

**REPORT ON THE STATUS  
OF OUTSTANDING AUDIT RECOMMENDATIONS**

**JUNE 2006**



**CITY AUDITOR'S OFFICE  
CITY OF GAINESVILLE, FLORIDA**

*City of*  
**Gainesville**

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*Inter-Office Communication*

June 14, 2006

**TO:** Audit, Finance and Legislative Committee  
Mayor Pegeen Hanrahan, Chair  
Mayor-Commissioner Pro Tem Craig Lowe, Member

**FROM:**   
Brent Godshalk, City Auditor

**SUBJECT:** Report on the Status of Outstanding Audit Recommendations for June 2006

**Recommendation**

The Audit, Finance and Legislative Committee recommend that the City Commission accept the City Auditor's report.

**Explanation**

City Commission Resolution 970187, *City Auditor Responsibilities and Administrative Procedures*, requires the City Auditor to notify the appropriate Charter Officer of recommendations projected for implementation in the following six months. The responsible department managers prepare a written status report to the appropriate Charter Officer who then provides this information to the City Auditor. The City Auditor's Office verifies that corrective action has been taken and summarizes the results to the Audit, Finance and Legislative Committee.

During the past several months, the City Auditor worked with the appropriate Charter Officers in preparing a status report on 33 outstanding audit recommendations. We have reviewed management's feedback on the implementation of outstanding recommendations and prepared the attached status report summarizing the results of our review.

We would like to express our thanks to the City Manager, Interim General Manager for Utilities, Equal Opportunity Director and the various departments participating in this review process.

## OBJECTIVES, SCOPE AND METHODOLOGY

In accordance with our Fiscal Year 2006 Annual Audit Plan, the City Auditor's Office has completed a Review on the Status of Outstanding Audit Recommendations. The primary objective of this review was to provide the City Commission with reasonable assurance that management has adequately implemented recommendations previously made by the City Auditor's Office and approved by the City Commission.

Our review was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Generally, our procedures consisted of the following:

- The City Auditor provided the City Manager, General Manager for Utilities and Equal Opportunity Director with a detailed listing of recommendations outstanding for six months or more within their departments and requested written updates on the status of each recommendation.
- Upon receipt of written updates and supporting documentation, the City Auditor's Office conducted procedures necessary to verify that adequate corrective actions were taken by management for each outstanding recommendation.

## SUMMARY OF RESULTS

We began the current period with 33 outstanding recommendations from 11 prior audits. The results of our review indicate management adequately implemented 15 of the prior period 33 recommendations, leaving 18 recommendations outstanding. A departmental analysis of implementation progress is as follows:

Department/Agency	Audit Title	Beginning Of Period	Implemented	Currently Outstanding
Community Development	Review of Housing Division	2	1	1
Equal Opportunity	Review of Equal Opportunity Program	8	7	1
GG Finance	General Government Procurement Card Program	2	2	0
GG Purchasing	Small Local Business Development Department	3	1	2
GG Purchasing	Review of General Government Cellular Telephones	4	0	4
GRU Finance	Review of Utility Revenues	2	1	1
GRU Purchasing	Review of the GRU Purchasing Bid Process	5	2	3
Human Resources	Employee Compensation	3	0	3
Human Resources	Pay Study Review	1	0	1
NHDC	Neighborhood Housing and Development Corp. (NHDC)	1	0	1
Regional Transit System	Review of ADA Paratransit Service Rates	2	1	1
<b>TOTALS</b>		<b>33</b>	<b>15</b>	<b>18</b>

See **Attachment A** for a complete listing of the 15 recommendations implemented by department and audit. See **Attachment B** for a complete listing of the 18 recommendations still outstanding, either partially or completely.

### **Highlighted Implemented Recommendations**

The following section highlights several recommendations confirmed as implemented during this follow-up process that resulted in improvements in efficiency, effectiveness and accountability.

#### Review of Housing Division

Management has developed a reporting tool that includes information necessary to assist in determining if foreclosures are resulting from predatory lending practices and in quantifying the length of time in which mortgage foreclosure assistance is provided prior to actual foreclosure, if applicable. This report allows management to more effectively review and assess future risks for those who are seeking mortgage foreclosure intervention assistance.

#### Review of Equal Opportunity Program

Seven of the eight original recommendations from our audit of the Equal Opportunity Program have been implemented. The Equal Opportunity Office (EOO) has ensured that management has complied with City policy regarding the Equal Opportunity Director's authority to conduct investigations related to equal opportunity complaints. EOO has also provided training to new employees on their role in the investigative process and published internal investigative procedures within the City's intranet. EOO has developed a written investigative and interview plan to guide investigations, which should help to ensure adequate quality control over investigations.

EOO has established standards of consistency and uniformity for all investigative files. A standardized report format was developed, which includes the methodology, findings, rebuttals, conclusions, remedies and any significant highlights of the investigation process. This helps to ensure that EOO has included all pertinent reporting information and enables those requesting reports to understand the components of the investigation and conclusions drawn. EOO has also secured GPD investigative reports with the same degree of diligence as EOO investigative files.

EOO completed a written annual report of the accomplishments and activities performed during Fiscal Year 2005, which was presented to the City Commission's Equal Opportunity Committee in November 2005 and made available to the public. EOO also utilized the City's website to ensure it provides citizens, businesses and landlords with the ability to access and obtain information regarding EOO services. The website provides citizens and employees with an educational and prescreening tool, includes a copy of the City's anti-discrimination ordinance and provides answers to frequently asked questions to assist users in determining whether discrimination may have taken place.

#### Review of General Government Procurement Card Program

The Finance Department has established performance measures for the procurement card program utilizing the ICMA benchmarking program currently administered by the Office of Management and Budget. Management continues to work to establish and meet quantifiable goals and objectives, resulting in improvements in the effectiveness of the program. Management has also implemented a web-based procurement card application, which automates previous manual processes and results in improved card control and administration. Significant cost savings, enhanced oversight and improvements in efficiency and accountability have been realized through automating the reconciliation, approval and accounting distribution process for procurement card transactions.

### Review of the GRU Purchasing Bid Process

Management has increased efforts to ensure that invoices provide sufficient information to ensure payment amounts can be reconciled to specific contractual terms. Management has also worked with user departments to ensure quantities provided in bid documents accurately reflect historical usage or some other reasonable forecasting methodology.

### Review of ADA Paratransit Service Rates

Management renegotiated the fixed route contracts with Alachua County for Route 75 and increased the rates the County pays to the City of Gainesville for other routes extended into the county. With the renegotiated contracts, the City receives a total of \$591,510 in additional revenues over the three years covered by the contracts, Fiscal Years 2005 through 2007.

Management also plans to calculate ADA costs associated with each route using GIS technology to determine the number of ADA clients living outside City limits but within the RTS service area. This information will be discussed with the County during the next contract negotiation and ADA costs associated with the addition of the routes will be included in future cost analysis when RTS develops new routes.

### **Highlighted Outstanding Recommendations**

The following section provides information related to several unimplemented recommendations that will require additional attention:

#### Review of Housing Division

Management has developed and implemented a new annual maintenance inspection policy and system. However, this recommendation will remain open since at the time of our follow-up, the current fiscal year inspections were not yet finalized.

#### Review of General Government Small Local Business Development Department

Recommendations #1 and #4 remain open. Management has taken steps to capture data identifying procurement card spending by vendor, upgraded procurement card software and is working to better automate the process. Management indicates the final phases of downloading procurement card data into the general ledger will be completed during the current fiscal year. Management participates in the ICMA performance management program and measures the overall volume of small business expenditures which is then reported as a percentage of central purchasing volume. We will continue to work with management regarding utilization of the data to evaluate and communicate the overall success of the Small Local Business Procurement Program.

#### Review of Utility Revenues

Recommendations #2 remains open. Management has mapped a high percentage of electric customer facilities using their Geographic Interface System (GIS). During our next follow-up process, we will perform limited testing of data within the GIS system to obtain reasonable assurance of customer billing accuracy regarding the coding of GRU accounts inside and outside City limits.

## Employee Compensation

Recommendations #13, #14 and #15 remain open. Our review of Employee Compensation goes back many years with recommendations outstanding since 1991. Management needs to prepare revisions to personnel policies for City Commission approval on the following three issues:

- pay increases related to promotions
- special merit increases for management employees, and
- acting out of classification policy

In February 2003, these three recommendations were referred to the Personnel and Organizational Structure (P&O) Committee for further review. At the P&O Committee meeting of March 25, 2003, management agreed to work with the City Attorney and return with the necessary personnel policy revisions. However, delays occurred because of the pay study covering CWA and MAP (management, administrative and professional) employees and in December 2003 management indicated these recommendations "will be addressed as part of the updated pay plan implementation" with an expected date of completion of March 31, 2004.

Management's current response indicates that the City Manager and General Manager have directed staff to undertake a comprehensive review and re-write of personnel policies which will address these issues, indicating an expected completion date of June 2006.

## Pay Study Review

Recommendation #2 remains open. In March 2006, the City Commission adopted a City of Gainesville Compensation Philosophy submitted by the Charter Officers, which provides guiding principles for the establishment and implementation of all aspects of compensation. The document indicates that policies will be presented to and approved by the City Commission to implement the compensation objectives set forth. These policies are yet to be developed.

## Review of Neighborhood Housing and Development Corporation (NHDC)

Recommendation #7 remains open. NHDC board of directors has instructed their attorney to prepare an employment agreement. At the time of our review the agreement had not been adopted and signed. It is anticipated this will be in our next follow-up cycle.

## Review of ADA Paratransit Service Rates

Recommendation #2 remains open. Management will continue to study the issue of trip-by-trip eligibility because MV Transit, the organization coordinating all paratransit services in the County, does not currently have the operational ability to schedule these types of trips. In addition, fixed route bus stop accessibility also remains an issue. Management is aware that MV Transit is having difficulty operating efficiently and will not be able to handle trip-by-trip eligibility until other basic operational needs are met. Since the MTPO and its advisory committee, the Transportation Disadvantaged Local Coordinating Board (LCB), are monitoring MV Transit, we will leave this item open and observe conditions during the next few months

## Future Follow-up Reviews

The recommendations still outstanding, along with new audit recommendations approved by the City Commission since the start of this follow-up process, will be submitted to the appropriate Charter Officers to determine the current status of remaining recommendations. We will report the results of that process to the City Commission through the Audit, Finance and Legislative Committee.

## ATTACHMENT A

### Implemented Audit Recommendations

June 2006

<u>Department</u>	<u>Audit Number</u>	<u>Audit Title</u>	<u>Issue Number</u>	<u>Recommendation</u>
Community Development	260	Review of Housing Division	4	Internal Control System Over Foreclosure Notifications Should be Developed and Implemented
Equal Opportunity	272	Review of Equal Opportunity Program	1	Non-Compliance with Equal Opportunity Complaint Policy
			2	Written Investigative and Interview Plans Should be Developed and Maintained
			3	Investigative Files and Reports Should be Consistent
			5	Internal Controls Over GPD Investigative Reports Should be Strengthened
			6	Pending County Investigations Should be Monitored Until Completed
			7	Written Annual Reports Should be Prepared
			8	Online Access Should be Made Available for EOD Services and Information
			General Government Finance	265
3	Technological Advances in Card Data Transmission and Integration Will Improve Controls and Efficiency and Reduce Costs			
General Government Purchasing	266	Small Local Business Development Department	3	MBE/SBE Re-Qualification Process Reporting Should be Strengthened
GRU Finance	254	Review of Utility Revenues	1	Billing Cycle Edit Checks and Work Order Processing Issues
GRU Purchasing	276	Review of the GRU Purchasing Bid Process	3	Management Should Ensure that Invoices Provide Sufficient Information to Reconcile Payments Requested to Contractual Requirements

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<b>Department</b>	<b>Audit Number</b>	<b>Audit Title</b>	<b>Issue Number</b>	<b>Recommendation</b>
GRU Purchasing	276	Review of the GRU Purchasing Bid Process	4	Management Should Ensure that the Basis Used to Compare Bids is Reasonable and Results in the Best Possible Pricing
Regional Transit System	273	Review of ADA Paratransit Service Rates	1	Alachua County Contract for Fixed Route Service Should Better Recover Costs and Include Fees for ADA Paratransit Rides



## ATTACHMENT B

### Outstanding Audit Recommendations

June 2006

<u>Department</u>	<u>Audit Number</u>	<u>Audit Title</u>	<u>Issue Number</u>	<u>Recommendation</u>
Community Development	260	Review of Housing Division	3	Annual Maintenance Inspections not Performed
Equal Opportunity	272	Review of Equal Opportunity Program	4	Internal Controls Should be Developed to Monitor Timely Responses
General Government Purchasing	266	Small Local Business Development Department	1	MBE/SBE Procurement Card Purchases Should be Included in Total MBE/SBE Funds Reported
			4	Performance Measurement Reporting Should be Strengthened
	278	Review of General Government Cellular Telephones	1	Shared Plan Administration Should be Improved
			2	Internal Controls Should be Strengthened to Ensure Compliance with City Policies and Procedures
			3	Vendor Should Provide Electronic Access in Accordance with Contract to Improve Overall Efficiency and Effectiveness of Cell Phone Processing
4	Safety Guidelines Should be Established Regarding Cell Phone Use While Driving			
GRU Finance	254	Review of Utility Revenues	2	Coding of GRU Accounts Inside and Outside the City of Gainesville
GRU Purchasing	276	Review of the GRU Purchasing Bid Process	1	Management Should Improve Efforts to Review Source Justified Purchases and Change Orders and Periodically Train Operating Departments on Purchasing Policies and Procedures
			2	Contracts Should be Signed and Dated Prior to Services Being Initiated
			5	Other Operational and Procedural Improvements

<u>Department</u>	<u>Audit Number</u>	<u>Audit Title</u>	<u>Issue Number</u>	<u>Recommendation</u>
Human Resources	149	Employee Compensation	13	Pay Increases Related to Promotions
			14	Special Merit Increases for Management Employees
			15	Acting Out of Classification Policy
	267	Pay Study Review	2	The Charter Officers Should Draft Written Policies Providing Guidance for Future MAP Pay Studies and Submit them to the City Commission for Review and Approval
NHDC	256	Neighborhood Housing and Development Corp. (NHDC)	7	NHDC Executive Director and NHDC Should Have a Formal Written Employment Agreement
Regional Transit System	273	Review of ADA Paratransit Service Rates	2	RTS Should Re-Evaluate the ADA Paratransit Eligibility Process and Develop Plans to Grant Eligibility on a Trip-By-Trip Basis