

Finance Department



External Audit Finding

Calculation of Compensated Absences



The Finding

- Significant Deficiency since fiscal year 2006.
- Compensated absences calculation was overstated by \$1 million
- Controls over the process of calculating the liability for compensated absences should be designed and operated effectively to ensure that the amounts recorded in the financial statements are an accurate representation of the amounts actually due to employees as of the end of the fiscal year.



The Cause

- The City's policy on accrued sick leave.
- Unused sick leave liability was based on different rates of pay depending on when the hours were earned.
- The calculation of the unused sick liability was performed manually using a spreadsheet.



The Objective

- To automate the sick leave liability calculation.
- Audit and make corrections to existing personnel leave records.
- Accurately calculate hours and update the payroll database.
- Simplify the computation of sick leave payouts



The Scope

- To reconcile over 1,600 employee leave records
- Steps to accomplish goal:
 - Assembled a team of internal (9) and external (6) employees
 - Made corrections to the existing data by carefully calculating the leave balances (previously kept on paper files)
 - Validate balances prior to upload to the payroll database
- The Compensated Absences Project took about 2,142 hours and \$52,942



The Results

- The City's compensated absences liability calculation is now automated.
- Terminated employees receive their final payouts more timely.
- Long standing audit finding was eliminated.



Commission Annual Action Plan FY 2016



Purpose of the Project

- Transform the Division from process oriented to “best value” driven processes
- Review ineffective processes
- Address employee morale and staff turnover



Project Scope of Work

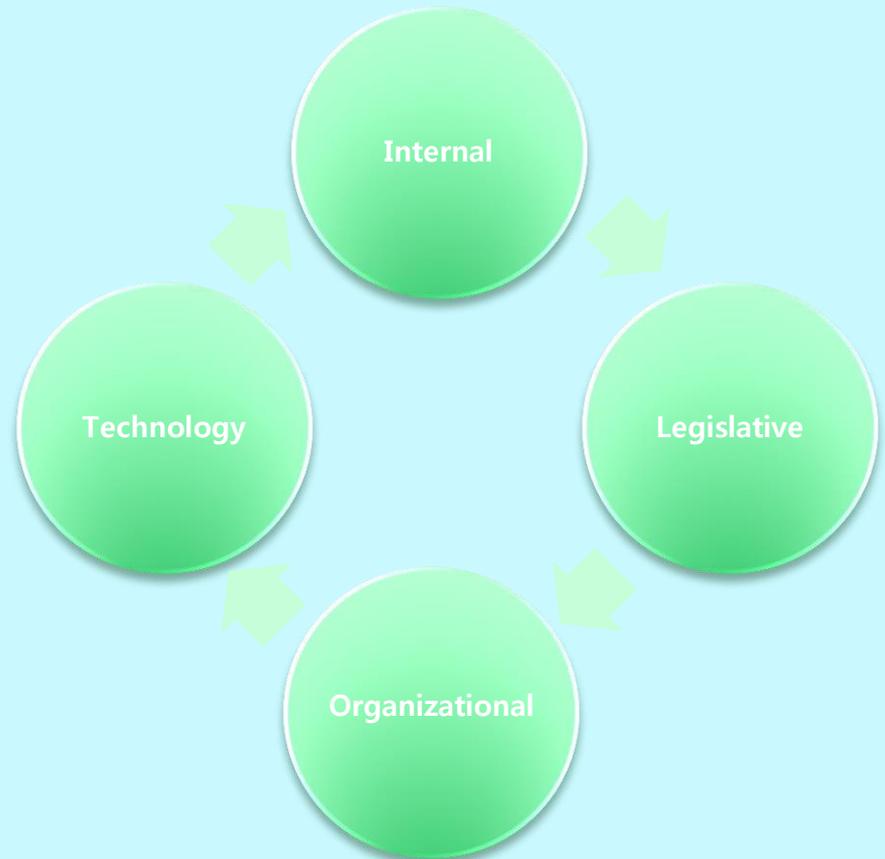
- Procurement Process Review:
 - ◆ Conduct Interviews with Stakeholders
 - ◆ Review internal processes

- Organizational Review
 - Structure
 - Authority
 - Staffing
 - Workload



Recommended Improvements

1. Internal Process Improvements
2. Legislative Improvements
3. Organizational Improvements
4. Technology Improvements



Internal Process Improvements

- Develop short-term and long-term Strategic Plans
- Implement best practice process for capturing and reporting cost savings
- Formal process to measure and manage supplier performance
- Simplify documentation for solicitations e.g., ITB, RFP, and RFQ
- Streamline the agenda approval process



Legislative Improvements

- New Procurement Ordinance
- Increase the City Commission approval thresholds from \$50K to \$100K, and eliminate multiple thresholds
- Maximize the ability to negotiate
- Minimize touch points and numerous signatures for contract execution



Organizational Improvements

- Add one new position for the Assistant Manager, Procurement and Contracts
- Expand the City's investment in Procurement training and professional development



Technology Improvements

- System upgrades and data driven improvements
- Enhancing the use of spend analysis to drive strategic procurement decisions
- ERP Implementation



FY 2016

Accomplishments to Date

- Conducted Contract Audit
- Establishment of City-wide Procurement Liaisons and conduct regular meetings
- Procurement Code Update
- Enacted Master Blanket Purchase Order Process
- New staff hires



Next Step

- Approval of the new Procurement Ordinance and Manual
- On going Liaison and Staff Training
- ERP submission



Questions?

