

#180529



Independent Combined  
Communication Center Interlocal  
Agreement  
Agreed Upon Procedures

**A Report to the  
City Commission**

**Mayor**

Lauren Poe

**Mayor-Commissioner Pro Tem**

Adrian Hayes-Santos

**Commission Members**

David Arreola

Gail Johnson

Gigi Simmons

Harvey Ward

Helen Warren

November 15, 2018

City of  
Gainesville Office  
of the City  
Auditor

Carlos L. Holt – City Auditor

## EXECUTIVE SUMMARY

November 15, 2018



### Why We Did This Engagement

This engagement was requested by the Gainesville City Commission and was added to the annual audit plan and approved by the City Commission on May 3, 2018.

Two previous attempts to audit the process (in 2003 and 2013), were either not completed or completed without full internal access to records.

# Independent Combined Communications Center Interlocal Agreement Agreed Upon Procedures

## BACKGROUND

The City of Gainesville entered into an interlocal agreement with Alachua County Board of County Commissioners and the Alachua County Sheriff's Office to share resources to provide a cooperative dispatch center to effectively coordinate public safety communications. The agreement was signed on or about May 31, 2009, and subsequently amended on August 23, 2011, and also on October 30, 2012. In general, the agreement apportions all expenses incurred for the Combined Communications Center among the participants based on the percentage of *calls for service* during the fiscal year. The Combined Communications Center is operated by the Alachua County Sheriff's Office. Current participants in the agreement are Alachua County Board of County Commissioners, the City of Gainesville, and the City of High Springs. According to the agreement, Clerk of the Court - Finance and Accounting distributes the monthly billings and the annual settlements. The City of Gainesville pays approximately 48 percent of net expenses, as computed by the recent annual calls for service ratio.

## OBJECTIVES

The primary objective is to determine if the calls for service, operational costs, capital equipment cost, debt service cost and miscellaneous revenues were accurately calculated and passed on to participants, as described in the interlocal agreement.

Prior to undertaking the specific agreed upon procedures, outlined in the "Procedures" section below, we first completed the following pre-engagement enabling procedures in order to gain a better understanding of the various moving pieces in the operation and financial process for the Combined Communications Center.

In the pre-engagement enabling procedures, we gained an understanding of:

- billable calls for service process and the assignment of each call to the various participants of the inter-local agreement;
- expenses that are attributed to the Combined Communications Center;
- various revenues (grants, 911 fees, interest, etc.) that are received by the Combined Communications Center;
- capital equipment and debt service costs of the Combined Communications Center.

## **GOVERNANCE**

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All strategic long-term policy recommendations on planning and funding issues as it related to the Combined Communication Center, is performed by the Executive Board. This board is made up of:

- Alachua County Sheriff
- Mayor, City of Gainesville
- Board of County Commissioner member

The Executive Board is also utilized for dispute resolution and as a liaison to the City and County Commissions. It will elect its own Chair to preside over all meetings and meet at least semi-annually.

The City, County, and Sheriff shall also create an Administrative Board that is responsible for Standard Operating Procedures, recommending changes to procedures for implementation by the Sheriff (who can reject or modify, as they see fit) and for making recommendations to the Executive Board. The Administrative Board is comprised of:

- City Manager or Assistant City Manager
- County Manager or Deputy County Manager
- Alachua County Sheriff's designee

The Sheriff is assigned the responsibility for management and operation of the Combined Communication Center.

## **PROCEDURES**

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Using the May 12, 2009, Inter-local Agreement (between the City of Gainesville, the Alachua County Sheriff, and Alachua County) and the two subsequent amendments (2011, 2012) to the agreement as criteria; and using the period of October 1, 2015, through September 30, 2017, as the scope of work (final settlements):

1. Determine with accuracy the total population of billable calls for each fiscal year.
2. Determine with accuracy the total amount of expenses attributed to the CCC for each fiscal year.
3. Independently re-compute the percentage of total billable calls for service allocated to the City of Gainesville for each fiscal year.
4. Perform analytics of total expenditures, follow-up on possible red flag indicators.
5. Using a random monetary unit sample with a 90 percent confidence level and an expected error rate of five percent (~46 intervals), test non-payroll expenditures for: appropriateness of assignment to Combined Communication Center costs, vouching to ensure supporting evidence (existence) for each fiscal year.
6. Using a statistical random record sample using a 90 percent confidence level and an expected error rate of five percent (~65 time cards), test payroll records (one two-week period for each employee is one record) for appropriate assignment to Combined Communication Center costs for each fiscal year. Note: Process will include short interviews of some employees to determine workload areas.

7. Compare offsetting revenues received from FEMA, federal or state grants, interest bearing accounts, and 911 revenues with offsetting credits given to the City of Gainesville on annual settlements as per Section 3D of the agreement for each fiscal year.
8. Compare capital equipment and debt service cost calculations with portions allocated to the City of Gainesville, FL, for each fiscal year.
9. Report results to City of Gainesville, Alachua County Sheriff, and Alachua County.

## **SCOPE AND METHODOLOGY**

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We have performed the procedures enumerated below, which were agreed to by the Alachua County Sheriff's Office, solely to determine procedure-specific compliance with the Interlocal Agreement for the period of October 1, 2015, through September 30, 2017. The Alachua County Sheriff's Office and the Alachua County Board of County Commissioners on behalf of the Combined Communication Center is responsible for maintaining adequate internal controls over the process.

This Agreed-Upon Procedures engagement was conducted in accordance with standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Combined Communication Center's process. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Alachua County Sheriff's Office, the Alachua County Board of County Commissioners and City of Gainesville and is not intended to be and should not be used by anyone other than these specified parties.

## **PROCEDURES AND FINDINGS**

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Using the May 12, 2009, Inter-local Agreement (between the City of Gainesville, the Alachua County Sheriff, and Alachua County) and the two subsequent amendments (2011, 2012) to the agreement as criteria; and using the period of October 1, 2015, through September 30, 2017, as the scope of work (final settlements):

### **1. Determine with accuracy the total population of billable calls for each fiscal year.**

Criteria:

*"SECTION 5. OPERATIONAL PLAN - Standards for the provision of services and protocols for the handling and processing of all emergency communication calls received by the Center shall be set forth in a Combined Communications Center Operating procedures Manual (SOP Manual). The SOP Manual shall also include a definition of "calls for service" to be utilized as the basis for apportionment of costs as provided in Section 3B. The SOP Manual shall be developed and updated as needed."*

The interlocal agreement states that there should be a *Standard Operating Procedure (SOP)* Manual that describes what constitutes a Call for Service; however, there is not a clear definition in the manual. The

only documentation of what constitutes, as a call for service, resides in the formula window of the Calls for Service Crystal Reports. This is a dynamic (changing) formula maintained in the Crystal Report formula window. The interlocal agreement allows for the formula to be changed at the liberty of the Alachua County Sheriff (and Combined Communication Center) staff. We replicated the formulas as outlined in the Crystal Reports and performed an additional data and formula integrity test. However, we were unable to replicate the exact number of total billable calls used in the annual true-up invoices<sup>1</sup>.

Based on our analysis of the process and the testwork we performed, the differences are likely attributed to:

- a) inconsistent formulas used between entities,
- b) changes made to fire station numbering (ACFR Fire Stations) without updated reporting formulas, and
- c) a lack of completeness testing (procedures to verify total populations).

**Figure 1: Fiscal Year 2016 Billable Calls for Service Calculations**

Fiscal Year 2016 Results – Total Billable Calls						
Total Calls per fiscal year 2016 true-up	Total Calls recalculated by CAO based on formulas	Difference	Percentage Difference	Total Calls based on Data and Formula Integrity Test	Difference	Percentage Difference
a	b	a-b	(a-b)/a	c	a-c	(a-b)/a
293,166	288,699	4,467	-1.52%	300,349	-7,183	+2.45%

Source: fiscal year 2016 true-up invoice and recalculated calls from the Computer Aided Dispatch.

**Figure 2: Fiscal Year 2017 Billable Calls for Service Calculations**

Fiscal Year 2017 Results – Total Billable Calls						
Total Calls per fiscal year 2017 true-up	Total Calls recalculated by CAO based on formulas	Difference	Percentage Difference	Total Calls based on Data and Formula Integrity Test	Difference	Percentage Difference
a	b	a-b	(a-b)/a	c	a-c	(a-b)/a
305,186	298,039	7,147	-2.34%	315,893	-10,707	+3.51%

Source: Fiscal year 2017 true-up invoice and recalculated calls from the Computer Aided Dispatch.

**Procedure One Results:**

We were unable to substantiate the total population of billable calls used in the annual true-up invoices for either fiscal year. Our calculations show possible variances in number of calls between -1.52 percent and +2.45 percent in fiscal year 2016 and between -2.34 percent and +3.51 percent in fiscal year 2017.

<sup>1</sup> As per the agreement, percentages of calls for services in monthly billings are percentages from period’s two-months old. At year’s end, a 13-month or “true-up” report recalculates expenses based on annual percentages of billable calls for service calculated.

**2. Determine with accuracy the total amount of expenses attributed to the Combined Communications Center for each fiscal year.**

Criteria:

*“SECTION 3. FINANCING PLAN B. Apportionment of Costs. The annual operating costs of the Combined Communications Center shall be apportioned among the users based on the number of calls for service assigned to each agency. No payment for the costs of acquiring land or constructing the Combined Communications Center shall be included in the operational costs calculation. Allocation of costs for any equipment not included in the Sheriffs budget request for the Center shall be included in the operational cost calculation as further detailed in paragraph 3C.”*

The interlocal agreement states the annual operating costs of running the Combined Communication Center should be apportioned among the parties except for cost related to acquiring land or constructing the building. Upon reviewing the true-up invoices, we determined there are three sources of expenses being applied to the Combined Communication Center outside of the Capital Equipment and Debt Service Cost addressed in a later procedure.

The direct costs related to the Combined Communication Center captured and recorded by the Alachua County Sheriff’s Office - Accounting and Budget Bureau, are operating and payroll related expenses. The direct/indirect costs related to running the Combined Communication Center facility, captured and recorded by the Alachua County Board of County Commissioners - Budget and Fiscal Services, are allocated facilities cost and insurance premiums.

**Figure 3: Fiscal Year 2016 and Fiscal Year 2017 Expenses<sup>2</sup>**

Fiscal Year	Expenses Reported in true-up invoice	Amounts able to be substantiated	Difference	Percentage Difference
	a	b	a-b	(a-b)/a
Fiscal Year 2016	\$ 7,742,411.37	\$ 7,427,406.10	\$ 315,004.92	-4.07%
Fiscal Year 2017	\$ 7,908,533.70	\$ 7,908,773.26	\$ -239.56	0.00%

*Source: Fiscal year 2016 and fiscal year 2017 true-up invoices and recalculated expenses from Alachua County Sherriff’s Office – Accounting and Budget Bureau and Alachua County Board of County Commissioners – Budget and fiscal Services.*

**Procedure Two Results:**

As shown in Figure 3, some expenses were not able to be substantiated. Therefore, the expense amounts we substantiated differ by -4.07 percent in fiscal year 2016 and a virtual zero percent difference in fiscal year 2017.

Combined Communication Center operating expenses as reported by Alachua County Sheriff’s Office-Accounting and Budget Bureau: During our testwork, we were able to substantiate total Operating Expenses with detail transactions for the Combined Communication Center, as reported on the true-up invoice. Operating expenses for the Combined Communication Center equaled fiscal year 2016: \$7,417,501 and fiscal year 2017: \$7,587,997. We selected and tested samples as outline below in AUP 5 and AUP 6.

<sup>2</sup> Includes operating, facilities, and insurance costs

Combined Communication Center facilities cost as reported by Alachua County Board of County Commissioners - Budget and fiscal Services: We were able to recalculate the fiscal year 2017 facilities costs of \$309,097.92 based on supporting documentation. However, due to turnover and manual documentation retention, the Alachua County Board of County Commissioners – Facilities Management did not have support for the schedule of fiscal year 2016 facilities costs of \$312,867.92 readily available.

Combined Communication Center facility insurance premiums as reported by Alachua County Board of County Commissioners - Budget and fiscal Services: We noted an error in the insurance premium calculation for both fiscal years 2016 and fiscal year 2017. There is a potential difference in fiscal year 16 premium used in the true-up Calculation: -\$2,137 (our recalculated number) or by -\$1,192.65 (County's recalculation). Also, a potential difference in fiscal year 2017 premium used in the true-up Calculation was understated by \$239.56 (our recalculated number) or overstated by \$762.77 (County's recalculation).

### 3. Independently re-compute the percentage of total billable calls for service allocated to the City of Gainesville for each fiscal year.

**Figure 4: Fiscal Year 2016 City of Gainesville Percentage of Calls for Service**

Fiscal Year 2016 Results – City of Gainesville Percentage				
Percentage of total billable calls for service allocated to COG on 2016 true-up	Recalculation % of total billable calls for service allocated to City of Gainesville	Difference	Percentage based on Data and Formula Integrity Test	Difference
a	b	a-b	c	a-c
=132,675/293,166	=132,663/288699		=135,894/300,349	
<b>45.26%</b>	<b>45.95%</b>	<b>0.70%</b>	<b>45.25%</b>	<b>-0.01%</b>

Source: Fiscal Year 2016 true-up invoice and recalculated calls from the Computer Aided Dispatch.

**Figure 5: Fiscal Year 2017 City of Gainesville Percentage of Calls for Service**

Fiscal Year 2017 Results – City of Gainesville Percentage				
Percentage of total billable calls for service allocated to COG on 2017 true-up	Recalculation percentage of total billable calls for service allocated to COG	Difference	Percentage based on Data and Formula Integrity Test	Difference
a	b	a-b	c	a-c
=146,514/305,186	=146,505/298,039		=149,690/315,893	
<b>48.01%</b>	<b>49.16%</b>	<b>1.15%</b>	<b>47.39%</b>	<b>-0.62%</b>

Source: Fiscal Year 2017 true-up invoice and recalculated calls from the Computer Aided Dispatch.

#### **Procedure Three Results:**

Based on our recalculation of the percentage of total billable calls for service, we determined a variance exists between the City of Gainesville allocated true-up amount and amounts recalculated during the procedures, of -0.01 percent and .70 percent in fiscal year 2016 and -0.62 percent and 1.15 percent in fiscal year 2017.

#### **4. Perform analytics of total expenditures, follow-up on possible red flag indicators.**

We performed analytics of fiscal year 2016 and fiscal year 2017 total expenditures (that were readily available) used in the true-up for both fiscal years and performed follow-up on possible red flag indicators and did not note any exceptions.

#### **5. Using a random monetary unit sample with a 90% confidence level and an expected error rate of five percent (~46 intervals), test non-payroll expenditures for: appropriateness of assignment to Combined Communication Center costs, vouching to ensure supporting evidence (existence) for each fiscal year.**

Based on samples selected in both fiscal year 2016 and fiscal year 2017 and testwork performed, the non-payroll expenditures reported for the Combined Communication Center by ACSO- Accounting and Budget Bureau exist, are recorded accurately and appear to be appropriate as defined in the Interlocal agreement.

#### **6. Using a statistical random record sample using a 90% confidence level and an expected error rate of five percent (~65 time cards), test payroll records (one two-week period for each employee is one record) for appropriate assignment to Combined Communication Center costs for each fiscal year. Note: Process will include short interviews of some employees to determine workload areas.**

#### **Procedure Six Results:**

Based on samples selected in fiscal year 2017 and testwork performed<sup>3</sup>, the payroll expenditures reported for the Combined Communication Center by the Alachua County Sheriff's Office- Accounting and Budget Bureau exist, are recorded accurately and appeared to be appropriate as defined in the Interlocal agreement.

However, during our interviews performed we determined that for two of the five individuals, the Technical Services Division Manager and the Human Resources Staff, 100 percent of their time is charged to the Combined Communication Center fund but do not spend 100 percent of their time performing Combined Communication Center services.

Based on discussions with Alachua County Sheriff's Office - Accounting and Budget Bureau, they do a fifty-fifty split on only a few IT individuals that split their time evenly between the Combined

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<sup>3</sup> Due to the report writing limitations of the HTE general ledger system at Alachua County Sheriff's Office, it required pulling numerous reports and combined them to sample. Based on the average number of FTEs remaining the same over both fiscal years, we determined it would be sufficient to limit our testing to the 2,979 records of the fiscal year 2017 labor expense.



Communication Center and other Alachua County Sheriff’s Office services. We confirmed this when we selected our sample for payroll expenditure sample testwork. Additionally, any employee that is 100 percent charged to the Combined Communication Center, but a portion of their time is not spent on Combined Communication Center duties, is easily offset by other positions that provide services to the Combined Communication Center whose costs are not allocated to the Combined Communication Center.

**7. Compare offsetting revenues received from FEMA, federal or state grants, interest bearing accounts, and 911 revenues with offsetting credits given to the City of Gainesville on annual settlements as per Section 3D of the agreement for each fiscal year.**

Criteria:

*“SECTION 3. FINANCING PLAN D. Reimbursement for Revenues Received. In the event the County receives reimbursement from the Federal Emergency Management Agency due to expenditures arising out of a catastrophic emergency, or any grant revenue which offsets annual Center expenditures, each party will be credited accordingly. Any 911 revenues which the County utilizes to offset Center expenditures shall be credited to each party accordingly.”*

**Figure 6: Fiscal Year 2016 and Fiscal Year 2017 E911 Revenue**

Fiscal Year	Total E911 Actual Revenue Collected from State	Total E911 Actual Revenue Spent	Revenue used in E911 Office	Revenue used for the Combined Communication Center
Fiscal Year 2016	\$1,022,827.89	\$1,222,351	\$460,020	\$762,331
Fiscal Year 2017	\$1,054,818.14	\$886,050	\$454,194	\$431,856

Source: Fiscal Year 2016 and 2017 Florida Department of Management Services and Budget to Actual Fund 126.

There was only one revenue source received during fiscal year 2016 and 2017 and it was E911 funds from 9-1-1/Communications Office. These revenues come from the Florida Department of Management Services. We were able to confirm the actual funds received on their website.

However, we determined the offsetting revenues are not handled in the manner that is outlined in interlocal agreement. Instead of directly offsetting each parties expenditures, E911 Revenues are used to:

- a) fund the 9-1-1/Communications Office who’s main responsibility is maintaining and ensuring the accuracy of the Automatic Location Information Database,
- b) reimburse agreed upon expenses at the Alachua County Sheriff’s Office level for the Combined Communication Center,
- c) pay invoices directly (by 9-1-1/Communications Office) on behalf of the Combined Communication Center and additionally a lump sum payment to the Combined Communication Center was used to reduce total expenditures prior to allocation to the parties for both fiscal years.

We performed testwork over the monies set aside for the Combined Communication Center and determined based on the sample selected, the funds were used as noted above.

**Procedure Seven Results:**

The offsetting revenues are not handled as detailed in the interlocal agreement.

**8. Compare capital equipment and debt service cost calculations with portions allocated to the City of Gainesville, FL for each fiscal year.**

Criteria:

*"SECTION 3. FINANCING PLAN C. Capital Equipment and Debt Service. The City agrees to pay to the County its allocated portion of any debt service or loan repayment for the initial equipment purchased for the Center. This debt service or loan repayment amount shall be apportioned according to the formula detailed in paragraph 3B of this agreement. If the County purchases rather than finances such equipment, the definition of "debt service" shall include the annual depreciation (straight line method, no salvage value) calculated for the capital purchase. If the County leases the equipment, the annual lease amount shall be apportioned according to the formula detailed in paragraph 3B of this agreement. Small, ongoing capital purchases with a cost of less than \$1,000 will be included in the Sheriff's budget request for the Center. No depreciation will be allocated to the City for these items*

*Capital Replacement Schedule and Funding. For purposes of this Agreement, capital equipment is defined as those items with a useful life of more than one year and a unit or functional unit cost of \$1000 or more.*

*1. The Sheriff will include the required annual contribution as a line item in the Combined Communication Center budget to be deposited into an ongoing restricted Combined Communication Center replacement fund to be managed by the Board of County Commissioners.*

*2. At the end of each fiscal year, the Center's unexpended budget dollars shall be remitted to the Board of County Commissioners in accordance with section 30.50(6) F.S. to be deposited into an ongoing restricted Combined Communication Center capital equipment replacement fund to be managed by the Board of County Commissioners. This amount will be used to offset the annual contribution request.*

*3. These funds shall be used to purchase capital equipment identified through an established replacement schedule as approved by the Combined Communication Center Administrative Board.*

*4. Combined Communication Center management shall develop an amortized equipment replacement schedule for the life expectancy of each item listed. The replacement schedule shall be presented annually to the Combined Communication Center Administrative Board during the budget development process.*

*5. Under emergency or exigent circumstances, the Sheriff may purchase items not scheduled for replacement in the given year at her sole discretion, so long as those items are covered by the equipment replacement fund schedule. Purchases made by the Sheriff under emergency or exigent circumstances shall be presented to the Administrative Board at their next scheduled meeting."*

**Capital Equipment Cost:** The Combined Communication Center capital equipment is not handled in the exact manner outlined in the interlocal agreement. Although it is budgeted yearly at the Combined Communication Center and the funds are held at the Alachua County Board of County Commissioners, the Combined Communication Center is not updating the replacement schedule and related replacement table annually, nor budgeting based on the replacement table and not presenting it to the Administrative Board annually as detailed in the interlocal agreement.

**Figure 7: Fiscal Year 2016 and Fiscal Year 2017 Capital Equipment Cost Substantiation**

Fiscal Year	Capital Equipment Cost Reported	Amounts able to be substantiated	Difference	Percentage Difference
	a	b	a-b	(a-b)/a
<b>Fiscal Year 2016</b>	368,122.00	368,122.00	0	0%
<b>Fiscal Year 2017</b>	378,266.75	368,122.00	10,144.75	-2.76%

Source: Fiscal year 2016 and 2017 true-up invoice and payments submitted.

We noted two issues with the capital equipment calculation on the annual true-up invoices. We noted that the High Springs portion of the excess was not handled consistently over both fiscal years. In fiscal year 2016, the County absorbed the excess and in fiscal year 2017, they granted High Springs a refund for 60% of the portion of their excess. Although, it did not impact the proportionate share of the City of Gainesville, it is worth noting the inconsistent practice.

Lastly, in fiscal year 2017, the final amount maintained in the Alachua County Board of County Commissioners Capital Replacement Fund 147 is overstated by \$10,144.74 due to an error in calculation during the true-up. This amount should have been returned proportionately to the County (\$7,392.38) and City of Gainesville (\$2,752.37) during the annual true-up invoices.

To date, there is over \$2 million dollars in the Capital Equipment Fund.

**Debt Service Cost:** Upon requesting supporting documents and inquiring about the Combined Communication Center portion of Series 1999 Debt, the Alachua County Board of County Commissioners - Budget and fiscal Services was not able to explain the eleven percent used. Upon further investigation (via a third party) the Alachua County Board of County Commissioners determined that the eleven percent used to allocate debt service was based on the total initial non-construction CCC capitalized costs as a percentage of the total Series 1999 Construction Fund debt, however, the percentage and amount calculated should have been revised in fiscal year 2017 due to a consolidated refunding. As of the final time we inquired, they were still in the process of evaluating and quantifying the difference that resulted from the consolidated refunding.

**Procedure Eight Results:**

In fiscal year 2016, we were able to replicate the Capital Equipment cost used in the annual true-up invoice but were not able to substantiate the debt service cost. In fiscal year 2017, we were unable to neither recalculate the capital equipment cost nor validate the debt service cost used in the annual true-up invoice. We determined the fiscal year 2017 Capital Equipment cost variance is -2.76%.

## **9. Report results to City of Gainesville, Alachua County Sheriff, and Alachua County.**

This report serves as the formal notification of Agreed Upon Procedures results to City of Gainesville, Alachua County Sherriff and Alachua County.

### **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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We conducted this engagement in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

### **AUDIT TEAM**

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Carlos L. Holt, CPA, CFF, CIA, CGAP, CFE, City Auditor – Quality Assurance

Qian Yuan, CIA, CISA, ACDA, Assistant City Auditor

Emily Bowie, CPA, Senior Auditor

Ron Ison, PMP, Information Technology Auditor