

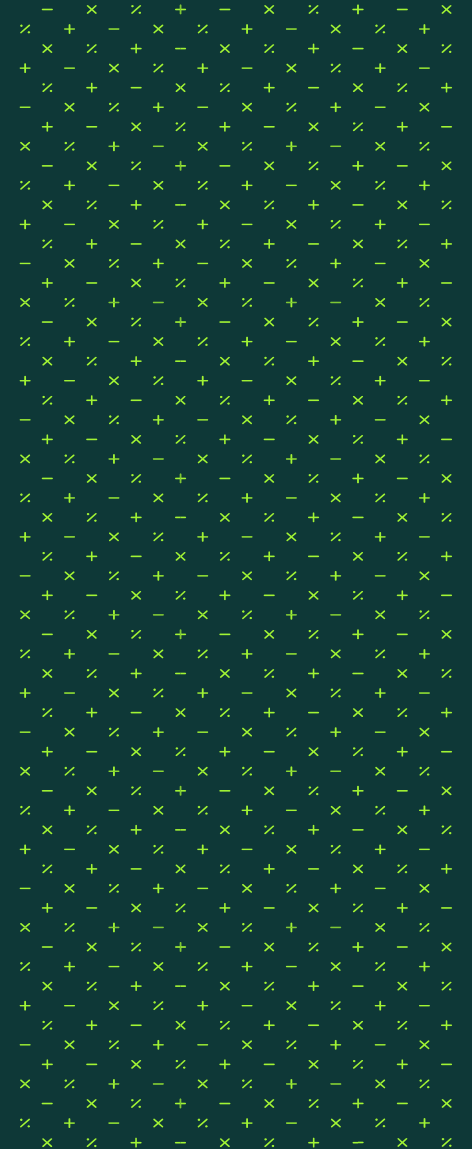


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City of Salem Internal Controls Review Presentation

Finance Committee Meeting

August 21, 2023



Scope and Purpose

This internal controls review was designed to identify key controls across various City functions and to compare to best practices and increase the efficiency and effectiveness of the City's operations in the following areas:

Accounts Receivable	IT General Controls
Cash Management	Overall Control Environment
Financial Reporting, Close, & Reconciliations	Payroll & Timekeeping
Fixed Assets & Asset Management	Purchasing & Accounts Payable
Inventory	Revenue & Billing



Methodology

- Identified control objectives in specific areas and controls that would satisfy each control objective
- Reviewed policies and procedures (P&Ps)
- Examined relevant documentation in support of select key controls
- Performed control walkthroughs to observe the design of key controls and understand workflow processes
- Obtained an understanding of the characteristics of each relevant control activity (who performs it, how often it is designed to operate, whether it is designed to mitigate fraud, whether it is a manual or automated control, and whether it is a preventive, detective, or corrective control)
- Provided recommendations on key controls that need to be implemented or changed



Themes

- Controls across most sections were generally designed well and properly implemented
- There were opportunities to better document the processes and controls in place via policy and procedure documents.
- There were opportunities to increase the collaboration and efficiencies of the City's various financial systems.
- Employees across departments were willing to make changes to better protect City assets and better document current processes.



Management Responses

- Overall, Management concurred with the identified control issues and have either set attainable goals or have already made changes to address control issues
- Management will work on developing comprehensive Administrative Policies and Procedures (APP) for the identified areas.
- Management noted that the City is already engaged in numerous technology projects to replace, enhance, and/or consolidate the various financial systems used across the City.

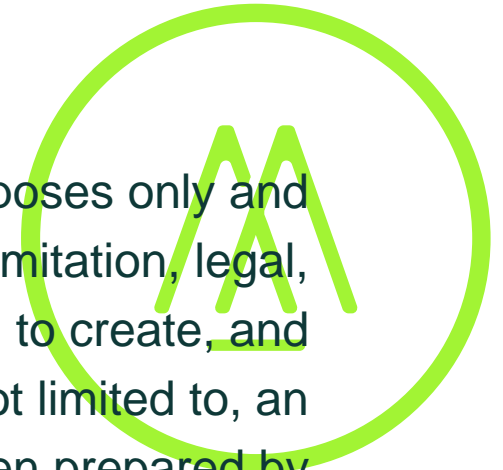




Questions/Discussion

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