

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
7th Floor Conference Room
Monday, February 26, 2018, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	Cumulative Attendance	
		10/1/17 – 9/30/18	
		<u>Present</u>	<u>Absent</u>
Martin Kurtz, Chair	P	2	0
D. Keith Cobb	P	2	0
Paul Czerwonka	A	1	1
Thomas Bradley	P	2	0

Staff Present

Linda Logan-Short, CFO and Deputy Director, Finance
John Herbst, City Auditor
Marco Hausy, Assistant City Auditor III
Averill Dorsett, Director of Human Resources
Laura Garcia, Controller
Stacy Spates, Administrative Assistant II, Parks
Matthew Cobb, Risk Management Coordinator
Dawn Johnson, Senior Accountant, Finance
Pamela Winston, Senior Accountant, Finance
Kevin Keimel, Manager of Distributed System, IT
Keela Black-Davis, Administrative Assistant II, HR
Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath
John Weber, Crowe Horwath
Karena Foreman, FAU Student

Call to Order

Chairman Kurtz called the meeting to order at 5:02PM.

Roll Call

At the time of roll call, three (3) appointed members to the Board were present, allowing for a quorum.

Unfinished Business

Chairman Kurtz asked for a motion to move the February 1, 2018 meeting to February 26, 2018. Tom Bradley made the motion and Keith Cobb seconded. The motion passed unanimously and the meeting progressed.

Review of Meeting Minutes for Approval

Chairman Kurtz directed the review of the previous meeting minutes.

Chairman Kurtz asked for a motion to approve the October 12, 2017 meeting minutes. Keith Cobb made the motion and Tom Bradley seconded. The meeting minutes passed unanimously in a voice vote.

Floor Open for Public Input

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

Quarterly Audit Compliance Report – December 2017 - ACTS Update

Chairman Kurtz opened the discussion of the Quarterly Audit Compliance Report for December 2017.

Community Redevelopment Agency (CRA) – Chairman Kurtz inquired about the plan for approximate 55 properties transferred from the City to the CRA. He also would like an update on the hiring status of the CPA for review of the properties on the tax roll at the next meeting.

Finance (FIN) – Linda Logan-Short gave the update for Finance. She will follow-up with the City Manager's Office for the Temporary Staffing policy, which was complete. The Internal Control policy for the Cemetery System is complete. The City Auditor will close the policy upon receipt.

Human Resources (HRD) – Averill Dorsett advised the Class & Compensation Study was 80-85% complete. In late April or May, she expects to make the presentation to Commission. The challenge has been in updating job descriptions and merging similar positions. A discussion about succession planning ensued. The City has three classifications of employees: at-will, covered by collective bargaining agreements, and professional/supervisory. The Customer Satisfaction Survey is with the City Manager's office. A discussion ensued regarding online access to the Policy Standards Manual for board members. Matthew Cobb addressed the Fire Rescue Department Observation 3. A revised section of the City Driver policy made it consistent between prospective and existing drivers. However, the underlying policy has other significant areas that need to address current standards and align with our class and compensation study. The entire revised policy will be complete by the end of the fiscal year. According to Averill, ethics training is almost ready and will be part of the onboarding for employees.

Cemetery System / Parks and Recreation (PKR) –Stacy Spates came forward to give her update. On November 21, 2017 at the Commission meeting, the auditor for Carriage acknowledged that the contractor owed between \$200,000 and \$400,000 to the Perpetual Care Trust Fund. The Mayor instructed the City Attorney, City Manager, and City Auditor to determine best course of action. The City had not been receiving funds on installment plans and other fees the contractor was collecting. Residents receive a 25% discount; however, Carriage does not keep a copy of their identification. Funeral directors, churches, and families were purchasing multiple plots with the discount and upselling them. In 2004, the City Commission established a maximum of six internments. A five-year forensic audit, using tax rolls, will correct the area code assumption for one particular area. Mr. Bronson will conduct the audit. Stacy will begin using GIS to confirm residency. The attorney for Carriage would not commit to anything, so the City decided to enter into litigation. An RFP went out in February and will close in March to replace contractor. The Cemetery Board is in full support of the City's position and agreed to fund the forensic audit. The fund is now at \$30.2 million dollars and the board members raised about \$1.8 million for capital improvements. The five-year agreement with SunTrust renewed in 2016 and is in place until June 30, 2021. There has been discussion regarding passive vs. active management of the fund. SunTrust has a plan, awaiting a final decision from the Cemetery Board. The City Commission must approve. The Board took four hours of investment training in January and will complete the other four hours in March. The Board has started to turn-over some of the long tenured members. The Cemetery Master Plan will go to Commission on March 6, 2018, which addresses the amount needed for perpetual care. There are concerns regarding inventory and recordkeeping. Maintenance fees are approximately \$800,000 per year. John Herbst added that we need to consider the outcome if City Staff took over. A discussion ensued regarding insourcing the perpetual care. John believes we must consider current available inventory when evaluating the \$30 million amount for perpetual care. It is hard to predict future facility needs with changing behavior patterns and shifting demographics. Stacy and the Board will review rules and regulations next week. Her overall relationship with the Board is good.

Sustainable Development (DSD) – Chairman Kurtz asked how the conversion to Accela was progressing. Kevin Keimel stepped up and advised the “go live” was scheduled for October 1, 2018. They will move forward if possible, but not at the expense of quality. Testing is taking place and they configured much of the software. One data conversion has occurred with another scheduled for later this month.

Chairman Kurtz questioned item #15-1602, Observation #2 involving temporary staffing, and noted that it was not included in the ACTS report. He would like to see the item listed as closed before it falls off the list.

Keith Cobb believes it is important for the City to address the auditor findings professionally and expeditiously. Several findings have been on the report for many years. Chairman Kurtz agrees, but believes staff is prioritizing since the Audit Advisory

Board and Department Heads have been monitoring. John Herbst thanked the Board for elevating the issue. A brief discussion ensued.

City Auditor Work Plan for F/Y 2018

John Herbst, City Auditor, updated the Board on the work plan, explaining how he evaluates projects with high risk. Some items that go to the top of the list may be in the news, or is an area of concern. A Commissioner may request a project, or he may have a feeling about a particular area. Ongoing are the P-Card Audit, which is at the report stage. Expect the final report and Commission presentation in a few weeks. Personal mobile devices are a particular concern for record retention and security issues. IT and the City Auditor are looking at the issue. The construction projects on the wastewater and stormwater side need monitoring due to the quantity of projects and financial investment. The construction auditor is working on a new fire station audit. She will work as a liaison for the Las Olas Garage, Aquatic Center, and park at the beach. The evidence room audit at the Police Department has just begun. After the arrest of an officer for theft, this audit became more of a priority. Community Investment Plan (CIP) is also on the list. Some areas do not warrant a full audit and a memo is more appropriate. From the list last year, several big audits were completed. Keith Cobb asked if there is something wrong in the culture of the organization. John believes that the culture, from the top, is strong and is committed to doing things the right way. There have been many new programs over the past few years that may have strained resources. The City Auditor's office is looking to add one position to do internal quality control. John needs to be more strategic and less hands-on.

ERP Update

Linda Logan-Short requested the ERP update move up on the agenda. The board agreed and Kevin Keimel provided the update. The test environment is set up and 99% of the software installed. The vendor is onsite. They have met with Finance and Human Resources. All of the Finance brown paper processes are complete and the vendor will come back with the to-be on how the processes will work with their system. Finance is in training now. HR is going through to-be processes now. Linda Logan-Short explained that best practices are already included in the software. She is looking on making the least amount of change to the software and is looking to see how we can change our processes to fit the software. Kevin explained that the production environment design is next and then data conversion. October 1, 2019 is the "go live" date for the financial portion and January 1, 2020 will be the payroll "go live" date. John Herbst mentioned that Gloria from his office, the former Controller, would be involved with the transition. Kevin explained the change champion team, all departments are involved, and the new FIRST initiative.

Audit Status Update

Chairman Kurtz called on John Weber and Michelle Blackstock from Crowe Horwath to give an update on the audit. John explained the major hold-up has been with the General Employee Retirement System (GERS). That audit was to start in November and moved several times because reconciliations and trial balances were not complete. Linda Logan-Short explained it was because of delayed financial statements for several

of the investments and a switched custodial account that did not go well. Things seem slower this year than in previous years. John explained that the actuary just supplied the report the City needs last Thursday and Friday. Crowe will need three weeks after they receive the CAFR. It will go out to the board by March 26, before the next meeting. Chairman Kurtz asked if they were expecting any significant findings. There are no material weaknesses or deficiencies at this time.

Draft Basic Financial Statements

Laura Garcia presented a draft of the CRA financial statement. Linda Logan-Short explained that it goes to the Commission on March 6, 2018. Changes to the report include the fact that the CRA no longer has employees. Paid from the City's general fund, the City charges associated costs by fee to the CRA. Another change is in the properties transferred to the CRA, approximately \$800,000. Reserves for capital projects were high at fiscal year-end. With the Las Olas improvements, new parking garage, the Aquatic Center, and other projects, the funds are beginning to move very quickly. Since the CRA sunsets in 2020, they need to spend and encumber funds. John Weber gave disclaimers and expressed the opinion that there were no material weaknesses or deficiencies. Linda Logan-Short asked that the Board read the statement and we will bring it back for acceptance.

Laura presented a draft of the City's financial statement. She highlighted some significant changes to GERS and the Police & Fire Retirement System. The team is stretched due to audits, ERP, CAFR, GASB implementations, and closing of the books. Overall, the City is doing well with many positive numbers. Linda Logan-Short mentioned that the CAFR would have a footnote regarding the \$200 million bonds. The market changed that week, so we did well but not as well as the week before. A water & sewer project and a new meter project will go forward. She needs more people but we do have not space. She is hiring an Assistant Controller. Kirk Buffington, Director of Finance, has been out since November 6, 2017. The Treasurer resigned at the end of December and the Procurement Manager resigned at the end of November. Finance Leadership has been going through some changes. A new Procurement Manager is starting soon and she will begin recruitment for a Treasurer.

Special CAFR Meeting

March 29, 2018 is the date reserved for the special CAFR meeting. Keith Cobb will not be able to attend. Tom Bradley made the motion to hold the meeting on March 29. Keith Cobb seconded the motion and it passed with unanimous approval in a voice vote.

Revenue Estimating Conference

Chairman Kurtz explained the purpose of the Revenue Estimating Conference. Keith Cobb found it interesting and made a motion to nominate Tom Bradley, who seconded the motion. It passed in a unanimous voice vote.

Other Business

N/A

Communication to the City Commission

N/A

Adjournment

The next meeting will be the special CAFR Meeting on Thursday, March 29, 2018.

The next regular meeting of the Audit Advisory Board is April 26, 2018,

The meeting adjourned at 6:33 PM.

[Minutes prepared by Linda Picciolo, Board Liaison]



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

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

As of December 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.



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AS OF DECEMBER 31, 2017
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CITY AUDITOR'S OFFICE FINDINGS



**Community
Redevelopment Agency**

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

Issue No: 335
Date of Finding: 10/28/2016

Final Date of Completion 09/30/2017

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

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Finalize property purchases

Milestone Date of Completion 09/30/2018

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

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

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

Criteria

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

Cause

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

Impact

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

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

Correction Plan:

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

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

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

Current Status:

As of September 30, 2017 (FY17) over 55 properties were purchased and deeds were recorded.

Review of the Proposed Budget for Fiscal Year 2017/2018

Observation 1

Issue No: 401
Date of Finding: 08/25/2017
Final Date of Completion 09/30/2018

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

Correction Plan Status: Not Implemented Finding Type: Observation

Next Milestone Hire CPA
Milestone Date of Completion 06/01/2018

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Review of the Proposed Budget for Fiscal Year 2017/2018 Observation 1

Issue / Observation The CRA hired a third party Real Estate Appraiser, Harry Newstreet, to verify the CRA tax rolls as accurate. In an email from him:
 "The steps taken included a review of the enabling resolutions and ordinances, a review of applicable maps and section sheets and a spot check of the rolls as provided by your office."

Recommendation: His review did not ascertain whether all new construction completed during the year, based upon certificates of occupancy, were included on the appropriate tax roll with credit to the CRA.

Correction Plan: Management Response – Management agrees. The Community Redevelopment Agency (CRA) will engage the services of a Certified Public Accountant for a full review of CRA properties on the tax roll each year to ensure that new properties are appropriately classified as CRA properties in lieu of the more limited scope of review performed for the 2017 tax roll.

Current Status: The Community Redevelopment Agency (CRA) will solicit services of a CPA firm prior to June 1, 2018 to review tax rolls for Central Beach, North West CRA and Central City CRA.

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

Final Date of Completion 09/30/2018

	Name	Title	Department
<u>Responsible Person 1</u>	Ashley Harrison	Management Analyst	Finance
<u>Responsible Person 2</u>			

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Draft Policy and Procedures

Milestone Date of Completion 09/30/2018

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 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: The drafted policy is in the final phase of management review.

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

Issue No: 316
Date of Finding: 06/29/2016

Final Date of Completion 09/30/2018

	Name	Title	Department
<u>Responsible Person 1</u>	Ashley Harrison	Management Analyst	Finance
<u>Responsible Person 2</u>			

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Develop a system of internal controls

Milestone Date of Completion 09/30/2018

Department: Finance

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 Statue 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 lead the efforts of developing a system of internal controls and related procedures for the Trust Fund.

Current Status: Finance is currently in the process of developing a system of internal controls and related procedures for the Trust Fund.

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
Final Date of Completion 06/29/2018

		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 Complete the Classification and Compensation Study

Milestone Date of Completion 06/29/2018

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: 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 of 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 departments 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 completion date of June 2018.

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

Issue No: 95
Date of Finding: 12/29/2009
Final Date of Completion 06/29/2018

		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 Complete Classification and Compensation Study

Milestone Date of Completion 06/29/2018

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:

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 of the City 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 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 completion date of June 2018.

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

Issue No: 100
Date of Finding: 12/29/2009
Final Date of Completion 03/30/2018

		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 Customer Satisfaction Survey

Milestone Date of Completion 03/30/2018

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: Human Resources reviewed customer satisfaction surveys currently offered by other departments and drafted a customer satisfaction survey tailored to Human Resources functions. The survey is under review and Human Resources intends to launch the survey in the first quarter of calendar year 2018 upon approval.

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

Issue No: 115
Date of Finding: 10/15/2010
Final Date of Completion 03/30/2018

		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 Policy Standards Manual Review

Milestone Date of Completion 03/30/2018

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: The Human Resources (HR) staff has made recommendations for the Policy Standards Manual (PSM) revisions that are currently under review by the HR Director. Once the revisions are approved the PSM will go before the City Manager's Office for review and approval prior to implementation.

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

Issue No: 237
Date of Finding: 12/29/2009

Final Date of Completion 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 Policy and Standards Manual

Milestone Date of Completion 03/30/2018

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:

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 is 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

Final Date of Completion 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 Develop Curriculum for Ethics Training

Milestone Date of Completion 03/30/2018

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: 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. The rollout will be 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
Final Date of Completion 06/29/2018

		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 Study

Milestone Date of Completion 06/29/2018

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: 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 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 completion date of June 2018.

Parks and Recreation

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

Issue No: 309
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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

Milestone Date of Completion 11/01/2017

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:

As of December 21, 2017, the external auditor discussed the financial impact of not following established rules and procedures. The Commission requested a plan to address these financial issues in dealing with the lost revenue and recovering the funds. The plan will be presented to Commission at its second meeting in January 2018.

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

Issue No: 313
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Present Updated Cemetery Rules and Regulations to Commission

Milestone Date of Completion 01/31/2018

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:

At the City Commission Conference Meeting on November 21, 2017, the Commission requested that the Cemetery Board come back to the Commission at a future meeting with updated Cemetery Rules and Regulations. The Amendments to the Rules and Regulations will address Private Family Estates. The Cemetery Board will discuss this item at its meeting in January 2018.

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

Issue No: 314
Date of Finding: 06/29/2016

Final Date of Completion 09/30/2018

		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 Present Updated Cemetery Rules and Regulations to Commission

Milestone Date of Completion 01/31/2018

Department: Parks & Recreation

Audit Initiator Commission Audit

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

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

Criteria

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

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

Auditor Note:

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

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

Current Status:

At the City Commission Conference Meeting on November 21, 2017, the Commission requested that the Cemetery Board come back to them at a future meeting with updated Cemetery Rules and Regulations. The Cemetery Board will discuss this item at its meeting in January 2018.

The Investment Policy will also be reviewed in the future. The Cemetery Board will work with the Department of Finance and SunTrust for guidance.

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

Issue No: 317
Date of Finding: 06/29/2016

Final Date of Completion 09/30/2018

		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 Finalize Standard Operating Procedures

Milestone Date of Completion 03/31/2018

Department: Parks & Recreation

Audit Initiator Commission Audit

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

Issue / Observation Condition

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

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

Criteria

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

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

Correction Plan: Management concurs with the finding and recommendation.

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

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

Current Status:

As of December 21, 2017, the development of the Standard Operation Procedures (SOP) is close to final draft form. The final draft of the SOP's were dependent upon the conclusions from the Agreed-Upon Procedures Report.

The Cemetery Liaison is working with SunTrust to provide the required eight (8) hours of public fund investment training by March of 2018.

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

Issue No: 318
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Evaluation of Request for Proposals by Committee

Milestone Date of Completion 02/28/2018

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.

Current Status: As of December 21, 2017, the Cemetery Master Plan RFP closed on November 9, 2017. A total of three proposals were received. A RFP Evaluation Committee will meet to review and rank the proposals.

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

Issue No: 319
Date of Finding: 06/29/2016
Final Date of Completion 09/30/2018

		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 Management Review Request for Proposal

Milestone 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, System and Organization Controls (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 objecti

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 December 21, 2017, this finding will be addressed 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 Cemetery Management Services RFP is completed and under evaluation by Management.

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

Final Date of Completion 09/30/2018

		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 Develop a plan to address financial issues

Milestone Date of Completion 01/31/2018

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.

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 Cemetery Liaison reviews all contracts on a monthly basis to ensure compliance. The Liaison can obtain access to Carriage's information system to account for any missing sequence contract numbers. Estimated date of implementation is May 31, 2017.

Current Status: As of December 21, 2017, the Agreed-Upon Procedures Audit conducted by the external auditor was presented to the Commission at its meeting on November 21, 2017. Commission requested the City Auditor, City Manager and City Attorney develop a plan to address financial issues and come back to the Commission with recommendations at the second meeting in January 2018.

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

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

Final Date of Completion 09/30/2018

		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 Develop a Digital Cemetery Map System

Milestone Date of Completion 09/30/2018

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.

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: As of December 21, 2017, the Cemetery contractor provides a monthly interment report to the Cemetery Board. The future contract will include a provision that digital cemetery maps systems be implemented.

Department of Sustainable Development

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

Issue No: 108
Date of Finding: 10/24/2011
Final Date of Completion 10/31/2018

		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 Timelines

Milestone Date of Completion 10/31/2018

Department: Sustainable Development

Audit Initiator Commission Audit

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

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

Criteria

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

Recommendation:

The CAO recommends that the City Manager require the following:

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

Correction Plan:

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

Current Status:

The payment portal of Accela will be customized to support payments being posted to their respective account versus the current method of posting miscellaneous receipts. The Accela project is in execution phase, on schedule, and on budget. The expected completion is October/November 2018.

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

Issue No: 109
Date of Finding: 10/24/2011
Final Date of Completion 10/31/2018

		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 Timelines

Milestone Date of Completion 10/31/2018

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: The payment portal of Accela will be customized to support payments being posted to their respective account versus the current method of posting miscellaneous receipts. The Accela project is in execution phase, on schedule, and on budget. The expected completion is October/November 2018.



FY 2019 MEETING CALENDAR

REVENUE ESTIMATING CONFERENCE COMMITTEE

City Hall, 100 North Andrews Avenue, 7th Conference Room, Fort Lauderdale, FL 33301

Date	Discussion
Wednesday, March 28 th	Introduction and Overview Finance Department Taxes/Fees/ Intergovernmental
Wednesday, April 4 th	Sustainable Development Planning and Zoning/ Code Enforcement
Wednesday, April 11 th	Police Alarms/Fines & Forfeitures Fire-Rescue Fire Inspections/ False Alarms/Transport
Wednesday, April 18 th *	Parks & Recreation Recreation Programming/ Marina/Cabana Rentals
Wednesday, April 25 th	Wrap Up To Be Determined

Note: Schedule is subject to change.

**Scheduled Budget Advisory Board (BAB) meeting at 6 pm*

PLEASE NOTE THAT AS MEMBERS OF THE REVENUE ESTIMATING CONFERENCE COMMITTEE, TWO-WAY COMMUNICATION BETWEEN MEMBERS IS PROHIBITED BY SUNSHINE LAW. DO NOT REPLY TO ANY BOARD OR COMMITTEE MEMBER. DISCUSSION SHOULD TAKE PLACE AT THE SCHEDULED COMMITTEE MEETING.

PURPOSE: The purpose and duties are to serve as subject matter experts in reviewing revenue estimates for the City of Fort Lauderdale's budget process.

Note: Two or more City of Fort Lauderdale Commissioners or members of a Fort Lauderdale Advisory Board or Committee may be in attendance at this meeting. If a person decides to appeal any decision made with respect to any matter considered at this public meeting or hearing, he/she will need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. If you desire auxiliary services to assist in viewing or hearing the meeting or reading agendas and minutes for the meetings, please contact the City Clerk's Office at 954-828-5002 and arrangements will be made to provide these services to you.

PLEASE NOTE: Florida has a very broad public records law. Most written communications to or from city officials regarding City business are public records available to the public and media upon request. Your e-mail communications may be subject to public disclosure.

As of: February 23, 2018