

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

Summary of Follow-Up Audits as of September 30, 2019

Report #19/20-01

November 7, 2019



City Auditor's Office

Memorandum No: 19/20-04

Date: November 7, 2019

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA
City Auditor

Re: Summary of Follow-Up Audits as of September 30, 2019

Since fiscal year 2015-16, the City's Auditor Office (CAO) has implemented a continuous auditing approach for following up on prior audit findings. Under this audit method, the CAO will be able to work with the departments as they update and implement their agreed upon recommendations. In coordination with the Budget Office (BO), who maintains an Audit Compliance Tracking System (ACTS), it has been agreed that the City departments will inform the CAO when they have updated the ACTS with their supporting documentation to close a finding or observation.

The CAO will review any of the supporting documentation attached in the system. If the corrective actions taken by the department comply with the agreed upon recommendations stated in the findings or if an alternative method has been used and agreed upon, CAO staff will consider the finding(s) to be closed. Upon the City Auditor's final review, CAO staff will then communicate the closure of the finding(s) to the BO. The BO coordinator will close the item within the ACTS and will continue to follow up with departments to provide supporting documentation and to inform the CAO of updates to the ACTS.

In the process of clearing findings, CAO staff visited individual departments, interviewed management personnel and performed tests, on a more frequent basis, to evaluate the adequacy of management's implementation of the audit recommendations. In this process, we have closed or resolved 215 audit findings. The attached schedule (**Exhibit A**) recaps 36 that are open as of September 30, 2019.

As we complete new audits, the new audit findings and observations will be added into the ACTS. The Departments are responsible to update the current status of the findings in the ACTS. Furthermore, the Departments are to provide proper notice to CAO staff that corrective actions have been undertaken to address certain audit findings.

We would like to thank the departments that have taken a proactive approach to implement the agreed upon corrective actions. Additionally, we will continue to work with the departments to resolve prior findings accumulated over several years and to ensure compliance with the City's policies and procedures.

cc: Chris Lagerbloom, City Manager
Alain E. Boileau, City Attorney
Jeff Modarelli, City Clerk



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

**(Single Audit, Programmatic Audit,
and City Commission Audit)**

As of September 30, 2019





CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The quarterly Open Audit Findings Status Report is compiled by the Budget/CIP and Grants Division within the City Manager’s Office based upon updates provided by departmental staff. This report provides the status of open audit findings from external auditors and the City Commission Auditor’s Office each quarter.

There are currently 36 open audit findings, including observations. As departments implement the corrective action plans and upload supporting documentation into the Audit Compliance Tracking System (ACTS), they are required to notify the Commission Auditor that they believe a finding has been resolved. The Auditor’s Office will continuously review these responses throughout the year and will notify the System Administrator in the Budget/CIP and Grants Division to close findings that have been cleared.

This quarter 24 new findings were added as a result of the Office of the City Auditor’s Procurement Card (P-Card) Operational Audit. In addition, one (1) audit finding was closed in the Parks and Recreation Department. The last status update related to the closed finding can be found in the “Finding Closed This Quarter” section of this report.

Department staff are required to review and update the status of each of their open findings on a quarterly basis. Following the update, a report is compiled and distributed to the City Manager and the Community Building Leadership Team. This report is presented to the Audit Advisory Board on a quarterly basis.

The department breakdown is in the table below.

Number of Open Findings

DEPARTMENT	September 2015	September 2016	September 2017	September 2018	December 2018	March 2019	June 2019	September 2019
City Manager’s Office	0	2	4	3 *	3 *	3 *	2 *	2 *
Community Redevelopment Agency	0	5	2	1	1	1	1	1
Finance	1	2	2	0	0	0	2 **	26 **
Fire-Rescue	0	0	0	0	0	0	0	0
Human Resources	8	7	7	7	5	5	4	4
Information Technology Services	3	1	0	0	0	0	0	0
Parks and Recreation	1	15	9	6	6	5	2	1
Public Works	4	0	0	0	0	0	0	0
Sustainable Development Department	8	6	4	2	2	2	2	2
Transportation and Mobility	0	0	0	0	0	0	0	0
TOTAL	25	38	28	19	17	16	13	36

* The two (2) open findings within the City Manager’s Office come from a programmatic audit of the Consolidated Annual Performance and Evaluation Report submitted to the US Department of Housing and Urban Development (HUD).

**Two (2) open findings within the Finance Department come from the Independent Auditor’s Report of the financial statements in the FY 2018 Comprehensive Annual Financial Report.

All other open findings/observations come from reports issued by the Office of the City Auditor.

STATUS OF OPEN AUDIT FINDINGS
as of September 30, 2019
TABLE OF CONTENTS

AUDIT FINDING TITLE		STAFF REPORTED STATUS	PAGE
CLOSED AUDIT FINDINGS			
PARKS AND RECREATION AUDIT FINDINGS			
	Operational Audit of the Cemetery System - Finding 9	Implemented	2
PROGRAMMATIC FINDINGS			
CITY MANAGER'S OFFICE AUDIT FINDINGS			
412	FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports	Implemented	4
413	FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities	Implemented	5
EXTERNAL FINDINGS			
FINANCE DEPARTMENT AUDIT FINDINGS			
417	Finding 2018-001 - Fort Lauderdale Community Redevelopment Agency	Implemented	7
418	Finding 2018-002 - City of Fort Lauderdale General Employees' Retirement System	Implemented	8
CITY AUDITOR'S OFFICE FINDINGS			
COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS			
335	Operational Audit of the City of Fort Lauderdale CRA - Observation 3	Partially Implemented	11
FINANCE DEPARTMENT AUDIT FINDINGS			
419	P-Card Audit Observation #1: Administrative Roles	Implemented	14
420	Finding #1: P-Card Cancellation Post-Employment	Implemented	15
421	Finding #2: Inadequate Record Keeping of P-Cards	Implemented	16
422	Finding #3: Reinstating Suspended P-Cards	Implemented	17
423	Finding #4: P-Cards Records Retention	Implemented	18
424	Finding #5: P-Card Supervisory Review	Implemented	19
425	Finding #6: Secondary Supervisory Review of P-Cards	Implemented	20
426	Finding #7: P-Card Procedure on Alcoholic Beverage Purchases	Implemented	21
427	Finding #8: P-Card Transaction Splitting	Implemented	22
428	Finding #9: P-Card Transactions for Competitive Bids and Purchase Orders	Implemented	23
429	Finding #12: Duplicate P-Card Detection	Implemented	24
430	Finding #13: P-Card Inventory Control	Implemented	25

STATUS OF OPEN AUDIT FINDINGS
as of September 30, 2019
TABLE OF CONTENTS

AUDIT FINDING TITLE		STAFF REPORTED STATUS	PAGE
CITY AUDITOR'S OFFICE FINDINGS <i>continued</i>			
431	Finding #14: P-Card Spending Issues with Public Works and Parks and Rec	Not Implemented	26
432	Observation #2: Assigning Proper Supervisors for P-Card Approvals	Implemented	27
433	Observation #3: Authorization of P-Card Program Administrators	Implemented	28
434	Observation #4: Supervisory Signature Approval for P-Card Purchases	Implemented	29
435	Finding #10: P-Card Fixed Asset Inventory Procedure	Not Implemented	30
436	Finding #11: Accuracy of P-Card Rebates	Partially Implemented	31
437	Finding #15: P-Card Access Rights	Not Implemented	32
438	Finding #16: P-Card CPS Vendor Review	Implemented	33
439	Finding #17: P-Card PSM Update	Implemented	34
440	Finding #18: P-Card Overspending on Contracts	Implemented	35
441	Observation #5: Departmental P-Card PSM Review	Implemented	36
442	Observation #6: P-Card Expense Coding Errors	Implemented	37
HUMAN RESOURCES AUDIT FINDINGS			
95	Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	39
100	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Partially Implemented	40
115	Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3	Partially Implemented	41
237	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	42

**STATUS OF OPEN AUDIT FINDINGS
as of September 30, 2019
TABLE OF CONTENTS**

AUDIT FINDING TITLE		STAFF REPORTED STATUS	PAGE
CITY AUDITOR'S OFFICE FINDINGS <i>continued</i>			
PARKS AND RECREATION AUDIT FINDINGS			
314	Operational Audit of the Cemetery System - Finding 7	Partially Implemented	45
SUSTAINABLE DEVELOPMENT AUDIT FINDINGS			
108	Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 2	Partially Implemented	48
109	Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 3	Partially Implemented	50

Findings Closed This Quarter



Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 9

Issue No: 317

Date of Finding: 06/29/2016

Final Date of Completion 06/27/2019

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone

Milestone Date of Completion 06/27/2019

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 9

Issue / Observation Condition

In regard to SOPs and training, the CAO noted the following:

1. The Parks Department has not established SOPs for effective and consistent monitoring of contracts between the City and Carriage.
2. The Cemetery Liaison does not have the required eight hours of investment training.
3. The members of the Cemetery Board have not received investment training for the purpose of overseeing public fund investments.

Criteria

Section 218.415 (14) of Florida Statutes requires continuing education for government officials and states "The investment policy shall provide for the continuing education of the unit of local government's officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products."

Recommendation: The City Manager should require that the Parks Department develop SOPs and related training manuals for the operation of the Cemetery System. In addition, the Cemetery Liaison and Cemetery Board members must receive the required eight (8) hours of public fund investment training related to investment practices and products.

Correction Plan: Management concurs with the finding and recommendation.

The Parks and Recreation Department will develop standard operating procedures (SOP) and related training manuals for the continuity of operations of the Cemetery System. Estimated date of implementation is August 1, 2017.

As stated in the Investment Policy, the Cemetery Board of Trustees is designated as trustor of the Perpetual Care Trust Fund and is responsible for administering the investment program. The Cemetery Board of Trustees should consider training in public fund investments. Estimated date of implementation is August 10, 2017.

Current Status: As of 09/17/2019, The Cemetery System largely operates under the auspices of the Parks and Recreation Administration Policies and Procedures Manual and the Internal Controls and Operational Procedures Manual for Investments by Finance. Additionally, the cemetery has developed SOPs for day-to-day operations.

PROGRAMMATIC FINDINGS

City Manger's Office



FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports

Issue No: 412

Date of Finding: 04/05/2018

Final Date of Completion 01/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	rwilliams	Rachel Williams	HCD Manager	City Manager
<u>Responsible Person 2</u>	dcorcoran	Donna Corcoran	Accountant	City Manager

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone Release of the new CAPER Report.

Milestone Date of Completion 01/01/2020

Department: City Manager

Audit Initiator 3rd Party Auditor

Title: FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports

Issue / Observation A review of the City's Quarterly Performance Report (QPR) submittals revealed that QPRs have not been submitted for two or more consecutive reporting periods as noted below.
 - NSP 1: QPR due dates: July 30, 2017; October 30, 2017; January 30, 2018
 - NSP 3: QPR due dates: July 30, 2017; October 30, 2017; January 30, 2018

Criteria - The City is not in compliance with federal requirements as per Federal Register Nol.73 No. 194 dated October 6, 2008 §(11)(0) Page 58341, which states, that " ... each grantee must submit a quarterly performance report, as HUD prescribes, no later than 30 days following the end of each quarter ... ".

Cause - Staff did not submit the QPR's in DRGR in a timely manner.

Effect- The City is in noncompliance with the regulations of the NSP programs .

Recommendation: Corrective Action - In order to resolve this finding, the City must submit all outstanding QPRs and establish an internal system to ensure that QPR's are submitted no later than 30 days following the end of each quarter to avoid limitation on funds access. Please note that once QPRs are submitted, they must be prominently on the City's official website. Please submit systems in place within 30 days from receipt of this letter.

Correction Plan: The Housing and Community Development (HCD) Division Financial Administrator (Laurie Conver) retired. A new Accountant (Donna Corcoran) and IDIS Officer (Kenyatta York) received DRGR Training in November 2017. The City has made several requests (exhibit 17) to HUD's Miami Field Office to reset access to the DRGR reporting system for the Housing and Community Development staff. Once the City receives notice of the DRGR reset, the City will submit the three (3) outstanding DRGR reports within 30 days of HUD's notification of the DRGR reset.

Current Status: Staff gained access to submit the required reports in the Integrated Disbursements and Information System (IDIS). All Neighborhood Stabilization Program (NSP) Quarterly Progress Reports have been submitted and approved by HUD.

FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities

Issue No: 413

Date of Finding: 04/05/2018

Final Date of Completion 01/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	rwilliams	Rachel Williams	HCD Manager	City Manager
<u>Responsible Person 2</u>	dcorcoran	Donna Corcoran	Accountant	City Manager

Correction Plan Status: Implemented Finding Type: Observation

Next Milestone Release of the new CAPER report.

Milestone Date of Completion 01/01/2020

Department: City Manager

Audit Initiator 3rd Party Auditor

Title: FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities

Issue / Observation A review of the City's reporting data (IDIS Report# RC04PR02) - List of activities by program year and project, in the Integrated Disbursement and information System (IDIS) are showing a number of old funded activities with large balances, no draws made, or activities incorrectly reported.

Recommendation: It's recommended that the City, where appropriate, accurately report on open activities with \$0 balance and old activities with balances, as soon as possible, but no later than 30 days from receipt of this letter. By doing so, it will aid to avoid erroneous reporting and will assist the City in meeting its timeliness test.

Correction Plan: The City has reviewed the items listed on the chart. The first 4 IDIS activities have a program year date of 1994 and shows as a zero balance. The City is requesting technical assistance from HUD to close out 1994 HOME, CDBG, and HOPWA programs.

IDIS Activity# 2302 - 632 NW 15 Terrace (exhibit 11)
 - This activity has one final draw. The activity will be completed and closed no later than September 30, 2018

IDIS Activity# 2307 - New Vision CDC (exhibit 12)
 - This activity is in progress with an outstanding balance of \$46,417.02. The City expects the outstanding balance to be expended no later than September 30, 2018.

IDIS Activity# 2298 - Lake Aire St. Improvements (exhibit 14)
 - The activity will be completed and closed no later than September 30, 2018.

The remaining items have already been closed.

Current Status: All the projects have been completed in the US Housing and Urban Development's Integrated Disbursement and Information System (IDIS).

This corrective action plan has now been implemented and the finding is closed.

EXTERNAL FINDINGS

Finance



Finding 2018-001 - Fort Lauderdale Community Redevelopment Agency

Issue No: 417

Date of Finding: 05/29/2019

Final Date of Completion 05/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Financial External

Title: Finding 2018-001 - Fort Lauderdale Community Redevelopment Agency

Issue / Observation Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual; that is measurable and available to finance the Agency's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Community Redevelopment Agency recorded approximately \$7 million in revenue versus a deferred inflow of resources. This action resulted in an overstatement of revenue.

Cause: The Agency did not complete a detail review over revenue accounts to ensure that they had been received and available for the current period.

Recommendation: Crowe recommends the Agency complete a review over the fiscal year end revenue accounts in order to determine if all recorded revenues have been received within the Agency's recognition policy time period of 60 days.

Correction Plan: On May 10, 2018, the City of Fort Lauderdale (City) terminated the Wave Streetcar project. The Agency paid approximately \$7.5 million to fund the north loop of the project. The City sent a demand letter requesting the reimbursement of unused Agency funds on July 11, 2018. The Agency fully expected to receive the reimbursement in a timely manner. Unfortunately, the unwinding of the multi-agency agreements for this project took much longer than anticipated and the revenue was not received prior to the end of the recognition period. Moving forward, the Agency will evaluate the probability of collection of revenues, to ensure the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Current Status: At fiscal year end, the City will do a review of all recorded revenues to ensure that they are in accordance with Generally Accepted Accounting Principles (GAAP).

Finding 2018-002 - City of Fort Lauderdale General Employees' Retirement System

Issue No: 418

Date of Finding: 05/29/2019

Final Date of Completion 05/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Financial External

Title: Finding 2018-002 - City of Fort Lauderdale General Employees' Retirement System

Issue / Observation An unsettled trade is a trade for which payment has not yet been received or paid and should be classified as either an asset or liability on the statement of fiduciary net position. The General Employees' Retirement System Plan did not correctly record unsettled trade liabilities, accounts receivable and cash at year end. As a result, cash and accounts receivable were understated by approximately \$12.3 million and \$7.8 million respectively and liabilities were understated by approximately \$20.1 million.

Recommendation: Crowe recommends that the Plan implement a policy to ensure that there is a detail review over investment trades at fiscal year-end and that there is an independent review by an appropriate level of management.

Correction Plan: The original entry was recorded correctly. During a secondary review there was a misinterpretation of GASB Statement 67 and the entry was reversed. In the future the Plan will seek assistance from the external auditors when there is a difference in the interpretation of a GASB statement.

Current Status: The City will consult with the external auditors and the plan administrator when there is a difference in the interpretation of a Governmental Accounting Standards Board (GASB) statement.

This finding will be re-reviewed after the Independent Auditor's Report is issued on the City's 2019 Financial Statements.

REPORTS ISSUED BY THE OFFICE OF THE CITY AUDITOR



Community Redevelopment Agency



Operational Audit of the City of Fort Lauderdale CRA - Observation 3

Issue No: 335

Date of Finding: 10/28/2016

Final Date of Completion 09/30/2017

	Name	Title	Department
<u>Responsible Person 1</u>	martinv	Vanessa Martin	Business Manager
<u>Responsible Person 2</u>			Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone Finalize property purchases

Milestone Date of Completion 09/30/2018

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Observation 3

Issue / Observation Condition
 In the past three years the North West Progresso (NWP) Community Redevelopment Agency (CRA) did not meet their established benchmarks as it applies to the disposal of properties.

Criteria
 The 2013 5-Year Program “Strategic Objectives, Goals and Measurements” states:
 Strategically redevelop all vacant, underutilized sites to be compatible with the overall vision of the CRA.
 Agency goal – Dispose of 20% of city-owned and CRA owned properties within the NWP CRA each year.
 Measure – success to be measured by the number of properties disposed of with CRA Board or City Commission approval.

Cause
 There was a lack of monitoring, measurement, and corrective action of the aforementioned goal.

Impact
 Holding onto property without a plan for timely redevelopment is not in furtherance of the NWP CRA goals of fostering economic development. Additionally, TIF revenue for the CRA is lost as long as the property stays off the tax roll.

Recommendation: The CRA Executive Director should require CRA management to develop an action plan to assure benchmarks are being met.

Correction Plan:

Staff agrees with the City Auditor's opinion that holding onto property without a plan for timely redevelopment is not a goal of the CRA. As a result, staff believes that the best way to ensure that the properties are on the tax role is via a competitive process. The competitive process should require that all respondents to the Request for Proposal (RFP) to present a project that would be consistent with the vision of the CRA and is the highest and best use for the property .

In order to ensure success, the CRA will need to secure City-owned lots (that are within the NWPF CRA) and establish a process that would be consistent with the goals of redevelopment and the CRA Plan. Staff has completed the appraisals on the City-owned lots that are within the NWPF CRA and will schedule an item for City Commission discussion in November or December 2016. At that time, staff will request that certain City-owned lots be donated to the CRA, in furtherance of redevelopment.

Lastly, staff has begun visioning discussions with the CRA Advisory Board. The discussions are centered on the types of industries and businesses to attract to the CRA and the best locations in the CRA for those businesses. Through these discussions, staff will develop a marketing plan that will address our planned use for each CRA-owned and City-owned lot and identify the types of businesses and developers which to target our marketing.

Current Status:

The Community Redevelopment Agency (CRA) is in the process of disposing properties. The CRA is currently working to close the finding as all requirements are being met.

Finance



P-Card Audit Observation #1: Administrative Roles

Issue No: 419

Date of Finding: 03/01/2019

Final Date of Completion 11/30/2018

Responsible Person 1 lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: P-Card Audit Observation #1: Administrative Roles

Issue / Observation Finance did not establish qualifications, duties, and responsibilities for any of the administrative roles of its P-card Program, including those of the P-card Program Manager.

Cause:

Finance lacked a program governance implementation process.

Impact:

A lack of P-card Program administrator qualifications could result in non-existent, inadequate, or inconsistent centralized governance and control over the Program, which could result in inadequate policies, non-compliance with policies, including questionable or fraudulent purchases occurring, and goal/objective inadequacies or failure.

Recommendation:

The City Manager should require the Director of Finance to establish

- a formal set of minimum desired qualifications for the personnel it assigns to the P-card Program administrator roles and formally determine with HR that an employee meets these qualifications prior to, and during, their assignment to the Program
- a formal set of control-centric duties and responsibilities that includes respective periodicity and deadlines of tasks for each administrative role within the P-card Program
- an independent oversight role to assess and ensure Program administrators are complying with these duties and responsibilities.

Correction Plan:

In November 2018, with the adoption of the City's Class and Compensation study, the job description for the Management Analyst position in Finance was updated to reflect the minimum qualifications for the P-card Administrator ("Program Manager").

Current Status:

In November 2018, with the adoption of the City's Class and Compensation study, the job description for the Management Analyst position in Finance was updated to reflect the minimum qualifications for the P-card Administrator ("Program Manager").

Finding #1: P-Card Cancellation Post-Employment

Issue No: 420

Date of Finding: 03/01/2019

Final Date of Completion 05/01/2019

Responsible Person 1 lgarcia

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #1: P-Card Cancellation Post-Employment

Issue / Observation

Audit analysis of SunTrust cards data revealed 52 cards, of an estimated 275 cardholders, departing employment during the audit period of October 1, 2014 – March 31, 2017, were not timely canceled. The average duration overdue for cancellation for the remaining exceptions was 64 days, with the maximum being 314 days. Cause: Primarily, the cause of this condition was attributed to an internally developed, employee termination notification system, where the P-card Program Manager is notified of departing employees; however, the system does not indicate whether the employee is a cardholder. With approximately 800 active cardholders currently, the P-card Program Manager’s manual verification effort is extensive and unproductive. Impact: Cards overdue for cancellation may incur material unauthorized charges for which the City would not be indemnified due to poor internal controls.

Recommendation:

The City Manager should ensure that Finance has adequately coordinated with IT to satisfy its concern of aiding timely identification and cancellation of cards belonging to departing employees.

NOTE: The IT security team has made great efforts and created an application to inform HR and Finance when an employee is leaving; however, specifically regarding P-cards, some additional assistance may be needed.

Correction Plan:

Management takes the need for timely notification of terminated employees seriously and Information and Technology Department staff created a mechanism to notify all interested parties, including the Finance Department, of departing employees. When the P-card Program Manager receives the notification, the employee is immediately removed from the SunTrust Enterprise Spend Platform (ESP) system. Management will continue to enforce policies and processes in place to ensure timely notification of terminations. Management will also review the current process and make changes that may further mitigate risk.

Current Status:

Starting 5/1/19 account termination emails are sent out daily. When the P-card Program Manager receives the notification, the employee is immediately removed from the SunTrust Enterprise Spend Platform (ESP) system.

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Material Weakness

Finding #2: Inadequate Record Keeping of P-Cards

Issue No: 421

Date of Finding: 03/01/2019

Final Date of Completion 07/28/2015

Responsible Person 1 lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #2: Inadequate Record Keeping of P-Cards

Issue / Observation A random sample of 60 out of 235 card applications had a significant deviation rate for inadequate record-keeping, such as no card applications, incomplete applications, and no approval date. For 14 cards, no application was on file. Of the 45 applications on file: 7 did not contain a date identifying when the respective department head approved the card for his/her direct report; 16 were incomplete as to required signatures, 13 were incomplete as to required content, 3 contained the complete credit card number, which poses an information security risk. Cause: This concern was primarily attributed to the inherent weakness of paper filing systems. A secondary cause was attributed to excessive turnover of the P-card Program Manager role. Impact: Card applications are necessary to ensure proper authorization and issuance of cards, which prevents to some extent unauthorized purchasing. Missing and incomplete records obstructs verification that cards were properly authorized and issued.

Recommendation: Because paper filing systems have become obsolete, the City Manager should ensure that Finance has adequately coordinated with IT to satisfy its concern of permanently and completely retaining card application information in a secure, web-based database with form-based entry.

Correction Plan: The rapid growth of the P-card Program caused a shift in the P-card Program Manager's role and several employees were responsible for card applications over the audit period. Beginning in fiscal year 2016, the Finance Department appointed the current P-card Program Manager and implemented electronic storage of P-card applications and signed agreement forms. The implementation of the electronic card application storage will help mitigate against future risk related to this finding.

Current Status: Beginning in July 2015, the Finance Department implemented electronic storage of P-card applications and signed agreement forms.

Finding #3: Reinstating Suspended P-Cards

Issue No: 422
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2019
Responsible Person 1 lgarcia
Responsible Person 2 aharrison
Correction Plan Status: Implemented

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #3: Reinstating Suspended P-Cards

Issue / Observation

The P-card Program Manager has the discretion and ability to completely restrict the purchasing ability of a P-card by placing it into suspended status. This feature is enabled to allow lost cards sufficient time to be found without need for issuance of a replacement card, which is contrary to P-card PSM, requiring lost cards to be timely terminated. Cards can subsequently be reactivated out of suspended status. There is no policy to limit the duration a card can be held in suspended status. Audit determined reactivation of suspended cards occurred at a rate of roughly one card per 4 months with a maximum suspended duration of 815 days and median duration of 44 days.

Cause:

Finance lacked a program governance implementation process.

Impact:

Lack of control over card suspensions and reactivation could expose the City to significant loss if suspended cards are improperly reactivated and abused by City employees or third parties.

Recommendation:

The City Manager should eliminate the possibility of card reactivation abuse by requiring the Director of Finance to instruct SunTrust to disable temporary suspension card status (COVW000), meaning cards must be canceled as soon as there's doubt as to their risk of loss .

Correction Plan:

Effective immediately, the Finance Department will run a weekly report on cards in suspended status (W000) and ensure that cards are suspended no longer than 10 days. These guidelines will be added to the P-Card Policy & Standards Manual (PSM) requirements.

Current Status:

The Finance Department runs a weekly report on cards in suspended status (W000) and ensures that cards are suspended no longer than 10 days.

Finding #4: P-Cards Records Retention

Issue No: 423

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

Responsible Person 1 lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #4: P-Cards Records Retention

Issue / Observation Two departments included in audit testing of transaction receipts were noted throughout the audit, in multiple instances, as failing to retain and/or provide requested P-card records, which was not in compliance with the 5-year disbursement records retention requirement of Section 1B-24.003(1)(a), Florida Administrative Code and presented a scope limitation for the audit: Public Affairs and Parks & Recreation. Subsequent event: Parks and Recreation began properly organizing their P-card statements in 2017, though prior years' archived boxes are still in disarray and of unknown completeness. The City Clerk was informed of the trouble CAO experienced with P-card receipt retention, in relation to its legally required annual reporting to the State. Cause: This condition was attributed to carelessness with the City's purchasing records. Impact: Missing support documents can be a sign of concealment of fraud, waste, or abuse.

Recommendation: The City Manager should adopt a limited tolerance policy within the P-card PSM that requires enforcement of consequences after a specified threshold of occurrences or magnitude of missing support documents or uses of the missing receipt form by a cardholder.

Correction Plan: The Finance Department, within 120 days, will update the P-Card Policy to include stricter disciplinary actions and specify how enforcement of consequences will occur. The focus will be on card holder accountability and immediate cancellation of the employee's P-card if the policy is violated. On April 1, 2019, the Finance Department implemented a mandatory electronic image upload of all P-card receipts.

Current Status: The Finance Department updated the P-Card Policy (section F.1.) to include stricter disciplinary actions and specified how enforcement of consequences would occur.

Section F.1. Noncompliance of the P-Card and the guidelines set by this Policy will result in immediate revocation of the card and appropriate accountability actions for both Cardholders and supervisors, including dismissal or termination as set in the Disciplinary Policy and Procedures for Regular City Employees (PSM 6.7.1).

Finding #5: P-Card Supervisory Review

Issue No: 424

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

Responsible Person 1 lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #5: P-Card Supervisory Review

Issue / Observation Testing of a stratified random sample of P-card statements and receipts for virtually all departments and divisions determined that P-card statements lacked supervisory review and/or included purchases of prohibited items. Further, audit analysis of SunTrust transactions data determined that the City's P-cards issued to employees charged the following approximate amounts to merchant category codes that should have been restricted during the audit period October 1, 2014 – March 31, 2017. Cause: A lack of compliance with the Procurement Card (P-card) Policies and Standards Manual (PSM) due to one or more of the following: 1) Disregard of the policy, 2) To facilitate possible wrong doing, 3) The Travel Allowance and Subsistence Policy PSM 9.4.1. does not address the use of City funds towards networking events. Impact: P-cards may be used for questionable/restricted purchases which can lead to financial and reputational loss to the City.

Recommendation: The City Manager should adopt a limited tolerance policy within the PSM that requires enforcement of consequences after a specified threshold of occurrences or magnitude of missing supervisory review and prohibited transactions. In addition, the activity on those statements should be researched in more depth for possible wrongdoing.

The City Manager should require Finance to analyze the restricted merchant category codes in its P-card control profiles and ensure their completeness and implement an override procedure that documents when purchases in these categories are deemed appropriate by City authorities.

Correction Plan: The Finance Department, within 120 days, will update the P-Card Policy to require management review and approval of all of P-Card statements. Effective immediately, the card-in-hand segment of the P-Card program will be substantially reduced to limit the number of transactions requiring review and approval. During the time the policy is being modified, all P-Card statements will be reviewed and approved by Department Heads, Assistant City Managers or the City Manager.

Current Status: The Finance Department updated the P-Card Policy (section 6, C & D) to require management review and approval of all P-Card statements. At the time the audit was completed, there were over 600 cards. The number of active cards has been reduced to just over 250 cards.

Finding #6: Secondary Supervisory Review of P-Cards

Issue No: 425
Date of Finding: 03/01/2019
Final Date of Completion 07/08/2019
Responsible Person 1 lgarcia
Responsible Person 2 aharrison
Correction Plan Status: Implemented

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #6: Secondary Supervisory Review of P-Cards

Issue / Observation Testing of a stratified random sample of P-card statements and receipts for virtually all departments and divisions determined that P-card statements were missing evidence of Department/Division/Group Activity Directors review on 37 of 70 statements (53%). Cause: If the required secondary level of review did take place, but the Department/Division/Group Activity Director did not sign the statement, the vagueness of the P-card PSM, could be the reason. It requires the Department/Division/Group Activity Director to review the P-card expenditures, but it does not specify that they are to sign the statement as evidence of that review. The statements may not have the required secondary review by the Department/Division/Group Activity Director because the departments may have been instructed differently at the Procurement hosted P-card instructional meetings. Impact: P-cards may be used for questionable/restricted purchases, which can lead to financial and reputational loss to the City.

Recommendation: The City Manager should require Finance to remove any ambiguity within the P-card PSM regarding the requirement of a Director's signature upon his/her review of the P-card statement. Additionally, the City Manager should adopt a limited tolerance policy within the P-card PSM that requires enforcement of consequences after a specified threshold of occurrences or magnitude of missing Director signatures.

Correction Plan: The Finance Department, within 120 days, will update the P-Card Policy to require management review and approval of all of P-Card statements. Effective immediately, the card-in-hand segment of the P-Card program will be substantially reduced to limit the number of transactions requiring review and approval. During the time the policy is being modified, all P-Card statements will be reviewed and approved by Department Heads, Assistant City Managers or the City Manager.

Current Status: The Finance Department updated the P-Card Policy (section 6, C & D) to require management review and approval of all P-Card statements. At the time the audit was completed, there were over 600 cards. The number of active cards has been reduced to just over 250 cards.

Finding #7: P-Card Procedure on Alcoholic Beverage Purchases

Issue No: 426

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

Responsible Person 1

lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2

aharrison

Correction Plan Status:

Implemented

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department:

Finance

Audit Initiator

Commission Audit

Title:

Finding #7: P-Card Procedure on Alcoholic Beverage Purchases

Issue / Observation

City personnel used P-cards to make unauthorized purchases of alcoholic beverages. Several items contravened the directive of the City Manager's Office and/or City policy.

Cause:

After the event planning person in the Public Information Office (aka Strategic Communications) left the employment of the City, the Parks and Recreation Department was asked to assist with the events and as such continued what was historically done, which was the provision of certain alcoholic beverages.

Impact:

Improper controls over purchased product, which could lead to misappropriation of those products.

Recommendation:

To improve internal controls, the City Manager' Office should consider updating the P-card PSM to include using approved vendors for all alcohol purchases. Potential restriction on type and value of alcoholic beverage purchases should be also clarified.

Correction Plan:

The purchase of alcoholic beverages for special events is allowed, with express approval of the City Manager. As special events grew, the department responsible for coordinating the events did not add two events to the list that was previously approved by the City Manager. The events were added to the list after the audit period. The purchase of alcoholic beverages is suspended while the policy is being reviewed and any future purchases will only be through a contracted vendor.

Current Status:

The P-Card Policy has been updated (section 8.f.) and any future alcoholic beverage purchases will only be through a contracted vendor.

Finding #8: P-Card Transaction Splitting

Issue No: 427

Date of Finding: 03/01/2019

Final Date of Completion 09/30/2019

Responsible Person 1 lgarcia

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #8: P-Card Transaction Splitting

Issue / Observation Sample testing of 243 transactions within a population of suspected split transactions for the audit period October 1, 2014 – March 31, 2017 revealed 29 instances of transaction splitting, which is an unacceptable sample deviation rate of 12%. Controls failed to detect or prevent transaction splitting. Cause: This condition was attributed in general to purchasers and/or supervisors: Lacking awareness of the option to request a spending limit increase; and/or perceiving a need for the purchased items that outweighed the perceived need to comply with policy. Impact: Splitting transactions enables purchasing frauds, including theft and misappropriation, for significant value transactions given the absence of a purchase order would reduce separation of incompatible duties. Additionally, significant value transactions may lose the benefits of competitive bid.

Recommendation: The City Manager should require Finance to analyze P-card spending data to determine which departments and/or vendors are most likely to engage in splitting transactions and implement special control activities in those areas.

Correction Plan: The Finance Department is using a financial system that does not detect deviations from the procurement policy. Finance will have an enhanced ability to analyze P-card spending with the implementation of the new Enterprise Resource Planning (ERP) system. In the interim period, all P-Card statements will be reviewed by Department Heads, Assistant City Managers or the City Manager to ensure no transaction splitting occurs.

Current Status: The Chief Procurement Officer reviews and analyzes all P-Card transaction data on a monthly basis to detect split transactions and adherence to Procurement policies. In addition, the revised P-Card Policy includes control activities requiring departments to submit all of their P-Card statements to the Finance Department within 60 days and also requires a mandatory upload of all receipts before the close of the statement cycle.

Finding #9: P-Card Transactions for Competitive Bids and Purchase Orders

Issue No: 428

Date of Finding: 03/01/2019

Final Date of Completion 09/30/2019

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #9: P-Card Transactions for Competitive Bids and Purchase Orders

Issue / Observation P-card transactions violated Procurement requirements of competitive bid and purchase order usage. Audit analysis of SunTrust transactions data determined \$3M of spending of 22 vendors that each accumulated City business of more than \$25K per year for two consecutive years (fiscal years 2016 and 2015) but were not under contract. That is, these purchases appear to have not been subjected to the City's competitive procurement process, which was not in compliance with the City's procurement ordinance. Cause: The lack of competitive bidding condition was attributed to lack of P-card transaction data analysis. The lack of purchase order use was attributed to lack of awareness of a need to use a purchase order, and this lack of awareness was in some cases due to confusion with certain provisions in the Procurement Manual, which were removed in FY 2017. Impact: Procurement controls were circumvented due to the distributed purchasing process of the P-card program.

Recommendation: The City Manager should require Finance to periodically analyze P-card data in search of applicable purchase categories for competitive bid and transactions that circumvented purchase order requirements.

Correction Plan: The Finance Department is using a financial system that does not afford the capabilities of reviewing spending to detect deviations from the procurement policy. Finance will have an enhanced ability to analyze P-card spending with the implementation of the new Enterprise Resource Planning ("ERP") system. In the interim period, all P-Card statements will be reviewed by Department Heads, Assistant City Managers or the City Manager to ensure no transaction splitting occurs.

Current Status: The Chief Procurement Officer reviews and analyzes all P-Card transaction data on a monthly basis to ensure adherence to Procurement policies.

Finding #12: Duplicate P-Card Detection

Issue No: 429
Date of Finding: 03/01/2019

Final Date of Completion 06/30/2020

Responsible Person 1 lgarcia

Responsible Person 2 aharrison

Correction Plan Status: Not Implemented

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #12: Duplicate P-Card Detection

Issue / Observation There current internal control system does not prevent or detect duplicate P-card payments of invoices processed by both Accounts Payable and the respective departments.

Cause:

Finance lacked software that would enable and facilitate a control over a high volume of transactions.

Impact:

Material waste could occur as uncorrected duplicate payments of the same transaction.

Recommendation:

Finance should enhance internal controls to prevent and detect duplicate payments of P-card invoices.

Correction Plan:

With the implementation of the new ERP in fiscal year 2020, P-Card charges will be approved by the Department and routed through Accounts Payable ("AP") for processing. Part of this process will include uploading the P-card charge directly to the corresponding AP vendor file, which will help identify duplicate invoices. This will aide Management by identifying duplicate payments.

Current Status:

The implementation of the new ERP is currently underway and is expected to go live in the 2nd quarter of 2020.

Finding #13: P-Card Inventory Control

Issue No: 430
Date of Finding: 03/01/2019
Final Date of Completion 12/31/2019

Responsible Person 1 lgarcia
Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Not Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #13: P-Card Inventory Control

Issue / Observation The City's Fixed Assets PSM distributes the responsibility of control over inventories purchased via P-card to the departments making the purchases but does not require an independent verification of these departments' controls. Further, even though, per PSM, the Finance Director did not verify or review adherence to the policy. Additionally, Finance did not provide a central definition for "sensitive items" and did not approve each department's respective definition; therefore, Finance did not properly control departments' identification of sensitive items. Cause: Though Finance perceived a need for enhanced governance of the P-card Program, this objective was not achieved due to either a lack of resources or a reduction of priority. Impact: A lack of periodic, independent monitoring of departments' inventory control could lead to misappropriation of City assets and consumable goods.

Recommendation: The City Manager should update the Fixed Assets PSM to require the Director of Finance to -- periodically assess all departments' control over inventories from P-card purchasing, and -- either centrally define "sensitive item" inventory or review and approve all departments' individual definitions of "sensitive item" inventory.

Correction Plan: The Finance Department will update the Fixed Assets PSM within the next 120 days to require the Finance Director to periodically assess all Departmental control over inventories and further define sensitive items, as delineated in the Governmental Finance Officers Association definitions of best practices.

Current Status: The Finance Department is updating the Fixed Assets PSM to require the Finance Director to periodically assess all Departmental control over inventories and further define sensitive items, as delineated in the Governmental Finance Officers Association definitions of best practices . The revised policy is currently pending management review.

Finding #14: P-Card Spending Issues with Public Works and Parks and Rec

Issue No: 431

Date of Finding: 03/01/2019

Final Date of Completion 06/30/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Not Implemented Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #14: P-Card Spending Issues with Public Works and Parks and Rec

Issue / Observation Two departments with heavy P-card spending during the audit period Public Works (\$11M) and Parks & Recreation (\$8M), each experienced P-card fraud discovered during the audit. The extent of fraud discovered was \$25K-\$100K for Public Works and over \$100K for Parks & Recreation. Subsequent event: Both of these fraud events involved multiple individuals within and outside of the City. Cause: Internal controls over P-card Program administration were inadequate to ensure that departments with expectedly significant P-card spending volume have the capacity and understanding of adequate controls over decentralized purchasing. In the case of Public Works, its system wasn't capable of tracking job costs at all. Impact: Departments lacking job costing systems are more susceptible to fraud, waste, and abuse, which is what actually occurred.

Recommendation: The City Manager should implement effective job cost tracking systems and subsequently monitor their appropriate use in departments that are work-order oriented. In addition, pensions of those involved with the fraud should be revoked.

Correction Plan: Management takes the theft of public funds seriously. The employees who committed these fraudulent transactions were terminated and have been prosecuted criminally. In addition, pension revocation is complete in one case and currently sought in the other. To mitigate future risk of fraud, the Public Works Department is reducing the card-in-hand segment of the department to 11 from 173. The Parks and Recreation Department is reducing to 50 from 140.

Current Status: To mitigate future risk of fraud, the Public Works Department reduced the card-in-hand segment of the department to 40 from 173. The Parks and Recreation Department is reduced to 55 from 140. The City's P-Card Policy now includes a section that includes noting the work order or job number on every receipt. The City is evaluating ways to improve the process.

Observation #2: Assigning Proper Supervisors for P-Card Approvals

Issue No: 432

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Observation #2: Assigning Proper Supervisors for P-Card Approvals

Issue / Observation The P-card PSM does not establish that the supervisor responsible for reviewing the purchases of their direct reports (i.e. the first-level review) be of a consequential authority level or have adequate knowledge of purpose and necessity of the purchases, including by the use of record keeping tools. Testing of a stratified random sample of P-card statements and receipts for virtually all departments and divisions determined that the first-level supervisory review of P-card statements was circumvented as either non-existent or assigned to an inappropriate authority on 25 out of 66 statements (38%). Cause: Finance lacked a program governance implementation process that had no accountability. Impact: Without adequate knowledge of the purchases, the responsibility of supervisor review becomes a rubberstamp rather than a control. This is troublesome because the levels of control would be compromised, especially with high volume of transactions per period.

Recommendation:

- The City Manager should update the P-card PSM to indicate that
 - the supervisor reviewing the receipts and statements should be in a position to have direct knowledge of the reason and necessity of reviewed purchases.
 - the Director of Finance must establish and periodically review for effectiveness purchasing thresholds by which supervisors in consequential positions may delegate their P-card review responsibilities to lower level employees.
 - when there is only one level of P-card statement review, the Director of Finance/Procurement include in P-card audits data-mining techniques, looking for anomalous transactions.

Correction Plan: The Finance Department will include in the P-card Policy update appropriate responsibilities for reviewing the transactions made via P-card. Until the update is complete, review and approval will be conducted by Department Heads, Assistant City Managers or the City Manager.

Current Status: The Finance Department updated the P-Card Policy to include appropriate responsibilities for reviewing the transactions made via P-card.

Observation #3: Authorization of P-Card Program Administrators

Issue No: 433

Date of Finding: 03/01/2019

Final Date of Completion 06/30/2019

Responsible Person 1

lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2

aharrison

Correction Plan Status:

Implemented

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department:

Finance

Audit Initiator

Commission Audit

Title:

Observation #3: Authorization of P-Card Program Administrators

Issue / Observation

Finance did not properly control the authorization of Program Administrators with its third-party card issuer SunTrust. Program Administrators have privileges beyond card issuer IT system user changes—they can also authorize SunTrust to change restrictions on purchasing capability via Merchant Category Codes (MCCs).Based on the evidence available at least one card change was made prior to the person ordering the change becoming a Program Administrator. Cause: Finance lacked a program governance implementation process. Impact: Lack of control over authorized Program Administrators could allow unintended changes within the P-card Program that facilitate the occurrence of errors or fraud.

Recommendation:

The City Manager should require the Director of Finance to

- restrict SunTrust Program Administrator status solely to the P-card Program Manager and P-card Program Manager Backup roles and to Finance executives deemed necessary
- retain all Program Manager and COV change request documentation, and
- periodically monitor changes to the Program Administrator listing to detect and correct any unauthorized status changes.

Correction Plan:

The rapid growth of the P-card Program caused a shift in the P-card Program Manager's role and several employees were responsible for P-card Program over the audit period. With the change in personnel, files were not always transferred appropriately. The Finance Department has created a centralized repository in the Finance shared drive for all P-Card program records, to prevent any future loss of data.

Current Status:

In June 2019 the Finance Department created a centralized repository in the Finance shared drive for all P-Card program records, to prevent any future loss of data.

Observation #4: Supervisory Signature Approval for P-Card Purchases

Issue No: 434

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Observation #4: Supervisory Signature Approval for P-Card Purchases

Issue / Observation Testing of a stratified random sample of P-card statements and receipts for virtually all departments and divisions determined untimely authorization of P-card statement transactions by either first or second-level approver. Because the P-card PSM does not require a date for the supervisory signature requirement, the audit determined a reasonable standard that an approval was considered delinquent 30 days beyond the end of the prior statement cutoff. If a signature was not dated it was a test exception by default given timeliness could not be assessed.

Cause:

A couple of causes are noted, but not limited to the following: 1) Not understanding the importance of a timely P-card transaction review process, 2) Not putting priority on reviewing the P-card statement before the monthly payment is made to the P-card program provider.

Impact:

Untimely notification of prohibited P-card transactions can lead to a greater financial loss to the City.

Recommendation:

The City Manager should update the P-card PSM to establish a deadline for completion of the review process and require all review signatures be dated. Additionally, the City Manager should adopt a limited tolerance policy within the P-card PSM that requires enforcement of consequences after a specified threshold of occurrences or magnitude of untimely signatures.

Correction Plan:

The Finance Department, within 120 days, will update the P-Card Policy to include stricter disciplinary actions and detail how enforcement of consequences will occur. On April 1, 2019, the Finance Department implemented a mandatory electronic image upload of all P-card receipts to begin electronic storage of all receipts. The P-Card Policy will require a signature and a date.

Current Status:

The Finance Department updated the P-Card Policy to include stricter disciplinary actions and detail of how enforcement of consequences will occur.

Finding #10: P-Card Fixed Asset Inventory Procedure

Issue No: 435
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2020

Responsible Person 1 lgarcia
Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Not Implemented

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #10: P-Card Fixed Asset Inventory Procedure

Issue / Observation The City's inventory procedures and records were not in compliance with State law (Section 274.02, Florida Statutes; 69I-73.002, Florida Administrative Code) pertaining to recording of "items of a value or cost of \$1,000 or more and a projected useful life of 1 year." The audit found a significant (40%) level of inaccurate sub-object coding for inventoriable purchases. Additionally, the review of property inventory was not conducted by the Director of Finance. In addition, departments were in violation of having no track of inventoriable purchases. Cause: This condition was attributed to the prolonged lack of enforcement, which can encourage noncompliance. Impact: Untracked inventory allows for the possibility of theft. Projection of the sub-object coding error estimates a range of \$2.6M to \$3.5M of merchandise within transactions each costing more than \$1,000 purchased during the audit period was untracked and susceptible to theft.

Recommendation: The City Manager should require the Director of Finance to review and ensure the City is in compliance with State law regarding inventory by requiring a periodic review of departmental inventory controls and records.

Correction Plan: The Finance Department will institute periodic required departmental reviews of tangible items purchased from \$1,000-\$5,000, as a part of their fixed assets inventory process.

Current Status: This will be implemented during the next fixed asset inventory cycle which begins in summer of 2020.

Finding #11: Accuracy of P-Card Rebates

Issue No: 436

Date of Finding: 03/01/2019

Final Date of Completion 12/31/2019

Responsible Person 1 lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2 aharrison

Correction Plan Status: Partially Implemented

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion 12/31/2019

Department: Finance

Audit Initiator Commission Audit

Title: Finding #11: Accuracy of P-Card Rebates

Issue / Observation SunTrust, the City's card issuer, pays the City rebate revenue on a few aspects of the City's annual volume of spending, including spending of participants on the City's program known as piggyback. SunTrust's rebate calculation was underreported and underpaid regarding the piggyback aspect since the inception of the fiscal year 2015 contract.

Subsequent event: SunTrust paid the amount due on the piggyback aspect in late 2017 as approximately \$27K.

Cause:

The current rebate review process did not reconcile the rebate amount received from SunTrust to the contract terms to ensure completeness of rebates.

Impact:

With a reputable card issuer, the likelihood of an erroneously or fraudulently deficient rebate is slim; however, because rebate revenue is cumulative and has recently exceeded \$500K annually, the magnitude is significant.

The City did not collect approximately \$27,000+ in revenue due.

Recommendation: The City Manager should implement policy controls for verification of complete rebate collection, and any other non-exchange revenue source.

Correction Plan: The Finance Department annually reconciles SunTrust's rebate report to SunTrust ESP data for accuracy. A small portion of the rebate was missed. Finance will review more closely the rebate received and compare it to the contract. Finance will also ask the bank to provide more detailed information on large ticket items, which prevents Finance from conducting a straightforward calculation.

Current Status: The Finance Department annually reconciles SunTrusts rebate report to SunTrust ESP data for accuracy. The next reconciliation is expected to be completed in December 2019.

Finding #15: P-Card Access Rights

Issue No: 437
Date of Finding: 03/01/2019
Final Date of Completion 03/31/2020

Responsible Person 1 lgarcia
Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Not Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #15: P-Card Access Rights

Issue / Observation Sensitive administrative access rights with the card issuer's IT system (ESP), involving changes to administrator and user accounts and card details, were assigned to 6 employees outside the Pcard Program, including 2 employees whose access was not timely terminated upon their departure from City employment.

Subsequent event: All identified inappropriate access was resolved during the audit.

Cause:

This condition was attributed to a lack of formal, significant control activities for the P-card Program Manager role.

Impact:

Inadequate control over administrative access within the card issuer's IT system could enable and/or conceal fraud and cause other significant problems.

Recommendation:

The City Manager should require the Director of Finance to establish the following:

- 1) a comprehensive, formal set of control-centric duties and responsibilities that includes respective periodicity and deadlines of tasks for each administrative role within the P-Card Program;
- 2) an independent oversight role to assess and ensure Program administrators are complying with these duties and responsibilities.

Correction Plan:

The rapid growth of the P-card Program caused a shift in the P-card Program Manager's role and several employees were responsible for P-card Program over the audit period. The Finance Department updated the SunTrust ESP system removing access for the P-card Program Managers who are no longer are in that role. Finance will create a formal set of duties and responsibilities for the P-card Program Manager and P-card Administrators, that include a periodic review of all administrative access rights.

Current Status:

Finance is in the process of creating a formal set of duties and responsibilities for the P-Card Administrators and P-Card Coordinators, that include a periodic review of all administrative access rights.

Finding #16: P-Card CPS Vendor Review

Issue No: 438

Date of Finding: 03/01/2019

Final Date of Completion 07/31/2019

Responsible Person 1 lgarcia

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #16: P-Card CPS Vendor Review

Issue / Observation The City has two separate credit card payment service providers under contract, SunTrust and CPS Payment Services. CPS services agreement was signed in 2012, by the Procurement and Contracts Manager, currently the Director of Finance. Both vendors annually provide the City spending rebate revenue in the six-figure range at no cost to the City. The SunTrust agreement is periodically competitively bid by the City and approved by Commission. The CPS agreement, however, was not competitively bid or approved. Cause: Because the City incurs no expense for the services provided, i.e. the service fee is deducted from the revenue the City earns, the services were not subject to the City's usual requisition and procurement procedures. Impact: When procurement bypasses applicable competitive bidding it loses transparency and risks higher expenses (or lower revenue, in this case), lower quality of goods and services, and potentially increased liabilities.

Recommendation: The City Manager should ensure control activities exist that catch significant procurements not involving expense to subject them to competitive bidding, when applicable, and ensure that contracts have termination dates.

Correction Plan: At the time that this contract was instituted, CPS was the only vendor to offer the service to pay electric bills via this method and considered a sole source purchase. This however, does not negate the need for an appropriately drafted contract that protects the City. The Finance Department will ensure that future purchases using this procurement method has a contract if one is required.

Current Status: At the time that this contract was instituted, CPS was the only vendor to offer the service to pay electric bills via this method and considered a sole source purchase. The updated Procurement Code designates that the Chief Procurement Officer is the only person who can approve sole source procurement. That person ensures that purchases are made based on the best interest of the City and will conduct a market analysis to determine whether the purchase can be competed.

Finding #17: P-Card PSM Update

Issue No: 439

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

Responsible Person 1 lgarcia

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #17: P-Card PSM Update

Issue / Observation

The City Manager did not update the P-card PSM with the control improvements recommended in the latest P-card audit report issued by Finance in May 2016.

Cause:

This condition was attributed to an apparent lack of resources and reduction of priority, given a P-card PSM update was evident as of January 2016, but its completion effort was postponed.

Impact:

Inadequate control design within the P-card PSM could lead to significant errors and frauds within the purchasing process, such as the misappropriation the City discovered during the performance of this audit.

Recommendation:

The City Manager should implement control improvements within a timely fashion for the P-Card PSM, based on P-card audit findings.

Correction Plan:

The Finance Department will continue to review the P-Card Policy on an annual basis and recommend updated language as necessary. Management will make changes as necessary.

Current Status:

The new P-Card Policy was approved on 7/8/19 and Finance will conduct an annual review every summer.

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Material Weakness

Finding #18: P-Card Overspending on Contracts

Issue No: 440
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2019
Responsible Person 1 lgarcia
Responsible Person 2 aharrison
Correction Plan Status: Implemented

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Deficiency

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Finding #18: P-Card Overspending on Contracts

Issue / Observation Procurement had no control process to mitigate overspending on contracts via P-cards, despite City policy (Procurement Manual Chapter 10.1) requiring cardholders to check existing contracts prior to purchasing goods or services with their cards. Contract spending limit specifications were not available on Procurement's City contract website and the determination of current remaining spending capacity is not readily/efficiently available. Because P-card spending largely occurs outside of BuySpeed and a data updating delay exists, cardholders do not have timely access to information regarding remaining contract capacity.

Cause:
 Finance lacked a program governance implementation process.

Impact:
 P-card spending could exceed a contract's authorized spending limits.

Recommendation: The City Manager should require the Director of Finance to have Procurement develop a system of controls that mitigate the risk of P-card transactions exceeding authorized spending limits.

Correction Plan: The Finance Department is developing a system to mitigate the risk of P-Card transactions exceeding spending limits by including Procurement Services in the approval path for all purchases in the ERP system. The expected go live date is October 1, 2019. In the interim, Procurement will periodically review and audit purchases to identify and eliminate overspending of contracts.

Current Status: The Chief Procurement Officer reviews and analyzes all P-Card transaction data on a monthly basis to detect overspending on contracts, split transactions and adherence to Procurement policies.

Observation #5: Departmental P-Card PSM Review

Issue No: 441
Date of Finding: 03/01/2019
Final Date of Completion 09/01/2017
Responsible Person 1 lgarcia
Responsible Person 2 aharrison
Correction Plan Status: Implemented

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Observation #5: Departmental P-Card PSM Review

Issue / Observation To remediate control weaknesses that recently contributed to a five figure P-card fraud perpetrated against the City by a former Public Works manager, Public Works developed its own policies for P-card transactions and tools, supplemental to the City's PSMs. The Finance department neither reviewed nor approved these supplemental departmental policies and forms prior to the implementation within Public Works.

Subsequent event: CAO and Finance reviewed these policies during the course of this audit.

Cause:

This condition was attributable to the absence of City policy on the development of supplemental, department-specific policies.

Impact:

Lack of oversight over internal control implementation can cause inefficiency, ineffectiveness, and non-compliance with broader policies and/or controls.

Recommendation: The City Manager should create a PSM that addresses creation and proper approval of department-specific policies that impact the Finance Department's processes.

Correction Plan: The Finance Department reviewed and approved the departmental policy on September 1, 2017. The policy incorporated the City's P-card policy requirements and procurement procedures. Management will advise all departments that wish to have departmental policies to have them reviewed by the Finance Department.

Current Status: The Finance Department has reviewed approved all departmental policies related to the P-Card process on 9/1/2017.

Observation #6: P-Card Expense Coding Errors

Issue No: 442

Date of Finding: 03/01/2019

Final Date of Completion 07/08/2019

Responsible Person 1 lgarcia

Responsible Person 2 aharrison

Correction Plan Status: Implemented

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Observation #6: P-Card Expense Coding Errors

Issue / Observation

Testing of a stratified random sample of P-card statements and receipts for virtually all departments and divisions determined inadequate review of expenditure/expense coding for Pcard purchases as follows:

- An erroneous sub-object was charged: 45 out of 165 transactions (27%)

Cause:

The verification of an accurate account number is not explicit in the above noted PSM. Budgets are amended at the character level (i.e., services/material (30), non-operating (50), capital (60), etc.) not the sub-object level, thus 17 out of 23 departments (74%) did not put forth the emphasis on the accuracy of the subject.

Impact:

Improper purchase account coding can lead to prohibited purchases being buried in accounts that may not get the appropriate level of review which may lead to financial loss to the City.

Recommendation:

The City Manager should adopt a limited tolerance policy within the P-card PSM that requires enforcement of consequences after a specified threshold of occurrences or magnitude of inaccurately coded purchases.

Correction Plan:

The Finance Department, within 120 days, will update the P-Card Policy to include stricter disciplinary actions and detail how enforcement of consequences will occur. The focus will be on card holder and supervisory accountability and immediate cancellation of the employee's Pcard, if violated.

Current Status:

The Finance Department updated the P-Card Policy to include stricter disciplinary actions and detail of how enforcement of consequences will occur.

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Finding Type: Observation

Human Resources



Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue No: 95
Date of Finding: 12/29/2009

Final Date of Completion 06/30/2020

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Final revision of job descriptions. Selection process improvement. Development of supporting learning resou

Milestone Date of Completion 03/31/2020

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue / Observation Condition:
 The City does not actively engage in employee succession planning and mentoring for key functions/positions throughout the City and many such positions lack written policies and detailed procedures. Under the Committee of Sponsoring Organizations (COSO) framework Internal Control Environment component 1.2 "Commitment to Competence", succession planning is a standard element of the internal control environment. It helps to ensure a smooth transition, minimize disruption and mitigate costs resulting from the loss of institutional knowledge when long-term employees leave the organization.

Cause:
 Management has not mandated succession planning and the development of standard operating procedures for all departments.

Impact:
 Without formal succession planning and mentoring, the City risks decreased efficiency, effectiveness and quality of service delivery as new employees attempt to gain sufficient knowledge to perform the key aspects of their jobs.

Recommendation: The City Manager should instruct all department directors to develop a comprehensive employee succession/mentoring plan for key functions/positions within their respective departments. Moreover, a significant component of a successful employee succession/mentoring plan is a having a regularly updated set of written policies and procedures for each of these key functions/positions. This recommendation is further emphasized in Finding 1.

Correction Plan: Succession planning in its truest sense may be difficult to accomplish in the public sector given Personnel Rules, seniority considerations among bargaining units, etc; however, the human resources department (HRD) will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

One of HRD's future initiatives is to develop a comprehensive succession planning program. However other foundational components are required before implementation, such as: the development of Citywide Values and Competencies aligned with career ladders. Once these components are in place, HRD can develop a robust succession planning program.

Current Status: HR Management is currently meeting with Departments for a final job description review and approval. The succession planning will be implemented during the Phase 2 of ERP. Go Live for Phase 1 is now scheduled tentatively for January 1, 2020.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue No: 100

Date of Finding: 12/29/2009

Final Date of Completion 12/31/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Initial Release of Customer Satisfaction Survey to Community Builders.

Milestone Date of Completion 12/31/2019

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue / Observation Condition:
 The City Auditors Office's (CAO's) review of the Human Resources Department's (HRD's) efforts to meet stakeholder needs and expectations revealed that they are not proactively seeking input from either internal or external customers to gauge user satisfaction with the quality and effectiveness of the services HRD provides. Furthermore, HRD staff is not currently receiving customer service training, which is of paramount importance for a department that primarily exists to provide services to other departments within the government.

Criteria:
 Under the Committee of Sponsoring Organizations (COSO) framework Information and Communication component 4.1 "Mechanisms that support information flow inside the organization", internal survey processes and component 4.2 "Mechanisms that support information flow outside the organization", external surveys are a standard element of the internal control system.

Recommendation: The City Manager should require the Director of HRD to:
 1. Develop and conduct an annual survey of job applicants and City employees to inquire about their level of satisfaction with the array of services provided by HRD. The survey results should be analyzed and used as a planning tool to promote and prioritize service delivery improvements.
 2. Provide HRD staff with annual customer service training to ensure that staff responds to service requests with a customer focused approach.

Correction Plan: HRD will explore the possibility of conducting an annual customer service survey. Staff will receive customer service training budget permitting.

Current Status: Customer Service training for Staff has been scheduled for the new fiscal year .

HR is waiting for a roll-out date to be determined by the City Manager for the Customer Satisfaction Survey.

Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3

Issue No: 115
Date of Finding: 10/15/2010
Final Date of Completion 12/31/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Policy Standards Manual will be routed for CBLT approval and adoption of final revision.

Milestone Date of Completion 10/31/2019

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3

Issue / Observation Condition
 The City Auditors Office (CAO) found that new employee drivers licenses and driving history requirements, per the policy standard manual (PSM) 6.16.1.1, do not account for the number of citations issued to potential City drivers.

Criteria:
 Under the Committee of Sponsoring Organizations (COSO) framework Internal or Control Environment component 1.2 "Commitment to competence", analysis of skills required and job descriptions are fundamental elements of an effective internal control environment .

Recommendation: The CAO recommends that the City Manager require the Director of Human Resources to revise the PSM regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers as exists with current employee drivers.

Correction Plan: The Fire-Rescue Department (FRD) checks the status of each firefighters once a year and does a 7 year history for tickets and validity. The state has changed their policy and now charges for ticket history. To adapt to this, the FRD checks twice a year to see if FRD employees possess a current license (this is at no charge vs. \$5 per license for a 7 year history).

Current Status: The updated policy is pending review by the Community Building Leadership Team . In the updated policy, Human Resources Department will retrieve and review a State of Florida Department of Highway Safety and Motor Vehicles driver history for all CDL licensed employees annually for impacted employees. However, with the exception of employees in the Police and Fire Department, which will be responsible for collecting and reviewing this data for employees in their respective departments.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue No: 237

Date of Finding: 12/29/2009

Final Date of Completion 12/31/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone The Draft of the Employee Handbook to be presented to City Manager for approval.

Milestone Date of Completion 10/31/2019

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue / Observation Condition
 The City Auditor's Office (CAO) found that Human Resources Department (HRD) does not publish a comprehensive employee handbook. Instead, HRD relies on the combined information contained in the specific union contracts, the policy standard manual (PSM), and the Personnel Rules. These combined documents serve to provide information on many of the topics typically covered in the sample of employee handbooks reviewed by the CAO as well as best practice literature. However, the CAO noted that it was difficult and time consuming to research specific items from among the various sources, which collectively substitute for a traditional employee handbook. This is not a user-friendly method and can leave staff confused and without complete and accurate information.

Recommendation: The City Manager should require the Director of HRD to:

1. Create and publish an employee handbook and/or,
2. Create a matrix by employee-type and include hyperlinks on the HRD website that would serve to centralize and guide both union and non-union employees to pertinent information pertaining to the City's various policies and procedures as well as other important employee information.

Correction Plan: Employee handbooks typically contain various policies, including standards of conduct, such as workplace violence, discrimination, anti harassment, and benefits. While the City does not have one official document entitled "Employee Handbook", the previously described information can be found in the City's Personnel Rules, Policy and Standards Manual, Pay Plan Ordinance and the various collective bargaining agreements. The compilation of such information into one document would require a significant outlay of staff resources. Additionally, because an employee handbook is often the focus of employment related litigation, any compilation or drafting of a citywide employment manual would require the involvement of the City Attorney's office and/or outside counsel for constant review and updating. In light of the above, HRD does not agree with the CAO's recommendation.

REBUTTAL

The CAO feels strongly that employee handbooks are such an important resource as to be almost universal in their use. We are unaware of any organization of our size that fails to have a comprehensive handbook to educate and inform employees of their rights, benefits and obligations. While the production of such a resource may be time consuming and detailed, the benefits to the employees far outweighs the cost to the City.

Current Status:

HR has collaborated with Strategic Communication to design an electronic document to add a cover, graphics and user friendly layout to be uploaded to the HR landing page on Laudershare (Intranet).

Parks and Recreation



Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue No: 314

Date of Finding: 06/29/2016

Final Date of Completion 09/30/2019

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Present Updated Investment Policy to Commission after review by the Investment Advisory Board.

Milestone Date of Completion 09/30/2019

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue / Observation Condition
 The Cemetery Board improperly determined that 19% of the total amount received from the sale of each lot or plot, crypts, and niches belongs to the corpus of the Trust Fund.
 Note: The Trust Fund has built up to more than \$25 million.

Criteria

- (1): Code of Ordinance Sec. 10-47. Municipal Cemetery System Fund.
 - (a) Perpetual care trust. There shall be a perpetual care trust comprised of the following income sources and authorized expenditures:
 - (1) Income. There shall be set aside and deposited in the perpetual care trust:
 - a. Nineteen (19) percent of the total amount received from the sale of each lot or plot, columbarium niche and mausoleum crypt; and
 - b. For each memorial, monument, marker or bench sold or installed or both in the cemetery system, twenty cents (\$.20) per square inch of the top surface of bronze markers and the top surface of the base of stone monuments.
 - (2) Expenditure. The income of the perpetual care trust shall be used only for the following purp

Recommendation: The City Manager should revise and update the Cemetery Rules and Regulations and related Investment Policy to accurately represent the intent of the City Ordinance or change the City Ordinance to accurately reflect the Rules and Regulations and related Investment Policy.

Auditor Note:

The City Ordinance was adopted in 1986, amended and updated in 2004. The Rules and Regulations and Investment Policy were adopted in 1990, amended and updated in 2004.

Correction Plan: Management concurs in principle with the finding and recommendation. Staff will bring the investment policy and the Cemetery Rules and Regulations to Cemetery Board of Trustees for further discussion and determine the need to accurately define the corpus consistently throughout all documents. Management will proceed with bringing this issue to the City Commission as a conference item.

Current Status:

The Cemetery Rules and Regulations were adopted by the City Commission at its meeting on September 12, 2018.

The Investment Policy has undergone revisions by Parks staff. The Investment Advisory Board will review the policy at its next meeting in September.

Department of Sustainable Development



Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue No: 108

Date of Finding: 10/24/2011

Final Date of Completion 01/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone ERP Implementation

Milestone Date of Completion 01/01/2020

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue / Observation Condition
 The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically Governmental Accounting Standards Board (GASB) 33. Auditor Note: The City Auditor's Office (CAO) has communicated the potential financial reporting issue to the external auditor for their consideration.

Criteria

GASB Statement No. 33 establishes accounting and financial reporting standards for imposed nonexchange revenue transactions – governments are required to recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

Recommendation:

The CAO recommends that the City Manager require the following:

1. The Director of the Building Department work in conjunction with the Finance Director to determine the total outstanding code lien receivables owed to the City.
2. The Director of the Building Department develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received.
3. The Director of the Building Department develop a policy for the City Commission's consideration to set the minimum acceptable level for code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33.

Correction Plan:

- 1) Management concurs. The Director will work with the Finance Department and Information Technology (IT) to enhance the current Community Plus software to provide the ability to determine the total outstanding code liens and fines owed to the City at any given time. If the current software is not capable of such enhancement, a replacement product will be sought.
- 2) Management concurs. The Director will develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible, an alternate software product should be sought as stated above.
- 3) Management concurs. The Director will develop a policy and will make recommendations to the City Commission for setting minimum acceptable levels for Code lien settlements to allow the Finance Department to determine the net collectible receivable.

Current Status:

The ordinance amending Chapter 11, Code Enforcement, Article II Section 11-3, Jurisdiction of Board and Special Magistrate, of the City's Code of Ordinances, has been amended to delegate authority to the Special Magistrate to reduce Code Enforcement fines, penalties and liens, completing correction plan request number three (3) of this finding, which required Commission recommendation for setting minimum acceptable levels for Code liens settlements.

In regards to the other correction plan items, Sustainable Development has set the Accela go-live date to October, 14 2019. The Accela platform will not be system of record to satisfy the audit finding. To successfully address the audit finding an interface between Accela and the ERP project is needed to take the data from Accela and compile a report generated from the Enterprise Resource Planning (ERP) system. DSD will work with ERP project team on interface development, with testing and confirmation of the audit finding to occur afterwards.

Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3

Issue No: 109

Date of Finding: 10/24/2011

Final Date of Completion 01/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone ERP Implementation

Milestone Date of Completion 01/01/2020

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3

Issue / Observation Condition
 The current management information system, "Community Plus", does not appear to meet Code Enforcement's needs. For example, a complete listing of all outstanding code liens and their associated values cannot be produced.
 See also City Auditor's Office (CAO) Report #07/08-10, "Audit of the Code Enforcement Division", Condition/Cause, "Community Plus has the ability to generate custom reports however, Code Enforcement Division (CED) staff rarely use this functionality due to the lack of practical guidance materials. CED management personnel were given training on how to use Community Plus to generate custom reports but were not provided with a desk reference manual with step-by-step screenshots."
 Auditor Note: The Information Technology Department (IT) provided the CAO with a "Code Enforcement Fine Report" listing all outstanding liens and associated value on 10/3/2011. The report indicated 2,802 outstanding liens, with a fine and lien value of \$153,430,449.

Recommendation: The CAO recommends that the City Manager require the Director of the Building Department to work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements.
 Auditor Note: See also CAO Report #07/08-10 p.9, "Audit of the Code Enforcement Division", Management Response, "Generally reports directly available through Community Plus are not sufficient to meet division needs as they lack essential data."

Correction Plan: Management concurs. The Director will work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements, including reports with essential data sufficient to meet division needs.

Current Status: Sustainable Development continues to work on the final steps to launch the Accela system ; the Accela go-live date to October, 14 2019. After the system is launched, the interface between Accela and the Enterprise Resource Planning (ERP) will be completed to facilitate the report generated functions from the ERP system which will satisfy the audit finding.