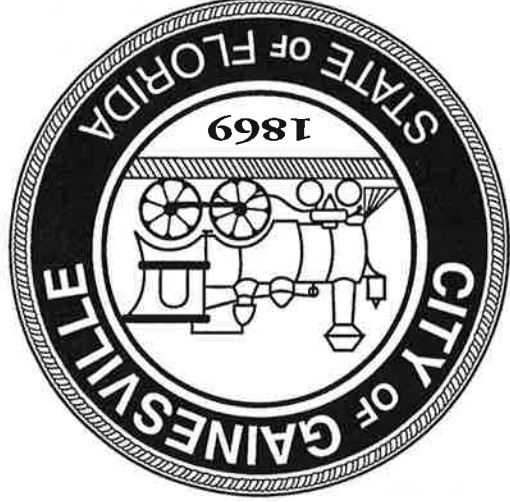


**REPORT ON THE STATUS OF
OUTSTANDING AUDIT RECOMMENDATIONS
AUGUST 2000**



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

Department	Audit Number	Audit Title	Finding Number	Recommendation
RTS	225	Review of Demand Responsive Transportation Issues	5	RTS compliance with ADA - Service Plan and Paratransit Service
			8	RTS operational efficiencies and communications need improvement
			9	Rider Survey results should be reviewed by CTS and RTS management
			12	Improved outreach efforts needed by CTS and RTS
			13	RTS feasibility study and county-wide transportation disadvantaged action plan needed

Summary of Results

We began with 78 outstanding recommendations from 20 prior audits. The results of our review indicate that management has adequately implemented 31 of the original 78 recommendations (40%). Of the remaining 47 recommendations (60%) still outstanding, 7 are partially implemented. A breakdown of the progress in implementing recommendations by department is as follows.

Department	Audit Title	Original	Implemented	Outstanding
Building Inspections	Public Safety Inspections	1	1	0
Community Development	Department Revenues			
Community Development	Code Enforcement	7	4	3
Community Development	Neighborhood Housing Services	1	0	1
Community Development	Fifth Avenue/Pleasant Street	1	1	0
Finance & Human Resources	Employee Compensation	7	1	6
Finance	Taxable Fringe Benefits	1	1	0
Finance	Cox Cable and City Administrative	1	0	1
GPD	Law Enforcement Contraband	2	1	1
GPD	Forfeiture Trust Fund			
GPD	Overtime	2	2	0
GPD	Special Investigations Unit	1	1	0
Human Resources	Job Audit Process	1	1	0
Human Resources	FY 93-94 Classification Reviews	1	0	1
Human Resources	and New Positions			
Public Works	Solid Waste Program	7	5	2
Public Works	Stormwater Management Utility	9	4	5
Public Works	Fund Revenues			
Public Works	Landfill Tipping Fees	4	2	2
Recreation and Parks	Ironwood Golf Course Revenues	4	1	3
Recreation and Parks	Tennis Program	1	1	0
Regional Transit System	RTS Operations	8	4	4
Regional Transit System	Demand Responsive Transportation	9	0	9
Risk Management	Worker's Compensation	10	1	9
TOTALS		78	31	47

A detailed listing of the 31 implemented recommendations, by department and audit, are included in this report as **Attachment A**. A detailed listing of the 47 recommendations still outstanding, either partially or completely, is included as **Attachment B**.

Highlighted Implemented Recommendations

Some of the recommendations confirmed as implemented which have resulted in direct, quantifiable and recurring financial benefits to the City of Gainesville are as follows:

Attachment A

Implemented Audit Recommendations

August 2000

Department	Audit Number	Audit Title	Finding Number	Recommendation
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Building Inspections	129	Public Safety Inspections Department	1	Building Permit Fees for Repair, Remodel and Alterations are not in Revenues
Community Development	128	Code Enforcement	3	Steps Should Be Taken To Require Registered Owners To Reimburse The City For The Cost Incurred In Noticing, Towing And Storing Junk/Abandoned Vehicles
Community Development			6	Some Commercial Buildings And Lands Are Not Being Cited For Violations Of The Dangerous Buildings And Hazardous Lands Ordinance
Community Development			7	Cost Recovery Systems For Many Of The Services Provided By The Code Enforcement Division Are Not In Effect, And Would Be Beneficial In Providing An Incentive For Obtaining Code Compliance
Community Development			10	The System Of Internal Control Over The Collection Of Code Enforcement Fines Needs To Be Strengthened
Finance	216	Fifth Avenue/Pleasant Street Redevelopment District Expenses	1	Fencing Expenses Incurred for Projects Outside the Fifth Avenue/Pleasant Street Redevelopment District
Finance	149	Employee Compensation	4	Payroll Procedures Manual Should Be Completed, Approved and Adhered To
Finance	150	Taxable Fringe Benefits	2	Employee Moving Expense Reimbursements Not Reported As Taxable Wages
Finance	196	Ironwood Golf Course Revenues	5	Bank Fees for Credit Card Transactions Should Be Reviewed

- Public Safety Inspections (Building Inspections Department) Revenue Audit - On June 12, 2000, the City Commission amended the Building Inspection Fee Schedule for permit and plan review to increase fees. These fee increases better reflect the current market and bring the department closer to full cost recovery. Additional annual revenue of approximately \$130,000 is expected. The City Auditor's Office supported this fee increase and recommended staff revise fees periodically. Additional increases are necessary to bring this department to full cost recovery.
- Overtime Audit - GPD Communication Center overtime decreases resulted in part from reducing the number of vacant dispatcher positions and reassigning hours previously worked by sworn officers at overtime rates to newly hired dispatchers. The estimated savings totaled approximately \$76,000 during Fiscal Years 1997/98 and 1998/99.
- Stormwater Management Utility Fund Revenue Audit - Management implemented a process to reconcile the Public Works Department SMU database with the Gainesville Regional Utilities billing system database. Implementation of this recommendation has eliminated or minimized the number of commercial accounts not billed for SMU services resulting in an additional \$40,000 in annual revenues beginning in Fiscal Year 1999.
- Regional Transit System (RTS) Operations Audit - During FY98, RTS overtime costs exceeded 19% of base pay to employees. We recommended that RTS management improve their monitoring of overtime and take specific actions to reduce future overtime expenses. For FY99, RTS overtime costs as a percent of base pay were reduced to approximately 17.5%. For FY00, RTS overtime costs have been reduced even further, to approximately 14% of base pay. These reductions in the utilization of overtime generate approximate annualized savings of \$46,000 for FY99 and \$168,000 for FY00.

Examples of other recommendations where implementation has resulted in less quantifiable but equally important improvements in the City's efficiency, effectiveness and accountability are as follows:

- Code Enforcement Audit - Management's implementation of a civil citation process adopted by the City Commission has resulted in improved effectiveness in eliminating junk/abandoned vehicles. Also, significant improvements have occurred in the effectiveness of the City's enforcement of dangerous building and hazardous land violations.

- Solid Waste Program Audit - Management has significantly improved oversight of monthly contractual payments for City residential solid waste collection and disposal costs, resulting in greater accountability and improved timeliness and accuracy of payments.

- Stormwater Management Utility (SMU) Revenue Audit - Management has taken appropriate action to improve the integrity and physical security of SMU data files. Also, procedures have been implemented to ensure that appropriate SMU costs are recorded as capital improvements within the City's capital asset system.

- Tennis Program Audit - Management has implemented performance measurement systems to help measure the success and effectiveness of the City's tennis program.

- Recommendation
- We again recommend that management propose revised personnel policies regarding salary adjustments, special assignment increases and special meritorious increases to the City Commission for review, discussion and approval so that all departments are operating under consistent, fiscally responsible, documented parameters which have been approved by the City Commission. We also recommend management review the progression through training parameters for reasonableness and report to the City Commission the results of their review and any proposed revisions to the program.

Ironwood Golf Course Revenues Audit

Recommendation 7 of this review indicated that Ironwood's practice of compensating volunteer rangers with free rounds of golf should be eliminated as it may increase the City's potential financial liability. More specifically, the current practice could result in volunteer rangers being classified as paid employees which would require the City to collect, match and remit appropriate payroll deductions. The City Attorney's Office has agreed with our conclusion. Management has indicated that this recommendation will not be implemented because funding is not available to hire rangers and this practice is common at other municipal golf courses. Provided the City Commission is comfortable with management's position, this recommendation will be closed.

Alachua County Tipping Fees

This review was completed prior to the City of Gainesville entering into the current interlocal agreement with Alachua County for solid waste disposal. Recommendation 1 was for the interlocal agreement to contain language legally restricting Alachua County's solid waste reserves to the County's Solid Waste System Enterprise Fund. Alachua County did not agree to the language recommended by the City but did agree "to finance construction of the County solid waste facility project (the transfer station) with existing solid waste enterprise capital reserves". The County has complied with this portion of the agreement. The City's Solid Waste Manager has indicated that he will continue to monitor the County's usage of solid waste system reserves. As a result, we will close this recommendation.

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 City Manager during October 2000 in order to determine the current status of remaining recommendations. A report on the results of that process will be submitted to the City Commission through the Audit and Finance Committee during Fiscal Year 2001.

Highlighted Outstanding Recommendations

Some unimplemented recommendations which we believe management and the City Commission should focus on are as follows:

Employee Compensation Audit

Recommendations 13, 14 and 15 of this report, accepted by the City Commission on June 17, 1991, focus on the different types and rates of employee compensation increases allowable, a key to the level of personnel costs the City incurs on an annual basis. Due to the importance of these issues, we analyzed the changes in employee salaries for the 15 month period from January 1999 through March 2000. The results of this review indicate that current practice does not comply with Personnel Policy Number 4, Pay Plan Regulations, which generally establishes the City's pay structure for salary ranges and requires periodic salary reviews for the purpose of determining salary increases. The following issues were noted:

• Salary Adjustments

Personnel Policy Number 4 provides for limited salary increases based on annual salary reviews and provides a special provision for an additional limited salary increase in cases of outstanding and meritorious service. This policy states that "no employee shall be granted a pay increase other than one in accordance with the provisions of this procedure." The City also provides annual cost of living adjustments (COLA's) that allow employees to remain at the same relative position within their pay grade as inflation occurs. These COLA's are established through labor agreements and are typically approved in the annual budget process for non-covered employees.

"Salary adjustments" are a type of salary increase that have occurred in recent years which typically provide individual employees with salary increases over and above COLA's and salary increases established in Personnel Policy Number 4. These adjustments occurred approximately 84 times during the 15 month period from January 1999 through March 2000. Some of these salary adjustments implemented City Commission determined increases for Charter Officers and others were associated with transferring employees from one union pay plan to another. However, many of the salary adjustments were initiated without City Commission direction or approval and do not comply with City Commission approved Personnel Policies. The stated purpose for many of the adjustments reviewed was for "internal equity" issues or to meet outside job offers. The increases reviewed ranged from 5% to 25% and are permanent increases to an employee's salary.

• Special Assignments

No documented city policy exists on "acting out of class" or "special assignment" pay. The CWA and IAFW labor agreements provide for a 5% or 10% temporary increase in pay while a covered employee works in a higher paid job classification for a certain period of time. It has been practice within the City for many years to provide "acting pay" for non-covered employees filling higher positions. Based on our review, this practice continues with non-covered employees typically receiving 5% temporary increases, with two employees receiving 10% increases. This practice has been expanded in recent years to provide salary increases based on perceived internal equity or employee retention issues. Also, these "temporary" increases have sometimes been extended for more than a year at a time.

• Special Meritorious

Personnel Policy Number 4 specifically provides a "special provision" for outstanding and meritorious service. The Policy allows management to provide a "one salary step increase" over and above a regular merit increase for a limited number of employees per year. The application of this policy has become unclear. Salary steps do not exist in the managerial, professional or confidential pay plans and in some of the labor agreements. Steps within the CWA pay plan are 2.5%. Professional and confidential employees receive 2.5% merit increases annually, when applicable. Special meritorious increases have been given approximately 30 times in the 15 month period from January 1999 through March 2000. Ten increases were provided to CWA covered employees, nine to managers and 11 to professional and confidential employees. All of the CWA increases and approximately one half of the other increases were 2.5%. The remaining half of the managerial, professional and confidential increases were 5%.

• Progression Through Training

"Progression through Training" programs have been established between management and the CWA union through the Interest Based Bargaining Team (IBBT) process. These programs allow employees to receive salary increases upon meeting certain work related training milestones. While reviewing these increases, we noted some employees receiving multiple increases in rapid succession, sometimes resulting in high percentage increases in short periods of time. One example was an employee's salary increasing more than 22% in less than one year only based on progression through training increases. We believe the "Progression through Training" programs should be evaluated to ensure that salary increases are reasonable, fiscally responsible and consistent with City Commission policy.

• Conclusions

In our opinion, City Commission approved Personnel Policies remained in place even though actual practice has changed considerably, resulting in deviations from policies established by previous City Commissions to control salary increases. The City Auditor's Office has recommended since 1991 that management propose changes in these policies to the City Commission. Without such changes, there has become greater uncertainty and reduced accountability over the mechanisms for rewarding employees with salary increases. Several salary increases not provided for by City policy have been granted in recent years.

In July 1999, the General Manager for GRU issued a memo to the Mayor and members of the City Commission explaining that he has approved some recent salary adjustments "not expressly authorized in existing policy". The memo also indicated that management is looking to the "comprehensive pay study now under way to reassess our salary and benefit structure" and indicates the consultant's recommendations will be presented for the City Commission's approval within a year. It is now August 2000, and no recommendations for these changes have been provided to the City Commission. If pay study conclusions and recommendations are not forthcoming in the near future, we believe management should evaluate Personnel Policies related to employee salary increases and make recommendations to the City Commission to address these areas as soon as possible. It is not appropriate for the City to continue to operate without adequate financial controls over employee increases.