

City of Gainesville, Florida



AUDIT AND FINANCE COMMITTEE

City Commissioners

Lauren Poe, Mayor *

David Arreola, Mayor-Commissioner Pro Tem *

Adrian Hayes-Santos

Gail Johnson

Reina Saco

Gigi Simmons

Harvey Ward

*** Denotes Audit & Finance Committee Members**

September 23, 2020

Office of the City Auditor



INTERNAL AUDIT TEAM

GINGER BIGBIE, CPA, CFE, CITY AUDITOR

EILEEN MARZAK, CPA, CFE, INTERIM ASSISTANT CITY AUDITOR

VINCENT IOVINO, CISA, CRISC, IT AUDIT MANAGER

BRECKA ANDERSON, CIA, CFE, CGAP, AICPA-COSO, INTERNAL AUDIT MANAGER

GREGORY ROBESON, CPA, CIA, CFE, SENIOR INTERNAL AUDITOR

PATRICK KEEGAN, CISA, SENIOR IT AUDITOR

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WORK IN PROGRESS

Internal Audit Work in Progress

Planned Start Date	Audit Engagement Title	Primary Department	Audit Service Type	Audit Objective	Audit Status	Total Budgeted Hours	Performance	IT
July 2020	General Government Financial Reporting Process Review	GG Finance	Advisory	Identify process improvements in the general government financial reporting processes to achieve timely financial reporting objectives for fiscal year ending September 30, 2020.	Fieldwork	150	150	0
October 2020	Review of Citywide Grant Administration Governance and Internal Controls	GG	Advisory	Assess risk impacting the General Government grants administration process and readiness for ERP implementation	Planning	500	400	100
2021		GRU	Audit	Assess adequacy and effectiveness of governance and internal controls over grant administration at GRU.	Not Started	500	400	100
	General Government Investments Audit	General Government Finance	Audit	Revised: Examine the management and internal control environment of the non-pension investment portfolio and assess compliance with City policies and procedures.	Fieldwork	200	200	0
2020 (Oct)	Gainesville Fire and Police Emergency Response Times	GFR and GPD	Audit	Review response times as they relate to department policy and goals, and local, state and federal laws and regulations.	Planning	600	200	400
2020 (Oct-Dec)	2020 Internal Audit Enterprise Risk Assessment and Annual Audit Report	Citywide	Project	Prioritize potential audits and update the annual audit plan based on level of risk impacting all City functions.	Planning	500	250	250

Upcoming Internal Audits

Planned Start Date	Audit Engagement Title	Primary Department	Audit Service Type	Audit Objective	Audit Status	Total Budgeted Hours	Performance	IT
2021 (post ERP implementation)	Citywide Overtime Audit	To be determine based on risk assessment	Audit	Based on risk, assess 3-4 functional areas to audit select controls around compliance, operational and fraud risks.	Not Started	800	400	400
2021 (Apr)	Citywide Purchasing Card Review	Citywide	Audit	Establish program for automated and ongoing auditing of all Citywide purchasing card transactions to assess policy compliance and management of fraud risks.	Not Started	800	300	500
2020 (Dec)	Review of Citywide Travel Program Governance, Compliance, and Internal Controls	GG Finance and GRU Finance	Audit	Review Citywide travel program governance and internal controls, including payment of expenses in compliance with policy.	Not Started	300	200	100
2021	General Government Billing and Collections Process	To be determine based on risk assessment	Audit	Perform a risk-based evaluation of General Government internal controls for billing and collections of taxes, fees, licenses, permits, and other activities.	Not Started	800	400	400
TBD	Review of Governance, Compliance and Internal Controls of General Government Business Tax Processes	GG	Audit	Assess overall governance, compliance and internal control environment of General Government business tax processes.	Not Started	260	260	0
2021 (Jan-Mar)	Updates to City Auditor Ordinance and Resolution; Fraud Policy	Citywide	Project	Streamline and update City Ordinance and Resolution impacting the Office of the City Auditor activities.	Not Started	500	300	200

Completed Audits

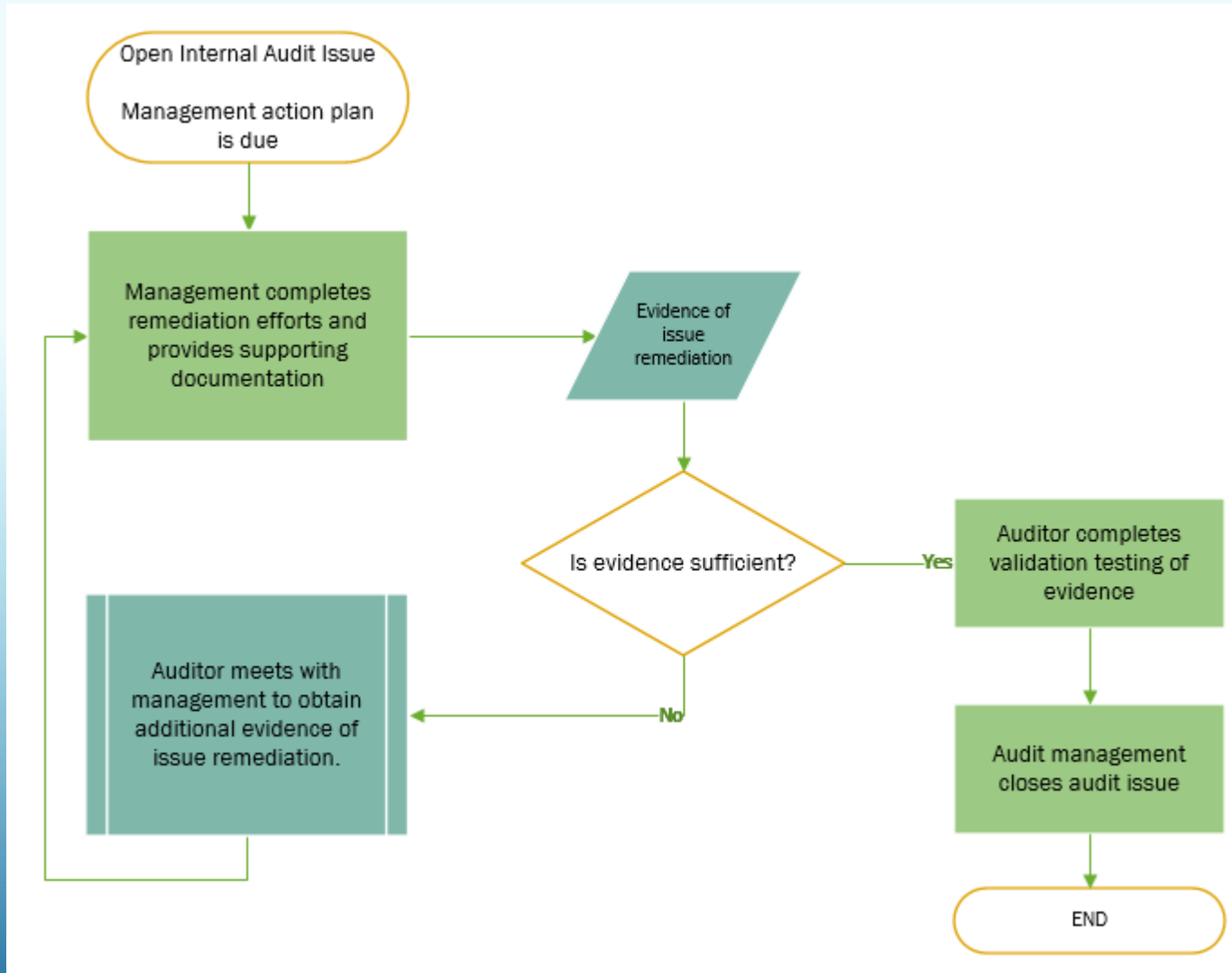
A&FC Report Date	Audits, Consultations and Projects	Primary Department	Types	Objective	Status
5/20/20	Reichert House – Part B, Independent Accountant's Agreed Upon Procedures	GPD	AUP	Independent Accountant's report on applying agreed upon procedures on the cash receipts, cash disbursements, and mentoring classes for Reichert House and Palm Breeze Youth Services	Completed
5/20/20	General Government Enterprise Resource Planning System Implementation Review, Phase III	General Government and GRU Payroll	Advisory	Determine the effectiveness of the ERP Test Stage in relation to the best practices delineated in COBIT 2019: Build, Acquire, and Implement No. 7, <i>Managed IT Change Acceptance and Transitioning</i> .	Completed
8/20/20	Credible Challenge of Management's Proposed October 1, 2020 Pension Obligation Bond Financing Plan as presented in, "City of Gainesville Retirement Plans – Pension Obligation Bond Analysis –PFM"	GG Finance	CCOM Request	Provide an independent, risk-based review of management's pension obligation bonds (POB) financing plan and key assumptions, and provide a response at the August 20, 2020 City Commission meeting.	Completed
9/23/20	2020 Cybersecurity Readiness Review	Citywide	Advisory	Assess and identify opportunities to strengthen enterprise cyber security.	Completed
9/23/20	Temporary Employment Services Invoicing - Targeted Review	Citywide	Management Request	Review invoicing accuracy and compliance with contract terms.	Completed
N/A	Review of Citywide Grant Administration Governance and Internal Controls	GG Finance and GRU Finance	Phase I - Advisory	Phase I - Covid-19 government funding opportunities 1. Assist management in identification of and application for CARES Act funds. 2. Assess internal control environment around City's GNVCares funding processes as program develops.	Completed

Fraud Hotline and Investigations

<i>City Auditor Quarterly Update Fraud Hotline and Investigations</i>		
Audit & Finance Committee	9/23/2020	5/20/2020
New Reports	5	8
Open Investigations	2	3
Closed	6	5

AUDIT ISSUE FOLLOW UP

New Internal Audit Issue Follow up Program



- ❖ New audit issues are assigned a risk rating. Moderate and high risk issues require remediation typically within one year. A Management responsible party is assigned and is accountable for providing evidence of issue remediation.
- ❖ Aged issues have been assigned due dates. When management provides sufficient evidence of issue remediation, internal audit performs validation testing then closes the issue.

INTERNAL AUDIT ISSUE FOLLOW UP STATUS

	City Auditor Quarterly Update	
	9/23/20	5/20/20
Internal Audit Issue Follow up *		
Audit issues closed since last City Auditor Quarterly Update	11	4
Total open audit issues**	26	39
Total past due issues ***	0	N/A

* See Detail in Appendix B

** Two open issues were combined with similar open issues and root cause.

*** Audit issues open prior to 5/20/20 have all been assigned due dates of one year or less. Audit issues not remediated by the issue due date will be reported as “past due” with department and responsible party.

STATUS OF EXTERNAL AUDITS

- **FY 20 external financial statement audits beginning soon for fiscal year ending September 30, 2020.**
- **Florida Auditor General 2020 operational audit of the City of Gainesville – in progress. Fieldwork ending September 2020. Reporting in progress.**
- **Florida Office of the Inspector General 2020 Florida Retirement System compliance audit – on hold**

EXTERNAL FINANCIAL STATEMENT AUDITS

-FINDINGS

FY 19 EXTERNAL FINANCIAL STATEMENT AUDIT

GENERAL GOVERNMENT

EXTERNAL AUDITOR – PURVIS GRAY & COMPANY

External Audit Report For the fiscal year ended September 30, 2019	Finding	Audit Status
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT	2018-01 - Bank reconciliations were not completed on a timely basis and included unreconciled differences. Certain transactions, such as credit card receipts, are not reconciled monthly.	FY 2019 completed
	2018-02 – Several accounts were materially misstated, including revenue and accounts receivable, expenditures/expenses and accounts payable, capital assets, and equity.	
	2018-04 – Segregation of Duties - The following financial reporting processes lacked adequate segregation of incompatible duties: payroll division; payroll timekeepers; journal entries. * 2018-03 and 2018-05 were closed during the FY 19 audit	

FY 19 EXTERNAL FINANCIAL STATEMENT AUDIT

GENERAL GOVERNMENT

EXTERNAL AUDITOR – PURVIS GRAY & COMPANY

External Audit Report For the fiscal year ended September 30, 2018	Finding	Audit Status
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT	OTHER POSTEMPLOYMENT BENEFITS FUND - None	FY 2019 in progress FY 2018 completed
	EMPLOYEES' PENSION FUND - None	
	CONSOLIDATED POLICE OFFICERS AND FIREFIGHTERS RETIREMENT PLAN - None	
	WILD SPACES AND PUBLIC PLACES FUND - None	
	COMMUNITY REDEVELOPMENT AGENCY - None	

FY 19 EXTERNAL FINANCIAL STATEMENT AUDIT

GAINESVILLE REGIONAL UTILITIES

EXTERNAL AUDITOR – BAKER TILLY

External Audit Report as of September 30, 2019 and 2018	Deficiency in internal control	Audit Status
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT	NONE	Completed 2/24/2020

Upcoming Audit & Finance Committee Meetings

- ▶ October 19, 2020 - Annual Audit Training for City Commissioners
- ▶ November 16, 2020 – General Government Investments Internal Audit Report
- ▶ December 8, 2020 – Annual Internal Audit Report and Audit Plan

Fraud, Waste, and Abuse Hotline

- ▶ To report an incident, call 1-844-818-2492 or
 - ▶ Visit www.intouchwebsite.com/CityofGainesville
-
- ▶ To report other issues:
 - ▶ **Discrimination Issues**, call the Equal Opportunity Office at 334-5051
 - ▶ **Workers' Compensation Fraud Issues**, call Risk Management at 334-5045
 - ▶ **Employee Relations Issues**, call Human Resources at 334-5077

Thank You

Office of the City Auditor

Ginger Bigbie, CPA, CFE | City Auditor | City of Gainesville

200 E University Avenue, Gainesville, FL 32601

Office: 352-334-5020

URL: <http://www.cityofgainesville.org/CityAuditor>

APPENDIX

APPENDIX – OPEN AUDIT ISSUE DETAIL

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue #	Impacted Department(s)	Audit Issue Due Date	Root Cause Category
9/15/2015	GPD Property and Evidence Section	Cash Procedures Need Updating	C	GPD	3/31/2021	Process
1/26/2016	Audit of Gainesville Fleet Operations	Industry Standards/Goals	C	Fleet	N/A	Monitoring
1/26/2016	Audit of Gainesville Fleet Operations	Application Management and Owner Stewardship not Functional	D	Fleet	9/25/2020	Segregation of Duties
9/28/2017	Audit of RTS Farebox and Bus Pass Revenues	Reconciling Bus Farebox Deposits and cash handling controls	B & F	RTS and Budget & Finance	12/15/2020	Procedures
9/29/2017	Audit of GRU Non-Pension Investments	Policy and Procedure Enhancements	3	GRU Finance	1/31/2021	Policy
8/2/2018	Annexed Property Fee Collections Audit	City Revenue Verifications of Annexed Properties Not Conducted	A	Planning Department and Budget & Finance	12/15/2020	Monitoring
8/2/2018	Vendor Master File	Policies, procedures, and oversight related to General Government's and Gainesville Regional Utilities' Vendor Master File are not adequately designed nor implemented.	3	General Government Purchasing	6/30/2021	Procedures
8/2/2018	Vendor Master File	Conflict of Interest controls and monitoring are not working as intended.	7	GRU Purchasing	9/10/2020	Process
8/2/2018	Vendor Master File	Vendor Master File system controls cannot be relied upon as implemented.	9	HR	1/31/2021	Monitoring

APPENDIX – OPEN AUDIT ISSUE DETAIL (CONT.)

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue #	Impacted Department(s)	Audit Issue Due Date	Root Cause Category
4/3/2019	Audit of the City of Gainesville’s Reichert House Youth Academy – Governance, Financial Processes, and Performance Metrics - Part A	Lack of Standard Business Processes	1	N/A	3/31/2021	Roles and Responsibilities
4/3/2019	Audit of the City of Gainesville’s Reichert House Youth Academy – Governance, Financial Processes, and Performance Metrics - Part A	Lack of Transparency	2	N/A	3/31/2021	Process
4/3/2019	Audit of the City of Gainesville’s Reichert House Youth Academy – Governance, Financial Processes, and Performance Metrics - Part A	Obtaining and Managing Grants Outside of the City’s Oversight	3	N/A	3/31/2021	Process
4/3/2019	Audit of the City of Gainesville’s Reichert House Youth Academy – Governance, Financial Processes, and Performance Metrics - Part A	Inaccurate and Inadequate Procedures for Performance Metrics	4	N/A	3/31/2021	Procedures
4/3/2019	Audit of the City of Gainesville’s Reichert House Youth Academy – Governance, Financial Processes, and Performance Metrics - Part A	Poorly Documented and Unusual Transactions	5	N/A	3/31/2021	Process

APPENDIX – OPEN AUDIT ISSUE DETAIL (CONT.)

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue #	Impacted Department(s)	Audit Issue Due Date	Root Cause Category
2/5/2020	Affirmative Action Plan Audit 2019	Establish standard periodic review of AAP hiring goals, which are integrated as a part of HR data capture, management, and extraction.	2	Equal Opportunity	12/31/2021	Procedures
2/5/2020	Affirmative Action Plan Audit 2019	Establish data governance practices, execution, and review to eliminate dependence on any person's institutional knowledge to accurately produce foundation data used to build the plan.	3	Equal Opportunity	12/31/2021	Procedures
2/5/2020	Affirmative Action Plan Audit 2019	Implement regular reporting/audit practices to eliminate the need to pull these physical paper records for periodic audit review.	4	Equal Opportunity	12/31/2021	Monitoring
2/5/2020	Affirmative Action Plan Audit 2019	Review how to better align the new ERP with universal EEO field and tabular nomenclature to help eliminate standardization and human interpretation challenges.	5	Equal Opportunity	12/31/2021	Training
2/6/2020	Internal Controls and Data Security for the Use of Driver's License and Motor Vehicle Record Data Exchange	Not all server update patches were installed.	B	Risk	12/31/2020	Process
2/6/2020	Internal Controls and Data Security for the Use of Driver's License and Motor Vehicle Record Data Exchange	Identified vulnerabilities need to be examined and controls implemented.	D	Risk	12/31/2020	Process

APPENDIX – OPEN AUDIT ISSUE DETAIL (CONT.)

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue #	Impacted Department(s)	Audit Issue Due Date	Root Cause Category
5/20/2020	Audit of General Government ERP System Implementation	Present a business document that includes a cost benefit analysis to the City Commission when requesting funds.	P1 - 2	GG Finance, GRU Finance, IT Project Team	6/30/2020	Communication
5/20/2020	Audit of General Government ERP System Implementation	Create a single consolidated view of all configuration changes.	P2 - 2	GG Finance, GRU Finance, IT Project Team	6/30/2020	Systems
5/20/2020	Audit of General Government ERP System Implementation	Ensure all data conversion information is accurate	P2 - 3	GG Finance, GRU Finance, IT Project Team	6/30/2020	Process
5/20/2020	Audit of General Government ERP System Implementation	The GRU Integration Testing Has Not Been Completed	P3 - 1	GG Finance, GRU Finance, IT Project Team	6/30/2020	Monitoring
5/20/2020	Audit of General Government ERP System Implementation	As of 4/30/2020, 172 test scenarios out of 2,806 scenarios have not been tested	P3 - 2	GG Finance, GRU Finance, IT Project Team	6/30/2020	Monitoring
5/20/2020	Audit of General Government ERP System Implementation	Data Security Controls Need Strengthening	P3 - 3	GG Finance, GRU Finance, IT Project Team	6/30/2020	Systems