

APPROVED

**AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
8th Floor Conference Room
Thursday, January 31, 2019, 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	P	1	1
D. Keith Cobb	P	2	0
Paul Czerwonka	P	2	0
Thomas Bradley	P	2	0

Staff Present

Kirk Buffington, Director, Finance
Linda Logan-Short, Interim Assistant City Manager / CFO
John Herbst, City Auditor
Laura Garcia, Interim Deputy Director, Finance
Devin Carter, Interim Controller
Stacy Spates, Cemetery Administrator
Al Battle, Deputy Director, Sustainable Development
Jay Stacy, Deputy Director, Information Technology
Maria Panyi, Assistant City Auditor III
Marco Hausy, Assistant City Auditor III
Pamela Winston, Treasurer
Keela Black-Davis, Administrative Supervisor, Human Resources
Tarlesha Smith, Director, Human Resources
Nicole Archie, Manager – Organization Development & Learning, Human Resources
Linda Picciolo, Board Liaison

Other Attendees

Michelle Blackstock, Crowe, LLP
Roy Rodriguez, Crowe, LLP

Call to Order

Chairman Kurtz called the meeting to order at 5:04 PM.

Roll Call

At the time of roll call, four appointed members to the Board were present, allowing for a quorum.

Review of Meeting Minutes for Approval

Chairman Kurtz directed the review of the previous meeting minutes.

He asked for a motion to approve the October 25, 2018 meeting minutes. Thomas Bradley made the motion and Keith Cobb seconded. The meeting minutes were approved 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. John Herbst took the opportunity to introduce Maria Panyi, the new Assistant City Auditor. She addressed the board and spoke briefly of her background.

Quarterly Audit Compliance Report – December 2018 - ACTS Update

Chairman Kurtz opened the discussion of the Quarterly Audit Compliance Report for December 2018.

Cemetery – Stacy Spates was available to answer questions. Finding #11 Issue No. #320 was closed after the report was issued. Chairman Kurtz informed the group that he had been hired by the Attorney retained to perform a forensic investigation into the perpetual care payments paid into the perpetual care trust fund for the pending lawsuit against Carriage. This relates to Finding #4 Issue No. #309. Keith Cobb asked about the timing on this issue. Chairman Kurtz stated that there has been little access to the system, which Carriage had changed in the middle of the contract to a proprietary system without permission from the City of Fort Lauderdale. The attorney is trying to get access to Carriage's system. Tom Bradley clarified that Mr. Kurtz had been hired by the attorney. Kirk Buffington brought up a concern in discussing the situation due to pending litigation. John Herbst assured him that everything being discussed was already public knowledge. Chairman Kurtz stated that he will not discuss any confidential information until the lawsuit is complete. Tom Bradley suggested closing the finding due to the long-term litigation. John Herbst will review those findings affected by the lawsuit and will consider closing. He has adopted the position that until the issue is addressed or resolved, it will remain open. Chairman Kurtz advised that every issue does not need to be addressed at every meeting. Tom would like to see updated dates on the findings, which the Budget Office will handle. The department is responsible for supplying documentation and pushing the information through to have the finding closed. Keith Cobb expressed his concern about leaving findings open for years. It exposes the City to risk. John Herbst explained that there are several differing issues at play. Some departments had no intention of closing the findings, while others are held up due to implementing new systems. Kirk Buffington advised that in the past, the Audit Advisory Board did not review the findings.

Chairman Kurtz advised the next two findings relate to rules and regulations. The Board of Trustees has been revising. Stacy anticipates the Board will finish the discussion on the Cemetery Rules and Regulations at their next meeting. A finalized draft will go to the Board and then be presented to City management. It should go to Commission in May or June. Operations have been brought in-house and a short term consultant, Dave Shantae from Ohio, retained for SOP's. Parks is considering issuing an RFP for long term goals. Grant Thornton is the consultant for the trust fund, which is part of the master plan prepared by Keith & Associates. The Board of Trustees was presented a final draft of the master plan. The last item had to do with document control and this was the finding that closed.

Human Resources – Tarlesha Smith was available for the update. Chairman Kurtz asked how the City was addressing Succession Planning, prior to the implementation of the ERP. Tarlesha responding that the new class and compensation plan has clear career paths which will be better utilize with the ERP system. She has been communicating through management and the bargaining units. Concerns from different areas in the City are being addressed. It is not as structured as she would like it to be. Every position in the City should have a clear career path.

The next finding involves Customer Service and Training. The survey is complete, but has been delayed with the transition of the new City Manager. Tarlesha is hoping to have it out during the first half of the fiscal year. Chairman Kurtz responded that several of the findings are very important and date back to December 2009.

The next finding addresses driver history and licensing requirements for city drivers. Chairman Kurtz went back to previous reports, noting that the date of completion has been moved out on each, with the current report status noting that a team was to be formed to draft language for the PSM. Tarlesha is tracking licensing across the City. The PSM has been drafted and management is reviewing. John Herbst mentioned that he has not had a chance to sit with Tarlesha on this finding. He is concerned with moving violations that are dismissed without points assessed. Tarlesha is also addressing the risk policy regarding accidents. The State will have a record of all moving violations. She needs to revisit the policy to make sure it addresses all violations.

Chairman Kurtz felt that the last two findings appear to be completed but not closed. John Herbst was not advised and did not receive documentation to review. Tarlesha will review.

Sustainable Development – Alfred Battle was on hand. DSD has two findings related to the Code Enforcement lien process. John Herbst explained that the system in place did not keep track of the total lien receivables. There was no balance and it was estimated at \$150 million, however the City had no back-up. Accela is the replacement for the replacement land use software the City was looking at. It is not certain that Accela can calculate the information required. Al Battle explained that Accela will generate the data and interface with the ERP in order to produce the reports required.

John Herbst stated that Code Enforcement liens generate interest and fees at a daily rate, so the number is constantly changing. Linda Logan-Short interjected that Community Plus did not provide the true receivable and aging of the accounts. Infor has a receivables module to capture the code data when the cases are closed and to calculate what is needed for the GASB 33 requirements. Keith Cobb asked about the methods in place for the collection of these violations. John Herbst detailed that the preference of the previous Commissions was code compliance rather than collection of the fines. Amnesty periods have been held a few times over the years. Fee reductions can be granted through a Special Magistrate once fines are paid and property is fully in compliance. Homesteaded properties are not affected until sold. Keith Cobb clarified that the findings were an accounting problem and not a collection problem. A discussion ensued and Linda Logan-Short explained that no amount is reflected on the financials because the dollar amount could not be quantified. Community Plus does not provide the information. The ERP will help solve these audit findings. Chairman Kurtz feels there should be some way to make a yearend adjustment to the books.

City Manager – The finding related to SEFA will close after the external audit is complete. Two reports pertaining to the CAPER reports and slow moving activities should both be closed next quarter.

External Audit Work Plan Update

Michelle Blackstock from Crowe, LLP was available to give the external audit work plan update. She just received the GERS audit with the GASB 67 and 68 reports from the actuary. They are working through their field work and are running about one month behind. There are several open items, including alternate investments. They are waiting on seven confirmations of open information. The 67 report is mostly disclosure and required supplementary information. The bigger part is the 68 component because that is the adjustment that needs to be made on the City's CAFR. She is hopeful to have the draft by March 4th for the GERS audit committee. They will release the CRA audit with the City's CAFR and are finalizing a few items. The field work is complete. They are still testing some disbursements and need confirmation on a cash account. March 7th is the projected date for the draft financial statements. Police and Fire will need to be addressed. A discussion ensued. Regarding the City's CAFR, Crowe is still working on the field work as well as the single audits. Once all of the information is received, it will take approximately one week to audit. Final numbers will be placed in the master worksheet, and this should take another week to get a draft CAFR. Linda Logan-Short explained the hold-up on the pension information was the 67 and 68 reports that cannot be completed until they get a full valuation of all the alternative investments. These reports are received 60 to 90 days after the quarter closes. The discussion continued regarding alternative investments and the timeframe for reporting value. It then turned to the date of the Special CAFR meeting and the date to present the CAFR to the City Commission.

Special CAFR Meeting March 7, 2019

Chairman Kurtz asked for a motion to approve the March 7, 2019, special CAFR meeting. Tom Bradley made the motion and Paul Czerwonka seconded. The meeting date was approved unanimously in a voice vote.

Tom Bradley and Chairman Kurtz asked Michelle Blackstock if there had been any significant findings so far during the external audit. She replied there had been none.

ERP Update

Kirk Buffington was available to give a more formal presentation on the ERP, now branded FIRST project (Formulating Innovative Responsive Solutions Together). He explained we have completed the “as is” and “to be” processes, along with the Conference Room Pilots. Core key subject matter experts go through a script of the different processes. All Conference Room Pilots have been completed for the major modules of the software. The budget module is not complete because Budget is now in the kick-off season for 2020. This set-back will not delay the project. Change Champions are employees out in the departments that act as cheerleaders and generate excitement. This is a huge change for many employees which can be difficult. The Core Team is subject matter experts, members from Finance, Human Resources, Benefits, and have been much more involved up to this point. The next phase is System Integrated Testing in the production environment to find problem scenarios. This will run through mid-April. Then we will enter the User Acceptance Testing stage, onto End User Training, and then Final Data Conversion. Sixteen servers will need to be set up for production purposes and will be phased in over the next 21 to 30 days. Two modules were demoed to staff, along with the employee self-service portal (SSP). Each employee will have a profile and will be able to update personal information. This is a critical point, writing and testing the scenarios. They are still working out some data and mapping issues. The project is still on target for October 1, 2019. Jay Stacey, Deputy Director of IT, was available to answer Tom Bradley’s questions about the servers, which will be off-site because City Hall is not a Category 5 Rated building. He is working on the location now. Tom also asked about FAMIS, the current accounting software program. Kirk responded that we are converting three years of data, with the old data still accessible. BuySpeed use will also cease on October 1, 2019, however all of the data for 3,000 vendors will be accessible and vendors will have a portal to register, update information, or submit invoices.

Action to Appoint a Representative to the Revenue Estimating Conference

Chairman Kurtz asked who in the group had not been involved with the Revenue Estimating and budget process. The process was explained and Paul Czerwonka agreed to represent the Audit Advisory Board at the conference.

Other Business

Chairman Kurtz brought up the City Commission revised ordinance for all advisory boards and member terms. The Audit Advisory Board term did not change. It is a two-year term with up to an additional two terms, for a total of six years. All hold-overs are

no longer permitted to remain on the board past the total amount of the term, so Chairman Kurtz will not be able to remain on the board past May 6, 2019. His last meeting will be in April and he is proposing that a new Chair be elected at that time. The others may contact their Commissioner to be reappointed if they have not exceeded their total of three, two-year terms. A discussion ensued regarding the Commissioners, districts, and how to be re-appointed. Chairman Kurtz asked if anyone knew of someone that could serve on the Audit Advisory Board. Kirk Buffington is concerned that we may not have a Board if the reappointments and vacancies are not filled. He has spoken to the City Clerk several times. The time commitment is not huge since the board meets quarterly.

Communication to the City Commission

N/A

Adjournment

The next Special CAFR meeting is March 7, 2019.

The next regular meeting of the Audit Advisory Board is April 25, 2019.

The meeting adjourned at 6:32 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 December 31, 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 17 open audit findings, including observations. This includes one material weakness 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.

This quarter two (2) audit findings were closed within the Human Resources Department. Both findings were the result of Commission Audits - one related to the updating job descriptions and the other related to the use of working titles. The last status updates related to the closed findings can be found in the “Findings Closed This Quarter” section of this report.

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

The department breakdown is in the table below.

Number of Open Findings

DEPARTMENT	December 2015	December 2016	December 2017	March 2018	June 2018	September 2018	December 2018
City Manager’s Office	0	4	0	0	3 *	3 *	3 *
Community Redevelopment Agency	0	17	2	2	1	1	1
Finance	1	3	2	0	0	0	0
Fire-Rescue	0	0	0	0	0	0	0
Human Resources	5	7	7	7	7	7	5
Information Technology Services	3	1	0	0	0	0	0
Parks and Recreation	1	15	9	9	6	6	6
Public Works	3	0	0	0	0	0	0
Sustainable Development Department	5	6	2	2	2	2	2
Transportation and Mobility	0	1	0	0	0	0	0
TOTAL	18	54	22	20	19	19	17

** 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 December 31, 2018
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
CLOSED AUDIT FINDINGS		
HUMAN RESOURCES CLOSED AUDIT FINDINGS		
Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions	Partially Implemented	3
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 1	Partially Implemented	4
EXTERNAL FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
Single Audit - Schedule of Expenditures of Federal Awards	Partially Implemented	6
PROGRAMMATIC FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Quarterly Reports	Not Implemented	7
FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities	Not Implemented	8
CITY AUDITOR'S OFFICE FINDINGS		
COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS		
Operational Audit of the City of Fort Lauderdale CRA - Observation 3	Partially Implemented	11
HUMAN RESOURCES AUDIT FINDINGS		
Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	14
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Partially Implemented	15
Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3	Partially Implemented	16
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	17
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 5	Partially Implemented	19

STATUS OF OPEN AUDIT FINDINGS
as of December 31, 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	Partially Implemented	21
Operational Audit of the Cemetery System - Finding 6	Partially Implemented	23
Operational Audit of the Cemetery System - Finding 7	Partially Implemented	25
Operational Audit of the Cemetery System - Finding 9	Partially Implemented	27
Operational Audit of the Cemetery System - Observation 4	Partially Implemented	29
Operational Audit of the Cemetery System - Finding 11	Partially Implemented	31
SUSTAINABLE DEVELOPMENT AUDIT FINDINGS		
Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 2	Partially Implemented	33
Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 3	Partially Implemented	35

Findings Closed This Quarter



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 01/11/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Implemented & Closed Finding Type: Deficiency

Next Milestone Update Job Descriptions

Milestone Date of Completion 01/11/2019

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 completed and recommendations were approved by the City Commission on November 7, 2018. A component of the Study was to develop a comprehensive set of position descriptions that are compliant with current laws, policies, regulations, and rules at the national, state, and local level. As a result of the study, a new classification plan was adopted and job descriptions were provided for all new and revised job classes. The Human Resources recruitment and classification and compensation staff will continue to review and update job descriptions as part of the recruitment process and as changes occur within the departments.

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 01/11/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Implemented & Closed Finding Type: Deficiency

Next Milestone Classification and Compensation Study presentation to City Commission

Milestone Date of Completion 01/11/2019

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 completed and a new Classification and Pay Plan was recommended and approved by the City Commission on November 7, 2018 and implemented effective November 18, 2018. The Classification Plan included new and revised job titles that reflected the duties performed by the incumbents. This eliminates the need for departments to use working titles. HR staff will continue to advise department managers to use only approved titles.

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 03/31/2019

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

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone 3/31/2019

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.

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

Issue No: 412

Date of Finding: 04/05/2018

Final Date of Completion 09/30/2018

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

Correction Plan Status: Implemented Finding Type: Deficiency

Next Milestone 01/30/2019

Milestone Date of Completion 10/26/2018

Department: City Manager

Audit Initiator 3rd Party Auditor

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

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

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

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

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

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

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

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

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

Issue No: 413

Date of Finding: 04/05/2018

Final Date of Completion 09/30/2018

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

Correction Plan Status: Implemented Finding Type: Observation

Next Milestone 9/30/18

Milestone Date of Completion 10/15/2018

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.

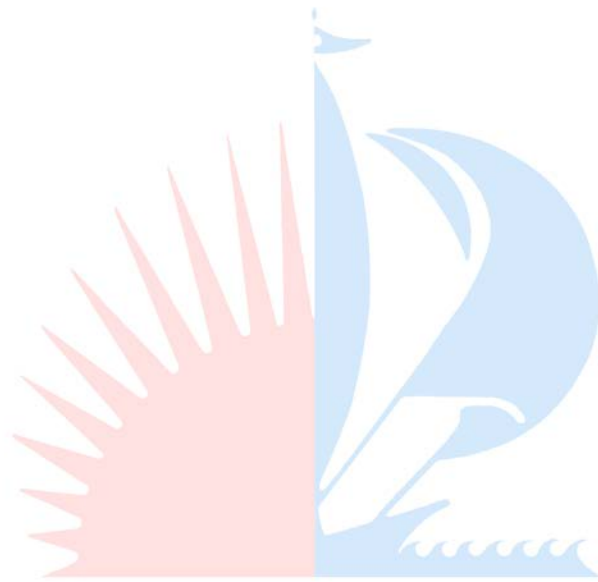
Current Status: The slow moving activities that were identified in the Consolidated Annual Performance and Evaluation Report (CAPER) have been completed in the US Housing and Urban Development's (HUD's) Integrated Disbursement and Information System (IDIS).

The Housing and Community Development is working on closing this finding.

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:

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 9 - Succession Planning

Issue No: 95
Date of Finding: 12/29/2009
Final Date of Completion 12/31/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Implementation of New ERP System

Milestone Date of Completion 09/30/2019

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 City's new ERP system includes a Succession Management module that will allow Human Resources staff to create and maintain talent and succession pools for key positions and define job and career paths. Implementation of the new system is expected in October 2019.

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 06/28/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	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 03/29/2019

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: HR has drafted and reviewed the Customer Satisfaction Survey with the City Manager's Office. Pending direction from the Manager's Office further revisions may be required before a release date is established.

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 06/28/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	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 and Update

Milestone Date of Completion 03/29/2019

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: The Risk Division is recommending that the Policy and Standards Manual (PSM) is updated as proposed (see attached) to meet the Auditor's recommendation. Additionally, edits are required to address the parameters of the ARC, etc. and it is recommended that a team be formed to draft the added language to the PSM in a second revision, forthcoming.

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 09/30/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	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 Update Draft Employee Handbook (attached)

Milestone Date of Completion 06/28/2019

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

REBUTTAL

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

Current Status:

The Policy and Procedures Manual has been incorporated into the newly launched LauderShare site under the “Resources” section. The site also contains all of the labor contracts, including the recent memorandums of understanding (MOUs) as a result of the Classification and Compensation Study. In addition, the Human Resources tab has sub-categories on Benefits, Family and Medical Leave Act (FMLA), Job Opportunities, Training, and New Employee Orientation.

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 06/28/2019

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	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 03/29/2019

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:

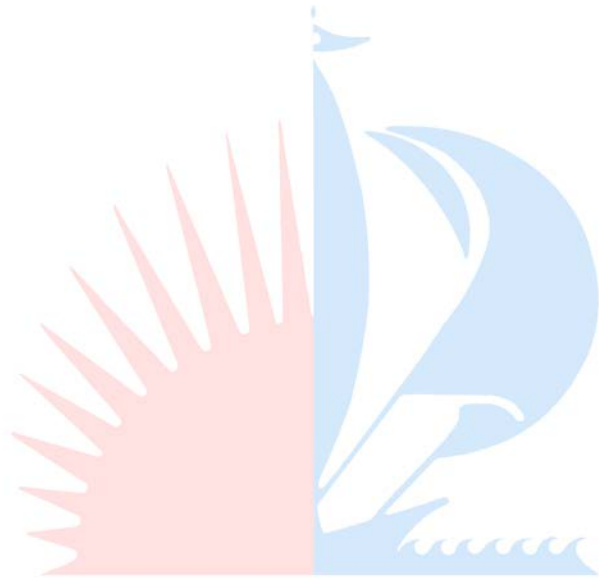
Memorandum No: 15-25 Page 7

- 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 HR is working to develop a training that is accessible to all employees. 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.

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 Litigation

Milestone Date of Completion 08/01/2018

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 12/28/2018, the Parks Department received accounts receivable information from Carriage on 10/12/2018.

The Parks Department engaged the services of Marty Kurtz, CPA, to perform forensic accounting to determine the amount of money Carriage owes to the Trust Fund subject to the statute of limitations.

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 06/01/2018

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 12/28/2018, the Cemetery Board continues its quest for amendments to the Cemetery Rules and Regulations. The Cemetery Board anticipates recommending changes to the Commission by April/May.

As of October 1, 2018, cemetery operations are managed in-house.

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 06/01/2018

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:

As of 12/28/2018, the Cemetery Board continues its quest for amendments to the Cemetery Rules and Regulations. The Cemetery Board anticipates recommending changes to the Commission by April/May.

As of October 1, 2018, cemetery operations are managed in-house.

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 05/01/2018

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 12/28/2018, the Parks Department is looking to engage the services a cemetery consultant to assist in the development of the Standard Operation Procedures (SOP). The consultant will also assist in other areas of business operations. The consultant is expected to start work the week of January 14, 2019.

The Cemetery Liaison and Cemetery Board members obtained the required eight (8) hours of public fund investment training related to investment practices and products in April 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 Master Plan Implementation

Milestone Date of Completion 06/01/2018

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 12/28/2018, 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 provide a final draft of recommendations to City Commission in March/April 2019.

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 06/01/2018

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.

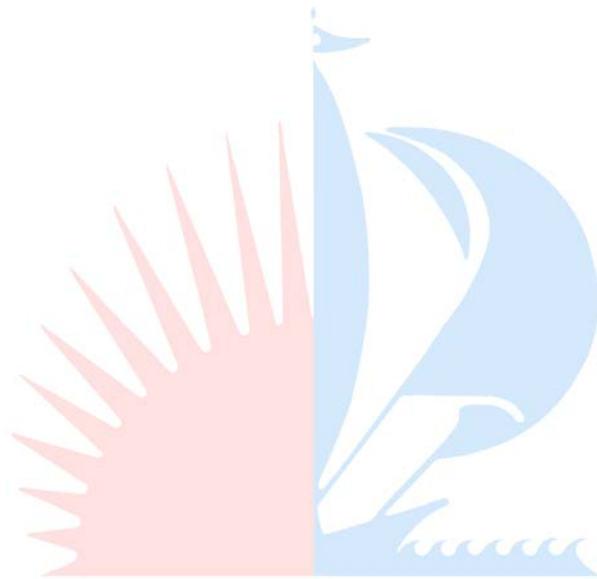
Criteria
 Under the COSO framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and proper form design 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 12/28/2018, the Parks Department is now managing cemetery operations in-house. Internal controls are now in place to monitor document controls of purchase agreements (contracts). This procedure will be outlined in the SOP manual.

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 10/31/2019

		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 10/31/2019

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:

Sustainable Development was recently informed that the interface development between Accela and ERP will not be sufficient to address the audit finding on issues 108 and 109. As of the time of this update the department does not have an alternative plan. As we consider options we will explore expanded configuration options with Accela and research other software solutions.

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 10/31/2019

		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 10/31/2019

Department: Sustainable Development

Audit Initiator Commission Audit

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

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

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

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

Current Status: Sustainable Development was recently informed that the interface development between Accela and ERP will not be sufficient to address the audit finding on issues 108 and 109. As of the time of this update the department does not have an alternative plan. As we consider options we will explore expanded configuration options with Accela and research other software solutions.



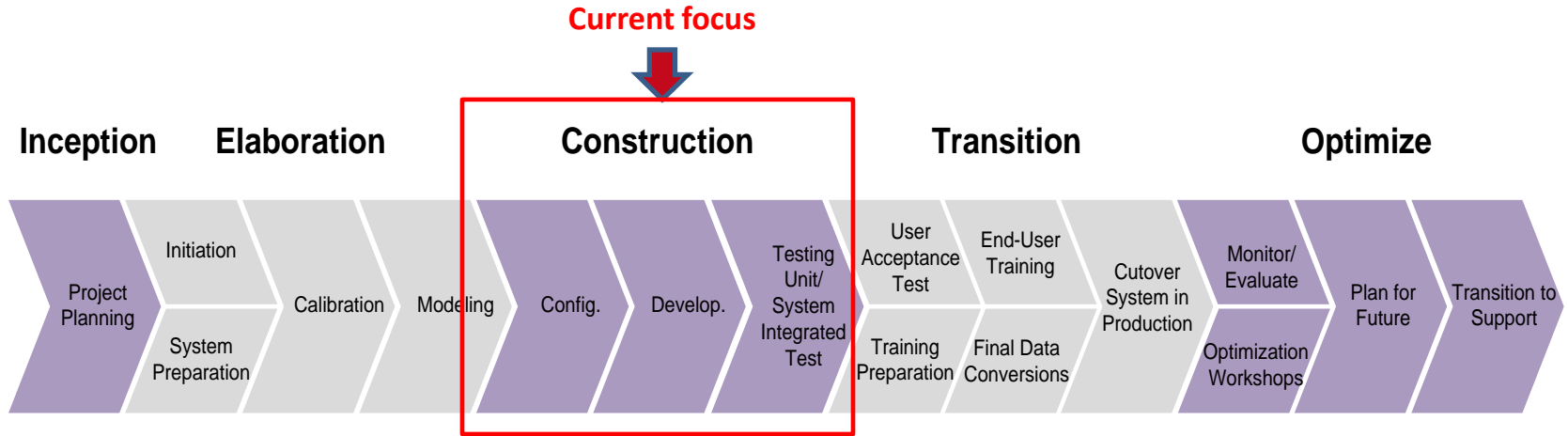
FIRST

Formulating Innovative Responsive Solutions Together!

–In January had

- Held change champion meeting
- CORE team meeting

Project Update



Project Management and Change Leadership

Project Update

Current focus



Construction

- Complete system setup
- Convert data
- Design and develop interfaces
- Begin development of end-user training

Construction

- Run all processes from beginning to end
- Highlight areas for improvement

Transition

- Final system testing for go live
- Complete end-user training material
- Deliver end-user training

Transition

- Complete go-live planning
- Go / No-Go Decision
- Execute cutover

Optimize

- Confirm system operations
- Address any processing challenges
- Transition to ongoing support

Project Update - Accomplishments

- Completed capture of current process
- Completed initial system setup
- Completed conference pilot

Project Update – Next Steps

- Complete system setup for testing
- Convert data from old system to new system
- Develop interfaces between new application, existing applications and other vendors
- Conduct system testing
- Develop end-user training material

Project Update

- Gave demo of Employee Space (employee self portal)
- Req to check – purchasing process

Employee Space

Updating employee data--by yourself!

- Name change
- Address change

Req to Check Process

1. Creating a Requisition
2. Creating a Purchase Order
3. Receiving the item
4. Receiving the invoice
5. Performing the match
6. Paying the invoice