



CITY OF GAINESVILLE

Operational Audit Report

GRU – FINANCIAL CONDITION AND PAYMENTS FOR GENERAL GOVERNMENT SERVICES (FINDINGS 1-3)

- GRU debt levels are significantly higher than comparable municipal utilities.
- The City had not established a reasonable and consistent methodology for determining the amount of the annual transfer from the GRU to the City's General Fund considering the GRU's long-term ability to pay.
- City indirect cost allocation procedures did not provide for an independent review of the indirect cost worksheet or a reconciliation of recovered indirect costs to actual indirect costs after the completion of each fiscal year. As a result, the City overcharged indirect costs to the GRU.

REICHERT HOUSE YOUTH ACADEMY (RHYA) PROGRAM AND RELATED ORGANIZATIONS (FINDINGS 4-8)

- The City did not effectively oversee or control RHYA Program operations.
- The City did not, of record, assess that it was economically or otherwise advantageous for the City to use the nonprofit entity, Reichert House, Inc., to support RHYA Program operations, and the use of this entity resulted in less accountability and transparency of RHYA Program operations.
- The City did not effectively oversee Reichert House, Inc., operations.
- Reichert house, Inc. and RHYA Program operations lacked appropriate transparency.
- City records did not demonstrate authorization for, or the necessity of, using the services of certain nonprofit organizations in lieu of the services of City personnel for soliciting, receiving, and disbursing grantor and donor funds for the RHYA Program, resulting in diminished transparency and accountability for those resources.

ADMINISTRATION AND MANAGEMENT (FINDINGS 9-10)

- The lack of City personnel's knowledge and capability for compiling financial statements that comply with generally accepted accounting principles for the 2017-18 and 2018-19 fiscal years resulted in additional costs for assistance in preparing the City's financial statements and audit findings considered by the auditor to be significant deficiencies and material weaknesses in the City's internal controls over financial reporting (This finding does not apply to the GRU).
- City records, including City-approved resolutions adopting budgets for the 2018-19 and 2019-20 fiscal years, did not include language specifying the legal level of budgetary control; budgeted amounts were not presented at a level that enabled financial statement users to readily determine whether resources were expended within budgeted amounts consistent with City Commission intent; and budget-to-actual expenditure comparisons were not timely presented to the City Commission (This finding does not apply to the GRU).

ADMINISTRATION AND MANAGEMENT CONTINUED (FINDINGS 11-12)

- Monitoring and transparency of the City's golf course operations could be improved.
- The City could improve accountability and transparency over redevelopment activities carried out pursuant to an interlocal agreement with Alachua County.

PAYROLL AND PERSONNEL ADMINISTRATION (FINDINGS 13-14)

- City policies and procedures for obtaining and documenting background checks of applicants seeking employment need enhancement.
- Contrary to City policy, the City did not always conduct annual employee performance evaluations, and when evaluations were conducted, did not always promptly communicate the results of the evaluations to the employees.

EXPENDITURES- USE OF PUBLIC RESOURCES, PURCHASING CARDS, AND TRAVEL (FINDINGS 15-18)

- The GRU did not periodically use a competitive process to select certain professionals who assisted in the bond issuance process.
- Controls over City-assigned purchasing cards (P-cards) need improvement to ensure that P-card assignments and credit limits are periodically evaluated and appropriately adjusted.
- The City needs to enhance efforts to ensure that P-cards are promptly canceled upon a cardholder's separation from City employment.
- The GRU needs to enhance travel policies and procedures to require employees to sign their travel vouchers, reduce meal allowances paid to the traveler for meals included in conference registration fees, document the necessity of multiple individuals attending the same conference, and require that travel arrangements be made sufficiently far in advance to minimize travel costs.