

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
April 27, 2017, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	Cumulative Attendance	
		10/1/16 – 9/30/17	
		<u>Present</u>	<u>Absent</u>
Martin Kurtz, Chair	P	4	0
Richard Owen	A	2	2
D. Keith Cobb	A	3	1
Gregg McKee	P	4	0
Kimberly Jackson	A	0	3

Staff Present

Kirk Buffington, Director of Finance
Pam Winston, Senior Accountant
Marco Hausy, Assistant City Auditor III
Don Morris, CRA Manager
Vanessa Martin, CRA Business Manager
Stacy Spates, Administrative Assistant II, Parks
Averill Dorsett, Director of Human Resources
Ryan Henderson, Assistant to the City Manager
Alfred Battle, Deputy Director, Sustainable Development
Mike Maier, Director of Information Technology Services
Keela Black Davis, Administrative Assistant II, Human Resources
Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath

Call to Order

Chairman Kurtz called the meeting to order at 5:21 PM.

Roll Call

At the time of roll call, two (2) appointed members to the Board were present, not allowing for a quorum. Chairman Kurtz noted that Richard Owen might still arrive, however Keith Cobb would not attend. A discussion ensued regarding the repeated

absence of Kimberly Jackson. Kirk Buffington advised that this was the third consecutive absence and that it was an administrative issue at this point.

Review of Meeting Minutes for Approval

Chairman Kurtz deferred the review of the previous meeting minutes since a quorum of the board was not present.

Floor Open for Public Input

Chairman Kurtz opened the floor for public input. No members of the general public came forward.

Large User Audit

Michelle Blackstock, Senior Audit Manager of Crowe Horwath presented the Large User Audit information to the Board. Annually, they provide the Large User Wastewater Treatment Rate Computation. An agreement between Fort Lauderdale, Tamarac, Wilton Manors, Port Everglades, Davie, and Oakland Park allows them to share a certain amount of cost divided by the gallons used by the large users. An annual rate is calculated and used the following year. Page Three of the report details the schedule of costs, interest earnings, and gallons used. The actual rate is 1.66, which has been consistent from year to year and will be the new rate going forward.

Revenue Estimating Conference Committee

Chairman Kurtz requested they defer the discussions of the Revenue Estimating Conference Committee and the Budgets so waiting staff members could present their ACTS updates. All present agreed and the discussion moved forward.

ACTS Update

Kirk Buffington, Director of Finance, explained that the ACTS was the internal audit control tracking system utilized by the Commission Auditors, not the external auditors. Used by every department in the City and maintained through the Budget Office, the Commission Auditors clear findings after a department has adequately addressed the issue. Presented quarterly to the Audit Advisory Board, the ACTS Open Audit Findings contains items that are implemented, partially implemented, or still open.

City Manager's Office (MGR) - Chairman Kurtz requested an update on the Bahia Mar Lease Agreement. Ryan Henderson, Assistant to the City Manager and responsible for managing the City real estate portfolio, came forward. The City Manager asked him to create a real estate policy and procedure guideline to use now and into the future. He submitted and currently follows the policy but it is not part of the Policy & Standards Manual (PSM) yet. He intends to follow-up with staff to finalize the procedure.

Bahia Mar is a complicated lease. The Auditor noted several items and suggested they use a spreadsheet to manage the contract. Ryan will submit all items that are applicable to contractually managing the lease effectively in order to fully close out this finding. He is actively managing the contract and is in contact with CBRE, the City's outside broker

that invoices Bahia Mar. All rents are up to date. The City received all additional paperwork required by the contract.

Chairman Kurtz commented that the ACTS report accomplishes two things: all realize the importance in dealing with the findings, and in clearing them out in a timely basis. Ryan noted that if not for the finding, the City might not have completed a real estate policy or procedure.

Community Redevelopment Agency (CRA) - Chairman Kurtz asked for an update from the CRA on two items partially implemented. Don Morris, CRA Manager, and Vanessa Martin, CRA Business Manager, were present to answer questions. Kirk clarified that the City Auditor was still waiting on information to close out the other 12 findings. Don explained that most of the issues had to do with not having the proper policies and procedures in place. They submitted policies last year and the findings just need cleared. One outstanding finding is the \$80,000 for the Fourth of July. The CRA is working with the Budget office seeking reimbursement. The Beach CRA finding requires an amendment to the plan, scheduled for May 16th CRA and Commission Meetings.

Chairman Kurtz asked if the timing of funds issue was in this group for the CRA. Don stated that the CRA Board / City Commission had to approve projects. Once that happened, the CRA transferred funds.

Chairman Kurtz asked about Observation 3, on Page 22 regarding North West Progresso (NWP) CRA not meeting their established benchmarks as it applies to the disposal of properties. Auditors suggested the CRA Manager should develop an action plan to make sure the CRA is meeting benchmarks. The CRA Manager explained that the City Commission has approved the process to sell or possibly donate to a developer for affordable housing.

Finding 12, on Page 25, was the next questioned by Chairman Kurtz. This finding relates to expenditures incurred on behalf of the CRA by the City that do not show evidence of approval by the CRA Board and contracts that lack execution by the proper authority. This finding pertains to the NWP Flagler CRA. Auditors recommend CRA management work more closely with the City Attorney's Office and Procurement in reviewing legal documents. The City Attorney's Office and the Procurement Office are currently looking into using an inter-local agreement between the City and the CRA to address this issue. Kirk explained that the City is writing a resolution delegating authority from the Commission to the Board when authorizing certain City contracts that the CRA will use. The resolution will probably go to Commission in June.

Finance (FIN) – Chairman Kurtz asked about the Review of Temporary Staffing within the Department of Sustainable Development (DSD). Kirk Buffington and Averill Dorsett, Director of Human Resources, were both available to answer questions. Averill proposed edits and comments for the draft PSM approximately two weeks ago. They

are ready to present the policy to the Community Building Leadership Team (CBLT) for approval.

Human Resources (HRD) – Averill addressed the Board and advised that the City is approximately two-thirds of the way through the classification and compensation study. Kicked off in September 2016, the study is massive. Close to 1,000 job descriptions submitted based on duties current employees perform. They are doing salary surveys with other agencies. It should be complete around August. Tied into results of the class and comp study are findings on job descriptions and succession planning.

HR is working on engaging senior leadership and the Commission in establishing a City vision. The vision would define the City's values and culture toward employees. Initiative is coming through Training in HR and Structural Innovation in the City Manager's Office.

Chairman Kurtz asked about the Audit of Controlled Substance for Fire Rescue. Since not previously noted by board members, a member of Fire Rescue was not present to give an update. The actual finding under HR determined that new employee drivers' licenses and history requirements, per the policy standard manual, do not account for the number of citations issued. Averill explained that we do check for a valid driver's license at the time of hire and at promotion. Supervisors must physically look at the license and verify at the DMV. As part of Fire's accreditation, they must look back at seven years history and review citations. HR does not have the funds in their budget. If Fire must check for accreditation, they will need to fund. Marco Hausy, Assistant City Auditor III, interjected that one-time costs should only be \$3,000 - \$4,000.

Marco explained that unless the department advises the City Auditor to close a finding and actually supplies documentation, the item remains open. The Audit Compliance Tracking System (ACTS), developed and monitored by Budget, tracks all findings, not just internal findings. By implementing ACTS, everyone can easily track the findings for each department. It eliminated the need for the Auditor's office to go out to the departments to follow-up on audit findings.

Gregg McKee and Chairman Kurtz both believe there should be some follow-up by the Auditor's office to get the findings closed. Marco took a firm stance and explained that it is partly a training issue for the departments but that ACTS is a tool for Budget. Barbara Smith in the Budget Office is a key person and the go-between for the departments. A discussion ensued regarding closing out the findings. Departments need to submit proper documentation. There will be a training session in June.

Chairman Kurtz questioned if there was enough attention directed to resolving the findings. Linda Picciolo, Board Liaison, offered reassurance that the Structural Innovation (SI) Team from the City Manager's office reviewed the findings with each department on a monthly basis. Kirk explained that SI worked directly for the City Manager on process improvement, innovation, and related areas. Further conversation ensued. Chairman Kurtz, on behalf of the board, asked administration to make sure all those involved with ACTS are at the June training meeting.

Cemetery System / Parks and Recreation (PKR) – Stacy Spates, Administrative Assistant II, who oversees the cemetery system, came forward to give her update. Initially there were 15 or 16 findings and they are down to eleven. Stacy came on in March and learned that the findings were in ACTS. Although offered training by Budget, it never occurred. Stacy figured out what she needed to do in order to clear the findings. Several findings require policy change at the direction of the City Manager with input from the Cemetery Board Trustees. Three findings have her attention and she is working on them: standard operating procedures (SOP's), Cemetery Master Plan Request for Proposal (RFP), and Cemetery Management Services RFP. Carriage, our current contractor for the past seventeen years, has about seventeen months left on the contract, until September 30, 2018. They have become a bit complacent and Stacy is working out some issues with them. Her intention was to issue the RFP in April / May 2017 however, it did not go out. Stacy will update the finding.

Chairman Kurtz asked about which SOP's Stacy was working on. There are no written procedures on how to perform the job duties or tasks. She only had 4 days of training and is learning something new every day. Having written procedures and checklists will be helpful, even to her.

Chairman Kurtz asked if Stacy was having problems working on these three focus points. She is because she did not expect to have so many issues with the contractor, payments to the perpetual care fund, dealing with burial issues, and customer complaints. There are maintenance issues and the City reimburses on average \$800,000 per year. Stacy will work with Procurement on the RFP's.

Sustainable Development (DSD) – Alfred Battle, Deputy Director of Sustainable Development, came forward for the ACTS update. DSD has closed about half of their audit findings. There are five remaining, with the first two relating to lien processing. DSD was struggling with hiring administrative and management staff in order to complete the lien process findings. They have been without a Code Compliance Manager since the end of the year but are moving toward filling the position. The lien process will be the Code Compliance Manager's primary responsibility. Three people have access to ACTS in DSD: a Business Manager/Financial Administrator and two Administrative staff people.

Chairman Kurtz asked about the finding on Page 75, Report #07/08-11 from an audit in 2008 regarding expired permits. The department failed to give 180 Day Notice in about one-third of the permits issued. It was recommended that a procedure be written and in place. To remove and close the finding, DSD needs to upload the written procedure into ACTS and inform the Auditor's office. Al Battle assured the Board that the finding would be off the next report. There are processes in place for someone to renew an expired permit at any time.

The last two items partially relate to the temporary staffing issue discussed previously. Human Resources and Finance developed a temporary staffing policy. These particular

findings are about the use of a contract for temporary staffing. At this time, there are no contracts in place and DSD no longer utilizes temporary staffing for this type of service. DSD has hired staff to fill the positions they had been filling with temporary staffing services. Part-time City employees now fill any temporary positions.

Finance, IT and City Auditor Budgets

Chairman Kurtz called on Mike Maier, Director of Information Technology Services, to present his budget. Mike informed the group that one of the big projects for the year was to consolidate the data centers. The City has data centers at City Hall, Police Department, Emergency Operations Center (EOC), and Public Works. Costs are high to repair and replace old air conditioning units. Last year, a grant for the EOC expanded the data center. The City recently signed a contract with Microsoft for cloud storage. The plan is to focus on increasing our cloud storage, reducing our footprint, collapsing the data centers, and saving on costs. By collapsing, Mike means consolidating into one or possibly two centers, (but definitely utilizing the EOC because it is a Category Five Hurricane facility) with a combination of cloud storage and in-house storage. With a new police station possible, it is wasteful to continue to spend money maintaining a data center in such an old facility.

We have a tremendous weakness in security with mobile devices. There is a need to be able to swipe clean the data if the device is lost.

PCI compliance is a huge issue since we take many credit cards throughout the City. We are Type II in level of activity and number of transactions. PCI compliance is now a budgeted item.

Since the Anonymous attack, Mike has beefed up security and is planning more security training. Mobile and Police has greatly expanded and a tremendous number of cameras are up throughout the City. Mike is still using the same number of mobile technicians. Police have built a community center with feeds from all of the cameras. We are short technology people. These are the major initiatives for the year.

Gregg McKee asked what type of hardware runs FAMIS, an accounting software program. Mike and Kirk referred to an old IBM mainframe on the sixth floor. We will use FAMIS for history and record keeping purposes after the implementation of the ERP. Gregg asked if we could upload or maintain the history elsewhere. Mike and Kirk will need to discuss, as there is a major maintenance issue with the mainframe.

(Discussion continues after ERP Update)

ERP Update

Chairman Kurtz asked for the ERP update. Kirk Buffington informed the Board that Ciber, our contracted vendor, filed for bankruptcy in April however; the City has not issued any checks to them. Infor was the software and Ciber was the implementer. All along, we wanted Infor as both the software and implementer. Within a very short time before filing bankruptcy, Ciber sold its Infor practice to Infor. The initial reaction was that

this was a good thing. However, the City Attorney's office has issues. With the bankruptcy so close to the asset sale, they are concerned the asset sale may not pass the scrutiny of the bankruptcy court. Our contract is with Ciber and we must consent with any form of contract assignment. Mike would like to cancel the contract. Over twelve years, the contract is approximately five-million dollars. The only expenditures were for hardware, which we own and would need regardless of what happens.

Mike and Kirk are still working on third-party contracts. Two of the three are almost ready for approval. BSI is the challenging contract and they supply the tax tables.

The City Attorney has been in contact with the attorneys representing the trustee and Ciber and is not happy with the level of transparency and disclosure we are being provided. If we do not consent to the assignment, we are back to the beginning stage of the process. We just have to wait until it sorts itself out. The City took a strong stand that we would not pay for the software until we had the hardware in place, which turned out to be beneficial.

Finance, IT and City Auditor Budgets...Continued

Chairman Kurtz asked Marco Hausy to present the budget for the City Auditor. As a charter office, the only real expense is for staff. Payroll does increase 3-4% annually. The budget went from \$992,000 to \$1,013,000 due to some additional benefits received over the last year. They hired an Assistant City Auditor II rather than an Assistant City Auditor I, so that increased the budget slightly. Fully staffed, there are three auditors, the City Auditor, Assistant City Auditor, and the Administrative Assistant, for a total of six. Each in the group has a varied and diverse background. If adequately staffed, Chairman Kurtz is comfortable with the budget.

Chairman Kurtz asked for an update on the Auditor's work plan. The Purchasing Card (P-Card) procedure audit report is ready for release. Kirk commented that they are doing a very extensive audit. He asked for the audit because there is such a high volume of use and because it is necessary for a particular procurement award. Kirk is confident that it is a well-run program and that the audit will highlight issues that can be improved. Findings will improve the program and make sure we have appropriate controls in place.

Chairman Kurtz opened the floor to Kirk. Finance is decreasing its general budget by 7% or \$453,000. The F/Y 2017 budget was \$6.2 million and in 2018, it is \$5.8 million.

The primary initiatives include PCI compliance. Finance is responsible for implementing all of the credit card machines and writing a new policy. Within a few months, there will be new payment kiosks in the lobby and at the drive-through. Subsequently, kiosks will be located throughout the City where our neighbors can walk up and make a payment for utility or parking. The City will be upgrading payment opportunities for the neighbors.

Finance will implement an electronic document management system, driven by Procurement. Laserfiche is one of the new initiatives in the budget. We have a contract in place and need the funding for licenses.

SharePoint, a Microsoft product, is another initiative that allows for a cloud-based collaboration of documents. It allows multiple people to work on the most current version of a document. Mike's team negotiated an exceptional deal at \$70 per annual license. We will be using SharePoint for the notes in the CAFR next year.

Discussion of Revenue Estimating Conference Committee

Gregg McKee attended three of the four meetings. He reported that it is a good process with multiple inputs from the Budget office, most of the departments, an outside resource (Burton and Associates), and Audit Advisory Board member. It is a bottom up approach. Discussed are different perspectives on select budget items. All of the information is available through a porthole.

Other Business

Chairman Kurtz advised that the City Commission approved the CAFR on April 19, 2017 without a presentation.

Communication to the City Commission

None

Adjournment

The next regular meeting of the Audit Advisory Board is July 27, 2017.

The meeting adjourned at 6:52 PM.

[Minutes prepared by Linda Picciolo, Board Liaison]

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

**City of Fort Lauderdale, Florida
For the Year Ended September 30, 2016
With Report of Independent Auditors**

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

For the Year Ended September 30, 2016

Contents

Independent Auditor's Report	1
Schedule of Large User Wastewater Treatment Rate Computation	3
Notes to Schedule of Large User Wastewater Treatment Rate Computation	4

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, 2016, 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, 2016, 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 13, 2017

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

For the Year Ended September 30, 2016

Operation and maintenance costs	\$ 15,703,703
Debt service and bond covenant requirements, net	1,848,933
Replacement costs	<u>7,379,591</u>
Total user costs	24,932,227
Less interest earnings	<u>365,458</u>
Total user charges	<u><u>\$ 24,566,769</u></u>
Gallons treated (in 1,000's)	14,802,916
User charge per 1,000 gallons treated	<u>\$ 1.65958986</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 16, 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, 2031. This refinancing reduced the average interest rate from 4.52% to 4.12%. As of September 30, 2016, the Central Regional Wastewater System's liability for these bonds totaled \$2,545,938.94.

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

3. Debt Service and Bond Covenant Requirements (continued)

On April 19, 2016, the City sold \$158,930,000 of Water and Sewer Revenue and Revenue Refunding Bonds, Series 2016. The Series 2016 was the full refunding of the Series 2006, Series 2008, and Series 2010 and to prepay all amounts outstanding for two (2) loans obtained by the City from the State of Florida (the "Refunded SRF Loan") with aggregate principal amount of \$53,045,000, \$31,010,000, \$72,375,000 and \$18,156,248, respectively. 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, 2038. This refinancing reduced the average coupon rate from 4.44% to 3.29%. As of September 30, 2016, the Central Regional Wastewater System's liability for these bonds totaled \$3,471,118.96.

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 2.65%. As of September 30, 2016, the Central Regional Wastewater System's liability for these loans totaled \$12,280,814.06.

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.

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

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 2016 was \$1.800 per 1000 gallons.



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

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

As of March 31, 2017



WE BUILD COMMUNITY



CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

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

The External Auditor findings from the Single Audit and Financial Audit can only be closed once per year when the City's External Auditors conduct their review for the annual Comprehensive Annual Financial Report (CAFR).

The majority of the open audit findings are from the Commission Auditor's Office from prior year audits that were issued but not closed. The City Auditor has adopted a continuous audit approach utilizing the City's Audit Compliance Tracking System (ACTS) and quarterly report process. As departments implement the corrective action plans and upload supporting information and documentation into the ACTS system, they are required to notify the Commission Auditor that they believe a finding has been resolved. The Auditor's Office will continuously review these responses throughout the year and will notify the System Administrator in the Budget/CIP and Grants Division to close findings that have been cleared.

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





**STATUS OF OPEN AUDIT FINDINGS
AS OF MARCH 31, 2017
TABLE OF CONTENTS**

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
COMMISSION AUDIT FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1	Partially Implemented	1
COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS		
Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 1	Implemented	5
Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 2	Implemented	7
Operational Audit of the City of Fort Lauderdale CRA - Finding 2	Implemented	8
Operational Audit of the City of Fort Lauderdale CRA - Finding 6	Implemented	10
Operational Audit of the City of Fort Lauderdale CRA - Finding 1	Implemented	12
Operational Audit of the City of Fort Lauderdale CRA - Finding 5	Implemented	13
Operational Audit of the City of Fort Lauderdale CRA - Finding 9	Implemented	15
Operational Audit of the City of Fort Lauderdale CRA - Finding 10	Implemented	17
Operational Audit of the City of Fort Lauderdale CRA - Observation 1	Implemented	19
Operational Audit of the City of Fort Lauderdale CRA - Observation 2	Implemented	20
Operational Audit of the City of Fort Lauderdale CRA - Observation 3	Partially Implemented	22
Operational Audit of the City of Fort Lauderdale CRA - Finding 11	Implemented	24
Operational Audit of the City of Fort Lauderdale CRA - Finding 12	Partially Implemented	25
Operational Audit of the City of Fort Lauderdale CRA - Observation 4	Implemented	27
FINANCE AUDIT FINDINGS		
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1	Partially Implemented	31
HUMAN RESOURCES AUDIT FINDINGS		
Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions	Partially Implemented	35
Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	37
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Implemented	39

**STATUS OF OPEN AUDIT FINDINGS
AS OF MARCH 31, 2017
TABLE OF CONTENTS**

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3	Partially Implemented	40
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	41
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 5	Partially Implemented	43
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 1	Partially Implemented	44
INFORMATION TECHNOLOGY SERVICES AUDIT FINDINGS		
Report #07/08-4 Cyborg Payroll System 2.4	Implemented	47
PARKS AND RECREATION AUDIT FINDINGS		
Operational Audit of the Cemetery System - Finding 2	Partially Implemented	49
Operational Audit of the Cemetery System - Finding 4	Partially Implemented	51
Operational Audit of the Cemetery System - Observation 3	Partially Implemented	53
Operational Audit of the Cemetery System - Finding 6	Partially Implemented	55
Operational Audit of the Cemetery System - Finding 7	Partially Implemented	57
Operational Audit of the Cemetery System - Finding 8	Partially Implemented	59
Operational Audit of the Cemetery System - Finding 9	Partially Implemented	60
Operational Audit of the Cemetery System - Observation 4	Partially Implemented	62
Operational Audit of the Cemetery System - Finding 10	Partially Implemented	64
Operational Audit of the Cemetery System - Finding 11	Partially Implemented	65
Operational Audit of the Cemetery System - Finding 12	Partially Implemented	67

**STATUS OF OPEN AUDIT FINDINGS
AS OF MARCH 31, 2017
TABLE OF CONTENTS**

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
SUSTAINABLE DEVELOPMENT AUDIT FINDINGS		
Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2	Partially Implemented	71
Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3	Partially Implemented	73
Report #07/08-11 Audit of Building Division Finding #3.3	Implemented	75
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6	Partially Implemented	77
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 4	Partially Implemented	78

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

Responsible Person 1 rhenderson

Responsible Person 2

Correction Plan Status: Implemented

Next Milestone

Anticipated Date of Completion 10/30/2014

Final Date of Completion 03/31/2017

Department: City Manager

Audit Initiator Commission Audit

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: No management response was included in the audit report.

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.

Name	Title	Department
Ryan Henderson	Administrative Assistant II	City Manager

Finding Type: Deficiency

Current Status:

9/30/16, 12/31/16

Bahia Mar is cooperating with the City in providing status updates on all pertinent items from the lease that required action.

This item (Bahia Mar Compliance) has prompted the City Manager's Office to create a Real Estate Policy and Procedure Guideline. It will be the City Manager's Designee's responsibility for contract (leases and licenses) administration. That administrator's responsibility will include, but not be limited to, that the City is receiving the correct revenues, that extensions are executed in a timely manner, and that lessees are properly maintaining the property. Furthermore, a meeting with CAO to review the policy and get his view has been scheduled.

3/31/2017

City staff has received from Rahn Bahia Mar LLC updated insurance information along with the financial statements and gross operating revenues as requested per the lease agreement. The tenant is current on all rent payments.

In addition, the City Manager's Office has created a Real Estate Policy and Procedure Guideline for contract (lease and licenses) administration purposes. The CMO would like to consider this item "Implemented."

Community Redevelopment Agency

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	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

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

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 Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

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	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

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

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 Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

Department of Sustainable Development (DSD) and CRA were separated, effective April 2016. In Fiscal year 2016, service charges were reconciled based off occupancy of shared positions. CRA staff currently submit monthly timecards to accurately account for staff time worked within the CRA.

Operational Audit of the City of Fort Lauderdale CRA - Finding 2

Issue No: 323

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 2

Issue / Observation Condition
 The NWP CRA tax increment funds were spent on events that were not included in furtherance of the Community Redevelopment Plan. The events were as follows:
 - A City employee retirement party, which used in excess of \$14,000 of CRA funds.
 - A Commissioner farewell event, which used in excess of \$8,000 of CRA funds.

Criteria
 Section 163.387 (6) of Florida Statutes states that "moneys in the redevelopment trust fund may be expended from time to time for undertakings of a community redevelopment agency as described in the community redevelopment plan for the following purposes, including, but not limited to:

(a) Administrative and overhead expenses necessary or incidental to the implementation of a community redevelopment plan adopted by the agency.

Recommendation: The CRA Executive Director should put appropriate controls in place to make sure special events do not get funded with CRA monies unless that special event is in furtherance of the Community Redevelopment Plan and has the approval of the CRA Board. In addition, the funds should be returned to the CRA by the City.

Correction Plan: Staff agrees with the City Auditor's conclusion. The Community Redevelopment Agency hired Financial Personnel in February 2015, to monitor the use of CRA funds. Since that time Financial Personnel have established internal controls to ensure these types of events will not be approved in the future. Additionally, in November 2015 the CRA hired a new Northwest Progresso Flagler Heights (NWPFF) CRA Manager to oversee the day-to-day operations of that CRA. The City's General Fund will reimburse the CRA Trust Fund in the amount of \$22,000 representing the sum of the two events that were inappropriately charged to the CRA Trust Fund by no later than December 31, 2016.

Current Status:

The Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

Funds were reimbursed during the November Cleanup for Fiscal Year 2016.

CRA Implemented internal controls to ensure special events have been approved by the CRA Board and is included in the CRA plan.

Operational Audit of the City of Fort Lauderdale CRA - Finding 6

Issue No: 326

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 6

Issue / Observation Condition
 The CAO noted that several promotional campaigns and marketing activities occurred before the NWP Community Redevelopment Plan was modified and restated on March 15, 2016 to incorporate those types of activities.
 For example, the 2013 -2014 Annual Report of the Fort Lauderdale CRA listed the following promotion, marketing, transportation mobility and quality of life activities within NWP CRA:

- CRA contributed approximately \$60,000 to the "Light up Sistrunk" holiday
- CRA contributed \$25,000 for the "Midtown Summerfest"
- CRA contributed \$28,000 for the "Artwalk"
- CRA contributed \$150,066 for the Sun Trolley service.

In addition, CRA entered into marketing, branding and a public relations service agreement with The Mosaic Group on November 4, 2014 for the total amount of \$247,500.

Recommendation: The CRA Executive Director should review the Community Redevelopment Plan and ensure that proposed CRA funded initiatives are described or outlined in the Plan, or amend the Plan as needed prior to undertaking those new initiatives.

Correction Plan: Staff agrees with the City Auditor's conclusion. On March 15, 2016 the Fort Lauderdale Community Redevelopment Agency recommended and the City Commission approved amendments to the Northwest-Progresso-Flagler Heights Community Redevelopment Plan. The amendments included Section 8.D Quality of Life Programs and Promotion of Redevelopment Activities. This section identified that special events, promotions and public displays will assist in business attraction, promoting the District as a place to live, and further promoting the area as a redevelopment district with opportunity for private investment.

Current Status:

The Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

CRA Implemented internal controls to ensure promotional campaigns and marketing activities are included in the CRA plan.

The Northwest Progresso Flagler CRA Plan modified and restated as of March 15, 2016.

The Mosaic Group was awarded a new contract amount totaling \$174,875 via CAM #17-0268 dated 2.21.2017. Based on the agreement, the contract will expire on 11.3.2017.

Requisition #1709689 was entered into Business Service Object (BSO) system on 3.1.2017.

Operational Audit of the City of Fort Lauderdale CRA - Finding 1

Issue No: 329

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

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

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone Budget Dep

Anticipated Date of Completion 01/31/2017

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 1

Issue / Observation Condition
Central Beach CRA TIF funds, in excess of \$80,000 annually since FY 2012, are being used to pay for the 4th of July fireworks display, supplanting previous funding from general government funds.

Criteria
Florida Statutes, Section 163.370 Powers; counties and municipalities; community redevelopment agencies - states:
(3) The following projects may not be paid for or financed by increment revenues:
(c) General government operating expenses unrelated to the planning and carrying out of a community redevelopment plan.

Cause
Based upon the discussion with the City Attorney in May of 2010, CRA staff determined that it is possible to fund the fireworks event from the CRA budget, provided that the event is within the CRA area and the CRA Board makes a finding that the event will meet the goals and objectives of the CRA. This discussion did not take under consideration section 163.370 (3)(c) of the Florida Statute shown above.

Recommendation: The CRA Executive Director should put appropriate controls in place to prevent TIF funds from being used for general government expenditures. In addition, the funds should be returned to the CRA by the City.

Correction Plan: Staff agrees with the City Auditor's conclusion. Funding for the July 4th fireworks was not included in the FY 2017 CRA budget. The City's General Fund will reimburse the CRA Trust Fund no later than December 31, 2016.

Current Status: The Community Redevelopment Agency is currently working with the City Auditor's office to close out this issue.

Funding for the July 4th fireworks was not included in the fiscal year 2017 CRA budget.

Operational Audit of the City of Fort Lauderdale CRA - Finding 5

Issue No: 330

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

Responsible Person 1

martinv

Name	Title	Department
Vanessa Martin	Business Manager	Community Redevelopment Agency
Donald Morris	CRA Manager	Community Redevelopment Agency

Responsible Person 2

dmorris

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone 3/31/2017

Anticipated Date of Completion 03/31/2017

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 5

Issue / Observation

Condition

The City's promotional campaigns and marketing activities in the Central Beach CRA are not described or outlined in the Central Beach Community Redevelopment Plan, adopted in 1989. For example, in the 2013 -2014 Annual Report of the Fort Lauderdale CRA, the events listed below are not in the Plan of 1989, which is adhered to today.

- CRA contributed \$71,776 toward the Beach Business Improvement District's (BID) annual holiday lighting.
- CRA contributed \$40,500 to co-sponsor "The Great American Beach Party" on Memorial Day weekend.
- CRA contributed \$82,500 to co-sponsor with City's Park & Recreation the annual 4th of July Fireworks.

Criteria

Section 163.387 (6) of Florida Statutes states that "moneys in the redevelopment trust fund may be expended from time to time for undertakings of a community redevelopment agency as described in the community redevelopment plan for the following purposes, including, but not limited to:

Recommendation:

The CRA Executive Director should work in conjunction with the CRA Board to amend the Central Beach Community Redevelopment Plan to include language describing or outlining the "Quality of Life Programs and Promotion of Redevelopment Activities".

Correction Plan:

Staff does not agree with the City Auditor's conclusion that special event funding is not a permissible activity in the Beach Community Redevelopment Plan. At the November 9, 2010 joint meeting of the CRA Board of Commissioners/Beach Redevelopment Advisory Board (BRAB) the question was raised about special events and whether the Beach CRA could fund them. The City Attorney opined that provided that findings of fact are made that expenditures will stimulate redevelopment in the core area, improve circulation, create or enhance the visual or physical image, the event is permissible. As a result, the CRA Board of Commissioners instructed staff to set aside a percentage of the CRA budget each year for events.

Family-friendly special events advances the Redevelopment Goal of providing for a mix of land uses that will foster family activity and recreation in the Central Beach area, and provides opportunities for the expansion of tourist-related facilities and activities. These events also meet the Redevelopment Objective of enhancing the resort image of Fort Lauderdale Beach as a place for tourists and conference groups, and also making Fort Lauderdale Beach an integral part of the City for use by local residents.

Staff presented applications for funding for Holiday Lighting, the July 4th Fireworks and the Great American Beach Party. Each request included a finding of how the event complied with the Redevelopment Plan.

Current Status:

The Community Redevelopment Agency is currently working with the City Auditor's office to close out this issue.

Beach CRA staff believes the plan allows the Beach CRA to contribute to promotional campaigns and marketing activities as indicated above.

Operational Audit of the City of Fort Lauderdale CRA - Finding 9

Issue No: 331

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

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

Issue / Observation Condition
Two change orders for the NWP project, Sistrunk Boulevard Streetscape and Enhancement, did not get CRA Board approval, although both were approved by the City Commission.

Criteria

The By-laws of the Fort Lauderdale CRA Article 4.1, Execution of Instruments, states that “legal instruments of the CRA shall be executed by the Chair and the Executive Director ...” Furthermore, Article 4.3 Purchasing Procedures, states, “In the absence of CRA procurement policies, the CRA adopts the purchasing procedures of the City...”

The Fort Lauderdale Code of Ordinances, Sec. 2-127 – Approval of change orders and task orders; provides the City Manager the authority to approve change orders under \$25,000, but further states, “change orders and task orders and amendments to change orders and task orders over a cumulative amount of twenty-five thousand dollars (\$25,000) shall be subject to city commission approval.

Recommendation: The CRA Executive Director should direct that staff review and adhere to policies and procedures to ensure compliance with CRA By-Laws and City Ordinances.

Correction Plan: Staff agrees that omitting review and approval by the CRA Board of Commissioners for change orders could lead to improper charges and cost overruns.

The Community Redevelopment Agency hired a Financial Administrator in February 2015 and a NWP CRA Manager in November 2015. They are required to monitor CRA use of funds, change orders, Commission Agenda Memo’s, budget transfers, budget amendments and all fund movement within the CRA. Internal controls have been established to ensure the CRA Board of Commissioners review and approve expenditures of CRA funds.

Additionally, Management will seek a legal opinion as to whether or not contracts for capital and goods/services should be in the name of the CRA and/or the City.

Current Status:

The Community Redevelopment Agency is currently working with the City Auditor's office to close out this issue.

The CRA have implemented internal control policies and procedures that is consistent with the City Auditor's recommendation. This process requires CRA Board to approve to all project related change orders.

Operational Audit of the City of Fort Lauderdale CRA - Finding 10

Issue No: 332

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
<u>Responsible Person 2</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 10

Issue / Observation Condition
 CRA staff is not approving payments for construction related expenditures on projects being managed through Public Works. In addition, the CRA does not keep, nor do they seek access to, construction related documents such as contracts and purchase orders for construction projects, to which the CRA is a contributing funder.

Criteria
 The CRA By-Laws, Article 5.7, states:
 "All funds of the CRA shall be used only for purposes permitted by applicable law. Funds shall be distributed only at the direction or with the approval of the Board of Commissioners pursuant to an adopted budget and with appropriate requisitions approved in writing by the Executive Director or the Executive Director's designee."

Recommendation: The CRA Executive Director needs to establish a protocol between the CRA and other City departments, in which requests for payments are approved by CRA staff.

In addition, the CRA should maintain files containing final contracts, purchase orders, change orders, insurance certificates, notices to proceed and other pertinent contract information.

Correction Plan: Staff agrees that CRA staff must be involved in payment processing of all CRA funded transactions. In the Beach CRA, the Beach CRA Design Manager manages all Beach CRA CIP projects including reviewing design, schedules, budgets, invoices and pay applications. Additionally, the CRA Board of Commissioners completed its process of separating the CRA from being part of any other City Department. CRA staff are now included on all payment requests and reviews the support documentation for sufficiency.

However, the master construction file should be maintained by the project manager from the appropriate City Department. At a minimum, the CRA project file will contain the financial information, insurance certificates and notice-to-proceed documents for all CRA funded projects.

Additionally, management will seek a legal opinion as to whether or not contracts for capital and goods/services should be in the name of the CRA and/or the City.

Current Status:

The Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

CRA implemented internal controls that is consistent with the City Auditor's recommendation. CRA controls ensure CRA management reviews and approves all construction related paperwork prior to Public Works.

Operational Audit of the City of Fort Lauderdale CRA - Observation 1

Issue No: 333

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Observation 1

Issue / Observation Condition
 NWP has a master property schedule that includes the required information to identify the properties, but this schedule is deficient as follows:
 - Does not clearly distinguish between properties held for resale/disposal and properties owned by the CRA/City.
 - Does not show evidence of being reconciled to the general ledger, nor does it in fact reconcile to the general ledger.

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. And from the points of focus within Principle 12, the applicable points include number:
 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.
 62. Perform using competent personnel

Recommendation: The CRA Executive Director should require CRA management revise the Real Estate Acquisition, Disposition, and Lease procedure to include accountability over the real estate information and the reconciliation to the City's financial records. In addition, CRA staff needs to work together with Finance Department staff to reconcile the historical records.

Correction Plan: Staff agrees with the City Auditor's observation. The procedure has been updated and reflects that the CRA Management will prepare the reconciliation and transmit it to the Finance Director for final review and approval.

Current Status: The Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

Recommendation has been implemented and the policy has been revised.

Operational Audit of the City of Fort Lauderdale CRA - Observation 2

Issue No: 334

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Observation 2

Issue / Observation Condition
 NWP did not effectively manage its programs, including incentives, grants, and contributions appropriated for the NWP businesses and homeowners.

AUDITOR NOTE: CAO selected three programs from the "Adopted Community Investment Plan – fiscal year 2013-2017 through 2016-2020" for Fund 347 (NWP CRA). As of June 30, 2016, the Business Incentive Programs (P10150) and General Façade Programs (P10665) have accumulated unspent fund balance of \$2,245,468 and \$1,291,288, respectively. Furthermore, from the appropriations totaling \$3,982,835, for Business Incentive Programs and General Façade Programs, NWP CRA has distributed only 7.76% and 16.61% respectively, to the eligible businesses within the CRA.

Recommendation:

1. The CRA Executive Director should require management to evaluate the programs and to adjust the level of funding annually to reduce or eliminate the unspent fund balances at year end.
2. The CRA Executive Director should require management to aggressively advertise and promote all programs so that eligible businesses and homeowners could take advantage of what the programs have to offer.
3. The CRA Executive Director should require management to simplify the application process and standardize the eligibility requirements and/or conduct training to assist potential applicants in submitting viable applications.

Correction Plan:

Staff agrees with the City Auditor's observation. Additional CRA staff has been hired to help process the incentive requests and the application has been revised.

In an effort to establish a greater focus on the desired results necessary for the NWPF CRA, staff further believes that revisions are necessary to the NWPF CRA Advisory Board Ordinance. These revisions should be more in line with the mission and vision of the CRA.

The types of revisions recommended are as follows:

- The size of the NWPF Advisory Board should be reduced (current board has 15 members). The size should be no more than nine members.

- Change in the current NWPF Advisory Board Ordinance to align their current roles and responsibilities to the Commission's desired role.

- The make-up of the Advisory Board was based on (in part) a certain number of residents from each area of the CRA (Flagler, Progresso and Sistrunk). The Advisory Board should be more knowledge and skill based and should be reserved for individuals who can provide the greatest level of assistance related to redevelopment. Since we will be analyzing incentive project requests, staff proposes the following Advisory Board composition:

1. A member with a financial background to analyze financial statements and project projections.

2. A member with General Contractor or Architect License.

3. An Attorney

4. A member from the Civic Association Board member from Flagler Heights Civic Association.

Current Status:

The Community Redevelopment Agency (CRA) implemented an incentive tracking spreadsheet as an internal tracking mechanism to monitor funds and is currently working with the City Auditor's office to close out this issue.

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

Issue No: 335

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
<u>Responsible Person 2</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone 2/21/2017

Anticipated Date of Completion 04/30/2017

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

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

Issue / Observation Condition
In the past three years the NWP CRA did not meet their established benchmarks as it applies to the disposal of properties.

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

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

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

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

Correction Plan:

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

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

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

Current Status:

The Community Redevelopment Agency acquired city-owned residential lots within the CRA. On February 21, 2017, a public hearing was held. The CRA will present a process of disposing of the lots, using request for proposals (RFP) or invitation to bid (ITB).

CRA anticipate the RFP's will begin being published for the development community in April 2017.

Operational Audit of the City of Fort Lauderdale CRA - Finding 11

Issue No: 336

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
<u>Responsible Person 2</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 11

Issue / Observation Condition
 The CAO noted from 2012 through June 2016, five projects in our sample have accumulated unspent fund balance totaling \$41,770,583 without the projects being completed within the required three-year timeframe.

AUDITOR NOTE: CAO selected five capital projects from the "Adopted Community Investment Plan – fiscal year 2013 through 2016" for Fund 346 (Beach CRA). As such, the New Aquatic Center (P10948) and SR A1A Streetscape Improvements Westside (P11681) have accumulated \$24,030,608 and \$6,511,971, respectively, of unspent fund balances without either completing the projects or un-appropriating and re-appropriating the funds annually as recommended by the Florida League of Cities.

Recommendation: The CRA Executive Director should require management to focus their efforts to complete the planned beach projects on time. In addition, the CRA Board should consider requesting an extension to complete the projects with available TIF funds or un-appropriate and re-appropriate the funds at the end of each year to their respective projects.

Correction Plan: Staff agrees with this recommendation. With the FY2017 Budget, the CRA began the procedure of re-appropriating unspent project balances. Management has made the completion of CRA projects a high priority and will ensure that appropriate resources are dedicated to these projects.

Current Status: The Community Redevelopment Agency is currently working with the City Auditor's office to close out this issue.

CRA prepares and updates a monthly Capital Improvement Project and Incentive spreadsheet to assist in tracking project status' and balances. This was implemented as part of CRA's Project tracking. The CRA has also transferred unspent fund balances to the Las Olas Boulevard Corridor Project. The Project is expected to be completed in FY 2019.

Operational Audit of the City of Fort Lauderdale CRA - Finding 12

Issue No: 337

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
<u>Responsible Person 2</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone Finance

Anticipated Date of Completion 03/31/2017

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Finding 12

Issue / Observation Condition
 Expenditures are being incurred on behalf of the CRA by the City that do not show evidence of having been approved separately by the CRA Board. In addition, they lack execution by CRA management, or of the authority for the execution of the instruments having been delegated by resolution to another person in accordance with the By-Laws of the Fort Lauderdale CRA. Some examples of non-compliance contracts include, but are not limited to:
 - East Coast Mulch Corp.
 - Prototype, Inc.
 - Toilet Taxi Corp.

Recommendation: The CRA Executive Director should require CRA management to work more closely with the City Attorney's Office and the Procurement Office in reviewing legal documents to ascertain that they are being executed by the proper governing bodies with appropriate documentation.

AUDITOR NOTE:
 The City Attorney's Office and the Procurement Office are currently looking into using an interlocal agreement between the City and the CRA to address this issue.

Correction Plan: Staff agrees with the City Auditor's observation. In order to establish clear authority and delegation of authority, the Finance Department will prepare a Resolution by March 31, 2017 for the CRA Board of Commissioners establishing delegation of authority and execution of instruments and documents, in accordance with the By-Laws of the Fort Lauderdale CRA, to be approved by the CRA Board.

Current Status:

The Community Redevelopment Agency, (CRA) is currently working with the City Auditor's office to close out this issue.

Non-compliance issues for East Coast Mulch Corp, Prototype and Toilet Taxi have been researched and resolved. Parks and Recreation funded East Coast Mulch Corporation, not the CRA. The City Manager has agreed to sign off on Prototype, Inc. as CRA's annual anticipated expense (approximately \$3,203 for each CRA). Toilet Taxi Corporation services were suspended on 8.12.2016 and the City of Fort Lauderdale's Park and Recreation Department has agreed to step in and clean Sistrunk Boulevard.

CRA implemented internal controls to ensure all expenditures are approved separately by the CRA Board. When the CRA Advisory Board makes the recommendation, memos are immediately prepared for the next CRA Board Agenda Meeting.

Operational Audit of the City of Fort Lauderdale CRA - Observation 4

Issue No: 338

Date of Finding: 10/28/2016

Est. Completion Date: 09/30/2017

		Name	Title	Department
<u>Responsible Person 1</u>	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
<u>Responsible Person 2</u>	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2017

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale CRA - Observation 4

Issue / Observation Condition
For all three areas of the CRA, there is no formal process in place to verify that the property tax roll information is accurate.

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: And from the Points of Focus within Principle 12, the applicable points include number:

58. Establishes policies and procedures to support deployment of management's directives

59. Establishes responsibility and accountability for executing policies and procedures

Cause

The City and the CRA rely upon the Broward County Property Appraiser (BCPA) for providing accurate CRA tax roll information. The City is responsible for verifying the accuracy of the information.

Recommendation: The CRA Executive Director should require the establishment of policies and procedures for the verification of changes to CRA tax rolls. The City Manager should require the Budget Office to receive verified information from CRA staff before finalizing form DR-420 (Tax Increment Adjustment Worksheet).

Correction Plan: Staff agrees with the City Auditor's observation. The CRA is in the process of securing an agreement with a consultant that will complete an annual review of the tax roll for each CRA District.

Current Status:

The Community Redevelopment Agency is currently working with the City Auditor's office to close out this issue.

Harry C. Newstreet & Associates will provide tax roll services to Northwest Progresso Flagler Heights CRA, Central City CRA and Beach CRA, totaling \$3,500 for each agency. A Purchase Order (# 171773) was created in preparation for these services. (Appraisal Services for the Properties Located in the CRA areas).

Per Procurement Appraisal Services:

Land surveys, land appraisals, abstracts of title and title searches. Land surveys, land appraisals, abstracts of title and title searches may be purchased without bid and may be made on a rotation basis between at least three (3) reliable sources, subject to the provisions of Florida's Consultant's Competitive Negotiation Act and section 2-194 of this Code.

Finance

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>	jalvarez	Jennifer Alvarez	Procurement Manager	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Harrison	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone policy

Anticipated Date of Completion 09/30/2016

Final Date of Completion

Department: Finance

Audit Initiator Commission Audit

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 procedure s 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:

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.

9/30/16 - Finance and Human Resources have met and are currently working on drafting a policy.

12/28/16 - A working draft has been completed and will be presented to Community Builder Leadership in the next two weeks.

3/31/17 - Presentation to CBLT delayed due to extended reviews between Finance and Human Resources.

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: 08/12/2017

		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 Finding Type: Deficiency

Next Milestone completion

Anticipated Date of Completion 02/28/2017

Final Date of Completion 02/28/2017

Department: Human Resources

Audit Initiator Commission Audit

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:

2/22/2017

The Classification and Compensation Study was awarded to Segal Waters Consulting in August of 2016. The Study will address many classification and compensation updates and will include rewriting all the City's job descriptions. The new job descriptions will reflect the recommendations stated above to be more reflective of the essential functions of each classification. It is our current practice to review the job descriptions with the hiring department's director and make required changes prior to recruiting for a vacancy, and we will continue to do so. The Classification and Compensation Study has a current timeline that projects a completions date of June 2017. Project Timeline is attached.

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: 09/29/2017

		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 Finding Type: Deficiency

Next Milestone Research

Anticipated Date of Completion 03/31/2017

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

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

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

Current Status:

2/22/2017

The Classification and Compensation Study was awarded to Segal Waters Consulting. The study will address many classification and compensation updates to include a review of job classifications and descriptions. The project has a current timeline that projects completion June 2017 (project timeline attached). Creating a Succession Plan prior to reviewing the job classifications may lead to immediate revisions to the plan and wasted resources. We will need to review the changes to the job specs before proceeding with a plan.

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

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: Partially Implemented Finding Type: Deficiency

Next Milestone 07/31/2017

Anticipated Date of Completion 07/31/2017

Final Date of Completion 07/31/2017

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: 2/22/2017
 HR has implemented customer service training. For fiscal year 2017 HRD will host another Customer Service training on March 23, 2017. HR Staff and staff from other departments will be welcome to attend on a first come first serve basis.

HRD is reviewing customer satisfaction surveys currently offered by other departments. Expected implementation of survey for HRD is July 2017.

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: 06/30/2017

		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 Finding Type: Deficiency

Next Milestone 3/30/2017

Anticipated Date of Completion 06/30/2017

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: 2/22/2017
 HR will review the contract and PSM governing driving history and licensing requirements to make a recommendation for PSM updates that align with the current contract.

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: 09/29/2017

		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 Finding Type: Deficiency

Next Milestone research

Anticipated Date of Completion 06/30/2017

Final Date of Completion 09/30/2017

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

REBUTTAL

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

Current Status:

2/22/2017

The creation of an Employee Handbook has been temporarily delayed due to a recent initiative led by the Structural Innovation Division to update and revise the City's Policy and Standards Manual (PSM). The Human Resources Department is also recommending to the Civil Service Board, and ultimately the City Commission, substantial changes to the Personnel Rules. Once the revisions have been approved, the PSM and Personnel Rules will be user-friendly and accessible to employees, which should correct the initial concerns raised in this finding. To resolve concerns that employees may be unaware of the rules and regulations governing their positions, the Human Resources Department has links available on its website and has continued to advertise, through various trainings, the availability of this information on the City's intranet ("Lauderlink").

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: 09/28/2018

		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 Finding Type: Deficiency

Next Milestone training
Anticipated Date of Completion 10/02/2017

Final Date of Completion 09/28/2018

Department: Human Resources

Audit Initiator Commission Audit

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.
- 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: 4/19/2017

Human Resources in conjunction with the Office of Professional Standards and Attorney's Office will develop the curriculum for Ethics Training. This may require assistance from an outside source for implementation. Rollout in FY2018.

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: 09/30/2017

		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 Finding Type: Deficiency

Next Milestone RFP

Anticipated Date of Completion 05/31/2016

Final Date of Completion 09/30/2016

Department: Human Resources

Audit Initiator Commission Audit

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: 2/22/2017
 The Classification and Compensation Study was awarded to Segal Waters Consulting. The study will address many classification and compensation updates to include a review of job classifications. The project has a current timeline that projects completion June 2017. Project Timeline Attached

Information Services

Report #07/08-4 Cyborg Payroll System 2.4

Issue No: 57

Date of Finding: 04/16/2008

Est. Completion Date: 09/30/2016

Responsible Person 1 kkeimel

Responsible Person 2

Correction Plan Status: Implemented

Next Milestone Hire CISO

Anticipated Date of Completion 06/30/2016

Final Date of Completion 06/30/2016

Department: Information Services

Audit Initiator Commission Audit

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

Name	Title	Department
Kevin Keimel	Manager of Distributed Systems	Information Services

Finding Type: Deficiency

Issue / Observation

The Cyborg payroll system as currently configured does not track changes to user 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 it 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:

In order to track changes to user security profiles or changes to system parameters in an audit log, the Information Technology Services Department has implemented Sum Total Source Code Access software. This software is a built-in Hewlett-Packard Unix (HPUX) utility software and was configured to monitor and track file system changes. The Security Analyst has reviewed the policy around the configuration and monitoring of this tool. Remediation of this finding took place September 30, 2016.

Parks and Recreation

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 2

Issue No: 306
Date of Finding: 06/29/2016

Est. Completion Date: 05/31/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Policy

Anticipated Date of Completion 05/31/2017

Final Date of Completion 05/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 2

Issue / Observation Condition

The contract extension was approved even though Carriage did not pave the roads at Sunset Garden or at Lauderdale Memorial during the first five-year contract term, as agreed upon.

Criteria

Part IV. Section (02) of City's RFP (Solicitation 785-9854) requires certain capital improvements be completed within the term of contract. The capital improvements include resurfacing of roads at Lauderdale Memorial Park and Sunset Gardens.

Part III. Section (09) (b) of the City's RFP states the followings:

The right to exercise this extension is dependent upon;

- (a) the Contractor being in compliance with all terms and conditions of the Agreement,
- (b) the Contractor timely completing the capital improvement plan, and
- (c) the City and Contractor agreeing upon a new five-year capital improvement plan.

The Carriage proposal in response to the City's RFP (Tab 3) accepted this requirement.

Recommendation: The City Manager should require that the Parks Department report all proposed changes to the contract and associated costs of those changes to the City Manager's Office, especially as they relate to capital projects, and seek Commission approval for said changes. In addition, the Parks Department should perform an overall evaluation of the contractor's performance prior to awarding additional extensions.

Correction Plan: Management concurs with the finding and recommendation. As in Finding #1, Carriage Services did not complete the capital improvements as proposed by the City Commission in the initial term of the contract.

Current Status:

As in Finding #1, the contract extension was approved even though Carriage did not pave the roads at Sunset Garden or at Lauderdale Memorial during the first five-year contract term, as agreed upon.

The City Commission approved an amended CIP plan in 2012, which negated the responsibility of Carriage to perform the project. Ultimately, the resurfacing of roads at Lauderdale Memorial Park and Sunset Gardens was funded by of the Perpetual Care Trust Fund and now is completed.

As of March 31, 2017, The Parks Department will report all future proposed changes to the contract and associated costs of those changes to the City Manager's Office, especially as they relate to capital projects, and seek Commission approval for said changes.

As noted in Finding #1, the Parks Department has performed an overall evaluation of the contractor's performance. For future reference, Carriage Services is not eligible for any additional extensions as the contract expires on September 30, 2018. A new RFP for Cemetery Management Services will be solicited in April/May 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 4

Issue No: 309

Date of Finding: 06/29/2016

Est. Completion Date: 12/14/2016

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Report

Anticipated Date of Completion 12/14/2016

Final Date of Completion 12/14/2016

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 4

Issue / Observation Condition

The Finance Department did not properly account for the total revenues and expenditures of the Trust Fund in accordance with generally accepted accounting principles (GAAP). The management fees to Carriage were netted against the revenue due to the City from the sale of plots, crypts, niches, internments, entombments, inurnments, and merchandise. In addition, Carriage failed to remit to the Trust Fund 19% of the revenue from finance charges and from sales of second rights and double depth plots.

Auditor's Note:

For example, Carriage contributes 19% of net sales of each lot or plot and mausoleum crypt to the Trust Fund. The net sale here does not include revenue from finance charges and sales of second rights or double depth. Based on the City Auditor's Office (CAO) understanding of City Ordinance – Section 10-47, 19% should come from gross sales, including revenue from finance charges and sales of second rights and double depth.

Recommendation: The City Manager should require the Finance Department to review applicable accounting standards and to account for all the money Carriage collected for the sales of plots, crypts, niches, internments, entombments, inurnments, merchandise, as well as amounts paid to Carriage for all services rendered by the company. Those revenues and expenditures should be included in the Comprehensive Annual Financial Report (CAFR).

The City Manager should require the Finance and Parks Departments to obtain accounts receivable information from Carriage in order to provide effective monitoring of the collections and related contribution to the Trust Fund.

In addition, the Finance and Parks Departments should work with Carriage to recover the amount not collected for the Trust Fund since the renewal of the last contract. The Parks Department should enhance its monitoring procedure to ensure that the Trust Fund receives all the money required under Section 10-47 of the City's Code of Ordinances.

Correction Plan:

Management concurs with the finding and recommendation related to the City receiving revenue from finance charges and obtaining accounts receivable information from Carriage.

(1) "Carriage failed to remit to the Trust Fund 19% of the revenue from finance charges and from sales of second rights and double depth plots." Staff will work with Carriage Services to ensure that the City received 19% on all revenue. Estimated date of implementation is December 1, 2016.

(2) "The City Manager should require the Finance and Parks Departments to obtain accounts receivable information from Carriage in order to provide effective monitoring of the collections and related contribution to the Trust Fund."

The Parks and Recreation Department will work with the Finance Department to obtain accounts receivable information from Carriage Services in order to provide effective monitoring of the collections and related contribution to the Trust Fund. Estimated date of implementation is August 30, 2016.

Current Status:

Based on research and conversations with the finance staff at Carriage, the Finance and Parks Departments have determined the following:

The City does not receive any of the finance charges that Carriage collects upfront from the customer. Per the Municipal Cemetery System Rules and Regulations, Section 10.2, "Those percentages stipulated in the City Code of Ordinances shall be set aside at the time of saleand placed in a fund known as the City of Fort Lauderdale Cemetery System Perpetual Care Trust." From this we can assume that the authors intended for the City to be paid in full (19%) at the time of sale.

The amount of the principle paid by customers each month is indeterminable. It was confirmed by Carriage that Gross Receipts are not available in the monthly reports provided by Carriage. Carriage advised that they are not able to provide the City with a breakdown on principal and interest on each payment. Therefore, the City does not receive 19% of the principal paid to Carriage each month.

As of 1/17/2017, the Parks Department met with the Finance Department, the CAO and the Assistant City Attorney on the best course of action to take regarding this matter. It was decided that a conference call will take place with City Staff aforementioned and Carriage Services to discuss the City's position on this finding.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 3

Issue No: 312

Date of Finding: 06/29/2016

Est. Completion Date: 05/31/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Purch CAM

Anticipated Date of Completion 05/31/2017

Final Date of Completion 05/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

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

Issue / Observation Condition
The cemetery ground maintenance could be improved and the cemetery appearance could be enhanced.

Criteria

Under the COSO framework, Monitoring Activities, Principle 17: The organization evaluates and communicates internal control deficiencies in the a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate. And from the Points of Focus within Principle 17, the applicable points include number: 85. Assesses results; 86. Communicates deficiencies; 87. Monitors corrective actions.

Cause

The current agreement provides Carriage with a maintenance reimbursement to the extent of revenue from interest and dividends of the Trust Fund. Therefore, the available funding may not be adequate to pay for all the maintenance needed to keep the system up to the level expected.

Recommendation: The City Manager should require the Parks Department work in conjunction with Carriage and monitor Carriage to ensure improvement in cemetery ground maintenance. Furthermore, the City Manager should direct the Parks Department to undertake beautification projects to enhance the appearance of the Cemeteries.

Correction Plan:

Management concurs in principle with the finding and recommendation.

Section 10.7 of the City's Cemeteries Rules and Regulations (page 23) requires net income from the perpetual care trust be expended as approved by the Cemetery Board of Trustees. The section states that "the Board of Trustees is granted full power and authority to determine upon what property, for what purpose, and in what manner the income from the trust shall be expended. The Cemetery Board of Trustees exercise sole judgment for the care, reconstruction, repair and maintenance of all or any portion of the Cemetery System grounds."

Recent beautification projects include new fencing at Lauderdale Memorial Park in 2015 and the resurfacing of roads at Sunset Memorial Gardens and Lauderdale Memorial Park in 2013 and 2014, respectively.

The Cemetery Board of Trustees has approved future irrigation upgrades at both Lauderdale Memorial Park and Sunset Memorial Gardens via Trust Fund money and subject to approval by the City Commission. The Parks and Recreation Department will continue to work in conjunction with Carriage Services and Cemetery Board of Trustees to enhance the appearance of the cemeteries. Estimated date of implementation is March 1, 2017.

Current Status:

The Parks and Recreation Department is working closely with Carriage Services on a daily basis to cure any deficiencies area of maintenance.

Carriage will be required to comply with a quick fix maintenance plan as recommended by the City Commission at the Joint Workshop on 01/24/2017. The plan will be presented to the Cemetery Board at its meeting on March 9, 2017. Upon approval by the Cemetery Board, this item will be placed on the conference agenda on March 21, 2017 for follow up.

As of March 31, 2017, City staff, together with the CSBOT have worked together to develop a short-term preventative maintenance plan (see attached) requiring that Carriage Services address the immediate needs of all four (4) cemeteries including beautification projects. At its March 9, 2017 meeting, the CSBOT unanimously voted to approve the plan in accordance with the Cemetery System Grounds Maintenance Standards of the Cemetery Management Services RFP.

The Cemetery Liaison is working with Procurement for irrigation upgrades utilizing the Job Order Contract for Sunset Memorial Gardens. A purchasing Commission Agenda Memo will be authored and sent to the City Commission for approval of the irrigation upgrades at Sunset Memorial Gardens Cemetery in May 2017. The latter will occur for Lauderdale Memorial Park.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 6

Issue No: 313

Date of Finding: 06/29/2016

Est. Completion Date: 08/31/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Agenda

Anticipated Date of Completion 08/31/2017

Final Date of Completion 08/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 6

Issue / Observation Condition
 CAO noted two large sales of more than six grave spaces to an individual or an entity. Two of thirty contracts were signed with the purchase of six grave sites or more. One purchaser paid for twelve grave spaces utilizing a City resident discount, and another paid the full price for ten graves spaces.

Criteria
 Sec. 6-2. Of City's Cemetery Rules & Regulations (page 16) states that "an individual or entity may purchase no more than six (6) internment rights and internment services".

Cause
 Carriage is not following the City's Cemetery Rules and Regulations.

Impact
 By not enforcing the purchase limit rules, the plots could be sold out sooner than anticipated. In addition, residents and entities of Fort Lauderdale could purchase plots at a 25% discount and possibly resell them at a higher amount.

Recommendation: The City Manager should require that the Parks Department monitor the sales contracts to ensure that Carriage adheres to the City's Cemetery Rules and Regulations and put in place a system of accountability to prevent the sale of more than six plots in the future.

Correction Plan:

Management concurs with the finding and recommendation.

Under Section II of the City's Cemetery Rules and Regulation, Private Family Estates are defined as a multi-space structure, either wholly or partially aboveground, located in designated areas only, and used solely for the entombment of the owner and others designated by the owner. Private Family Estates enable the City to have the ability to market the cemeteries as premiere properties since these estate sites are offered at other competitor cemeteries. A contract for the sale of a private family estate is subject to approval by the Cemetery Board of Trustees.

Due to Private Family Estates not being defined by ordinance, staff will propose an amendment of the Rules and Regulations, exempting Private Family Estates from Sec. 6-2. The proposed amendment to the Rules and Regulations will be brought before the Cemetery Board of Trustees and the City Commission for approval. Estimated date of implementation is October 1, 2016.

Additionally, the Cemetery Liaison will continue to conduct a monthly audit of all sales contracts to ensure that Carriage adheres to the City's Cemetery Rules and Regulations.

Current Status:

This finding was discussed at the Joint Workshop with the Cemetery Board of Trustees on January 24, 2017.

As of March 31, 2017, a recommendation by staff to define and categorized Private Family Estates will be taken into consideration when revisions to the City's Cemetery Rules and Regulations take place. Input will be required of the Cemetery System Board of Trustees in addition to Management.

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

Issue No: 314

Date of Finding: 06/29/2016

Est. Completion Date: 09/01/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Workshop

Anticipated Date of Completion 09/01/2017

Final Date of Completion 09/01/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

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

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

Criteria

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

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

Auditor Note:

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

Correction Plan: Management concurs in principle with the finding and recommendation. Staff will bring the investment policy and the Cemetery Rules and Regulations to Cemetery Board of Trustees for further discussion and determine the need to accurately define the corpus consistently throughout all documents. Management will proceed with bringing this issue to the City Commission as a conference item. Estimated date of implementation is December 31, 2016.

Current Status:

This finding was discussed at the Joint Workshop with the Cemetery Board of Trustees on January 24, 2017.

As of March 31, 2017, input will be required of the Cemetery System Board of Trustees in addition to Management.

Staff will follow the direction of the City Manager on the best course of action before it goes to the Commission for a vote.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 8

Issue No: 316

Date of Finding: 06/29/2016

Est. Completion Date: 08/31/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Progress

Anticipated Date of Completion 08/31/2017

Final Date of Completion 08/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 8

Issue / Observation Condition

Florida Statutes and the Cemetery System's Investment Policy require internal control procedures for the Trust Fund. Neither the Finance nor the Parks Departments were able to provide the internal control procedures for the CAO's review.

Criteria

Section 218.415 (13) of Florida Statutes states: "Internal Controls. – The investment policy shall provide for a system of internal controls and operational procedures. The unit of local government's officials responsible for making investment decisions or chief financial officer shall establish a system of internal controls which shall be in writing and made a part of the governmental entity's operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, and misrepresentation by

Recommendation: The City Manager should require that the Finance Department establish a system of internal controls and related procedures for the Trust Fund as stated in Florida Statute 218.415; Subsection 13, and the Cemetery Perpetual Care Trust Fund Investment Policies; Section XII, Internal Controls; Subsection A.

Correction Plan: Management concurs with the finding and recommendation. The Finance Department will develop a system of internal controls and related procedures for the Trust Fund. Estimated date of implementation is December 31, 2016.

Current Status: 12/31/16
The Parks and Recreation Department is in the process of developing standard operating procedures and related training manuals for the continuity of operations of the Cemetery System.

As of March 31, 2017, the Cemetery Liaison will work in conjunction with the Finance Department to comply with Florida Statute 218.415, Subsection 13.

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

Issue No: 317

Date of Finding: 06/29/2016

Est. Completion Date: 12/01/2016

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Policy

Anticipated Date of Completion 02/28/2017

Final Date of Completion 02/28/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

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

Issue / Observation Condition

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

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

Criteria

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

Section XIII. of the Investment Policy of the Perpetual Care Trust Fund– Municipal Cemetery System requires that "any

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

Correction Plan: Management concurs with the finding and recommendation. The Parks and Recreation Department will develop standard operating procedures and related training manuals for the continuity of operations of the Cemetery System. Estimated date of implementation is December 1, 2016. As stated in the Investment Policy, the Cemetery Board of Trustees is designated as trustor of the Perpetual Care Trust Fund and is responsible for administering the investment program. The Cemetery Board of Trustees should consider training in public fund investments. Estimated date of implementation is December 1, 2016.

Current Status:

As of March 31, 2017, the Parks and Recreation Department is in the process of developing standard operating procedures and related training manuals for the continuity of operations of the Cemetery System.

The Cemetery Liaison and Cemetery Board members will receive the required eight (8) hours of public fund investment training related to investment practices and products. The Cemetery Liaison will advise the Cemetery Board of Trustees of opportunities for public fund investment training when the list of classes become available in early 2017.

SunTrust will provide the Cemetery Liaison and Cemetery Board members with a few hours of basic investment education prior to July. The local chapter FGFOA will provide the additional credit hours of investment training in August 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 4

Issue No: 318
Date of Finding: 06/29/2016

Est. Completion Date: 06/30/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Workshop

Anticipated Date of Completion 06/30/2017

Final Date of Completion 06/30/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 4

Issue / Observation Condition

Regarding a long term study of the adequacy of the Trust Fund for perpetual maintenance and of the Trust Fund's investment strategy, we noted the following:

- The Trust Fund balance for the period ending 9/30/2014 is approximate \$25 million, which seems excessive considering the lack of maintenance and the visual appearance of the cemeteries. The current repair and maintenance costs are approximately \$500,000 annually and there is no analysis to review the appropriate level of the corpus.
- SunTrust's quarterly investment statement does not describe the investment styles of the funds in the portfolio.
- The Trust Fund investment portfolio managed by SunTrust underperformed vs. policy benchmarks, blended benchmarks or S&P 500 in every period and in each category from year-to-date or from inception-to-date for the period ending June 30, 2015.
- The City has not conducted a study to evaluate the adequacy of the Trust Fund.
- The Parks Department has not conducted a study

Recommendation: The City Manager should consider hiring an independent consultant with knowledge of cemetery operations to conduct a study for the best long-term course of action concerning the management of the Trust Fund and the desired level of funds needed to provide for perpetual care.

The City Manager and Parks Department should request that SunTrust provide full descriptions for each investment in their quarterly portfolio presentation.

Finally, the City Manager should consider retaining an independent consultant to conduct a review of the current investment strategy. More specifically, the review should compare the current active strategy with a passive investment strategy to determine whether a passive investment strategy with lower fees can better meet the goals and objectives of the Trust Fund.

Auditor Note: A Request for Proposal (RFP) was issued for a comprehensive cemetery master plan; however it has been placed on hold at the direction of the Cemetery Board of Trustees.

Correction Plan: Management concurs with the recommendation and will proceed as directed by the City Manager. Staff will place this item on the Cemetery Board of Trustees agenda for further consideration. Estimated date of implementation is September 30, 2016.

Current Status:

A Joint Workshop with the City Commission and the Cemetery System Board of Trustees will be held on Tuesday, January 24, 2017, to discuss hiring an independent consultant to conduct a study on the adequacy of the Trust Fund.

SunTrust provided full descriptions for each investment at the November 10, 2016 meeting of the Cemetery Board of Trustees and will continue from this point forward at each bi-monthly meeting. A copy is attached for your reference.

A Joint Workshop was held on December 14, 2016 to discuss the active vs. passive management investment policy with the Cemetery Board of Trustees. The Other Post Employee Benefits Trust (OPEB), General Employees' Retirement System (GERS), and Police and Firefighters Retirement System (PFRS) were also in attendance. The City Commission decided to defer the discussion until more information could be obtained from industry experts.

As of March 31, 2017, The Cemetery System Board of Trustees will discuss the Cemetery Master Plan RFP at its meeting on Thursday, April 6, 2017. The Cemetery Master Plan will help determine the correlation between the fund balance and the necessary level of maintenance in perpetuity.

Further, SunTrust will advise the Cemetery Board on a plan to phase the Perpetual Care Fund into passive management. This action would be presented to the Board for review and then to the City Commission for a vote.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10

Issue No: 319
Date of Finding: 06/29/2016

Est. Completion Date: 12/31/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone RFP

Anticipated Date of Completion 09/08/2017

Final Date of Completion 12/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10

Issue / Observation Condition

The RFP and contract for cemetery management did not include a requirement for a “Standards for Attestation Engagement (SSAE) 16 Report - Reporting on Controls at a Service Organization”.

Criteria

All outsourced functions that delegate the processing of financial information, utilize personally identifiable information or contain healthcare details covered by HIPPA, are required to have an SSAE 16 report.

SSAE 16, SOC 1 - Report on controls at a service organization relevant to a user entity's internal control over financial reporting. A type 1 report focuses on a description of a service organization's system and on the suitability of the design of its controls to achieve the related control objectives included in the description, as of a specified date. A type 2 report contains the same opinions as a type 1 report with the addition of an opinion on the operating effectiveness of the controls to achieve the related control objectives included in the description th

Recommendation: The City Manager should amend the current contract to include a requirement for an SSAE 16 - “Reporting on Controls at a Service Organization” SOC 1, type 2 report.

Correction Plan: Management concurs with the finding and recommendation. The Parks and Recreation Department will address this recommendation in the next RFP for Cemetery Management Services requiring the future contractor to provide the SSAE 16 - “Reporting on Controls at a Service Organization” SOC 1, type 2 report. Estimated date of implementation is December 31, 2017.

Current Status: As of March 31, 2017, The Parks and Recreation Department will address this finding in the next Request For Proposal (RFP) for Cemetery Management Services requiring the future contractor to provide the SSAE 16 - “Reporting on Controls at a Service Organization” SOC 1, type 2 report. The future RFP draft will commence the April/May of 2017.

Carriage Services contract expires September 30, 2018.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 11

Issue No: 320
Date of Finding: 06/29/2016

Est. Completion Date: 06/05/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Policy

Anticipated Date of Completion 06/05/2017

Final Date of Completion 06/05/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 11

Issue / Observation Condition

The Parks Department does not maintain document control of the "Cemetery Interment Rights Purchase/Security Agreement" forms known as the "contract". Carriage orders blank contracts from a print shop with sequential document numbers, and then assigns a limited number (normally ten copies at a time) of blank contracts to several of their sales agents. However, there is no inventory of the pre-numbered forms, with a log indicating what numbers are assigned to which salesperson, a record of voided forms, and a list of completed forms to permit a reconciliation and accounting of all contracts.

Criteria

Under the COSO framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and proper form design are fundamental elements of effective internal control.

Cause

The Parks

Recommendation: The City Manager should require the Parks Department to maintain contracts in proper sequential order, accounting for any missing sequence contract number, and investigate any missing contract documents.

Correction Plan: Management concurs in principle with the finding and recommendation. The Parks and Recreation Department will develop an SOP where the Cemetery Liaison will conduct periodic spot checks to ensure compliance in addition to reviewing monthly reports. Estimated date of implementation is December 1, 2016.

Current Status:

12/31/16

The Cemetery Liaison is in the process of creating an Standard Of Operations Manual to ensure contract compliance and a method for investigating any missing and/or void contract documents.

It should be noted that contracts are distributed to the sales staff in sequential order. Contracts are tracked and accounted for through a reconciliation of the Contract Control Log and the Cemetery Information Management System. Please see attached for your reference.

As of March 31, 2017, the Cemetery Liaison is in the process of developing an SOP to address compliance with the internal control procedures.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12

Issue No: 321
Date of Finding: 06/29/2016

Est. Completion Date: 05/31/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Proposals

Anticipated Date of Completion 05/31/2017

Final Date of Completion 05/31/2017

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12

Issue / Observation Condition

The Parks Department does not maintain proper plot inventory records.

Criteria

Under the Committee of Sponsoring Organizations (of the Treadway Commission COSO) framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and annual inventories are fundamental elements of effective internal control.

Cause

Some of the causes include:

- The Parks Department has not performed land/plot inventory for many years.
- There seems to be a lack of understanding in the performance of job duties.
- There is a lack of formal training and Standard Operating Procedures (SOPs).
- There is a lack of internal controls over the accountability of plots.

Impact

Without the proper plot inventory count and reconciliation between the inventory on record and physical inventory, the

Recommendation: The City Manager should require the Parks Department to maintain accurate plot inventory records, including beginning plot inventory, plots available for sale, plots sold during the year, and ending inventory.

Furthermore, the City Manager should consider requiring that the future contract include a provision that digital cemetery map systems be implemented in all city cemeteries.

Correction Plan: Management concurs with the finding and recommendation. The Parks and Recreation Department shall require the future contract include a provision for digital cemetery map systems. Estimated date of implementation is December 30, 2017.

Current Status:

An inventory of plots, plots available for sale, plots sold during the year and ending inventory are all available in the Cemetery office. However, the Managing Partner is responsible for providing this information to all pertinent parties.

The Cemetery Liaison receives an annual report that shows the number of interments, the burial plot location and the type of interments for all three active cemeteries.

Section 10-28 of the City's Code of Ordinances, requires the Cemetery Manager "to make monthly and annual reports to the Cemetery System Board of Trustees, City Manager, and Director of Finance showing the total number of interments, entombments, and inurnments with other pertinent information, including a statement of lots, crypts and niches sold and funds received and deposited with the City Treasurer."

The Request For Proposal (RFP) for a future contract will include a provision for digital cemetery map systems. The RFP will be put out to bid the pre-summer of 2017.

As of March 31, 2017, the cemetery contractor is performing a plot inventory to determine the plots available at the beginning and at the end of the year for 2015 & 2016. The Cemetery Board of Trustees will receive the plot inventory report at its meeting on May 11, 2017.

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

		Name	Title	Department
<u>Responsible Person 1</u>	jearle	Jeremy Earle	Deputy Director of Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone

Anticipated Date of Completion 06/30/2014

Final Date of Completion 06/30/2014

Department: Sustainable Development

Audit Initiator Commission Audit

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

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

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

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

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

Current Status:

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.

UPDATE 10/17/2016

Since the Code Compliance Manager position is vacant, DSD has decided to postpone and reschedule the Finance Department meeting, until the position is occupied.

UPDATE 03/28/17

The Department is in the process of reviewing the applications to hire a Code Compliance Manager; as such the Finance meeting to finalize the procedures will be postponed until the hiring process is completed.

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>	jearle	Jeremy Earle	Deputy Director of Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Timelines

Anticipated Date of Completion 06/30/2014

Final Date of Completion 06/30/2014

Department: Sustainable Development

Audit Initiator Commission Audit

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

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

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

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

Current Status:

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.

UPDATE 10/17/2016, 12/31/2016

The project manager for the Land Management System - Accela has been hired with a start date of 10/24/2016. The project manager's first assignment is to develop project timelines & milestones.

UPDATE 03/30/17

The Department is in the process of hiring a Code Compliance Manager that would be working with the project for the Land Management System to migrate the system, Accela implementation timeline is attached

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 schess
Correction Plan Status: Implemented

Name	Title	Department
Alfred Battle	Deputy Director	Sustainable Development
Sherrilynn Chess	Business Manager	Sustainable Development

Finding Type: Deficiency

Next Milestone N/A
Anticipated Date of Completion 09/30/2015
Final Date of Completion 01/01/2009

Department: Sustainable Development

Audit Initiator Commission Audit

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.

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 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.

UPDATED 10/17/2016, 12/31/16

The Building Division Policy 3-01 "Expired Permits" has been uploaded in the Audit Compliance Tracking System for City Auditor's Office to review to determine if the finding has been adequately addressed.

UPDATED 04/06/17

The department is waiting for the City Auditor's Office to review Policy 3-01 "Expired Permits" and 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>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone hire staff

Anticipated Date of Completion 09/30/2016

Final Date of Completion 09/30/2016

Department: Sustainable Development

Audit Initiator Commission Audit

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 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.

UPDATED 9/23/16, 12/31/16
 The Department of Sustainable Development continues to use temporary employees. The department utilizes two types of temporary employees; contract staff through a private provider for technical positions in the permitting process, including engineering and landscaping. The other type of temporary employee is hired through the city's NeoGov process and assigned to the department on an annual basis, and if funding is available. DSD uses city, temporary employees in limited roles – mainly as support and administrative staff.

UPDATED 03/28/17
 There are currently two temporary employees on staff that were hired through the NeoGov process, and the contract to utilize private providers for technical positions in the permitting process is in the process of being reviewed. We have also submitted a budget modification to add 8 (eight) new positions to the building services staff and will reassess the department's needs for utilizing contractual services.

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

Issue No: 295
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>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone training

Anticipated Date of Completion 09/30/2016

Final Date of Completion 09/30/2016

Department: Sustainable Development

Audit Initiator Commission Audit

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 10/7/2016, 12/31/2016
 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.

UPDATED 03/28/17
 All DSD staff has been trained on the allowable use of Building Permit funds in accordance to the Florida Statute, and all improper charges have been reallocated to refund general and building funds accordingly. A cost allocation document, including salaries and common area square footage break down, was implemented to provide assessable allocation information and allow future charges to be posted correctly. Finance is also keeping records of all charges pertaining to both funds and their allocation method; this procedure will permit us to be more proactive in correcting any mistakes.