report.

## **AUDIT PLANNED FOR NOVEMBER TO DECEMBER TIME PERIOD**

10. **Department of Public Works Building Inspection Division and Assessor's Officer:** The Review should concentrate on the building permitting cash handling process, proper valuation of the work performed, adequate follow-up to outstanding permits and a review of the valuations for each property assessed to the property cards in the Assessor's Office. Follow-up to the last audit performed in 2011. Building permit revenues are over approximately \$4 million to \$5 million, depending on the economy. Proposed scope of services:
- Review internal controls and supporting documentation for the building permit process.
  - Confirm and test how permits are processed, tracked, and reconciled with the Building Inspection Division.
  - Assess the permit collection and reconciliation process for cash drawers and bank deposits.
  - Identify and test the controls to process, reconcile and secure Inspection and Permit Department deposits.
  - Confirm user access within the Permit System including password security parameters.
  - Identify security and controls associated with the ability to change permit amounts.
  - Test monthly Building Permit transactions including:
    - Cash receipt testing to verify collection type (cash/check) to the deposit slip and amounts turned over to the finance department.
    - Recalculation of permit fees charged for certain permit types based on permit applications.
  - Confirm how deposits, adjustments and other related financial information is properly accounted for in both the Permit and Municipal computer systems.
  - Test the Certificate of Occupancies issued and forwarded to the Assessor's Office for compliance and timing.
  - Provide management with a report of our findings and recommendations.
  - Meet with management to review the results of the report.

## **AUDIT PLANNED FOR JANUARY 2022 START**

11. **Office of the Tax Collector: Financial Review of Tax Collection and Sewer Assessment Processing Controls and Selected Transactions** - Processing controls will be evaluated for general tax receipts. Transactions will be tested for proper recording. The timing of receipt and deposit of tax collections will be tested to insure compliance with Town policies including testing lock box procedures and records for timeliness and accuracy. Office procedures for receiving cash at Town Hall will be documented and analyzed. Credit card collections will also be tested, and the process documented and analyzed. In conjunction with the Assessor's Office, testing of the timeliness in adding new

assessments to the billing file will be performed. Receipts will be traced to the ledger to document proper inclusion.

### **AUDIT PUT ON HOLD**

12. **Greenwich Public Schools Purchasing Department – Compliance Review of Selected BOE Contracts** – A review of a limited number of large BOE capital projects for compliance with Purchasing Policies and Procedures and the examination of change orders to be performed.
13. **Retirement Administration: Financial and Compliance Review of Final Retirement Calculations** - An on- going responsibility of the Department is to verify the accuracy and completion of selected “final” calculations performed by the Pension Department for new retirees. This review includes both a computational check as well as a trace to supporting documents to verify more significant components of the calculations. Calculations to be verified will include length of service, highest 12 months compensation, bargaining unit affiliation, and actuarial benefit calculations per the supporting documentation.
14. **Human Resources Department: Operational and Financial Review of Payroll Activities** – Several tests of selected records will be performed. Other tests will be conducted as deemed necessary. OPERATIONAL: A test will be performed to determine the timeliness of removal of employees from the file upon termination. FINANCIAL: A test will be conducted to determine if there are unusual transactions such as; high accumulated weekly hours, unusually high hourly rates, etc. The Town’s Payroll Department’s responsibility and practices for monitoring transactions will be documented.
15. **Employee Benefits: Financial Review of Controls Over Health Insurance Administration-** The MUNIS records of employees eligible for health coverage will be reviewed for accuracy. Files will be tested for the timeliness of removal of ineligible employees and their covered family members. An attempt will be made to reconcile eligible members to their health care providers. Vendor invoices will be examined for accuracy.

### **AUDIT PLANNED FOR DECEMBER 2021 START**

16. **Greenwich Library and Perrot Memorial Library:** Reviews of Cash Receipt Handling Internal Controls for each operation. The reviews to center on the collection of library fines and photocopying receipts. The Greenwich Library collects about \$125,000 in annual receipts and the Perrot Memorial Library collects about \$15,000. Last audit of the Greenwich Library performed in 2014.
17. **GASB Statement No. 87, Leases:** this Statement improves the accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of

certain lease assets and liabilities for leases that previously were classified as operating leases. Compliance is mandatory starting with the fiscal year July 1, 2021 to June 30, 2022. The Finance Department is seeking the outside assistance of an accounting firm that can aid with the recognition of the applicable leases to be measured (on a present value basis) and disclosed in the Town's financial statements.

## **INTERNAL AUDITS COMPLETED**

### **2021-2022**

- **Human Services Department Report**
  - **Fleet Department Report**

### **2020-2021**

- **Greenwich Public Schools Cafeteria (School Lunch Program) Report**
- **Parks and Recreation Financial Review of Activities at the Dorothy Hamill Skating Rink Report**
  - **Holly Hill Transfer Station Report**
- **Greenwich Public Schools Follow up Review and Audit of the School's Student Activity Funds Report**
  - **Parks and Recreation Marinas Audit Report**

### **2019-2020**

**No Internal Auditor**

### **2018-2019**

- **Town Clerk Follow-Up Audit to the March 15, 2019 Report**
  - **Parking Services Follow-Up to the June 2017 Report**

### **2017-2018**

- **DPW Septic Haulers Audit Report**
- **Internal Controls over Cash Handling in the Tax Collector's Office**
  - **Town Clerk Cash Handling Audit Report**
- **Human Services Review of Internal Controls over Cash Handling**

- **RSM Forensic Investigation of TOG Parking Services Department (not performed by the Internal Auditor)**

**2016-2017**

**Parking Services Audit Report**

**2015-2016**

**No Internal Auditor**

**2014-2015**

**Annual Management Review of Motor Vehicle Records of Town Employees  
Commission on Aging's Cash Handling, Internal Controls and Accountability  
Review**

**Health Dept. Cash Handling Internal Controls and Accountability Review**

**2013-2014**

**Greenwich Library's Internal Controls for Cash Receipts  
Land Use Zoning Enforcement Department's Internal Controls for Cash Receipt  
Annual Management Review of Motor Vehicle Records of Town Employees  
Senior Center's Internal Control for Cash Receipts  
Parks and Recreation Cash Handling Practices at 1) Town Hall, 2) Eastern  
Greenwich Civic Center and 3) the Ferry Dock  
Parking Services Revenue and Internal Controls Report  
BOE Enrollment Verification Audit  
Harbor Management Internal Audit Review**

**2012-2013**

**BOE Food Service Audit  
Internal Audit of the Greenwich Fire Marshal's Office  
Internal Audit of the BOE Student Activity Funds**

**2011-2012**

**BOE & Town Selected Contracts Compliance Audit  
Audit of all Town and BOE Petty Cash and Cash Working Funds Report  
Review of Building Inspection Division and Assessor's Officer Report**