CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

Review of the Sustainable Development – Updated Salary Allocations FY 2016
Report #15/16-04

January 22, 2016

CITY OF
FORT LAUDERDALE

City Auditor's Office

Memorandum No: 15/16-06

Date: January 22, 2016

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA
City Auditor

Re: Review of the *Sustainable Development – Updated Salary Allocations FY 2016* report

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At their November 17, 2015 meeting, the City Commission discussed the *Sustainable Development – Updated Salary Allocations FY 2016* report, as it relates to personnel costs allocated to the Community Redevelopment Agency (CRA). The City Auditor's Office (CAO) was asked to review the report for accuracy, completeness and reasonableness. The *Sustainable Development – Updated Salary Allocations FY 2016* report was prepared by the Budget Office.

Conclusion:

In our opinion, the allocation of personnel and benefits costs from the Department of Sustainable Development (DSD) to the CRA was consistent with the methodology developed during the budget process; however that methodology utilized subjective estimates and is not being reconciled with actual costs incurred. In addition, we determined that certain salary costs were improperly charged to the Northwest-Progresso-Flagler Heights CRA (NPF CRA) instead of the Central Beach CRA.

Scope & Methodology:

The scope of our review consisted of determining the accuracy, completeness and reasonableness of the information included on the *Sustainable Development – Updated Salary Allocations FY 2016* report. The evaluation consisted of inquiries and review of documentation provided by staff. As outlined below, we vouched various components of the report to the source documents and verified their accuracy. During the process of confirming the accuracy of the information, as presented in the Exhibit A, the CAO also researched the reasonableness of the underlying methodologies applied.

Our scope did not include an evaluation or testing of the other Service Charge Allocations that were not covered in the *Sustainable Development – Updated Salary Allocations FY 2016* report. However, as additional information we have included a summary of those charges as Exhibit B.

Items vouched:

- **Employee Names**, vouched to the Payroll Payment Register

- **Vacant Positions**, vouched to the vacancy reports prepared by the Human Resource (HR) Department, and reports supporting the final personnel budgets for FY 2016.

- **Position Numbers and Position Descriptions**, vouched to the Payroll System, reports that support the final personnel budgets for FY 2016, and to memorandums requesting and approving position reclassifications.

- **Salaries** for filled positions, vouched to the Payroll System and Payroll Payment Register.

- **Salaries** for vacant positions, agreed to mid-range for each position title shown.

- **Benefits** for filled positions, vouched to their respective sources:
  - Medical, Longevity, Car/Expense Allowance, and Cellphone Allowance
    - Verified to the Payroll Payment Registers
  - GERS pension %
    - Verified to the actuarial report for the FY 2016
    - Verified to the Budget Office's allocation calculation
  - 9% 401 (a) contribution, agreed to 9% of salary

- **Benefits** for vacant positions, vouched to their respective sources:
  - Medical, Car/Expense Allowance, and Cellphone Allowance
    - Verified to reports supporting the final personnel budgets for FY 2016.
  - 9% 401 (a) contribution, agreed to 9% of salary

Findings:

During our review of the *Sustainable Development – Updated Salary Allocations FY 2016* report, we noted the following:

Finding 1:

Condition:

The method used to allocate personnel costs may lead to excessive General Fund expenses being allocated to the CRA, a violation of Florida Statute 163.370(3)(c). We determined that the Department of Sustainable Development (DSD) and the Budget Office were not able to provide adequate support for the percentages used for personnel cost allocations to/from the CRA fund and sub-funds. Additionally, they are allocating charges to the CRA for personnel positions which are vacant for either a portion of the fiscal year or the entire fiscal year.

Criteria:

Florida Statute 163.370(3)(c),

> (3) The following projects may not be paid for or financed by increment revenues:
>
> (c) General government operating expenses unrelated to the planning and carrying out of a community redevelopment plan.

Cause:

The methodology used for allocating costs to the CRA is not rigorous or precise as noted below:

- The allocation of personnel costs to the NPF CRA and the Central Beach CRA is estimated by DSD and reviewed by the Budget Office in advance of the fiscal year (during the budget process).

- The percentage of time allocated is entirely subjective and not based on actual tracking of time spent by DSD personnel on CRA-specific activities during the year.

- The budgeted allocations are then charged to the CRA throughout the year without reconciling those estimates to actual costs incurred, resulting in an excess of allocation over actual cost.

- The payroll system allows for the allocation of personnel salaries and FICA taxes, on a bi-weekly basis, to multiple funding indexes. However, since it does not have the ability to include all payroll-related benefit costs, this function of the payroll system was not being used.

Impact:
The failure to accurately allocate inter-departmental costs may result in a reduction of funds available to achieve the goals of the CRA.

Recommendation:
The City Manager, as Executive Director of the CRA, should direct DSD and the Budget Office to develop a more rigorous and precise methodology that will result in a more accurate approach to allocating personnel costs to the CRA.

Finding 2:
Condition:
There was an overcharge of personnel costs for three months of approximately $30,000 to the NPF CRA that belonged to the Central Beach CRA. When Don Morris was promoted from Assistant to the City Manager to Economic and Business Development Manager, he was improperly placed in the vacant position in the NPF CRA, although he was in charge of the Central Beach CRA.

Criteria:
Under the COSO framework:

Control Activities, Principle 12: The organization deploys control activities through policies that establish what is expected and procedures to put policies into action. Points of focus:

59. Establishes responsibility and accountability for executing policies and procedures
61. Takes corrective action

Monitoring Activities,
Principle 16: The organization selects, develops and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning. Points of focus:

78. Considers a mix of ongoing and separate evaluations
80. Establishes baseline understanding
81. Uses knowledgeable personnel
84. Objectively evaluates

Principle 17: The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate. Points of focus:

85. Assesses results
86. Communicates deficiencies
87. Monitors corrective action

Cause:
The incorrect charging was the result of control weaknesses as follows:

- The Human Resources (HR) Department delegates the impact of funding source monitoring of personnel position changes to the Budget Office.

- The Budget Office only monitors funding sources for personnel position changes that have a financial impact of greater than 10%.

- The incorrect charges, although reflected on the bi-weekly "Time Edit Report With Leave" report, were overlooked as evidenced by the DSD Timekeeper and Deputy Director's signature of approval on those same reports.

- Some of the events leading up to this error were as follows:

  - 01/12/2015
    The previous CRA Director position (Posn S022), which was charged 100% through payroll to the NPF CRA and allocated 25% to the General Fund – Urban Design and Development index via monthly journal entry "ME", was vacated when Alfred Battle was promoted into the DSD Deputy Director position (Posn S005 then subsequently Posn S116).

  - 02/17/2015
    Posn S022 was reclassified to Economic & Business Development Manager.

  - 06/21/15
    The Central Beach CRA Assistant to the City Manager (Posn S026), Don Morris, was promoted into Posn S022, Economic & Business Development Manager, which continued to be charged 100% through payroll to the NPF CRA and allocated 25% to the General Fund via ME.

    - Don Morris focused the majority of his efforts on the Central Beach CRA, with only minimal involvement in the activities of the NPF CRA, yet 75% of his salary was charged to the NPF CRA and 25% to the General Fund.

  - 08/30/15
    Don Morris' prior position, S026, was reclassified from Assistant to the City Manager to Economic & Business Development Manager.

  - 09/13/15
    Intra-department transfer of Don Morris from position S022 to S026. This transfer corrected the ongoing misclassification to the NPF CRA.

  - Even though Don Morris's prospective payroll was corrected, the prior overcharging was not corrected timely.

  - Due to the number of vacant positions and length of time for which they remained unfilled, there was a degree of instability in the management of the CRA which appears to have impacted oversight and accountability during this period. (See Exhibit C)

Auditor Note:
The Budget Office noticed the incorrect postings towards the end of FY 2015, but did not correct the misclassification of costs. Following our review, the Finance Department corrected the prior misposting in January 2016, for FY 2015.

Impact:
The inappropriate use of TIF monies collected for the purpose of the NPF CRA reduces the amount of funds available for meeting the objectives of the NPF CRA.

Recommendation:
The City Manager should direct the HR Department to develop a procedure to ensure that the hiring, transfer or promotion of individuals into new positions does not occur until those positions have been appropriately authorized, reclassified and established in the system.

cc: Lee R. Feldman, City Manager
Cynthia A. Everett, City Attorney
Jeff Modarelli, City Clerk
Stanley Hawthorne, Assistant City Manager
Christopher Lagerbloom, Assistant City Manager

Exhibits Attached:
Exhibit A – Sustainable Development – Salary and Benefits FY 2016 – As of 11-07-2015
Exhibit B – Summary of Service Charge Allocations FY 2012 – FY 2016
Exhibit C – ECR Division Interim Structure, DSD Memorandum dated 4-6-2015
Exhibit D – Management Response

Sustainable Development - Salary and Benefits

FY 2016 - As of 11-07-2015

Item #	Employee Name	Position Number	Position Description	Salary (Refer to pages 2-3)	Benefits (Refer to pages 2-3)	Total Pay	UDP General Fund Percent	UDP General Fund Dollars	Code General Fund Percent	Code General Fund Dollars	Econ Dev General Fund Percent	Econ Dev General Fund Dollars	Total General Fund Percent	Total General Fund Dollars	Building Percent	Building Dollars	CRA Beach Percent	CRA Beach Dollars	CRA NW Progresso Percent	CRA NW Progresso Dollars	Total CRA Percent	Total CRA Dollars
	Community Redevelopment Agency "CRA":																					
	CRA - Central Beach:																					
1	Vacant	S012	Project Manager II (Mid Range)	84,791	18,766	103,557	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	0.0%	$ -	100.0%	$ 103,557	0%	$ -	100.0%	$ 103,557
2	Green, Thomas S	S021	Senior Project Manager	93,870	22,480	116,350	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	100.0%	116,350	0%	-	100.0%	116,350
3	Donald L. Morris	S026	Economic & Business Development Manager	117,998	38,486	156,484	0.0%	-	0.0%	-	10.0%	15,648	10.0%	15,648	0.0%	-	90.0%	140,836	0%	-	90.0%	140,836
4	Omengebar, Cija D	S134	Economic Development Program Aide	43,430	12,010	55,440	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	100.0%	55,440	0%	-	100.0%	55,440
	CRA - Central Beach FTE Count 4			340,090	91,742	431,832		-		-		15,648		15,648		-		416,184		-		416,184
	CRA - NW Progresso:																					
5	Vanessa T. Martin	S009	Financial Management Analyst	61,235	16,646	77,881	0.0%	-	0.0%	-	20.8%	16,199	20.8%	16,199	0.0%	-	39.6%	30,841	40%	30,841	79.2%	61,682
6	Vacant	S022	Economic & Business Development Manager	106,309	23,343	129,652	0.0%	-	0.0%	-	75.0%	97,239	75.0%	97,239	0.0%	-	0.0%	-	25%	32,413	25.0%	32,413
7	Sandra A. Doughlin	S023	Clerk III	55,224	15,953	71,177	0.0%	-	0.0%	-	39.8%	28,328	39.8%	28,328	0.0%	-	0.0%	-	60%	42,849	60.2%	42,849
8	Thomasina Turner-Diggs	S024	CRA Project Coordinator	77,605	33,944	111,549	0.0%	-	0.0%	-	10.0%	11,155	10.0%	11,155	0.0%	-	0.0%	-	90%	100,394	90.0%	100,394
9	Vacant	S025	Economic Development Administrator	91,655	20,944	112,599	0.0%	-	0.0%	-	25.0%	28,150	25.0%	28,150	0.0%	-	37.5%	42,225	38%	42,225	75.0%	84,449
10	Robert C. Wojcik	S031	Planner III	89,981	46,957	136,938	0.0%	-	0.0%	-	25.2%	34,508	25.2%	34,508	0.0%	-	0.0%	-	75%	102,429	74.8%	102,429
11	Florencio, Lutecia A	SX806	Admin Aide	41,350	8,101	49,451	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	100%	49,451	100.0%	49,451
	CRA - NW Progresso FTE Count 7			523,359	165,888	689,247		-		-		215,580		215,580		-		73,066		400,602		473,668
	CRA FTE Count 11			863,450	257,630	1,121,080		-		-		231,228		231,228		-		489,250		400,602		889,852
	Other DSD Allocated Personnel Charges to "CRA":																					
	Urban Design & Planning (Administrative):																					
12	Aaron P. Stahly	S007	Administrative Assistant II	72,238	17,765	90,003	10%	9,000	10%	9,000	0%	-	20%	18,001	50%	45,002	15.0%	13,501	15%	13,501	30.0%	27,001
13	Vacant	S076	Administrative Assistant I	62,962	16,802	79,764	25%	19,941	25%	19,941	0%	-	50%	39,882	20%	15,953	15.0%	11,965	15%	11,965	30.0%	23,929
14	Liza M. Torres	S105	Administrative Assistant II	74,797	17,666	92,463	23%	20,804	23%	20,804	0%	-	45%	41,608	20%	18,493	17.5%	19,417	18%	12,945	35.0%	32,362
15	Alfred G. Battle Jr.	S116	Deputy Director	157,165	60,183	217,348	20%	43,470	20%	43,470	20%	43,470	60%	130,409	20%	43,470	10.0%	21,735	10%	21,735	20.0%	43,470
16	Jenni C. Morejon	S137	Sustainable Development Director	158,683	60,216	218,899	20%	43,780	20%	43,780	0%	-	40%	87,560	40%	87,560	10.0%	21,890	10%	21,890	20.0%	43,780
17	Nicole R. Evans	SX800	Senior Management Fellow	45,760	9,014	54,774	10%	5,477	10%	5,477	20%	10,955	40%	21,910	20%	10,955	16.0%	8,764	24%	13,146	40.0%	21,910
	Urban Design & Planning			571,605	181,646	753,251		142,472		142,472		54,424		339,369		221,431		97,271		95,180		192,451
	Economic Development:																					
18	Vacant	S027	Secretary III	49,026	14,107	63,133	0%	-	0%	-	60%	37,880	60%	37,880	0%	-	20%	12,627	20%	12,627	40%	25,253
19	Vacant	S069	Economic Development Aide	48,526	12,948	61,474	0%	-	0%	-	75%	46,106	75%	46,106	0%	-	13%	7,684	13%	7,684	25%	15,369
20	Vacant	S071	Business Assistance Coordinator	76,835	18,530	95,365	0%	-	0%	-	30%	28,610	30%	28,610	0%	-	35%	33,378	35%	33,378	70%	66,756
	Economic Development			174,387	45,585	219,972		-		-		112,595		112,595		-		53,689		53,689		107,377
	Building (Administrative):																					
21	Jeremy B. Earle	S005	Deputy Director	132,205	29,410	161,615	15%	24,242	15%	24,242	20%	32,323	50%	80,807	10%	16,161	20%	32,323	20%	32,323	40%	64,646
22	Jason J. Boutilier	S077	Performance Analyst	69,472	16,727	86,199	8%	6,465	8%	6,465	15%	12,930	30%	25,860	40%	34,480	15%	12,930	15%	12,930	30%	25,860
23	Rosalind R. Morgan	S117	Financial Administrator	85,051	19,270	104,321	15%	15,648	15%	15,648	10%	10,432	40%	41,728	50%	52,161	5%	5,216	5%	5,216	10%	10,432
24	Cheryl A. Ellison	S147	Senior Accounting Clerk	55,702	22,985	78,687	10%	7,869	10%	7,869	0%	-	20%	15,737	70%	55,081	5%	3,934	5%	3,934	10%	7,869
	Total Building (Administrative)			342,430	88,392	430,822	48%	54,224	48%	54,224	45%	55,685	140%	164,133	170%	157,883	45%	54,403	45%	54,403	90%	108,806
	Other DSD Allocated Personnel Charges to CRA			1,088,422	315,623	1,404,045	48%	196,696	48%	196,696	45%	222,704	140%	616,097	170%	379,314	45%	205,363	45%	203,272	90%	408,635
	Grandtotal			$ 1,951,872	$ 573,253	$ 2,525,125		$ 196,696		$ 196,696		$ 453,932		$ 847,325		$ 379,314		$ 694,612		$ 603,874		$ 1,298,486

Conclusion:

1. The allocation percentages were determined by DSD and submitted to OMB as part of the budget service charge allocations. The methodology used to determine the allocation percentages was not supportable. There was no actual tracking of employee time spent on CRA related activities. (Finding #1)
2. Once the allocated payroll charges are determined (during the budget process) there are no further adjustments to account for changes, such as vacancies. (Finding #1)
3. There is a lack of monitoring of charges to the CRA to prevent misappropriations. (Finding #2)
4. Positions were being moved around before a structure was established in the payroll system.
5. This schedule is not all-inclusive. The allocated costs to the Beach CRA per the FY16 Budget is $398,648 vs. $205,363 as shown. The allocated costs to the NWP CRA per the FY 16 Budget is $407,916 vs. $203,272 as shown.

Note: 51.4% of the payroll cost listed on this schedule is being charged to the CRA fund (27.5% to Beach and 23.9% to NWP)

Exhibit A

Summary of Service Charge Allocations
FY 2012 - FY 2016

Northwest-Progresso-Flagler Heights CRA

Sub-Object	Description	2012	2013	2014	2015	2016
4304	INDIRECT ADM	88,865	100,219	74,708	75,099	107,208
4306	OVERHEAD-INT	40,737	40,737	40,737	-	-
4321	SERVCHG-BUIL	-	-	-	97,183	156,231
4325	SERVCHG-CITY	78,600	-	-	-	-
4330	SERVCHG-ECON	-	-	-	168,349	57,303
4337	SERVCHG-FIRE	1,000	-	58,987	-	-
4343	SERVCHG-INFO	-	66,165	1,000	56,387	71,174
4349	SERVCHG-PARK	617	1,000	4,500	1,000	1,000
4352	SERVCHG-POLI	25,000	4,500	15,000	15,000	15,000
4355	SERVCHG-PRIN	4,842	15,000	4,842	15,000	-
4359	SERVCHG-PLAN	-	-	-	223,388	-
4361	SERVCHG-PUB	9,921	4,842	300	4,842	-
4369	SERVCHG-TELE	200	-	-	-	-
4399	SERVCHG-OTHE	-	300	-	300	-
Subtotal		249,782	232,763	200,074	656,548	407,916

Central Beach CRA

Sub-Object	Description	2012	2013	2014	2015	2016
4304	INDIRECT ADM	42,147	55,657	48,474	51,700	66,396
4306	OVERHEAD-INT	40,737	40,737	40,737	-	-
4319	SERVCHG-ADMI	-	-	-	-	158,121
4321	SERVCHG-BUIL	-	-	-	4,722	-
4325	SERVCHG-CITY	32,750	-	-	-	-
4328	SERVCHG-COMM	-	-	-	23,510	71,061
4330	SERVCHG-ECON	-	-	-	-	57,303
4343	SERVCHG-INFO	-	36,745	36,416	35,770	41,904
4346	SERVCHG-PKIN	-	-	-	-	-
4349	SERVCHG-PARK	-	-	-	-	-
4352	SERVCHG-POLI	-	-	1,900	1,900	1,900
4355	SERVCHG-PRIN	1,500	1,500	1,500	5,000	1,963
4369	SERVCHG-TELE	3,101	-	-	-	-
4372	SERVCHG-FLEE	2,760	180	-	-	-
4373	SERVCHG-FLEE	900	900	-	-	-
Subtotal		123,895	135,719	129,027	122,602	398,648
	TOTAL	373,677	368,482	329,101	779,150	806,564

Exhibit B

CITY OF
FORT LAUDERDALE

Jenni Morejon
Director, Department of Sustainable Development

700 NW 19 Avenue
Fort Lauderdale, FL 33311
945-828-5849
jmorejon@fortlauderdale.gov
www.fortlauderdale.gov

Date: April 6, 2015

To: Economic & Community Reinvestment Staff

From: Jenni Morejon, Director

Re: ECR Division Interim Structure

I am very pleased to announce the appointment of Jeremy Earle as DSD's Deputy Director of Strategic Operations. Jeremy will join DSD on May 11th, bringing a wealth of experience in economic development and community redevelopment, most recently as executive director of the Dania Beach CRA. Jeremy will provide administrative management to the following three divisions in DSD: Code Compliance, Economic & Community Reinvestment, and Urban Design & Planning.

Jeremy, Al and I are currently interviewing candidates for the vacant Economic & Community Redevelopment Manager position. We recognize the importance of bringing in a manager who can hit the ground running. After meeting with the ECR team as a group and individually with each of you, I am more aware of all the projects you are working on and understand that the manager must be able to provide clear direction, organizational vision, and align the team's skills and talents to the division work plan. I also recognize, as a result of these meetings, that additional assistance is needed during this transitional period.

During last year's transition in the Building Services Division, while a new building official and assistant building official were being recruited, I found it very beneficial to assign Liza Torres, DSD Chief of Staff, to work directly with the section leads in that division to provide general guidance and direction and serve as a conduit between the division and me. Therefore, effective immediately and until after Jeremy comes on board and a division manager is hired, Liza will be managing the day to day operations of the ECR Division.

For this interim structure, Audrey, Bob, Laura, Thomasina, and Vanessa will temporarily report to Liza. Don will continue to manage the Beach CRA and BID projects and report directly to me. Other organizational announcements include the transition of Eileen to a vacant Clerk II position in the Building Services Division where she will serve in the capacity of administrative support to Mark Leibowitz, Management Analyst/Permits Manager. This transfer will become effective at the end of April. Also recognizing that there is approved short term and intermittent administrative leave anticipated to be taken by Patricia and Sandra, I will bring in two full time temporary administrative staff to assist with the reception desk and other clerical responsibilities. Vanessa will temporarily manage the administrative team in ECR.

Exhibit C

Should the need arise for additional resources or further structural reorganization; Liza will advise me and we will make improvements as necessary and continue to keep the team advised. Thank you for your flexibility and patience during this transitional period. I remain excited about the future of the ECR Division and the success of each of you individually and as a team. I believe you will find Liza to be an approachable, fair, pragmatic resource and will provide an outstanding source of support and leadership during the upcoming months.

Please let me know if you have any questions.

cc: Susanne M. Torriente, Assistant City Manager
Alfred Battle, DSD Deputy Director
Jeremy Earle, DSD Deputy Director Designee
Liza Torres, DSD Chief of Staff

EXHIBIT D

CITY OF
FORT LAUDERDALE

All-America City

Memorandum

Memorandum No: 16-01

Date: February 16, 2016

To: John Herbst, City Auditor

From: Lee R. Feldman, ICMA-CM, City Manager

Re: Response to City Auditor's Review of DSD Salary Allocations FY 2016

On January 19, 2016, the City Commission, sitting as the Community Redevelopment Agency Board of Directors, hosted a workshop to discuss the structure, financial allocations, and operations of the Community Redevelopment Agency. One of the information items included in the agenda back up documents provided was the *Sustainable Development – Updated Salary Allocations FY 2016.* In preparation for the meeting, the City Auditor conducted a review of the information provided and offered a critical review of the information. On behalf of the Administration, a management response has been prepared and offered for review. Responses are immediately following each finding.

Finding 1:
Condition:
The method used to allocate personnel costs may lead to excessive General Fund expenses being allocated to the CRA, a violation of Florida Statute 163.370(3) (c). We determined that the Department of Sustainable Development (DSD) and the Budget Office were not able to provide adequate support for the percentages used for personnel cost allocations to/from the CRA fund and sub-funds. Additionally, they are allocating charges to the CRA for personnel positions, which are vacant for either a portion of the fiscal year or the entire fiscal year.

Recommendation:
The City Manager, as Executive Director of the CRA, should direct DSD and the Budget Office to develop a more rigorous and precise methodology that will result in a more accurate approach to allocating personnel costs to the CRA.

Management Response:
In an effort to gain efficiencies through shared staff, the Department of Sustainable Development uses multiple positions to provide services for the CRAs, economic development activities, administration and building functions. In development of the annual budget, staff uses its best judgment to estimate the portion of time that each staff member dedicates to functions in each funding area. The current financial and

payroll systems have limited ability to allocate personal service expenses amongst funds; therefore, the City uses service charge allocations rather than direct salary charges. Throughout the fiscal year, service charge allocations are re-evaluated periodically due to a number of issues including staffing changes or job reclassifications to determine if additional changes in the allocated charges are needed. Going forward, the creation of an independent CRA structure will allow expenses of staff members and overhead costs to be allocated separately to each trust fund. The cost allocation approach for expenses will continue going forward as the Housing and Community Development Program is integrated into the new staffing structure to support economic development and housing initiatives within the NPF CRA. The statutory and federal funding requirement requires detailed documentation of expenditures; therefore, time sheets will be used to further monitor staff time associated with each program.

Finding 2:

Condition:

There was an overcharge of personnel costs for three months of approximately $30,000 to the NPF CRA that belonged to the Central Beach CRA. When Don Morris was promoted from Assistant to the City Manager to Economic and Business Development Manager, he was improperly placed in the vacant position in the NPF CRA, although he was in charge of the Central Beach CRA.

Recommendation:

The City Manager should direct the HR Department to develop a procedure to ensure that the hiring, transfer or promotion of individuals into new positions does not occur until those positions have been appropriately authorized, reclassified, and established in the system.

Management Response:

Management acknowledges that this occurred. Mr. Morris filled this position temporarily with an incorrect funding source, although his responsibilities did include overseeing both the NPF CRA and the Central Beach CRA while the recruitment of a NPF CRA manager was in progress. With the proposed separation of the CRA structure from that of the City, it is not likely that this will occur again. The Human Resources Department will have more in-depth discussions in the future with departments when taking personnel actions with multiple funding sources to ensure the duties are in line with the funding source restrictions.

C: Mayor and City Commission
Stanley Hawthorne, Assistant City Manager
Phil Thornburg, Interim Assistant City Manager
Cynthia A. Everett, City Attorney
Jeffrey A. Modarelli, City Clerk

Jenni Morejon, Sustainable Development Director
Kirk Buffington, Finance Director
Averill Dorsett, Human Resources Director
Laura Reece, Budget Manager
Alfred Battle, Sustainable Development Deputy Director
Jeremy Earle, Sustainable Development Deputy Director
Linda Logan-Short, Finance Deputy Director
Kristin Tigner, Human Resources Deputy Director