

RESOLUTION NO. 020679

PASSED December 9, 2002

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA RELATING TO APPROVING AND ADOPTING THE ANNUAL AUDIT PLAN FOR THE OFFICE OF THE CITY AUDITOR FOR THE PERIOD OCTOBER 1, 2002 THROUGH SEPTEMBER 30, 2003

WHEREAS, formal responsibilities and administrative procedures for the Office of the City Auditor were established by City Commission Resolution 970187 on August 11, 1997; and

WHEREAS, such procedures require the development of an annual audit plan in order to ensure adequate audit coverage during the period;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GAINESVILLE, FLORIDA:

Section 1. That the City Auditor is authorized to carry out the audits and other projects as described in the ANNUAL AUDIT PLAN attached hereto as EXHIBIT A.

Section 2. This Resolution shall take effect immediately from and after its adoption in accordance with the provisions of the Charter of the City of Gainesville, and it is accordingly so resolved.

PASSED AND ADOPTED this 9th day of December 2002



Thomas D. Bussing, Mayor


Approved as to Form and Legality



Marion J. Radson, City Attorney

DEC 11 2002

ATTEST:



Kurt M. Lannon, Clerk of the Commission

EXHIBIT A

**CITY OF GAINESVILLE
OFFICE OF THE CITY AUDITOR
FY 2003 ANNUAL AUDIT PLAN**

Revenue/Cost Containment Audits

Budgeted Revenue Estimates
Cellular Phones
General Government Procurement Card Program
Payroll Payoffs
Petty Cash

Operational Audits

1st Step Permitting and Development Review: Citizen Awareness, Access, Utilization and Satisfaction
with Services (CAAUSS)
Housing Division (in process)
Minority/Small Business Enterprise
Review of Boards and Committees
The Energy Authority (TEA) Joint Member Internal Audit
GRU Disbursements

Compliance Audits

Combined Communication Center Expenditures and Call Data Statistics
Internet Access
Outside Agency/Non-Profit Organization

Follow-up Audits

Block Grant	Neighborhood Housing and Development Corp. (NHDC)
Controlled Substance Security (GFR)	Payroll System
Employee Compensation	GRU Revenues
General Government Investments	Workers' Compensation
Nature Operations	

Other Projects

City Commission and Management Referrals/Special Projects
Affirmative Action Subcommittee of Equal Opportunity Departmental Advisory Committee (EODAC)
ATC Paratransit Contract Rate Review
Performance Measures Review

FY 2003 ANNUAL AUDIT PLAN
DESCRIPTION OF PROJECTS

REVENUE/COST CONTAINMENT AUDITS

Budgeted Revenue Estimates

City Commission Resolution 970187, which governs the internal responsibilities and administrative practices of the Office of the City Auditor, requires an annual review of the City Manager's General Fund revenue estimates included in the budget. The City Auditor verifies the reasonableness of management's estimates and advises the City Commission of the results.

Cellular Telephones

Various City employees use cellular telephones for city business. This review examines the adequacy of policies and procedures concerning the use of cellular telephones including criteria for issuance, documentation requirements and reimbursement procedures.

General Government Procurement Card Program

The City Procurement Card Program is a credit card based method of purchasing goods and services and has been fully implemented since 1998. The program is designed to improve efficiency in processing purchases falling within established limits of the procurement card program. The purpose of this audit is to evaluate the adequacy of administrative controls, program effectiveness and compliance with established rules and regulations.

Payroll Payoffs

The City Auditor's Office occasionally takes possession of selected departments' payroll checks and distributes them directly to the listed employee. This procedure is performed on a surprise basis and designed to determine that payroll checks are prepared only for valid employees of the City of Gainesville. This procedure is also designed to detect irregularities regarding employee pay rates, number of hours worked, special payments and other payroll related items.

Petty Cash

Various City departments maintain petty cash and change funds ranging in amounts from \$25 to \$2,200. The City Auditor's Office performs surprise test counts of selected funds to ensure that adequate policies and control procedures over petty cash funds are in place and observed.

OPERATIONAL AUDITS

1st Step Permitting and Development Review: Citizen Awareness, Access, Utilization and Satisfaction with Services (CAUSS)

In order to assist the City Commission in assessing public services, the City Auditor is conducting multi-dimensional evaluations of City programs and services from a citizen's perspective. This project will be a long-term initiative requiring ideas and input from citizens, managers, advisory boards and elected

officials with the overall intent of better understanding citizen needs. Projects and techniques include evaluating wayfinding cues, telephone practices and conducting user surveys. Since a broad range of activities and goals can be met, audit tasks will be phased over a multi-year period. Audit objectives are to assess citizen:

- ❖ awareness of services
- ❖ accessibility to services and facilities
- ❖ utilization of services
- ❖ satisfaction with services

For FY 2003, we will focus our efforts on the City's 1st Step Permitting and Development Review process.

Housing Division (in process)

This project consists of a comprehensive review of programs and activities in the Housing Division of the Community Development Department. This review places particular emphasis on oversight of State Housing Initiatives Program (SHIP) funds. Audit objectives include reviewing the adequacy and effectiveness of policies, procedures and monitoring methods, such as financial and program analysis and field visits. We will also assess compliance with applicable laws and regulations.

Minority/Small Business Enterprise

On November 5, 2002 as part of the passage of the Equal Opportunity Charter provision, Gainesville voters approved the inclusion of mandatory audits of related programs in the City Auditor's Annual Audit Plan. This project also results from City Commission approval of the City Auditor's recommendations to include audits for assessing and evaluating the City's Equal Opportunity, Affirmative Action and Minority/Small Business Enterprise programs. Objectives of the project will include:

- comprehensively assessing and evaluating the efficiency and effectiveness of each individual program, including organizational placement;
- assessing the effectiveness of coordination and integration of information to ensure that efforts are not duplicated; and
- reporting the overall results of management's compliance with City Commission policy, goals and objectives.

For FY 2003, our efforts will be focused on a review of the City's Minority/Small Business Enterprise program.

Review of Boards and Committees

The City Commission has established various Boards and Committees over many years to assist the City Commission in resolving relevant issues concerning the community. Our work in this area will include compiling an inventory of the various City Boards and Committees and their respective purpose, as well as reviewing and evaluating work plans, accomplishments and effectiveness.

The Energy Authority (TEA) Joint Member Internal Audit

GRU is a member owner of TEA, a nonprofit power marketing corporation organized to provide energy products and resource management services to the power industry. GRU management and the City Auditor's Office are undertaking efforts to include a member of the City Auditor's staff on an internal audit of the TEA in FY 2003. We believe this activity will benefit both GRU and the City Auditor's Office by providing service to the members of TEA and enhancing the professional expertise of internal audit staff.

GRU Disbursements

The cash disbursements cycle is included because cash is the most liquid of all assets and typically a high-risk area. Our primary objective will be to determine that internal controls are adequate to provide reasonable assurance that cash disbursement transactions are properly recorded, classified, valid, authorized and for goods and services actually received. Our review will also include evaluating reconciliation practices and procedures.

COMPLIANCE AUDITS

Combined Communication Center Expenditures and Call Data Statistics

The City of Gainesville and Alachua County entered into a joint agreement for a Combined Communication Center. The City of Gainesville's portion of expenditures under the agreement is determined through call data statistics maintained by Communication Center personnel. The purpose of this review is to determine the adequacy of the system for compiling, maintaining and formulating the City's share of communication center expenses.

Internet Access

This review evaluates compliance with policies and procedures established to provide assurance that City employees are using the internet as a business related tool to assist in fulfilling job related responsibilities.

Outside Agency/Non-Profit Organization

This review examines selected City funded outside agencies and/or non-profit organizations on contractual compliance and compliance with appropriate laws, rules and regulations. Vendors reviewed during the year are selected based on City Commission and/or management input as well as the City Auditor's assessment of potential risk and exposure.

FOLLOW-UP AUDITS

Follow-up audits are required by City Commission Resolution 970187 and conducted to determine the status of management's actions on specific City Auditor recommendations previously approved by the City Commission. During FY 2003, managers from departments with outstanding audit recommendations will provide information on the current status of implementation and submit substantial, competent and reliable evidence. The listing of completed audits with open recommendations is shown on page one of this Exhibit.

OTHER PROJECTS

City Commission and Management Referrals/Special Projects

The City Auditor performs special projects, reviews or audits referred by the City Commission or management from time to time. The exact nature of these assignments cannot be determined in advance.

Affirmative Action Subcommittee

The Charter Officers are committed to upholding City Commission Affirmative Action policies and procedures and ensuring achievement of Affirmative Action Plan goals and objectives. The City Manager and General Manager for Utilities established a Task Force many years ago that provides an ongoing mechanism for evaluating, monitoring and reporting progress and compliance on citywide Affirmative Action initiatives. The City Auditor's Office is in our third year of actively participating on the Affirmative Action Subcommittee.

ATC Paratransit Contract Rate Review (in process)

The City of Gainesville contracts with ATC Paratransit to provide ADA complementary paratransit services for the Regional Transit System. The current contract rate per ADA ride is nearly twice the rate over prior year contracts with an expected total cost of nearly \$800,000. The rate is a function of operating costs and per trip capacity. The City Auditor's Office will work with RTS in assessing and verifying ATC Paratransit operational costs and productivity levels.

Performance Measures Review

This project involves reviewing the overall process of selecting and preparing performance measures as reported in the City's Approved General Government Budget. The primary objectives of this review are evaluating the methodologies used by General Government departments for identifying and calculating performance measures, comparing the City's methodologies to other cities and exploring "best practices".