

RESOLUTION No. 970187

PASSED: August 11, 1997

A RESOLUTION APPROVING AND ADOPTING
CITY AUDITOR RESPONSIBILITIES
AND ADMINISTRATIVE PROCEDURES.

WHEREAS, the City Charter was amended by a special act of the legislature to establish the Office of the City Auditor and broadly define the duties and responsibilities of the Office, and

WHEREAS, Resolution No. R-81-10 was adopted by the City Commission on February 2, 1981, Resolution No. R-83-68 was adopted by the City Commission on October 17, 1983, and Resolution No. R-85-37 was adopted by the City Commission on May 20, 1985 for the purpose of clarifying and more precisely defining the procedures to be followed by the City Auditor in carrying out required responsibilities under the City Charter, and

WHEREAS, the City Commission has determined that said Resolutions should be improved in clarity and scope;

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

Section 1. That Resolutions No. R-81-10, R-83-68 and R-85-37 adopted February 2, 1981, October 17, 1983 and May 20, 1985, respectively, are hereby rescinded.

Section 2. That the CITY AUDITOR RESPONSIBILITIES AND ADMINISTRATIVE PROCEDURES attached hereto as EXHIBIT A, are hereby approved as the procedures to be followed by the City Auditor in carrying out responsibilities required under the City Charter.

Section 3. This Resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Gainesville, and it is accordingly so resolved.

PASSED AND ADOPTED this 11th day of August, 1997.

Bruce L. Delaney, Mayor-Commissioner

ATTEST:

Kurt M. Lannon, Clerk of the Commission

Marion J. Radson, City Attorney

EXHIBIT A

CITY OF GAINESVILLE, FLORIDA
CITY AUDITOR RESPONSIBILITIES
AND ADMINISTRATIVE PROCEDURES

SECTION 1. Organizational Status and Independence

(a) A. The City Auditor is a Charter Officer of the City of Gainesville, as provided for in the City Charter, and as such is appointed by, serves at the pleasure of, and reports directly to the City Commission.

(b) B. The City Commission recognizes that independence in fact and in appearance is an essential precondition for the effective performance of the City Auditor's responsibilities in conducting internal audits of City organizations, programs, functions and activities. It is therefore adopted as a basic principle that the Office of the City Auditor shall be free of any authority over its funding and administrative functions other than that exercised directly by the City Commission.

(c) C. The City Auditor shall have such assistants and employees as are necessary to perform required duties and that are provided for by the City Commission. The personnel policies and procedures to be followed shall be those of the City, except that the City Auditor shall be the final administrative authority in personnel matters relating to the City Auditor's Office, under the general supervision of and subject to the approval of the City Commission.

(d) D. Each year, in accordance with the schedule established for the preparation and presentation to the City Commission of the City Manager's proposed budget, the City Auditor shall prepare a budget proposal for the Office and present same to the Audit and Finance Committee of the City Commission. Upon approval, the proposed budget will be transmitted to the City Manager for inclusion without changes in the proposed City Budget, and will be considered by the City Commission along with the proposed budgets of all other City departments and Offices.

(e) E. As a general rule, neither the City Auditor nor any member of the Office staff shall conduct, supervise or otherwise participate in an audit of an activity for which they were responsible or within which they were employed during the preceding two years. However, such participation may be authorized by the City

Commission when it has been demonstrated to their satisfaction that such responsibility or employment would not materially impair the objectivity and independence of the auditor.

SECTION 2. Responsibility to Exercise Due Professional Care

(a) A. In carrying out the required responsibilities, the City Auditor is to exercise due professional care. This requires that the City Auditor perform duties in conformity with ~~generally accepted professional standards~~ **Generally Accepted Government Auditing Standards**, making all reasonable efforts to ensure that audit results are supported by factual information and impartial judgment.

(b) B. This provision recognizes that the quality of audit results depends upon the degree to which auditors employ high professional standards in performing their work and places responsibility on the City Auditor for making reasonable efforts to ensure this is done. It does not imply that the Office of the City Auditor or individual auditors accept unlimited responsibility for disclosing impropriety, inefficiency, ineffectiveness or non-compliance. Nor does it preclude inadvertent auditing errors from taking place.

(c) C. To provide reasonable assurance that due professional care will be employed in conducting audits, the City Auditor will establish audit standards, policies and procedures and will ensure that these are followed by audit staff. These standards, policies and procedures will be consistent with generally accepted professional practice and with applicable laws and regulations.

(d) D. *Government Auditing Standards* promulgated by the United States ~~General Accounting Office~~ **Government Accountability Office** require that each audit organization conducting audits in accordance with these standards have an appropriate internal quality control system in place and undergo an external quality control review. Organizations conducting audits in accordance with these standards should have an external quality control review at least once every three years by an organization not affiliated with the organization being reviewed. The external quality control review should determine whether the organization's internal quality control system is in place and operating effectively to provide reasonable assurance that established policies and procedures and applicable auditing standards are being followed. To provide assurance that the City Auditor's Office has fulfilled required responsibilities and complied with *Government Auditing Standards*, the City Auditor will arrange for an external quality control review every three years to be completed by September 30 of every third year since the prior review. The firm or organization selected to perform the review will be approved by the City Commission prior to the review and upon completion, the results of the review will be reported in writing to

the City Commission. The peer review process should include procedures designed to obtain input from the other Charter Officers.

SECTION 3. Nature, Objective and Scope of Audit Work

(a) **A.** The Office of the City Auditor is an independent appraisal activity within the City organization for the review of operations as a service to the City Commission and City management. Audit work carried out by the Office functions as a general control by measuring and evaluating the effectiveness of other City controls.

(b) **B.** The objective of audit work carried out by the Office is to assist all members of the City Commission and City management in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel and information concerning the activities reviewed.

(c) **C.** The scope of audit work carried out by the Office may be concerned with any phase of City activities where service may be rendered to the City Commission or to City management. This involves going beyond the accounting and financial records to obtain a full understanding of the operations under review, and involves such activities as:

- (1) Reviewing and appraising the soundness, adequacy, and application of accounting, financial, electronic data processing and other operating controls and promoting effective control at reasonable cost.
- (2) Ascertaining the extent of compliance with applicable laws and regulations and with established policies, plans and procedures.
- (3) Ascertaining the extent to which City assets are accounted for and safeguarded from losses of all kinds.
- (4) Ascertaining the sufficiency, validity and reliability of accounting and statistical data developed within the organization.
- (5) Appraising the economy, efficiency and effectiveness of City organizations, programs, functions and activities.
- (6) Recommending measures to the City Commission and City management for improving operations.

SECTION 4. Responsibilities for Planning

(a) **A.** The City Auditor shall develop and submit to the City Commission for approval by resolution a strategic plan, which shall cover a minimum of three years and a maximum of five years. The strategic plan shall be submitted to the City Commission every three years, three months following City Commission acceptance and approval of the External Quality Control Review described in Section 2(d).

The strategic plan shall include, but shall not necessarily be limited to:

- (1) a statement of general goals and objectives to be accomplished;
- (2) major exposure areas;
- (3) identification of major areas to be audited, and specification of the general nature and timing of audit work in each area; and
- (4) projected staffing requirements.

(b) **B.** The City Auditor shall submit an Annual Audit Plan (~~the Plan~~) to the City Commission for approval by resolution by October 1 of each fiscal year. The **Annual Audit** Plan shall include identification of the scope of each audit to be conducted in terms of the organizations, programs, functions and activities to be audited and in terms of the audit elements to be addressed. The audits identified in the **Annual Audit** Plan will be classified by type in accordance with those specified in *Government Auditing Standards*, promulgated by the United States General Accounting Office as follows:

(1) Financial Audits (~~include financial statements and financial related audits~~)

(a) ~~Financial statement~~ audits provide **an independent assessment** ~~reasonable assurance about whether the financial statements of~~ **whether an entity's reported** ~~audited entity present fairly the~~ financial information such as financial **condition, results, and use of resources are presented fairly** ~~position, results of operations, and cash flows in~~ **accordance** ~~conformity with~~ **recognized criteria** ~~generally accepted accounting principles.~~ Financial statement audits also include audits of financial statements audits and other related financial audits. ~~prepared in conformity with any of several other bases of accounting discussed in auditing standards issued by the American Institute of Certified Public Accountants (AICPA).~~

(b) ~~Financial related audits include determining whether (1) financial information is presented in accordance with established or stated criteria, (2) the entity has adhered to specific financial compliance requirements, or (3) the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.~~

(2) Performance Audits

A Performance audits provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against identified criteria. Performance audits provide an objective analysis and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to assist management and those charged with governance and oversight in using the provide information to improve program performance and operations, reduce costs, public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. Performance audits include government entities, organizations, programs, activities and functions. economy and efficiency and program audits.

(a) Economy and efficiency audits include determining (1) whether the entity is acquiring, protecting, and using its resources (such as personnel, property, and space) economically and efficiently, (2) the causes of inefficiencies or uneconomical practices, and (3) whether the entity has complied with laws and regulations on matters of economy and efficiency.

(b) Program audits include determining (1) the extent to which the desired results or benefits established by the legislature or other authorizing body are being achieved, (2) the effectiveness of organizations, programs, activities, or functions, and (3) whether the entity has complied with significant laws and regulations applicable to the program.

(3) Attestation Engagements

Attestation engagements cover a broad range of financial or nonfinancial objectives on a subject matter or assertion that is the responsibility of another party. An attestation engagement may be one of three types: Examination, Review, or Agreed-Upon Procedures.

(4) Nonaudit Services

Nonaudit services are professional services such as an investigation of fraud, waste or abuse. Forecasting, evaluating, and analyzing alternative plans may also be included as a nonaudit service.

(e) C. The Annual Audit Plan may be amended during the year with the approval of the City Commission.

SECTION 5. Audit Requests by Charter Officers

A Charter Officer may request audits through the routine annual audit planning process. Alternatively, a Charter Officer may request that the City Auditor conduct audits, special studies or other activities which were not included in the Annual Audit Plan. If in the opinion of the City Auditor, the request may have a significant impact on the Annual Audit Plan, such requests will be presented to the City Commission by the City Auditor along with a recommendation as to whether the audit should be undertaken. If approved by the City Commission, such audits will be incorporated into the Annual Audit Plan. Upon completion of these services, the written report documenting the results of the review will be issued to the requesting Charter Officer. In accordance with the report processing procedures defined in Section 9 of this Resolution, the requesting Charter Officer will provide a written response to the City Auditor regarding recommendations made in the report. In the event there is disagreement between the City Auditor and the Charter Officer receiving the requested consulting services, the matter will be presented to the Audit and Finance Committee for resolution. In any event the City Auditor will then inform the City Commission in writing that a review has been performed and a written report is available upon request.

SECTION 6. Audit Coordination

(a) **A.** In the selection of audit areas, the determination of audit scope, and the timing of audit work, the City Auditor shall consult and cooperate with Federal and State auditors and the City's external auditors so that desirable audit coverage is provided and audit effort may be properly coordinated.

(b) **B.** The City Auditor shall be responsible for coordinating all financial audits of the City conducted by Federal auditors, State auditors, or certified public accounting firms. Specifically, the City Auditor shall:

- In consultation with the Charter Officers, identify all audit requirements of the City.
- Recommend to the City Commission whether such audits should be conducted by the Office of the City Auditor or by external auditors.
- If the audit is to be conducted by external auditors, prepare a request for proposal (RFP) for City Commission approval. The RFP will include evaluative criteria to be used in rating proposals.
- Prepare a list of firms to receive the RFP for City Commission approval.
- Transmit, receive, evaluate and rate all proposals.
- Refer the ratings to the City Commission for review and preparation of a recommendation to the City Commission of the firm to be selected.
- Assist the City Attorney in drafting a contract which ensures that the firm selected is bound to fulfill the requirements of the audit.

- Monitor the progress of the audit and report regularly to the City Commission on the progress of the audit.
- During the course of the audit, advise City management in dealing with any questions or concerns that may arise.
- Receive the final audit report after the opinion has been signed, review the report to ensure that contractual terms have been fulfilled, and transmit the report to the City Commission with a recommendation for acceptance or rejection. In some cases, the law may require that the audit report be submitted directly to the federal grantor agency. In such cases, the City Auditor will comply with applicable law and will inform the City Commission of the action taken.
- Based on a review of the audit report and any accompanying management letter, recommend to the City Commission and City management any actions necessary to correct deficiencies in internal control, accounting procedures or compliance with applicable laws and regulations.

(e) **C.** The Charter Officers shall ensure that all audit requirements for programs under their authority are made known to the City Auditor in time for the City Auditor to carry out required responsibilities for audit coordination, and they shall inform the City Auditor of any notification received of audits to be conducted by Federal or State auditors. In addition, the financial statements remain the representation of management, and it therefore remains management's responsibility to ensure that they are prepared properly and to work with any contract auditors, Federal auditors, or State auditors on a day-to-day basis to provide the accounting records and other information necessary for the examination.

SECTION 7. Report of Irregularities

If the City Auditor discovers apparent violations of law or apparent instances of misconduct by a City official or employee, or information that indicates occurrences of this nature may be reasonably anticipated, a decision will be made as to whether the irregularity results in a potential criminal offense or a deviation from administrative policy. If a criminal offense is deemed to have occurred, the City Auditor will immediately suspend the administrative audit, notify the City Attorney and the Chief of Police via the City Manager (or their written designee) requesting a criminal investigation. The City Auditor will provide, at the request of the Chief of Police, any technical and professional services necessary to assist in the criminal investigation. The portion of the administrative audit involving the criminal investigation will remain suspended until the criminal investigation is concluded. The Chief of Police and the City Attorney may also decide to notify the State Attorney in accordance with their requirements in conducting the investigation. When the investigation is concluded through issuance of an arrest warrant or a finding that no criminal offense has taken place, the City Auditor shall resume the

administrative audit and promptly report the situation in writing concurrently to each member of the City Commission, the City Attorney, and the appropriate Charter Officer. The Chief of Police will assist the City Auditor in the audit by supplying all information which is not protected by State Statute.

If a deviation from administrative policy is deemed to have occurred, the City Auditor will include the deviation in the audit report and follow the report processing procedures set forth in Section 9 of this Resolution. Nothing in this Section will preclude the City Auditor from consulting with the Gainesville Police Department or the City Attorney's Office if, in the City Auditor's professional opinion, clarification of the type and nature of an irregularity is necessary.

SECTION 8. Audit Reports to the City Commission

~~(a)~~ **A.** The City Auditor shall prepare a written report of the results of each audit conducted by the Office.

~~(b)~~ **B.** The City Auditor shall submit each report to the City Commission, or notification that a report has been issued as described under the agreed upon circumstances described in Section 5, shall file a copy with the Clerk of the Commission, and shall retain a copy in the Office as a permanent record.

~~(c)~~ **C.** If appropriate, the audit report shall contain the professional opinion of the City Auditor or the contract auditor concerning the financial statements issued by the audited entity, or, if an opinion cannot be expressed, then a declaration to that effect with an explanation.

~~(d)~~ **D.** The City Auditor shall include in each audit report:

- a statement of the scope of the audit work performed.
- a statement of all material audit findings, with recommendations for desirable action.
- a response addressing the audit findings and recommendations submitted by the appropriate Charter Officer or in cases where the audited entity is not under the authority of a Charter Officer, by the highest official of the audited entity.

SECTION 9. Report Processing Procedures

~~(a)~~ **A.** Upon completion of the final draft of an audit report, and prior to submission of the report to the City Commission, the City Auditor shall transmit a copy of the report to management of the audited entity and to other appropriate officials for review.

(b) **B.** Within thirty (30) days after receiving the report, the appropriate Charter Officer or other appropriate official will prepare an official written response to the findings and recommendations contained within the report and transmit the response to the City Auditor.

(c) **C.** The official response will address each recommendation presented in the audit report and will specify whether the recommendation is:

- accepted and implemented;
- accepted with implementation pending;
- under study; or
- rejected.

In the first three cases, the date of implementation or the date when implementation is expected or study is to be completed will be specified. In the fourth case, the response will include an explanation of why the recommendation is rejected.

(d) **D.** The official written response will be included verbatim in the audit report issued to the City Commission by the City Auditor.

(e) **E.** In cases where the complexity or timing of the audit report creates circumstances which render the thirty day response time unreasonable, the City Auditor may extend the response deadline by a reasonable amount of time. If no response is received within the appropriate timeframe from the transmittal of the report to officials of the audited entity, the City Auditor will issue the audit report without the response unless a further extension of the deadline is granted by the City Commission.

SECTION 10. Responsibilities for Follow-Up on Audits

Follow-up is the action taken to correct a weak control situation that has been identified by the auditor and reported to management. The initial responsibility for follow-up is clearly that of management. If management fails to take action or subordinates fail to implement the decision, the City Auditor's Office has a responsibility to report that situation.

The timing of the City Auditor's follow-up will depend on a variety of factors. For instance, if the recommendations result from the audit of an area that receives an annual audit, follow-up can be done during the following annual audit. For recommendations that require immediate attention, a follow-up of 30 days may be

appropriate. In general, the City Auditor will adhere to the following system for follow-up on outstanding audit recommendations[Ⓢ]

(a)(1) Upon approval of the City Auditor's original report and management's response by the City Commission, the recommendations and expected date of implementation are recorded. On an **an** semi-annual basis the City Auditor will follow-up with management on the status of open recommendations. ~~notify the appropriate Charter Officer in writing of recommendations projected to be implemented in the following six months.~~

(b)(2) The responsible management official will ~~then~~ provide a written status report to the appropriate Charter Officer who will ~~then~~ report **the recommendation status** ~~this information~~ to the City Auditor.

(c)(3) Upon notification that corrective action has been taken to implement the recommendation, the City Auditor will take the necessary steps to verify that corrective action has been taken.

~~On a semi-annual basis,~~ **The** City Auditor will provide an **annual** report to the Audit and Finance Committee listing the status of outstanding recommendations.

SECTION 11. Records

The City Auditor shall retain for at least the period of time required under Florida Public Records Law, a complete file of each audit report and each report of other examinations, investigations, surveys and reviews made under the City Auditor's authority. The file should include audit workpapers and other supportive material directly pertaining to the report.

SECTION 12. Budget Reviews

(a) **A.** Each year, subsequent to the submission of the proposed City budget to the City Commission by the City Manager, the City Auditor shall review the General Fund revenue estimates included in the proposed budget. Upon completion of the review, the City Auditor shall transmit to the City Commission a memorandum stating whether in the City Auditor's opinion the revenue estimates were prepared using data and methods which provide reasonable assurance that the projected amount of revenue will be realized.

(b) **B.** Upon the request of the City Commission, the City Auditor shall review other selected portions of the proposed budget submitted to the City Commission by the Charter Officers. Such reviews will be conducted according to priorities set by the City Commission.

SECTION 13. Access to Records and Property

All officers and employees of the City shall furnish to the City Auditor any information and records within their custody and respond to any questions regarding powers, duties, activities, organization, property, financial transactions and methods of business that in the City Auditor's opinion are required to conduct an audit and to perform the requisite duties. ~~In addition~~ Further, they shall provide access for the City Auditor to inspect all City property, equipment and facilities within their custody and to observe any operations for which they are responsible. Access shall include readily available user accounts for all information technology programs, databases, software applications and other electronic information storage assets.

The City Auditor shall be made aware of all audits performed by internal or external parties at the earliest stage of planning or contracting for audit, attestation, or investigative services (excluding criminal investigations by the Gainesville Police Department or other law enforcement agencies).

SECTION 14. Contract Auditors, Consultants and Experts.

Upon approval of the City Commission, the City Auditor may obtain the services of certified public accountants, qualified management consultants, or other professional experts necessary to assist the City Auditor in the performance of required duties.