



News Release

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MANAGEMENT AUDIT RESULTS PRESENTED

(KILLEEN, TEXAS): Results of the City’s management audit were presented publicly at tonight’s City Council workshop.

Auditors McConnell & Jones, LLP concluded that there was no actual \$8 million shortfall in the Fiscal Year 2016 Budget. They also found no instances of fraud or abuse in their examination of seven focus areas of City finances spanning up to 15 years.

“The Council and the public should be relieved by the outcome of this audit, particularly the finding of no malfeasance,” said City Manager Ron Olson. “A thorough examination of the past has now concluded, so we must now return our focus to the future of our community.”

City Council engaged the services of McConnell & Jones, LLP in March to examine the City’s past financial administration and internal controls. Seven focus areas were identified, each with a defined timeframe: capital outlays from Fiscal Year 2006 through 2016, use of bond money from Fiscal Year 2002 through 2017, inter-fund transfers from Fiscal Year 2010 through 2016, pay increases from Fiscal Year 2014 through 2017, city/owner agreements from Fiscal Year 2002 through 2016, private roadway ownership from Fiscal Year 2002 through 2016 and spending during the post-recall period November 2011 through May 2012. Auditors also provided financial condition analysis for the period of Fiscal Year 2007 through 2016.

To complete their work, auditors met with City Council to refine the scope of the audit. They used that information to create audit plans for each of the focus areas. They conducted interviews, observed processes, obtained data and analyzed and tested transactions. Findings and recommendations were then itemized for each area.

City staff does take issue with some of the facts presented in the audit observations. Each of these discrepancies is detailed in the management letter submitted by Olson and included in the final report.

McConnell & Jones, LLP stressed that they found no wrongdoing but did note an overall need for more thorough long-term planning in financial decision-making. They also recommended the implementation of a number of policies to strengthen internal controls and lessen financial risk.

The report states, “We noted that overall, City staff demonstrated a desire to perform their tasks in accordance with their assigned responsibilities and established policies.”

The audit report included recommendations for better utilizing current technology and adding new capabilities that will increase accuracy and efficiency. It also presented best practices that could improve financial processes.

“Upon joining the City of Killeen, I began a systematic evaluation of internal policies and procedures,” said Olson. “I plan to incorporate many of the auditors’ recommendations to strengthen our organization with a foundation of strong internal controls.”

Olson announced plans for incorporating audit recommendations in upcoming financial policy discussions and in creating a city-wide business plan.

The entire management audit report, presentation and meeting video are available online at killeentexas.gov/auditor.

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