

APPROVED

**AUDIT ADVISORY BOARD SPECIAL MEETING
CITY OF FORT LAUDERDALE
1 E. Broward Boulevard Suite 444
4th Floor Finance Conference Room
Thursday, April 25, 2024, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	Cumulative Attendance	
		<u>Present</u>	<u>Absent</u>
Joey Epstein	P	4	0
Eric Soh	A	2	2
David Brown	P	4	0
*Stephen Emery	P	2	1

*Term started after 1st meeting

Staff Present

Linda Short, Director, Finance
Aaron Kendrick, Deputy Director, Finance
Marco Hausy, Senior Assistant City Auditor
Rufus James, Director, Executive Airport
Richard Morris, Senior Management Analyst, OMB
Debra Conyers, Board Liaison

Other Attendees

Brett Friedman, RSM US, LLP
Sardou Mertilus, RSM US, LLP
Anthony Brunson, ABPA

Call to Order

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

Roll Call

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

Review of Meeting Minutes for Approval

Chairman Epstein directed the review of the previous meeting minutes.

David Brown motioned to approve the October 26th, 2023, February 1st, 2024, and the February 28th, 2024, meeting minutes. Stephen Emery seconded. The meeting minutes were approved unanimously in a voice vote.

Floor Open for Public Input

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

Quarterly Audit Compliance Report- March 2024

The Audit Board requested Rufus James the Director from the Executive Airport to discuss Finding #478- Lack of Billing Interest Payments and Penalties for Late Rent Payments. Mr. James explained that he has implemented software called ProDIGIQ Lease Management Systems specific to airports, to track leasing payments late fees, inspections, and works orders. In addition, Mr. James requires his staff to provide monthly reports.

Richard Morris stated that currently there are 25 open audit findings and since the last meeting 3 have been added; however, Finding #512- The Increased Contract Capacity of \$250,000 in the Infor System is Not Supported has been closed. In addition, Linda Short explained that Finding #511- Invoice Approval Automation Should be Considered, Specifically for Construction Projects, should be closed as well.

Further discussion ensued between Board Members and City Staff.

FY2023 Financial Audit Update

Sardou Mertilus explained that the audit is ongoing but experiencing some delays due to Infor. Mr. Mertilus stated weekly meetings are being conducted and have an end of June deadline. Ms. Short stated that her staff has been instructed to work on only completing the audit.

Further discussion ensued between Board Members and City Staff.

Special Meeting June 27th, 2024, Accept ACFR

Chairman Epstein asked for a motion to approve the May 29th, 2024 and alternate meeting date June 19th, 2024, special meeting. Stephen Emery made the motion and David Brown seconded. The meeting dates were approved unanimously in a voice vote.

Other Business

N/A

Communication to the City Commission

N/A

Adjournment

The next regularly scheduled Audit Advisory Board meeting will be July 25th, 2024, at 5:00 PM.

The meeting adjourned at 5:47 PM

[Minutes prepared by Debra Conyers, Board Liaison]



CITY OF FORT LAUDERDALE

Open Audit Findings

Status Report

**External Audit, Single Audit, and
City Commission Audit**

As of March 31, 2024



CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The Office of Management and Budget compiles the quarterly Open Audit Findings Status Report based upon updates provided by departmental staff. Each report provides the status of open audit findings from external auditors and the City Auditor’s Office. The report is distributed to the City Manager, City’s Executive Strategy Team, and Audit Advisory Board on a quarterly basis.

There are currently 25 open audit findings, including observations. As departments implement the corrective action plans and upload supporting documentation into the Audit Compliance Tracking System (ACTS), they are required to notify the City Auditor that a finding has been resolved. The City Auditor’s Office will continuously review these responses throughout the year and notify the System Administrator in the Office of Management and Budget to close findings that have been resolved.

This past quarter, the following four audit findings were opened:

- Finding 1 – Inconsistent Task Order Approvals and Supporting Documentation
- Observation 1 – Task Order Approval and Routing Policy Lacks Detail on the Scope of Approvals
- Observation 2 – Invoice Approval Automation Should be Considered, Specifically for Construction Projects
- Observation 3 - The Increased Contract Capacity of \$250,000 in the Infor System is Not Supported

However, of these findings, the below has been closed:

- Observation 3 - The Increased Contract Capacity of \$250,000 in the Infor System is Not Supported

The departmental breakdown of open findings can be found in the table below.

Number of Open Audit Findings

DEPARTMENT	March 2020	March 2021	March 2022	March 2023	June 2023	September 2023	December 2023	March 2024
City Clerk's Office	0	0	1	0	0	0	0	0
City Manager’s Office	1	0	2	10	6	8	8	8
Community Redevelopment Agency	0	0	0	0	0	0	0	0
Development Services	2	1	1	0	0	0	0	0
Finance	8	4	4	5	5	7	7	7
Human Resources	3	3	3	0	0	0	0	0
Information Technology Services	0	1	2	2	2	7	7	7
Parks and Recreation	1	1	0	0	0	0	0	0
Public Works	0	0	3	0	0	0	0	1
Transportation and Mobility	0	0	0	0	0	0	0	2
TOTAL	15	10	16	17	13	22	22	25

Status of Audit Findings as of March 31, 2024

Issue No	External Auditor's Findings	Status	Page
Finance Department			
466	Finding 1 - Change Order Approvals, Rio Vista Restoration Project	Implemented	3
467	Finding 2 - Continuing Contracts, Rio Vista Restoration Project	Implemented	4
Single Audit Findings			
City Manager's Office			
498	2022-001 - Reporting - 20.106 Airport Improvements	Implemented	7
Finance Department			
479	Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance	Implemented	9
499	2022-002 Eligibility - 14.241 HOPWA	Implemented	10
City Auditor's Office Findings			
City Manager's Office			
476	Finding 1 - Documentation for Lease Obligations	Implemented	13
477	Finding 2 - Adequate Policies and Procedures for Lease Operations	Partially Implemented	14
478	Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments	Partially Implemented	15
481	Finding 4 - Security and Construction Deposits	Partially Implemented	16
485	Finding 7 - File Retention Practices	Implemented	17
488	Observation 3 - Independent Verification Control of Lease Rent Collection	Partially Implemented	18
505	Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles	Partially Implemented	19
Finance Department			
429	Finding #12: Duplicate P-Card Detection	Implemented	21
504	Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone	Implemented	22
506	Finding 3 - Physical Inventory for City Vehicles	Not Implemented	23
512	Observation 3 - The Increased Contract Capacity of \$250,000 in the Infor System is Not Supported	Closed	25
Information Technology Services Department			
464	Computer Software and Programs Master Inventory Listing	Implemented	27
465	Weak Internal Controls Relating to Software Programs used by Various Departments	Partially Implemented	28
500	Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working	Partially Implemented	29
501	Observation 1 - Outdated PSM 9.3.2 Does Not Reflect Current Computer Environment and Practices	Partially Implemented	31
502	Observation 2 - City Departments Not Reviewing Monthly Cellphone Invoices	Partially Implemented	32
503	Observation 3 - IT Equipment/Service Ordering Spreadsheet Does Not Account for Age of Order Tickets	Partially Implemented	33
507	Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance	Partially Implemented	34
Public Works Department			
510	Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals	Not Implemented	37

Status of Audit Findings as of March 31, 2024

Transportation and Mobility Department			
509	Finding 1 - Inconsistent Task Order Approvals and Supporting Documentation	Partially Implemented	39
511	Observation 2 - Invoice approval automation should be considered, specifically for construction projects	Implemented	40

EXTERNAL AUDITOR'S FINDINGS



Finance Department



Finding 1 - Change Order Approvals, Rio Vista Restoration Project

Issue No: 466

Date of Finding: 11/22/2021

Final Date of Completion 06/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	Ishort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Senior Management Analyst	Finance

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator 3rd Party Auditor

Title: Finding 1 - Change Order Approvals, Rio Vista Restoration Project

Issue / Observation There appears to be inconsistencies regarding the City's interpretation of its procurement policies and procedures as they relate to change orders and task orders.

Recommendation: The City should review its procurement policies and procedures for clarity. The City should provide additional training to relevant personnel regarding change orders and task orders.

Correction Plan: Management Response: Management concurs with the recommendation. The Procurement Code and Manual will be reviewed to provide specificity and consistency with regard to eligible expenditures in task orders and change orders. Additional training will be provided to Procurement staff as well as staff charged with administering contracts in using Departments .

Current Status: The Finance Department/Procurement Services Division and the Public Works Department have created a joint professional development program with the goal of enhancing the procurement and contract management processes. Training dates and course topics are included in the development plan.

Furthermore, the Procurement Manual is being updated to provide specificity and consistency with regard to eligible expenditures in task orders and change orders.

Finding 2 - Continuing Contracts, Rio Vista Restoration Project

Issue No: 467
Date of Finding: 11/22/2021
Final Date of Completion 06/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	lshort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutillier	Senior Management Analyst	Finance

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator 3rd Party Auditor

Title: Finding 2 - Continuing Contracts, Rio Vista Restoration Project

Issue / Observation The City appears to have taken conflicting interpretations regarding the administrative renewals of its continuing contracts and whether the administrative renewal provides for additional funding without City Commission approval.

Recommendation: The City should review its procurement policies and procedures as well as its contracts for clarity regarding administrative contract renewals. The City should provide the relevant personnel with training regarding any changes to its interpretation.

Correction Plan: Management Response: Management concurs with the recommendation. The Procurement Code and Manual will be reviewed to provide specificity and consistency with regard to the dollar value of administrative renewals. Additional training will be provided to Procurement staff as well as staff charged with administering contracts in using Departments. Public Works will coordinate training on proper use of Continuing Contracts with the Procurement division to ensure all Project Management staff understand the related procurement policies.

Current Status: On December 14, 2021, both the Finance Department/Procurement Services Division, in conjunction with the Public Works Department, conducted training entitled "City of Fort Lauderdale Competitive Procurement Requirements for Construction, Professional Services and Project Management" for the procurement staff and project managers regarding competitive bidding requirements for construction and professional services and project management overview. Several topics such as projects, purchase orders, task orders, funding, invoicing, and contracting were discussed. Beginning in January 2022, specificity has been added to Commission Agenda Memos on the value of contract renewals.

Furthermore, the Procurement Manual is being updated to provide specificity and consistency with regard to the dollar value of administrative renewals.

SINGLE AUDIT FINDINGS



City Manager's Office



2022-001 - Reporting - 20.106 Airport Improvements

Issue No: 498
Date of Finding: 07/21/2023
Final Date of Completion 07/31/2024
Responsible Person 1 rjames
Responsible Person 2 charrison
Correction Plan Status: Implemented

Name	Title	Department
Rufus James	Director	City Manager
Carlton Harrison	Assistant Director	City Manager

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: City Manager

Audit Initiator Single Audit

Title: 2022-001 - Reporting - 20.106 Airport Improvements

Issue / Observation The City could not provide documentation that SF-425, Federal Financial Report was completed and submitted annually as required by Compliance Supplement.

The City is required to perform task in noted areas to be in compliance with the grant terms. For this program annual reporting was a compliance requirement, through submission of the SF -425, Federal Financial Report. The Airport was unaware that this compliance requirement was to be fulfilled by them, therefore, the report was not filed deeming them not in compliance.

Recommendation: A review of the grant agreement and terms with the grant manager/project led to ensure that all requirement(s) are understood and to whom is responsible to complete the task.

Correction Plan: The airport submits quarterly reports for FAA AIP projects, however due to an oversight the annual SF-425 form was not completed. The SF-245 form was completed and submitted on June 14, 2023, and a procedure has been drafted to ensure compliance with the reporting requirements in the future. Additionally, the Airports Project Manager position will be moved from the Public Works Department to the Executive Airport Department in fiscal year 2024 which will improve supervision of the grant reporting requirements.

Current Status: Form SF-245, the Federal Financial Report, has been submitted to the FAA and a new procedure has been created to ensure compliance.

Finance Department



Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance

Issue No: 479
Date of Finding: 07/05/2022
Final Date of Completion 07/31/2024

	Name	Title	Department
<u>Responsible Person 1</u>	Linda Short	Director	Finance
<u>Responsible Person 2</u>			

Correction Plan Status: Next Implemented Finding Type: Material Weakness

Milestone Submit copies of the grant agreements with the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA) for review and approval.

Milestone Date of Completion 07/31/2024

Department: Finance

Audit Initiator Single Audit

Title: Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance

Issue / Observation Internal control should be in place to ensure the Schedule of Expenditures of Federal Awards and State Financial Assistance (SEFA) is prepared correctly including identification of the proper Assistance Listing Number (ALN) and inclusion of grant expenditures that should be reported on the SEFA.

The City inappropriately listed a grant under the incorrect ALN. In addition, the City reported grant expenditures on the SEFA that should not have been reported on the SEFA. Finally the City reported expenditures as state financial assistance that should have been reported as Federal financial assistance.

Recommendation:

Correction Plan: The City should implement effective internal controls to ensure the SEFA is prepared in accordance with appropriate standards.

Current Status: Staff preparing the SEFA will submit copies of the grant and approval.

The FY 2022 SEFA had to be revised to include approximately \$16.1 Million for Assistance Listing Number 21.019 for the COVID Relief, American Rescue Program, which was omitted from the original schedule. The City also adjusted the SEFA for approximately \$49,000 from Federal to State for CFSA program 55.004, as it was improperly classified in the original version. The Finance Department is reviewing the current internal controls to ensure that they are properly designed to ensure that the SEFAs are prepared properly. This finding will remain open until the submission of the FY 2023 Annual Comprehensive Financial Report (ACFR), with a result that the finding was cleared.

2022-002 Eligibility - 14.241 HOPWA

Issue No: 499
Date of Finding: 07/21/2023
Final Date of Completion 07/31/2024
Responsible Person 1 Ishort
Responsible Person 2 rwilliams
Correction Plan Status: Implemented

Name	Title	Department
Linda Short	Director	Finance
Rachel Williams	HCD Manager	City Manager

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Single Audit

Title: 2022-002 Eligibility - 14.241 HOPWA

Issue / Observation

The City could not validate the income used in determining eligibility for services of HOPWA funds documented in the Provide Enterprise (PE) System. In addition, income verification support was inconsistent with monthly income amount noted and there was evidence of instances where the monthly support provided was not for a consecutive 3-month period, as required for income verification. Furthermore, self-verification was used to verify income after the COVID-19 restriction was lifted.

The participant's information is initially inputted by the agency (sub-recipient) and submitted to the City for review and approval of funding for housing. For case management, the agency (sub-recipient) input an intake form which includes income, proof of status and identification is reviewed during the annual monitoring process completed by the City. The participant file should include the application information entered and scans of supporting documentation. The PE system does limitations of storage capacity therefore the original hard copies are kept at the agency site and provided upon request.

Recommendation:

To increase the sample population and frequency of testing of the participant case files to ensure that the program guidelines are being met. Increase the frequency of the subrecipient monitoring and perform follow-up of noted monitoring findings within prior to traditional annual monitoring. In addition, to provide continual training to the subrecipients and perform assessment of efficiencies of procedures to determine viability of relationship.

Correction Plan:

The identified this issue also during performance of the subrecipient annual monitoring. A monitoring letter was submitted with the noted findings to the agency of SunServe, with a corrective action plan returned to acknowledge the finding.

The City scheduled a mandatory training on January 12, 2023, which required a minimum of 2 people per agency to attend, and educated on the proper way to perform income verifications and document within the PE system.

Current Status:

The Housing and Community Development Division provided training to subrecipients and has increased subrecipient monitoring. Additionally, HUD conducted monitoring of this grant in August and September 2023 and the City did not receive any findings or concerns related to this program. This finding will remain open pending the results of the next Single Audit (expected to occur by June 2024) as evidence that the issue has been resolved.

CITY AUDITOR'S OFFICE FINDINGS



City Manager's Office



Finding 1 - Documentation for Lease Obligations

Issue No: 476
Date of Finding: 09/06/2022
Final Date of Completion 05/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone Follow up with the City Auditor's Office for Case Closure.

Milestone Date of Completion 05/30/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 1 - Documentation for Lease Obligations

Issue / Observation FXE Management did not provide sufficient documentation to support that certain lease obligations were being met.

FXE Management lacked adequate supporting documentation for the following items:

1. No construction documentation was provided for all applicable lessees relating to,
 - a. Construction progress payments support or pay applications showing the construction start and end dates as related to the leases' construction deadlines and the value of the work completed as related to leases' minimum cost requirements;
 - i. Verification of construction progress was completed by visual inspection, which is also not documented.
 - b. Construction contracts requiring boilerplate provisions per lease;
 - c. Construction bonds; and
 - d. Construction contractors' insurance certificates.
2. Security deposit bond support for one lessee was not provided.
3. Support was not provided for one lease for potential additional rent. Additionally, the quality of the additional rent support another three lessees was insufficient.
 - a. For example, only excel spreadsheets were provided for the additional rent support.
4. Market rate adjustment support, such as appraisals, were not provided for five of the seven (5 of 7) sampled leases.
5. There were missing fuel invoices for three (3) lessees in support of fuel flowage revenue.

Recommendation: The CAO recommends that the City Manager:

- Ensure that FXE management is aware of all lessee obligations, maintains required lease documentation, and implements policies and procedures for monitoring agreement obligations;
- Periodically review the lease documentation maintained by FXE Management to ensure compliance with requirements and proper monitoring.

Correction Plan: FXE will implement improved controls through a new software, ProDIGIQ, to better monitor agreement obligations. Additionally, FXE will review all lease policies and provisions and consult with legal counsel on relevant procedural updates.

Current Status: The Airport has implemented the lease management system and updated the Airport Lease form to require monthly reporting by the prime tenant for capital improvements for improved controls. Procedures have been reviewed and updated; however, additional time is needed to provide the necessary documents and coordinate with the City Auditor's office to close this finding.

Finding 2 - Adequate Policies and Procedures for Lease Operations

Issue No: 477
Date of Finding: 09/06/2022

Final Date of Completion 06/28/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Partially Implemented Finding Type: Finding
 Present draft Airport Leasing Policy to the Aviation Advisory Board

Next Milestone 06/28/2024

Milestone Date of Completion City Manager

Department: Commission Audit

Audit Initiator Finding 2 - Adequate Policies and Procedures for Lease Operations

Title: FXE Management lacked adequate policies and procedures for lease operations.

Issue / Observation Policies and procedures provided by FXE Management were incomplete, newly created or updated after the audit period, and missing basic internal controls.

Additionally, the non-existence of an FXE leasing policy breaches Policy and Standards Manual (PSM) 7.3.1, which required the creation of a such a policy as of late 2017, just prior to the audit period.

Subsequent Event
 Airport policy FXE-008 Accounts Receivable had not been updated and pre-approved by the Director of Finance in regard to transitioning performance of the rent collections process from outside contractor to in-house. This transition began after the audit period, on September 1, 2021, and was significant, impacting approximately \$700,000 receipts per month on approximately 40 leases. This was deemed non-compliance with PSM 9.10.1.
 - Additionally, software was obtained in July 2021 to manage the new cash collections, but as of seven (7) months later (February 2022) the software had not been implemented nor policies updated for the processes or controls.

Recommendation: The CAO recommends that the City Manager:

- Perform an adequate risk assessment to highlight areas of risk and concern with appropriate control design built to govern leases. When possible, software systems should be used with proper security configurations to enhance the controls environment, preferably administered by Information Technology Services (ITS).
- Develop and implement comprehensive policies and procedures for lease operations, flowing from the risk assessment. At a minimum, the policies and procedures should include all items identified through this finding; however, all policies and procedures should be reviewed to determine if there are other policies and procedures that may need to be developed or updated.

Correction Plan: FXE will work with outside counsel and the Finance Department to develop policies and procedures. To initiate the process, FXE will review all lease policies and provisions and consult

Current Status: The lease management system has been implemented. In conjunction with the City Attorney 's Office and outside counsel the Airport Lease Form has been revised . The Airport Leasing Policy has been reviewed by stakeholders and the comment period is now closed. The City Attorney's office is reviewing the policy in preparation for staff to present to the Aviation Advisory Board .

Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments

Issue No: 478
Date of Finding: 09/06/2022

Final Date of Completion 05/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Update Account Receivable procedures

Milestone Date of Completion 05/30/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 3 - Lack of Billing Interest Payments and Penalties for Late Rent Payments

Issue / Observation Interest payments and penalties had not been billed or collected for late rent payments.

The City Auditor's Office (CAO) found that there were approximately 500 late payments that totaled approximately 5,600 late days. The CAO did not observe any interest payments or penalties that were charged for these late days.

Subsequent Event

In a letter to all airport tenants notifying them that the lease rent collection would be collected by FXE Management instead of the outside contractor beginning on September 1, 2021, FXE Management stated there was a 15-day grace period for late payments. This grace period conflicts with the lease provisions.

Recommendation:

- The CAO recommends that the City Manager:
- Revise FXE Policy #008 Accounts Receivable to be consistent with lease provisions;
 - Consider implementing a mandatory e-payment program for any new tenants;
 - Collect owed interest and penalties for late payments or have the City Commission waive the amounts owed; and
 - Notify tenants/lessees that there is no grace period for late payments per the agreements and explain the lease provision.
 - Consider implementing a late payment penalty within the City's airport lease template that is effective at incentivizing timely payment.

Correction Plan:

FXE will evaluate the feasibility implementing an e-payment program. Additionally, FXE will gather details of pending balances of owed interest and penalties and, with the Finance Department, determine appropriate treatment of balances.

Staff will also review implementing late penalties to ensure balances are collected timely .

Current Status:

The Airport Lease Form has been updated to reflect an e-payment option for rent payment. The Sr. Financial Administrator is updating policies to reflect the implementation of the lease management system and INFOR. Updates are expected to be completed within the third quarter of FY 2024.

Finding 4 - Security and Construction Deposits

Issue No: 481
Date of Finding: 09/06/2022
Final Date of Completion 05/30/2024

	Name	Title	Department
<u>Responsible Person 1</u>	rjames Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize financial procedures, submit journal entries updates and upload supporting documentation.

Milestone Date of Completion 05/30/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 4 - Security and Construction Deposits

Issue / Observation In some instances, security and construction deposits had not been collected in accordance with lease requirement.

In general, the CAO found that security deposits and construction deposits that were required for the sampled lessees were collected; however, the CAO noted the following exceptions:

- One of 18 lessees did not pay its security deposit valued at approximately \$125,000.
- Five of six security/construction deposits collected during the audit period were not timely;
 - One of these lessees provided coverage in bond form which omitted the first year, resulting in no coverage for that period.
 - One lessee did not increase its security deposit upon declaring bankruptcy per lease requirement.
 - One lessee did not forfeit its construction deposit of \$36,000 for failure to complete construction by the extended deadline.

Recommendation: The CAO recommends that the City Manager:

- Transfer the forfeited funds from the construction deposit in escrow to a City-owned account;
- Collect the \$125,000 amount due in escrow;
- Design and Implement policies and procedures to include periodic reconciliation of deposits to the lease provisions and the City's escrow account to ensure that lease provisions have been met;
- Review all other leases (that were not sampled for this audit) for security and construction deposits to ensure they were properly collected; and
- Review all security deposits in escrow to ensure that they are correctly in escrow and resolve any discrepancies identified.

Correction Plan: The Fort Lauderdale Executive Airport (FXE) will examine all leases and determine if deposits are recorded appropriately in escrow accounts. FXE will also follow up with tenants where deposits are not recorded as escrow in the City's financial records to determine if the amount was received. Staff will work with the Finance Department to ensure that deposits are recorded appropriately .

Current Status: All leases have been reviewed by the Sr. Financial Administrator. The lease management system has been implemented and the Airport Lease Form has been updated . The Sr. Financial Administrator is updating policies to reflect the implementation of the lease management system and INFOR. Supporting documentation will be uploaded and will coordinate with the City Auditor's Office to close this item.

Finding 7 - File Retention Practices

Issue No: 485
Date of Finding: 09/06/2022
Final Date of Completion 03/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone Coordinate with the City Auditor's Office to close this item.

Milestone Date of Completion 03/31/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 7 - File Retention Practices

Issue / Observation File retention practices should be improved.

FXE Management exhibited delay or difficulty in promptly providing the auditor with requested lease documents, which should be readily available. Additionally, the City Clerk's Office indicated FXE Management had not provided the Clerk with all current airport lease documents that should be centralized in the Laserfiche retention service for all department's significant documents, which has been effective since approximately 2015.

Recommendation: The CAO recommends the City Manager:
 - Retrain FXE personnel on proper records retention practices and requirements; and
 - Develop and implement policies and procedures to adequately maintain files in accordance with records retention requirements and completeness of the lease files.

Correction Plan:

Current Status: Airport staff has been retrained on the City's records retention procedures by the City Clerk's Office. Supporting documents of the training have been uploaded. Airport staff will coordinate with the City Auditor's Office to close this finding.

Observation 3 - Independent Verification Control of Lease Rent Collection

Issue No: 488
Date of Finding: 09/06/2022

Final Date of Completion 05/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	rjames	Rufus James	Director	City Manager
<u>Responsible Person 2</u>	charrison	Carlton Harrison	Assistant Director	City Manager

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Upload supporting documentation on improvements in rent collections.

Milestone Date of Completion 05/30/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Observation 3 - Independent Verification Control of Lease Rent Collection

Issue / Observation Collection of lease rents require an independent verification control.

In general, CAO testing determined that rent was accurately billed and collected during the audit period; however, internal controls need improvement.

During and prior to the audit period, an outside contractor performed the majority of the airport rent collection services. Airport personnel would perform an independent verification of the contractor's performance. The separation of incompatible duties ensured that variations in rent over time, such as additional rental amounts, inflation adjustments, and market rate adjustments, were monitored and billed accurately to lease requirements over the long duration of these leases. This is an important control system because these rent adjustments have a compounding effect over time .

However, the audit could not determine that this control system was operating consistently with the outside contractor, citing the few concerns below.

- Rent accuracy

Recommendation: The CAO recommends that the City Manager designate a financial orientated City department to implement detailed monitoring of airport leases and independent verification of FXE's newly insourced rent adjustment and collection process.

Correction Plan: For the period audited, a City contracted third-party was responsible for rent collection which resulted in deficiencies that ultimately led to lease administration responsibilities returning to FXE . FXE staff will research implementation of controls to validate rent adjustments and collections .

Current Status: A lease management system has been implemented. The Senior Financial Administrator and Financial Administrator will oversee the lease administration activities. Additional time is needed to upload supporting documentation before coordinating with the City Auditor's Office to close this item.

Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles

Issue No: 505

Date of Finding: 09/19/2023

Final Date of Completion 06/30/2024

	Name	Title	Department
<u>Responsible Person 1</u>	gchavarria	Greg Chavarria	City Manager
<u>Responsible Person 2</u>			

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Review PSM 8.1.3 for updates based on this audit finding

Milestone Date of Completion 03/31/2024

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles

Issue / Observation Internal controls pertaining to city take-home vehicles are not complete, cohesive, nor centrally administered.

Recommendation: The CAO recommends that the City Manager revisit city vehicle usage process and work in conjunction with the respective city departments to update, enhance, and possibly centralize the administration of the PSM.

Correction Plan: Management agrees at the time of the start of the CAO audit, the internal controls and policies for the City's take-home vehicles needed updating, and in fact, management had proactively engaged in the process of updating several of the PSM related to the internal controls and policies of the take-home vehicles.

As a result of management's actions/guidance, recommended updates have been prepared and forwarded to the Executive Strategy Team (EST) for further review and processing.

The EST has been instructed to review the proposed changes to the PSMs that will provide clarity and guidance to employees regarding the use of City vehicles. Additionally, a copy of these audit findings (once completed) will also be given to the EST to review in unison along with the other recommendations.

Once the EST reviews the proposed changes, recommendations will be made to Strategic Innovations to accept or further edit the documents, and then re-publish them for general distribution and posting on LauderShare.

Current Status: PSM 8.1.3 Take Home of City Vehicles and PSM 8.1.3 - A1 Take Home Vehicle Evaluation and Certification are currently being revised. The draft is in queue to be signed by the City Manager.

Finance Department



Finding #12: Duplicate P-Card Detection

Issue No: 429
Date of Finding: 03/01/2019
Final Date of Completion 06/30/2024

Responsible Person 1 Igarcia
Responsible Person 2 Ishort

Name	Title	Department
Laura Garcia	Controller	Finance
Linda Short	Director	Finance

Correction Plan Status: Implemented Finding Type: Material Weakness

Next Milestone Work with City Auditor's Office to close out finding.

Milestone Date of Completion 03/31/2024

Department: Finance

Audit Initiator Commission Audit

Title: Finding #12: Duplicate P-Card Detection

Issue / Observation The current internal control system does not prevent or detect duplicate P-card payments of invoices processed by both Accounts Payable and the respective departments .

Cause:

Finance lacked software that would enable and facilitate a control over a high volume of transactions.

Impact:

Material waste could occur as uncorrected duplicate payments of the same transaction.

Recommendation: Finance should enhance internal controls to prevent and detect duplicate payments of P-card invoices.

Correction Plan: With the implementation of the new Enterprise Resource Planning (ERP) system in fiscal year 2023, P-Card charges will be approved by the Department and routed through Accounts Payable (AP) for processing. Part of this process will include uploading the P-card charges directly to the P-card module of the ERP system on a daily basis, which will help identify duplicate invoices.

Current Status: ERP (Infor) go-live occurred on October 3, 2022, and P-card charges are being loaded into the system on a daily basis. Prior to Infor implementation, P-card transaction detail did not transfer to the City's old financial system, FAMIS. For example, if you had two separate p-card charges of \$450 and \$550 hitting the same index code and sub-object, you would only see a \$1,000 total charge in FAMIS. If the \$450 P-card charge was also paid via purchase order (PO), which also would have been processed in a completely different system (BuySpeed), it would be difficult to identify. With Infor, it is the sole system used to process all financial transactions for the City. Since all transactions require a receipt, someone could not attach the same receipt to a P-card transaction and a PO without the department catching the duplicate entry. Furthermore, because there is bifurcation of responsibilities in Infor based on security roles, there are multiple levels of checks. For example, a "Requester" can attach a receipt to a PO in the system, but they cannot close out the PO. That must be done by someone with the "Approver" role, and you cannot have both roles in the system. In conclusion, although it is still a manual process, Infor makes the identification of duplicate payments much easier due to consolidation of systems and the addition of multiple levels of approval. The department has provided training resources on Infor to assist users with acclimating to processes within the system and is working with the City Auditor's Office on closure of the finding.

Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone

Issue No: 504

Date of Finding: 09/19/2023

Final Date of Completion 06/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	lshort	Linda Short	Director	Finance
<u>Responsible Person 2</u>	jpost	Jerome Post	Human Resources Director	Human Resources

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone Work with City Auditor's Office to close out finding.

Milestone Date of Completion 06/30/2024

Department: Finance

Audit Initiator Commission Audit

Title: Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone

Issue / Observation Substantive testing by data analysis of 100% of cell phone allowances and cell phones during the audit period, fiscal years 2020 through 2022, of 1,009 employees that had a cell phone allowance, CAO found 38 (3.8%) exceptions totaling approximately \$19,000 of cell phone allowances being paid to an employee while also having a cell phone.

Recommendation: The CAO recommends that the City Manager have ITS work in conjunction with all departments to perform an analysis to find all continuing cases of overlapping cell phone allowances for prompt cancellation.

Correction Plan: Management concurs with this finding and has taken steps to implement further controls in the process of issuing City Cell Phones Citywide. This is further delineated in Observation 1 response. Additionally, as recommended, ITS and Finance will conduct a comparative analysis of the cell phone stipend roster against the cell phone issued list to identify any current or past offenses .

Current Status: With the go-live of ERP Phase II, the approval and issuance of cell phone allowances has transitioned from the Finance Department to the Human Resources Department. Human Resources is working with the Office of Management and Budget to modify the Mobile Device Allowance Authorization Form, process map, and PSM 9.11.5 Mobile Device Policy to reflect Human Resources involvement in this process.

Finding 3 - Physical Inventory for City Vehicles

Issue No: 506
Date of Finding: 09/19/2023
Final Date of Completion 09/30/2024

Responsible Person 1 Ishort
Responsible Person 2

Name	Title	Department
Linda Short	Director	Finance

Correction Plan Status: Next Not Implemented

Finding Type: Finding

Milestone Create a standardized process/format to effectively demonstrate annual accountability of the City's fleet equipment

Milestone Date of Completion 06/30/2024

Department: Finance

Audit Initiator Commission Audit

Title: Finding 3 - Physical Inventory for City Vehicles

Issue / Observation An independent physical inventory of city vehicles has not been conducted for nearly 10 years (November 2013, Finance - Fixed Assets).

Auditor Note:

An inventory was planned for February 2022, but it was not performed.

- This is not in compliance with State regulations, Florida Administrative Code (FAC), Rule 69I-73.006. FAC and City PSM 9.16.1, which require an annual inventory of assets.

It was also noted that Fleet's inventory file, a spreadsheet, is not properly controlled by password protection.

- In 2021, at an annual cost of \$41,000, Fleet began licensing a vehicle inventory management system, but Fleet was unable to provide the CAO with an inventory report produced by the management system.
- In addition, a full implementation of this system with proper IT general controls would help to ensure inventory records are complete and accurate.

Regarding the physical count aspect of the inventory process, for several years Fleet has implemented a GPS-tracking system within City vehicles, which generally automates an inventory count, but not all vehicles have a device installed, so a physical count is still needed to some extent.

Recommendation: The City Manager should ensure the Finance Director performs the following:

- Fleet and Finance are collaborating annually on a vehicle inventory to ensure assets are safeguarded and financial reporting is complete and accurate, in accordance with PSM's and State regulations,
- Fleet's inventory software is properly controlled and implemented,
- Fixed Assets recordkeeping is implemented in the ERP system.

Correction Plan:

Management agrees with the overall premise and objectives of the CAO findings/recommendations. However, given the advances in technology used by the City's Fleet Management Team, the need for a complete physical vehicle inventory count has been substantially mitigated by Fleet's automated Global Positioning System (GPS) tracking software. When balancing resource availability, cost, previous and ongoing operational reviews, and site visits, against the additional value-added information to be gained from performing a complete physical inventory count of the City's entire fleet, it is not management's opinion that it is in the City's best interest at this time, and therefore, not recommended for vehicles with GPS tracking.

Based on the ongoing continuous operational efforts (site visits etc.) and technology advances (Collective Data), management believes Fleet is effectively performing a continuous/perpetual audit of the City's fleet inventory and will have Finance work with Fleet to codify its efforts into a standardized process/format to effectively demonstrate its annual accountability of the City's fleet equipment. Furthermore, for the non-GPS vehicles, management does feel it is appropriate to develop a more heightened/targeted review of these vehicles.

Current Status:

The Finance Department will collaborate with Fleet Services to conduct a physical inventory audit of the non-GPS vehicles beginning in the Spring of 2024.

Observation 3 - The Increased Contract Capacity of \$250,000 in the Infor System is Not Supported

Issue No: 512

Date of Finding: 02/06/2024

Final Date of Completion 05/08/2024

Responsible Person 1 lshort

Responsible Person 2 fford-powell

Correction Plan Status: Closed

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator Commission Audit

Title: Observation 3 - The Increased Contract Capacity of \$250,000 in the Infor System is Not Supported

Issue / Observation There is no documentation to support an increase of \$250,000 to this contract. Reconciliation of the approved contract capacity totals \$4,600,000.

However, The Infor system shows the contact capacity of \$4,850,000.

Public Works Department (PWD) and Procurement were unable to provide documented approval to increase the contract capacity by \$250,000.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager work with PWD and Transportation and Mobility (TAM) to either reduce the contract capacity by \$250,000 or find the supporting documentation for the increase.

Correction Plan: Out of an abundance of caution the Public Works Department reduced the contract in Infor by \$250,000 on October 12, 2023, making contract value \$4,600,000.

Current Status:

Name	Title	Department
Linda Short	Director	Finance
Felicia Ford-Powell	Program Manager I	Public Works

Finding Type: Observation

Information Technology Services Department



Computer Software and Programs Master Inventory Listing

Issue No: 464
Date of Finding: 10/22/2021
Final Date of Completion 09/30/2024

Responsible Person 1 tmckay
Responsible Person 2 vflorestal

Name	Title	Department
Tamecka McKay	Director	Information Services
Valerie Florestal	Business Operations Manager	Information Services

Correction Plan Status: Implemented Finding Type: Material Weakness

Next Milestone Schedule and update computer Software and Programs Master Inventory Listing

Milestone Date of Completion 09/30/2024

Department: Information Services

Audit Initiator Commission Audit

Title: Computer Software and Programs Master Inventory Listing

Issue / Observation The detailed finding and recommendations have been provided to City Management. Detailed information and status updates will not be provided in this report to protect the security and operation of the City's network. A status update will be provided when the finding has been closed.

Recommendation:

Correction Plan:

Current Status: The list is being maintained on an ongoing basis, but is being adjusted to remove applications that are not supported by IT. As part of the ServiceNow Phase II implementation, IT will be launching the asset management tools to streamline this process which will provide verification dates.

Weak Internal Controls Relating to Software and Programs used by Various Departments

Issue No: 465
Date of Finding: 10/22/2021
Final Date of Completion 05/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Services
<u>Responsible Person 2</u>	vflorestal	Valerie Florestal	Business Operations Manager	Information Services

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone Update policies and procedures

Milestone Date of Completion 05/31/2024

Department: Information Services

Audit Initiator Commission Audit

Title: Weak Internal Controls Relating to Software and Programs used by Various Departments

Issue / Observation The detailed finding and recommendations have been provided to City Management. Detailed information and status updates will not be provided in this report to protect the security and operation of the City's network. A status update will be provided when the finding has been closed .

Recommendation:

Correction Plan:

Current Status: The City's PSM 9.3.2 Purchasing or Leasing Computer Hardware and Software has been updated and submitted for approval.

Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working

Issue No: 500
Date of Finding: 07/05/2023

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Services

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize the Information Technology Service Management (ITSM) system Implementation

Milestone Date of Completion 06/30/2024

Department: Information Services

Audit Initiator Commission Audit

Title: Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working

Issue / Observation IT service and/or equipment delivery confirmation by the requestor is not in place. In some cases, the IT technician notes "completed" or "done" on the TrackIT ticket and the ticket is closed. In other cases, the ticket status is not marked, and/or the date of delivery is not entered.

Currently, there is no requirement that the requestor confirms that the IT service/equipment was delivered and working as intended.

Recommendation: The CAO recommends that the City Manager require that the Director of IT Services implements internal controls to evidence receipt of IT Service/equipment delivery by the requestor.

This evidence could be in the form of an e-mail attached to the ticket or a notation of the date/time and the person's name who confirmed delivery noted under the "Resolution" tab of the ticket. It is expected that a new ITSM tool will be implemented in the near future; the department should explore whether the new software has better tracking capabilities than the current system in place.

Correction Plan: Information Technology Services (ITS) has recently begun a three-year Transformation and Modernization plan with the goal of achieving IT service excellence by focusing on three critical areas, Cybersecurity, Modernization and Workforce.

ITS is currently finalizing the procurement of a new Information Technology Service Management (ITSM) system which will focus on standardizing service and support, operational efficiency as well as IT governance.

The goal of the ITSM project is not only to replace the existing unsupported and end of life program but to formalize, standardize, and modernize IT service management practices in the City. This initiative will include the adoption of the ITIL (Information Technology Infrastructure Library) framework which is an industry standard based on known and proven principles in efficient, effective, and successful IT management. ITSM modernization will also enable process improvement across the IT organization including asset management, change management, portfolio management, knowledge, contract, and vendor management as well as configuration management, all currently lacking in the IT organization today.

Additionally, key IT staff members are scheduled for a 4-day on-site IT Service Management Workshop on July 31, 2023, as part of the IT Transformation and Modernization three-year plan.

Current Status:

ITS has procured the new Information Technology Service Management (ITSM) system tool, known as ServiceNow. It is currently in the implementation stage. Although Phase I is complete, IT is beginning to implement Phase II which will include procurement and will enable more accurate tracking of receipt of inventory, confirmation of equipment installation, and that same is in good working condition.

Observation 1 - Outdated PSM 9.3.2 does not reflect current computer environment and practices

Issue No: 501
Date of Finding: 07/05/2023

Final Date of Completion 05/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Services

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Finalize and publish revisions to PSM 9.3.2

Milestone Date of Completion 05/31/2024

Department: Information Services

Audit Initiator Commission Audit

Title: Observation 1 - Outdated PSM 9.3.2 does not reflect current computer environment and practices

Issue / Observation The City's PSM 9.3.2, dated 07/18/2006, is outdated and it does not reflect current practices.

Auditor Note: PSM 9.3.2 describes purchasing/leasing computer hardware and software by various City departments while IT Services' role is restricted to "attending meetings" when vendors solicit departments with new products and "schedule or contract" for training needs. Moreover, the PSM mentions outdated and non-viable technologies in today's environment, such as "ribbons, diskettes" among others.

Recommendation: The CAM recommends that the City Manager requires the Director of IT Services to work on updating PSM 9.3.2. Additionally, developing internal policies should be considered that are reflective of the computing environment, the roles and processes of the IT Services department, and its internal controls.

Correction Plan: The PSM 9.3.2 has been revised by ITS and reviewed by Structural Innovation and will be presented to the Executive Strategy Team for review by the 4th quarter of 2023.

Additionally, ITS is currently finalizing the procurement of a new Information Technology Service Management (ITSM) system which will focus on standardizing service and support, operational efficiency as well as IT governance.

Key IT staff members are scheduled for a 4-day on-site IT Service Management Workshop on July 31, 2023, as a part of the IT Transformation and Modernization three-year plan.

Current Status: Revisions to PSM 9.3.2 Purchasing or Leasing Computer Hardware and Software have been submitted for approval.

Observation 2 - City departments not reviewing monthly cellphone invoices

Issue No: 502
Date of Finding: 07/05/2023
Final Date of Completion 05/31/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Services

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Updates to PSM 9.3.2 Purchasing or Leasing Computer Hardware and Software and PSM 9.11.5 Mobile Device Policy are underway to reflect the routine review of cellphones issued

Milestone Date of Completion to employees

Department: 05/31/2024

Audit Initiator Information Services

Title: Commission Audit

Issue / Observation Observation 2 - City departments not reviewing monthly cellphone invoices

We found no evidence of a review and approval of a Verizon monthly (October 23, 2022) cell phone invoice, totaling \$12,763.55. Further review revealed that monthly cellphone invoices are not reviewed by departments.

Auditor Note: Currently, IT Services performs a cursory review on reoccurring monthly invoice total balances. If a large deviation is notated as compared to prior monthly invoices, IT Services inquires further, otherwise the invoice is paid.

Recommendation: We also noted a compensating control of an annual review of phones by each department.

Correction Plan: The CAO recommends that the City Manager require the Director of IT Services to take steps to enhance internal controls. Specifically, cellphones assigned to employees are reviewed at least quarterly for accuracy and the review is evidenced by a signature and date. PSM 9.3.2 should reflect these potential updates.

Current Status: ITS will commence with a quarterly review of city departments to review their cellphones issued to employees for accuracy. The review will require a signature and a date.

Workflow changes have been initiated and internal IT procedures have been set forth to send bills on a monthly basis for review and to obtain quarterly approvals.

Observation 3 - IT equipment/service ordering spreadsheet does not account for age of order tickets

Issue No: 503
Date of Finding: 07/05/2023

Final Date of Completion 06/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Services

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Finalize implementation of the Information Technology Service Management (ITSM) system

Milestone Date of Completion 06/30/2024

Department: Information Services

Audit Initiator Commission Audit

Title: Observation 3 - IT equipment/service ordering spreadsheet does not account for age of order tickets

Issue / Observation The current IT equipment and service ordering spreadsheet, exported from the TrackIT system, does not account for tracking the length of time outstanding for order tickets. Moreover, while dates of orders placed, and their priorities are listed, there are no standards established of how quickly a high, medium, or low priority ticket should be completed.

Recommendation: The CAO recommends that the City Manager require the Director of IT Services to either expand PSM 9.3.2 or develop a new policy that includes, but is not limited to, establishing completion standards based on ticket priority. In addition, ticket completion should not be tracked against these standards to ensure equipment and services are delivered, installed, and working within the established operating goals.

Correction Plan: ITS is currently finalizing the procurement of a new ITSM tool which will enable our teams to manage the end-to-end delivery of IT services to customers. This tool will leverage the Information Technology Infrastructure Library (ITIL) standards including Service Levels Agreements. The ITIL framework will allow the organization to establish a baseline from which it can plan, implement, and measure incident response and service requests. Several ITS employees have begun receiving their ITIL certification as part of the IT transformation and modernization three-year plan.

Current Status: ITS is no longer using TrackIT and have migrated to the new ITSM tool, ServiceNow. The Department is now tracking the length of time of outstanding order tickets.

Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance

Issue No: 507
Date of Finding: 09/19/2023

Final Date of Completion 06/28/2024

		Name	Title	Department
<u>Responsible Person 1</u>	tmckay	Tamecka McKay	Director	Information Services
<u>Responsible Person 2</u>	jpost	Jerome Post	Human Resources Director	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Update policies and procedures

Milestone Date of Completion 03/31/2024

Department: Information Services

Audit Initiator Commission Audit

Title: Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance

Issue / Observation ITS control process' for issuing city cell phones and an employee having a cell phone allowance removed needs to be enhanced.

- There were 18 phones issued in 2022, and 15 employees did not have a cell phone allowance and three employees did have a cell phone allowance. Two employees who had a cell phone allowance did not have the cell phone allowance canceled upon receiving their city cell phone.
- The new ITS control process, implemented in 2022 and aimed at preventing overlapping cell phone allowance payments and issuance of city cell phones, was not formalized in a written policy and procedure document,
- The flowchart for the controls were found to be missing key control components ,
- The process, after the cell phone request is verified with Payroll as to existing cell phone allowance, involves a service ticket assignment between ITS employees that does not require documentation and notification of any changes of cell phone end-user,
- Physical control over cell phones was found to need enhancement:
 - ITS acknowledged it has no asset management policy:
 - Once a mobile device is issued to a department, there is no expectation the phone will be returned to ITS when the original user is done with it,
 - It was acceptable practice for ITS personnel to deliver a newly issued phone to the desk of an employee with no evidence of direct delivery to/receipt by the employee being required.

Recommendation: The CAO recommends that the City Manager instruct the Finance and ITS director to enhance its cell phone pre-verification process within a written policy to include, but not limited to:

- Coordination with the respective departments requesting the cell phone and payroll,
- Periodic inventory and/or enhanced physical controls over the asset,
- Enhanced documentation of delivery and receipt of the cell phone
- Independent review of cell phone end-user, allowances, and inventory by department

Correction Plan:

Management agrees the controls around overlapping of cell phone allowances and provided cell phones/mobile devices should be codified in the City's policies and procedure and will update the appropriate policies to ensure clear and concise directions for all staff members .

A greater onus will be placed on the requesting department's Supervisor/Director to ensure before signing and approving they verify there is no duplication of either the stipend / issued City cell phone. ITS and Finance amended the Mobile Device Allowance form to add ITS signature confirming the employee does not possess a City issued cell phone prior to the stipend being processed in the employees' paycheck. ITS already has this control in place when issuing a city cell phone to ensure no stipend exists. This additional step will close the existing loophole.

To enhance and control the mobile devices' physical assets, moving forward ITS will obtain a signature receipt from all staff members issued a mobile device. Also, on the back end, ITS will work with Human Resources (HR) to add ITS to its Employee Separation Checklist to ensure ITS has an opportunity to collect any issued mobile devices prior to any departing staff member's last day of work.

Current Status:

The City's PSM 9.3.2 has been updated and submitted for approval.

Public Works Department



Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals

Issue No: 510

Date of Finding: 02/06/2024

Final Date of Completion 05/08/2024

Responsible Person 1 fford-powell

Responsible Person 2 Brogers

Name	Title	Department
Felicia Ford-Powell	Program Manager I	Public Works
Ben Rogers	Director	Transportation & Mobility

Correction Plan Status: Not Implemented

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Public Works

Audit Initiator Commission Audit

Title: Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals

Issue / Observation The Task Order Approvals & Routing policy by PWD requires that five people approve each Task Order within the department. However, there are no specifics on what each individual approves.

Moreover, the Task Order Approvals and Routing policy does not list all current approvers as required by the Routing Form. The current Project Manager and Program Manager are not listed.

Recommendation: The CAO recommends that the City Manager directs PWD and TAM to enhance the Approval and Routing Policy to reflect the current approvers and their individual responsibilities. Project resource monitoring, budget availability, technical specifications, and time considerations should be assessed by the individual approvers as part of their specific roles. Moreover, the number of approvers could be reduced, and the process could be streamlined thus providing a timelier approval, if duplicative reviews are identified. In addition, an automated approval process should be considered.

Correction Plan: Management concurs with this observation. As recommended in the audit report, Public Works will collaborate with Transportation and Mobility in the development of these formalized documents.

Current Status: The Public Works Department has initiated an update of the Task Order Policy along with a corresponding procedure to ensure consistency and provide guidance in Task Order routing. The Department will continue collaborating with internal and external stakeholders to further strengthen, streamline, and expedite the Task Order routing and approval process. Additionally, the Public Works Department has engaged both the IT and Finance departments to gather feedback on the possibility of developing a specialized module in INFOR, but this seems unlikely at the time.

Transportation & Mobility Department



Finding 1 - Inconsistent Task Order Approvals and Supporting Documentation

Issue No: 509
Date of Finding: 02/06/2024
Final Date of Completion 05/08/2024

		Name	Title	Department
<u>Responsible Person 1</u>	Brogers	Ben Rogers	Director	Transportation & Mobility
<u>Responsible Person 2</u>	fford-powell	Felicia Ford-Powell	Program Manager I	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Finding 1 - Inconsistent Task Order Approvals and Supporting Documentation

Issue / Observation Task Order approvals and supporting documentation are inconsistent by Transportation and Mobility (TAM) Department. While the Task Orders are related to the Annual Asphalt Mill and Resurfacing contract managed by the Public Works Department (PWD), TAM is not following PWD's approval and documentation requirements.

PWD Route Form requires approvals from the Project Manager, Senior Project Manager, Chief Engineer, Assistant Director, Assistant Procurement Manager, and Procurement/Finance. Supporting documentation requires: 1) The Task Order total is tracked against the Contract Award total, 2) contract price estimates are included and approved with relevant contract prices, and 3) the location/specifics of the work are detailed or a map is attached.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager directs PWD and TAM to develop a formalized approval process to ensure that the contracting department reviews and approves all Task Orders. In addition, contract capacity, budget availability, and scope of work should be required as supporting documentation for all Task Orders.

Correction Plan: Management concurs with this finding. To resolve the issue of task orders not following the proper approval channels, Public Works will establish a standardized and comprehensive policy and process for task orders. These documents will address task orders originating within the Department as well as those originating outside the Department and will clearly define reviewer responsibilities, ensure compliance with essential requirements, including contract capacity, budget availability, and detailed scope of work, and will implement measures to ensure that all task orders undergo the requisite approvals as per established procedures.

Current Status: Transportation and Mobility (TAM) staff reviewed and updated existing policy/procedures regarding Task Orders.

TAM staff will review and confirm the appropriate internal routing process to obtain signatures to confirm the accuracy and approval of Task Orders.

Observation 2 - Invoice approval automation should be considered, specifically for construction projects

Issue No: 511

Date of Finding: 02/06/2024

Final Date of Completion 05/08/2024

Responsible Person 1

Brogers

Name	Title	Department
Ben Rogers	Director	Transportation & Mobility
Felicia Ford-Powell	Program Manager I	Public Works

Responsible Person 2

fford-powell

Correction Plan Status: Implemented

Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Observation 2 - Invoice approval automation should be considered for construction projects

Issue / Observation The invoice approval process for Public Works Department (PWD) and Transportation and Mobility (TAM) construction projects appear to be lengthy and cumbersome. No automated workflow established for invoice approvals.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager directs Information Technology Services (ITS), PWD, and TAM to evaluate implementing enhancements to the approval process, for example, more automation, which may expedite approvals for the vendor payment process.

Correction Plan: Management has reviewed this observation and while the current process is lengthy and cumbersome, we believe that it provides a high level of control over the review and approval of construction pay applications. The Public Works Department manually reviews all construction pay applications to ensure quantities match with approved construction plans, inspector reports, and other contract requirements, as well as any retainage required. The system of checks and balances incorporated in the current process ensures accuracy of payments being made, prior to submittal to the Finance Department for processing. Staff has reviewed its current procedure and believes it is sufficient to meet the City's needs to comply with applicable policies and laws.

Current Status: The City has implemented a new enterprise financial system (Infor/ERP) that includes a routing process for invoice approvals and other procurement services.