

APPROVED

**AUDIT ADVISORY BOARD MEETING
CITY OF FORT LAUDERDALE
101 N.E. 3rd Avenue, Fort Lauderdale FL 33301
11th Floor Commission Conference Room
Thursday, January 30th, 2025, 5:00 PM**

<u>Board Member</u>	<u>Attendance</u>	<u>Cumulative Attendance</u>	
		<u>Present</u>	<u>Absent</u>
Joey Epstein	P**	2	0
Eric Soh	P	2	0
Stephen Emery	P	2	0
Linroy Duffus*	P	1	0
Bill Livek*	A	0	1

*partial term started

**video conference

Staff Present

Linda Short, Director, Finance
Aaron Kendrick, Deputy Director, Finance
Alicia Sheffield, Acting Controller, Finance
Patrick Reilly, City Auditor
Richard Morris, Senior Management Analyst, OMB
Debra Conyers, Board Liaison

Other Attendees

Brett Friedman, RSM US, LLP
Sierra Blackwell, RSM US, LLP
Ashli McIntyre, RSM US, LLP
Anthony Brunson, ABPA

Call to Order

Vice Chair Eric Soh acknowledged that Chairman Epstein was participating via video conference and requested that Chairman Epstein conduct the meeting. Stephen Emery motioned and Linroy Duffus seconded. The request was approved by three present board members in a voice vote.

Chairman Joey Epstein called the meeting to order at 5:09 PM.

Roll Call

At the time of roll call, there were four appointed members to the Board three members were present and one member was joined via video conference, allowing for a quorum.

Floor Open for Public Input

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

Quarterly Audit Compliance Report- December 2024

Mr. Morris stated that currently there were 27 open audit findings and 9 of which were closed.

Mr. Reilly briefly explained the Quarterly Audit Compliance report for new board member Mr. Duffus. The City Auditor's office conducts audits and then they meet with management. Mr. Reilly stated they come up with the findings and recommendations, and meet with the respective departments, who in return provide management responses. It is then taken over by the City Manager to follow up with all their departments to make sure that each audit finding is cleared.

Chairman Epstein requested a motion to accept the Quarterly Audit Compliance Report. Stephen Emery motioned, and Eric Soh seconded. The Quarterly Audit Compliance Report was approved by three present board members in a voice vote.

Further discussion ensued between Board Members and City Staff (see attached handout).

Annual Audit Work Plan Update

Mr. Friedman reiterated what was discussed at last meeting where he laid out a detailed timeline. He stated the first key thing is that the Finance department has been working on doing the closeout, some initial prep, and initial trial balance. Mr. Friedman explained how Finance would spend February getting the ACFR together and ready, followed by detailed audit field work. In addition, a draft ACFR is scheduled for March into April, followed with a wrap period targeted between the months of April and May. His team should be ready with a presentation no later than May 22nd, 2025.

Further discussion ensued between Board Members and City Staff.

CRA Audit Work Plan Update

Mr. Brunson stated that his office received some of the documents in connection with the CRA. He added that he was scheduled to begin the field work mid next week Wednesday or Thursday. Mr. Brunson said he would have a delivery date pursuant to the schedule by month's end on February 27th, and that he didn't anticipate any problems satisfying the

deadline. He confirmed that everything would be completed and presented to the audit committee by the specified date.

Further discussion ensued between Board Members and City Staff.

Action to Appoint a Representative to the Revenue Estimating Conference

Chairman Epstein asked who in the group had not been involved with the Revenue Estimating and Budget process. The process was explained to Audit Board members. Eric Soh nominated Stephen Emery to represent the Audit Advisory Board at the conference, Linroy Duffus seconded the motion. The action to appoint a representative was approved by three present board members in a voice vote.

Other Business

Chairman Epstein confirmed that February 27th, 2025, was a good date for CRA special meeting.

Communication to the City Commission

N/A

Adjournment

The next regularly scheduled Audit Advisory Board meeting will be April 30th, 2025, at 5:00 PM.

The meeting adjourned at 5:42 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 December 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 27 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.

Following the completion of the Fiscal Year 2023 Single Audit three findings were identified, while the following findings were cleared:

- 2022-001 - Reporting - 20.106 Airport Improvements
- Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance
- 2022-002 Eligibility - 14.241 HOPWA

An external audit identified five new findings, while the following findings were cleared:

- Finding 1 - Change Order Approvals, Rio Vista Restoration Project
- Finding 2 - Continuing Contracts, Rio Vista Restoration Project

The City Auditor’s Office identified four new findings, while the following findings were cleared:

- Observation 2 - Invoice approval automation should be considered for construction projects
- Finding 1 - Insurance coverage is inconsistent with the requirements of the contract
- Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required
- Finding 3 - Invoicing was inconsistent with the requirements of the contract

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

Number of Open Audit Findings

DEPARTMENT	December 2020	December 2021	December 2022	December 2023	March 2024	June 2024	September 2024	December 2024
City Manager’s Office	0	2	10	8	8	8	5	4
Development Services	1	1	0	0	0	0	0	0
Finance	4	3	5	7	7	8	7	10*
Fire-Rescue	0	0	0	0	0	0	0	1
Human Resources	3	3	0	0	0	1	1	1
Information Technology Services	1	2	2	7	7	6	5	6
Parks and Recreation	1	0	0	0	0	0	0	0
Public Works	0	3	3	0	1	1	1	5
Transportation and Mobility	0	0	0	0	2	4	4	0
TOTAL	10	14	20	22	25	28	23	27

*Includes Issue #549, an external audit finding previously identified but not reported in ACTS

Status of Audit Findings as of December 31, 2024

Issue No	External Auditor's Findings	Status	Page
Finance Department			
466	Finding 1 - Change Order Approvals, Rio Vista Restoration Project	Closed	3
467	Finding 2 - Continuing Contracts, Rio Vista Restoration Project	Closed	4
541	2023-001-Material Weakness, Financial Reporting	Implemented	5
542	2023-002 - Material Weakness, Internal Controls Over Change of Vendor Payment Information	Implemented	6
543	2023-003- Significant Deficiency, Financial Reporting Submission	Implemented	8
544	CF 2023-004 - Compliance, Financial Reporting Submission	Implemented	10
549	IC-2022-001 - Financial Reporting	Implemented	12
Information Technology Services Department			
545	ML 2023-001 - User Access Review	Not Implemented	15
Single Audit Findings			
City Manager's Office			
498	2022-001 - Reporting - 20.106 Airport Improvements	Closed	18
Finance Department			
479	Finding 2021-001 - Schedule of Expenditures of Federal Awards and State Financial Assistance	Closed	20
499	2022-002 Eligibility - 14.241 HOPWA	Closed	21
546	2023-001 - Reporting - 21.027 - Coronavirus State and Local Fiscal Recovery Fund	Implemented	22
548	2023-003 - Schedule of Expenditures of Federal Awards and State Financial Assistance - Reporting	Implemented	23
Fire Rescue Department			
547	2023-002 - Reporting - 97.067 - Homeland Security	Implemented	25
City Auditor's Office Findings			
City Manager's Office			
476	Finding 1 - Documentation for Lease Obligations	Implemented	28
477	Finding 2 - Adequate Policies and Procedures for Lease Operations	Partially Implemented	29
485	Finding 7 - File Retention Practices	Implemented	30
505	Finding 2 - Internal Control Process and PSM for City Take-Home Vehicles	Implemented	31
Finance Department			
506	Finding 3 - Physical Inventory for City Vehicles	Partially Implemented	33
516	Finding 4 - Inconsistent application of internal controls over purchasing, delivery and payment	Partially Implemented	35
518	Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner	Partially Implemented	37
Human Resources Department			
504	Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone	Partially Implemented	39

Information Technology Services Department			
464	Computer Software and Programs Master Inventory Listing	Partially Implemented	41
465	Weak Internal Controls Relating to Software Programs used by Various Departments	Implemented	42
500	Finding 1 - Lack of confirmation that ordered IT service/equipment had been received/working	Partially Implemented	43
501	Observation 1 - Outdated PSM 9.3.2 Does Not Reflect Current Computer Environment and Practices	Implemented	44
507	Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance	Implemented	45
Public Works Department			
510	Observation 1 - Task Order Approval and Routing Policy lacks detail on the scope of approvals	Partially Implemented	48
532	Finding 1 - Absence of Standard Operating Procedures (SOPs) for Fuel Operations	Partially Implemented	49
533	Finding 2 - Insufficient Controls over Fueling Access Management	Partially Implemented	50
535	Finding 3 - Inconsistent Tracking of Fuel Consumption	Partially Implemented	51
536	Finding 4 - Lack of Formal Agreement for Fuel Consumption and Billing with the Housing Authority	Partially Implemented	52
Transportation and Mobility Department			
511	Observation 2 - Invoice approval automation should be considered for construction projects	Closed	54
513	Finding 1 - Insurance coverage is inconsistent with the requirements of the contract	Closed	55
514	Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required	Closed	57
515	Finding 3 - Invoicing was inconsistent with the requirements of the contract	Closed	58

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 09/30/2024

		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: Closed 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 attached development plan. Furthermore, the Procurement Manual has been 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 09/30/2024

		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: Closed 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 has been updated to provide specificity and consistency with regard to the dollar value of administrative renewals.

2023-001-Material Weakness, Financial Reporting

Issue No: 541
Date of Finding: 10/16/2024
Final Date of Completion 06/30/2025
Responsible Person 1 Alsheffield
Responsible Person 2 jboutilier
Correction Plan Status: Implemented

Name	Title	Department
Alicia Sheffield	Controller	Finance
Jason Boutilier	Senior Management Analyst	Finance

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator 3rd Party Auditor

Title: 2023-001-Material Weakness, Financial Reporting

Issue / Observation

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and disclosure of accounting transactions.

Condition: Material accounting adjustments in the amount of \$3,559,662 were made to the accounts payable balances for the Stormwater Fund to comply with generally accepted accounting principles. Additionally, there were minor adjustments in the amount of \$1,177,496 to the Post-Retirement Pay Steps (PPS) Pension Plan to properly reflect deferred outflows as of year-end. Finally, there were errors identified which resulted in immaterial uncorrected misstatements for accrued liabilities for amounts due at year-end that were not recorded.

Context: Systemic in nature.

Cause: The City underwent the implementation of new accounting software and as a result certain errors were not detected through the normal control processes including controls requiring the reconciliation and review of account balances. This resulted in a failure to detect the errors noted.

Effect: The trial balances presented to the auditors contained a material misstatement for the Stormwater Fund (major fund), which was corrected by the City. There was a misstatement in the PPS Pension Plan that was less than material and corrected by the City. There were also uncorrected misstatements related to accounts payable.

Recommendation:

It is recommended that management review the design of established controls and implement the changes necessary to allow for the accurate recording of accounting transactions on an ongoing basis.

Correction Plan:

Beginning with the first check run of the new fiscal year, and continuing throughout the audit period, the City will generate a detailed report of disbursements on a weekly basis. The weekly payment report will be reviewed by the Chief Accountant and/or the Controller. This review process will ensure that any payments meeting the criteria for accrual are properly identified and recorded in the correct fiscal period.

Current Status:

The Chief Accountant runs the payment disbursement report weekly and reviews payments to ensure the proper fiscal year is recorded.

This finding will remain open until it is cleared in the FY 2024 external audit.

2023-002 - Material Weakness, Internal Controls Over Change of Vendor Payment Information

Issue No: 542

Date of Finding: 10/16/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Alsheffield	Alicia Sheffield	Controller	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	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: 2023-002 - Material Weakness, Internal Controls Over Change of Vendor Payment Information

Issue / Observation Criteria: The City's management is responsible for maintaining effective internal controls over changes to vendor payment information. Procedures should be in place to ensure that any vendor changes are properly authenticated with the vendor and that the changes are independently reviewed and approved. In addition, where possible there should be segregation of duties to ensure the same individual cannot change payment information and process the payments in the accounts payable system.

Condition: The City experienced a phishing incident where an individual impersonating a vendor's Accounts Receivable Specialist requested a change in payment information via email. This led to approximately \$1,162,965 in payments being misdirected through submission of a falsified ACH payment form.

Context: An unauthorized third party contacted the City and successfully altered a vendor's payment details.

Effect: Payments were made to an unauthorized party, but through the assistance of law enforcement the City managed to recover the full amount.

Cause: The incident occurred due to insufficient internal controls over changes to vendor payment information.

Recommendation: It is recommended the City of Fort Lauderdale implement recommendations provided by the City Auditor's Office to establish proper segregation of duties and various confirmation procedures involving contacting a vendor to confirm any payment information changes are accurate before proceeding. They should also use all other available security measures provided by their banking partner and continue to enhance their internal cybersecurity and phishing training for all of their employees.

Correction Plan:

The Finance Department has implemented additional internal controls over its accounts payable function and put more safeguards in place to mitigate the risk of vendor payment fraud.

On September 26, 2023, the Finance Director provided instructions to the Accounting and Treasury teams on how to handle future requests for wire transfers or ACH. The City stopped taking new requests for ACH, until the ACH Form was updated.

On October 11, 2024, Finance rolled out the updated Vendor ACH Direct Deposit Authorization form (ACH Form) which includes multiple review processes and approvals, prior to personnel entering the data in the system. Additionally, the ACH Form must be mailed or delivered via hard copy; no emails or faxes are accepted. The updated ACH Form includes best practices and recommendations from the Government Finance Officers Association (GFOA) Advisories on Electronic Vendor Fraud.

Furthermore, Finance, working with the Information Technology Services (ITS) Department, made modifications to the permissions in the system to remove access to Vendor Maintenance from employees that have a role in processing vendor payments. All changes to the vendor file will be a request from an employee and go through an approval process, prior to finalization. Changes to the banking information will only be available to the following roles: Director of Finance, Deputy Director of Finance, Treasurer, Controller, and Assistant Controllers.

Current Status:

The Finance Department has implemented additional internal controls over its accounts payable function and put more safeguards in place to mitigate the risk of vendor payment fraud.

This finding will remain open until it is cleared in the FY 2024 Single Audit.

2023-003- Significant Deficiency, Financial Reporting Submission

Issue No: 543

Date of Finding: 10/16/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Alsheffield	Alicia Sheffield	Controller	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: 2023-003- Significant Deficiency, Financial Reporting Submission

Issue / Observation Criteria: In order for financial statements to be relevant and useful, the audited financial statements should be issued timely. In addition, Florida Statute 218.32 Annual Financial Reports; local government entities, 1 (d) states: Each local government entity that is required to provide for an audit under section Florida Statute 218.39(1) must submit a copy of the audit report and annual financial report to the department within 45 days after the completion of the audit report but no later than 9 months after the end of the fiscal year.

Condition: The City's financial statements for the fiscal year ended September 30, 2023, were not issued until 13 months after the fiscal year-end, indicating significant issues in the year-end closing process and failure to meet the requirements of Florida Statutes to submit no later than 9 months after year-end.

Context: Systemic in nature.

Cause: The root cause of the delays was the change from FAMIS to the INFOR accounting system, implementation issues were identified after adoption of the new system that affected the processing of transactions and use of clearing accounts, leading to inefficiencies and delays in the year-end close process and preparation of financial statements.

Effect: The late issuance of financial statements may have several consequences, including non-compliance with regulatory requirements, delays in decision-making by stakeholders such as debtors and granters who rely on timely financial information, and an inefficient use of resources due to extended audit and reporting timelines, ultimately hindering the organization's ability to operate effectively and make informed decisions.

Recommendation: The City should establish and implement a comprehensive closing process, encompassing the development and documentation of detailed closing procedures, clear role assignments and responsibilities for accounting staff, controls for accuracy and completeness of financial data, realistic timelines and milestones, and training for accounting staff on the new process to ensure a smooth and efficient financial close.

Correction Plan:

The City has comprehensive closing procedures in place. The challenges associated with the timeliness of the preparation of the financial statements were directly related to the implementation of the new Enterprise Resource Planning (ERP) system. During the current close-out process, the Finance Department discovered that some of the modules of the ERP were not properly configured. The Finance team spent additional time researching and correcting the deficiencies in the system. Improvements to the ERP system have been made and the Finance team has a better understanding of how to conduct the year-end closing process in the new system. Moving forward, the Finance team is confident that these improvements will enable a timelier and more efficient financial close. The Finance Department will continue to monitor the situation to ensure ongoing compliance with reporting timelines.

Finance is on schedule to close the books and issue the FY 2024 Single Audit on time.

Current Status:

Finance is on track to finalize the books and release the FY 2024 Single Audit as scheduled. This finding will remain open until it is cleared in the FY 2024 Single Audit.

CF 2023-004 - Compliance, Financial Reporting Submission

Issue No: 544

Date of Finding: 10/16/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Alsheffield	Alicia Sheffield	Controller	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: CF 2023-004 - Compliance, Financial Reporting Submission

Issue / Observation Criteria: Florida Statute 218.32 Annual Financial Reports; local government entities, 1 (d) states: Each local government entity that is required to provide for an audit under section Florida Statute 218.39(1) must submit a copy of the audit report and annual financial report to the department within 45 days after the completion of the audit report but no later than 9 months after the end of the fiscal year.

Condition: The City's financial statements for the fiscal year ended September 30, 2023, were not issued until 13 months after the fiscal year-end. As such the City is not in compliance with 218.39(1) and 218.32(1)(a) Florida Statutes which required submission no later than 9 months after the end of the year.

Context: Systemic in nature.

Cause: The root cause of the delays was the change from FAMIS to the INFOR accounting system, leading to inefficiencies and delays in the year-end close process and preparation of financial statements.

Effect: The late issuance of financial statements may have several consequences, including non-compliance with regulatory requirements, delays in decision-making by stakeholders such as debtors and grantors who rely on timely financial information, and an inefficient use of resources due to extended audit and reporting timelines, ultimately hindering the organization's ability to operate effectively and make informed decisions. In addition, the City is not in compliance with compliance with 218.39(1) and 218.32(1)(a) Florida Statutes regarding timely submission.

Recommendation: The City should establish and implement a comprehensive closing process, encompassing the development and documentation of detailed closing procedures, clear role assignments and responsibilities for accounting staff, controls for accuracy and completeness of financial data, realistic timelines and milestones, and training for accounting staff on the new process to ensure a smooth and efficient financial close.

Correction Plan:

The City has comprehensive closing procedures in place. The challenges associated with the timeliness of the preparation of the financial statements were directly related to the implementation of the new Enterprise Resource Planning (ERP) system. During the current close-out process, the Finance Department discovered that some of the modules of the ERP were not properly configured. The Finance team spent additional time researching and correcting the deficiencies in the system. Improvements to the ERP system have been made and the Finance team has a better understanding of how to conduct the year-end closing process in the new system. Going forward, the Finance team is confident that these improvements will facilitate timely and accurate financial reporting, ensuring compliance with Florida Statutes 218.39(1) and 218.32(1)(a). Management remains committed to continuously monitoring and refining the process to avoid future delays

Finance is on schedule to close the books and issue the FY 2024 Single Audit on time.

Current Status:

This finding will remain open until it is cleared in the FY 2024 external audit.

IC 2022-001-Financial Reporting

Issue No: 549
Date of Finding: 08/22/2023
Final Date of Completion 06/30/2024
Responsible Person 1 Alsheffield
Responsible Person 2 jboutilier
Correction Plan Status: Implemented

Name	Title	Department
Alicia Sheffield	Controller	Finance
Jason Boutilier	Senior Management Analyst	Finance

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Finance

Audit Initiator 3rd Party Auditor

Title: IC 2022-001-Financial Reporting

Issue / Observation

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the financial reporting process, including the accurate recording and disclosure of accounting transactions.

Condition: Material accounting adjustments were made to the financial statements for the Post-Retirement Pay Steps Pension Plan to comply with generally accepted accounting principles. This included adjustments to the financial statements and related footnote disclosures, as follows:

- Restatement of the beginning balance of the net pension liability for the Post-Retirement Pay Steps Pension Plan due to use of the wrong discount rate

Additionally, there were minor adjustments made to the other post-employment benefits (OPEB) liability.

Finally, there were misstatements identified which resulted in passed adjustments for the year ended, as follows:

- To accrue liabilities for amounts due at year-end that were not recorded
- Adjust accounts receivable balances for payments received prior to year-end and not applied as of year-end
- Record unavailable revenues for an accounts receivable transaction that was not collected within the period of availability

Context: Systemic in nature.

Cause: A depletion analysis was not performed by the City's actuary on the Post-Retirement Pay Steps Pension Plan. When the analysis was performed it was determined that a crossover interest rate should have been applied which caused a decrease in the applied discount rate and increase in the liability amount. In addition, the City was undergoing the implementation of a new enterprise resource planning system and had vacancies in the finance department which placed constraints on resources and as a result some items were not detected through the normal control processes that were in place. As part of this, established controls requiring the reconciliation and review of account balances combined with the lack of the depletion analysis resulted in a failure to detect the errors noted.

Effect: The October 1, 2021 net position balance of the governmental activities opinion unit was restated to properly report the net pension liability balance for the Post-Retirement Pay Steps Pension Plan.

Additionally, there were passed adjustments related to accounts payable, accounts receivable and revenues balances as of year-end.

Recommendation:

It is recommended that management review the design of established controls and implement the changes necessary to allow for the accurate recording and disclosure of accounting transactions on an ongoing basis.

Correction Plan:

The Post-Retirement Pay Steps Plan (PPS) is an OPEB plan that was established in FY2019. Since there was a cash payment due to the beneficiaries of the plan, it was determined that the appropriate accounting standard to follow was pension standard GASB 67/68. Based on an analysis of the PPS plan establishment documents by the City's actuarial consultant, the recommendation/advice given to the City's Finance Leadership was that a depletion analysis was not required for the PPS plan. The City decided to use the then prevailing discount rate, however after further discussion it was determined that a crossover rate should be applied.

Given the complexities and constraints the City is facing implementing its new ERP, the City's unaccrued liabilities and unrecognize receivables were not the result of unidentified transactions, but rather conscious decision made based on materiality and operational feasibility. Moving forward the City does not anticipate these issues reoccurring once the new ERP system is completely implemented.

The City recorded unavailable revenue that it deemed material, even though it was outside of the availability period because the current availability period (60 days) is overly restrictive. To rectify this issue the City will modify its availability period to greater than 60 days (but no longer than a year) to ensure grant reimbursements and other similar revenues are appropriately captured.

Current Status:

The Chief Accountant runs the payment disbursement report weekly and reviews payments to ensure the proper fiscal year is recorded.

This finding will remain open until it is cleared in the FY 2024 Single Audit.

Information Technology Services Department



ML 2023-001 - User Access Review

Issue No: 545
Date of Finding: 10/16/2024
Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	Senior Management Analyst	Finance

Correction Plan Status: Not Implemented Finding Type: Observation

Next Milestone Create a plan for a user access review

Milestone Date of Completion 03/31/2025

Department: Information Technology Services

Audit Initiator 3rd Party Auditor

Title: ML 2023-001 - User Access Review

Issue / Observation Criteria: Network and Infor user access should be reviewed periodically in accordance with the information security policy.

Condition: The network and Infor (City's ERP system) access review were not performed during the FY 2023 audit period.

Cause: Management does not have an established process to periodically evaluate users with access to the network and Infor.

Effect: The absence of a formal user access review process increases the likelihood of unauthorized users or users having excessive application or network access, which may result in inappropriate transactions or fraudulent activities going unnoticed.

Recommendation: Management should conduct periodic reviews (at least annually) of users with access to Infor and the network to ensure that user access levels are appropriate based on job responsibilities. These reviews should be formally documented and conducted by an individual independent of the administrative functions on the application. If this is not feasible, management should have two individuals conduct the review.

Documentation of the review should include the following information:

- Full list of all user accounts, including administrators
- Date when the user access report was generated
- Approval of the reviewer(s) and date when the review was performed
- Whether any inappropriate access was determined and the steps taken for resolution

Correction Plan: Management will plan to perform a user access review for the systems deemed critical and financially relevant.

Current Status: The Information Technology Services (ITS) Department is reviewing the finding and will collaborate with the Finance and Human Resources Departments to implement corrective actions.

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 11/07/2024

Responsible Person 1 rjames
Responsible Person 2 charrison

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

Correction Plan Status: Closed

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, Federal Financial Report, has been submitted to the FAA, the Airport Engineer position has been moved to the Airport Organization Chart effective 10-1-2023, 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 11/07/2024

Responsible Person 1

Ishort

Name	Title	Department
Linda Short	Director	Finance
Jason Boutilier	Senior Management Analyst	Finance

Responsible Person 2

jboutilier

Correction Plan Status: Closed

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

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:

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

Correction Plan:

Staff preparing the SEFA will submit copies of the grant agreements along with the SEFA for review and approval.

Current Status:

Per the FY 2023 Single Audit, this finding has been cleared.

2022-002 Eligibility - 14.241 HOPWA

Issue No: 499
Date of Finding: 07/21/2023
Final Date of Completion 11/07/2024

Responsible Person 1 Ishort

Responsible Person 2 jboutilier

Name	Title	Department
Linda Short	Director	Finance
Jason Boutilier	Senior Management Analyst	Finance

Correction Plan Status: Closed

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 has limited 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 City 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:

Per the FY 2023 Single Audit, this finding has been cleared.

2023-001 - Reporting - 21.027 - Coronavirus State and Local Fiscal Recovery Fund

Issue No: 546

Date of Finding: 10/18/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Acting Treasurer	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 Single Audit

Title: 2023-001 - Reporting - 21.027 - Coronavirus State and Local Fiscal Recovery Fund

Issue / Observation Condition: The City could not provide evidence of timely reporting of the required quarterly progress reports.

Context: The City is required to submit quarterly project and expenditure reports by the end of the month after the quarter's end. Per testing the second quarters' reports were submitted after this deadline by approximately 1 month; therefore, they are deemed not in compliance.

Effect: The City is not in compliance with the grant terms.

Cause: Staff responsible for completing the reporting was no longer with the organization and due to displacement from the natural disaster timely reporting was impacted.

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 provide guidance on reporting requirements and resources.

Correction Plan: On April 12, 2023, the City of Fort Lauderdale suffered a major natural disaster due to a once in a thousand-year weather event resulting in major flooding and related damage. Because of the storm, the City's primary operating facility (City Hall) suffered catastrophic damage and was rendered inhabitable. At the time that the report was due, City employees were still displaced by the severe weather event. The employee in charge of submitting the quarterly reports is no longer with the City and there is no documentation in the files to determine if a waiver was granted. The City has been current on all subsequent reporting requirements and does not foresee this being an issue moving forward.

Current Status: This finding will remain open until it is cleared in the FY 2024 Single Audit.

2023-003 - Schedule of Expenditures of Federal Awards and State Financial Assistance - Reporting

Issue No: 548

Date of Finding: 10/18/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Acting Treasurer	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 Single Audit

Title: 2023-003 - Schedule of Expenditures of Federal Awards and State Financial Assistance - Reporting

Issue / Observation Condition: The City of Fort Lauderdale could not provide a Schedule of Expenditures of Federal Awards (SEFA) and State Financial Assistance until June 2024 for the period ending September 30, 2023.

Context: The City is required to submit an audit of the SEFA, according to requirement 2 CFR 200.512(1) stating that single audits are due to the Federal Audit Clearinghouse 30 days after receipt of the auditor's report(s) or within nine months after their fiscal period end date.

Effect: The City is not in compliance with the audit reporting requirements.

Cause: Staff responsible for preparation of the SEFA

Recommendation: The City should implement effective internal control procedures to ensure that the SEFA is prepared in accordance with appropriate standards so that the audit can be performed in a timely manner.

Correction Plan: The challenges associated with the timeliness of the preparation of the SEFA were directly related to the implementation of the new Enterprise Resource Planning (ERP) system, which went live on October 1, 2022. The Finance Department discovered that some of the modules of the ERP were not properly configured. As a result, additional time and resources were required to identify and resolve these issues, which contributed to the delay. Improvements to the ERP system have been made and the Finance team has a better understanding of system functionalities. Going forward, the Finance team is confident that the improvements will facilitate timely and accurate financial reporting, ensuring compliance with requirement 2 CFR 200.512(1). Management remains committed to continuously monitoring and refining the process to avoid future delays.

Current Status: This finding will remain open until it is cleared in the FY 2024 Single Audit.

Fire Rescue Department



2023-002 - Reporting - 97.067 - Homeland Security

Issue No: 547
Date of Finding: 10/18/2024
Final Date of Completion 06/30/2025

Responsible Person 1

JFrazier

Name
Chief Jermaine Frazier

Title
Assistant Fire Rescue Chief

Department
Fire-Rescue

Responsible Person 2

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Fire Rescue

Audit Initiator Single Audit

Title: 2023-002 - Reporting - 97.067 - Homeland Security

Issue / Observation

Condition: The City could not provide evidence of timely reporting of the required quarterly progress reports.

Context: The City is required to submit quarterly progress reports by the end of the month after the quarter's end. Per testing the third and fourth quarters' reports were submitted after this deadline by 8 months and 4 months respectively, therefore, they are deemed not in compliance.

Effect: The City is not in compliance with the grant terms and therefore funding may be jeopardized.

Cause: Staff responsible for completing the reporting was new to this process and was not aware of the requirement deadline.

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 provide guidance on reporting requirements and resources.

Correction Plan:

The grant quarterly reporting was late due largely in part to a change in personnel. The new coordinator had to be brought up to speed on the reporting requirements and how to obtain the information. Fire-Rescue staff members responsible for quarterly reporting have been trained on the City's processes and management does not foresee this being an issue moving forward.

Current Status:

This finding will be cleared upon the submission and approval of the FY 2024 Single Audit.

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
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 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 for 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.

The CAO recommends that the City Manager:

Recommendation:

- 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.

Finding 2 - Adequate Policies and Procedures for Lease Operations

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

Final Date of Completion 03/31/2025

		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 Present Draft Airport Leasing Policy to the Aviation Advisory Board

Milestone Date of Completion 03/31/2025

Department: City Manager

Audit Initiator Commission Audit

Title: Finding 2 - Adequate Policies and Procedures for Lease Operations

Issue / Observation FXE Management lacked adequate policies and procedures for lease operations.

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 with legal counsel on relevant procedural updates within 120 days. Additionally, FXE purchased a lease management software to support the monitoring of lease agreement obligations.

Current Status: The lease management system has been implemented. In collaboration with the City Attorney's Office and external counsel, the Airport Lease Form has been updated. Stakeholders have reviewed the Airport Leasing Policy, and the comment period has concluded. The City Attorney's Office is now reviewing the policy in preparation for staff to present it to the Aviation Advisory Board .

Finding 7 - File Retention Practices

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

Responsible Person 1 rjames
Responsible Person 2 charrison

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

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

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: The Division, within the next sixty days, will schedule records retention training with the City Clerk's Office and will continue to coordinate with the City Clerk's Office on file retention efforts and best practices. Additionally, Airport staff will work with the Clerk's staff to develop policies for staff to follow and meet compliance.

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 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 03/31/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works
<u>Responsible Person 2</u>	adodd	Alan Dodd	Director of Public Works	Public Works

Correction Plan Status: Implemented

Finding Type: Finding

Next Milestone

Milestone Date of Completion

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.

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 Strategy and Innovation 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 were approved by the City Manager effective April 5, 2024. Fleet Services is reviewing the implementation of the policy prior to requesting closure.

Finance Department



Finding 3 - Physical Inventory for City Vehicles

Issue No: 506
Date of Finding: 09/19/2023

Final Date of Completion 03/31/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Alsheffield	Alicia Sheffield	Controller	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	Senior Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Conduct an audit of the City's non-GPS tracked fleet equipment.

Milestone Date of Completion 03/31/2025

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 GPS tracked fleet inventory. For the non-GPS vehicles, management does feel it is appropriate to develop a more heightened/targeted review of these vehicles. Finance is currently awaiting a list of non-GPS tracked vehicles and corresponding maintenance logs from Fleet so that an audit can be conducted.

Current Status:

The Finance Department is collaborating with Fleet Services to inventory a list of non-GPS tracked vehicles and review corresponding maintenance logs.

Finding 4 - Inconsistent application of internal controls over purchasing, delivery and payment

Issue No: 516

Date of Finding: 07/02/2024

Final Date of Completion 03/31/2025

		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: Partially Implemented Finding Type: Finding

Next Milestone Update the procurement manual to provide further guidance on inverted Purchase Orders (POs).

Milestone Date of Completion 03/31/2025

Department: Finance

Audit Initiator Commission Audit

Title: Finding 4 - Inconsistent application of internal controls over purchasing, delivery and payment

Issue / Observation Since the inception of the relationship between the City and the IPS Group in January 2021, there have been fourteen (14) shipments of meters and/or spare parts delivered to the City. The City Auditor's Office (CAO) examined the source documents related to these shipments, including the master purchase order, quotes, requisitions, purchase orders (POs), electronic receipts (in the absence of original receiving documents), and invoices, noting the following:

- Incomplete requisitions/POs/receipts – two (2) requisitions and the corresponding POs and receipts did not include parts with \$0 unit cost that were quoted and shipped to the City.
- Incorrect requisitions/POs/receipts – six (6) requisitions and the corresponding POs and receipts included parts that were set up with the incorrect quantity and unit cost. Details on the corresponding invoices did not match, yet, they were approved for payment by Transportation and Mobility (TAM) staff and processed by the Accounts Payable Division (Accounts Payable).

Furthermore, the CAO noted that the quotes and the invoices were inconsistent – some were itemized, and others were not. Finally, the CAO also noted that one invoice included incorrect information, yet it was approved for payment by TAM staff and processed by Accounts Payable.

Master Blanket Purchase Order # PP210817 was created on January 5, 2021, and includes descriptions of the equipment and services, along with the negotiated costs. It serves as the basis for requisitions and POs. According to the BSO User Manual, p. 42 (Exhibit 4), once an order is received, administrative staff needs to coordinate with field staff, either via paper or e-mail, to obtain information about what was received, and create an electronic receipt, which signals to the Accounts Payable Division that it may pay the vendor. Before a payment is made, the quantity, unit price, and extended price on the PO, receipt, and invoice should equal.

Recommendation: The CAO recommends that the City Manager instruct the Director of Finance to provide a Citywide training on what controls are and why they are important in the day-to-day operations of the City, and to direct her staff to perform the 3-way match. Also, the CAO recommends that the City Manager instruct the Director of TAM to require his staff to be more diligent in the exercise of their assigned duties.

Correction Plan: Management concurs with this finding. Transportation and Mobility staff utilized the inverted purchase method for the commodity by entering a single line item with a total cost rather than a line-item breakdown including quantities. Management agrees that the 3-way match process, which is an automatic process that is imbedded in the Infor ERP for payments on purchase orders, would have been more efficient if the purchase order was line-item based. Management will provide citywide training on when to use the inverted purchase methodology.

Current Status:

The Finance Department conducted a Procurement Town Hall on May 29, 2024. This training covered how to properly process requisition utilizing all purchasing methods. Additionally, the philosophy on inverted Purchase Orders (POs) has recently changed, and Finance will be updating the Procurement Manual to provide further guidance.

Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner

Issue No: 518
Date of Finding: 07/02/2024

Final Date of Completion 03/31/2025

		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: Partially Implemented Finding Type: Finding

Next Milestone Develop uniform guidance for contract administration.

Milestone Date of Completion 03/31/2025

Department: Finance

Audit Initiator Commission Audit

Title: Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner

Issue / Observation Since the inception of the relationship between the City and the IPS Group in January 2021, forty-four (44) invoices were submitted for payment. The City Auditor's Office (CAO) noted that thirty-eight (38) of the forty-four (44) invoices, or eighty-six percent (86%), were originally submitted only to Transportation and Mobility (TAM). No evidence was provided to show that, upon receipt, TAM staff forwarded these invoices to Accounts Payable. Instead, they uploaded them into BSO or INFOR when creating electronic receipts, some of which were completed over thirty (30) days after the delivery of goods or services, with one completed sixty-eight (68) days after. After the approval of these electronic receipts, which on a few occasions extended the process even further, AP was notified that they could proceed. The date of approval became the official date on which invoices were received by the City, essentially extending the 45 days provided by law.

Additionally, CAO noted that three (3) of the forty-four (44) invoices, or seven percent (7%), were paid after the 45 days provided by State law.

According to the contract, the City must pay the Contractor within forty-five (45) days of receipt of the Contractor's proper invoice, as provided by § 218.74, Fla. Stat. (2012) (Exhibit 5), also known as the Local Government Prompt Payment Act.

To be deemed proper, all invoices must comply with requirements set forth in the contract and must be submitted on the form and pursuant to instructions prescribed by the City's Contract Administrator. These can be found on the face of POs, specifically the requirement to submit invoices to the Accounts Payable Division.

Recommendation: The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish uniform guidance for administering contracts. Staff should not only understand the terms of their own contracts and how to administer them, but also the effect their actions or inactions have on the work of other departments and the City as a whole.

Correction Plan: Management concurs with this finding. The Finance Department's Procurement Division will develop uniform guidance for contract administration.

Current Status: The Finance Department held a Procurement Town Hall to cover best practices for efficient management of contracts. Additional guidance is being developed and is expected to be released by March 2025.

Human Resources Department



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 03/31/2025

		Name	Title	Department
<u>Responsible Person 1</u>	jpost	Jerome Post	Director	Human Resources
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Request City Manager approval of a revised Policy and Standards Manual (PSM) 9.11.5 - Mobile Device Policy

Milestone Date of Completion 03/31/2025

Department: Human Resources

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: The revised mobile device allowance authorization form has been implemented and is now in use. Policy Standards Manual (PSM) 9.11.5 Mobile Device Policy is currently being updated and will be reviewed by the Executive Strategy Team (EST) before being signed by the City Manager.

Information Technology Services Department



Computer Software and Programs Master Inventory Listing

Issue No: 464
Date of Finding: 10/22/2021
Final Date of Completion 06/30/2026

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

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

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

Milestone Date of Completion 06/30/2026

Department: Information Technology 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 Information Technology Services (ITS) Department is in Phase II of ServiceNow implementation. While the process remains incomplete, IT ensures the inventory listing is run at least annually.

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 12/31/2024

Responsible Person 1

tmckay

Name
Tamecka McKay

Title
Director

Department
Information Technology Services

Responsible Person 2

ccaprio

Cathy Caprio

Sr. Administrative Assistant

Information Technology Services

Correction Plan Status: Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion

Department: Information Technology 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 has been updated and approved by Acting City Manager.

In January 2025, the department submitted a request to the City Auditor's Office to review the finding for closure.

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 Technology Services
<u>Responsible Person 2</u>	ccaprio	Cathy Caprio	Sr. Administrative Assistant	Information Technology Services

Correction Plan Status: Partially Implemented Finding Type: Finding

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

Milestone Date of Completion 06/30/2026

Department: Information Technology 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: The Information Technology Services (ITS) Department is in Phase II of ServiceNow implementation which includes a process to confirm completion of work requested through the ServiceNow ticketing module.

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 12/31/2024

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

Correction Plan Status: Implemented Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Information Technology 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 have been completed and approved by Acting City Manager. In January 2025, the department submitted a request to the City Auditor's Office to review the finding for closure.

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 12/31/2024

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

Correction Plan Status: Implemented Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Information Technology 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 PSM 9.3.2 has been approved by the Acting City Manager. In January 2025, the department submitted a request to the City Auditor's Office to review the finding for closure.

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 03/31/2025

		Name	Title	Department
<u>Responsible Person 1</u>	fford-powell	Felicia Ford-Powell	Program Manager I	Public Works
<u>Responsible Person 2</u>	MMajstorovic	Milos Majstorovic	Acting Director	Transportation & Mobility

Correction Plan Status: Partially Implemented Finding Type: Observation

Next Milestone Finalize the Task Order and Change Order policies and updates to the Task Order Checklist.

Milestone Date of Completion 03/31/2025

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 Public Works Department (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 City Auditor's Office (CAO) recommends that the City Manager directs PWD and Transportation and Mobility (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 Director has reviewed the final drafts of the Task Order and Change Order policies and requested minor updates. These revisions are currently underway.

Finding 1 - Absence of Standard Operating Procedures (SOPs) for Fuel Operations

Issue No: 532
Date of Finding: 10/03/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works
<u>Responsible Person 2</u>	adodd	Alan Dodd	Director of Public Works	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize Standard Operating Procedures (SOPs) for fuel operations.

Milestone Date of Completion 03/31/2025

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 1 - Absence of Standard Operating Procedures (SOPs) for Fuel Operations

Issue / Observation There are no Standard Operating Procedures (SOPs) for fuel operations. Examples include, but are not limited to, access granting and termination, assigning and revoking fobs and fuel cards, and recording data in a structured manner into the E.J. Ward system.

Recommendation: The CAO recommends that the City Manager work with the Director of Public Works to establish and implement SOPs for fuel operations. These SOPs should detail clear and structured processes for daily activities related to fuel management. They should also ensure uniformity in data recording (for instance, consistent naming conventions and usage of data fields) and aim to improve the quality and utility of reports for users.

Correction Plan: Fleet Services will draft a Standard Operating Procedures (SOPs) for accessing City fuel infrastructure to include requirements for granting and termination of access assigning and revoking fobs and fuel cards, associated forms for approval, and internal audit procedures. (Timeline: 4 months)
 Fleet Services will immediately establish a standard convention for entering data into the E.J. Ward system and begin to follow that convention no later than November 1, 2024.
 Fleet Service will standardize the existing recorded data in E.J. Ward, where possible, according to the new convention. (Timeline: 8 months)
 Fleet Services will incorporate the new SOP for accessing fuel and the EJ Ward data entry standards into the Fleet Services Policy and Procedures Manual (Timeline: 6 months)

Current Status: Standard Operating Procedures (SOP) for daily tasks and access criteria have been drafted and are being reviewed by department management. Staff is currently reviewing drafts of the access approval form template.

Finding 2 - Insufficient Controls over Fueling Access Management

Issue No: 533
Date of Finding: 10/03/2024

Final Date of Completion 06/30/2025

		Name	Title	Department
<u>Responsible Person 1</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works
<u>Responsible Person 2</u>	adodd	Alan Dodd	Director of Public Works	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize Standard Operating Procedures (SOPs) for fuel operations.

Milestone Date of Completion 03/31/2025

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 2 - Insufficient Controls over Fueling Access Management

Issue / Observation There is no formal process for granting, modifying, and terminating access for fueling. Access is typically granted based on verbal requests. Fueling access rights for employees who have been transferred, terminated, or suspended remain unchanged and are not rescinded.

Recommendation: The CAO recommends that the City Manager work with the Public Works Director to establish internal controls over granting, modifying, and terminating access to fueling. Requests for fuel access should be formally written and submitted by a supervisor who is at least one level above the employee needing access. Additionally, Fleet Services staff should keep a record of all these requests, along with the corresponding approval documents and a photocopy of the employee's City ID. Moreover, an additional enhancement to control fuel access and usage would be the utilization of cameras at all fuel dispensing locations. Furthermore, it is imperative to reestablish the communication protocol with the Human Resources department regarding employee transfers and terminations to ensure timely updates to permissions for fuel access.

Correction Plan: Fleet Services will draft a Standard Operating Procedures (SOPs) for accessing City fuel infrastructure to include requirements for granting and termination of access assigning and revoking fobs and fuel cards, associated forms for approval, and internal audit procedures. (Timeline: 4 months)

Current Status: Fleet Services has established and implemented an internal procedure for managing access and removal. Each month, Human Resources provides a list of individuals who are no longer with the City or have transferred to another department, ensuring their access is updated or revoked accordingly. Access request forms are currently in draft status, and the department is temporarily relying on supervisor emails as written authorization.

Finding 3 - Inconsistent Tracking of Fuel Consumption

Issue No: 535
Date of Finding: 10/03/2024

Final Date of Completion 06/30/2025

	Name	Title	Department
<u>Responsible Person 1</u>	Drew Newstrom	Program Manager	Public Works
<u>Responsible Person 2</u>	Alan Dodd	Director of Public Works	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize Standard Operating Procedures (SOPs) for fuel operations.

Milestone Date of Completion 03/31/2025

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 3 - Inconsistent Tracking of Fuel Consumption

Issue / Observation Data inconsistencies within the E.J. Ward system prevent accurate fuel consumption tracking. Fleet Services is currently developing stronger internal controls, such as limiting fob usage and regulating the amount and frequency of refueling.

Recommendation: The CAO recommends that the City Manager work with the Public Works Director to refine the fuel consumption monitoring framework within the E.J. Ward system. It is essential to clearly define and consistently record details regarding fobs, master fobs, CANceivers, and fuel cards, adhering to standardized naming conventions and specific field usage. Establishing and adhering to acceptable odometer readings, fuel transaction limits, and visit frequencies will support operational requirements and enhance fuel management. If the established criteria are not met, exceptions reports and/or alerts should be generated to notify Fleet Services management.

Correction Plan: Fleet Services will finalize development of stronger internal controls, related to quantity of fuel dispensed and frequency of refueling. These restrictions will be applied to the existing fobs. (Timeline: 4 months)
 Fleet Services will incorporate these controls into the Fleet Services Policy and Procedures Manual (Timeline: 6 months)
 Fleet Services will draft a Standard Operating Procedures (SOPs) for accessing City fuel infrastructure to include requirements for granting and termination of access assigning and revoking fobs and fuel cards, associated forms for approval, and internal audit procedures. (Timeline: 4 months)
 Fleet Services will develop a handout to describe the restricted use of fobs and distribute it to all current fob holders and to all new fob holders (Timeline: 6 months)
 In March of each calendar year, Fleet Services will conduct an annual audit of 5% of its fuel access instruments (~100 accounts) based on an established methodology to look for irregularities in fuel access.

Current Status: Fleet Services has introduced an informal system to enhance fuel management. All fuel fobs have been updated with quantity caps where feasible, and both fobs and units now have transaction limits. Maximum fuel quantity caps are applied to all active units, with new units receiving these caps upon activation. A fuel fob review project initiated in November 2024 was completed in January 2025. Unreported fobs were deactivated, and any reactivation requests now require supervisory review by Fleet Services. New fuel fobs are issued only upon receipt of an emailed request from a division supervisor until the Fuel Access request form is finalized, which will also mandate supervisor approval.

Finding 4 - Lack of Formal Agreement for Fuel Consumption and Billing with the Housing Authority

Issue No: 536

Date of Finding: 10/03/2024

Final Date of Completion 04/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works
<u>Responsible Person 2</u>	adodd	Alan Dodd	Director of Public Works	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Draft an interlocal agreement with the Housing Authority addressing the guidelines for fuel consumption, the corresponding billing procedures and rates, and the management of active user profiles.

Milestone Date of Completion 04/30/2026

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 4 - Lack of Formal Agreement for Fuel Consumption and Billing with the Housing Authority

Issue / Observation The Housing Authority of the City of Fort Lauderdale, a related but separate organization, has 58 active user profiles with fuel card access in the E.J. Ward system, including six generic, non-specific profiles (such as Section 8, Poinciana Poinciana, etc.).

Recommendation: The CAO recommends that the City Manager work with the Public Works Director to establish a formalized agreement with the Housing Authority addressing the guidelines for fuel consumption, the corresponding billing procedures and rates, and the management of active user profiles.

Correction Plan: Fleet Services will work with the City Attorney to draft an interlocal agreement with the Housing Authority addressing the guidelines for fuel consumption, the corresponding billing procedures and rates, and the management of active user profiles. Once an agreement has been drafted it will be brought to the City Commission for consideration on approving the item. (Timeline: 18 months).

Current Status: Fleet Services Divison is working with the Housing Authority to go through all of their vehicles, fobs, and users. The review identified 32 personnel with fuel access that could be removed.

The Public Works Administrative Assistant coordinates weekly meetings with a Housing Authority representative to discuss any updates or changes.

Transportation & Mobility Department



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

Issue No: 511

Date of Finding: 02/06/2024

Final Date of Completion 05/08/2024

Responsible Person 1 MMajstorovic

Responsible Person 2 fford-powell

Correction Plan Status: Closed

Name	Title	Department
Milos Majstorovic	Acting Director	Transportation & Mobility
Felicia Ford-Powell	Program Manager I	Public Works

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: Transportation and Mobility staff have reviewed its current procedure and believe it is sufficient to meet the City's needs to comply with applicable policies and laws . The City has implemented a new enterprise financial system, INFOR, that includes a routing process for invoice approvals and other procurement services.

Finding 1 - Insurance coverage is inconsistent with the requirements of the contract

Issue No: 513
Date of Finding: 07/02/2024

Final Date of Completion 09/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	MMajstorovic	Milos Majstorovic	Acting Director	Transportation & Mobility
<u>Responsible Person 2</u>	Ishort	Linda Short	Director	Finance

Correction Plan Status: Closed Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Finding 1 - Insurance coverage is inconsistent with the requirements of the contract

Issue / Observation Upon examination of IPS' 2023-2024 insurance certificates, the CAO identified the following discrepancies:

- Commercial General Liability – the policy must include coverage for Contractual Liability and Independent Contractors; however, there is no mention of these on the face of the certificate.
- Business Automobile Liability – the City should be named as Additional Insured , but it is not.
- Cyber Liability – the coverage does not meet the contract terms, and the City is not named as Additional Insured.
- Fidelity/Dishonesty and/or Commercial Crime – the City is not named as Additional Insured .
- Professional Liability and/or Errors and Omissions – no coverage.
- Umbrella/Excess – the City is not named as Additional Insured .

The contract specifies the types and minimum levels of insurance coverage that the IPS Group is obligated to maintain throughout the contract:

- Commercial General Liability:
 - o \$10,000,000 for each occurrence and \$10,000,000 aggregate for Bodily Injury, Property Damage, and Personal and Advertising Injury, and
 - o \$10,000,000 each occurrence and \$10,000,000 aggregate for Products and Completed Operations.

Additionally, the policy must include coverage for Contractual Liability and Independent Contractors and the City, its officers, employees, and volunteers as additional insured.

- Business Automobile Liability:
 - o \$1,000,000 combined single limit, each accident, for Bodily Injury and Property Damage for all Owned, Hired, Scheduled, and Non-Owned vehicles.
- Cyber Liability:
 - o \$10,000,000 per loss for negligent retention of data as well as notification and related costs for actual or alleged data breaches.
- Fidelity/Dishonesty and/or Commercial Crime
 - o \$3,000,000 per loss for dishonest acts of IPS employees, including, but not limited to, theft of money, personal property, vehicles, materials, supplies, equipment, tools, etc.

- Professional Liability and/or Errors and Omissions:
 - o \$10,000,000 each claim and \$10,000,000 aggregate for Wrongful Acts.

- Workers' Compensation and Employer's Liability:
 - o Coverage must be afforded under Chapter 440, Florida Statutes.
- The City shall be named additional insured on all liability policies except Workers' Compensation .

Recommendation:

The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish such uniform guidance to minimize risks, improve efficiency, maintain compliance, and foster good relationships. This guidance should be provided to departments upon signing a contract. It should standardize practices and outline expectations, reducing the risk of errors and oversight.

Furthermore, the CAO recommends that the City Manager work with the respective departments to train staff on how to proactively monitor their respective contracts .

Finally, the CAO recommends that the City Manager instruct the Director of TAM to require IPS to provide updated certificates of insurance and to work with the Director of Human Resources, specifically the Risk Management Division to ensure that these certificates meet the contract requirements.

Correction Plan:

Management concurs with this finding. The Transportation & Mobility Department had initial insurance documents but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current proof of insurance documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Current Status:

The Transportation & Mobility Department (TAM) has obtained current proof of insurance, which has been shared with the City's Risk Manager, and has created a checklist to mitigate future occurrences.

Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required

Issue No: 514

Date of Finding: 07/02/2024

Final Date of Completion 09/30/2024

		Name	Title	Department
<u>Responsible Person 1</u>	MMajstorovic	Milos Majstorovic	Acting Director	Transportation & Mobility
<u>Responsible Person 2</u>	mdunn	Morgan Dunn	Program Manager I	Transportation & Mobility

Correction Plan Status: Closed

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Finding 2 - Current SSAE 18, SOC 2, Type II report was not provided as required

Issue / Observation The SSAE 18, SOC 2, Type II reports covering the period from January 2021 to September 2021 and from October 2022 to present were not provided. IPS provided only one report covering the period October 1, 2021 to September 30, 2022.

Section 2.44 of the Solicitation asked the contractors to give an SSAE 18, SOC 2, Type I report with their proposals, and for the successful candidate, to provide an SSAE 18, SOC 2, Type II report annually during the contract term.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager instruct the Director of Transportation and Mobility (TAM) to obtain a current SOC 2, Type II report from IPS, and stress the importance of abiding by the contract terms. In addition, uniform guidance for managing contracts and related training will help alleviate such issues.

Correction Plan: Management concurs with this finding. The Transportation & Mobility Department had initial SSAE 18, SOC 3, Type II reports but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current and missing documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Current Status: The Transportation & Mobility Department (TAM) has obtained current and missing documents, which have been shared with the City's Risk Manager. The department also created a checklist to mitigate future occurrences.

Finding 3 - Invoicing was inconsistent with the requirements of the contract

Issue No: 515

Date of Finding: 07/02/2024

Final Date of Completion 12/31/2024

Responsible Person 1 MMajstorovic

Responsible Person 2 lshort

Name	Title	Department
Milos Majstorovic	Acting Director	Transportation & Mobility
Linda Short	Director	Finance

Correction Plan Status: Closed

Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department: Transportation & Mobility

Audit Initiator Commission Audit

Title: Finding 3 - Invoicing was inconsistent with the requirements of the contract

Issue / Observation The City Auditor's Office (CAO) examined all invoices submitted to the City for payment and noted that in four (4) instances IPS invoiced the City and those invoices were paid in full before service was completed.

- In one of the four instances, the City paid \$1,340 in September 2022 for the installation of sixty-seven (67) single-space meters, of which nineteen (19) were still in storage in October 2023.
- In another, the City paid \$20,800 in August 2022 for the installation of one hundred and four (104) multi-space meters, of which one (1) is still in storage in October 2023.

According to Section V of the Contract, p. 2 (Exhibit 2), IPS may submit invoices for compensation only after the services for which the invoices are presented have been completed.

Recommendation: The CAO recommends that the City Manager instruct the Director of TAM to provide training to staff to scrutinize invoices more closely and pay only for services already provided to the City .

Correction Plan: Management concurs with this finding. The findings identified a unique situation in which the goods were received but services (installation) couldn't occur due to conflicting site needs, resulting in an immaterial cost impact to the contract. Management will provide additional training.

Current Status: The Transportation & Mobility Department (TAM) has coordinated staff training to provide guidance on methods of comprehensively reviewing invoices.