

RESOLUTION NO. 030691

PASSED December 8, 2003

**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, 2003 THROUGH SEPTEMBER 30, 2004**

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

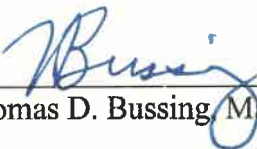
WHEREAS, such procedures require the development of an annual audit plan in order to ensure adequate audit coverage during the period;

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

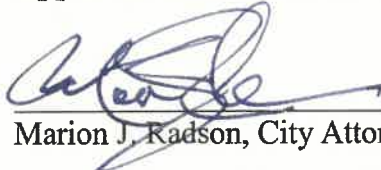
Section 1. That the City Auditor is authorized to carry out the audits and other projects as described in the ANNUAL AUDIT PLAN attached hereto as EXHIBIT A.

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.

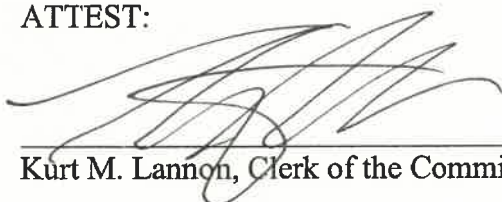
PASSED AND ADOPTED this 8<sup>th</sup> day of 2003 (December)

  
\_\_\_\_\_  
Thomas D. Bussing, Mayor

Approved as to Form and Legality

  
\_\_\_\_\_  
Marion J. Radson, City Attorney

ATTEST:

  
\_\_\_\_\_  
Kurt M. Lannon, Clerk of the Commission

DEC 10 2003

**EXHIBIT A**  
CITY OF GAINESVILLE  
OFFICE OF THE CITY AUDITOR  
FY 2004 ANNUAL AUDIT PLAN

**Revenue/Cost Containment Audits**

Budgeted Revenue Estimates  
Cellular Telephones (General Government)  
GRU Procurement Card Program  
Living Wage Review  
Property Tax Exemptions

**Operational Audits**

1<sup>st</sup> Step Permitting and Development Review (in process)  
Boards and Committees  
Equal Opportunity Program  
Pay Study Review (in process)  
Purchasing Bid Process

**Compliance Audits**

Combined Communication Center (in process)  
Internet Access  
Outside Agency/Non-Profit Organization  
Payroll Payoffs  
Petty Cash  
Procurement Card Transactions (General Government)

**Follow-up Audits**

Employee Compensation  
Housing  
General Government Procurement Card Program  
Minority/Small Business Enterprise  
Nature Operations  
Neighborhood Housing and Development Corp. (NHDC)  
GRU Revenues  
Workers' Compensation

**Other Projects**

City Commission and Management Referrals/Special Projects  
Affirmative Action Subcommittee  
ADA Paratransit Contract Rate Review (in process)  
Performance Measures

FY 2004 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 General Government policies and procedures concerning the use of cellular telephones including criteria for issuance, documentation requirements and reimbursement procedures.

GRU 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 streamline the traditional purchasing process for purchases falling within established limits. The purpose of this audit is to evaluate the adequacy of administrative controls, program effectiveness and compliance with established rules and regulations. A review of the General Government procurement card program was completed in FY 2003.

Living Wage Review

On March 17, 2003, the City Commission adopted the Living Wage Ordinance. Included in the adoption of the Ordinance was a provision for the City Manager, City Auditor and the General Manager for Utilities to file an assessment regarding the incremental cost of the Ordinance at six month intervals.

Property Tax Exemptions

The FY 2004 budget projects collections of real estate property taxes of nearly \$17 million. The real estate property tax rolls are prepared by the Alachua County Property Appraiser's Office. Exemptions such as Homestead, Senior Citizen, Disability and Agriculture classifications are determined by the Property Appraiser's Office. This project consists of a comprehensive review of property tax exemptions granted in the City of Gainesville to ensure the City is optimizing revenues collected from property taxes.

**OPERATIONAL AUDITS**

1<sup>st</sup> Step Permitting and Development Review (in process)

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 way-finding 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 2004, we will complete the review already in process related to the City's 1<sup>st</sup> Step Permitting and Development Review process.

#### 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.

#### Equal Opportunity Program

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. Objectives of this project include:

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

For FY 2004, our primary focus will be on reviewing best practices of Equal Opportunity Departments nation-wide related to investigations since this process will be transitioning to the City from Alachua County.

#### Pay Study Review (in process)

In May 2001, the City Commission received a status report from the Pay Study Team and requested the Charter Officers provide solutions to resolve the issues concerning the Pay Study. During FY 2003, management initiated a classification and compensation study for management, administrative, professional and CWA positions with implementation anticipated for FY 2004. The Charter Officers discussed the general progress of the study and the anticipated involvement of the City Auditor's Office. We agreed that the City Auditor's Office would audit the results of the classification and compensation study in order to provide the City Commission with reasonable assurance that the methodologies and processes used by management were reasonable, adequately documented and supported and consistently and accurately applied to data collected.

An interim report on the portion of the pay study related to CWA classifications was issued to the City Commission on November 10, 2003. The next phase of the Pay Study is the management, administrative

and professional pay plan. The City Auditor's Office recently received management's documentation supporting this portion of the pay study and is currently reviewing management's methodologies and processes and will issue a report upon completion of the review.

#### Purchasing Bid Process

The purpose of this review is to evaluate policies, procedures and internal controls over the bid processes used in both General Government and GRU. Upon completion of the initial analysis of the bid process, this audit will remain on future annual audit plans as a recurring project, conducted on a sample basis during the course of the fiscal year, as long as deemed appropriate.

### COMPLIANCE AUDITS

#### Combined Communication Center (in process)

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.

#### Payroll Payoffs

The City Auditor's Office occasionally takes possession of selected departments' payroll checks and distributes them directly to listed employees. 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.

### Procurement Card Transactions (General Government)

During FY 2003 the City Auditor's Office completed an audit of the General Government Procurement Card Program. Since technological advances will be implemented in FY 2004 that will expand the use of procurement cards from the current level of \$2.3 million, our report included the concept that the City Auditor initiate a monitoring program of procurement card transactions similar to our current reviews of payroll (payroll payoffs) and petty cash and change fund accounts to ensure that controls remain in place and procedures are followed. The implementation of web-based software will improve access to purchase card data and enhance auditing procedures for detecting non-compliance issues. Our procedures will be performed on a surprise basis and designed to determine that procurement card transactions comply with appropriate policies and procedures.

### 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 2004, 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 an Affirmative Action Task Force many years ago to provide an on-going mechanism for evaluating, monitoring and reporting progress and compliance on citywide Affirmative Action initiatives. During FY 2003, the Equal Opportunity Director merged that Task Force as a subcommittee of the Equal Opportunity/Diversity Advisory Committee (EODAC). The City Auditor's Office maintains an active presence on this Affirmative Action Subcommittee.

#### ADA Paratransit Contract Rate Review (in process)

The City of Gainesville contracts with a private company to manage and broker Americans with Disabilities Act (ADA) complementary paratransit services for the Regional Transit System. Over the past several years, quality in service delivery has varied while the cost per ride has significantly increased. During FY 2003, we assisted in assessing and verifying ADA paratransit costs and productivity levels of the City's Paratransit provider. Effective October 1, 2003, the contract was awarded to a new company that will both manage and provide all paratransit services. Although rates quoted by the new provider should result in savings to RTS, the total expected cost of this service for FY 2004 is nearly \$800,000. To ensure continuity in the provision of ADA services, the City Auditor's Office will continue to assist RTS in determining whether further cost savings can be obtained on this contract.

### Performance Measures

The City Commission Goals and Objectives and the City Auditor's Annual Audit Plan for FY 2003 included a review of performance measures. The Office of Management and Budget and the City Auditor's Office worked together during FY 2003 to review the overall process of selecting, preparing and reporting General Government performance measures. In June 2003, the City Commission accepted a joint report from the City Manager and City Auditor and approved an appropriation of \$8,900 to fund the ICMA Comparative Performance Measurement Program. In October 2003, the Director of the ICMA Center for Performance Measurement provided training to General Government departments on the ICMA program and performance data will be submitted to ICMA for the first time in December 2003. The City Auditor's Office will continue to work with management in FY 2004 to ensure successful implementation of this program.