

**APPROVED**

**AUDIT ADVISORY BOARD MEETING  
CITY OF FORT LAUDERDALE**

**101 N.E. 3<sup>rd</sup> Avenue, Fort Lauderdale FL 33301  
11<sup>th</sup> Floor Commission Conference Room  
Thursday, January 29<sup>th</sup> 2026, 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	A	1	1
Linroy Duffus	P	2	0
Bill Livek	P	1	1

**Staff Present**

Linda Short, Director, Finance  
Aaron Kendrick, Deputy Director, Finance  
Laura Garcia, Treasurer  
Alicia Sheffield, Acting Controller  
Yvette Matthews, Assistant City Manager  
Patrick Reilly, City Auditor  
Jason Dengel, Assistant City Auditor II  
Richard Morris, Senior Management Analyst  
Debra Conyers, Board Liaison

**Other Attendees**

Brett Friedman, RSM US, LLP  
Jean Borno, ABPA

**Call to Order**

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

**Roll Call**

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

### **Review of Meeting Minutes for Approval**

Chairman Epstein directed the review of the previous meeting minutes.

Bill Livek motioned to approve the October 30, 2025, meeting minutes. Linroy Duffus seconded. The meeting minutes were approved in a voice vote.

### **Floor Open for Public Input**

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

### **Quarterly Audit Compliance Report- December 2025**

Mr. Morris kept his update brief unless there were any questions. He reported that two audit findings concerning cell phone and allowance issuance were closed during the past quarter, with 26 findings currently remaining open. Mr. Morris noted that many of the findings identified in previous years have now been implemented. He further stated that 53 percent of current findings are associated with the Fleet Services division; an audit work plan has been developed, and many of these findings are expected to be closed by June. Mr. Morris offered to provide additional details or address any inquiries as needed. No further questions were raised.

### **Annual Audit Work Plan Update**

Ms. Short provided an update on the current work plan. She reported that the CRA audit has been completed in accordance with the established schedule and has been submitted to the external auditors. The Finance team is currently ahead of schedule with respect to Police and Fire, and GERS; overall, all areas remain on track. Ms. Short added the external auditors and their consultants remain committed to meeting all established timelines, at this time, no delays are anticipated. The City's Finance team is also operating under a strict timeline and remains on schedule to meet key deadlines.

### **Draft CRA Audit Report**

Mr. Jean Borno stated his team is currently in the process of completing the audit. He explained that there were some initial delays related to the trial balance, which caused a slight setback; however, they are now approximately 50 percent complete with testing. Regarding the overall timeline, he anticipates being able to complete the remaining work by mid-February. His office may require approximately one additional week after mid-February to finalize all procedures and complete wrap-up activities. Ms. Short added that this schedule will still allow the City to meet the deadline for presenting the report to the Commission in mid-March.

Bill Livek motioned to approve the Draft CRA Audit Report. Linroy Duffus seconded. Approved in a voice vote.

### **Other Business**

Update on the October 30, 2025 Communication to the Commission - Ms. Short informed the Board that RSM is no longer seeking to request an increase in their contract, and the City has decided to retain their services for an additional year.

Action to Appoint a Representative to the Revenue Estimating Conference Committee- The Board discussed appointing a representative to the Revenue Estimating Conference. Ms. Short provided an explanation of the responsibilities and duties involved with serving on the committee. Chairman Epstein nominated Bill Livek to represent the Audit Advisory Board at the conference, and Linroy Duffus seconded the nomination. Additionally, Linroy Duffus was nominated as the alternate representative, with Chairman Epstein making the motion and Bill Livek seconding.

### **Communication to the City Commission**

N/A

### **Adjournment**

The next regularly scheduled Audit Advisory Board meeting will be April 23, 2026, at 4:00 PM.

Bill Livek motioned to approve the regularly scheduled meeting. Chairman Epstein seconded. Approved in a voice vote.

The meeting adjourned at 5:28 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, 2025**



# 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 26 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.

The City Auditor’s Office cleared the following findings during the first quarter of FY 2026:

- Issue # 504 - Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone
- Issue # 507 - Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance

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

**Number of Open Audit Findings**

DEPARTMENT	December 2022	December 2023	December 2024	March 2025	June 2025	September 2025	December 2025
City Manager’s Office (CMO)	9	7	3	3	3	0	0
Finance	5	7	10	10	10	5	5
Fire Rescue	0	0	1	1	1	1	1
Fort Lauderdale Executive Airport (FXE)*	1	1	1	1	1	1	1
Human Resources	0	0	1	1	1	2	1
Information Technology Services	2	7	6	6	6	3	2
Parks & Recreation	0	0	0	5	5	5	5
Public Works	3	0	5	5	5	11	11
<b>TOTAL</b>	<b>20</b>	<b>22</b>	<b>27</b>	<b>32</b>	<b>32</b>	<b>28</b>	<b>26</b>

\*Issue 477 was reclassified from CMO to FXE following FXE’s establishment as a standalone department in October 2025.

**Status of Audit Findings as of December 31, 2025**

<b>Issue No</b>	<b>External Auditor's Findings</b>	<b>Status</b>	<b>Page</b>
<b>Finance Department</b>			
543	2023-003 - Significant Deficiency, Financial Reporting Submission	Partially Implemented	3
544	CF 2023-004 - Compliance, Financial Reporting Submission	Partially Implemented	5
570	2024-001 - Material Weakness, Insufficient Internal Control over Financial Reporting	Partially Implemented	7
571	2024-002 - Significant Deficiency and Noncompliance, Financial Reporting Not Timely	Partially Implemented	8
<b>Human Resources Department</b>			
569	ML 2024-002 - Estimated Claims Payable	Implemented	11
<b>Information Technology Services Department</b>			
545	ML 2023-001 - User Access Review	Implemented	14
568	ML 2024-001 - User Access Review (Repeat of finding ML 2023-001)	Implemented	15
<b>Single Audit Findings</b>			
<b>Finance Department</b>			
548	2023-003 - Schedule of Expenditures of Federal Awards and State Financial Assistance - Reporting	Implemented	18
<b>Fire Rescue Department</b>			
547	2023-002 - Reporting - 97.067 - Homeland Security	Implemented	20
<b>Public Works Department</b>			
566	IC 2024-001 - Reporting - 14.228 - Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii	Partially Implemented	22
567	2024-002 - Reporting - 14.228 - Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii	Partially Implemented	23
<b>City Auditor's Office Findings</b>			
<b>Fort Lauderdale Executive Airport (FXE)</b>			
477	Finding 2 - Adequate Policies and Procedures for Lease Operations	Partially Implemented	26
<b>Human Resources Department</b>			
504	Finding 1 - Some Employees Receiving Both a Cell Phone Allowance and City-Issued Cell Phone	Closed	28
<b>Information Technology Services Department</b>			
507	Observation 1 - ITS Control Process for Issuing City Cell Phones and Removing Cell Phone Allowance	Closed	30
<b>Parks &amp; Recreation Department</b>			
551	Finding 1 – Absence of a comprehensive internal controls system	Partially Implemented	33
552	Finding 2 – Absence of an adequate recordkeeping system	Partially Implemented	35
553	Finding 3 – Unfulfilled managerial duties relating to the Perpetual Care Trust fund	Partially Implemented	37
554	Finding 4 – Unfulfilled managerial duties relating to Pre-Need Trust fund	Partially Implemented	39
555	Finding 5 – Incomplete and untimely price review practices	Partially Implemented	41

Issue No	City Auditor's Office Findings Cont.	Status	Page
<b>Public Works Department</b>			
532	Finding 1 - Absence of Standard Operating Procedures (SOPs) for Fuel Operations	Partially Implemented	44
533	Finding 2 - Insufficient Controls over Fueling Access Management	Partially Implemented	45
535	Finding 3 - Inconsistent Tracking of Fuel Consumption	Partially Implemented	46
536	Finding 4 - Lack of Formal Agreement for Fuel Consumption and Billing with the Housing Authority	Partially Implemented	47
558	Finding 1 – The Idling Policy Needs Enhancement	Partially Implemented	48
559	Finding 2 – Insufficient Controls over Dispensing Fuel	Partially Implemented	51
560	Finding 3 – Incorrect Calculation of Fuel Billing Rates	Partially Implemented	53
561	Finding 4 – Insufficient Controls over the WEX Fuel Cards Usage	Partially Implemented	55
562	Finding 5 – Non-Compliance with the P-Card and Travel Policies for Fuel Usage	Partially Implemented	58

# EXTERNAL AUDITOR'S FINDINGS



# Finance Department



# 2023-003- Significant Deficiency, Financial Reporting Submission

Issue No: 543

Date of Finding: 10/16/2024

Final Date of Completion 06/30/2026

Responsible Person 1 Alsheffield

Responsible Person 2 jboutilier

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

Correction Plan Status: Partially Implemented

Finding Type: Significant Deficiency

Next Milestone Issue the FY 2025 financial statements within nine (9) months of the close of the fiscal period

Milestone Date of Completion 06/30/2026

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 (nine) 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 nine (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.

Current Status:

The Finance Department encountered delays with the FY 2024 external audit due to the pension audit not being completed within the prescribed schedule. The City Manager issued a letter of concern to the pension office regarding the timeline for the FY 2025 audit and the pension office has committed to the timely submission of their audit to the Finance Department. The Finance Department expects to issue the FY 2025 financial statements within nine (9) months of the close of the fiscal period. This finding will remain open until it is cleared in the FY 2025 external audit.

# CF 2023-004 - Compliance, Financial Reporting Submission

Issue No: 544

Date of Finding: 10/16/2024

Final Date of Completion 06/30/2026

Responsible Person 1 Alsheffield

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

Responsible Person 2 jboutilier

Correction Plan Status: Partially Implemented

Finding Type: Finding

Next Milestone Issue the FY 2025 financial statements within nine (9) months of the close of the fiscal period

Milestone Date of Completion 06/30/2026

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 nine (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.

Current Status:

The Finance Department encountered delays with the FY 2024 external audit due to the pension audit not being completed within the prescribed schedule. The City Manager issued a letter of concern to the pension office regarding the timeline for the FY 2025 audit and the pension office has committed to the timely submission of their audit to the Finance Department. The Finance Department expects to issue the FY 2025 financial statements within nine (9) months of the close of the fiscal period. This finding will remain open until it is cleared in the FY 2025 external audit.

# 2024-001-Material Weakness, Insufficient Internal Control over Financial Reporting

Issue No: 570  
Date of Finding: 08/21/2025

Final Date of Completion 04/30/2026

		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: Material Weakness

Next Milestone Implement the recently procured financial statement preparation software

Milestone Date of Completion 02/28/2026

Department: Finance

Audit Initiator 3rd Party Auditor

Title: 2024-001-Material Weakness, Insufficient Internal Control over Financial Reporting

Issue / Observation Criteria: Management of the City is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent, or detect and correct, misstatements to the trial balance, and perform financial reporting on a timely basis. Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, requires that employers record pension liabilities and related deferred amounts in their financial statements based on the measurement date elected.

Condition and Context: A material adjustment was identified and recorded to pension deferred outflows of resources in the governmental activities opinion unit. The City inadvertently presented the amount based on the incorrect measurement date information, resulting in an understatement of approximately \$30 million. This error has been corrected.

Cause: Management indicated that the entries used information as of 9/30/2024, instead of using information as of 9/30/2023, which was the elected measurement date.

Effect: The original balance reported in the draft financial statements of \$158 million was understated by approximately \$30 million.

Recommendation: We recommend that management design and implement procedures and controls so that pension transactions are properly recorded in accordance with U.S. generally accepted accounting principles (GAAP).

Correction Plan: The City prepares the financial statements utilizing Microsoft Excel. The link in the spreadsheet pulled the FY2024 deferred pension liability amount instead of the FY2023 amount. To prevent this error in the future, the City has purchased a new financial statements preparation software to streamline the Annual Comprehensive Financial Report (ACFR) development and reduce human error caused by manual entries.

Current Status: The City has selected a financial statement preparation software. The vendor's implementation team requested a consolidated trial balance report, which is not a standard report available from the City's Enterprise Resource Planning (ERP) system, Infor. The Information Technology Services Department was engaged to develop the report, which was provided in mid-December. The City is currently awaiting feedback on the report and system testing slated to be performed in January 2026.

# 2024-002-Significant Deficiency and Noncompliance, Financial Reporting Not Timely

<u>Issue No:</u>	571			
<u>Date of Finding:</u>	08/21/2025			
<u>Final Date of Completion</u>	04/30/2026			
<u>Responsible Person 1</u>	Alsheffield	Name	Title	Department
		Alicia Sheffield	Controller	Finance
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	Senior Management Analyst	Finance
<u>Correction Plan Status:</u>	Partially Implemented	<u>Finding Type:</u>	Significant Deficiency	
<u>Next Milestone</u>	Implement the Annual Comprehensive Financial Report (ACFR) preparation software			
<u>Milestone Date of Completion</u>	02/28/2026			
<u>Department:</u>	Finance			
<u>Audit Initiator</u>	3rd Party Auditor			
<u>Title:</u>	2024-002-Significant Deficiency and Noncompliance, Financial Reporting Not Timely			

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, 2024, were not issued until 11 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 nine (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 noncompliance 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.

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: Management concurs with the finding. The delay in issuance of the September 30, 2024, financial statements were a compounded effect from the extended FY 2023 audit period. To address this issue going forward, management has purchased a new Annual Comprehensive Financial Report (ACFR) preparation software and will modify its comprehensive year-end closing procedures to incorporate new assignment of responsibilities, defined timelines, and enhanced review controls to ensure accuracy and completeness. Staff training on the INFOR system and closing process is complete, and additional resources have been allocated to support timely completion. Management is committed to achieving compliance with Florida Statute 218.32 and ensuring the timely issuance of future financial reports.

Current Status:

The City has selected a financial statement preparation software. The vendors implementation team requested a consolidated trial balance report, which is not a standard report available from the City's ERP system, Infor. The Information Technology Services Department was engaged to develop the report, which was provided in mid-December. The City is currently awaiting feedback on the report and system testing slated to be performed in January 2026.

In addition to implementing the financial statement preparation software, the following actions will also facilitate the timely issuance of the annual financial reports:

- I. The external auditor conducted an interim audit in the first quarter of FY 2026 that should identify potential concerns months earlier than previous audits.
- II. The Accounting and Treasury staff completed a "soft" close on the financial statements in October to root out potential issues.
- III. Three (3) new positions, added during the FY 2026 budget cycle to assist in reducing financial reporting delays have been filled.

# Human Resources Department



# ML 2024-002-Estimated Claims Payable

Issue No: 569  
Date of Finding: 08/21/2025  
Final Date of Completion 06/30/2026

	Name	Title	Department	
<u>Responsible Person 1</u>	mcobb	Mathew Cobb	Assistant Risk Manager	Human Resources
<u>Responsible Person 2</u>				

Correction Plan Status: Implemented Finding Type: Finding

Next Milestone

Milestone Date of Completion

Department:  
Human Resources Department

Audit Initiator  
3rd Party Auditor

Title:  
ML 2024-002-Estimated Claims Payable

Issue / Observation

Criteria: Internal control policies and procedures should provide reasonable assurance regarding the reliability of the estimation of claims payable and there should be documentation of the review of assumptions used by specialists by management.

Condition: Through an independent review of workers compensation claims experience the auditors noted the trend for heart and lung cases appeared to be getting worse due to the new presumptive nature of those claims and that the liability amount based on the current trend could be higher than the current recorded amount however it is just an estimate. As a result, management should continue to closely monitor and evaluate heart and lung related workers compensation claims and review the loss development factors being applied by their actuaries. While strengthening of claims management is occurring by the City with regard to these claims, the City also needs to look closely at its specific experience to ensure the liability estimates fully align with actions being taken and past experience of the City. In addition, the auditors noted an immaterial misstatement resulting in applying an adjustment to the non-discounted amount although the discounted amount was recorded resulting in a variance of \$1,519,000 for the estimated claims payable for the City Insurance Fund that were not recorded.

Cause: The adjustment was inadvertently applied against the wrong undiscounted amount.

Effect: There were uncorrected misstatements related to estimated claims payable and there is potential based on how the loss development occurs for increased costs associated with these claims beyond the amounts currently recorded.

Recommendation:

We recommend management continue its process of strengthening claims management process. In addition, a further review should be done of actual claims experience for heart and lung workers compensation claims against the actuarial estimates being applied and adjustments should be made if deemed appropriate to best reflect the expected outcomes.

Correction Plan:

Management recognizes the increased complexity and risk exposure associated with presumptive heart and lung workers' compensation claims and acknowledges the importance of ensuring that actuarial assumptions fully align with both actual experience and current claims management practices. Management will continue to strengthen its claims management practices and will work closely with the City's actuary to conduct a more detailed review of the assumptions and loss development factors applied to heart and lung claims, with particular attention to how these factors reflect the City's unique experience.

Current Status:

For FY 2025, prior to September 30, City staff and the City's workers' compensation claims administrator reviewed open presumptive heart and lung claims to ensure reserves accurately reflected the estimated lifetime exposure based on medical needs, life expectancy, and loss development factors. As a result, certain claim reserves were increased, enabling the City's actuary to more accurately project loss assumptions using updated information. On November 14, 2025, City staff met with the City's actuary and auditors to discuss FY 2024 loss assumptions, during which the actuary reviewed the auditors' report and tested an alternative forecast model. This analysis produced a reserve range between the actuary's original forecast and the auditors' forecast, which the actuary determined to be within acceptable industry standards. While reserve adjustments were made in FY 2025, the enhanced review process is expected to improve the accuracy of future loss assumptions. Going forward, City staff will continue monthly reserve reviews with the claims administrator and conduct year-end evaluations to ensure reserves reflect the most current information available.

# Information Technology Services Department



# ML 2023-001 - User Access Review

Issue No: 545  
Date of Finding: 10/16/2024  
Final Date of Completion 06/30/2026

		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: Implemented Finding Type: Observation

Next Milestone

Milestone Date of Completion

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 collaborated with the Finance and Human Resources Departments to implement the corrective action plan. ITS conducts monthly verification reviews of staff in alignment with the Department's User Access Protocol.

# ML 2024-001-User Access Review (Repeat of finding ML 2023-001)

Issue No: 568

Date of Finding: 08/21/2025

Final Date of Completion 06/30/2026

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

Correction Plan Status: Implemented Finding Type: Observation

Next Milestone

Milestone Date of Completion

Department: Information Technology Services

Audit Initiator 3rd Party Auditor

Title: ML 2024-001-User Access Review (Repeat of finding ML 2023-001)

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 recognizes the importance of conducting periodic and formalized user access reviews for both the network and the Infor system to ensure access levels are appropriate based on job responsibilities. Management will perform a user access review for the systems deemed critical and financially relevant.

Current Status: The Information Technology Services (ITS) Department collaborated with the Finance and Human Resources Departments to implement the corrective action plan. ITS conducts monthly verification reviews of staff in alignment with the Department's User Access Protocol.

# SINGLE AUDIT FINDINGS



# Finance Department



# 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 06/30/2026

		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: The FY 2024 SEFA was prepared and ready in June but could not be released until after the submission of the FY 2024 annual financial audit. Department staff is utilizing new reporting technology to remove inefficiencies and reduce the time required to prepare financial reports. This finding will remain open until it is cleared following the submission and approval of the FY 2025 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 09/30/2026  
Responsible Person 1 JeFrazier  
Responsible Person 2 jboutilier  
Correction Plan Status: Implemented

Name	Title	Department
Jermaine Frazier	Deputy Fire Rescue Chief	Fire Rescue
Jason Boutilier	Senior Management Analyst	Finance

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 eight (8) months and four (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:  
 The Emergency Management Team has added staff to support the timely preparation of grant reports. The next report is scheduled for compilation and submission in January 2026. This finding will remain open until it is resolved in the FY 2025 Single Audit.

# Public Works Department



# IC 2024-001 - Reporting - 14.228 - Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii

Issue No: 566  
Date of Finding: 08/21/2025

Final Date of Completion 09/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>			

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Hold quarterly meetings with staff to ensure compliance with grant reporting timelines

Milestone Date of Completion 03/31/2026

Department: Public Works

Audit Initiator Single Audit

Title: IC 2024-001 - Reporting - 14.228 - Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii

Issue / Observation In accordance with 2 CFR-200.328 and 2 CFR-200.303, non-federal entities must submit performance and financial reports as required by the awarding agency and must establish and maintain effective internal control over compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The City is required to submit monthly progress reports ten calendar days after the end of each month, quarterly progress reports no later than the 10th of quarter end, and a bi-annual Contract and Subcontract Activity form (HUD-2516), to be submitted by April 15 and October 15 each year. Per testing, monthly and quarterly reports were submitted 10 to 27 days after the deadline. Audit staff was unable to obtain evidence that form HUD-2516 was submitted by either of the required due dates.

Failure to submit required reports in a timely manner, and the lack of supporting documentation, represents a deficiency in internal control over compliance. This increases the risk of noncompliance with federal reporting requirements, which could result in questioned costs, delayed reimbursements, or jeopardize future funding.

Delays in report submission were primarily due to insufficient internal controls over the reporting process, lack of clear assignment of responsibilities, and inadequate monitoring of reporting deadlines.

Recommendation: Audit staff recommend that the City strengthen its internal controls over compliance by implementing a centralized reporting calendar or system to monitor federal reporting deadlines. In addition, procedures should be established to ensure that documentation of timely report submission is retained in the grant files. Staff responsible for grant administration should also receive training on federal reporting requirements.

Correction Plan: The Public Works Department implemented several measures to ensure compliance with grant reporting requirements, including scheduling quarterly meetings with Project Managers, attend training sessions provided by the grant sponsor, and send reminders to the Project Managers no less than 15 days before the reporting deadline.

Current Status: Public works staff have been meeting bi-weekly with Florida Commerce to provide updates on the project. Since the audit finding, all monthly and quarterly reports have been submitted on time. Reminders have been placed on the Project Manager(s) calendar 30 days in advance of the due date to alert them of upcoming deadlines. A department policy has been drafted and is currently being reviewed for approval.

# 2024-002 - Reporting - 14.228 - Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii

Issue No: 567

Date of Finding: 08/21/2025

Final Date of Completion 09/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>			

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Hold quarterly meetings with staff to ensure compliance with grant reporting timelines

Milestone Date of Completion 03/31/2026

Department: Public Works

Audit Initiator Single Audit

Title: 2024-002 - Reporting - 14.228 - Community Development Block Grants/State's Program and NonEntitlement Grants in Hawaii

Issue / Observation The City did not provide evidence demonstrating that the required monthly, quarterly, and biannual reports were submitted in accordance with the timelines specified in the federal award requirements. The City is required to comply with the reporting requirements established by the grant agreement or the applicable provisions of the OMB Compliance Supplement.

The City is required to submit monthly progress reports ten calendar days after the end of each month, quarterly progress reports no later than the 10th of quarter end, and a bi-annual Contract and Subcontract Activity form (HUD-2516), to be submitted by April 15 and October 15 each year. Per testing, monthly and quarterly reports were submitted 10 to 27 days after the deadline. ABPA was unable to obtain evidence that form HUD-2516 was submitted by either of the required due dates.

Failure to submit required reports in a timely manner, and the lack of supporting documentation, represents a deficiency in internal control over compliance. This increases the risk of noncompliance with federal reporting requirements, which could result in questioned costs, delayed reimbursements, or jeopardize future funding.

Delays in report submission were primarily due to insufficient internal controls over the reporting process, lack of clear assignment of responsibilities, and inadequate monitoring of reporting deadlines.

Recommendation: We recommend that the City strengthen its internal controls over compliance by implementing a centralized reporting calendar or system to monitor federal reporting deadlines. In addition, procedures should be established to ensure that documentation of timely report submission is retained in the grant files. Staff responsible for grant administration should also receive training on federal reporting requirements.

Correction Plan: The Public Works Department implemented several measures to ensure compliance with grant reporting requirements, including scheduling quarterly meetings with Project Managers, attend training sessions provided by the grant sponsor, and send reminders to the Project Managers no less than 15 days before the reporting deadline.

Current Status: Public Works staff holds quarterly meetings to review grant requirements and ensure that all supporting documents are submitted on time.

# CITY AUDITOR'S OFFICE FINDINGS



# Fort Lauderdale Executive Airport (FXE)



# Finding 2 - Adequate Policies and Procedures for Lease Operations

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

Final Date of Completion 06/30/2026

		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 City Attorney staff will work with Fort Lauderdale Executive Airport (FXE) staff to review the Airport Leasing Policy before it is presented to the Aviation Advisory Board

Milestone Date of Completion 03/31/2026

Department: Fort Lauderdale Executive Airport

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 City Attorney's Office is reviewing the Airport Leasing policy and lease agreement template in preparation for staff to present it to the Aviation Advisory Board.

# 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 12/31/2025

Responsible Person 1 jpost

Responsible Person 2 RMcKenzie

Correction Plan Status: Closed

Next Milestone

Milestone Date of Completion

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: PSM 9.5.11 – Mobile Device Policy was signed by the City Manager with an effective date of 10/31/2025. The updated policy clarifies that employees cannot receive both a cell phone allowance and a City-issued mobile device. New request forms for each option will be reviewed by Human Resources and Information Technology Services to prevent duplicate benefits. Departments are also required to review and approve invoices for City-issued mobile devices.

Name	Title	Department
Jerome Post	Director	Human Resources
Ron McKenzie	Director	Information Technology Services

Finding Type: Finding

# Information Technology Services Department



# 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 12/31/2025

	Name	Title	Department
<u>Responsible Person 1</u>	RMcKenzie Ron McKenzie	Director	Information Technology Services
<u>Responsible Person 2</u>	jpost Jerome Post	Director	Human Resources

Correction Plan Status: Closed 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 Information technology Services (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 City Auditor's Office (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:

PSM 9.5.11 – Mobile Device Policy was signed by the City Manager with an effective date of 10/31/2025. The updated policy clarifies that employees cannot receive both a cell phone allowance and a City-issued mobile device. New request forms for each option will be reviewed by Human Resources and Information Technology Services to prevent duplicate benefits. Departments are also required to review and approve invoices for City-issued mobile devices.

# Parks & Recreation Department



# Finding 1 - Absence of a comprehensive internal controls system

Issue No: 551  
Date of Finding: 02/18/2025

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Program Manager II	Parks & Recreation
<u>Responsible Person 2</u>	nbaker	Naheel Baker	Senior Management Analyst	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Complete ranking of risks and proposed controls

Milestone Date of Completion 03/31/2026

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Finding 1 - Absence of a comprehensive internal controls system

Issue / Observation Cemeteries administration did not comply with Section 218.33(3), Florida Statutes by not designing and implementing comprehensive, risk-based policies and procedures inclusive of a system of internal controls, industry best practices, and laws and regulations.

- Additionally, Cemeteries administration's policies and procedures did not comply with City PSMs 9.10.1 and 9.16.1, in that Finance executive management did not pre-review the adequacy of Cemeteries administration's new cash collections policies upon the inhouse transition in 2018 and did not oversee departmental inventory practices, which omitted recordkeeping for expensive merchandise, lawn maintenance power tools, and interment equipment ("attractive items" per PSM) and limited physical counts, performed only twice in five years.

- Notably, none of Cemeteries administration's staff handling funds were bonded, a breach of Section 10-50, City ordinances. While the underlying financial risk is somewhat mitigated by an insurance policy of \$100,000 deductible, this coverage does not meet the arduous standard of bonding, as required.

Primarily, Section 218.33(3), Florida Statutes requires local governments to implement adequate internal controls. Per City Charter section 4.09, the City Manager is responsible for controlling all activities of the City and ensuring the enforcement of City laws and ordinances. This implies adherence to the COSO internal control framework.

Per Section 10-28 of City ordinances, the Cemeteries Manager, as designee, is responsible for supervising Cemeteries operations, inclusive of recordkeeping and money collection duties, implicitly in a controlled manner.

Per Section 10-28 of City ordinances, Finance is responsible for verification and receipting of moneys collected on Cemeteries' revenue streams.

Per section 10-27(a) of City ordinances, the Board of Trustees is responsible for administering (i.e. governing) the cemetery system.

The root cause of this condition is that upper levels of City management did not provide adequate oversight of Cemeteries administrative management.

In general, an absence of a comprehensive internal controls system can allow material fraud and errors to occur without detection. Though this audit was not substantive in nature, the City Auditor's Office happened to observe the following relevant incidents:

- In late 2023, a check for over \$700,000 to transfer funds between the Perpetual Trust bank account and the City's operating bank account was misplaced for approximately six weeks when this audit discovered it; both Cemeteries and Finance managers were unaware. A stop payment was placed on the check.

- o Subsequent event: A week after receiving the replacement check, Finance recorded the transaction in the GL revenue sub-account "other miscellaneous income" rather than the customary "perpetual maintenance reimbursement", without any apparent independent verification including from Cemeteries, with a plan to eventually record it in the customary sub-account, but that had not happened by the time CAO followed up over a month later. Note: this error does not affect financial reporting, only transaction transparency.

- o Subsequent event: As a result of this incident, the Director of Finance implemented a process change for these exchanges to occur as ACH transfers between banks, instead of checks.

- Cash from a deposit in the amount of \$6,000 went missing that prompted a criminal investigation, which was closed after the funds were located.

- o Subsequent event: As a result of this incident, the Cemeteries Manager implemented a policy change to no longer accept cash, for sales that can range into the thousands.

Recommendation:

The CAO recommends the City Manager work with relevant City management to promptly

- design and implement a comprehensive, risk-based system of internal controls;
  - comply with Section 218.33(3), Florida Statutes, by maintaining the system of internal controls, which should be formally scheduled; and
  - collaborate with the Board to ensure enhancement and effectiveness of its administrative (governance) function relevant to internal control design and implementation, as assigned but not detailed by City ordinance.

Correction Plan:

Management acknowledges this finding. The Parks and Recreation Department will work closely with the Finance Department to develop a more comprehensive internal controls design for the cemetery system.

Additionally, the City purchased a crime policy from Travelers Bond & Specialty Insurance which provides coverage for employee theft in the amount of \$1,500,000. This insurance is in lieu of and is meant to satisfy the bonding requirements for staff, as stipulated in Section 10-50 of the City ordinances.

Current Status:

An Invitation to Bid (ITB) was released on July 15, 2025, and closed on September 26, 2025 to secure the services of a qualified cemetery consultant to assess and evaluate overall cemetery operations. A response was received from a single bidder. Management recommended staff reject the bid and reissue the ITB with an extended assessment period to allow for broader competition and a more thorough evaluation.

# Finding 2 - Absence of an adequate recordkeeping system

Issue No: 552  
Date of Finding: 02/18/2025  
Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Program Manager II	Parks & Recreation
<u>Responsible Person 2</u>	nbaker	Naheel Baker	Senior Management Analyst	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Select contracted services to prepare data for migration

Milestone Date of Completion 03/31/2026

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Finding 2 - Absence of an adequate recordkeeping system

Issue / Observation Cemeteries administration did not create and maintain an adequate recordkeeping system.

- Cemeteries Manager did not expedite the acquisition and implementation of a software management system, which is vital to collecting revenues of approximately \$5 million annually from hundreds of customers, inclusive of credit sales, in a business that requires long-term retention of accurate, important records.
  - o As of the end of audit fieldwork in 2024, the turnkey software acquired in 2020 was not implemented, and no alternative backup accounting software was used as a temporary solution.
- In the five years since the in-house transition, Cemeteries administration's recordkeeping operated in primarily a paper-based filing system, with use of typewriters and limited accounting spreadsheets, which was not properly controlled.

Primarily, per City Charter section 4.09, the City Manager is responsible for controlling all activities of the City and ensuring the enforcement of City laws and ordinances. This implies adherence to the COSO internal control framework.

Per Section 10-28 of City ordinances, the Cemeteries Manager, as designee, is responsible for supervising Cemeteries operations, inclusive of recordkeeping and money collection duties, implicitly in a controlled manner.

Per Section 10-28 of City ordinances, Finance is responsible for verification and receipting of moneys collected on Cemeteries' revenue streams.

Per section 10-27(a) of City ordinances, the Board of Trustees is responsible for administering (i.e., governing) the cemetery system.

The root cause of this condition is that upper levels of City management did not provide adequate oversight of Cemeteries administrative management.

- Additionally, specific to the software implementation condition, Cemeteries Manager impeded finalization of software customization necessary to record present sales transactions by:
  - o Placing inordinate priority for the vendor to complete a historical data conversion task, questionably combined within the software agreement, which was not essential to the process of recording present sales; and
  - o Negotiating a conflict resolution with the software vendor in mid-2023 that resulted in an agreement amendment that proved later that year to be entirely irrelevant to the goal of software implementation, which then led to more conflict and delays with the vendor.
- o Subsequent event: In early fiscal year 2024, a Notice To Cure was sent from the City to the software vendor, to which the vendor provided a multi-page response. The conflict had not been resolved by end of audit fieldwork.

Recommendation:

The CAO recommends the City Manager work with relevant City management to implement the following in an expedited manner:

- software adequate for transaction recording and long-term file management;
- centralized, complete digitization and backup of all hardcopy files; and
- correction of all errors and/or omissions in legacy and in-house transactions data and any potentially existing within hardcopy documents.

As an option, it should be considered that these tasks can be outsourced to private contractors.

Correction Plan:

Management is aware and acknowledges that we do not currently have an adequate recordkeeping system. Management has been actively working towards obtaining a comprehensive system and recently have been approved through the budget process to obtain an accounts receivable software.

Management has been engaged with Cemsites (Cemetery Software Vendor) to integrate the software in operations but several concerns outlined by staff (Parks and IT) on areas where the system did not function properly.

In addition, the vendor has not provided the SOC2 (security features) as outlined in the RFP. As such, the CMO has engaged Cemsites directly in an effort to work through some of those concerns and determine next steps. Ultimately, the data which is compiled from years of information from a third party, is not reliable and it must be cleansed to ensure the information is formulated appropriately so the details and information are recorded correctly.

To resolve these challenges, management will prioritize the timely implementation of a secure and efficient recordkeeping system, ensure comprehensive digitization of historical records, and rectify data inaccuracies.

The City Auditor's Office emphasizes that the primary concern of correcting current and legacy data integrity and structure needs to be expedited regardless of the selected software system.

Current Status:

Management met on December 3, 2025, and requested staff work with the Procurement Services Department to issue a Request for Information (RFI). The draft RFI has been completed and is currently pending feedback from Risk Management, after which the RFI will be forwarded to Procurement for review.

# Finding 3 - Unfulfilled managerial duties relating to the Perpetual Care Trust fund

Issue No: 553  
Date of Finding: 02/18/2025

Final Date of Completion 03/31/2026

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Program Manager II	Parks & Recreation
<u>Responsible Person 2</u>	nbaker	Naheel Baker	Senior Management Analyst	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Develop policies relevant to withdrawals from the Perpetual Card Trust Fund

Milestone Date of Completion 03/31/2026

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Finding 3 - Unfulfilled managerial duties relating to the Perpetual Care Trust fund

Issue / Observation Both Cemeteries administration and Finance did not fulfill managerial duties related to the Perpetual Care Trust Fund.

- Cemeteries Manager repeatedly made unnecessary requests of the Board for material trust withdrawals to reimburse operational maintenance expenses that were fully covered by operations profit. These withdrawals totaling \$6 million were also in excess of capital project needs, which were appropriated as \$3 million.
- Finance, in its contractual duty to the trust (provision 6), accurately and completely fulfilled these requests, as approved by the Board, via bank transfers.
- No one within the City questioned necessity of these transfers.

Primarily, per City Charter section 4.09, the City Manager is responsible for controlling all activities of the City and ensuring the enforcement of City laws and ordinances. This implies adherence to the COSO internal control framework.

Per Section 10-28 of City ordinances, the Cemeteries Manager, as designee, is responsible for supervising Cemeteries operations, inclusive of recordkeeping and money collection duties, implicitly in a controlled manner.

Per Trust agreement provisions 6, "The Trustee shall disburse funds from the Trust only upon the written order of the Finance Director...together with a copy of the...Board of Trustees minutes authorizing such disbursement...."

Per section 10-27(a) of City ordinances, the Board of Trustees is responsible for administering (i.e., governing) the cemetery system.

The root cause of this condition is that upper levels of City management did not provide adequate oversight of Cemeteries administrative management.

By the end of fiscal year 2023, an excess of approximately \$5 million had accumulated for Cemeteries in the City's operational account because of unnecessary Perpetual Trust withdrawals.

Under certain conditions, this excess balance of trust funds in the City's bank account could breach City ordinance 10-47 that restricts the nature of Perpetual Care Trust Fund spending.

Recommendation:

Relevant to the Perpetual Care Trust fund, the CAO recommends the City Manager work with relevant City management to:

- Design and implement adequate oversight internal controls; and
- Collaborate with the Board to ensure enhancement and effectiveness of its administrative (governance) function in relation to trust fund activities, as assigned but not detailed by City ordinance.

Correction Plan:

Management does not agree with this finding. All requests for reimbursement were reviewed and validated. It is management's responsibility to determine the sufficient funding levels for the Cemetery operations fund and to make the decision to waive the duly owed reimbursement from the trust. The issue appears to stem from the lack of a documented policy outlining thresholds for operational account balances before requesting trust reimbursements. While this absence is noted, it does not inherently signify a failure of managerial responsibility. Moving forward, the Department will work with the board to develop and document such policies to enhance transparency and governance.

The CAO agrees that Management will work with the board to develop and document policies to enhance transparency and governance relevant to withdrawals from the Perpetual Card Trust Fund. The CAO strongly encourages monitoring of all withdrawals from the Perpetual Card Trust Fund.

Current Status:

The Cemetery Division has drafted a formal policy in coordination with Parks and Recreation management, the Office of Management and Budget (OMB), and Finance Department. This policy will define disbursement thresholds and establish guidance on future reimbursements for maintenance and capital improvement projects (CIP). The policy is currently going through the procedural process for review by OMB and management approval.

# Finding 4 - Unfulfilled managerial duties relating to Pre-Need Trust Fund

Issue No: 554  
Date of Finding: 02/18/2025

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Program Manager II	Parks & Recreation
<u>Responsible Person 2</u>	nbaker	Naheel Baker	Senior Management Analyst	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Publish Request For Proposal (RFP) Solicitation

Milestone Date of Completion 03/31/2026

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Finding 4 - Unfulfilled managerial duties relating to Pre-Need Trust Fund

Issue / Observation

The exchange of funds, as owed between Cemeteries and a third party Preneed Trust fund, has not occurred for five years, resulting in uncertainty about significant accumulated balances owed by both parties. Additionally, Cemeteries was not in compliance with State laws.

- A recorded balance approaching \$550,000 toward the end of fiscal year 2023 from continuous cash collections by City staff of historical credit sales has been set aside in escrow for eventual contribution to the Preneed Trust.
  - o A detailed verification of this balance by inspection of sales and deposit support was not performed by CAO due to the limited scope of this audit. However, the CAO asked the Director of Finance for an estimate to determine the accuracy of this balance, and this request was deferred to the Cemeteries Manager to provide support to aid this task.

However, support was not readily available, so no estimate was provided.

- o Because Cemeteries does not hold a preneed license but directly collected cash flows owed to the Preneed Trust, it did not comply with State law.
- o Further, as these collections were due to the Trust within 30 days after the end of the calendar month of receipt but never remitted, Cemeteries did not comply with State law.

- In turn, the Preneed Trust has not reimbursed Cemeteries for its purchases of merchandise and performances of service in satisfaction of historical preneed sales that have come due for at need service after the in-house transition.
  - o Cemeteries Manager was unaware of the balance owed to the City by the Trust that had accumulated over five years.
  - o Per Florida Statutes, as cited by the former private contractor, the Preneed Trust cannot legally release the funds to Cemeteries until Cemeteries obtains either a preneed license or an agent with a license.
    - o The Preneed Trust carried a balance of \$5.4 million as of calendar year end 2023.
    - o In April of 2024, the CAO notified the City Attorney, as required by GAGAS, of legal noncompliance.
    - o Primarily, per City Charter section 4.09, the City Manager is responsible for controlling all activities of the City and ensuring the enforcement of City laws and ordinances. This implies adherence to the COSO internal control framework.
    - o Per Section 10-28 of City ordinances, the Cemeteries Manager, as designee, is responsible for supervising Cemeteries operations, inclusive of recordkeeping and money collection duties, implicitly in a controlled manner.
    - o Per Section 10-28 of City ordinances, Finance is responsible for verification and receipting of moneys collected on Cemeteries' revenue streams.
    - o Per section 10-27(a) of City ordinances, the Board of Trustees is responsible for administering (i.e., governing) the cemetery system.

Recommendation:

The CAO recommends the City Manager work with relevant City management to perform a long-term cost-benefit analysis of options to resolve the accumulated balances owed to and from the Preneed Trust, and promptly implement the most favorable option in collaboration with the City Attorney's Office.

Correction Plan:

Management acknowledges gaps in managing responsibilities associated with the Preneed Trust fund, particularly following the termination of the agreement with the former contractor.

Additionally, management recognizes that less-than-desirable recordkeeping practices. Due to the reliance on manual operations, it has further compounded these challenges. Once the City identifies and implements a suitable software system in which it has confidence in, it believes these issues will be resolved.

Current Status:

Cemetery Division staff and Parks and Recreation management continue to coordinate with the Procurement Department to ensure the Request for Proposal (RFP) meets all required standards and is structured to attract qualified bidders.

# Finding 5 - Incomplete and untimely price review practices

Issue No: 555  
Date of Finding: 02/18/2025  
Final Date of Completion 06/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	sspates Stacy Spates	Program Manager II	Parks & Recreation
<u>Responsible Person 2</u>	nbaker Naheel Baker	Senior Management Analyst	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Development of General Price List (GPL) Review Policy

Milestone Date of Completion 03/31/2026

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Finding 5 - Incomplete and untimely price review practices

Issue / Observation The Cemeteries Manager did not timely implement adequate prices to ensure continuous profitability of Cemeteries operations and competitiveness with the local market.

- Since Cemeteries operations were transitioned in-house in late 2018, the Board’s review of prices occurred only once, during fiscal year 2023, despite economic inflationary pressures commencing in 2021.

Additionally, by review of Cemeteries Board minutes CAO found limited structure for the price review process.

Primarily, per City Charter section 4.09, the City Manager is responsible for controlling all activities of the City and ensuring the enforcement of City laws and ordinances. This implies adherence to the COSO internal control framework.

Per Section 10-28 of City ordinances, the Cemeteries Manager, as designee, is responsible for supervising Cemeteries operations, inclusive of selling at the price set by the Commission. Per section 10-27(a) of City ordinances, the Board of Trustees is responsible for administering (i.e., governing) the cemetery system.

Per section 10-46 of City ordinances, the Board is the trustor of the perpetual care trust. Per section 10-29 of City ordinances, “The prices to be charged...within the municipal cemetery system shall be as established by the parks and recreation director or...designee subject to review by the cemetery system board of trustees and with the approval by resolution of the City Commission.”

The root cause of this condition is that upper levels of City management did not provide adequate oversight of Cemeteries administrative management.

The substance requiring oversight is two-fold, involving processes of both the Board and Cemeteries management.

1) In general, City ordinances do not define details such as objectives, processes, and timeliness, of the Board’s administrative duty, specifically including the required price review. In this absence, additionally a general cause of this finding is that the Board had not implemented administrative policies and procedures to ensure it would consistently, effectively, and timely provide adequate administrative oversight.

- In effect, the Board’s objective of reviewing prices and the process of achieving that objective were unclear and affected by the limited support provided by Cemeteries Manager.
- Within Board minutes, the CAO could only discern that the Board was primarily concerned with establishing new prices based on a customer impact perspective. No statement was found within minutes regarding a duty or interest to preserve the Trust’s “perpetual” balance by ensuring operational profitability, which is derived from fiscally responsible pricing.

2) The Cemeteries Manager has some discretion to implement actual sales prices via a detailed price list derived from the Board-approved “general price list,” where price ranges occur for some items. It’s reasonable to expect Cemeteries Manager to establish all discretionary prices to achieve at least a break-even outcome. The incurred deficit in Fiscal Year 2023 implies this expectation was not met.

- A contributing factor of the deficit is that the City’s job description, updated in 2018, for the Cemeteries Manager position does not include specific duties as to establishing adequate pricing or maintaining consistent profitability.
- Though Cemeteries Manager set discretionary prices higher within the approved ranges, this effort was not enough to avoid the loss outcome. For example, in 2022 at one cemetery, burial spaces were priced at \$3,595 and \$3,895 from the approved range of \$2,495 - \$4,095; and even priced beyond the approved range at \$4,195.

Recommendation:

The CAO recommends the City Manager work with relevant City management to:

- Design and implement internal controls for adequate and timely price review, ensuring at least break-even Cemeteries financial results; and
- Collaborate with the Board to ensure enhancement and effectiveness of its administrative (governance) function relevant to internal control design and implementation, as assigned but not detailed by City ordinance.

Correction Plan:

Management recognizes the importance of conducting regular and comprehensive price reviews to ensure the financial sustainability of cemetery operations.

An annual review of the general price should be conducted by the Cemetery System Board of Trustees to ensure appropriate adjustments are made to achieve a revenue positive or break-even outcome.

However, it is crucial to perform a comprehensive and detailed analysis of revenues in relation to expenditures in order to gain a clearer understanding of financial position. While it may be suggested that the deficit in FY 2023 was primarily due to incomplete and untimely price reviews, this conclusion does not fully capture the complexity of the financial situation. During FY 2023, several significant improvements were made to the cemetery system.

Additionally, it is important to consider the impact of external factors, such as the COVID-19 pandemic, which notably influenced financial performance in FY 2021 and FY 2022. The pandemic led to a surge in demand for at-need burial services, increasing revenue during those years. Moreover, staffing vacancies during this timeframe contributed to salary savings, further affecting the Cemetery’s financial position.

Current Status:

A cemetery consultant has not yet been selected. The Cemetery Division plans to include the development of the recommended FY 2026 General Price List (GPL) proposal in the scope of work for a future cemetery consultant.

# Public Works Department



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

Issue No: 532

Date of Finding: 10/03/2024

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	pajolly	Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

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

Milestone Date of Completion 03/31/2026

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 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: All requested Standard Operating Procedures (SOP) and policies have been drafted and are currently being reviewed by the Office of Management & Budget (OMB) staff.

# Finding 2 - Insufficient Controls over Fueling Access Management

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

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	pajolly	Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize Standard Operating Procedures for fuel operations

Milestone Date of Completion 03/31/2026

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 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: All requested Standard Operating Procedures (SOP) and policies have been drafted and are currently being reviewed by the Office of Management and Budget (OMB) staff. Staff receives a monthly update of all position changes and departures from Human Resources, which is used to keep the list of users current.

# Finding 3 - Inconsistent Tracking of Fuel Consumption

Issue No: 535  
Date of Finding: 10/03/2024  
Final Date of Completion 06/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	pajolly Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Finalize Standard Operating Procedures for fuel operations

Milestone Date of Completion 03/31/2026

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 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: All requested standard operating procedures (SOPs) have been drafted and are being reviewed by the Office of Management and Budget (OMB) staff. In March 2026, Fleet Services will conduct an annual audit of 5% of its fuel access instruments, which equates to approximately 100 accounts, based on an established methodology to look for irregularities in fuel access.

# 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 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	pajolly	Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Draft a Commission Agenda Memo (CAM) and submit the signed Interlocal agreement (ILA) for Commission approval

Milestone Date of Completion 03/30/2026

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 City Auditor's Office (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: Public Works staff has received the signed Interlocal Agreement (ILA) from the Housing Authority. Staff will draft a Commission Agenda Memo (CAM) and submit the signed ILA for Commission approval.

# Finding 1 – The Idling Policy Needs Enhancement

Issue No: 558  
Date of Finding: 09/03/2025

Final Date of Completion 06/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	pajolly Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Host a Fleet Services liaison training on revised standard operating procedures (SOP) and new department forms

Milestone Date of Completion 03/31/2026

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 1 – The Idling Policy Needs Enhancement

Issue / Observation The Fleet Vehicle and Equipment Idling Policy, PSM 8.1.5, lacks sufficient clarity and specificity, permitting vehicle idling in situations where it may not be necessary.

**Financial Impact:**

- Data from the SAMSARA system (938 of 1,271 vehicles) indicates that idling City vehicles consumed 337,648 gallons of fuel in FY2024, which resulted in a total expenditure of approximately \$1.1M. Extrapolating to the full fleet (1,271), the estimated total cost of fuel consumed due to idling would be approximately \$1.4M.
- Excessive idling contributes to increased maintenance costs, shortens the lifespan of city vehicles, causes additional engine wear, and accumulates unnecessary engine hours.
- Additionally, the CAO reviewed the top four (4) departments by total CONSECUTIVE IDLING TIME. The analysis shows the top 30 longest consecutive idling durations, including only vehicles under 10,000 pounds, and a review of those vehicles, to exclude heavy equipment from the comparison.
  - Police vehicles idled up to approximately 11 hours.
  - Public Works idled up to approximately nine (9) hours, with one outlier of 15 hours.
  - Parks and Recreation idled up to approximately 5.5 hours
  - Fire Department idled up to approximately 3.5 hours
- The CAO also selected a random sample of three weekdays, for a total population of 30, to further analyze idling activity and idling times, which varied from approximately three (3) hours to approximately 11 hours.

**Environmental Impact:**

- In addition to financial costs, the environmental impact is substantial. In fact, the City has a policy that addresses sustainable “green” purchasing.
- Per the Environmental Protection Agency (EPA), burning a single gallon of gasoline produces approximately 8,890 grams (or 20 pounds) of carbon dioxide (CO2).
- To put this into perspective, idling in FY2024 would require more than 140,000 mature trees to absorb the carbon dioxide (CO2) in one year.

The COSO framework components below are also provided as guidance to enhance internal controls in this area:

COSO Principle 5 - The organization holds individuals accountable for their internal control responsibilities in the pursuit of their objectives.

COSO Principle 10 - The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

COSO Principle 12 - The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

COSO Principle 13 - The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.

- Current policies and practices do not effectively limit vehicle idling, leading to unnecessary fuel consumption, increased costs, and environmental impacts.
- For example, allowing vehicles to idle while using auxiliary equipment, such as computers, which are increasingly common, creates opportunities for prolonged idling.
- Additionally, the policy broadly permits idling for various activities without setting clear time limits or enforcing stricter guidelines.
- Many vehicles either lack a start/stop device, had them disabled, or drivers do not consistently use them.
- Moreover, the SAMSARA system is not configured to track all idling events. Specifically, it begins recording idle time after 30 seconds, rather than at one (1) to three (3) seconds, which limits its effectiveness in monitoring and managing fuel usage.

While some idling is unavoidable, prolonged idling, including but not limited to the examples listed, have a financial impact, wastes fuel, increases maintenance and replacement costs, and contributes to environmental pollution.

Recommendation:

The City Auditor's Office (CAO) recommends that the City Manager work with the Director of Public Works and other relevant staff to address the following areas, including but not limited to:

1. Develop and implement a clear and effective idling policy, and to ensure accountability and consistent enforcement.
2. Explore transitioning to more fuel-efficient vehicles across departments, prioritizing fuel economy in future purchases to reduce fuel costs and support long-term sustainability goals. This initiative was recently discussed during the City Commission Conference meeting on June 30, 2025, where the Commission expressed support for transitioning to more efficient vehicles.
3. Prioritize features such as automatic start/stop technology in future vehicle purchases to reduce idling and enforcing the use of existing start/stop systems.
4. Exploring electric vehicle (EV) or hybrid options, which further cut fuel use and emission
5. Reset SAMSARA settings to capture idling events beginning at one (1) to three (3) seconds and ensure that SAMSARA settings trigger corrective actions from management for excessive idling times.
6. Evaluate fuel-saving technologies, such as those recommended by SAMSARA, including Auxiliary Power Units (APUs), Generator Sets (GS), and Battery Air Conditioning Systems (BAC).
7. Increase driver awareness through regular training on the financial and environmental impacts of idling to foster responsible driving practices.
8. Establishing Key Performance Indicators (KPIs), which should support goal-setting efforts and help measure progress in reducing idling times for City vehicles.

Auditor Note: In response to our audit, the Police Department issued an internal bulletin titled Police Department Fuel Consumption/Vehicle Idling on April 25, 2025, aimed at reducing unnecessary idling.

9. Review and strengthen the newly created Police Department internal policy and incorporate it into an updated Policy and Standards Manual (PSM). Citywide adoption and implementation of such a policy is encouraged to ensure consistent and efficient vehicle use across all departments.

Correction Plan:

Management concurs that enhancements to the City's idling policy were needed. The Fleet Vehicle and Equipment Idling Policy (PSM 8.1.05), which was updated on October 31, 2024, after the period of review of this audit, outlines that City owned vehicles should be turned off within 30 seconds after the vehicle reaches its destination except in specifically exempted situations.

Section III.C.2 of the policy further states, "The operator's supervisor is responsible for initiating any disciplinary actions for employees who breach the policy which may include, but is not limited to, a verbal counseling, a written counseling, a written reprimand, a suspension, a demotion, or termination of employment."

The City will continue to monitor idling rates to ensure the efficient use of fuel. In addition, the City has and will continue to take the following steps:

- Right-sizing vehicles to match operational needs;
- Transitioning vehicles from diesel to gasoline where appropriate;
- Evaluating technology enhancements such as start/stop technology where appropriate; and
- Purchasing more fuel-efficient vehicles where aligned with operational needs.

Additionally, staff will develop and distribute an educational flyer to Department Fleet Liaisons and operators of vehicles with LED light bars regarding the reduced need for idling while lights are in operation.

Current Status:

Fleet Services provided a draft flyer to the Office of Strategic Communications for review. Staff is working with Strategic Communications to refine the flyer before distributing to Fleet Liaisons and operators of City-owned vehicles.

# Finding 2 – Insufficient Controls over Dispensing Fuel

Issue No: 559  
Date of Finding: 09/03/2025  
Final Date of Completion 06/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	pajolly Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented      Finding Type: Finding

Next Milestone Review and approve Citywide fuel management policy

Milestone Date of Completion 03/31/2026

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 2 – Insufficient Controls over Dispensing Fuel

Issue / Observation Upon examining the fuel transactions in the EJ Ward system, the City Auditor's Office (CAO) noted that fuel usage is not adequately monitored and managed.

For example:

- CAO noted excessive fueling, often more than once in a twenty-four-hour period, with odometer readings indicating little to no vehicle usage between refuels.
- On occasion, the amount of dispensed fuel exceeded manufacturer's stated tank capacity, sometimes by double. Based on a sample of transactions, the CAO noted several exceptions related to the Police Department and the Housing Authority.
- Twenty-one (21) Police vehicles dispensed approximately 180 gallons in total over their fuel tank capacity.
- Nine (9) Housing Authority vehicles dispensed approximately 230 gallons in total over their fuel tank capacity.

Additional fuel system setup issues were also identified in the EJ Ward system, including:

- Incorrect Capacity Limits: Fuel capacity limits are set higher than the actual tank capacity, allowing more fuel/DEF to be pumped than the actual tank capacity of the vehicle.
- Dual Fuel Configuration: Vehicles are configured in error to accept both diesel and unleaded fuel, which may lead to inaccurate tracking.
- Duplicate or Inaccurate Vehicle Records: Finally, there are instances where vehicle records are incorrect, missing, or where one vehicle number is assigned to more than one vehicle.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework components below are also provided as guidance to enhance internal controls in this area:

COSO Principle 5 - The organization holds individuals accountable for their internal control responsibilities in the pursuit of their objectives.

COSO Principle 10 - The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

COSO Principle 12 - The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

COSO Principle 13 - The organization obtains or generates and uses relevant, quality information to support the functioning of internal control. Due to the absence of oversight, drivers could exploit loopholes in the fuel management system for personal gain.

Furthermore, employees have used various objects to hold the nozzle in place after management disengaged the “kickstand” release. This measure was intended to ensure that fueling was done manually by the individual. However, unattended fueling has led to instances where vehicles drove off with the nozzle still inserted, resulting in fuel spills and equipment damage.

The City may be incurring unnecessary fuel expenses.

Furthermore, misallocation of fuel may result in shortages for legitimate City needs.

Finally, excess fuel may be diverted for personal use or unauthorized resale, ultimately resulting in potential fraud.

Recommendation:

The CAO recommends that the City Manager work with the Public Works Director to establish the following, but not limited to:

- Stronger internal controls over fuel usage, including limiting refueling, surprise audits and reconciliations of records with vehicle usage, etc.
- Educate users on appropriate fuel usage and City policies and perform periodic refresher sessions.
- Establish clear consequences for fuel misuse, including reimbursement, suspension, termination, and legal action, if necessary.

Correction Plan:

Management concurs that updates to the controls over the dispensing of fuel were needed. The October 2024 fuel management audit also identified issues concerning the controls for dispensing fuel. Management Responses from Part I of the Fuel Operations Audit have been implemented after the period of review for the current fuel consumption and billing audit. Current systems include access restrictions, caps on amount of fuel allowed to pump based on fuel tank size, monitoring protocols, and regular reconciliation processes.

Non-compliance with City work rules, policies and standards is addressed through progressive discipline. The Fleet Services Division can provide usage data and documentation to the Human Resources Department, or the associated department, to support any disciplinary actions. Theft of fuel is categorized as a major violation under the following work rules - Work Rule 19 - Theft of City or another individual's property and Work Rule 26 - Violation of City Charter, ordinances, or administrative rules and regulations.

All requested Standard Operating Procedures (SOP) and policies have been drafted and are currently being reviewed by the Office of Management & Budget (OMB) staff.

Current Status:

# Finding 3 – Incorrect Calculation of Fuel Billing Rates

Issue No: 560  
Date of Finding: 09/03/2025  
Final Date of Completion 06/30/2026

	Name	Title	Department
<u>Responsible Person 1</u>	pajolly Patricia Jolly	Program Manager II	Public Works
<u>Responsible Person 2</u>	Dnewstrom Drew Newstrom	Program Manager	Public Works

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Review and approve Citywide fuel management policy

Milestone Date of Completion 03/31/2026

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 3 – Incorrect Calculation of Fuel Billing Rates

Issue / Observation The City Auditor's Office (CAO) noted that the monthly fueling rates calculated and used to bill various City departments, the Housing Authority, and Vector Fleet Management were incorrect.

**Auditor Note:**

The CAO noted that the Senior Administrative Assistant was using the following steps in the calculation of the rates, which were described in an internal procedures manual:

- Step 1 – Calculate the average price per gallon of fuel paid for during the previous month
- Step 2 – Add \$0.13 surcharge (this step was not applied consistently)
- Step 3 – Add/subtract the hedging gain/loss per gallon of fuel used during the previous month (this step was not applied consistently)
- Step 4 – Add \$0.05 for the fuel used at Fire Station 53 applied because of its distance

The Fleet Services (Fleet) monitors fuel usage and bills departments, the Housing Authority, and Vector Fleet Management for fuel used during the previous month. The rate changes monthly, and a separate calculation is performed for unleaded and diesel fuel. The rate should be calculated as follows:

- Step 1 – Calculate the average price per gallon of fuel received during the previous month, which is consistent with the accrual basis of accounting where expenses are recorded when a liability is incurred.
- Step 2 – Add \$0.13 surcharge (an internal strategy intended to accumulate a reserve to be used for the replacement of the fuel islands)
- Step 3 – Add/subtract the hedging gain/loss per gallon of fuel received during the previous month (an internal strategy intended to reduce the fluctuations of the price per gallon)

**Auditor Note:**

The City utilizes fuel hedging products to limit its exposure to price risk associated with the purchase of unleaded and diesel fuel. For the sake of simplicity, the City, with assistance from a consultant, can "fix" or "lock in" the price of fuel through the purchase of futures contracts. When the City sells these contracts at a higher price than they were purchased, the City has a gain, if they are sold at a lower price, the City has a loss.

The incorrect calculation of billing rates can be attributed to a lack of understanding of the process, lack of proper documentation, turnover, lack of knowledge transfer, and training. Using the steps in the criteria, the CAO recalculated the rates and noted that Fleet overcharged City departments by approximately \$92,000 in the period April 2023 to March 2024.

In addition, the Housing Authority and Vector Fleet Management were overcharged by approximately \$300 and \$70, respectively.

The incorrect calculation of billing rates can be attributed to a lack of understanding of the process, lack of proper documentation, turnover, lack of knowledge transfer, and training.

Using the steps in the criteria, the CAO recalculated the rates and noted that Fleet overcharged City departments by approximately \$92,000 in the period April 2023 to March 2024. In addition, the Housing Authority and Vector Fleet Management were overcharged by approximately \$300 and \$70, respectively.

Recommendation:

The CAO recommends that the City Manager work with the Public Works Director to update the procedures manual to reflect the correct steps to calculate the monthly billing rate, provide training, and plan for turnover.

Correction Plan:

The City pays a set fee for delivery of fuel regardless of the volume. At most of the City-owned fuel islands, fuel is not ordered until a minimal volume of 7,500 gallons is needed. The delivery fee and other auxiliary costs are used to determine the final cost per gallon for that delivery. The five cents fuel surcharge for Fire Station 53 is related to the cost of delivery for a smaller volume of diesel (1,500 gallons) delivered to this location due to its storage capacity.

Management concurs that consistent procedures for the calculation of fuel billing are needed. The Fleet Services Division will update the procedures manual to reflect the amended steps for calculating monthly billing rates and provide for the justification of each fee.

Current Status:

All requested Standard Operating Procedures (SOP) and policies have been drafted and are currently being reviewed by the Office of Management & Budget (OMB) staff.

# Finding 4 – Insufficient Controls over the WEX Fuel Cards Usage

<u>Issue No:</u>	561			
<u>Date of Finding:</u>	09/03/2025			
<u>Final Date of Completion</u>	06/30/2026			
<u>Responsible Person 1</u>	pajolly	Name Patricia Jolly	Title Program Manager II	Department Public Works
<u>Responsible Person 2</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works
<u>Correction Plan Status:</u>	Partially Implemented		<u>Finding Type:</u>	Finding
<u>Next Milestone</u>	Review and approve Citywide fuel management policy			
<u>Milestone Date of Completion</u>	03/31/2026			
<u>Department:</u>	Public Works			
<u>Audit Initiator</u>	Commission Audit			
<u>Title:</u>	Finding 4 – Insufficient Controls over the WEX Fuel Cards Usage			
<u>Issue / Observation</u>	<p>Upon examining the WEX fuel card transactions and documentation, the City Auditor's Office (CAO) noted multiple policy violations:</p> <ul style="list-style-type: none"> <li>• Thirty-two (32) of the seventy-nine (79) active fuel cards, or 41%, exhibited an exception to PSM 8.1.6:</li> <li>• There were sixteen (16) generic cards, intended for use during fuel station outages or emergencies, belonging to the Fire Department. Three (3) of the 16 cards were used during the audit period, resulting in twenty-two (22) transactions.</li> </ul> <p>Furthermore,</p> <ul style="list-style-type: none"> <li>• None of these transactions took place during an outage, or a declared emergency.</li> <li>• No documentation was provided to substantiate the claim that several of the transactions were related to faulty CANceivers.</li> <li>• Only one PIN was used for all transactions.</li> </ul> <ul style="list-style-type: none"> <li>• There were ten (10) generic cards belonging to the Police Department; there was no activity on these cards during the audit period.</li> <li>• There were three (3) cards assigned to inactive vehicles; there was no activity on these cards during the audit period.</li> <li>• There was one (1) card assigned to an inactive generator; there was no activity on this card during the audit period.</li> <li>• Two (2) vehicles were assigned more than one card each. The CAO did not identify any misuse of these cards.</li> </ul> <ul style="list-style-type: none"> <li>• Six (6) of the eighty-eight (88) active fuel users, or 7%, had retired, and per policy, their profiles should have been deactivated. Furthermore, the PINs of three (3) of the six (6) users were used post-retirement to fuel City vehicles, which indicates that PINs may have been shared.</li> </ul> <ul style="list-style-type: none"> <li>• Upon examining the WEX fuel card transactions, the CAO noted that, occasionally, fuel dispensed exceeded the manufacturer's stated tank capacity.</li> </ul> <ul style="list-style-type: none"> <li>• Finally, one WEX system administrative user, with access to all available functions in the WEX system, is no longer employed by the City of Fort Lauderdale, yet her user profile continues to be active.</li> </ul>			

According to PSM 8.1.6, the following criteria govern appropriate fuel card use and internal controls:

1. Vehicle Specific Fuel Card Use

- “Fuel cards will be issued to each authorized City vehicle to purchase fuel for official use at retail gas stations.” (PSM 8.1.6, page 1, Section II.A.1.i)

2. Fuel Card Must Remain with Assigned Vehicle

- “The Fuel Card may only be used to purchase fuel for the corresponding assigned vehicle number embossed on the cards. The card should not be used to fuel another vehicle.” (PSM 8.1.6, page 2, Section II.B.1.i)

3. Use of Individual PINs

- “Each authorized user will be assigned a personal identification number (PIN) to allow fuel transactions to occur.” (PSM 8.1.6, page 1, Section II.A.1.ii)

4. PIN Security and Accountability

- “This PINs should not be shared by others.” (PSM 8.1.6, page 1, Section II.A.1.ii)

5. Deactivation Upon Separation or Transfer

- “When an employee ends his or her employment with the City the employee’s supervisor shall inform Fleet Services to deactivate the employee’s PIN. If transferred to another Department, the employee’s supervisor shall contact Fleet Services to have the personal identification code changed to the correct Department.” (PSM 8.1.6, page 2, Section II.A.3.i)

6. Payment and Invoice Procedures

- “The Fuel Card Coordinators must review the statement and note any discrepancies between the submitted receipts and statement... The Fuel Card Coordinator is responsible for monitoring card charge slips/receipts for all items listed on the statement for audit for no less than five (5) years after the statement date.” (Policy 8.1.6, page 3, Section B.2.iii)

City staff are not following PSM 8.1.6, and reviewers are not exercising oversight over fuel card usage. Non-compliance with PSM 8.1.6 may result in unnecessary fuel expenses, shortages for legitimate City needs, and potential fraud.

Recommendation:

The CAO recommends that the City Manager work with the Public Works Director to:

1. Modify the fuel cards policy and procedures to include generic cards, if operations necessitate their use.
2. Deactivate any spare cards, or cards assigned to inactive assets, in a timely manner.
3. Review list of active cards at regular intervals.
4. Finally, enhanced controls, targeted education, clear accountability, and defined consequences should be established.

As previously recommended in the Audit of Internal Controls over Fuel Operations, it is imperative to reestablish the communication protocol with the Human Resources department regarding employee transfers and terminations to ensure timely updates so that only authorized individuals are allowed to fuel.

Correction Plan:

Management concurs that changes to controls over WEX fuel card usage were needed. Part I of the Fuel Operations Audit also identified fuel card concerns. Management Responses from that audit are on-going and many of the identified controls have been implemented prior to the period of review for the current fuel consumption and billing audit (October 2023 through September 2024, and for billing - April 1, 2023, to March 31, 2024).

City Staff will continue to take the following actions which were implemented after the prior audit:

- Monthly review of inactive assets (e.g. generators) associated with fuel cards;
- Monthly WEX fuel card audits by Fleet Services Division; and
- Timely deactivation of WEX fuel cards based on the monthly promotions, transfers, and terminated employees listing provided by the Human Resources Department.

The Fleet Services Division will hold periodic training sessions to highlight the responsibilities of Fuel Card Coordinators under the modified and approved PSM 8.1.6 – Policies and Procedures for City Issued Fuel Cards.

PSM 8.1.6 Policy and Procedures for City Issued Fuel Card incorporates a number of controls, accountability measures and consequences including, but not limited to:

- **Accountability:** The user will be required to sign the Fuel Card agreement and is responsible for knowing, understanding and following the policies and procedures.
- **Control:** Each department is responsible for assigning a “Fuel Card Coordinator” to receive and maintain card charge statements/receipts.
- **Control:** The Fuel Card Coordinator will review the invoice and compare it to the receipts submitted by the authorized user for payment.
- **Control:** When an employee’s employment with the City ends, the employee’s supervisor shall inform the Fleet Services Division and request deactivation of the employee’s personal identification number (PIN). If transferred to another Department activity, the employee’s supervisor shall contact the Fleet Services Division to have the PIN changed to the correct Department.
- **Control:** The Fuel Card Coordinator must review the statement and note any discrepancies between the submitted receipts and statement. The employee must sign the statement attesting that the purchase of fuel was done in connection with City business.
- **Consequences:** Any misuse of the Fuel Card may result in the revocation of the card. Cardholders who are found to have misused their Fuel Card privileges twice within a twelve (12)-month period will have their card permanently revoked.

Current Status:

All requested Standard Operating Procedures (SOP) and policies have been drafted and are currently being reviewed by the Office of Management & Budget (OMB) staff. Staff performs monthly WEX fuel card audits and uses the monthly reports forwarded by Human Resources to ensure timely deactivations of fuel cards.

# Finding 5 – Non-Compliance with the P-Card and Travel Policies for Fuel Usage

Issue No: 562  
Date of Finding: 09/03/2025

Final Date of Completion 06/30/2026

		Name	Title	Department
<u>Responsible Person 1</u>	Dnewstrom	Drew Newstrom	Program Manager	Public Works
<u>Responsible Person 2</u>	jboutilier	Jason Boutilier	Senior Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Finding

Next Milestone Review and approve Citywide fuel management policy

Milestone Date of Completion 03/31/2026

Department: Public Works

Audit Initiator Commission Audit

Title: Finding 5 – Non-Compliance with the P-Card and Travel Policies for Fuel Usage

Issue / Observation The City Auditor's Office (CAO) noted multiple instances in which vehicles were fueled in violation of PSM 9.13.1.

- Twelve (12) transactions were made by five (5) employees from various departments; one (1) from Fire, one (1) from Parks, two (2) from Police, and one (1) from TAM.
- Multiple instances were noted where management waived Policy PSM 9.13.1 through email approval to allow exceptions.
- Two (2) transactions, attributed to one (1) Police employee, which fell under the PSM 9.13.1 exceptions. However, these transactions occurred outside of the tri-county area, thus, violating PSM 9.4.1, Travel Allowances and Subsistence. (Exhibit 14)

The City of Fort Lauderdale PSM 9.13.1, Use of City Issued Purchasing Cards (P-Cards) states:

- “The following types of items may not be purchased with a P-Card, regardless of the dollar amount:
  - Gasoline, fuel, or oil. All City vehicles are to be fueled at the four City fuel sites (with the exception of Police Motorcycles, Police and Fire Rescue Marine Vehicles, and Smart Vehicles).” (PSM 9.13.1, page 6, Section V.B.8 &8a)
  - Furthermore, PSM 9.4.1, Travel Allowance and Subsistence states:
    - “Personal vehicles used for transportation by all employees outside the “tri-county” area will be reimbursed on a per-mile basis.” (PSM 9.4.1, page 5, Section IV.E.1)
    - “If a City vehicle is utilized, tolls and fuel will be reimbursed.” (PSM 9.4.1, page 5, Section IV.E.5)

Drivers do not follow PSM 9.13.1 and PSM 9.4.1, and the P-Card and Travel policy coordinators are not exercising oversight over activities.

Non-compliance with the policies can lead to overspending, and potential fraud, waste, and abuse.

Recommendation: The CAO recommends that the City Manager work with the Finance Director to increase training, strengthen oversight of P-cards usage, enforce compliance, and update policy PSM. 9.13.1 to allow exceptions on a case-by-case basis at the City Manager’s discretion.

Correction Plan:

Management concurs with the finding and acknowledges the instances of non-compliance with the City's P-Card Policy (PSM 9.13.1) and Travel Allowance and Subsistence Policy (PSM 9.4.1).

The increased utilization of P-Cards was part of a strategic push to streamline procurement processes, improve operational efficiency and increase the rebate. This initiative resulted in inconsistent application of policy exceptions related to fuel purchases. Specifically, as it relates to public safety fuel purchases, email approvals were issued by department leadership to authorize using P-Cards due to operational needs or field constraints; however, such exceptions were not always aligned with the written policies nor consistently documented in a centralized manner.

The Finance Department will revise the P-Card Policy (PSM 9.13.1) to explicitly define procedures for requesting and approving exceptions, particularly for fuel purchases. The revised policy will include a formal process for documenting such exceptions with appropriate justification and prior approval from the City Manager or Finance Director.

City staff will continue to support operational enhancements to fleet operations and Citywide education efforts on fuel-related policies.

Current Status:

Fleet Services is working with the Finance Department to revise the P-Card Policy (PSM 9.13.1) to explicitly define procedures for requesting and approving exceptions, particularly for fuel purchases. The revised policy will include a formal process for documenting exceptions with appropriate justification and prior approval from the City Manager or Finance Director. City staff will continue to support operational enhancements to fleet operations and citywide education efforts on fuel-related policies.