

RESOLUTION NO. 040617

PASSED November 8, 2004

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, 2004 THROUGH SEPTEMBER 30, 2005; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE

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.

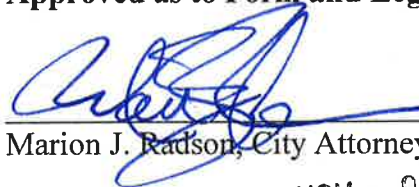
Section 2. This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this 8th day of November 2004



Pegeen Hanrahan, Mayor

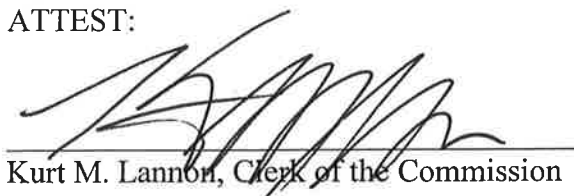
Approved as to Form and Legality



Marion J. Radson, City Attorney

NOV - 9 2004

ATTEST:



Kurt M. Lannon, Clerk of the Commission

EXHIBIT A
CITY OF GAINESVILLE
OFFICE OF THE CITY AUDITOR
FY 2005 ANNUAL AUDIT PLAN

Revenue/Cost Containment Audits

Budgeted Revenue Estimates
General Government Cellular Telephones (in process)
GRU Procurement Card Program
Living Wage Review (in process)
Gainesville Fire Rescue Department Overtime

Operational Audits

Human Relations and Equal Opportunity Programs (GRU SBE/MBE/WBE Program)
General Government Purchasing Process
Comparative Performance Measures and Data Validation

- Highway and Road Maintenance
- Parks and Recreation

Compliance Audits

Internet Access
GRU Purchases
Travel Expenditures
Payroll Payoffs
Petty Cash and Change Fund Counts

Follow-up Audits

Americans with Disabilities Act (ADA) Paratransit Service Rates
Equal Opportunity Program
Employee Compensation
General Government Procurement Card Program
Small Local Business Development Program– General Government
GRU Purchasing Bid Process
GRU Revenues
Housing
Nature Operations Division
Neighborhood Housing and Development Corp. (NHDC)
Pay Study Review
Workers' Compensation

Other Projects

City Commission and Management Referrals/Special Projects

FY 2005 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.

General Government Cellular Telephones (in process)

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 procurement card program is a credit card based method of purchasing goods and services 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 (in process)

In March 2003, the City Commission adopted the Living Wage Ordinance. The City Manager and General Manager for Utilities are required to file an assessment on the incremental cost of the Ordinance at six month intervals. The City Manager and General Manager prepared the first six-month reports in April 2004. The City Auditor's Office will review management's April 2004 reports along with reports expected in October 2004. The objective of our review will be to provide reasonable assurance to the City Commission that methodologies and processes used by management in assessing the incremental cost of the Ordinance are reasonable, adequately documented and consistently and accurately applied.

Gainesville Fire Rescue Department Overtime

In FY 1997, the City Auditor's Office undertook a review of the use, demand and need for overtime. We initially reviewed the city-wide utilization of overtime to identify high utilization areas, which was then used to focus audit efforts on specific departments with the highest overtime costs. We subsequently completed reviews of the overtime costs at the Gainesville Police Department, the Regional Transit System and within Gainesville Regional Utilities and issued recommendations for improvement. For FY 2005, we will evaluate the system of management controls currently in effect over the utilization of overtime in the Gainesville Fire Rescue Department.

OPERATIONAL AUDITS

Human Relations and Equal Opportunity Programs

In November 2002, as part of the passage of the Equal Opportunity Charter provision, Gainesville voters approved the inclusion of mandatory audits by the City Auditor's Office of the City's various human relations and equal opportunity ordinances, policies and programs. In order to effectively implement this requirement, we select a program each year for review. Objectives of the review generally include:

- 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 results of management's compliance with City Commission policies, goals and objectives.

For FY 2005, we will evaluate the operational efficiency and effectiveness of the GRU Small/Minority/Women Business Enterprise (SBE/MBE/WBE) Program.

General Government Purchasing Process

The purpose of this review is to evaluate policies, procedures and internal controls over the purchasing processes used in General Government. We completed a review of the GRU Purchasing Bid Process in FY 2004. Upon completion of this review, we will include a compliance review of General Government purchases on future annual audit plans as a recurring project, conducted on a sample basis during the course of each fiscal year, as long as deemed appropriate.

Comparative Performance Measures and Data Validation

During FY 2003, the City of Gainesville began participating in the ICMA Center for Performance Measurement (CPM) program that provides comparative data on selected aspects of service performance for cities and counties. The CPM helps cities and counties assess the quality and efficiency of service delivery to citizens through the collection, analysis and application of standardized performance data. The data must be accurate, fair and reliable for the program to be meaningful.

In the initial phase, the City Auditor's Office worked with the Office of Management and Budget during FY 2003 to review the overall process of selecting and preparing General Government performance measures. Departments have now completed and submitted performance data to the CPM. In order to assist the City Commission in assessing public services, the City Auditor's Office will evaluate the reliability and validity of performance measures submitted by management for publication in the Annual ICMA Comparative Performance Measurement Report and make recommendations for improvement if necessary. This project will be a long-term initiative evaluating several departments each year.

For FY 2005, key performance measures for Highway and Road Maintenance and Parks and Recreation will be reviewed.

COMPLIANCE AUDITS

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.

GRU Purchases

During FY 2004, we completed a review of the adequacy of the system of management control in effect over the GRU Purchasing Bid Process. During FY 2005, at the request of management, we will begin selecting a sample of purchases during the year and assess compliance with City policies and procedures.

Travel Expenditures

This review evaluates compliance with City travel policies and procedures. We will conduct testing of selected expense reports to determine that travel payments were processed in compliance with City policies and procedures and whether adequate controls exist to prevent unauthorized travel reimbursements.

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 and Change Fund Counts

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 and change funds are in place and observed.

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 2005, managers from departments with outstanding audit recommendations will provide information on the current status of implementation and submit substantial, competent and reliable evidence. As management indicates that recommendations have been completed, the City Auditor's Office will review the information provided and report the results of our review to the Audit and Finance Committee. 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.