

**SEMI-ANNUAL REPORT ON THE STATUS OF  
OUTSTANDING AUDIT RECOMMENDATIONS**

**MAY 2002**



**CITY AUDITOR'S OFFICE  
CITY OF GAINESVILLE, FLORIDA**



*City of*  
**Gainesville**

*Inter-Office Communication*

May 29, 2002

**TO:** Audit and Finance Committee  
**FROM:** Alan D. Ash, City Auditor *BLG for AA*  
**SUBJECT:** Semi-Annual Report on the Status of Outstanding Audit Recommendations for May 2002

**Recommendation**

The Audit and Finance Committee recommend the City Commission accept the City Auditor's report.

**Explanation**

In accordance with our Fiscal Year 2001-2002 Annual Audit Plan, we have completed our Review on the Status of Outstanding Audit Recommendations. Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures were designed to provide reasonable assurance that management has adequately implemented recommendations previously made by the City Auditor's Office and approved by the City Commission. Generally, our procedures consisted of preparing a detailed listing of recommendations outstanding, obtaining evidence of corrective actions and verifying the adequacy of corrective actions taken by management for each outstanding recommendation.

The attached Report on the Status of Outstanding Audit Recommendations for May 2002 summarizes the results of our review. We would like to express our thanks to the City Manager and the many departments participating in this review process.

**Conclusion**

Based on our review, 11 of the original 28 recommendations (39%) were implemented, leaving 17 recommendations (61%) outstanding. While some progress was made in implementing audit recommendations, further efforts are needed to ensure that outstanding recommendations are implemented within a reasonable period. Although recommendations were previously approved by the City Commission and agreed to by management, some recommendations have been outstanding for more than five years. We believe that implementation will result in direct improvements in efficiency, effectiveness and accountability.

**Semi-Annual Report on the Status of Outstanding Audit Recommendations for  
May 2002**

**Scope and Methodology**

The primary focus of our review was to provide reasonable assurance that recommendations previously made by the City Auditor's Office and approved by the City Commission have been adequately implemented by management. Our review was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Generally, our procedures consisted of the following:

- The City Auditor provided the City Manager with a detailed listing of recommendations outstanding within General Government departments and requested written updates on the status of each recommendation.
- Upon receipt of written updates and supporting documentation, we conducted procedures necessary to verify the adequacy of corrective actions taken by management for each outstanding recommendation.

**Background**

In accordance with City Commission approved Resolution 970187, *City Auditor Responsibilities and Administrative Procedures*, the City Auditor is required to notify the appropriate Charter Officer of recommendations projected for implementation in the following six months. The responsible department managers prepare a written status report to the appropriate Charter Officer who then provides this information to the City Auditor. Upon notification of corrective actions for implementing the recommendations, the City Auditor verifies the adequacy of corrective actions and summarizes the results to the Audit and Finance Committee.

During the past several months, the City Auditor worked with the City Manager in preparing a status report on 28 outstanding audit recommendations. We have reviewed management's assertions on the implementation of outstanding recommendations and prepared our status report. The next semi-annual report on the status of outstanding audit recommendations is scheduled for November 2002.

**Summary of Results**

We began the current period with 28 outstanding recommendations from 12 prior audits. The results of our review indicate that management has adequately implemented 11 of the prior period 28 recommendations (39%). A departmental breakdown of implementation progress is as follows.

Department	Audit Title	Beginning Of Period	Implemented	Currently Outstanding
Community Development	Code Enforcement	2	2	0
Finance	Solid Waste Program	1	1	0
Finance	Cox Cable and City Administrative Procedures	1	1	0
Finance	General Government Investments	4	3	1
GPD	Law Enforcement Contraband Forfeiture Trust Fund	1	1	0
Human Resources	Employee Compensation	5	0	5
Human Resources	FY 93-94 Classification Reviews and New Positions	1	1	0
Human Resources	Review of Payroll System	1	0	1
Public Works	Stormwater Management Utility Fund Revenues	1	0	1
Recreation and Parks	Ironwood Golf Course Revenues	1	1	0
Recreation and Parks	Nature Operations Division	2	0	2
Risk Management	Worker's Compensation	8	1	7
<b>TOTALS</b>		<b>28</b>	<b>11</b>	<b>17</b>

We have included a detailed listing of the 11 recommendations implemented, by department and audit, as **Attachment A**. A detailed listing of the 17 recommendations still outstanding, either partially or completely, is included as **Attachment B**.

## Highlighted Implemented Recommendations

Among recommendations confirmed as implemented during the six month period and resulting in improvements in the City of Gainesville's efficiency, effectiveness and accountability are the following:

### Code Enforcement

- Written policies and procedures have been developed for primary Code Enforcement Division activities and have been issued to Code Enforcement Officers and Staff Assistants. Procedures were developed in conjunction with the City Attorney's Office and Human Resources. Policies and procedures are particularly useful in providing training to employees with the division as well as providing information to members of the Code Enforcement Board, City Commissioners and interested citizens.
- Management has developed and implemented steps to strengthen the system of internal control over the collection of special assessments for demolition and lot clearing performed by the City. The system now provides for timely collection of special assessments and proper separation of duties in collecting, receipting and recording special assessments. Management has also developed and implemented a system which provides appropriate procedures and documentation for obtaining a lien on property when City funds were used to bring it into compliance.

### Solid Waste Program

Management is properly ensuring that commercial solid waste haulers submit audited annual revenue reports as required by ordinance. These reports are then compared to monthly franchise fee payments to provide greater assurance that the City is receiving all payments due.

### General Government Investments

Management has developed two investment benchmarks in order to measure the City's investment portfolio performance. One benchmark is based on a model municipal government asset allocation to measure the portfolio's performance against a passive investment strategy. The second benchmark is based on standard return measures representing the City's current asset allocation to provide a review of the portfolio's performance versus an active investment strategy. Both benchmarks are included in monthly performance reports.

Management has also revised the investment procedures to ensure it coincides with investment practice.

### Law Enforcement Contraband Forfeiture Trust Fund

The State Attorney established guidelines for management to request immediate deposit of monies seized into an interest bearing account. Management has committed to utilize these guidelines on cases involving large cash amounts.

### FY 93-94 Classification Reviews and New Positions

Management established procedures requiring an outside independent contractor to conduct necessary job audits for any positions within Human Resources performing job audits, their supervisory staff or the Human Resources Director's position.

### Ironwood Golf Course Revenues

A resolution was approved in which Ironwood green fees will be approved by the City Commission on a bi-annual basis in conjunction with the City's budget process. The resolution also authorized the Golf Professional to regulate all other fees related to the operation of the golf course with approval by the City Manager.

### Worker's Compensation

Management has streamlined the accident reporting process by adding the form to the City Wide Share Draw and GRU's intranet system in an effort to reduce time. Additionally, management requires accident reports be completed prior to referral to an outside provider for all non-emergency situations.

### Future Follow-up Reviews

The 17 recommendations still outstanding, along with new audit recommendations approved by the City Commission since the start of this follow-up process, will be submitted to the City Manager in order to determine the current status of remaining recommendations. We plan to report the results of that process to the City Commission through the Audit and Finance Committee in November 2002.





## ATTACHMENT A

### Implemented Audit Recommendations

May 2002

<u>Department</u>	<u>Audit Number</u>	<u>Audit Title</u>	<u>Finding Number</u>	<u>Recommendation</u>
Community Development	128	Code Enforcement	8	Management Practices and Procedures that Provide Information to Management Regarding the Number of Inspections and Reinspections Performed During a Given Period of Time Should Be Strengthened in Some Areas
			11	Special Assessments Levied by the City Commission for Demolition and Lot Clearing Are Not Collected in a Timely Manner
Finance	188	Solid Waste Program	6	Franchise Fee Revenues
	190	Cox Cable and City Administrative Procedures	6	Service Address Boundaries Should Be Reviewed
	244	General Government Investments	2	Monthly Reporting Should Provide Investment Benchmark Yields
			3	Investment Meetings Should be Documented
		4	Procedures Manual Should be Revised to Coincide with Investment Practice	
GPD	067	Law Enforcement Contraband Forfeiture Trust Fund	3	Monies Seized Pursuant to the LECFTF Act Should Be Immediately Deposited into an Interest-Bearing Bank Account
Human Resources	173	FY 93-94 Classification Reviews and New Positions	4	Classification Reviews of Human Resources Department Employees
Recreation and Parks	196	Ironwood Golf Course Revenues	6	Golf Course Rates Should Be Reviewed and Approved
Risk Management	224	Worker's Compensation	7	Timeliness of Reporting Accidents Should Be Improved

## ATTACHMENT B

### Outstanding Audit Recommendations

May 2002

<u>Department</u>	<u>Audit Number</u>	<u>Audit Title</u>	<u>Finding Number</u>	<u>Recommendation</u>
Finance	244	General Government Investments	1	Investment Policy Should be Consistent with Investment Practice
Human Resources	149	Employee Compensation	11	Personnel Policies Should Be Revised to Address Severance or Other Similar Pay for Terminated Employees
			13	Pay Increases Related to Promotions
			14	Special Merit Increases for Management Employees
			15	Acting Out of Classification Policy
			18	Supplemental Forms of Compensation
	226	Review of Payroll System	2	Payroll Accuracy
Public Works	199	Stormwater Management Utility Fund Revenues	4	Analysis of Areas Exempted from Paying SMU Fees
Recreation and Parks	227	Review of Nature Operations Division	1	Park Boundaries Should Be Completed and Encroachment Issues Resolved
			5	Staff Should Become Certified for Prescribed Burns
Risk Management	224	Worker's Compensation	2	Policies and Procedures Should Be Completed and Implemented
			3	General Government Should Develop a Rehabilitative Duty Policy
			4	Safety and Disability Management Team Should Be Established
			5	Reporting Provided by Third Party Administrator Should Be Imposed
			6	Management Performance Indicators Should Be Established

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<u>Department</u>	<u>Audit Number</u>	<u>Audit Title</u>	<u>Finding Number</u>	<u>Recommendation</u>
Risk Management	224	Worker's Compensation	8	Workers' Compensation Costs Should Be Allocated and Charged to Departments
			9	A Safety Component Should Be Included in the Management Performance Review

