

Approved

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
Thursday, October 25, 2018, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	Cumulative Attendance	
		10/1/18 – 9/30/19	
		<u>Present</u>	<u>Absent</u>
Martin Kurtz, Chair	A	0	1
D. Keith Cobb	P	1	0
Paul Czerwonka	P	1	0
Thomas Bradley	P	1	0

Staff Present

Kirk Buffington, Director, Finance
Linda Logan-Short, CFO and Deputy Director, Finance
John Herbst, City Auditor
Laura Garcia, Controller
Devin Carter, Assistant Controller
Mike Maier, Director, Information Technology Services
Stacy Spates, Administrative Assistant II, Parks
Anthony Fajardo, Director, Sustainable Development
Al Battle, Deputy Director, Sustainable Development
Matt Cobb, Assistant Risk Manager
Yvette Matthews, Senior Budget & Management Analyst, Budget
Chris Lagerbloom, Assistant City Manager
Tarlesha Smith, Director, Human Resources
Guy Hine, Risk Manager
Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe Horwath

Call to Order

Keith Cobb called the meeting to order at 5:04 PM. He will chair the meeting in Chairman Kurtz's absence.

Roll Call

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

Review of Meeting Minutes for Approval

Keith Cobb directed the review of the previous meeting minutes.

He asked for a motion to approve the April 23, 2018 meeting minutes. Paul Czerwonka made the motion and Thomas Bradley seconded. The meeting minutes were approved unanimously in a voice vote.

Paul Czerwonka questioned the July 26, 2018, meeting minutes and suspected that the Brazilian timber discussion was not properly reflected in the minutes. Keith Cobb asked for a motion to approve the July meeting minutes with modification to the discussion regarding Brazilian timber. A brief discussion ensued and it was noted that the investment advisor, Dahab Associates, Inc., had been disclosed to the Board during the July meeting. Thomas Bradley asked about the City outsourcing preparation of the CAFR this year. Linda Logan-Short responded that Crowe Horwath will prepare the CAFR to allow time for the team to work on the ERP. Thomas Bradley made the motion to approve the July 26, 2018, minutes with slight modification and Paul Czerwonka seconded. The motion passed unanimously in a voice vote.

Floor Open for Public Input

Keith Cobb opened the floor for public input. No members of the public came forward.

Quarterly Audit Compliance Report – September 2018 - ACTS Update

Keith Cobb opened the discussion of the Quarterly Audit Compliance Report for September 2018, asking if any Audit Advisory Board members had questions or comments on any items in the report.

John Herbst stated that there have been no items closed, however the City Manager recently replaced the Human Resources Director. The new Director was surprised by the number of outstanding findings and the length of time they had been open. John is optimistic that progress will be made. There will be many transitions in the coming months, along with a change in City Management. Paul Czerwonka asked if there will be staff changes. John explained that depending on who is hired for the City Manager position, a whole new team could be assembled, which is more likely with a local person.

City Manager's Office - Tom Bradley had questions regarding the audit findings with the Schedule of Expenditures of Federal Awards. The finding is partially implemented and he wondered if it has been remediated to ensure it will not be repeated. Linda Logan-Short confirmed that training has occurred and she does not expect it will be an

issue. He then asked about two findings for HCD regarding HUD reports that need to be filed. Yvette Matthews responded noting that due to a high level of turnover, nobody had access to file the reports. The department has now been granted access and they are working on getting all reports filed. The other finding was related to slow moving activities that could not be reported also due to lack of system access.

Human Resources – Tom Bradley had questions regarding the Classification and Compensation Study. Kirk Buffington responded that the Commission heard the first reading and it was unanimously approved. It will come back for a second reading with some additions promised by the City Manager, which should pass and then the changes will be implemented. Tom asked about the timeframe to implement, which ought to be several months.

Keith Cobb commented for the record on the age of the audit findings. Some have been outstanding for nine or ten years with no action.

External Audit Work Plan

Michelle Blackstock from Crowe Horwath presented the Client Service work plan for the September 30, 2018, external audit, carefully reviewing each page of the plan. She will be returning this year, along with Roy Rodriguez and Craig Sullivan. The plan details Crowe's Services and Deliverables, and provides details for client feedback options. Crowe will be assisting with the CAFR preparation for the current year. An addendum must be added to the engagement letter and the City has a Senior Management level person capable of overseeing Crowe's work on the CAFR. Tom Bradley asked for clarification on the draft footnoting of the CAFR. Linda Logan-Short responded that the City would be doing the MD&A, the letter of transmittal, and the statistical section. Michelle Blackstock added that Crowe has a general ledger package that they use to map the financial statements independently. Crowe has a separate division called CAST that specializes in CAFR preparation. They will utilize 2017 information so it should be seamless, with only new accounts needing to be mapped. An additional Senior Manager will also be brought in to assist with the process. Linda Logan-Short advised that part of the ERP package includes a debt management system, which has been implemented and is up and running. A new investment adviser was brought on in June and they will be doing the GASB 72 and GASB 40 footnote. Keith Cobb asked why the need to audit the schedule of large user wastewater treatment rate computation. Linda Logan-Short explained that the rate is estimated and either billed for additional expense or refunded to the large users depending on the audit result.

The Audit Timeline was reviewed line by line. Linda Logan-Short reminded Michelle to add the GASB 74/75 to the timeline in December. Required communication is detailed in the Client Service work plan and the Audit Advisory Board was asked specific questions about any knowledge of Fraud or Risk Factors. All replied in the negative. Keith Cobb did not have any issues or suspicions of fraud; however he felt it was good practice to ask and open the door to conversations.

Quarterly Audit Compliance Report – September 2018 - ACTS Update – Continued

Human Resources – Tarlesha Smith, Human Resources Director, was introduced to the group. Keith Cobb reiterated his concerns regarding the outstanding audit findings that had been sitting on the books for nine or ten years. Tarlesha placed some of them on her list of things to accomplish and was shocked to learn of the findings and how long some had been outstanding. She took the floor to advise the Board of her plans. Over 400 job descriptions have been revised due to the Class & Comp study, but are not final. The study passed the first reading of the Commission. Currently she is in contract negotiation for the Management and Confidential employees. The second reading is November 6, 2018, which deals with the bargaining units: Federation and Teamsters. A brief discussion ensued regarding the implementation of the study, setting clear career paths, and applying the information to actual City departments. Once passed and implemented, the finding regarding job descriptions can be cleared.

Succession planning is the next finding. A module is built into the new ERP software being implemented which will allow performance measures for each employee, based on job descriptions, to be matched to skill sets required for future positions in the organization. A query can be run to notify employees that they may have the skills required for certain positions. Keith Cobb asked about the timeline to implement succession planning. Tarlesha will address after October 1, 2019, when the ERP is rolled out.

The Customer Satisfaction Survey has been completed by the Organizational Development Manager. It has not been published. Tarlesha will need to inquire and get back to the Board.

Matt Cobb was able to speak about the Driver's License findings. It has been completed, but not reviewed by the new HR Director. There was a differential between prospective hires and current hires on the requirements for the number of years to check citations. It is scheduled for the first quarter of calendar year 2019 to be reviewed by the Management Team and then the PSM will be published and the finding closed.

Tarlesha agrees with the City Auditor that the City needs an employee handbook. Matt advised that Employee Relations has completed a draft, waiting for the HR Director's review. It will go to the Management Team for review and approval. Keith Cobb asked for clarification and Matt explained that a handbook had to be developed from scratch. It encompasses the City's mission, goals, and provides a comprehensive handbook. Employee Orientation and Training has been expanded to two days. The handbook expands on the documentation and the on-boarding process. Tarlesha will make it a priority to get it reviewed. Tom Bradley asked about policies like Sexual Harassment. He wondered if it would be in the handbook or was in a separate policy manual. Matt believes the handbook refers employees to the policy manual. Tarlesha would like all potential exposure for the City to be incorporated into the handbook. A discussion

ensued regarding ease of use and the ability of employees to find the information they need. Tom asked about an anonymous complaint line for employees to report issues. The Office of Professional Standards (OPS) is available, along with an "800" number. John Herbst volunteered that there is not a fraud, waste, or abuse line; however we have the County Office of Inspector General to investigate these issues.

There has not been any movement on the Ethics Training finding. Tarlesha will look into whether it will be implemented by OPS or HRD. Employees should need to sign off on all of the policies and trainings like Ethics, Cyber Awareness, and Sexual Harassment. A short discussion ensued regarding previous issues in the City. John Herbst is appreciative that our new HR Director is concerned and will prioritize these issues.

City Auditor Update

John Herbst informed the Board of the latest City Auditor projects. Preliminary review of the Annual Budget showed the Commission did not have a structurally balanced budget. The Commission chose to balance the budget using one-time money by using CIP project funds and to reduce the contributions from the ROI. The Auditor's office outsourced a public service tax audit to a specialized firm. Findings showed that the taxes were accurate. At Kirk Buffington's request, the Auditor's office is working on a P-Card audit which is taking quite a long time. The information was turned over to Economic Crimes Unit of the FLPD because evidence of fraud was found, which turned into an FBI investigation. The FBI is still investigating. Two employees have been arrested. John's office is holding off on releasing the audits to prevent any interference. Tom Bradley asked how the FBI became involved. Kirk Buffington mentioned that Federal Grant dollars were involved. The Audit Advisory Board and the Commission were supportive in John adding one new staff member. This person will serve as Internal Quality Assessment and also help John with Agenda review. He is looking for specific skill sets for the position: internal audit and government experience. He is putting the finishing touches on the Audit Work Plan for FY 2019. And the last recent project was a review of the Class & Compensation Study for the City Commission. John was able to verify the methodology, however could not review the accuracy due to issues with the vendor and previous HR Director.

ERP Update

Kirk Buffington and Mike Maier were both available to give the ERP update. Kirk explained that the City chose to make a version change and went from V10 to V11 rather than implementing V10 and then converting in two years with a whole new chart of accounts. It is back on schedule, even with the change delays. The design is complete for HR, Finance, Procurement, and Budget is being started. The Conference Room Pilot will begin next week. Live data from the City will be entered into the system and staff that helped in the design will be able to see the live data. There are a few change orders for some interfaces not included with the original software; however it is on schedule and on budget. Go Live is October 1, 2019. It is a huge change in how

everything is being done. The past philosophy has been that each department gets its “best in breed” software, none of which interfaced easily. This system is an integrated financial system that connects all departments. Mike Maier, ITS Director, is concerned about the conversion of the data from the multiple different systems. Three conversions for Accela from Community Plus have resulted in issues due to data error and clean-up. Keith Cobb asked about the advantages of the ERP. Kirk responded that it will reduce the workload across the board, from Finance, HR, Budget, Parking, etc. It will free up time for staff to do quality checks and other tasks. Additional discussion ensued. Linda Logan-Short explained that there are many paper processes and there are not many “best practices” occurring due to the antiquated software program we are currently using. We will be able to implement internal controls and use best practices to do things the right way. She gave an example of cash flow tracking issues. Mike also mentioned cyber security issues that the system will be able to track with enhanced audit trails. Another discussion ensued regarding challenges with the old software.

Other Business

There is no other business to discuss. Tom Bradley mentioned that the Board Members may not be OK to continue on the Board due to term limits and appointments. He also knows someone that may be interested, although she does not live in the City. Paul Czerwonka approached the Mayor and was sent to see Commissioner Glassman. He has not heard back. Kirk Buffington acknowledged that it is difficult to make a quorum, especially since one seat is vacant. Discussion among the members and staff ensued. Paul asked who to contact to expedite the appointments. Linda Picciolo, Liaison, responded that the Clerk’s office advised not to worry about it and the Commissioners will get around to making the appointments. Additional discussion continued.

Communication to the City Commission

Adjournment

The next regular meeting of the Audit Advisory Board is January 31, 2019,

The meeting adjourned at 6:18 PM.

[Minutes prepared by Linda Picciolo, Board Liaison]



CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

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

As of September 30, 2018



WE BUILD COMMUNITY





CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

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

There are currently 19 open audit findings, including observations. There is one material weakness open at this time related to the FY 2017 Single Audit. As departments implement the corrective action plans and upload supporting documentation into the Audit Compliance Tracking System (ACTS), they are required to notify the Commission Auditor that they believe a finding has been resolved. The Auditor’s Office will continuously review these responses throughout the year and will notify the System Administrator in the Budget/CIP and Grants Division to close findings that have been cleared.

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

No findings were added or closed this quarter. The department breakdown is in the table below.

Number of Open Findings

DEPARTMENT	September 2015	September 2016	September 2017	December 2017	March 2018	June 2018	September 2018
City Manager’s Office	0	2	4	0	0	3 *	3 *
Community Redevelopment Agency	0	5	2	2	2	1	1
Finance	1	2	2	2	0	0	0
Fire-Rescue	0	0	0	0	0	0	0
Human Resources	8	7	7	7	7	7	7
Information Technology Services	3	1	0	0	0	0	0
Parks and Recreation	1	15	9	9	9	6	6
Public Works	4	0	0	0	0	0	0
Sustainable Development Department	8	6	4	2	2	2	2
Transportation and Mobility	0	0	0	0	0	0	0
TOTAL	25	38	28	22	20	19	19

** Two (2) findings within the City Manager’s Office were the result of the programmatic audit of the Consolidated Annual Performance and Evaluation Report submitted to the US Housing and Urban Development (HUD) and one (1) finding was the result of the City’s Annual Single Audit. All other open findings/observations are the result of internal audits.*



STATUS OF OPEN AUDIT FINDINGS
as of September 30, 2018
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
EXTERNAL FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
Single Audit - Schedule of Expenditures of Federal Awards	Partially Implemented	2
PROGRAMMATIC FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports	Not Implemented	4
FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities	Not Implemented	5
CITY AUDITOR'S OFFICE FINDINGS		
COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS		
Operational Audit of the City of Fort Lauderdale CRA - Observation 3	Partially Implemented	10
HUMAN RESOURCES AUDIT FINDINGS		
Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions	Partially Implemented	14
Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	15
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Partially Implemented	16
Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3	Partially Implemented	17
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	18
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 5	Partially Implemented	20
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 1	Partially Implemented	21

STATUS OF OPEN AUDIT FINDINGS
as of September 30, 2018
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
CITY AUDITOR'S OFFICE FINDINGS <i>continued</i>		
PARKS AND RECREATION AUDIT FINDINGS		
Operational Audit of the Cemetery System - Finding 4	Implemented	24
Operational Audit of the Cemetery System - Finding 6	Implemented	26
Operational Audit of the Cemetery System - Finding 7	Partially Implemented	28
Operational Audit of the Cemetery System - Finding 9	Partially Implemented	29
Operational Audit of the Cemetery System - Observation 4	Partially Implemented	31
Operational Audit of the Cemetery System - Finding 11	Implemented	33
SUSTAINABLE DEVELOPMENT AUDIT FINDINGS		
Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 2	Partially Implemented	36
Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 3	Partially Implemented	38

EXTERNAL FINDINGS

City Manger



Single Audit - Schedule of Expenditures of Federal Awards

Issue No: 414
Date of Finding: 05/08/2018
Final Date of Completion 12/31/2018

		Name	Title	Department
<u>Responsible Person 1</u>	lreece	Laura Reece	Budget Manager	City Manager
<u>Responsible Person 2</u>	ymatthews	Yvette Matthews	Senior Management Analyst	City Manager

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone 12/31/2018

Milestone Date of Completion

Department: City Manager

Audit Initiator Single Audit

Title: Single Audit - Schedule of Expenditures of Federal Awards

Issue / Observation We reviewed the state grant agreements associated with the state major programs and noted that the SEFA included the incorrect Catalog of State Financial Assistance (CSFA) number for the grant program identified above.

- Cause: The current review process to identify all grant programs and the related CSFA numbers failed to detect that the incorrect grant identification number from the grant agreement was used on the SEFA.
- Criteria or specific requirement: Controls should be in place and operating effectively to ensure accurate and complete data on the SEFA.
- Condition: The incorrect Catalog of State Financial Assistance (CSFA) number was reported on the SEFA for the Chronic Homelessness Housing Collaborative grant program.
- Effect: Established controls were not followed and resulted in an incorrect CSFA number reported on the SEFA.

Recommendation: Grant award information should be reviewed and updated on a regular and timely basis to ensure that the SEFA contains accurate information.

Correction Plan: The CSFA number was incorrect on the original grant agreement, thus the CSFA number used on the SEFA was wrong. Subsequent to issuing the SEFA, the granting agency did advise the City that the CSFA number was inaccurate and that information was not remitted to the proper City officials to make sure that the changes were put into the City's systems. To make certain that future reporting incorporates all changes and corrections, the City will be updating its centralized grants administration policy to direct that the City Manager should be the centralized point of contact for all grant awards. The Budget/CIP and Grants Division will also be providing training on this topic to grants managers to ensure that all staff is aware of the policy update. This change to a central point of contact will ensure that future notifications related to grant awards will be handled timely and reported to the appropriate City officials.

Current Status: The Finance Department and Budget/CIP and Grants Division hosted a joint training session on the Finance Process for Grant Managers on August 16th. The training discussed the procedure for sharing updated award notices and articulated the responsibilities associated with ensuring the accuracy of the Schedule of Expenditures of Federal Awards (SEFA).

The Centralized Grants Policy is currently under review and the updates include providing a centralized point of contact for grant award notices and modifications.

PROGRAMMATIC FINDINGS

City Manager



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

Issue No: 412

Date of Finding: 04/05/2018

Final Date of Completion 12/31/2018

		Name	Title	Department
<u>Responsible Person 1</u>	mario	Mario Desantis	HCD Program Manager	City Manager
<u>Responsible Person 2</u>	rwilliams	Rachel Williams	HOPWA Analyst	City Manager

Correction Plan Status: Not Implemented Finding Type: Deficiency

Next Milestone 12/31/2018

Milestone Date of Completion

Department: City Manager

Audit Initiator 3rd Party Auditor

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

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

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

Cause - Staff did not submit the QPR's in Disaster Recovery Grant Reporting System (DRGR) in a timely manner.

Effect- The City is in noncompliance with the regulations of the Neighborhood Stabilization Program (NSP) programs.

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

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

Current Status: HCD is completing the programmatic and fiscal requirements for the NSP 1 and NSP 3 Disaster Recovery Grants. The Department is preparing a letter from the City to the US Department of Housing and Urban Development (HUD) to release the DRGR findings.

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

Issue No: 413
Date of Finding: 04/05/2018

Final Date of Completion 12/31/2018

		Name	Title	Department
<u>Responsible Person 1</u>	mario	Mario Desantis	HCD Program Manager	City Manager
<u>Responsible Person 2</u>	rwilliams	Rachel Williams	HOPWA Analyst	City Manager

Correction Plan Status: Not Implemented Finding Type: Observation

Next Milestone 12/31/2018

Milestone Date of Completion

Department: City Manager

Audit Initiator 3rd Party Auditor

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

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

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

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

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

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

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

The remaining items have already been closed.

Current Status: Activities are ongoing and expenditures are included in the routine draw (reimbursement) review process associated with HUD grants.

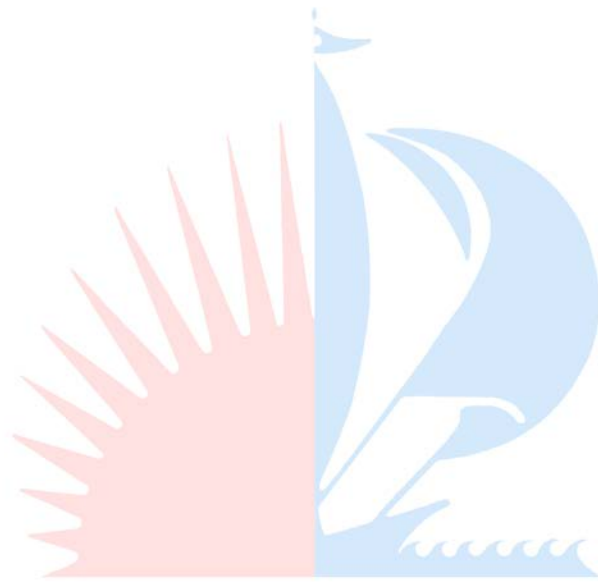


CITY AUDITOR'S OFFICE FINDINGS





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 09/30/2019

		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 12/31/2018

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

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

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

Criteria

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

Cause

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

Impact

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

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

Correction Plan:

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

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

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

Current Status:

The Legal Department is currently working on clearing liens on the acquired properties.

Once liens have been released, the Community Redevelopment Agency (CRA) will request authorization to list and make all properties available. Contractors, who have demonstrated their ability to fund, will have an opportunity to work with up to ten (10) properties per contractor.



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 12/31/2018

		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 Present Classification and Compensation Study results to City Commission

Milestone Date of Completion 10/31/2018

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 will be presented to the City Commission at a meeting in October 2018. The study addresses many classification and compensation updates including a review of job classifications and descriptions. Based on the Commission's direction, after presentation additional agenda items must be presented to the Commission for vote before implementation.

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 12/31/2018

		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 Classification and Compensation Study presentation to City Commission

Milestone Date of Completion 10/31/2018

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 will be presented to the City Commission at a meeting in October 2018. Based on the Commission's direction after presentation additional agenda items must be presented to the Commission for vote before implementation. The new classification structure outlines career paths that support Community Builder advancement. Job descriptions explain the qualifications and skills needed so Community Builders can plan and prepare for new opportunities and career growth.

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

Issue No: 100
Date of Finding: 12/29/2009
Final Date of Completion 12/31/2018

		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 Release Customer Satisfaction Survey to Community Builders for completion

Milestone Date of Completion 12/31/2018

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: HRD has completed the customer satisfaction survey. The results will be analyzed and released in the next quarter.

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 03/31/2019

		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 03/31/2019

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: During the process of making Auditor recommended language revisions to the policy, the Employee Relations Division has recommended a complete rewrite of the policy due to significant changes in this subject, since the original policy drafting on 4/1/1992 and the last revision on 1/5/2010. Staff is currently in the process of rewriting the policy to incorporate both the Auditor's and Employee Relations' recommendations. It is expected that the new draft policy will be presented to City Management for review in the first quarter and implemented by the second quarter of FY 2019.

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 03/29/2019

		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 12/31/2018

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:

Staff is currently in the process of rewriting the policy to incorporate the recommendations and align the policy with ongoing revisions to the City's Policy Manual. This alignment with the ongoing revisions has postponed review of the policy with City Management for the first quarter of FY 2019 and implementation by the second quarter of FY 2019.

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 12/31/2018

		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 Online Ethics Training Implementation

Milestone Date of Completion 12/31/2018

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: The Ethics Training resource has been developed with new and veteran Community Builders in mind. It is designed to be informative and interactive while reinforcing best practices of the City of Fort Lauderdale. Ethics Training is now included in the Community Builder Welcome (Orientation for new employees); and beginning in December classes will be scheduled for all Community Builders. The PowerPoint presentation will be uploaded to LauderShare, and also under development is a training video that incorporates the content from the Ethics Training to be accessible via LauderShare.

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 12/31/2018

		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 Classification and Compensation Study presentation to City Commission

Milestone Date of Completion 10/31/2018

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 Class and Comp. Study will be presented to the City Commission at a meeting in October 2018. Based on the Commission's direction after presentation additional agenda items must be presented to the Commission for vote before implementation. The study will address many classification and compensation updates to include a review of job classifications.



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 12/31/2018

		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: Implemented Finding Type: Deficiency

Next Milestone Litigation

Milestone Date of Completion 12/31/2018

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 October 1, 2018 the management of cemetery operations has transitioned to City staff. Staff will ensure that the applicable accounting standards and City ordinances are followed.

The City Attorney's Office has retained the services of an outside litigation firm to handle the case against Carriage Services.

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 12/31/2018

		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: Implemented Finding Type: Deficiency

Next Milestone Present Updated Cemetery Rules and Regulations to Commission

Milestone Date of Completion 12/31/2018

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:

As of October 1, 2018 the management of cemetery operations has transitioned to City staff. Staff will adhere to the applicable cemetery rules and regulations.

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 12/31/2018

		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 12/31/2018

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: The Cemetery Board and SunTrust have made recommendations for revisions to the Investment Policy, in conjunction with the revisions to the Cemetery Rules and Regulations.

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 12/31/2018

		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 12/31/2018

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 October 1, 2018 the management of cemetery operations has transitioned to City Staff. The Standard Operating Procedures will take on a new form to mirror the new policies and procedures as a result of the transition.

The Cemetery Liaison and Cemetery Board members obtained the required eight (8) hours of public fund investment training related to investment practices and products. The training was offered by SunTrust.

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 12/31/2018

		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 Master Plan Implementation

Milestone Date of Completion 12/31/2018

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:

Keith & Associates, Inc. has subcontracted with Grant Thornton to conduct financial modeling of the Perpetual Care Trust Fund as it relates to operating budgets, care and use, etc.

The evaluation will provide recommendations on adequacy of the Trust Fund. The Cemetery Master Planner will meet with the Cemetery Board in October 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 12/31/2018

		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: Implemented Finding Type: Deficiency

Next Milestone Develop a plan to address financial issues

Milestone Date of Completion 12/31/2018

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 October 1, 2018 the management of cemetery operations has transitioned to City staff. The forensic examination of sales completed by Carriage is now in draft form. The board will continue its review of the draft and vote to approve or not approve the findings from the audit at its next meeting.



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.

Finance is working with the Auditor's office to evaluate the steps needed to address the audit finding.

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.



Client Service Plan

September 30, 2018

City of Fort Lauderdale, Florida

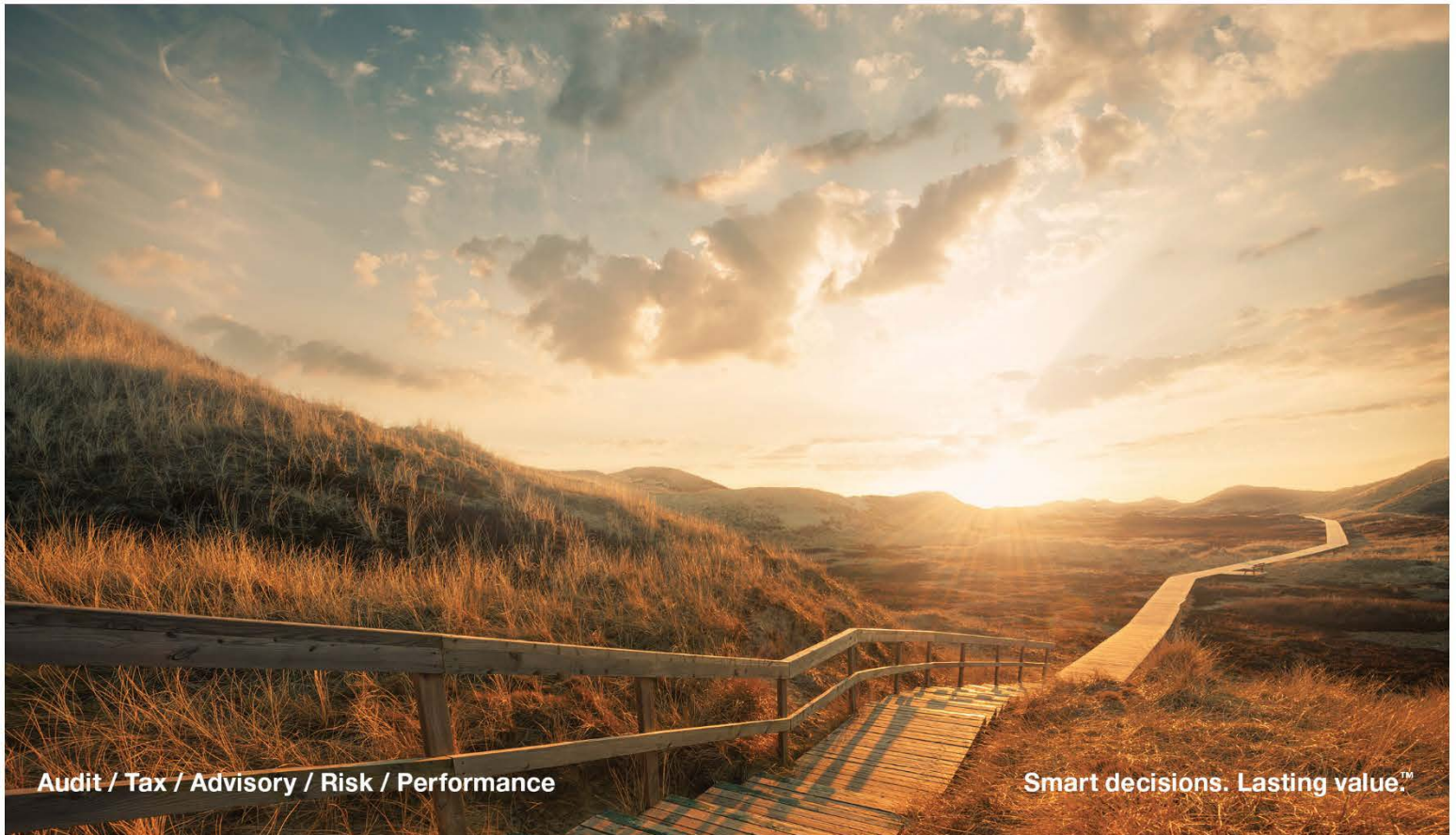


Table of Contents

Letter to Management..... 1

The Crowe Horwath Audit Engagement

 Crowe Client Service Team 2

 Client Experience..... 3

 Crowe’s Services and Deliverables 4

 Audit Timeline 5

Audit Planning Discussions

 Required Communication 6

 Fraud Risk Factors 7



Crowe LLP
Independent Member Crowe Global

City of Fort Lauderdale, Florida
Fort Lauderdale, Florida

We appreciate the opportunity to discuss with you various issues related to planning our audit services, and gaining an understanding of your expectations of us as your independent public accountants.

We will discuss with you how we plan to assist you to meet your needs, share our proposed client service plan, and review other key issues related to the audit. It is our philosophy to continually improve the quality of our service. We look forward to any comments you or others may have on our service. This client service plan should be considered a working document which will be updated during our meeting. We welcome your recommendations for additions or changes so that we can best meet all of your needs. An engagement letter for our services will provide a complete description of the services to be provided with the related terms and conditions.

Thank you for the opportunity to discuss the client service plan. We look forward to assisting you.

Sincerely,

A handwritten signature in black ink that reads "John C. Weber".

John Weber
Crowe LLP

Crowe Client Service Team

Role	Name	Phone	Email	Definition of Role
Client Relations/Audit Partner	John Weber	813.209.2585	john.weber@crowe.com	John will work with our engagement team to understand your expectations and ensure that your needs are met through the delivery of our services. John is also the partner signing our reports on your financial statements.
Audit Senior Manager	Michelle Blackstock	954.202.2924	michelle.blackstock@crowe.com	Michelle will oversee the execution of the audit, focusing on overseeing engagement management and on accounting and financial reporting matters.
In Charge	Roy Rodriquez	305.777.3959	roy.rodriquez@crowe.com	Roy will oversee the execution of the audit and accounting and financial reporting matters.
Information Systems Partner	Craig Sullivan	574.236.7618	craig.sullivan@crowe.com	Craig will oversee the identification and testing of the information systems risks and controls related to the financial statements and internal control audits.

Client Experience

Why Do Our Clients Choose Crowe?

Clients tell us when our technical expertise, industry knowledge, and applied technology come together, exceptional service and value result. At Crowe LLP, we take pride in our relationships with our clients. Our vision is that our people come to work every day motivated to provide our clients with an exceptional experience in every interaction and to help our professionals maintain objectivity in the delivery of our services.



How Do We Do This?

We have learned from our clients that there are certain attributes important to their overall experience, and each client perceives value differently. To help us meet our clients' expectations, we conduct an engagement survey that allows our clients to evaluate our performance. Proof of this can be found in what our clients say about us, in our client engagement survey results, and through recognition we've received from client experience organizations.

In addition, if a client is faced with a challenge or issue that is unresolvable with their Crowe partner, we encourage clients to contact our dedicated client feedback manager by calling 877.430.3900, or emailing clientfeedback@crowehorwath.com. The client feedback manager works with our clients and Crowe leaders to understand the issue(s), and resolve the situation while ensuring that similar circumstances do not happen again.

Crowe's Services and Deliverables

We are committed to providing you with the highest level of professional service and to exceeding your expectations. We wish to ensure that we have an understanding of the services we are to perform and the deliverables that we are to provide.

Service	Deliverable
Audit of the City's basic financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards	<ul style="list-style-type: none"> Independent auditor's report on financial statements
Assistance with drafting the City's Comprehensive Annual Financial Report (CAFR)	<ul style="list-style-type: none"> Draft CAFR for management review and approval
Audit of the City of Fort Lauderdale Community Redevelopment Agency (CRA)	<ul style="list-style-type: none"> Independent auditor's report on financial statements
Assistance with drafting the CRA financial statements	<ul style="list-style-type: none"> Draft financial statements for management review and approval
Audit of the City of Fort Lauderdale General Employees' Retirement System	<ul style="list-style-type: none"> Independent auditor's report on financial statements
Audit of the City's compliance with the requirements applicable to each major federal program and state project	<ul style="list-style-type: none"> Independent auditor's report on compliance for each major federal program and state project and report on internal control over compliance
Communication of internal control deficiencies and other matters	<ul style="list-style-type: none"> Independent auditor's report on internal control over financial reporting and on compliance and other matters Schedule of findings and questioned costs Management letter in accordance with the Rules of the Florida Auditor General Letter to those charged with governance
Audit of the schedule of large user wastewater treatment rate computation	<ul style="list-style-type: none"> Independent auditor's report on the schedule of large user wastewater treatment rate computation
Examination of the City's compliance with the requirements of Section 218.415, Florida Statutes	<ul style="list-style-type: none"> Independent accountant's report on compliance with Section 218.415, Florida Statutes

Audit Timeline

To ensure we appropriately understand your expectations regarding the time frames for delivery and completion of our services, we wish to discuss with you the following draft timeline we have prepared.

Date	Activity
August 20, 2018	IT fieldwork
September 17, 2018	Interim fieldwork
November 19 through December 21, 2018	Community Redevelopment Agency and General Employees' Retirement System (GERS) year end fieldwork
December 11, 2018	Preliminary GERS statements available for actuary
January 14 through March 1, 2019	Year-end fieldwork
January 7, 2019	Actuary to provide GASB 67 report
February 8, 2019 (tentative)	Draft GERS financial statements to Audit Committee
February 20, 2019	Draft CAFR due from Crowe
March 4, 2019 (tentative)	Final GERS financial statements to Board of Trustees
March 7, 2019	Final CAFR due from Crowe
March 7, 2019 (tentative)	Meeting with Audit Advisory Board
March 19, 2019	City Commission Acceptance Meeting

Required Communication

Auditor's responsibilities under Generally Accepted Auditing Standards

- The auditor is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of those charged with governance are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.
- The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
- The auditor is responsible for performing the audit in accordance with:
 - Generally accepted auditing standards
 - The standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States
- The design of the audit is to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting.
- The auditor is responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Generally accepted auditing standards do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.
- When applicable, the auditor is also responsible for communicating particular matters required by laws or regulations, by agreement with the entity or by additional requirements applicable to the engagement.
- Certain information prepared by management that will accompany the audited financial statements will not be subjected to the auditing procedures applied in the audit of the basic financial statements and therefore we will express no opinion on this information. This includes the introductory section, required supplemental information, management's discussion and analysis of financial condition and results of operations, and statistical tables included in the statements after the notes to financial statements.
- We will review the concept of materiality in our planning and will consider the internal control structure in determining our amounts.
- We will address the significant risks of material misstatement, whether due to fraud or error during our planned testing procedures.
- Internal control and the results of internal control testing will be a factor in determining the substantive testing performed.
- Whenever Crowe has determined that there is evidence that fraud may exist, that matter will be brought to the attention of an appropriate level of management. Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements will be reported directly to those charged with governance.
- We will assist in the preparation of the draft financial statements for the City of Fort Lauderdale Community Redevelopment Agency. With respect to other services provided, management is responsible for making all management decisions; oversee the service by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services.

Fraud Risk Factors

During the course of our audit, we make assessments of various business, fraud, and IT controls risk factors and tailor our audit procedures such that areas representing higher risk receive appropriate audit emphasis.

Consideration of fraud risk factors is required by Statement on Auditing Standards No. 99 (SAS No. 99) "Consideration of Fraud in a Financial Statement Audit", which discusses three conditions that are generally present for fraud to occur:

1. Management or employees have incentives or feel pressure to commit fraud.
2. Opportunity exists through controls being absent, weak or overridden.
3. Rationalization due to attitudes or pressures.

SAS No. 99 requires specific information gathering procedures to be performed by the auditor. The audit team is required to brainstorm for areas where the organization is at risk of fraud. Additionally, specific inquiry of management and those charged with governance related to their knowledge of suspected fraud is also required as is inquiry and discussions with others in the organization regarding suspicion of fraud. Directly resulting from these information gathering procedures and discussions is the identification of material fraud risk factors, which require additional procedures to be performed by the auditor to address such identified risk factors.

Discussion Regarding the Risk of Material Misstatement Due to Fraud:

Discussion Topics	Notable Issues
<ul style="list-style-type: none"> • Do you have any knowledge of any fraud or suspected fraud affecting the City? 	
<ul style="list-style-type: none"> • Are you aware of any allegations of fraud affecting the City? 	
<ul style="list-style-type: none"> • What are your views about the risks of fraud and tone at the top regarding fraudulent activity? 	
<ul style="list-style-type: none"> • Do you feel those charged with governance (City Commissioners) or others with equivalent authority and responsibility exercise oversight activities with regard to the risks of fraud and the controls the City has established to mitigate these risks? 	
<ul style="list-style-type: none"> • Are you aware of any tips or complaints regarding the City's financial reporting and, if so, the City's responses to such tips and complaints? 	
<ul style="list-style-type: none"> • Are you aware of matters relevant to the audit including violations or possible violations or laws or regulations? 	
<ul style="list-style-type: none"> • Are there any other matters related to the audit you would like to discuss with us? 	