

CITY OF FORT LAUDERDALE

OFFICE OF THE CITY AUDITOR

Summary of Follow-Up Audits as of June 30, 2020

Report #19/20-07

July 30, 2020



City Auditor's Office

Memorandum No: 19/20-11

Date: July 30, 2020

To: Honorable Mayor and Commissioners

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

Re: Summary of Follow-Up Audits as of June 30, 2020

Since fiscal year 2015-16, the City's Auditor Office (CAO) has implemented a continuous auditing approach for following up on prior audit findings. Under this audit method, the CAO will be able to work with the departments as they update and implement their agreed upon recommendations. In coordination with the Office of Management and Budget (OMB), who maintains an Audit Compliance Tracking System (ACTS), it has been agreed that the City departments will inform the CAO when they have updated the ACTS with their supporting documentation to close a finding or observation.

The CAO will review any of the supporting documentation attached in the system. If the corrective actions taken by the department comply with the agreed upon recommendations stated in the findings or if an alternative method has been used and agreed upon, CAO staff will consider the finding(s) to be closed. Upon the City Auditor's final review, CAO staff will then communicate the closure of the finding(s) to the OMB. The OMB coordinator will close the item within the ACTS and will continue to follow up with departments to provide supporting documentation and to inform the CAO of updates to the ACTS.

In the process of clearing findings, CAO staff visited individual departments, interviewed management personnel and performed tests, on a more frequent basis, to evaluate the adequacy of management's implementation of the audit recommendations. In this process, we have closed or resolved 238 audit findings. The attached schedule (**Exhibit A**) recaps 12 that are open as of June 30, 2020.

As we complete new audits, the new audit findings and observations will be added into the ACTS. The departments are responsible to update the current status of the findings in the ACTS. Furthermore, the departments are to provide proper notice to CAO staff that corrective actions have been undertaken to address certain audit findings.

We would like to thank the departments that have taken a proactive approach to implement the agreed upon corrective actions. Additionally, we will continue to work with the departments to resolve prior findings accumulated over several years and to ensure compliance with the City's policies and procedures.

cc: Chris Lagerbloom, City Manager
Alain E. Boileau, City Attorney
Jeff Modarelli, City Clerk



CITY OF FORT LAUDERDALE

Status of Open Audit Findings

**(Single Audit,
Programmatic Audit,
and City Commission Audit)**

As of June 30, 2020



WE BUILD COMMUNITY



CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The quarterly Open Audit Findings Status Report is compiled by the Structural Innovation Division within the Office of Management and Budget based upon updates provided by departmental staff. This report provides the status of open audit findings from external auditors and the City Commission Auditor's Office each quarter.

There are currently 14 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 Commission Auditor that they believe a finding has been resolved. The Auditor's Office will continuously review these responses throughout the year and will notify the System Administrator in the Structural Innovation Division to close findings that have been cleared.

This quarter one (1) new finding was added, identified as a significant deficiency in the Fiscal Year 2019 Comprehensive Annual Financial Report. In addition, two (2) audit findings were closed in the Finance Department. Both closed findings were associated with the Fiscal Year 2018 Comprehensive Annual Financial Report.

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

The department breakdown is in the table below.

Number of Open Findings

DEPARTMENT	June 2016	June 2017	June 2018	June 2019	September 2019	December 2019	March 2020	June 2020
City Manager's Office	1	1	3*	2*	2*	1*	1*	1*
Community Redevelopment Agency	5	1	1	1	1	0	0	0
Finance	9	1	0	2**	26**	8**	8**	6
Fire-Rescue	0	0	0	0	0	0	0	0
Human Resources	7	7	7	4	4	4	3	3
Information Technology Services	2	0	0	0	0	0	0	1**
Parks and Recreation	0	11	6	2	1	1	1	1
Public Works	1	0	0	0	0	0	0	0
Sustainable Development Department	7	4	2	2	2	2	2	2
Transportation and Mobility	0	0	0	0	0	0	0	0
TOTAL	32	25	19	13	36	16	15	14

* The one (1) open finding within the City Manager's Office come from a programmatic audit of the Consolidated Annual Performance and Evaluation Report submitted to the US Department of Housing and Urban Development (HUD).

**One (1) open finding within the Information Technology Services Department come from the Independent Auditor's Report of the financial statements in the FY 2019 Comprehensive Annual Financial Report.

All other open findings/observations come from reports issued by the Office of the City Auditor.

**Status of Open Audit Findings
as of June 30, 2020
Table of Contents**

Closed Audit Findings		Status reported by Staff	Page
Finance Department			
417	Finding 2018-001 - Fort Lauderdale Community Redevelopment Agency	Implemented	2
418	Finding 2018-002 - City of Fort Lauderdale General Employees' Retirement System	Implemented	3
Programmatic Findings			
City Manager's Office			
413	FY2016 Consolidated Annual Performance and Evaluation Report (CAPER) - Slow Moving Activities	Implemented	5
External Findings			
Information Technology Services Department			
449	Finding 2019-001 User Access	Partially Implemented	8
City Auditor's Office Findings			
Finance Department			
429	Finding #12: Duplicate P-Card Detection	Not Implemented	11
430	Finding #13: P-Card Inventory Control	Partially Implemented	12
431	Finding #14: P-Card Spending Issues with Public Works and Parks and Rec	Partially Implemented	13
435	Finding #10: P-Card Fixed Asset Inventory Procedure	Not Implemented	14
436	Finding #11: Accuracy of P-Card Rebates	Implemented	15
437	Finding #15: P-Card Access Rights	Partially Implemented	16
Human Resources Department			
95	Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	18
100	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Partially Implemented	20
237	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	21
Parks and Recreation Department			
314	Operational Audit of the Cemetery System - Finding 7	Partially Implemented	24

**Status of Open Audit Findings
as of June 30, 2020
Table of Contents**

City Auditor's Office Findings, continued			
Department of Sustainable Development			
108	Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 2	Partially Implemented	27
109	Report #10/11-06 Audit of the Code Enforcement Lien Process - Finding 3	Partially Implemented	29

Findings Closed This Quarter

Finance Department



Finding 2018-001 - Fort Lauderdale Community Redevelopment Agency

Issue No: 417

Date of Finding: 05/29/2019

Final Date of Completion 05/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion 05/15/2020

Department: Finance

Audit Initiator Financial External

Title: Finding 2018-001 - Fort Lauderdale Community Redevelopment Agency

Issue / Observation Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual; that is measurable and available to finance the Agency's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Community Redevelopment Agency recorded approximately \$7 million in revenue versus a deferred inflow of resources. This action resulted in an overstatement of revenue.

Cause: The Agency did not complete a detail review over revenue accounts to ensure that they had been received and available for the current period.

Recommendation: Crowe recommends the Agency complete a review over the fiscal year end revenue accounts in order to determine if all recorded revenues have been received within the Agency's recognition policy time period of 60 days.

Correction Plan: On May 10, 2018, the City of Fort Lauderdale (City) terminated the Wave Streetcar project. The Agency paid approximately \$7.5 million to fund the north loop of the project. The City sent a demand letter requesting the reimbursement of unused Agency funds on July 11, 2018. The Agency fully expected to receive the reimbursement in a timely manner. Unfortunately, the unwinding of the multi-agency agreements for this project took much longer than anticipated and the revenue was not received prior to the end of the recognition period. Moving forward, the Agency will evaluate the probability of collection of revenues, to ensure the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Current Status: The matter was resolved in the 2019 Consolidated Annual Financial Report, allowing for this finding to be closed.

Finding 2018-002 - City of Fort Lauderdale General Employees' Retirement System

Issue No: 418

Date of Finding: 05/29/2019

Final Date of Completion 05/01/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented

Finding Type: Material Weakness

Next Milestone

Milestone Date of Completion 05/15/2020

Department: Finance

Audit Initiator Financial External

Title: Finding 2018-002 - City of Fort Lauderdale General Employees' Retirement System

Issue / Observation An unsettled trade is a trade for which payment has not yet been received or paid and should be classified as either an asset or liability on the statement of fiduciary net position. The General Employees' Retirement System Plan did not correctly record unsettled trade liabilities, accounts receivable and cash at year end. As a result, cash and accounts receivable were understated by approximately \$12.3 million and \$7.8 million respectively and liabilities were understated by approximately \$20.1 million.

Recommendation: Crowe recommends that the Plan implement a policy to ensure that there is a detail review over investment trades at fiscal year-end and that there is an independent review by an appropriate level of management.

Correction Plan: The original entry was recorded correctly. During a secondary review there was a misinterpretation of GASB Statement 67 and the entry was reversed. In the future the Plan will seek assistance from the external auditors when there is a difference in the interpretation of a GASB statement.

Current Status: The matter was resolved in the 2019 Consolidated Annual Financial Report, allowing for this finding to be closed.

Programmatic Findings

City Manger's Office



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

Issue No: 413

Date of Finding: 04/05/2018

Final Date of Completion 09/30/2020

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

Correction Plan Status: Implemented Finding Type: Observation

Next Milestone Release of the new CAPER report.

Milestone Date of Completion 09/30/2020

Department: City Manager

Audit Initiator 3rd Party Auditor

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

Issue / Observation A review of the City's reporting data (IDIS Report# RC04PR02) - List of activities by program year and project, in the Integrated Disbursement and information System (IDIS) are showing a number of old funded activities with large balances, no draws made, or activities incorrectly reported.

Recommendation: It's recommended that the City, where appropriate, accurately report on open activities with \$0 balance and old activities with balances, as soon as possible, but no later than 30 days from receipt of this letter. By doing so, it will aid to avoid erroneous reporting and will assist the City in meeting its timeliness test.

Correction Plan: The City has reviewed the items listed on the chart. The first 4 IDIS activities have a program year date of 1994 and shows as a zero balance. The City is requesting technical assistance from HUD to close out 1994 HOME, CDBG, and HOPWA programs.

IDIS Activity# 2302 - 632 NW 15 Terrace (exhibit 11)
 - This activity has one final draw. The activity will be completed and closed no later than September 30, 2018

IDIS Activity# 2307 - New Vision CDC (exhibit 12)
 - This activity is in progress with an outstanding balance of \$46,417.02. The City expects the outstanding balance to be expended no later than September 30, 2018.

IDIS Activity# 2298 - Lake Aire St. Improvements (exhibit 14)
 - The activity will be completed and closed no later than September 30, 2018.

The remaining items have already been closed.

Current Status:

Activities 2302, 2307, and 2298 that were identified in the correction plan have now been completed and closed. These activities are now compliant. As part of the process improvement plan, Monthly review of CDBG Activities at Risk Dashboard is conducted. New activities have been identified that could become future findings for the City It appears that the Neighborhood Community Investment Program (NCIP) projects continue to present a challenge to the CDBG timeliness process and frequently appear on the CDBG at risk dashboard. An analysis of the City's at risk and slow-moving activities indicates that NCIP activities appear to be a recurring issue. To minimize or prevent future findings, the City has transitioned away from the practice of funding NCIP activities with CDBG funds due to the time sensitive nature of this funding source.

HUD monitoring was scheduled for June 2020, but it has been postponed until a future date that has not been determined.

EXTERNAL FINDINGS

Information Technology Services Department



Finding 2019-001 User Access

Issue No: 449
Date of Finding: 05/15/2020
Final Date of Completion 05/14/2021

		<u>Name</u>	<u>Title</u>	<u>Department</u>
<u>Responsible Person 1</u>	crodholm	Charles Rodholm	Division Manager ITS Security	Information Services
<u>Responsible Person 2</u>	vflorestal	Valerie Florestal	Financial Administrator	Information Services

Correction Plan Status: Partially Implemented Finding Type: Significant Deficiency

Next Milestone Clear finding through the Comprehensive Annual Financial Report Fiscal Year 2020

Milestone Date of Completion 05/14/2021

Department: Information Services

Audit Initiator Financial External

Title: Finding 2019-001 User Access

Issue / Observation The City did not remove access to a server after an employee termination. A terminated employee with administrative access continued to have access to a server after the employee's termination date. Effect: Potential unauthorized server access.

Administrator level access to servers should be removed and/or login credentials changed immediately upon termination of employees. If access is unable to be removed within a reasonable period of time after termination, ongoing monitoring should be performed to identify any suspicious activity.

Recommendation: Crowe recommends the City follow best practices of immediately removing access or changing login credentials for terminated employees. The City should also monitor activity of all servers and financially significant systems for unusual activity on an ongoing basis.

Correction Plan: The City has updated an internal policy to clearly dictate that service accounts should not be associated with a person and should not be used by any person except for troubleshooting and initial testing purposes. This control will prevent the City from leaving system administrator accounts open due to account tie-in with critical services.

Current Status: The user account has been deleted. The ITS Security team is currently evaluating policies and procedures to address access management controls.

Reports issued by The Office of the City Auditor



Finance Department



Finding #12: Duplicate P-Card Detection

Issue No: 429
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2020

Responsible Person 1 lgarcia
Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Not Implemented Finding Type: Material Weakness

Next Milestone Implementation of ERP.

Milestone Date of Completion 09/30/2020

Department: Finance

Audit Initiator Commission Audit

Title: Finding #12: Duplicate P-Card Detection

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

Cause:

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

Impact:

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

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

Correction Plan: With the implementation of the new ERP in fiscal year 2020, P-Card charges will be approved by the Department and routed through Accounts Payable ("AP") for processing. Part of this process will include uploading the P-card charge directly to the corresponding AP vendor file, which will help identify duplicate invoices. This will aide Management by identifying duplicate payments.

Current Status: With the delay in the implementation of the ERP, Finance is exploring the purchase of a forensic software to analyze AP invoices prior to payment, which will help to identify duplicate payments.

Finding #13: P-Card Inventory Control

Issue No: 430
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2020

Responsible Person 1 lgarcia
Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone Update Fixed Assets Policy

Milestone Date of Completion 09/30/2020

Department: Finance

Audit Initiator Commission Audit

Title: Finding #13: P-Card Inventory Control

Issue / Observation The City's Fixed Assets PSM distributes the responsibility of control over inventories purchased via P-card to the departments making the purchases but does not require an independent verification of these departments' controls. Further, even though, per PSM, the Finance Director did not verify or review adherence to the policy. Additionally, Finance did not provide a central definition for "sensitive items" and did not approve each department's respective definition; therefore, Finance did not properly control departments' identification of sensitive items. Cause: Though Finance perceived a need for enhanced governance of the P-card Program, this objective was not achieved due to either a lack of resources or a reduction of priority. Impact: A lack of periodic, independent monitoring of departments' inventory control could lead to misappropriation of City assets and consumable goods.

Recommendation: The City Manager should update the Fixed Assets PSM to require the Director of Finance to -- periodically assess all departments' control over inventories from P-card purchasing, and -- either centrally define "sensitive item" inventory or review and approve all departments' individual definitions of "sensitive item" inventory.

Correction Plan: The Finance Department will update the Fixed Assets PSM within the next 120 days to require the Finance Director to periodically assess all Departmental control over inventories and further define sensitive items, as delineated in the Governmental Finance Officers Association definitions of best practices.

Current Status: The Fixed Assets Policy has been updated to incorporate the recommendation suggested by the City Auditor's Office and is under review by Management.

Finding #14: P-Card Spending Issues with Public Works and Parks and Rec

Issue No: 431

Date of Finding: 03/01/2019

Final Date of Completion 09/30/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone The City is evaluating ways to improve the process.

Milestone Date of Completion 09/30/2020

Department: Finance

Audit Initiator Commission Audit

Title: Finding #14: P-Card Spending Issues with Public Works and Parks and Rec

Issue / Observation Two departments with heavy P-card spending during the audit period Public Works (\$11M) and Parks & Recreation (\$8M), each experienced P-card fraud discovered during the audit. The extent of fraud discovered was \$25K-\$100K for Public Works and over \$100K for Parks & Recreation. Subsequent event: Both of these fraud events involved multiple individuals within and outside of the City. Cause: Internal controls over P-card Program administration were inadequate to ensure that departments with expectedly significant P-card spending volume have the capacity and understanding of adequate controls over decentralized purchasing. In the case of Public Works, its system wasn't capable of tracking job costs at all. Impact: Departments lacking job costing systems are more susceptible to fraud, waste, and abuse, which is what actually occurred.

Recommendation: The City Manager should implement effective job cost tracking systems and subsequently monitor their appropriate use in departments that are work-order oriented. In addition, pensions of those involved with the fraud should be revoked.

Correction Plan: Management takes the theft of public funds seriously. The employees who committed these fraudulent transactions were terminated and have been prosecuted criminally. In addition, pension revocation is complete in one case and currently sought in the other. To mitigate future risk of fraud, the Public Works Department is reducing the card-in-hand segment of the department to 11 from 173. The Parks and Recreation Department is reducing to 50 from 140.

Current Status: To mitigate future risk of fraud, the Public Works Department reduced the card-in-hand segment of the department to 39 from 173. The Parks and Recreation Department is reduced to 57 from 140. The City's P-Card Policy now includes a section that includes noting the work order or job number on every receipt. The City is evaluating ways to improve the process.

Finding #10: P-Card Fixed Asset Inventory Procedure

Issue No: 435
Date of Finding: 03/01/2019
Final Date of Completion 12/31/2020

Responsible Person 1 lgarcia

Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Not Implemented

Finding Type: Deficiency

Next Milestone This will be implemented during the next fixed asset inventory cycle which begins in summer of 2020.

Milestone Date of Completion 12/31/2020

Department: Finance

Audit Initiator Commission Audit

Title: Finding #10: P-Card Fixed Asset Inventory Procedure

Issue / Observation The City's inventory procedures and records were not in compliance with State law (Section 274.02, Florida Statutes; 69I-73.002, Florida Administrative Code) pertaining to recording of "items of a value or cost of \$1,000 or more and a projected useful life of 1 year." The audit found a significant (40%) level of inaccurate sub-object coding for inventoriable purchases. Additionally, the review of property inventory was not conducted by the Director of Finance. In addition, departments were in violation of having no track of inventoriable purchases. Cause: This condition was attributed to the prolonged lack of enforcement, which can encourage noncompliance. Impact: Untracked inventory allows for the possibility of theft. Projection of the sub-object coding error estimates a range of \$2.6M to \$3.5M of merchandise within transactions each costing more than \$1,000 purchased during the audit period was untracked and susceptible to theft.

Recommendation: The City Manager should require the Director of Finance to review and ensure the City is in compliance with State law regarding inventory by requiring a periodic review of departmental inventory controls and records.

Correction Plan: The Finance Department will institute periodic required departmental reviews of tangible items purchased from \$1,000-\$5,000, as a part of their fixed assets inventory process.

Current Status: Fixed asset inventory process is set to begin in July 2020 and will continue until the end of September 2020.

Finding #11: Accuracy of P-Card Rebates

Issue No: 436
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2020

Responsible Person 1 lgarcia
Responsible Person 2 aharrison

Name	Title	Department
Laura Garcia	Controller	Finance
Ashley Feely	Management Analyst	Finance

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone Reconciliation

Milestone Date of Completion 06/30/2020

Department: Finance

Audit Initiator Commission Audit

Title: Finding #11: Accuracy of P-Card Rebates

Issue / Observation SunTrust, the City's card issuer, pays the City rebate revenue on a few aspects of the City's annual volume of spending, including spending of participants on the City's program known as piggyback. SunTrust's rebate calculation was underreported and underpaid regarding the piggyback aspect since the inception of the fiscal year 2015 contract.

Subsequent event: SunTrust paid the amount due on the piggyback aspect in late 2017 as approximately \$27K.

Cause:

The current rebate review process did not reconcile the rebate amount received from SunTrust to the contract terms to ensure completeness of rebates.

Impact:

With a reputable card issuer, the likelihood of an erroneously or fraudulently deficient rebate is slim; however, because rebate revenue is cumulative and has recently exceeded \$500K annually, the magnitude is significant.

The City did not collect approximately \$27,000+ in revenue due.

Recommendation: The City Manager should implement policy controls for verification of complete rebate collection, and any other non-exchange revenue source.

Correction Plan: The Finance Department annually reconciles SunTrust's rebate report to SunTrust ESP data for accuracy. A small portion of the rebate was missed. Finance will review more closely the rebate received and compare it to the contract. Finance will also ask the bank to provide more detailed information on large ticket items, which prevents Finance from conducting a straightforward calculation.

Current Status: The rebate for FY19 was reconciled and completed in January 2020. The Finance Department is currently working with the City Auditor's Office to close this finding.

Finding #15: P-Card Access Rights

Issue No: 437
Date of Finding: 03/01/2019
Final Date of Completion 09/30/2020

		Name	Title	Department
<u>Responsible Person 1</u>	lgarcia	Laura Garcia	Controller	Finance
<u>Responsible Person 2</u>	aharrison	Ashley Feely	Management Analyst	Finance

Correction Plan Status: Partially Implemented Finding Type: Material Weakness

Next Milestone Create a formal set of duties & responsibilities for the P-Card Administrators.

Milestone Date of Completion 09/30/2020

Department: Finance

Audit Initiator Commission Audit

Title: Finding #15: P-Card Access Rights

Issue / Observation Sensitive administrative access rights with the card issuer's IT system (ESP), involving changes to administrator and user accounts and card details, were assigned to 6 employees outside the Pcard Program, including 2 employees whose access was not timely terminated upon their departure from City employment.

Subsequent event: All identified inappropriate access was resolved during the audit.

Cause:

This condition was attributed to a lack of formal, significant control activities for the P-card Program Manager role.

Impact:

Inadequate control over administrative access within the card issuer's IT system could enable and/or conceal fraud and cause other significant problems.

Recommendation: The City Manager should require the Director of Finance to establish the following:

- 1) a comprehensive, formal set of control-centric duties and responsibilities that includes respective periodicity and deadlines of tasks for each administrative role within the P-Card Program;
- 2) an independent oversight role to assess and ensure Program administrators are complying with these duties and responsibilities.

Correction Plan: The rapid growth of the P-card Program caused a shift in the P-card Program Manager's role and several employees were responsible for P-card Program over the audit period. The Finance Department updated the SunTrust ESP system removing access for the P-card Program Managers who are no longer are in that role. Finance will create a formal set of duties and responsibilities for the P-card Program Manager and P-card Administrators, that include a periodic review of all administrative access rights.

Current Status: A draft set of duties and responsibilities for the P-card manager and P-card Administrators has been submitted for management review.

Human Resources Department



Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue No: 95
Date of Finding: 12/29/2009
Final Date of Completion 12/31/2020

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Asst. City Manager/ Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Implementation of a succession planning process in absence of ERP. Complete revision of job descriptions.

Milestone Date of Completion 12/31/2020

Department: Human Resources

Audit Initiator Commission Audit

Title: Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue / Observation Condition:
 The City does not actively engage in employee succession planning and mentoring for key functions/positions throughout the City and many such positions lack written policies and detailed procedures. Under the Committee of Sponsoring Organizations (COSO) framework Internal Control Environment component 1.2 "Commitment to Competence", succession planning is a standard element of the internal control environment. It helps to ensure a smooth transition, minimize disruption and mitigate costs resulting from the loss of institutional knowledge when long-term employees leave the organization.

Cause:
 Management has not mandated succession planning and the development of standard operating procedures for all departments.

Impact:
 Without formal succession planning and mentoring, the City risks decreased efficiency, effectiveness and quality of service delivery as new employees attempt to gain sufficient knowledge to perform the key aspects of their jobs.

Recommendation: The City Manager should instruct all department directors to develop a comprehensive employee succession/mentoring plan for key functions/positions within their respective departments. Moreover, a significant component of a successful employee succession/mentoring plan is a having a regularly updated set of written policies and procedures for each of these key functions/positions. This recommendation is further emphasized in Finding 1.

Correction Plan: Succession planning in its truest sense may be difficult to accomplish in the public sector given Personnel Rules, seniority considerations among bargaining units, etc; however, the human resources department (HRD) will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

One of HRD's future initiatives is to develop a comprehensive succession planning program. However other foundational components are required before implementation, such as: the development of Citywide Values and Competencies aligned with career ladders. Once these components are in place, HRD can develop a robust succession planning program.

Current Status:

Succession planning is still in the planning process as it was supposed to be included in Phase II of ERP. There is current department discussions of a possible implementation of this process outside of system, in absence of ERP. The rewriting project of all of the City job descriptions is now at 40% completion.

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

Issue No: 100
Date of Finding: 12/29/2009

Final Date of Completion 12/31/2020

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Asst. City Manager/ Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Design and execution along with a launch date

Milestone Date of Completion 09/30/2020

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

Current Status: HR Staff has plans to do customer service training in a virtual setting prior to September 1, 2020. ITS department was building the platform for the survey when various operation were interrupted due COVID-19. Since then the ITS department has had several ongoing COVID related priority projects as the organization transition to virtual meetings and a significant amount of staff working remotely.

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

Issue No: 237
Date of Finding: 12/29/2009

Final Date of Completion 12/31/2020

		Name	Title	Department
<u>Responsible Person 1</u>	tasmith	Tarlesha Smith	Asst. City Manager/ Director of Human Resources	Human Resources
<u>Responsible Person 2</u>	karthurs	Kerry Arthurs	Administrative Supervisor	Human Resources

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone City Manager's sign-off of the Employee Handbook and approving of a roll-out platform and date

Milestone Date of Completion 09/30/2020

Department: Human Resources

Audit Initiator Commission Audit

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

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

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

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

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

REBUTTAL

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

Current Status:

Strategic Communication submitted an updated version of the handbook on 6/3/2020. HR Staff is currently conducting a final review of the handbook based on the 11 recommended edits by Strategic Communication. Next step will be to determine the format(s) that will be utilized so that the handbook can be accessed by all Staff Members.

Parks & Recreation Department



Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue No: 314
Date of Finding: 06/29/2016

Final Date of Completion 08/03/2020

		Name	Title	Department
<u>Responsible Person 1</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
<u>Responsible Person 2</u>	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone Present Updated Investment Policy to Commission after review by the Investment Advisory Board.

Milestone Date of Completion 08/03/2020

Department: Parks & Recreation

Audit Initiator Commission Audit

Title: Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue / Observation Condition
 The Cemetery Board improperly determined that 19% of the total amount received from the sale of each lot or plot, crypts, and niches belongs to the corpus of the Trust Fund.
 Note: The Trust Fund has built up to more than \$25 million.

Criteria

- (1): Code of Ordinance Sec. 10-47. Municipal Cemetery System Fund.
 - (a) Perpetual care trust. There shall be a perpetual care trust comprised of the following income sources and authorized expenditures:
 - (1) Income. There shall be set aside and deposited in the perpetual care trust:
 - a. Nineteen (19) percent of the total amount received from the sale of each lot or plot, columbarium niche and mausoleum crypt; and
 - b. For each memorial, monument, marker or bench sold or installed or both in the cemetery system, twenty cents (\$.20) per square inch of the top surface of bronze markers and the top surface of the base of stone monuments.
 - (2) Expenditure. The income of the perpetual care trust shall be used only for the following purp

Recommendation: The City Manager should revise and update the Cemetery Rules and Regulations and related Investment Policy to accurately represent the intent of the City Ordinance or change the City Ordinance to accurately reflect the Rules and Regulations and related Investment Policy.

Auditor Note:

The City Ordinance was adopted in 1986, amended and updated in 2004. The Rules and Regulations and Investment Policy were adopted in 1990, amended and updated in 2004.

Correction Plan: Management concurs in principle with the finding and recommendation. Staff will bring the investment policy and the Cemetery Rules and Regulations to Cemetery Board of Trustees for further discussion and determine the need to accurately define the corpus consistently throughout all documents. Management will proceed with bringing this issue to the City Commission as a conference item.

Current Status:

As of April 30, 2020, the Investment Policy was reviewed by the City's Investment Advisor. Finance will work in conjunction with the Cemetery Board of Trustees to review the suggested revisions to the Policy for approval. The Cemetery Board meeting on May 14, 2020 was cancelled due to the COVID-19 pandemic.

The board will reconvene to discuss this matter at a future virtual board meeting.

Department of Sustainable Development



Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue No: 108
Date of Finding: 10/24/2011
Final Date of Completion 12/31/2020

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone ERP Implementation

Milestone Date of Completion 12/31/2020

Department: Sustainable Development

Audit Initiator Commission Audit

Title: Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue / Observation Condition
 The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically Governmental Accounting Standards Board (GASB) 33. Auditor Note: The City Auditor's Office (CAO) has communicated the potential financial reporting issue to the external auditor for their consideration.

Criteria
 GASB Statement No. 33 establishes accounting and financial reporting standards for imposed nonexchange revenue transactions – governments are required to recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

Recommendation: The CAO recommends that the City Manager require the following:
 1. The Director of the Building Department work in conjunction with the Finance Director to determine the total outstanding code lien receivables owed to the City.
 2. The Director of the Building Department develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received.
 3. The Director of the Building Department develop a policy for the City Commission's consideration to set the minimum acceptable level for code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33.

Correction Plan:
 1) Management concurs. The Director will work with the Finance Department and Information Technology (IT) to enhance the current Community Plus software to provide the ability to determine the total outstanding code liens and fines owed to the City at any given time. If the current software is not capable of such enhancement, a replacement product will be sought.
 2) Management concurs. The Director will develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible, an alternate software product should be sought as stated above.
 3) Management concurs. The Director will develop a policy and will make recommendations to the City Commission for setting minimum acceptable levels for Code lien settlements to allow the Finance Department to determine the net collectible receivable.

Current Status:

Reports have been created to determine the total outstanding code liens and fines owed to the City at any given time. When testing the reports, staff determine the reports are not accurate because old lot clearing cases with no balance in the fine/lien screen, but information in the comments section. The department is working to find what parameters need to be requested for a report that will capture these type of cases so we can input the outstanding balance in the fine/lien fields.

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

Issue No: 109
Date of Finding: 10/24/2011
Final Date of Completion 12/31/2020

		Name	Title	Department
<u>Responsible Person 1</u>	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
<u>Responsible Person 2</u>	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented Finding Type: Deficiency

Next Milestone ERP Implementation

Milestone Date of Completion 12/31/2020

Department: Sustainable Development

Audit Initiator Commission Audit

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

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

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

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

Current Status: Department staff are generating a report that can calculate the full balance of all outstanding code cases. There are closed records that were converted into Accela with no payment in the fines/lien screen, but an amount due in the comments. The department is working to find what parameters need to be requested for a report that will capture the information needed.