

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
July 28, 2016, 5:00 PM**

Board Member	Attendance	Cumulative Attendance	
		10/1/15 – 9/30/16	
		Present	Absent
Martin Kurtz, Chair	P	3	1
Richard Owen	P	2	2
Kimberly Jackson	A	1	3
D. Keith Cobb	P	4	0
Gregg McKee [5:10]	P	4	0

Staff Present

Kirk Buffington, Director of Finance
Linda Logan-Short, Deputy Director of Finance
Laura Garcia, Controller
Don Morris, Economic & Business Development Manager, DSD
Marco Hausy, Assistant City Auditor III
Valerie Florestal, Budget Coordinator, ITS
Kevin Keimel, Application Services Manager, ITS
Alexandria Woolweaver, Information Technology Security Analyst, ITS
Jay Stacy, Deputy Director, ITS
Keela Black Davis, Administrative Assistant II, HR
Anthony Fajardo, Director of Sustainable Development
Chris Lagerbloom, Assistant City Manager
Nicole Archie, Organizational Development and Learning Coordinator
Dawn Johnson, Senior Accountant
Laura Reece, Budget Manager
Ashley Harrison, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath
John Weber, Crowe Horwath

Call to Order

Chairman Kurtz called the meeting to order at 5:01 PM.

Roll Call

At the July 28, 2016 meeting, four (4) appointed members to the Board were present, allowing for a quorum.

Review of Meeting Minutes for Approval

Chairman Kurtz asked the Board members if they had any questions or comments regarding the March 3, 2016 Board minutes. Being none, a Motion was made by D. Keith Cobb, to approve the minutes, seconded by Richard Owen. In a voice vote, the motion passed unanimously.

Chairman Kurtz asked whether there is any public input to be heard before entering into the agenda. Hearing none, he proceeded with the meeting.

Initial Audit Planning Discussion for FY2016

Ms. Blackstock discussed the Audit Planning Discussion for FY2016. The staffing is going to remain the same for the current year's audit. The IT interim fieldwork took place on June 20, 2016 and June 27, 2016. We will be out September 19, 2016 for two weeks to do our interim audit procedures. We will be back out for the year-end fieldwork starting January 9, 2017 and running through February. Finance is going to provide us a draft of the basic financial schedules on January 27, 2017 and a complete CAFR to us on February 6, 2017. Our presentation to the Board will be on February 28, 2017 and to City Commission on March 7, 2017. IT year-end will be two weeks, the week of October 10, 2016 and October 17, 2016.

CRA Audit

Ms. Blackstock discussed the CRA Audit. We were engaged to prepare the audit and report on the financial reports, the internal control and compliance report for Governmental Auditing Standards, a Management Letter and also communication with those charged with governance. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows at September 30, 2015 by \$81.6 million and that's representing the net position. The total net position increased by \$2.2 million in fiscal year 2015. Beginning net position was restated by an increase of \$7,762 due to the implementation of GASB 68 in order to remove the prior year net pension asset. As of September 30, 2015, the fund balance was \$65.4 million which was an increase of \$5.9 million from the prior year and it was primarily due to the CRA issuing \$7.6 million in tax increment revenue notes. At the end of the current fiscal year, the fund balance for the CRA included \$64.9 million restricted fund for redevelopment projects and \$0.5 million restricted for debt services. The long-term debt increased by \$8.1 million which is the result of the issuance of the tax increment revenue notes of \$7.6 million and then net pension liability of \$0.5 million.

The report on the financials was an unmodified opinion which means it was a clean opinion. The Internal Controls and Compliance Report included IT controls (Sum Total

and Cash Cloud) that were also recorded for the City because those applications are also used by the CRA. Our Management Letter had no comments that we needed to address.

Chairman Kurtz inquired what the \$7.6 million was used for. Ms. Logan-Short responded that it was used to fund the North loop of the Wave StreetCar Project. Chairman Kurtz asked how it was going to be paid back to which Ms. Logan-Short responded that it would be paid back by future TIF revenues. Chairman Kurtz asked if all TIF revenue would be going towards that and Ms. Logan-Short responded that there will still be TIF revenue leftover for other things.

Large User Audit

Ms. Blackstock stated that for the year-end of September 30, 2015, the total user costs were \$24.4 million less some interest earnings of about \$200,000. We had total user charges of \$24.2 million. The gallons treated were 13.5 million which brought us to a user charge per 1,000 gallons treated of \$1.77. In 2014 the gallons treated were 14.2 million and the user charge per was \$1.519. She referenced page 4 that goes over the background and large users that are involved which include Oakland Park, Tamarac, Wilton Manors and the Port Everglades Authority. It was a clean opinion.

Discussion and Review of Open Findings Database

Ms. Reece gave a brief overview of the Open Findings Database and advised that in the most recent report there are 32 open audit findings. One of those is external and the rest are Commission audit findings. As of December 2015, we were down to 18, and then there were two new audits. A lot of the findings are new from the Sixth Street Audit, and then one of the DSD temporary staffing issues.

- A. Information Technology Services.** Led by Jay Stacy, he and his staff provided updates on IT controls, the Cyborg Payroll System,
- B. City Manager's Office.** Laura Reece and Kirk Buffington gave an update on the Bahia Mar Lease Agreement.
- C. Finance.** Led by Kirk Buffington, he gave an update on the COOP plan.
- D. Public Works.** Led by Paul Berg, he gave an update on testing the of the COOP plan.
- E. Human Resources.** Led by Keela Black-Davis, she and staff provided updates on Job Descriptions, Succession Planning, Training, and Controlled Substances of the Fire Department.
- F. Community Redevelopment Agency.** Led by Don Morris, he and staff gave an update on the Sixth Street Plaza.

G. Sustainable Development. Led by Anthony Fajardo, he and staff gave an update on Code Enforcement Lien Findings.

H. All Departments. Kirk Buffington gave updates on Temporary Staffing.

D. Keith Cobb expressed concern on the indication of material weakness on the Bahia Mar Lease audit finding. Chairman Kurtz expressed concern on the communication of the status of audit findings to the City Auditor's office, as well as the length of time audit findings have been open without updates on the status. Mr. Hausy stated that it is up to the Department's to contact the City Auditor's office when they feel their sufficient documentation to clear an audit finding.

Discussion of FY 2017 Budget Preparations and Revenue Estimates

Ms. Reece explained that on July 12, the proposed budget was presented to the City Commission. She discussed that the Budget Advisory Board plays a key role in the budget development and review. They meet to look at the individual departments budgets. The Budget Advisory Board met with City Commission and recommended the fire assessment fees be raised to full cost recovery. At the July 12 meeting, we submit the proposed budget to the Commission and they have to set the maximum millage rate and all of the special assessment rates. There will be two public hearings in September to confirm that those are the rates they would like to keep. Property taxes went up almost 10%. Around \$500 million of that was related to new construction.

The total proposed budget for all funds is around \$688 million this year. That doesn't include community investment plan which is separate. Some of the key increases are \$3 million to Broward County this year for beach re-nourishment; \$1.8 million for contractual wage and benefit increases; \$3.7 million for the increase in Police and Fire Pension; \$1 million increase to the CRA; and \$2.2 was the general funds contribution towards the land management system. The other thing is building a fund in case we need to do something with the 911 call center. We are proposing a 6% rate increase for the sanitation fund. We are proposing a \$2 per month rate increase for stormwater. Water and sewer has an automatic 5% rate increase that happens every year.

Chairman Kurtz asked if there were any significant capital projects being considered for next year. Ms. Reece explained that there is around \$12 million being allocated towards capital projects this year. We've started to put around \$1 million per year to the facilities replacement priorities. We put around \$500,000 per year for walkability. There was a study done saying that we need to make our downtown more walkable. We do around \$800,000 for road re-surfacing.

Discussion of Revenue Estimating Conference Committee

D. Keith Cobb spoke about the Revenue Estimating Conference Committee and expressed that he was impressed and that he thought it was extremely well done and professionally done.

Finance, IT and City Auditor Budgets

- A. Finance.** Kirk Buffington gave an update on what was approved, which includes a new Assistant Manager/Contracts Administrator position, CAFR software, and the modernization of the purchasing process. Ms. Logan-Short added that we were able to keep an employee that is retiring on for another 11 months in a temporary position to help with new initiatives.

- B. Information Technology Services.** Jay Stacy gave an update on key budget items which includes network connections between facilities, and an enterprise agreement.

- C. City Auditor.** Marco Hausy gave an update gave an update on budget items, which includes paying rent at a new building.

ERP Update

Mr. Buffington stated that we are still negotiating with Ciber and Infor. We have a conference call every week. We have had a couple of day long negotiation sessions. We have been aiming for the August 16th agenda but as of this morning, it may be pushed back. It has been complicated because we have been dealing with 7 different vendors.

Communication to the City Commission

None.

The next meeting is scheduled for October 27, 2016.

The meeting was adjourned at 7:05 PM.

[Minutes prepared by Ashley Harrison, Board Liaison]

Fiscal Year 2016 Financial Audit Proposed Timeline

- 6/20/16 - 7/1/16 - Crowe to conduct interim IT fieldwork
- 9/19/16 - 9/30/16 - Crowe to conduct interim audit procedures
- 1/9/17 - 2/24/17 - Crowe to conduct year-end fieldwork
- 1/27/17 - Finance to provide draft basic financial schedules to Crowe/AuAB
- 2/6/17 or prior - Finance to provide complete CAFR to Crowe
- 2/28/17 - CAFR presentation to AuAB
- 3/7/17 - CAFR presentation to Commission

Fort Lauderdale Community Redevelopment Agency Year End Audit Results

- Presentation to the Audit Advisory Board
- April 28, 2016

Agenda

- Scope of Services/Deliverables
- Financial Statement Overview
- Audit Results
- Those Charged With Governance Communication

The accompanying information should be read in conjunction with the audited financial statements and is intended solely for the information and use of the Mayor, City Commissioners, Audit Advisory Board, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Scope of Services/Deliverables

- Audit Report on the Financial Report
- Internal Control and Compliance Report - *Government Auditing Standards*
- Management Letter
- Those Charged With Governance Communication

Financial Statement Overview

- The assets and deferred outflows of resources of the CRA exceeded its liabilities and deferred inflows at September 30, 2015 by \$81.6 million (net position).
- The CRA's total net position increased by \$2.2 million in fiscal year 2015.
- Beginning net position has been restated by an increase of \$7,762 due to the implementation of GASB 68 in order to remove the prior year net pension asset.
- As of September 30, 2015, the CRA's fund balance was \$65.4 million, an increase of \$5.9 million from the prior year. This increase was primarily due to the CRA issuing \$7.6 million in tax increment revenue notes.
- At the end of the current fiscal year, fund balance for the CRA included \$64.9 million restricted fund for redevelopment projects and \$0.5 million restricted for debt service.
- The CRA's long-term debt increased by \$8.1 million which is a result of the issuance of \$7.6 million in tax increment revenue note and the net pension liability of \$0.5 million.

Audit Results

- Audit Report on the Financial Report
 - Unmodified Opinion
- Internal Control and Compliance Report - *Governmental Auditing Standards*
 - IT Controls (Sum Total and Cash Cloud)
- Management Letter
 - No comments

Those Charged With Governance Communication

- Auditor's Responsibility Under Auditing Standards Generally Accepted In The United States Of America
- Auditor's Responsibility Under *Government Auditing Standards*
- Significant Accounting Policies And Management Judgments and Accounting Estimates
 - Significant Accounting Policies
 - Management's Judgments And Accounting Estimates
- Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices

Those Charged With Governance Communication

- Corrected And Uncorrected Misstatements
- Other Communications
 - Other Information in Documents Containing Audited Financial Statements
 - Significant Difficulties Encountered During the Audit
 - Disagreements with Management
 - Consultations with Other Accountants
 - Representations the Auditor is Requesting from Management
 - Significant Issues Discussed, or Subject to Correspondence, with Management
 - Other Finding or Issues We Find Relevant or Significant

**SCHEDULE OF LARGE USER
WASTEWATER TREATMENT
RATE COMPUTATION**

City of Fort Lauderdale, Florida
For the Year Ended September 30, 2015
With Report of Independent Auditor's

City of Fort Lauderdale, Florida
Schedule of Large User
Wastewater Treatment Rate Computation

For the Year Ended September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Commission and City Manager
City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

Report on the Schedule

We have audited the accompanying schedule of large user wastewater treatment rate computation (the "schedule") of the City of Fort Lauderdale, Florida (the "City") for the year ended September 30, 2015, and the related notes to the schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the financial reporting provisions of Article 5 of the agreements for the provision of wastewater transmission, treatment and disposal services ("agreements") between the City and the City of Tamarac, the City of Wilton Manors, Broward County, the Town of Davie and the City of Oakland Park (collectively, the Customers). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the schedule referred to above, presents fairly, in all material respects, the cost of providing wastewater transmission, treatment and disposal services to the Customers for the year ended September 30, 2015, in accordance with the financial reporting provisions of Article 5 of the agreements.

Emphasis of Matters

Basis of Accounting

We draw attention to Note 1 to the schedule, which describes the basis of accounting. The schedule was prepared by the City on the basis of the financial reporting provisions of Article 5 of the agreements, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the agreements referred to above. Our opinion is not modified with respect to this matter.

Significant Interpretations

As discussed in Note 2, the accompanying schedule was prepared assuming that operation and maintenance costs include the costs of acquiring equipment for use in the provision of wastewater transmission, treatment and disposal services to the Customers. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Honorable Mayor, City Commission, City Manager and management of the City, and the Customers and is not intended to be and should not be used by anyone other than these specified parties.



Crowe Horwath LLP

Fort Lauderdale, Florida
April 26, 2016

City of Fort Lauderdale, Florida
Schedule of Large User
Wastewater Treatment Rate Computation

For the Year Ended September 30, 2015

Operation and maintenance costs	\$ 15,178,996
Debt service and bond covenant requirements, net	2,196,055
Replacement costs	<u>6,993,035</u>
Total user costs	24,368,086
Less interest earnings	<u>217,083</u>
Total user charges	<u>\$ 24,151,003</u>
Gallons treated (in 1,000's)	13,513,845
User charge per 1,000 gallons treated	<u>\$ 1.78713041</u>

See accompanying notes.

City of Fort Lauderdale, Florida

Notes to Schedule of Large User

Wastewater Treatment Rate Computation

1. Background

The accompanying schedule of large user wastewater treatment rate computation presents the wastewater transmission, treatment and disposal charges allocated to the central regional wastewater treatment plant operated by the City of Fort Lauderdale, Florida (the City). In addition to the City, the plant provides wastewater treatment services to the cities of Oakland Park, Tamarac, Wilton Manors, and the Port Everglades Authority, succeeded by Broward County effective October 1, 1994, and the Town of Davie. The basis for calculation of the costs to operate the plant is defined in Article 5 of the large user agreements with each of the respective governmental units listed above. The accompanying schedule was prepared on a basis on accounting other than generally accepted accounting principles to comply with Article 5 of the agreements.

2. Operation and Maintenance Costs

Operation and maintenance costs include labor, materials, equipment (including equipment acquisition costs), fuel, utilities, chemicals, transportation, travel, administrative expenses, billing expenses, supplies, rent, insurance, employee benefits, liability insurance costs, workers' compensation insurance costs, outside services, and any other costs of operation and maintenance of the central regional wastewater transmission, treatment, and disposal facilities. Under generally accepted accounting principles, equipment acquisition costs generally are capitalized and depreciated over their estimated useful lives.

3. Debt Service and Bond Covenant Requirements

Debt service and debt covenant requirements include charges for principal, interest, and amounts necessary to meet the requirements of debt obligations and covenants for those portions of the City's bond issues and loans used to purchase or construct capital assets of the central regional wastewater transmission treatment and disposal facilities.

On May 3, 2012 the City issued \$64,585,000 of Water and Sewer Revenue Refunding Bonds, Series 2012. The Series 2012 was the refunding of the Series 2003, of which \$2,929,701 was for the Central Regional Wastewater System. The issue provides for semi-annual principal and interest payments with interest rates ranging from 2.0% to 5.0% and a final maturity on September 1, 2028. This refinancing reduced the interest rate from 3.5% to 2.0%. As of September 30, 2015, the Central Regional Wastewater System's liability for these bonds totaled \$2,660,478.

In order to take advantage of low interest rates, the City is participating in the State of Florida revolving loan program to finance sewer system capital improvements. The loan program operates on a reimbursement basis. When proceeds are issued, the loan accrues interest based upon the rate approved by the State at the date of closing. The liability due to the State is the original loan amount plus accrued interest until the date repayments commence. The loans provide for semi-annual principal and interest payments with interest rates ranging from 2.1% to 2.9%. As of September 30, 2015, the Central Regional Wastewater System's liability for these loans totaled \$17,624,723.

City of Fort Lauderdale, Florida
Notes to Schedule of Large User
Wastewater Treatment Rate Computation (Continued)

4. Replacement Costs

Replacement costs, which are required by Public Law 92-500, provide for replacement or addition of equipment that will be needed to maintain the performance and capacity of the central regional wastewater facilities during the next 20 years of operation. Replacement costs for the succeeding 20-year period were originally estimated on June 14, 1985, and are updated annually by the City's consulting engineers. The amount of replacement cost to be collected in a given year is based on the total estimated replacement costs less the amount accumulated in the reserve for replacement, divided by 20.

5. Interest Earnings

Interest earned on investments held by the central regional wastewater treatment system is reflected as a reduction of costs used to compute the wastewater treatment rate in accordance with provisions of the large user agreements as amended.

6. Gallons Treated

Gallons treated are based on metering devices located at the wastewater treatment plant and maintained by the City.

7. Interim Billing Rate

The large user agreements provide for the City to bill each user an interim wastewater treatment rate based on budgeted operation and maintenance costs, debt service, and bond covenant costs, and replacement costs for the fiscal year. At the close of the fiscal year, an adjustment is made based on actual user charges. The interim-billing rate used in fiscal year 2015 was \$1.700 per 1000 gallons.



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

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

As of June 30, 2016



WE BUILD COMMUNITY



**STATUS OF OPEN AUDIT FINDINGS
APRIL - JUNE 2016 QUARTERLY REPORT
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FINANCIAL EXTERNAL FINDINGS



Information Services

Financial External Audit #2012-6 Information Technology (IT) Controls

Issue No: 269

Date of Finding: 03/12/2012

Est. Completion Date: 06/30/2014

		Name	Title	Department
<u>Responsible Person 1</u>	kkeimel	Kevin Keimel	Manager of Distributed Systems	Information Services
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone 09/30/2013

Anticipated Date of Completion 09/30/2014

Final Date of Completion

Department: Information Services

Audit Initiator Financial External

Audit Initiator Other

Title: Financial External Audit #2012-6 Information Technology (IT) Controls

Issue / Observation Information systems controls should reasonably assure that electronic information is not compromised by unauthorized access to systems and that access is granted only as needed for individuals within the entity to perform their assigned responsibilities while maintaining adequate segregation of duties.

Condition: We noted the following with respect to the City's information systems:

T2 Flex

Management does not currently have a defined change management process in place to ensure that all updates/patches are tested and approved.

Cyborg

During our review of Cyborg access we noted the following:

- Six active terminated employee accounts without elevated access rights, which increases the risk of inappropriate or unauthorized access on the system.
- One employee with two active accounts with elevated access rights that no longer requires the use of the additional user, which increases the risk of inappropriate or unauthorized access on the system.

Recommendation:

Correction Plan: Has not been corrected. The City is in the process of hiring a Chief Security Officer to address all IT control concerns.

Current Status:

SumTotal- User access will be reviewed by the SumTotal Administrator and super user access (double star security) will be removed from all users except the users within IT with legitimate need for Administrative access. Other users requiring write access will be placed into security groups which enforce least privilege access dependent on specific job duties.

Sumtotal- SumTotal Administrator will be notified via electronic notification when an employee is no longer with the City of Fort Lauderdale. The notification will provide details of user access and various application accounts, including SumTotal, that need to be disabled. The electronic notification will also be provided to Human Resources, Finance, for proper deactivation of account access for separated employees. For tracking purposes of user disabled accounts an Excel spreadsheet with email for backup will be maintained by the appropriate IT staff.

Sum Total Source Code Access – A built-in Hewlett-Packard Unix (HPUX) utility will be configured to monitor file system changes. The Security Analysts will review the policy around the configuration and monitoring of this tool.

Cash Cloud Source Code Access – A Windows tool will be purchased, installed, and tested by September 2016 to track file system changes on these servers. The Security Analysts will review the policy around the configuration and monitoring of this tool.

SumTotal/Cash Cloud- All audit findings will be remediated by September 30, 2016.

COMMISSION AUDIT FINDINGS



City Manager's Office

Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1

Issue No: 174

Date of Finding: 07/03/2012

Est. Completion Date: 07/23/2014

		Name	Title	Department
<u>Responsible Person 1</u>	rhenderson	Ryan Henderson	Administrative Assistant II	City Manager
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone Taxes

Anticipated Date of Completion 10/30/2014

Final Date of Completion 07/23/2014

Department: City Manager

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1

Issue / Observation While the lease agreement between the City of Fort Lauderdale and Bahia Mar has been in place since 1962, the City Auditor determined that during the years covered by our review there has essentially been no oversight of the lease terms by City staff. The complete lack of internal controls governing oversight and compliance with lease terms represents a material weakness.

Recommendation:

Correction Plan: While it is clear that the City failed to administer the contract appropriately, it is also important to note that management made immediate changes to its oversight practices once it was brought to their attention.

Further, Bahia Mar staff have been extremely responsive in having their certified public accountant firm issue the required audited consolidated financial statements of Baton Holdco II L.L.C. and Subsidiaries, which includes the Bahia Mar Statement of Capital Improvement Reserve Account Balance and Rollforward of Carry-Over Capital Improvement Credit [see Exhibit D]. Based upon our review of these documents, we determined that Bahia Mar is operating in accordance with Article 15 as stated in the preceding paragraph. The CIRA has a carryover capital improvement credit balance in the amount of \$28,092,200, as of December 31, 2011.

Current Status:

4/7/2014: Staff has been assigned to each finding to ensure compliance. CBRE has been contracted for lease management of this property.

6/24/2014:

- Received payment of utilities letter, signed by City Financial Officer (CFO) and managing director, prior to 4/30/2014 (attached)
- Received audited financial statements (attached)
- Received report containing information on gross operating revenues (attached)
- Received updated insurance certificates and had approved by Risk (attached)

10/3/14:

- Finance confirmed that payments in the amount of \$75,000 each were received on 3/19/14, 7/12/14 and 9/24/14. 9/24/14 payment was wired directly to CBRE since they are now handling the City's lease management
- Trim notice was mailed. Proposed amount is \$1,118,136.98.
- CBRE agreement attached.

12/31/14:

- Staff received Schedule of Gross Operating Revenues for year ended 9/30/14
- Property

12/31/14

Awaiting final review of the Commission Auditor's Office

7/6/16

The City Manager's Office is currently working on identifying the correct contacts associated with the hotel, of whom would be able to assist in receiving all the correct information needed for a thorough audit of the lease. Staff is in contact with the Auditor's Office and have conveyed such information.

Community Redevelopment Agency

Review of the Sixth Street Plaza Development Project

Objective 1

Issue No: 299
Date of Finding: 04/29/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Sustainable Development
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Financial Management Analyst	Sustainable Development

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion

Final Date of Completion 09/30/2016

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of the Sixth Street Plaza Development Project Objective 1

Issue / Observation The Community Redevelopment Agency's (CRA) project files were reviewed and staff interviewed to determine what procedures were in place to evaluate development proposals. We noted the following:

1. There is no evidence that a formal underwriting of the original proposal was performed using established criteria for approval.
2. The business plan submitted by the applicant was meager, lacking a detailed market demand analysis, marketing plan, construction budget, and cash flow projections.
3. There is no evidence of an independent verification of the construction cost budget.
4. There is no documentation of the developer's capacity to undertake the work
5. There was no formal risk assessment performed by management.
6. There is no analysis supporting the purported cost increases.
7. There was no financial review to determine if the development's cash flow could support the additional bank and CRA debt taken on by Sixth Street.

Recommendation: CRA management needs to develop written policies, procedures, and criteria to effectively review proposals from developers. Staff needs to have sufficient training and expertise in methods for conducting this review. These procedures should include at a minimum:

- Formal criteria and thresholds that the project must achieve to warrant funding.
- A business plan with a detailed budget and timeline for construction.
- A market analysis showing demand and comparable rents.
- Proforma cash flow statement in sufficient detail to permit an objective evaluation of the risks and likelihood for success of the project.
- Credit and background checks of the principals involved.
- Review of prior projects of similar size/scope successfully completed by the applicant.
- Additional funding requests, cost increases, and change orders should receive the same level of scrutiny, analysis, documentation, and risk assessment as the initial proposal.

Correction Plan:

Current Status:

In 2015, Financial Personnel was hired to directly oversee CRA Cash out flows and CRA budgets. Below are the related internal controls and policies implemented since that time:

1. Internal Controls were implemented for operational effectiveness and efficiency. All disbursed CRA funds are reviewed and signed by Finance Personnel and the Director of the CRA. The City's Finance Department is also an authorized signor on all outgoing CRA funds.
2. All projects and incentives are monitored and tracked on a weekly basis by CRA Finance Personnel.
3. All CRA projects and incentives require a completed application along with the following requirements: criteria and thresholds, business plans, construction timeline, proposed budgets and reference checks; all of which will be monitored and reviewed by Economic Community Redevelopment (ECR) Project Manager and Finance Personnel; nothing is approved until all of the above is submitted with an application.
4. All agreements are fully executed with provisions within the agreement and complete scope of services.
5. CRA Finance Personnel communicates effectively with the City's Finance Department. All voucher payments are discussed thoroughly.

Review of the Sixth Street Plaza Development Project

Objective 2

Issue No: 300

Date of Finding: 04/29/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Sustainable Development
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Financial Management Analyst	Sustainable Development

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion

Final Date of Completion 09/30/2016

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of the Sixth Street Plaza Development Project Objective 2

Issue / Observation The monitoring of the construction draws by the Community Redevelopment Agency (CRA) was nonexistent during the initial phase of construction financing and inadequate at best during the later stages. Based on file reviews, we observed that all of the funds held by Regent were disbursed to Sixth Street/Airam Construction. However, without access to the Sixth Street construction account, it is not possible to determine what those funds were spent on. While Sixth Street was drawing down on its loan from Regent Bank and the South Florida Regional Planning Council, Sixth Street/Airam Construction submitted monthly invoices to the bank's project manager. The project manager also received a monthly inspection report from an outside consultant hired by Regent. In the payment requests we were able to review within our limited access, we did not note any supporting documentation from subcontractors showing amounts paid for material, labor, permits, professional services, etc.

Recommendation:

- 1.Ensure that all agreements entered into by the City/CRA include a right to audit clause where appropriate.
- 2.Require appropriate documentation to substantiate reimbursement of expenses.
- 3.Develop procedures to provide effective oversight over the disbursement of funds.
- 4.Incorporate ongoing monitoring into program requirements to determine whether the developer has fallen behind on payments to other senior lenders, subcontractors, utility providers or taxing authorities.

Correction Plan:

Current Status:

In 2015, Financial Personnel was hired to directly oversee CRA Cash out flows and CRA budgets. Below are the related internal controls and policies implemented since that time:

1. Internal Controls were implemented for operational effectiveness and efficiency. All disbursed CRA funds are reviewed and signed by Finance Personnel and the Director of the CRA. The City's Finance Department is also an authorized signor on all outgoing CRA funds.
2. All projects and incentives are monitored and tracked on a weekly basis by CRA Finance Personnel.
3. All CRA projects and incentives require a completed application along with the following requirements: criteria and thresholds, business plans, construction timeline, proposed budgets and reference checks; all of which will be monitored and reviewed by Economic Community Redevelopment (ECR) Project Manager and Finance Personnel; nothing is approved until all of the above is submitted with an application.
4. All agreements are fully executed with provisions within the agreement and complete scope of services.
5. CRA Finance Personnel communicates effectively with the City's Finance Department. All voucher payments are discussed thoroughly.

Review of the Sixth Street Plaza Development Project

Objective 3

Issue No: 302

Date of Finding: 04/29/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Sustainable Development
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Financial Management Analyst	Sustainable Development

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion

Final Date of Completion 09/30/2016

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of the Sixth Street Plaza Development Project Objective 3

Issue / Observation The budget increased substantially without adequate documentation of why. The Community Redevelopment Agency (CRA) files did not contain evidence supporting increased construction costs. There were no payroll reports, subcontractor labor invoices, material invoices, etc. showing the before and after prices. The two change orders, totaling \$698,760, presented to Regent Bank were not well documented. There is a line item budget for construction costs that shows increases in various categories, but without rationale or justification. There is no evidence that the change orders were reviewed or approved by the CRA. It is unclear whether the information regarding the cost overruns, change orders and additional loans from Regent Bank was shared with the CRA in a timely manner. The Application for Payment and Certification delineates the distributees and the CRA is not listed as a recipient.

Recommendation: The CRA needs to develop policies and procedures to ensure effective oversight of its programs, establish responsibility and accountability for executing those policies, and take corrective action in a timely manner.

Project management/advocacy needs to be separated from compliance monitoring. These functions have goals which may be at odds with each other and are therefore incompatible.

Auditor Note: During our review it also came to our attention that communication between the CRA and the Finance Department was limited. The Finance Department had no mechanism in place to alert them when the first payment is due from Sixth Street (February 1, 2016). We also discovered two non-related CRA loans on the books of which CRA staff were unaware.

Correction Plan:

Current Status:

In 2015, Financial Personnel was hired to directly oversee CRA Cash out flows and CRA budgets. Below are the related internal controls and policies implemented since that time:

1. Internal Controls were implemented for operational effectiveness and efficiency. All disbursed CRA funds are reviewed and signed by Finance Personnel and the Director of the CRA. The City's Finance Department is also an authorized signor on all outgoing CRA funds.
2. All projects and incentives are monitored and tracked on a weekly basis by CRA Finance Personnel.
3. All CRA projects and incentives require a completed application along with the following requirements: criteria and thresholds, business plans, construction timeline, proposed budgets and reference checks; all of which will be monitored and reviewed by Economic Community Redevelopment (ECR) Project Manager and Finance Personnel; nothing is approved until all of the above is submitted with an application.
4. All agreements are fully executed with provisions within the agreement and complete scope of services.
5. CRA Finance Personnel communicates effectively with the City's Finance Department. All voucher payments are discussed thoroughly.

Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 1

Issue No: 303

Date of Finding: 02/16/2016

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Sustainable Development
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Financial Management Analyst	Sustainable Development

Correction Plan Status: Partially Implemented

Next Milestone report

Anticipated Date of Completion 04/30/2016

Final Date of Completion 09/30/2016

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Audit Initiator Other

Title: Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 1

Issue / Observation Condition:
 The method used to allocate personnel costs may lead to excessive General Fund expenses being allocated to the Community Redevelopment Agency (CRA), a violation of Florida Statute 163.370(3) (c). We determined that the Department of Sustainable Development (DSD) and the Budget Office were not able to provide adequate support for the percentages used for personnel cost allocations to/from the CRA fund and sub-funds. Additionally, they are allocating charges to the CRA for personnel positions, which are vacant for either a portion of the fiscal year or the entire fiscal year.

Recommendation: Recommendation:
 The City Manager, as Executive Director of the CRA, should direct DSD and the Budget Office to develop a more rigorous and precise methodology that will result in a more accurate approach to allocating personnel costs to the CRA.

Correction Plan: Management Response:
 In an effort to gain efficiencies through shared staff, the Department of Sustainable Development uses multiple positions to provide services for the CRAs, economic development activities, administration and building functions. In development of the annual budget, staff uses its best judgment to estimate the portion of time that each staff member dedicates to functions in each funding area. The current financial and payroll systems have limited ability to allocate personal service expenses amongst funds; therefore, the City uses service charge allocations rather than direct salary charges. Throughout the fiscal year, service charge allocations are re-evaluated periodically due to a number of issues including staffing changes or job reclassifications to determine if additional changes in the allocated charges are needed. Going forward, the creation of an independent CRA structure will allow expenses of staff members and overhead costs to be allocated separately to each trust fund. The cost allocation approach for expenses will continue going forward as the Housing and Community Development Program is integrated into the new staffing structure to support economic development and housing initiatives within the NPF CRA. The statutory and federal funding requirement requires detailed documentation of expenditures; therefore, time sheets will be used to further monitor staff time associated with each program.

Current Status:

The CRA and its staffing was completely separated from the City in fiscal year 2016. Staff is no longer shared between the City and the CRA. Fiscal year 2016 service charges were reconciled based off occupancy of shared positions.

Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 2

Issue No: 304

Date of Finding: 02/16/2016

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Sustainable Development
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Financial Management Analyst	Sustainable Development

Correction Plan Status: Partially Implemented

Next Milestone report

Anticipated Date of Completion 04/30/2016

Final Date of Completion 09/30/2016

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Audit Initiator Other

Title: Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 2

Issue / Observation Condition:
 There was an overcharge of personnel costs for three months of approximately \$30,000 to the Northwest Progresso Flagler (NPF) Community Redevelopment Agency (CRA) that belonged to the Central Beach CRA. When Don Morris was promoted from Assistant to the City Manager to Economic and Business Development Manager, he was improperly placed in the vacant position in the NPF CRA, although he was in charge of the Central Beach CRA.

Recommendation: Recommendation:
 The City Manager should direct the Human Resources (HR) Department to develop a procedure to ensure that the hiring, transfer or promotion of individuals into new positions does not occur until those positions have been appropriately authorized, reclassified, and established in the system.

Correction Plan: Management Response:
 Management acknowledges that this occurred. Mr. Morris filled this position temporarily with an incorrect funding source, although his responsibilities did include overseeing both the NPF CRA and the Central Beach CRA while the recruitment of a NPF CRA manager was in progress. With the proposed separation of the CRA structure from that of the City, it is not likely that this will occur again. The Human Resources Department will have more in-depth discussions in the future with departments when taking personnel actions with multiple funding sources to ensure the duties are in line with the funding source restrictions.

Current Status: The CRA and its staffing was completely separated from the City in fiscal year 2016. Staff is no longer shared between the City and the CRA. Fiscal year 2016 service charges were reconciled based off occupancy of shared positions.

Finance

Report #09/10-05 Follow-up review of the audit of the Procurement Services Department Finding #5

Issue No: 195
Date of Finding: 08/25/2010

Est. Completion Date: 06/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	apantin	Anthony Pantin	Accountant I	Finance
<u>Responsible Person 2</u>	lgarcia	Laura Garcia	Controller	Finance

Correction Plan Status: Partially Implemented

Next Milestone

Anticipated Date of Completion 06/30/2016

Final Date of Completion 06/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #09/10-05 Follow-up review of the audit of the Procurement Services Department Finding #5

Issue / Observation The City Auditor's Office (CAO) determined the Continuity of Operations Plan (COOP) dated 2/26/07, prepared by All Hands Consulting, has not been tested and has the following limitations:

1. The Operational Capability section, which describes the method by which the department will be able to provide operational capability for essential functions within 12 hours, is still pending.
2. Validation of external communications capabilities at all alternate facilities has not been verified.
3. The COOP kit containing purchase orders, contracts, vendor lists, and other information and documents critical to PSD's ability to function outside of City Hall is stored on site at City Hall.
4. The plan does not include procedures for processing of payments by Accounts Payable (AP) to ensure compliance with Federal Emergency Management Agency (FEMA) requirements for reimbursements in a disaster/emergency situation.

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

1. Coordinate testing of their portion of the COOP in cooperation with the Fire Department to determine if the plan is viable and executable prior to an actual emergency.
2. Coordinate with the Fire Department to complete the Operational Capability section of the COOP to ensure that critical functions are achievable within 12 hours of plan activation.
3. Coordinate with the Fire Department and develop a policy that would require annual testing of the COOP communications Plan and validate external communications at alternate facilities.
4. Establish a secure site away from City Hall to locate the COOP kit. Coordinate with the Director of the Finance Department to review the purchasing component of the COOP in an attempt to proactively incorporate FEMA reimbursement requirements from an emergency purchasing perspective.

Correction Plan: Management Concur: Finance will begin working with both Emergency Management and the Finance Department to coordinate testing and develop a policy to achieve the above recommendations: TIME: on-going
 Follow-Up Action – The updated COOP Plan is partially complete. There is an outstanding issue regarding the actual testing of the optional work site that is currently being evaluated.

Current Status:

Procurement completed

12/31/14

Awaiting a final review by the Commission Auditor's Office

6/30/15

The COOP for the Procurement Division was completed and it is included in the Finance COOP. Procurement is working to secure an alternative work site.

9/30/2015

The COOP Kit will be kept at the Emergency Operations Center (EOC). Procurement is coordinating with Fire to test the COOP.

12/21/2015

Procurement working to complete by 6/30/2016.

03/30/2016

No updates at this time. We will attempt a COOP test before 6/30/2016.

6/8/16

No updates at this time. We will attempt a COOP test before 6/30/2016

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1

Issue No: 285

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	apantin	Anthony Pantin	Accountant I	Finance
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone policy

Anticipated Date of Completion 09/30/2016

Final Date of Completion

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1

Issue / Observation Condition:
No written policies or procedures exist for the procurement of temporary services.

Criteria:
Under the COSO framework, Control Activities , Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action. Points of focus:
58. Establishes policies and procedures to support deployment of management 's directives.
59. Establishes responsibilities and accountability for executing policies and procedures.
60. Performs in a timely manner.
61. Takes corrective action.

Cause:
Written policies or procedures have not been developed for managing temporary services.

Impact:
Lacking effective oversight, DSD took it upon themselves to create their own method of operating, leading to inappropriate position classification and excessive rates of pay.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager assign responsibility for the development of policies and procedures applicable to the procurement of temporary services, and training to develop additional awareness for adhering to contract terms.

Correction Plan: Management agrees with this recommendation. Management believes that outside agency temporary services should be used in very narrow and prescribed circumstances. Management would prefer that the majority of temporary assignments be filled by the use of a City administered temporary assignment. The Finance and Human Resources Departments will collaborate in developing organizational policies to be followed when it is deemed necessary and appropriate to engage an external temporary services provider. The estimated time frame to complete this objective is 90 days.

Current Status:

UPDATE 4/25/2016

Finance and Human Resources will be meeting on this finding within 30 days to collaborate on a process regarding when it is appropriate to procure temporary services, and the process by which to do so.

6/8/16

In process. Human Resources and the Procurement Services Division are currently collaborating on a policy.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 2

Issue No: 287

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

Responsible Person 1

apantin

Name	Title	Department
Anthony Pantin	Accountant I	Finance

Responsible Person 2

Correction Plan Status: Partially Implemented

Next Milestone info

Anticipated Date of Completion 08/31/2016

Final Date of Completion 09/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other jh

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 2

Issue / Observation The Procurement Division did not solicit input from all departments prior to the development of the Coral Springs cooperative purchasing Request for Proposal (RFP).

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the Finance Department Director to communicate with all departments to fully evaluate the City's needs when developing the specifications for the next temporary staffing RFP.

Correction Plan: Management agrees with this recommendation. The Procurement Division will solicit input from all City Departments when developing needs for any organization-wide contract, not just temporary staffing.

Current Status: UPDATED 6/8/2016
 Now that the Procurement Liaison group has been established, Procurement will begin transmitting solicitation information to all departments prior to advertisement to ascertain departmental needs and inclusion in the procurement process. A Procurement Liaison Meeting is scheduled for further discussion. Estimated completion: August 2016

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 3

Issue No: 288

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	apantin	Anthony Pantin	Accountant I	Finance
<u>Responsible Person 2</u>				

Correction Plan Status: Implemented

Next Milestone CAM

Anticipated Date of Completion 05/06/2016

Final Date of Completion 09/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 3

Issue / Observation Some of the positions, as listed in the temporary services contract, did not correlate with defined City employee positions.

Recommendation: The City Auditor's Office recommends that the City Manager require all departments to work within the terms of the contract, amend the existing contract, or create an Request For Proposal (RFP) that meets the needs of the department.

Correction Plan: Management agrees with this recommendation. Departments will receive training regarding the proper way to amend on-going services contracts. The estimated time frame to complete this objective is 60 days with ongoing training provided.

Current Status: UPDATED 4/25/2016
Contract Administration will be covered on the agenda of the Procurement Liaison Meeting of May 6. Estimated Completion: May 6, 2016

UPDATE 5/6/2016
The Procurement Division administered training to all Procurement Liaisons covering proper contract administration, which encompassed properly overseeing contract terms, conditions and obligations, ensuring proper invoices, tracking spending, proper protocols for amendments (change orders), and ethical considerations.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 4

Issue No: 289

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	apantin	Anthony Pantin	Accountant I	Finance
<u>Responsible Person 2</u>				

Correction Plan Status: Implemented

Next Milestone blanket po

Anticipated Date of Completion 04/05/2016

Final Date of Completion 04/05/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 4

Issue / Observation The Finance Department did not utilize software capabilities to enhance internal controls to prevent going outside terms of the contract.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the Procurement Division to use the line item purchase order method, which requires the user-departments to requisition the individual items with corresponding unit pricing, or an enhanced method to allow for secondary departmental verification.

Correction Plan: Management agrees with this recommendation. The Procurement Division has begun implementation of line item requisitioning through the use of Master Blanket Purchase Orders (MBPOs). The Procurement Division has reviewed and converted approximately 75 percent of lump sum purchase contracts to line item MBPOs. Additionally, Finance staff is reviewing other means of controlling term contracts, such as developing a market place web portal wherein a department would simply click individual I contract line items (pre-loaded by the Finance Department) for adding to a shopping cart and checkout. This tool would not only control what a department buys but will also make the process more efficient. The estimated time frame for implementing marketplace purchasing is 120 days.

Current Status: UPDATED 6/8/2016
Master blanket purchase orders have been implemented in the Procurement Division since July 2015 for all prospective contracts. Procurement also has converted existing term contracts into master blanket purchase orders, with one finding of an overspend. This item was ratified by the Commission on April 5, 2016. Estimated Completion: April 5, 2016. Awaiting Commission Auditor's Final Review.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 5

Issue No: 290

Date of Finding:

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	apantin	Anthony Pantin	Accountant I	Finance
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone research

Anticipated Date of Completion 09/30/2016

Final Date of Completion 09/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 5

Issue / Observation There is no secondary review and verification of billing rates with corresponding position titles before a payment is approved.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the Finance Department Director to implement an internal control process that requires a secondary review prior to payment.

Correction Plan: Management agrees with this recommendation. Review of billing rates and position titles prior to approval of payment is the primary responsibility of the using department. However, with the use of the marketplace purchasing portal, a department would only be able to select pre-loaded and approved position titles and billing rates: The estimated time frame for implementing marketplace purchasing is 120 days.

Current Status: UPDATED 6/30/2016
The Procurement Services Division is conducting market research to ascertain available products for this purpose. Estimated Completion: September 2016

Review of Temporary Staffing within the Department of Sustainable Development #15/16-02 Ob 8

Issue No: 293

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	apantin	Anthony Pantin	Accountant I	Finance
<u>Responsible Person 2</u>				

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion

Final Date of Completion 09/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development #15/16-02 Ob 8

Issue / Observation Department of Sustainable Development (DSD) did not have an internal control spending mechanism in place to prevent or detect overspending in the temporary staffing contract and take timely corrective action.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to plan appropriately to allow for the anticipation of future budgetary needs and contract change orders.

Correction Plan: Management agrees with this recommendation. Recently DSD management implemented a structural reorganization to focus on internal and external operations and in this regard, created two Deputy Director positions to focus on these aspects. The Deputy Director focused on internal operations is tasked to work with the department's Financial Administrator to implement internal controls, develop administrative policies and procedures, and identify and apply timely corrective actions throughout the department. The Procurement Division will develop and deliver training to all City departments for adherence to contract terms and change orders.

DSD is planning to enhance its internal control efforts by proposing the reclassification of several currently funded but vacant positions to provide appropriate resources to the internal administration team. This reorganization will create an internal control division within DSD to support the department and work more collaboratively with other departments focused on internal operations such as Budget, Human Resources, and Finance to more effectively manage the department and provide services to neighbors.

Current Status: UPDATED 5/6/2016
The Procurement Services Division administered training to all Procurement Liaisons covering proper contract administration, which encompassed properly overseeing contract terms, conditions and obligations, ensuring proper invoices, tracking spending, proper protocols for amendments (change orders), and ethical considerations. Awaiting final consideration from the Commission Auditor's Office.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 3

Issue No: 288

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

Responsible Person 1

apantin

Name	Title	Department
Anthony Pantin	Accountant I	Finance

Responsible Person 2

Correction Plan Status: Implemented

Next Milestone CAM

Anticipated Date of Completion 05/06/2016

Final Date of Completion 09/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 3

Issue / Observation Some of the positions, as listed in the temporary services contract, did not correlate with defined City employee positions.

Recommendation: The City Auditor's Office recommends that the City Manager require all departments to work within the terms of the contract, amend the existing contract, or create an Request For Proposal (RFP) that meets the needs of the department.

Correction Plan: Management agrees with this recommendation. Departments will receive training regarding the proper way to amend on-going services contracts. The estimated time frame to complete this objective is 60 days with ongoing training provided.

Current Status: UPDATED 4/25/2016
Contract Administration will be covered on the agenda of the Procurement Liaison Meeting of May 6. Estimated Completion: May 6, 2016

UPDATE 5/6/2016
The Procurement Division administered training to all Procurement Liaisons covering proper contract administration, which encompassed properly overseeing contract terms, conditions and obligations, ensuring proper invoices, tracking spending, proper protocols for amendments (change orders), and ethical considerations.

Review of Temporary Staffing within the Department of Sustainable Development #15/16-02 Fin 2

Issue No: 297

Date of Finding: 10/26/2016

Est. Completion Date: 09/30/2016

Responsible Person 1

apantin

Name	Title	Department
Anthony Pantin	Accountant I	Finance

Responsible Person 2

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion

Final Date of Completion 09/30/2016

Department: Finance

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development #15/16-02 Fin 2

Issue / Observation Department of Sustainable Development (DSD) did not adhere to billing rates and job descriptions in the temporary services contracts.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager conduct training and provide communication to DSD, as well as all City Departments, to adhere to terms of all city contracts.

Correction Plan: Management agrees with this recommendation. The Procurement Division will develop and deliver training to all City Departments for adherence to contract terms and change orders . A first step in this training delivery has been the development of the Procurement Liaisons Group consisting of representatives from every department. This group of employees will be focused on process improvement, efficiencies, and training related to the procurement of goods and services. Their first meeting is scheduled for December 4, 2015 and quarterly thereafter or as necessary.

Current Status: UPDATED 5/6/2016
The Procurement Division administered training to all Procurement Liaisons covering proper contract administration, which encompassed properly overseeing contract terms, conditions and obligations, ensuring proper invoices, tracking spending, proper protocols for amendments (change orders), and ethical considerations.

Human Resources

Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions

Issue No: 94
Date of Finding: 12/29/2009
Est. Completion Date: 08/12/2013

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented

Next Milestone

Anticipated Date of Completion 09/30/2015

Final Date of Completion

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions

Issue / Observation

Condition:

The City Auditors Office (CAO) found during the examination of employee job descriptions that Human Resources Department (HRD) is not actively reviewing and revising job descriptions to accurately reflect actual job functions. Of the 10 job descriptions reviewed 8 (80%) had not been updated in the past 7 years, moreover 6 out of 10 (60%) had not been updated in more than 18 years. Additionally, CAO found that few job descriptions properly describe the essential functions of the position.

Criteria:

Under the Committee of Sponsoring Organizations (COSO) framework Internal or Control Environment component 1.2 "Commitment to competence" the analysis of required skills and job descriptions are a standard element of the internal control system. Accurate and up to date job descriptions are necessary to provide prospective and existing employees with a correct depiction of their duties and functions. Job descriptions should include those essential functions.

Recommendation:

The City Manager should require the Director of HRD to initiate a project to review job descriptions to assure they accurately reflect the actual position as well as include a correct statement of essential job functions. Additionally, the CAO recommends that the Director of HRD institute a new policy whereby all job descriptions will be reviewed and updated by department directors and recruitment staff before a new personnel requisition is issued.

Correction Plan:

The City has approximately 550 job classifications. Due to staffing restrictions, HRD is not equipped to take on the task of updating all the job descriptions as one project. HRD is currently updating the job descriptions when a requisition for new personnel is received and when a request for reclassification of a position is made. The revisions that are being made include separating the examples of duties into "essential job duties" and "additional job duties". They will also include the physical requirements of the job and working conditions. As time permits, HRD staff will continue to revise the job descriptions as part of an ongoing long-term project.

Current Status:

The approved budget for FY2015 includes funding for a classification study. The Human Resources Department has developed language for a Request For Proposal (RFP) to contract with a consultant to update the City's job descriptions.

9/9/2015

HR is in the process of hiring a Classification and Compensation Manager to focus on reviewing and updating of the current classifications to be more in line with industry standards. HR has already begun to take class changes to the City Commission for approval. More than 10 classifications were approved for revision during budget hearings this month.

3/30/2016

The Classification and Compensation Manager has been selected and started January 2016. The Classification and Compensation Manager has started to review classifications.

6/30/2016

The RFP for a Classification and Compensation Study will be awarded pending the August 2016 Commission Meeting. A review of job classifications is still in progress.

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

Issue No: 95
Date of Finding: 12/29/2009
Est. Completion Date: 09/30/2013

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented

Next Milestone

Anticipated Date of Completion 09/30/2015

Final Date of Completion

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

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. To include the development Citywide Values and Competencies aligned with career ladders. Once these components are in place, HRD can develop a robust succession planning program.

Current Status:

HRD will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

12/31/2014

Correction Plan is currently in progress. (mb)

5/15/2015

CAO staff visited the HRD Office on May 13, 2015. HR is not actively involved in succession / mentoring programs.

6/30/2016

One of HRD's initiatives in the coming years is to develop a comprehensive succession planning program. However, other fundamental components are required before implementation to include the development of City-wide values and competencies aligned with career ladders. Once these components are in place HRD can develop a robust succession planning program.

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

Issue No: 100

Date of Finding: 12/29/2009

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Implemented

Next Milestone 9/30/2015

Anticipated Date of Completion 09/30/2015

Final Date of Completion 01/01/2015

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

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:

HRD has received additional funds for training as part of the FY15 budget. In addition, an Organization Development and Training Coordinator position has been created and filled for HRD. Staff will undergo customer service training in FY15. HRD has explored the possibility of conducting a customer service survey, however, it is not an initiative being undertaken at this time.

12/31/14

Awaiting a final review by the Commission Auditor's Office

12/15/2015

CAO staff met with the HRD Coordinator. HR still need to conduct a survey of job applicant's level of satisfactions. HRD Coordinator will review HRD training programs, and provide CAO with training materials.

6/30/2016

CAO staff met with the HRD Coordinator Keela Davis. HRD training planned for 4th Quarter FY2016.

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

Issue No: 115
Date of Finding: 10/15/2010

Est. Completion Date: 09/30/2012

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented

Next Milestone

Anticipated Date of Completion 09/30/2015

Final Date of Completion 08/16/2013

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

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 license 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 licence (this is at no charge vs. \$5 per licence for a 7 year history).

Current Status:

12/31/14

Awaiting a final review by the Commission Auditor's Office

9/9/2015

CAO will speak with Fire regarding paying the fee to obtain the 7 year history as previously done.

3/30/2016

CAO visited the Fire Department on October 10/8/15. The current background check summary prepared by the Police Department does list out the number of violations and accidents. See attached sample Department of Motor Vehicles (DMV) report.

6/30/2016

HRD has not updated PSM 6.16.1.1. regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers or current employee drivers. The current background check summary is prepared by the Police Department. Currently the report only includes the number of violations and accidents. On hold KBD

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

Issue No: 237

Date of Finding: 12/29/2009

Est. Completion Date: 09/30/2014

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented

Next Milestone 09/30/2014

Anticipated Date of Completion 09/30/2014

Final Date of Completion

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

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.

Criteria

Under the Committee of Sponsoring Organizations (COSO) framework component 4.1 "Mechanisms that support information flow inside the organization" intranet websites and portals,

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:

6/30/2016

The Human Resources Department is currently in the process of creating an Employee Handbook.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 5

Issue No: 294
Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented

Next Milestone curriculum

Anticipated Date of Completion 06/30/2016

Final Date of Completion 09/30/2016

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 5

Issue / Observation DSD's agenda item, CAM 15-1040 dated August 18, 2015 (See Exhibit C), seeking ratification of the overspending and increased budget for additional temporary staffing provided misleading information regarding the reasons for the overspending.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require senior management to:

Memorandum No: 15-25 Page 7

- Ensure that accurate and complete information is provided to the City Commission.
- Hold staff accountable for misrepresentation and perpetuation of problems.
- http://lauderapp/ACTS/Issue_Detail.aspx?ID=294#•Conduct ethics training to focus on adherence to the City's core values
- Work to change the culture to promote "results with integrity".

Correction Plan: Management agrees with this recommendation. Human Resources (HR) has been tasked with developing ethics training for all City employees commencing this fiscal year with a one-time mandatory training session and continuing in the future as part of annual compliance training sessions; the training will include a discussion of transparency in information dissemination. However, it should be noted that the CAM approval process is a collaborative process, which includes many different levels of review. This particular CAM had not been fully reviewed by all necessary parties. Upon review it was determined that additional critical information was missing. The CAM was pulled from the review process prior to being submitted to the Commission. Additionally, it was DSD and Procurement staff which initially identified the potential overspending issue, and brought it to management's attention. The projected time frame from commencement to completion of the one-time mandatory training of employees is the first 120 to 180 days of 2016.

Current Status: UPDATED 4/20/16

6/30/2016

Human Resources is developing the curriculum for the Ethics Training and will begin rolling it out by 2nd Quarter FY2017.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 1

Issue No: 298
Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented

Next Milestone RFP

Anticipated Date of Completion 05/31/2016

Final Date of Completion 09/30/2016

Department: Human Resources

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 1

Issue / Observation The official position classification system is being undermined by DSD through the use of "working titles".

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to utilize approved titles only. If the creation of a new position is deemed necessary after a desk audit by Human Resources, an ordinance change establishing the position must be enacted.

Correction Plan: Management agrees with this recommendation. The use of working titles is being minimized to the extent possible across the City organization, and is no longer used by DSD. Additionally, a selection has recently been made for the vacant Classification and Compensation Manager in the Human Resources Department. One of the first priorities for this new manager is to facilitate the process for the hiring of a professional firm to conduct a comprehensive classification study of job titles, job responsibilities and classifications throughout the organization. This study will assist in identifying and aligning job titles to work being performed.

Current Status: UPDATED 6/30/2016
 The Request For Proposal for a Classification and Compensation Study will be awarded pending the August 2016 Commission Meeting. A review of job classifications is still in progress.

Information Services

Report #07/08-4 Cyborg Payroll System 2.2

Issue No: 55
Date of Finding: 04/16/2008
Est. Completion Date: 10/31/2013

Responsible Person 1 kkeimel
Responsible Person 2

Name	Title	Department
Kevin Keimel	Manager of Distributed Systems	Information Services

Correction Plan Status: Implemented
Next Milestone Hire CISO
Anticipated Date of Completion 06/30/2014
Final Date of Completion 06/30/2014

Department: Information Services
Audit Initiator Commission Audit
Audit Initiator Other

Title: Report #07/08-4 Cyborg Payroll System 2.2

Issue / Observation The actual number of active/authorized users could not be verified through a system generated census report. Five out of six or 83% of a judgmental sample of terminated former employees had active Cyborg user profiles months/years after leaving the City.
 Auditor Note: The Information Technology (IT) Director confirmed that while the Cyborg user profile was still active, the network access for our sample group had been terminated when these former employees left the City.
 Monitoring and testing of access controls has not been conducted.
 System access rights should be based on the principle of least privilege and continuously monitored to assure that access rights are appropriately aligned with the information needs of the user.
 This condition existed because post implementation monitoring and testing of access controls has never been accomplished. The risk to the payroll system can be mitigated with effective access controls.

Recommendation: The City Manager should require the Information Technology Director to:

- Coordinate with the Human Resources (HR) Department and develop a written procedure to date stamp the face of the Notice of Termination upon receipt from HR and proceed to disable all access permissions to City computer networks and application software by close of business on the employee's last day. The specific programs that were disabled should be noted on the back of the Notice of Termination and the IT staff member should also date and initial the Notice of Termination to document a completed action.
- The Cyborg System Administrator should consult with the software vendor to create a system generated exception report of terminated employees who may have had Cyborg access permissions. This report should be cross checked against a list of active Cyborg users as a final check to confirm that all terminated employees have had their Cyborg access disabled.

Correction Plan:

The Finding indicated that a judgmental sample of former employees indicated that 83% of such employees still had access records in the payroll system. ITS did review the entire report and had all employees who do have payroll access been examined, only about 8% of the total population were in the situation of having access to the application but no longer employed by the City (14 out of 161). And it is noted that even though some users maintain security profiles within Cyborg it does not mean that they have access to the application because their system-wide access has been eliminated. IT does concur that such access should be eliminated as soon as possible. Although a user's network access is disabled, current employees in nefarious collusion with separated employees could potentially access the Cyborg application so that door should be closed. Although the recommendation directs ITS to resolve this issue, during discussion of this item with the City Auditor staff it was determined that it is a process that needs to be developed with Human Resources having the lead role as IT has no means of determining employment except through Human Resources. As soon as we receive notification of separation IT does disable system access. However, the current process likely does not get that notice to IT in a timely enough manner in all cases nor for all application access. The procedure needs to be "tightened" and IT support this recommendation.

Current Status:

SumTotal- User access will be reviewed by the SumTotal Administrator and super user access (double star security) will be removed from all users except the users within IT with legitimate need for Administrative access. Other users requiring write access will be placed into security groups which enforce least privilege access dependent on specific job duties.

Sumtotal- SumTotal Administrator will be notified via electronic notification when an employee is no longer with the City of Fort Lauderdale. The notification will provide details of user access and various application accounts, including SumTotal, that need to be disabled. The electronic notification will also be provided to Human Resources, Finance, for proper deactivation of account access for separated employees. For tracking purposes of user disabled accounts an Excel spreadsheet with email for backup will be maintained by the appropriate IT staff.

Sum Total Source Code Access – A built-in Hewlett-Packard Unix (HPUX) utility will be configured to monitor file system changes. The Security Analysts will review the policy around the configuration and monitoring of this tool.

SumTotal - All audit findings will be remediated by September 30, 2016.

Report #07/08-4 Cyborg Payroll System 2.4

Issue No: 57
Date of Finding: 04/16/2008
Est. Completion Date: 09/30/2014

Responsible Person 1 kkeimel

Responsible Person 2

Name	Title	Department
Kevin Keimel	Manager of Distributed Systems	Information Services

Correction Plan Status: Implemented

Next Milestone Hire CISO

Anticipated Date of Completion 06/30/2014

Final Date of Completion 06/30/2014

Department: Information Services

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #07/08-4 Cyborg Payroll System 2.4

Issue / Observation Security profiles or changes to system parameters in an audit log and there is no established policy to periodically monitor super user activity for unauthorized transactions. The Information Technology Services (IT) Department has not been proactive in establishing effective procedures to monitor the Cyborg payroll program for unauthorized activity. The financial consequences of unauthorized changes to the payroll program could be substantial. Audit logs included with software should be enabled and periodically reviewed by the IT Director for unusual/unauthorized activity.

Recommendation: The City Manager should require the IT Director to enable the audit log capability and generate a monthly report sorted by major department (IT, Finance and Human Resources (HR)). A written procedure and monitoring plan should be established to require the Finance Director, Human Resources Director and the IT Director to review the report for unusual changes. Particular emphasis should be placed on those users with enhanced access privileges such as the Payroll Supervisor, System Administrator or Personnel Records Specialist.

Correction Plan: The security audit log is not a feature that is available in the current version of the Cyborg software. However, IT will be upgrading to a newer version (scheduled within the next 60 days) and that logging capability exists in that version. These records should be chosen as part of the In/Out report design mentioned earlier in Finding 1.1 regarding the "Is/Was" report. And IT will investigate generating reports that will allow closer monitoring of activity for those users that have the ability to make payroll changes. For example, on a periodic basis the IT Director ought to receive a report that would note any changes done by ITS personnel so that I can monitor for appropriateness. And we should also create a report so that the Human Resources and Finance Director can monitor their staffs. These reports may have to be generated by the vendor.

Current Status:

SumTotal- User access will be reviewed by the SumTotal Administrator and super user access (double star security) will be removed from all users except the users within IT with legitimate need for Administrative access. Other users requiring write access will be placed into security groups which enforce least privilege access dependent on specific job duties.

Sumtotal- SumTotal Administrator will be notified via electronic notification when an employee is no longer with the City of Fort Lauderdale. The notification will provide details of user access and various application accounts, including SumTotal, that need to be disabled. The electronic notification will also be provided to Human Resources, Finance, for proper deactivation of account access for separated employees. For tracking purposes of user disabled accounts an Excel spreadsheet with email for backup will be maintained by the appropriate IT staff.

Sum Total Source Code Access – A built-in Hewlett-Packard Unix (HPUX) utility will be configured to monitor file system changes. The Security Analysts will review the policy around the configuration and monitoring of this tool.

SumTotal - All audit findings will be remediated by September 30, 2016.

Public Works

Report #09/10-03 Audit of the Fleet Division Finding 2

Issue No: 76

Date of Finding:

Est. Completion Date: 12/31/2014

Responsible Person 1

cberriz

Name

Carlos Berriz

Title

Senior Auto and Equipment
Engineer

Department

Public Works

Responsible Person 2

cgreen

Cathy Green

Administrative Aide

Public Works

Correction Plan Status: Partially Implemented

Next Milestone

Anticipated Date of Completion 12/31/2016

Final Date of Completion 12/31/2016

Department: Public Works

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #09/10-03 Audit of the Fleet Division Finding 2

Issue / Observation

Condition

The City Auditor's Office (CAO) was unable to verify the Continuity of Operations Plan (COOP) capabilities.

Criteria

Under the Committee of Sponsoring Organizations (COSO) framework component 3.1 "Responses that reduce or share specific risks", disaster recovery plans are a standard element of the internal control environment.

Cause

Fleet Services Division has not tested its Continuity of Operations Plan, "COOP" since its creation on February 28, 2007.

Impact

Fleet Services Division may not have adequate contingencies in place to ensure continued operations in the event of an emergency.

Recommendation:

The City Manager should require the Director of Parking and Fleet Services to:

- a) Test the plan.
- b) Continue updating the departmental COOP plan on an annual basis to ensure functionality.
- c) Have First Vehicle Services (FVS), or the future vehicle maintenance vendor, be included in the development of departmental COOP plans. Additionally, incorporation of their responsibilities should be considered for inclusion in upcoming contracts.

Correction Plan:

- a) Staff will work toward a plan to test the COOP. This is difficult and costly since it will require relocating the set-up and operation of the vehicle maintenance. Staff and FVS are prepared to execute the COOP if we are in an emergency situation.

b) Implemented: The COOP plan was updated January 2010.

c) Implemented: FVS was involved in the development of the original COOP as well as updates. The current contract does have provisions in it for emergency situations. The specifications for the request for proposal (RFP) for the new vehicle maintenance contract included revised provisions requiring the Provider to participate in the Fleet Services COOP plan as directed by City personnel.

Current Status:

June 2014 Update {Carlos Berriz - Public Works/ Fleet Services, Senior Automotive & Equipment Engineer}:

a) Not Implemented - In order to fully test the COOP plan, it would be necessary for Fleet Services to completely shut down services for an entire day and coordinate a drill with other departments. Because this is such an immense undertaking, although Fleet Services has a fully reviewed COOP plan, it will not be able to perform a tabletop exercise without involvement of other departments and impacting their daily functions.

b) Implemented - See August 2013 update

c) Implemented - See August 2013 update

Since 3/20/15 this findings has been awaiting a final review by the Commission Auditor's Office.

5/6/2015

Follow-Up Notes: CAO staff visited the Fleet Office on May 5, 2015. CAO staff was informed that the Fleet was not able to conduct a live "COOP" at this time.

12/30/15

The Fleet Division will be setting up a meeting in January 2016 with Paul Berg to discuss the possibility of performing a live COOP

03/31/16

The January 2016 Fleet Division meeting with Paul Berg to discuss the possibility of performing a live COOP was rescheduled for June 2016.

06/28/16

The Fleet Division will be meeting with Paul Berg to discuss the possibility of performing a live COOP in the near future.

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

Est. Completion Date: 06/30/2014

Responsible Person 1

sragoonan

Name	Title	Department
Sharon Ragoonan	Community Inspections Manager	Sustainable Development

Responsible Person 2

Correction Plan Status: Implemented

Next Milestone 4/15/2014

Anticipated Date of Completion 06/30/2014

Final Date of Completion 06/30/2014

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

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.

In addition, under the Committee of Sponsoring Organizations (COSO) framework Control Activities component 3.2, "Responses that prevent or detect the risk of intentional or unintentional errors" process flow controls; manual and automated controls over how transactions are initiated.

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:

UPDATE 3/31/15

Finance and Code reviewed outstanding code lien receivables report to determine frequency of transmitting report to finance, and pinpointing elements of the policy to be written. The annual year end report will be configured in OneSolution.

UPDATE 4/13/15

Less than 0.5% is the average of code fines collected in FY12, 13, and 14 combined.

UPDATE 6/26/15

Special magistrate determination of lien disposition was approved by City Commission in April and the first hearing will be held on August 13. Collection rate is expected to improve with the adoption of this process, collections agency, and placement of hard costs on property tax roll.

UPDATE 1/7/2016

Anticipated date for Commission approval for new migration effort with Accela is 2/16/2016. Go Live expected to take 12 to 18 month. Code will try to talk with other municipalities on the system about the functionality and constraints of the code enforcement module.

UPDATE 4/7/2016

On March 31, 2016, Code submitted a report of the outstanding fines/lien balance for the cases that can be tracked in Community+. A report showing the interest accruals for hard cost liens is generated through an Access database, which reflects hard costs that were incurred as of October 1, 2015. A follow up meeting will be held when Finance completes the review of the information requested by Code to discuss the receivables to be booked.

UPDATE 6/30/2016

A meeting to discuss and finalize procedures is scheduled.

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

Issue No: 109

Date of Finding: 10/24/2011

Est. Completion Date: 06/30/2014

		Name	Title	Department
<u>Responsible Person 1</u>	sragoonan	Sharon Ragoonan	Community Inspections Manager	Sustainable Development
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone 4/15/2014

Anticipated Date of Completion 06/30/2014

Final Date of Completion 06/30/2014

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

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:

UPDATED 3/31/2015:

As referenced in 07/08-10 Finding #1.4 12/31/2014 update, Department of Sustainable Development (DSD) hired a Technology Integration Project Manager to oversee the migration of OneSolution. The project manager, performance analyst, and code manager will ensure the system meets DSD's management information needs and take steps to develop a manual to generate reports, create custom reports, and train new users of the system. Structural Innovations helped Code develop flowcharts for system configuration. The intended Go Live date is being determined.

UPDATE 1/7/2016

Anticipated date for Commission approval for new migration effort with Accela is 2/16/2016. Go Live expected to take 12 to 18 month. Code will try to talk with other municipalities on the system about the functionality and constraints of the code enforcement module.

UPDATE 4/7/2016

No change in status. The approval of the contract was postponed. IT is assisting code with scheduling a WebEx review of the code module.

UPDATE 6/30/2016

Information Technology Services and Sustainable Development Department continue to take steps toward a system migration with the Land Management System - Accela.

Report #10/11-05 Follow-up Review of the Building Division Finding #3.3

Issue No: 191

Date of Finding: 09/12/2011

Est. Completion Date: 01/01/2009

		Name	Title	Department
<u>Responsible Person 1</u>	battlea	Alfred Battle	Deputy Director	Sustainable Development
<u>Responsible Person 2</u>				

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion 09/30/2015

Final Date of Completion 01/01/2009

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #10/11-05 Follow-up Review of the Building Division Finding #3.3

Issue / Observation Before November 2007 the Building Division did not have a structured process in place to consistently follow-up on expired permits. At that time, a new program was implemented to begin issuing 180-day letters to give notice to a contractor or property owner that a permit has expired. Our limited testing revealed that in one of three permits examined, the 180-day notice was not sent as required. Therefore, the City Auditor's Office (CAO) was not able to conclusively determine whether the program is functioning as intended and is meeting the statutory requirements.

Recommendation: The City Manager should require the Director of the Building Department to develop a written procedure to assure the 180-day letter to give notice about an expired permit is consistently issued in a timely manner.

Correction Plan: Follow-Up Action – The Building Department provided the CAO with a written Policy dated 1/1/09 entitled "Expired Permits" which outlines that: 1) A courtesy letter is mailed to both the owner and contractor indicating that the permit with no record of passed inspections for 150 days will expire if the property does not pass inspection within thirty days. 2) A second letter is mailed to both the owner and contractor indicating that the permit with no record of passed inspections for 180 days is expired. a. Contractors are red-flagged in Community Plus (new permits cannot be issued until expired/open permits are closed) The CAO judgmentally tested 5 expired permits and noted that none of them were red-flagged in accordance with procedures. Follow-up Audit Recommendation- The City Manager should require the Director of the Building Department to enforce the "Expired Permits" policy with regard to red-flagging expired/open permits. In November of 2007 the Building Division implemented an Expired Permit Program. We will continue to perfect this program so that all Florida Building Code requirements are met and a written procedure will be prepared in 90 days.

Current Status:

12/31/14

Awaiting a final review by the Commission Auditor's Office

UPDATED 8/29/2013:

Building Division created and implemented policy 3-01 "Expired Permits" (see attached policy 3-01)

UPDATED 01/05/2015

The building department developed written procedures to assure the 180-day letter is initiated in a timely manner. moving forward, the document control specialist in the plans room will periodically run weekly reports that will list all open permit applications that have been issued and have had no activity for 150 days.

The contractor and property owner will receive a warning letter within 30 days of the permit's expiration date. It will give detailed instructions as to how to ensure that the permit does not expire and how to properly void the permit if the job has been cancelled.

The document control specialist in the plans room will run weekly reports that will list all open permit applications that have been issued and have had no activity for 180 days. The contractor and property owner will be sent a notice of expiration after the permit expires and the notice will detail the steps necessary to bring an expired permit back to compliance.

UPDATED 6/11/2016

The Sustainable Development Department will follow-up with the Commission Auditor's Office to determine if the finding has been adequately addressed.

Report #07/08-11 Audit of Building Division Finding #3.3

Issue No: 208
Date of Finding: 10/15/2008
Est. Completion Date: 01/01/2009

Responsible Person 1 battlea
Responsible Person 2

Name	Title	Department
Alfred Battle	Deputy Director	Sustainable Development

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion 09/30/2015

Final Date of Completion 01/01/2009

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

Title: Report #07/08-11 Audit of Building Division Finding #3.3

Issue / Observation Condition
 Before November 2007 the Building Division did not have a structured process in place to consistently follow-up on expired permits. At that time, a new program was implemented to begin issuing 180-day letters to give notice to a contractor or property owner that a permit has expired. Our limited testing revealed that in one of three permits examined, the 180-day notice was not sent as required. Therefore, the City Auditor's Office (CAO) was not able to conclusively determine whether the program is functioning as intended and is meeting the statutory requirements.

Criteria

Florida Building Code, Broward County Edition 106.10.3.1 states that permits shall expire and become null and void if work, as defined in Paragraph 106.0.3.6 authorized by such permit is not commenced within 180 days from the date of the permit or if such work when commenced is suspended or abandoned for a period of 90 days.

Cause

The Building Division hasn't developed an effective monitoring procedure

Recommendation: The City Manager should require the Director of the Building Department to develop a written procedure to assure the 180-day letter to give notice about an expired permit is consistently issued in a timely manner.

Correction Plan: In November of 2007 the Building Division implemented an Expired Permit Program. We will continue to perfect this program so that all Florida Building Code requirements are met and a written procedure will be prepared in 90 days.

Current Status:

UPDATED 01/05/2015

The Building Department developed written procedures to assure the 180-day letter is initiated in a timely manner. moving forward, the document control specialist in the plans room will periodically run weekly reports that will list all open permit applications that have been issued and have had no activity for 150 days. The contractor and property owner will receive a warning letter within 30 days of the permit's expiration date. It will give detailed instructions as to how to ensure that the permit does not expire and how to properly void the permit if the job has been canceled. The document control specialist in the plans room will run weekly reports that will list all open permit applications that have been issued and have had no activity for 180 days. The contractor and property owner will be sent a notice of expiration after the permit expires and the notice will detail the steps necessary to bring an expired permit back to compliance. The division is coordinating efforts to red flag an audit trail with out Information Technology personnel.

UPDATED 04/11/2016

The Sustainable Development Department (DSD) will follow-up with the Commission Auditor's Office to determine if this policy, as created, is acceptable to satisfy the finding.

UPDATED 07/07/2016

DSD has resent the Building Division Policy 3-01 "Expired Permits" to the City Auditor's Office for review to determine if the finding has been adequately addressed.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6

Issue No: 291

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone staff

Anticipated Date of Completion 09/30/2016

Final Date of Completion 09/30/2016

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6

Issue / Observation DSD lacked a clearly defined plan, other than the use of temporary staff, to meet increased departmental workloads. Temporary staffing was used for over 2 years, making them in effect an undisclosed permanent component of DSD's employee headcount.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to develop a clearly defined level of staffing needed to meet current and projected demands for service.

Correction Plan: Management agrees with this recommendation. Development trends are typically fluid with private investment responding to changing market conditions. These fluctuations can occur throughout the year and vary dramatically from one fiscal year to the next. DSD has responded to the cyclical spikes in permitting activity by requesting and receiving 35 new full-time regular positions in the FY 2015 and FY 2016 adopted budgets. Of these positions, 11 specific to the Building Division were requested and approved as a mid-year budget amendment in 2015 (Exhibit 2) demonstrating a proactive approach for meeting the increased demands for service .

Current Status: UPDATED 4/11/2016
At this time DSD does not have a response to this finding. We plan to request full-time staff resources in the FY 2017 Budget. It is unreasonable to believe demand for services will continue to grow at rate of development for eternity. It is reasonable to presume the full-time positions approved in FY 2016 and those anticipated in FY 2017 will help define our full-time, part-time and contract staffing needs.

UPDATED 7/7/16
With additional full time employees (FTE) received during FY15 and FY16, the staffing levels at DSD have increased, particularly in Building Services. The new positions in FY16 include 12 new FTEs as a mid-year Budget amendment. Additionally, the wages and salaries for the remaining temporary employees are tied to the salary savings for vacant positions in DSD. As positions are filled temporary employees are replaced.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 7

Issue No: 292
Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone vacancy

Anticipated Date of Completion 09/30/2016

Final Date of Completion 09/30/2016

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 7

Issue / Observation The temporary staff incurred overtime pay without prior justification and approval.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to work with Human Resources (HR) and the Procurement Division in developing temporary staffing procurement policies and procedures that include justification and authorization of overtime hours.

Correction Plan: Management agrees with this recommendation. Management believes that outside agency temporary services should be used in very narrow and prescribed circumstances. Management would prefer that the majority of temporary assignments be filled by the use of a City administered temporary assignment. The Finance and Human Resources Departments will collaborate in developing organization-wide policies to be followed when it is deemed necessary and appropriate to engage an external temporary services provider, including the use and assignment of overtime hours. The estimated time frame to complete this objective is 90 days.

Current Status: UPDATED 7/7/2016
 Finance and HR continue to work on a City-wide approach to address this issue. Monthly vacancy reports are prepared by HR and discussed at the monthly FL2STAT meetings.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 4

Issue No: 295

Date of Finding:

Est. Completion Date: 09/30/2016

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>				

Correction Plan Status: Partially Implemented

Next Milestone training

Anticipated Date of Completion 09/30/2016

Final Date of Completion 09/30/2016

Department: Sustainable Development

Audit Initiator Commission Audit

Audit Initiator Other

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 4

Issue / Observation DSD used Building Permit funds for purposes other than included as allowable charges to enforce the Florida Building Code in accordance with the Florida Statute 553.80 (7)(a).

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to:

- Train appropriate DSD personnel on the allowable uses of Building Permit funds in accordance with Florida Statute 553.80 (7)(a) and to establish processes that will prevent misuse.
- Reimburse the Building Permit Fund for any improper charges.

Correction Plan: Management agrees with this recommendation. During the creation of the FY 2016 Budget, DSD management recognized that most of the charges for temporary staffing services for FY 2015 were incorrectly charged to the Building Fund. After finding the error, staff worked with the Budget Office to estimate the anticipated charges and prepared an internal fund transfer to cover the charges that were eligible to be covered by the Building Fund. The expenditure transfer was completed on October 15, 2015 (Exhibit 3). Moving forward, DSD management will be charging the appropriate fund for the related staffing services. Also, as previously mentioned regarding the improvement of internal controls, the Deputy Director assigned to focus on internal operations is tasked to work with the Financial Administrator to implement internal controls, develop administrative policies and procedures, and identify and apply timely corrective actions throughout the department.

Current Status:

UPDATED 4/18/2016

While preparing the FY 2016 Budget, the DSD Financial Administrator recognized that most of the charges for temporary staffing services for FY 2015 were incorrectly charged to the Building Fund. After finding the error, staff worked with the Budget Office to estimate the anticipated charges and prepared an internal fund transfer to cover the charges that were eligible to be covered by the Building Fund. The expenditure transfer was completed on October 15, 2015; a copy of the expenditure transfer document is provided as information. Moving forward, DSD management will be applying this fund transfer practice on a routine basis throughout the fiscal year. DSD management will provide training on the appropriate use of Building Permit funds by the end of FY 2016.

UPDATED 7/7/2016

Training has started to educate all DSD internal support staff on allowable uses of Building funds. The training on Building funds will continue until the end of FY16. DSD, Human Resources and Finance departments have addressed how wages and salaries are tracked, as well as, how wages and salaries are attached to vacant positions and salary savings. Each temporary position is associated with a unique position control number that is cross-referenced to a full time employee position control number.