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

DECEMBER 9, 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

TERI PITTS, EXECUTIVE ASSISTANT TO THE CITY 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
April 2020	Pandemic, Natural Disasters, Emergency Management	Citywide	Projects	Respond to management requests and emerging risks with advisory and other special projects as needed.	Ongoing	200	100	100
October 2020	General Government Grants Administration Governance and Internal Controls (Consultation)	GG	Advisory	Assess risk impacting the General Government grants administration process and readiness for ERP implementation	Planning	500	400	100
November 2020	Independent Payroll Recalculations – ERP Implementation Project	GG Finance	Project	Independently, formulate overtime calculations for all seven union contracts and compare results to Workday in real-time.	Planning	200	100	100
November 2020	GPD Inventory	GPD	Management Request	Provide independent observation of the narcotics evidence inventory count performed by the Gainesville Police Department.	Fieldwork	80	40	40
January 2021	Organizational Culture Audit	Citywide	Project	Assess current organization-wide culture to better identify and understand factors that negatively impact the chances for successful outcomes and relationships.	Pre-Planning	900	750	150
February 2021	GRU Grants Administration Audit	GRU	Audit	Assess adequacy and effectiveness of governance and internal controls over grant administration at GRU.	Not Started	500	400	100

Periodic Monitoring

Title	Primary Department	Monitoring Objective	Monitoring Status	Risk Rating
Enterprise IT Governance and Data Management	Citywide	Monitor management's progress to build out Enterprise IT Governance capabilities supporting the City's strategic initiatives and objectives. Provide advisory services to enhance managements assessment of risk. Risks include siloed "shadow" IT departments that contribute to reduced efficiency of resources, duplicated efforts, additional expenses, increased licensing costs, and reduced effectiveness surrounding IT governance and information security processes.	Ongoing until IT Governance is implemented. GRU created the Enterprise IT Strategy and Governance Director position. Need to include the GG Strategic Initiatives Office Review governance of badge reader access management	High
ERP System Implementation	Citywide	Monitor management's progress to implement the ERP system, manage relevant citywide risks, and remediate open audit observations in progress. Due to the pandemic, the ERP project was put on hold from March 17, 2020 through October 23, 2020. The project has now resumed. Risks include cost overruns, implementation delays due to misconfiguration, and weak data security controls in the test environment.	Ongoing until implementation completed. Proxy access reviews CAO is performing an independent overtime payroll recalculation.	High

Completed Engagements

| A&FC Report Date	Audits, Consultations and Projects	Primary Department	Types	Objective	Status
12/5/19	Audit of the General Government ERP System Implementation - Interim Report II	General Government and GRU Payroll	Advisory	Determine the overall effectiveness of the Enterprise Resource Planning (ERP) System's Configure and Prototype process in relation to the best practices delineated in COBIT 2019 Build, Acquire, and Implement No. 10 Managed Configuration.	Completed
2/5/20	Affirmative Action Plan Audit	Office of Equity and Inclusion	Audit	Assess the reliability of information obtained for input in the Affirmative Action Plan; Analyze General Government and Gainesville Regional Utilities hiring for positions with affirmative action goals.	Completed
2/6/20	Internal Controls and Data Security for the Use of Driver's License and Motor Vehicle Record Data Exchange	GPD	Audit	Certify that the data security policies and procedures have been approved by a Risk Management IT Professional.	Completed
3/11/20	FY 19 Annual Follow-up on Status of Previous Audit Recommendations	Citywide	Audit	Verify that corrective action has been taken and summarize the results.	Completed
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, Managed IT Change Acceptance and Transitioning.	Completed

Completed Engagements (cont.)

A&FC Report Date	Audits, Consultations, and Projects	Primary Department	Types	Objective	Status
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 cybersecurity governance controls to improve the City's ability to identify, assess, and mitigate cybersecurity risks to an acceptable level.	Completed
9/23/20	Temporary Employment Services Invoicing - Targeted Review	Citywide	Management Request	Review invoicing accuracy and compliance with contract terms.	Completed
10/19/20	City Commission Annual Training	City Commission	Training	Provide first annual training to City Commissioners around Internal Audit's enterprise risk assessment processes and audit plan formation.	Completed
11/16/20	General Government Investments Audit	GG Finance	Audit	Examine the management and internal control environment of the non-pension investment portfolio and assess compliance with City policies and procedures.	Completed
12/9/20	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 the fiscal year ending September 30, 2020 external financial statement audit.	Completed
12/9/20	Annual Audit Report, Risk Assessment, and Internal Audit Plan	Citywide	Risk Assessment	The City Auditor's 2020 Annual Report highlights the department's activities and accomplishments over the past year. Sections include a description of who we are and what we do, activities and accomplishments, other stories of community builders making Gainesville great, and our enterprise risk assessment and internal audit plan.	Completed

Fraud Hotline and Investigations

City Auditor Quarterly Update Fraud Hotline and Investigations			
Audit & Finance Committee	**12/9/2020**	**9/23/2020**	**5/20/2020**
New Reports Since Last A&FC	1	5	8
Open Investigations	2	2	3
Closed	1	6	5

AUDIT ISSUE FOLLOW UP

New Internal Audit Issue Follow up Program
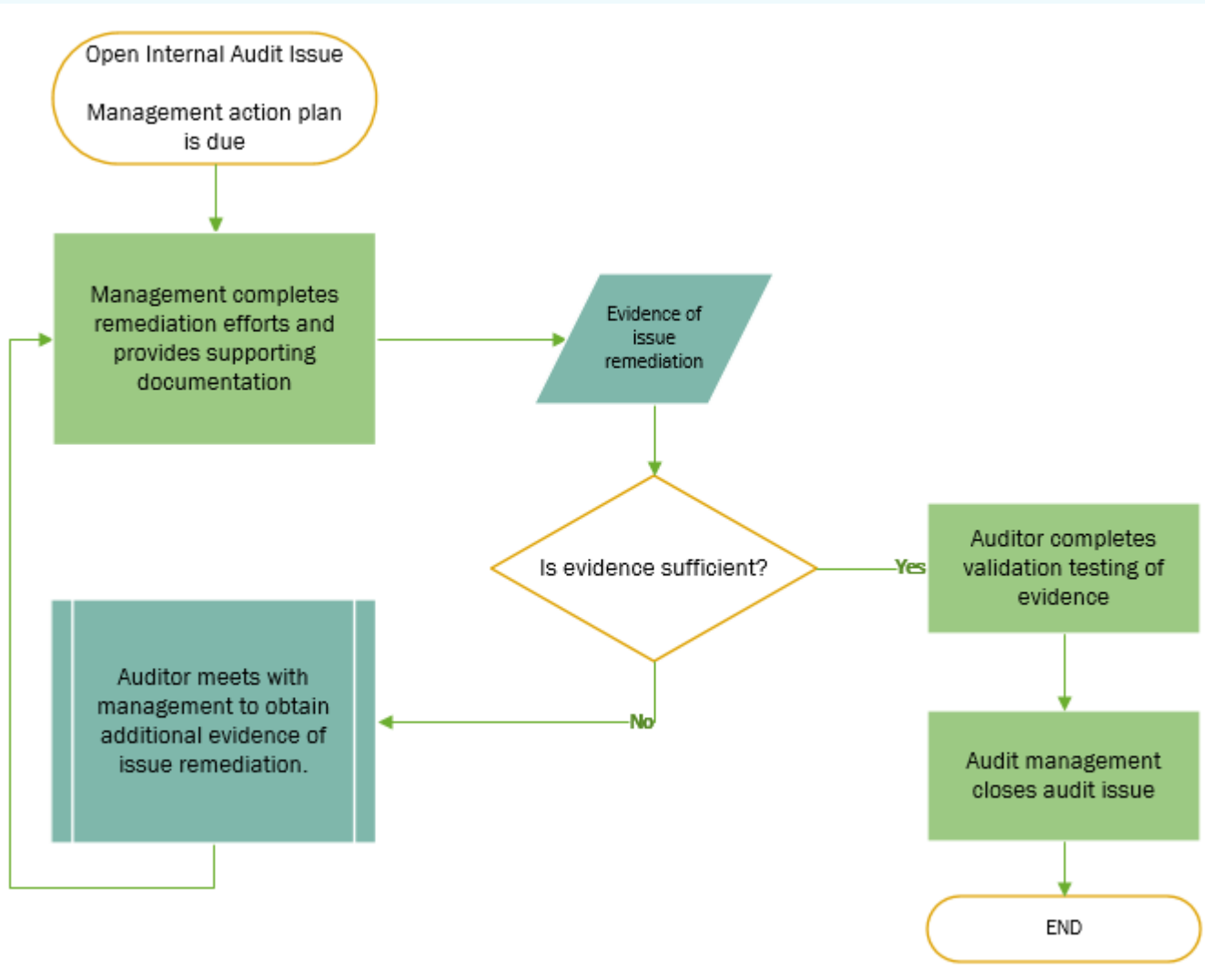
❖ New audit issues are assigned a risk rating. Moderate and high risk issues require remediation typically within one year. A Management responsible party is assigned and is accountable for providing evidence of issue remediation.

❖ Aged issues have been assigned due dates. When management provides sufficient evidence of issue remediation, internal audit performs validation testing then closes the issue.

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INTERNAL AUDIT ISSUE FOLLOW UP STATUS

City Auditor Quarterly Update			
Internal Audit Issue Follow up *	**12/9/20**	**9/23/20**	**5/20/20**
Audit issues closed since last City Auditor Quarterly Update	3	11	4
Total open audit issues**	33	26	39
Total past due issues ***	0	0	N/A

* See Detail in Appendix A

** Two audit projects were closed after the 9/23/20 AFC meeting, which added 10 new open audit issues.

*** Audit issues open prior to 5/20/20 have 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.

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STATUS OF EXTERNAL AUDITS

- **FY 20 external financial statement audits are underway for fiscal year ending September 30, 2020.**

- **Florida Auditor General 2020 operational audit of the City of Gainesville. Fieldwork is wrapping up. Reporting in progress.**

- **Florida Office of the Inspector General Florida Retirement System compliance audit – in progress.**

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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.	Completed 6/29/2020
	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.	

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	OTHER POSTEMPLOYMENT BENEFITS FUND - None	Completed 9/10/2020
	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

- March 22, 2021

- May 18, 2021

- July 13, 2021

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

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Thank You

Office of the City Auditor

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APPENDIX A - OPEN AUDIT ISSUES

APPENDIX – OPEN AUDIT ISSUE DETAIL

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue Number	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
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	Vendor Master File system controls cannot be relied upon as implemented.	9	HR	1/31/2021	Monitoring

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue Number	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	GPD	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	GPD	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	GPD	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	GPD	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	GPD	3/31/2021	Process

APPENDIX – OPEN AUDIT ISSUE DETAIL (CONT.)

Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue Number	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 Number	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	12/31/2020	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	2/28/2021	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	5/31/2021	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	5/31/2021	Monitoring
5/20/2020	Audit of General Government ERP System Implementation	Test Scenarios Have Not Been Completed	P3 - 2	GG Finance, GRU Finance, IT Project Team	3/31/2021	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	2/28/2021	Systems

11/16/2020	GG Non-pension Investments	Pension and Investments Division of the Budget & Finance Department should establish an Investments-Related User Access Management Program	1	GG Finance	5/31/2021	Roles and Responsibilities
11/16/2020	GG Non-pension Investments	The current approved broker/dealer list is not maintained in compliance with the non-pension investments policy	2	GG Finance	5/31/2021	Policy
11/16/2020	GG Non-pension Investments	Non-pension Investment-related Policies and Procedures Need Strengthening	3	GG Finance	5/31/2021	Policy

APPENDIX B - AUDIT PLAN

APPENDIX B – INTERNAL AUDIT PLAN

Audit Plan Status ▼	Risk Area ▼	Proposed Audit Engagement Name ▼	Audit Service Type ▼	Proposed Audit Objective ▼	Estimated Internal Audit Budget (Operational and IT audit) ▼
New	Citywide -all areas	Organizational Culture Audit	Audit	Assess current organization-wide culture to better identify and understand factors that negatively impact the chances for successful outcomes and relationships.	900
New	Enterprise IT Governance	Review of Citywide Management of Legacy Systems and Technology Improvement Plans	Advisory	Assess Citywide processes that identify and manage legacy systems, and proactively assist with acquisition of new technologies. Ensure computer systems and technology are sufficent to support delivery of key services and reporting, and adequately manage security risks.	500
New	GCRA	Review of GCRA Project Management and Transparency in Fiscal Management	Audit	Review internal controls around movement of GCRA funds and project management to ensure transparency in financial reporting and compliance with policy and regulations.	500
New	Human Resources and Citywide	Succession Planning	Advisory	Assist HR management with data gathering and analytics to ensure adequate succession planning policies and procedures are in place Citywide.	500
New	GPRC	Evergreen Cemetery Trust Fund	Audit	Review sources and uses of the Evergreen Cemetary Trust Fund for compliance with policy and procedures.	200
New	GG and GRU Infrastructure	Review GG/GRU Capital Improvement Plans	Audit	Review plans to ensure resources are adequately allocated to improve infrastructure at greatest risk to impact neighbor and community builder health and safety and to ensure reliable delivery of services over time.	800

Audit Plan Status ▼	Risk Area ▼	Proposed Audit Engagement Name ▼	Audit Service Type ▼	Proposed Audit Objective ▼	Estimated Internal Audit Budget (Operational and IT audit) ▼
New	Human Resources Data Quality	HR Data Quality Review	Audit	Review controls around HR data intake, processing and output with use of disparate systems and manual processes.	500
New	Affordable Housing	SHIP and Local Housing Assistance Plan Audit	Audit	Audit use of SHIP funds and adequacy of Local Housing Assistance Plan intended to produce and preserve affordable homeownership and multifamily housing.	800
New	GPD	GPD Body-Worn Camera Compliance audit	Audit	Assess adequacy of and compliance with body-worn camera policies and procedures.	400
New	GG and GRU Finance	Gift Card Audit	Audit	Review the policy, controls and security around handling gift cards	300
On plan	GPRC	Billing and Collections	Audit	Perform a risk-based evaluation of GPRC internal controls for billing and collections processes and merchant account handling.	800
New	GPD	Staff Retention Audit	Advisory	Review data and identify process improvements around staff retention in areas of high turnover.	300
New	GG Transportation and Mobility	Audit Use of Traffic-Related Surveillance data	Audit	Review security and privacy controls around capturing, storing, handling, and accessing traffic-related surveillance data.	600

Audit Plan Status ▼	Risk Area ▼	Proposed Audit Engagement Name ▼	Audit Service Type ▼	Proposed Audit Objective ▼	Estimated Internal Audit Budget (Operational and IT audit) ▼
On plan	Citywide Financial	Payroll Overtime Audit	Audit	Review City overtime charges and internal controls for functional areas with highest overtime payroll expense.	500
New	GRU Customer Billing	Customer Billing System (Vertext One) Pre-implementation IT Advisory project	Advisory	Review project plan to identify risks that may not be adequately addressed, and provide suggestions for process improvements that may be identified.	800
New	City Auditor	Ordinance and Resolution update	Special Project	Work with City Attorney's Office to update the City Auditor Ordiance and Resolution.	200
New	City Clerk	Record Management Solutions	Advisory	Provide advisory services to support improved records management processes, digital records, data retention and data storage risks.	800
On plan	GG GRU Grants	GRU Grants Administration Audit	Audit	Assess adequacy and effectiveness of governance and internal controls over grant administration at GRU.	900
New	GPRC	Operational Risk Management Advisory project	Advisory	Provide Advisory Services to support management with implementation of an operational risk management program.	500

Audit Plan Status ▼	Risk Area ▼	Proposed Audit Engagement Name ▼	Audit Service Type ▼	Proposed Audit Objective ▼	Estimated Internal Audit Budget (Operational and IT audit) ▼
New	GRUCom	GRUcom Asset Management and Capitalization Processes Review	Audit	Review internal controls around asset management and capitalization processes, including recovery for operating radio systems (police, fire).	500
New	GRU billing for Public Works	GRU customer billing for Public Works services Audit	Audit	Assess accuracy and completeness of GRU customer billing for Public Works services.	500
New	GPD	Audit GPD Overtime Billing	Advisory	Review processes and controls for third party billing and collections related to police overtime.	500
New	City Attorney	Case Management System User Access Review	Audit	Assess adequacy and effectiveness of user access manageemnt and related controls to ensure authorized access to the case management system.	300
New	GG Transportation and Mobility	Parking Charge Capture	Audit	Review charge capture processes and fee collection around City parking spaces and garages.	400
New	GRU	Customer Complaint Management process Review	Advisory	Review customer complaint management processes (including social media public relations) to identify opportunities for improvement in these processes.	500
New	GRU	Audit of Badge Access and Physical Keys Management to Buildings and Storage Warehouses.	Audit	Assess adequacy of badge access controls and management of physical keys to GRU buildings and storage warehouses.	500

Audit Plan Status	Risk Area	Proposed Audit Engagement Name	Audit Service Type	Proposed Audit Objective	Estimated Internal Audit Budget (Operational and IT audit)
On plan	Citywide	Review of Citywide Travel Program Governance, Compliance, and Internal Controls	Audit	Review Citywide travel program governance, internal controls, and compliance with policy and procedures.	300
On plan	GG Finance Billing and Collections	Review of Governance, Compliance and Internal Controls around Business Tax Processes	Audit	Assess governance, compliance and internal controls around General Government business tax processes.	200
New	GRU Fleet	GRU Fleet management Review	Audit	Review the policy/procedures and controls around use of City vehicles to reduce costs and public safety risk.	400
REMOVE	Police (GPD), Fire Rescue (GFR)	Gainesville Fire and Police Emergency Response Times	Audit	Review response times as they relate to department policy and goals, and local, state and federal laws and regulations.	0
ON HOLD	Citywide	Citywide Purchasing Card Review	Audit	Establish program for automated and ongoing auditing of all Citywide purchasing card transactions to assess policy compliance and management of fraud risks.	600
On plan	Citywide Natural Disasters (pandemic, natural disasters, other emergencies)	Pandemic Readiness	Periodic Monitoring	Ongoing: Respond to management requests and emerging risks with advisory and other special projects.	200

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