

LEGISLATIVE #

150127A

RESOLUTION NO. 150127

PASSED: _____

A resolution of the City of Gainesville, Florida, approving and adopting City Auditor Responsibilities and Administrative Procedures; providing a repealing clause; and providing an immediate effective date.

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.

WHEREAS, Resolution No. 970187 was adopted by the City Commission on August 11, 1997, 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WHEREAS, the City Auditor has recommended and the City Commission has determined that Resolution No. 970187 should be repealed and a new resolution adopted to more specifically describe the functions of the internal auditor to include financial audits, performance audits, attestation engagements and to serve as the city’s inspector general.

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

Section 1. That the City Auditor Responsibilities and Administrative Procedures are hereby approved as the procedures to be followed by the City Auditor in carrying out responsibilities required under the City Charter and Code of Ordinances.

CITY OF GAINESVILLE, FLORIDA

CITY AUDITOR RESPONSIBILITES AND ADMINSTRATIVE PROCEDURES

SECTION 1. Organizational Statute and Independence.

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.

1
2 B. The City Commission recognizes that independence in fact and in appearance is an
3 essential precondition for the effective performance of the City Auditor's responsibilities
4 in conducting internal audits of City organizations, programs, functions and activities. It
5 is therefore adopted as a basic principle that the Office of the City Auditor shall be free of
6 any authority over its funding and administrative functions other than that exercised
7 directly by the City Commission.
8

9 C. The City Auditor shall have such assistants and employees as are necessary to perform
10 required duties and that are provided for by the City Commission. The personnel policies
11 and procedures to be followed shall be those of the City, except that the City Auditor
12 shall be the final administrative authority in personnel matters relating to the City
13 Auditor's Office, under the general supervision of and subject to the approval of the City
14 Commission.
15

16 D. Each year, in accordance with the schedule established for the preparation and
17 presentation to the City Commission of the City Manager's proposed budget, the City
18 Auditor shall prepare a budget proposal for the Office and present same to the Audit and
19 Finance Committee of the City Commission. Upon approval, the proposed budget will
20 be transmitted to the City Manager for inclusion without changes in the proposed City
21 Budget, and will be considered by the City Commission along with the proposed budgets
22 of all other City departments and Offices.
23

24 E. As a general rule, neither the City Auditor nor any member of the Office staff shall
25 conduct, supervise or otherwise participate in an audit of an activity for which they were
26 responsible or within which they were employed during the preceding two years.
27 However, such participation may be authorized by the City Commission when it has been
28 demonstrated to their satisfaction that such responsibility or employment would not
29 materially impair the objectivity and independence of the auditor.
30

31 **SECTION 2. Responsibility to Exercise Due Professional Care.**

32 A. In carrying out the required responsibilities, the City Auditor is to exercise due
33 professional care. This requires that the City Auditor perform duties in conformity with
34 Generally Accepted Government Auditing Standards, making all reasonable efforts to
35 ensure that audit results are supported by factual information and impartial judgment.
36

37 B. This provision recognizes that the quality of audit results depends upon the degree to
38 which auditors employ high professional standards in performing their work and places
39 responsibility on the City Auditor for making reasonable efforts to ensure this is done. It
40 does not imply that the Office of the City Auditor or individual auditors accept unlimited
41 responsibility for disclosing impropriety, inefficiency, ineffectiveness or non-compliance.
42 Nor does it preclude inadvertent auditing errors from taking place.
43

- 1 C. To provide reasonable assurance that due professional care will be employed in
2 conducting audits, the City Auditor will establish audit standards, policies and procedures
3 and will ensure that these are followed by audit staff. These standards, policies and
4 procedures will be consistent with generally accepted professional practice and with
5 applicable laws and regulations.
6
- 7 D. *Government Auditing Standards* promulgated by the United States Government
8 Accountability Office require that each audit organization conducting audits in
9 accordance with these standards have an appropriate internal quality control system in
10 place and undergo an external peer review. Organizations conducting audits in
11 accordance with these standards should have an external peer review at least once every
12 three years by reviewers independent from the organization being reviewed. The external
13 peer review should determine whether the organization's internal quality control system
14 is suitably designed and operating effectively to provide reasonable assurance that
15 established policies and procedures and applicable auditing standards are being followed.
16 To provide assurance that the City Auditor's Office has fulfilled required responsibilities
17 and complied with *Government Auditing Standards*, the City Auditor will arrange for an
18 external peer review every three years. The firm or organization selected to perform the
19 review will be approved by the City Commission prior to the review and upon
20 completion, the results of the review will be reported in writing to the City Commission.
21 The external peer review process should include procedures designed to obtain input
22 from the other Charter Officers.
23
- 24 E. Investigations shall be conducted in accordance with the *Code of Professional Standards*
25 published by the Association of Certified Fraud Examiners.
26

27 **SECTION 3. Nature, Objective and Scope of Audit Work.**

- 28 A. The Office of the City Auditor is an independent appraisal activity within the City
29 organization for the review of operations as a service to the City Commission and City
30 management. Audit work carried out by the Office functions as a general control by
31 measuring and evaluating the effectiveness of other City controls.
32
- 33 B. The objective of audit work carried out by the Office is to assist all members of the City
34 Commission and City management in the effective discharge of their responsibilities by
35 furnishing them with analyses, appraisals, recommendations, counsel and information
36 concerning the activities reviewed.
37
- 38 C. The scope of audit work carried out by the Office may be concerned with any phase of
39 City activities where service may be rendered to the City Commission or to City
40 management. This involves going beyond the accounting and financial records to obtain
41 a full understanding of the operations under review, and involves such activities as:
42

- 1 (1) Reviewing and appraising the soundness, adequacy, and application of
2 accounting, financial, electronic data processing and other operating controls and
3 promoting effective control at reasonable cost.
- 4 (2) Ascertaining the extent of compliance with applicable laws and regulations and
5 with established policies, plans and procedures.
- 6 (3) Ascertaining the extent to which City assets are accounted for and safeguarded
7 from losses of all kinds.
- 8 (4) Ascertaining the sufficiency, validity and reliability of accounting and statistical
9 data developed within the organization.
- 10 (5) Appraising the economy, efficiency and effectiveness of City organizations,
11 programs, functions and activities.
- 12 (6) Recommending measures to the City Commission and City management for
13 improving operations.
14

15 **SECTION 4. Investigative Duties.**

16 In carrying out investigative duties and responsibilities, the City Auditor shall initiate, conduct,
17 supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud,
18 waste, mismanagement, misconduct, and other abuses. For these purposes, the City Auditor
19 shall:

- 20
- 21 (a) Provide a Fraud, Waste, and Abuse reporting mechanism, otherwise known as a
22 “hotline”, that is available to employees, contractors, and citizens.
- 23
- 24 (b) Receive complaints and coordinate all activities of the City as required by the Whistle-
25 blower’s Act pursuant to Sections 112.3187-112.31895, Florida Statutes.
- 26
- 27 (c) Receive and consider the complaints which do not meet the criteria for an investigation
28 under the Whistle-blower’s Act and conduct, supervise, or coordinate such inquiries,
29 investigations, or reviews as the City Auditor deems appropriate.
30

31 **SECTION 5. Unlawful Conduct.**

32 If the City Auditor discovers that unlawful conduct has occurred, or information that indicates
33 occurrences of this nature may be reasonably anticipated, a decision will be made as to whether
34 the issue results in a potential criminal offense. The City Auditor will temporarily suspend the
35 audit or investigation, notify the City Attorney and the Chief of Police via the City Manager (or
36 their written designee) requesting consideration of a criminal investigation. The City Auditor
37 will provide, at the request of the Chief of Police, any technical and professional services
38 necessary to assist in the criminal investigation. The portion of the engagement involving the
39 criminal investigation will remain suspended until the criminal investigation is concluded. The
40 Chief of Police and the City Attorney may also decide to notify the State Attorney in accordance
41 with their requirements in conducting the investigation. When the investigation is concluded
42 through issuance of an arrest warrant, finding that no criminal offense has taken place, or has

1 been determined not to be undertaken, the City Auditor shall resume the engagement and
2 promptly report the situation in writing concurrently to each member of the City Commission,
3 the City Attorney, and the appropriate Charter Officer. The Chief of Police will assist the City
4 Auditor in the audit by supplying all information which is not protected by State Statute.
5

6 **SECTION 6. Responsibilities for Planning.**

7 A. The City Auditor shall develop and submit to the City Commission for approval by
8 resolution a strategic plan, which shall cover a minimum of three years and a maximum
9 of five years. The strategic plan shall be based on the results of periodic risk assessments
10 and submitted to the City Commission every three years, three months following City
11 Commission acceptance and approval of the External Peer Review described in Section
12 2D. The strategic plan shall include, but shall not necessarily be limited to:

- 13
14 (1) a statement of general goals and objectives to be accomplished;
15 (2) major exposure areas;
16 (3) identification of major areas to be audited, and specification of the general nature
17 and timing of audit work in each area; and
18 (4) projected staffing requirements.
19

20 B. The City Auditor shall submit an Annual Audit Plan to the City Commission for approval
21 by resolution by October 1 of each fiscal year. The Annual Audit Plan shall identify each
22 audit to be conducted in terms of the organizations, programs, functions, and activities.
23 The audits identified in the Annual Audit Plan will be classified by type in accordance
24 with those specified in *Government Auditing Standards*, promulgated by the United
25 States General Accounting Office as follows:
26

27 (1) Financial Audits

28 Financial audits provide an independent assessment of whether an entity's
29 reported financial information such as financial condition, results, and use of
30 resources are presented fairly in accordance with recognized criteria. Financial
31 audits include financial statements audits and other related financial audits.
32

33 (2) Performance Audits

34 Performance audits provide findings or conclusions based on an evaluation of
35 sufficient, appropriate evidence against identified criteria. Performance audits
36 provide objective analysis to assist management and those charged with
37 governance and oversight in using the information to improve program
38 performance and operations, reduce costs, facilitate decision-making by parties
39 with responsibility to oversee or initiate corrective action, and contribute to public
40 accountability. Performance audits include government entities, organizations,
41 programs, activities and functions.
42

43 (3) Attestation Engagements

1 Attestation engagements cover a broad range of financial or nonfinancial
2 objectives on a subject matter or assertion that is the responsibility of another
3 party. An attestation engagement may be one of three types: Examination,
4 Review, or Agreed-Upon Procedures.
5

6 (4) Nonaudit Services

7 Nonaudit services are professional services such as an investigation of fraud,
8 waste, deficiencies, or abuse. Forecasting, evaluating, and analyzing alternative
9 plans may also be included as a nonaudit service.
10

11 C. The Annual Audit Plan may be amended during the year with the approval of the City
12 Commission.
13

14 **SECTION 7. Audit Requests by Charter Officers.**

15 A Charter Officer may request audits through the routine annual audit planning process.
16 Alternatively, a Charter Officer may request that the City Auditor conduct audits, special studies
17 or other activities which were not included in the Annual Audit Plan. If in the opinion of the
18 City Auditor, the request may have a significant impact on the Annual Audit Plan, such requests
19 will be presented to the City Commission by the City Auditor along with a recommendation as to
20 whether the audit should be undertaken. If approved by the City Commission, such audits will
21 be incorporated into the Annual Audit Plan. Upon completion of these services, the written
22 report documenting the results of the review will be issued to the requesting Charter Officer. In
23 accordance with the report processing procedures defined in Section 10 of this Resolution, the
24 requesting Charter Officer will provide a written response to the City Auditor regarding
25 recommendations made in the report. In the event there is disagreement between the City
26 Auditor and the Charter Officer receiving the requested services, the matter will be presented to
27 the Audit and Finance Committee for resolution. In any event the City Auditor will then inform
28 the City Commission in writing that a review has been performed and a written report is
29 available upon request.
30

31 **SECTION 8. Audit Coordination.**

32 A. In the selection of audit areas, the determination of audit scope, and the timing of audit
33 work, the City Auditor shall consult and cooperate with Federal and State auditors and
34 the City's external auditors so that desirable audit coverage is provided and audit effort
35 may be properly coordinated.
36

37 B. The City Auditor shall be responsible for coordinating all financial audits of the City
38 conducted by Federal auditors, State auditors, or certified public accounting firms.
39 Specifically, the City Auditor shall:
40

41 (1) In consultation with the Charter Officers, identify all audit requirements of the
42 City.

- 1 (2) Recommend to the City Commission whether such audits should be conducted by
- 2 the Office of the City Auditor or by external auditors.
- 3 (3) If the audit is to be conducted by external auditors, prepare a request for proposal
- 4 (RFP) for Audit and Finance Committee approval in accordance with Florida
- 5 Statutes and guidelines. The RFP will include evaluative criteria to be used in
- 6 rating proposals.
- 7 (4) Prepare a list of firms to receive the RFP for Audit and Finance Committee
- 8 approval.
- 9 (5) Transmit, receive, evaluate and rate all proposals.
- 10 (6) Refer the ratings to the Audit and Finance Committee for evaluation, rating and
- 11 preparation of a recommendation to the City Commission of the firm to be
- 12 selected.
- 13 (7) Assist the City Attorney in drafting a contract which ensures that the firm selected
- 14 is bound to fulfill the requirements of the audit.
- 15 (8) Monitor the progress of the audit and report regularly to the City Commission on
- 16 the progress of the audit.
- 17 (9) During the course of the audit, advise City management in dealing with any
- 18 questions or concerns that may arise.
- 19 (10) Receive the final audit report after the opinion has been signed, review the report
- 20 to ensure that contractual terms have been fulfilled, and transmit the report to the
- 21 City Commission with a recommendation for acceptance or rejection. In some
- 22 cases, the law may require that the audit report be submitted directly to the federal
- 23 grantor agency. In such cases, the City Auditor will comply with applicable law
- 24 and will inform the City Commission of the action taken.
- 25 (11) Based on a review of the audit report and any accompanying auditor
- 26 communications, recommend to the City Commission and City management any
- 27 actions necessary to correct deficiencies in internal control, accounting procedures
- 28 or compliance with applicable laws and regulations.
- 29

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

39
 40
 41 **SECTION 9. Audit Reports to the City Commission.**

42 A. The City Auditor shall prepare a written report of the results of each audit conducted by
 43 the Office.

44

- 1 B. The City Auditor shall submit each report to the City Commission, or notification that a
2 report has been issued as described under the agreed upon circumstances described in
3 Section 7, shall file a copy with the Clerk of the Commission, and shall retain a copy in
4 the Office as a permanent record.
5
- 6 C. If appropriate, the audit report shall contain the professional opinion of the City Auditor
7 or the contract auditor concerning the financial statements issued by the audited entity,
8 or, if an opinion cannot be expressed, then a declaration to that effect with an
9 explanation.
10
- 11 D. The City Auditor shall include in each audit report:
12
- 13 (1) a statement of the scope of the audit work performed;
 - 14 (2) a statement of all audit findings and recommendations for desirable action; and
 - 15 (3) a response addressing the audit findings and recommendations submitted by the
16 appropriate Charter Officer or in cases where the audited entity is not under the
17 authority of a Charter Officer, by the highest official of the audited entity.
18

19 **SECTION 10. Report Processing Procedures.**
20

- 21 A. Upon completion of the final draft of an audit report, and prior to submission of the
22 report to the City Commission, the City Auditor shall transmit the preliminary findings
23 and recommendations to management of the audited entity and to other appropriate
24 officials for review.
25
- 26 B. Within two weeks (2) after receiving the report, the appropriate Charter Officer or other
27 appropriate official will prepare an official written response to the findings and
28 recommendations contained within the report and transmit the response to the City
29 Auditor.
30
- 31 C. The official response will address each recommendation presented in the audit report and
32 will specify whether the recommendation is:
33
- 34 (1) accepted;
 - 35 (2) partially accepted; or
 - 36 (3) rejected.
37

38 In the first two cases, the date of implementation or the date when implementation is expected
39 will be specified. In the third case, the response will include an explanation of why the
40 recommendation is rejected.
41

- 42 D. The official written response will be included verbatim in the audit report issued to the
43 City Commission by the City Auditor.
44

1 E. In cases where the complexity or timing of the audit report creates circumstances which
 2 render the two week response time unreasonable, the City Auditor may extend the
 3 response deadline by a reasonable amount of time. If no response is received within the
 4 appropriate timeframe from the transmittal of the report to officials of the audited entity,
 5 the City Auditor will issue the audit report without the response unless a further extension
 6 of the deadline is granted by the City Commission.
 7

8 **SECTION 11. Responsibilities for Evaluating Corrective Actions on Prior Audits.**
 9

10 Corrective follow-up is the action taken to correct a weak control situation that has been
 11 identified by the auditor and reported to management. The initial responsibility for corrective
 12 follow-up action is clearly that of management and those charged with governance. If
 13 management fails to take action or subordinates fail to implement prior recommendations, the
 14 City Auditor’s Office has a responsibility to report that situation.
 15

16 The timing of the City Auditor’s follow-up will depend on a variety of factors. For instance, if
 17 the recommendations result from the audit of an area that receives an annual audit, follow-up can
 18 be done during the following annual audit. For recommendations that require immediate
 19 attention, a follow-up of 30 days may be appropriate. In general, the City Auditor will adhere to
 20 the following system for follow-up on outstanding audit recommendations:
 21

- 22 (1) Upon approval of the City Auditor’s original report and management’s response
 23 by the City Commission, the recommendations and expected date of
 24 implementation are recorded. On an annual basis the City Auditor will follow-up
 25 with management on the status of open recommendations.
- 26 (2) The responsible management official will provide a written status report to the
 27 appropriate Charter Officer who will report the recommendation status to the City
 28 Auditor.
- 29 (3) Upon notification that corrective action has been taken to implement the
 30 recommendation, the City Auditor will take the necessary steps to verify that
 31 corrective action has been taken.
 32

33 The City Auditor will provide an annual report to the Audit and Finance Committee listing the
 34 status of outstanding recommendations.
 35

36 **SECTION 12. Public Records.**

37 Section 119.0713(2), Florida Statutes, provides an exemption related to local government audits
 38 and investigations. Specifically, the audit report of an internal auditor and the investigative
 39 report of the inspector general becomes a public record when the audit or investigation becomes
 40 final. An audit or investigation becomes final when the audit report or investigative report is
 41 presented to the unit of local government. Audit workpapers and notes related to such audit and
 42 information received, produced, or derived from an investigation are confidential and exempt
 43 from public record until the audit or investigation is complete and the audit report becomes final

1 or when the investigation is no longer active. An investigation is active if it is continuing with a
2 reasonable, good faith anticipation of resolution and with reasonable dispatch.

3
4 The City Auditor shall retain for at least the period of time required under Florida Public Records
5 Law, a complete file of each audit report and each report of other examinations, investigations,
6 surveys, and reviews made under the City Auditor’s authority. The file should include audit
7 workpapers and other supportive material directly pertaining to the report.
8

9 **SECTION 13. Budget Reviews.**

10 A. Each year, subsequent to the submission of the proposed City budget to the City
11 Commission by the City Manager, the City Auditor shall review the General Fund
12 revenue estimates included in the proposed budget. Upon completion of the review, the
13 City Auditor shall transmit to the City Commission a memorandum stating whether in the
14 City Auditor’s opinion the revenue estimates were prepared using data and methods
15 which provide reasonable assurance that the projected amount of revenue will be
16 realized.
17

18 B. Upon the request of the City Commission, the City Auditor shall review other selected
19 portions of the proposed budget submitted to the City Commission by the Charter
20 Officers. Such reviews will be conducted according to priorities set by the City
21 Commission.
22

23 **SECTION 14. Access to Records and Property.**

24 All officers and employees of the City shall furnish to the City Auditor any information, data,
25 and other records within their custody and respond to any questions regarding powers, duties,
26 activities, organization, property, financial transactions and methods of business that in the City
27 Auditor’s opinion are required to conduct an audit and to perform the requisite duties. Further,
28 they shall provide access for the City Auditor to inspect all City property, equipment and
29 facilities within their custody and to observe any operations for which they are responsible.
30 Access shall include readily available user accounts for all information technology programs,
31 databases, software applications and other electronic information storage assets.
32

33 The City Auditor shall be made aware of all audits performed by internal or external parties at
34 the earliest stage of planning or contracting for audit, attestation, or investigative services
35 (excluding criminal investigations by the Gainesville Police Department or other law
36 enforcement agencies).
37

38 **SECTION 15. Contract Auditors, Consultants and Experts.**

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

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Section 2. Resolution No. 970187 is hereby repealed. In addition, all resolutions or parts of resolutions in conflict herewith are to the extent of such conflict hereby repealed.

Section 3. This resolution shall become effective immediately upon adoption.

PASSED AND ADOPTED this _____ day of _____, 2016.

EDWARD B. BRADDY
MAYOR

Attest:

Approved as to form and legality:

KURT M. LANNON
CLERK OF THE COMMISSION

NICOLLE M. SHALLEY
CITY ATTORNEY