CITY OF FORT LAUDERDALE

STATUS OF OPEN AUDIT FINDINGS

(Single Audit, Financial Audit, and City Commission Audit)

As of December 31, 2016

WE BUILD COMMUNITY

CITY OF FORT LAUDERDALE

OPEN AUDIT FINDINGS STATUS REPORT

The quarterly Status of Open Audit Finding Report is compiled by the City Manager's Office Budget/CIP and Grants Division based upon updates provided by departmental staff. This report provides the status of open audit findings from the external auditors and the City Commission Auditor's Office each quarter.

The External Auditor findings from the Single Audit and Financial Audit can only be closed once per year when the City's External Auditors conduct their review for the annual Comprehensive Annual Financial Report (CAFR).

The majority of the open audit findings are from the Commission Auditor's Office from prior year audits that were issued but not closed. The City Auditor has adopted a continuous audit approach utilizing the City's Audit Compliance Tracking System (ACTS) and quarterly report process. As departments implement the corrective action plans and upload supporting information and documentation into the ACTS system, they are required to notify the Commission Auditor that they believe a finding has been resolved. The Auditor's Office will continuously review these responses throughout the year and will notify the System Administrator in the Budget/CIP and Grants Division to close findings that have been cleared.

Department staff is required to review and update the status of each of their open findings on a quarterly basis. Following the update, a report is compiled and distributed to the City Manager and the Community Building Leadership Team. This report is presented to the Audit Advisory Board on a quarterly basis.

All-America City

STATUS OF OPEN AUDIT FINDINGS
OCTOBER - DECEMBER 2016 QUARTERLY REPORT
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
FINANCIAL EXTERNAL FINDINGS		
INFORMATION TECHNOLOGY SERVICES AUDIT FINDINGS		
Financial External Audit #2012-6 IT Controls	Partially Implemented	1
COMMISSION AUDIT FINDINGS		
CITY MANAGER'S OFFICE AUDIT FINDINGS		
Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1	Partially Implemented	5
Review of the Proposed Budget for Fiscal Year 2016/2017	Implemented	7
Operational Audit of the City of Fort Lauderdale CRA - Finding 3	Implemented	8
Operational Audit of the City of Fort Lauderdale CRA - Finding 4	Implemented	10
COMMUNITY REDEVELOPMENT AGENCY AUDIT FINDINGS		
Review of the Sixth Street Plaza Development Project Objective 1	Implemented	12
Review of the Sixth Street Plaza Development Project Objective 2	Implemented	14
Review of the Sixth Street Plaza Development Project Objective 3	Implemented	15
Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 1	Implemented	16
Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 2	Implemented	18
Operational Audit of the City of Fort Lauderdale CRA - Finding 2	Implemented	19
Operational Audit of the City of Fort Lauderdale CRA - Finding 6	Implemented	21
Operational Audit of the City of Fort Lauderdale CRA - Finding 1	Partially Implemented	22
Operational Audit of the City of Fort Lauderdale CRA - Finding 5	Partially Implemented	23
Operational Audit of the City of Fort Lauderdale CRA - Finding 9	Implemented	25
Operational Audit of the City of Fort Lauderdale CRA - Finding 10	Implemented	27
Operational Audit of the City of Fort Lauderdale CRA - Observation 1	Implemented	29
Operational Audit of the City of Fort Lauderdale CRA - Observation 2	Implemented	31
Operational Audit of the City of Fort Lauderdale CRA - Observation 3	Not Implemented	33
Operational Audit of the City of Fort Lauderdale CRA - Finding 11	Implemented	35

STATUS OF OPEN AUDIT FINDINGS
OCTOBER - DECEMBER 2016 QUARTERLY REPORT
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
Operational Audit of the City of Fort Lauderdale CRA - Finding 12	Partially Implemented	36
Operational Audit of the City of Fort Lauderdale CRA - Observation 4	Implemented	37
FINANCE AUDIT FINDINGS		
Report #09/10-05 Follow-up review of the audit of the Procurement Services Department Finding #5	Implemented	40
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1	Partially Implemented	42
Operational Audit of the City of Fort Lauderdale CRA - Finding 8	Implemented	44
HUMAN RESOURCES AUDIT FINDINGS		
Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions	Partially Implemented	48
Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning	Partially Implemented	50
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training	Implemented	52
Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3	Partially Implemented	54
Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9	Partially Implemented	56
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 5	Partially Implemented	58
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 1	Partially Implemented	59
INFORMATION TECHNOLOGY SERVICES AUDIT FINDINGS		
Report #07/08-4 Cyborg Payroll System 2.4	Implemented	62
PARKS AND RECREATION AUDIT FINDINGS		
Operational Audit of the Cemetery System - Finding 1	Partially Implemented	64
Operational Audit of the Cemetery System - Finding 2	Implemented	66
Operational Audit of the Cemetery System - Finding 3	Implemented	68

STATUS OF OPEN AUDIT FINDINGS
OCTOBER - DECEMBER 2016 QUARTERLY REPORT
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
Operational Audit of the Cemetery System - Finding 4	Partially Implemented	70
Operational Audit of the Cemetery System - Observation 2	Implemented	72
Operational Audit of the Cemetery System - Finding 5	Implemented	73
Operational Audit of the Cemetery System - Observation 3	Partially Implemented	74
Operational Audit of the Cemetery System - Finding 6	Partially Implemented	76
Operational Audit of the Cemetery System - Finding 7	Partially Implemented	78
Operational Audit of the Cemetery System - Finding 8	Partially Implemented	80
Operational Audit of the Cemetery System - Finding 9	Partially Implemented	81
Operational Audit of the Cemetery System - Observation 4	Partially Implemented	83
Operational Audit of the Cemetery System - Finding 10	Partially Implemented	85
Operational Audit of the Cemetery System - Finding 11	Partially Implemented	86
Operational Audit of the Cemetery System - Finding 12	Partially Implemented	88
SUSTAINABLE DEVELOPMENT AUDIT FINDINGS		
Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2	Partially Implemented	92
Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3	Partially Implemented	94
Report #10/11-05 Follow-up Review of the Building Division Finding #3.3	Implemented	96
Report #07/08-11 Audit of Building Division Finding #3.3	Implemented	98
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6	Partially Implemented	99

STATUS OF OPEN AUDIT FINDINGS
OCTOBER - DECEMBER 2016 QUARTERLY REPORT
TABLE OF CONTENTS

AUDIT FINDING TITLE	STAFF REPORTED STATUS	PAGE
Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Fin 4	Partially Implemented	101
TRANSPORTATION AND MOBILITY AUDIT FINDINGS		
Operational Audit of the City of Fort Lauderdale CRA - Finding 7	Implemented	104

FINANCIAL EXTERNAL FINDINGS

Information Services

Financial External Audit #2012-6 Information Technology (IT) Controls

Issue No:	269			
Date of Finding:	03/12/2012			
Est. Completion Date:	06/30/2014			
		Name	Title	Department
Responsible Person 1	kkeimel	Kevin Keimel	Manager of Distributed Systems	Information Services
Responsible Person 2				
Correction Plan Status:	Partially Implemented		Finding Type:	
Next Milestone	09/30/2013			
Anticipated Date of Completion	09/30/2014			
Final Date of Completion				
Department:	Information Services			
Audit Initiator	Financial External			
Audit Initiator Other				
Title:	Financial External Audit #2012-6 Information Technology (IT) Controls			

Issue / Observation

Information systems controls should reasonably assure that electronic information is not compromised by unauthorized access to systems and that access is granted only as needed for individuals within the entity to perform their assigned responsibilities while maintaining adequate segregation of duties.

Condition: We noted the following with respect to the City's information systems:

T2 Flex
Management does not currently have a defined change management process in place to ensure that all updates/patches are tested and approved.

Cyborg
During our review of Cyborg access we noted the following:

•Six active terminated employee accounts without elevated access rights, which increases the risk of inappropriate or unauthorized access on the system.
•One employee with two active accounts with elevated access rights that no longer requires the use of the additional user, which increases the risk of inappropriate or unauthorized access on the system.

Recommendation:

Correction Plan:

Has not been corrected. The City is in the process of hiring a Chief Security Officer to address all IT control concerns.

Current Status:

SumTotal- User access will be reviewed by the SumTotal Administrator and super user access (double star security) will be removed from all users except the users within IT with legitimate need for Administrative access. Other users requiring write access will be placed into security groups which enforce least privilege access dependent on specific job duties.

Sumtotal- SumTotal Administrator will be notified via electronic notification when an employee is no longer with the City of Fort Lauderdale. The notification will provide details of user access and various application accounts, including SumTotal, that need to be disabled. The electronic notification will also be provided to Human Resources, Finance, for proper deactivation of account access for separated employees. For tracking purposes of user disabled accounts an Excel spreadsheet with email for backup will be maintained by the appropriate IT staff.

Sum Total Source Code Access – A built-in Hewlett-Packard Unix (HPUX) utility will be configured to monitor file system changes. The Security Analysts will review the policy around the configuration and monitoring of this tool.

Cash Cloud Source Code Access – A Windows tool will be purchased, installed, and tested by September 2016 to track file system changes on these servers. The Security Analysts will review the policy around the configuration and monitoring of this tool.

SumTotal/Cash Cloud- All audit findings will be remediated by September 30, 2016.

COMMISSION AUDIT FINDINGS

City Manager’s Office

Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1

Issue No:	174			
Date of Finding:	07/03/2012			
Est. Completion Date:	07/23/2014			
		Name	Title	Department
Responsible Person 1	rhenderson	Ryan Henderson	Administrative Assistant II	City Manager
Responsible Person 2				
Correction Plan Status:	Partially Implemented	Finding Type:	Deficiency	
Next Milestone	Taxes			
Anticipated Date of Completion	10/30/2014			
Final Date of Completion	07/23/2014			
Department:	City Manager			
Audit Initiator	Commission Audit			
Title:	Report #11/12-04 Compliance Review of the Bahia Mar Lease Agreement Observation #1			

Issue / Observation

While the lease agreement between the City of Fort Lauderdale and Bahia Mar has been in place since 1962, the City Auditor determined that during the years covered by our review there has essentially been no oversight of the lease terms by City staff. The complete lack of internal controls governing oversight and compliance with lease terms represents a material weakness.

Recommendation:

No management response was included in the audit report.

Correction Plan:

While it is clear that the City failed to administer the contract appropriately, it is also important to note that management made immediate changes to its oversight practices once it was brought to their attention.

Further, Bahia Mar staff have been extremely responsive in having their certified public accountant firm issue the required audited consolidated financial statements of Baton Holdco II L.L.C. and Subsidiaries, which includes the Bahia Mar Statement of Capital Improvement Reserve Account Balance and Rollforward of Carry-Over Capital Improvement Credit [see Exhibit D]. Based upon our review of these documents, we determined that Bahia Mar is operating in accordance with Article 15 as stated in the preceding paragraph. The CIRA has a carryover capital improvement credit balance in the amount of $28,092,200, as of December 31, 2011.

Current Status:

6/24/2014:
- Received payment of utilities letter, signed by City Financial Officer (CFO) and managing director, prior to 4/30/2014 (attached)
- Received audited financial statements (attached)
- Received report containing information on gross operating revenues (attached)
- Received updated insurance certificates and had approved by Risk (attached)

10/3/14:
- Finace confirmed that payments in the amount of $75,000 each were received on 3/19/14, 7/12/14 and 9/24/14. 9/24/14 payment was wired directly to CBRE since they are now handling the City's lease management
- Trim notice was mailed. Proposed amount is $1,118,136.98.
- CBRE agreement attached.

9/30/16, 12/31/16
Bahia Mar is cooperating with the City in providing status updates on all pertinent items from the lease that required action.
This item (Bahia Mar Compliance) has prompted the City Manager's Office to create a Real Estate Policy and Procedure Guideline. It will be the City Manager's Designee's responsibility for contract (leases and licenses) administration. That administrator's responsibility will include, but not be limited to, that the City is receiving the correct revenues, that extensions are executed in a timely manner, and that lessees are properly maintaining the property. Furthermore, a meeting with CAO to review the policy and get his view has been scheduled.

Reivew of the Proposed Budget for Fiscal Year 2016/2017

Issue No:	322			
Date of Finding:	08/26/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	bsmith	Barbara Smith	CIP Program Coordinator	City Manager
Responsible Person 2	lreece	Laura Reece	Assistant Manager of CIP/Grants	City Manager
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2016			
Final Date of Completion	09/30/2016			
Department:	City Manager			
Audit Initiator	Commission Audit			
Title:	Reivew of the Proposed Budget for Fiscal Year 2016/2017			

Issue / Observation

1. Community Redevelopment Agency (CRA) grant programs, which are considered to be operating activities, are included in the Capital Project Funds.

2. The CRA is using "holding" accounts to accumulate funds, conflicting with Florida Statute 163.387-Redevelopment trust fund:
(7) On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year shall be:
(d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within 3 years from the date of such appropriation."

Recommendation:

3. In addition, there are currently new personnel positions budgeted within the CRA that we've been advised will have to be moved back into the City's budget due to technical issues related to the payroll system. Accordingly, we would expect the revenue and expenditures to increase in the City's budget to reflect those charges and associated refund from the CRA. As such, the City's budget cannot be considered final at this time.

Correction Plan:

The CRA and its staffing is separated from City staff in the FY 2017 budget. All positions will be City positions dedicated to the CRA and paid for through chargebacks based upon actual expenditures (not based upon budget). Incentive accounts, previously accounted for in the City's Capital Budget, were moved to the operating budget with the adoption of the FY 2017 budget and CIP.

Current Status:

All issues identified by the Auditor were resolved with the final FY 2017 adopted budget and Community Investment Plan.

Operational Audit of the City of Fort Lauderdale CRA - Finding 3

Issue No:	324			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	bsmith	Barbara Smith	CIP Program Coordinator	City Manager
Responsible Person 2	lreece	Laura Reece	Assistant Manager of CIP/Grants	City Manager
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2017			
Final Date of Completion	09/30/2017			
Department:	City Manager			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 3			

Issue / Observation

Condition

NWP CRA programs are improperly being included in the capital project funds; accordingly they are not being re-appropriated on an annual basis as in the operating fund.

Criteria

Projects are characterized by having a discreet start and completion date, with an identifiable deliverable. Programs are operating grants of a recurring and ongoing nature, where the CRA receives nothing tangible in return for the funds expended, otherwise known as a non-exchange transaction.
In the City's adopted budget policies, the stated criteria for a capital project is:
- Represent a physical improvement.
- Have a value of $50,000 or more.
- Have a useful life in excess of 10 years; or if bond funded, have a useful life equal to or greater than the life of the bonds; or if grant funded with asset life qualifying factors, the capital project must have a life equal to or greater than the life requirements of the grant.
- Be classified as a capital asset when placed into service.

Recommendation:

The CRA Executive Director should require and consider the following:
1. Evaluate all programs and projects included as part of the Community Redevelopment Plan and appropriately classify them.
2. CRA staff should explore other ways or methods to track CRA program expenditures. 3. The CRA and the Budget Office should work in conjunction to properly budget the funds for those programs and/or incentives. 4. If the CRA consistently has unspent funds remaining at the end of the budget year, CRA managers should review the level of funding being appropriated to those programs. a. See Observation 2, under Objective 2.

Correction Plan:

In June 2016, the CRA Board of Commissioners approved revisions to the existing NWPFF CRA incentives and established the creation of new incentive programs. The incentive changes were made in an effort to address concerns from the community, which were a lack of residential assistance programs and a more user friendly and streamlined application process. Additionally, the CRA Board of Commissioners has approved a marketing budget for the NWPFF CRA, which will assist in the marketing of the various incentive programs.

Based upon the recommendation of the Auditor, all incentive related funds have been placed into the operating budget through the adoption of the Fiscal Year 2017 budget. Further discussion is planned with the City Attorney's Office, City Auditor, and CRA staff to document and memorialize processes used to budget for and manage CRA funds through administrative policy.

Current Status:

All issues identified by the Auditor were resolved with the final FY 2017 adopted budget and Community Investment Plan.

Operational Audit of the City of Fort Lauderdale CRA - Finding 4

Issue No:	325			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	bsmith	Barbara Smith	CIP Program Coordinator	City Manager
Responsible Person 2	lreece	Laura Reece	Assistant Manager of CIP/Grants	City Manager
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2016			
Final Date of Completion	09/30/2017			
Department:	City Manager			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 4			

Issue / Observation

Condition

Several capital projects were established as holding accounts in violation of Florida Statues for future potential projects in the “Adopted Community Investment Plan” for the Fund 347, NWP CRA.

AUDITOR NOTE: CRA Board appropriated $1,750,000 for the Flagler Village Train Station TOD (Project #20150199) for FY 2015 and $1,168,469 for the Flagler Village Grant Program (Project #12095) for FY 2016. These projects were created as holding accounts “to provide funding for public improvements and initiatives in support of a Transit Oriented Development program in the Flagler Village area”.

Criteria

(1) Florida Statutes, Section 163.387(7), states “On the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of expenses pursuant to subsection (6) for such year shall be

(d) Appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed w

Recommendation:

The CRA Executive Director should require that CRA management and the CIP coordinator evaluate all items listed as part of the Community Investment Plan for the Northwest-Progresso-Flagler Heights CRA to ensure all projects are legitimate.

Correction Plan:

Staff agrees with the City Auditor’s conclusion. With the re-appropriation of NWPFF CRA funds and revised incentive programs, an internal process has been established that will ensure funds are committed to NWPFF CRA projects and not programs.

Based upon the recommendation of the Auditor, management has moved all incentive related funds into the operating budget with the adoption of the Fiscal Year 2017 budget. Further discussion is planned with the City Attorney’s Office, City Auditor, and CRA staff to document and memorialize processes used to budget for and manage CRA funds through an administrative policy

Current Status:

All issues identified by the Auditor were resolved with the final FY 2017 adopted budget and Community Investment Plan.

Community Redevelopment Agency

Review of the Sixth Street Plaza Development Project Objective 1

Issue No:	299			
Date of Finding:	04/29/2015			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2016			
Final Date of Completion	09/30/2016			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Review of the Sixth Street Plaza Development Project Objective 1			

Issue / Observation

The Community Redevelopment Agency's (CRA) project files were reviewed and staff interviewed to determine what procedures were in place to evaluate development proposals. We noted the following:

1. There is no evidence that a formal underwriting of the original proposal was performed using established criteria for approval.
2. The business plan submitted by the applicant was meager, lacking a detailed market demand analysis, marketing plan, construction budget, and cash flow projections.
3. There is no evidence of an independent verification of the construction cost budget.
4. There is no documentation of the developer’s capacity to undertake the work
5. There was no formal risk assessment performed by management.
6. There is no analysis supporting the purported cost increases.
7. There was no financial review to determine if the development’s cash flow could support the additional bank and CRA debt taken on by Sixth Street.

Recommendation:

CRA management needs to develop written policies, procedures, and criteria to effectively review proposals from developers. Staff needs to have sufficient training and expertise in methods for conducting this review. These procedures should include at a minimum:

• Formal criteria and thresholds that the project must achieve to warrant funding.
• A business plan with a detailed budget and timeline for construction.
• A market analysis showing demand and comparable rents.
• Proforma cash flow statement in sufficient detail to permit an objective evaluation of the risks and likelihood for success of the project.
• Credit and background checks of the principals involved.
• Review of prior projects of similar size/scope successfully completed by the applicant.
• Additional funding requests, cost increases, and change orders should receive the same level of scrutiny, analysis, documentation, and risk assessment as the initial proposal.

Correction Plan:

No management response was included in the audit report.

Current Status:

Implemented internal controls:
CRA Chart Purchase Under $5,000 – Implemented Internal Controls
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls
CRA Internal Manual – Implemented Internal Controls
CRA Purchase Request Form – Implemented Internal Controls
CRA Travel/Training Form – Implemented Internal Controls
CRA Travel/Training Procedures – Implemented Internal Controls
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls

Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Review of the Sixth Street Plaza Development Project Objective 2

Issue No:	300			
Date of Finding:	04/29/2015			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2016			
Final Date of Completion	09/30/2016			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Review of the Sixth Street Plaza Development Project Objective 2			

Issue / Observation

The monitoring of the construction draws by the Community Redevelopment Agency (CRA) was nonexistent during the initial phase of construction financing and inadequate at best during the later stages. Based on file reviews, we observed that all of the funds held by Regent were disbursed to Sixth Street/Airam Construction. However, without access to the Sixth Street construction account, it is not possible to determine what those funds were spent on. While Sixth Street was drawing down on its loan from Regent Bank and the South Florida Regional Planning Council, Sixth Street/Airam Construction submitted monthly invoices to the bank's project manager. The project manager also received a monthly inspection report from an outside consultant hired by Regent. In the payment requests we were able to review within our limited access, we did not note any supporting documentation from subcontractors showing amounts paid for material, labor, permits, professional services, etc.

Recommendation:

1. Ensure that all agreements entered into by the City/CRA include a right to audit clause where appropriate.
2. Require appropriate documentation to substantiate reimbursement of expenses.
3. Develop procedures to provide effective oversight over the disbursement of funds.
4. Incorporate ongoing monitoring into program requirements to determine whether the developer has fallen behind on payments to other senior lenders, subcontractors, utility providers or taxing authorities.

Correction Plan:

No management response was included in the audit report.

Current Status:

Implemented internal controls:
CRA Chart Purchase Under $5,000 – Implemented Internal Controls
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls
CRA Internal Manual – Implemented Internal Controls
CRA Purchase Request Form – Implemented Internal Controls
CRA Travel/Training Form – Implemented Internal Controls
CRA Travel/Training Procedures – Implemented Internal Controls
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls

Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Review of the Sixth Street Plaza Development Project Objective 3

Issue No: 302

Date of Finding: 04/29/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency

Correction Plan Status: Implemented

Finding Type: Deficiency

Next Milestone N/A

Anticipated Date of Completion

Final Date of Completion 09/30/2016

Department: Community Redevelopment Agency

Audit Initiator Commission Audit

Title: Review of the Sixth Street Plaza Development Project Objective 3

Issue / Observation

The budget increased substantially without adequate documentation of why. The Community Redevelopment Agency (CRA) files did not contain evidence supporting increased construction costs. There were no payroll reports, subcontractor labor invoices, material invoices, etc. showing the before and after prices. The two change orders, totaling $698,760, presented to Regent Bank were not well documented. There is a line item budget for construction costs that shows increases in various categories, but without rationale or justification. There is no evidence that the change orders were reviewed or approved by the CRA. It is unclear whether the information regarding the cost overruns, change orders and additional loans from Regent Bank was shared with the CRA in a timely manner. The Application for Payment and Certification delineates the distributees and the CRA is not listed as a recipient.

Recommendation:

The CRA needs to develop policies and procedures to ensure effective oversight of its programs, establish responsibility and accountability for executing those policies, and take corrective action in a timely manner.

Project management/advocacy needs to be separated from compliance monitoring. These functions have goals which may be at odds with each other and are therefore incompatible.

Auditor Note: During our review it also came to our attention that communication between the CRA and the Finance Department was limited. The Finance Department had no mechanism in place to alert them when the first payment is due from Sixth Street (February 1, 2016). We also discovered two non-related CRA loans on the books of which CRA staff were unaware.

Correction Plan:

No management response was included in the audit report.

Current Status:

Implemented internal controls:
CRA Chart Purchase Under $5,000 – Implemented Internal Controls
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls
CRA Internal Manual – Implemented Internal Controls
CRA Purchase Request Form – Implemented Internal Controls
CRA Travel/Training Form – Implemented Internal Controls
CRA Travel/Training Procedures – Implemented Internal Controls
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls

Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 1

Issue No:	303			
Date of Finding:	02/16/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	report			
Anticipated Date of Completion	04/30/2016			
Final Date of Completion	09/30/2016			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 1			

Issue / Observation

Condition:
The method used to allocate personnel costs may lead to excessive General Fund expenses being allocated to the Community Redevelopment Agency (CRA), a violation of Florida Statute 163.370(3) (c). We determined that the Department of Sustainable Development (DSD) and the Budget Office were not able to provide adequate support for the percentages used for personnel cost allocations to/from the CRA fund and sub-funds. Additionally, they are allocating charges to the CRA for personnel positions, which are vacant for either a portion of the fiscal year or the entire fiscal year.

Recommendation:

Recommendation:
The City Manager, as Executive Director of the CRA, should direct DSD and the Budget Office to develop a more rigorous and precise methodology that will result in a more accurate approach to allocating personnel costs to the CRA.

Correction Plan:

Management Response:
In an effort to gain efficiencies through shared staff, the Department of Sustainable Development uses multiple positions to provide services for the CRAs, economic development activities, administration and building functions. In development of the annual budget, staff uses its best judgment to estimate the portion of time that each staff member dedicates to functions in each funding area. The current financial and payroll systems have limited ability to allocate personal service expenses amongst funds; therefore, the City uses service charge allocations rather than direct salary charges. Throughout the fiscal year, service charge allocations are re-evaluated periodically due to a number of issues including staffing changes or job reclassifications to determine if additional changes in the allocated charges are needed. Going forward, the creation of an independent CRA structure will allow expenses of staff members and overhead costs to be allocated separately to each trust fund. The cost allocation approach for expenses will continue going forward as the Housing and Community Development Program is integrated into the new staffing structure to support economic development and housing initiatives within the NPF CRA. The statutory and federal funding requirement requires detailed documentation of expenditures; therefore, time sheets will be used to further monitor staff time associated with each program.

Current Status:

CRA Chart Purchase Under $5,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Internal Manual – Implemented Internal Controls (Issue 299, 300, 302)
CRA Purchase Request Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Procedures – Implemented Internal Controls (Issue 299, 300, 302)
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls (Issue 299, 300, 302)
Finding 1 & 2 CAM #16-0337/Exhibit Resolution Reorganization/CAM #16-0359.

Sent to Audit Department November 8, 2016. Documents uploaded May 2016 to the Audit Compliance Tracking System.

The CRA and its staffing was completely separated from the City in fiscal year 2016. Staff is no longer shared between the City and the CRA. Fiscal year 2016 service charges were reconciled based off occupancy of shared positions.

Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 2

Issue No:	304			
Date of Finding:	02/16/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	report			
Anticipated Date of Completion	04/30/2016			
Final Date of Completion	09/30/2016			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Response to City Auditor 's Review of DSD Salary Allocations FY 2016 - Finding 2			

Issue / Observation

Condition:
There was an overcharge of personnel costs for three months of approximately $30,000 to the Northwest Progresso Flagler (NPF) Community Redevelopment Agency (CRA) that belonged to the Central Beach CRA. When Don Morris was · promoted from Assistant to the City Manager to Economic and Business Development Manager, he was improperly placed in the vacant position in the NPF CRA, although he was in charge of the Central Beach CRA.

Recommendation:

Recommendation:
The City Manager should direct the Human Resources (HR) Department to develop a procedure to ensure that the hiring, transfer or promotion of individuals into new positions does not occur until those positions have been appropriately authorized, reclassified, and established in the system.

Correction Plan:

Management Response:
Management acknowledges that this occurred. Mr. Morris filled this position temporarily with an incorrect funding source, although his responsibilities did include overseeing both the NPF CRA and the Central Beach CRA while the recruitment of a NPF CRA manager was in progress. With the proposed separation of the CRA structure from that of the City, it is not likely that this will occur again. The Human Resources Department will have more in-depth discussions in the future with departments when taking personnel actions with multiple funding sources to ensure the duties are in line with the funding source restrictions.

Current Status:

DSD and CRA were separated, effective April 2016.
Fiscal year 2016 service charges were reconciled based off occupancy of shared positions.

Implemented internal controls:
CRA Chart Purchase Under $5,000 – Implemented Internal Controls
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls
CRA Internal Manual – Implemented Internal Controls
CRA Purchase Request Form – Implemented Internal Controls
CRA Travel/Training Form – Implemented Internal Controls
CRA Travel/Training Procedures – Implemented Internal Controls
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls

Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Operational Audit of the City of Fort Lauderdale CRA - Finding 2

Issue No:	323			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 2			

Issue / Observation

Condition
The NWP CRA tax increment funds were spent on events that were not included in furtherance of the Community Redevelopment Plan. The events were as follows:
- A City employee retirement party, which used in excess of $14,000 of CRA funds.
- A Commissioner farewell event, which used in excess of $8,000 of CRA funds.

Criteria
Section 163.387 (6) of Florida Statutes states that “moneys in the redevelopment trust fund may be expended from time to time for undertakings of a community redevelopment agency as described in the community redevelopment plan for the following purposes, including, but not limited to:

(a) Administrative and overhead expenses necessary or incidental to the implementation of a community redevelopment plan adopted by the agency.
(b) Expenses of redevelopment planning, surveys, and financial analysis, including the reimbursement of the governing body or the community redevelopment agency for such expenses incurred before the redevelopment plan was a

Recommendation:

The CRA Executive Director should put appropriate controls in place to make sure special events do not get funded with CRA monies unless that special event is in furtherance of the Community Redevelopment Plan and has the approval of the CRA Board. In addition, the funds should be returned to the CRA by the City.

Correction Plan:

Staff agrees with the City Auditor’s conclusion. The Community Redevelopment Agency hired Financial Personnel in February 2015, to monitor the use of CRA funds. Since that time Financial Personnel have established internal controls to ensure these types of events will not be approved in the future. Additionally, in November 2015 the CRA hired a new Northwest Progresso Flagler Heights (NWPFF) CRA Manager to oversee the day-to-day operations of that CRA.
The City’s General Fund will reimburse the CRA Trust Fund in the amount of $22,000 representing the sum of the two events that were inappropriately charged to the CRA Trust Fund by no later than December 31, 2016.

Current Status:

CRA Chart Purchase Under $5,000 – Implemented Internal Controls (Issue 299, 300, 302)
- CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls (Issue 299, 300, 302)
- CRA Internal Manual – Implemented Internal Controls (Issue 299, 300, 302)
- CRA Purchase Request Form – Implemented Internal Controls (Issue 299, 300, 302)
- CRA Travel/Training Form – Implemented Internal Controls (Issue 299, 300, 302)
- CRA Travel/Training Procedures – Implemented Internal Controls (Issue 299, 300, 302)
- CRA Advisory Board Tracking Sheet - Timelines/Internal Controls (Issue 299, 300, 302)
- Finding 1 & 2 CAM #16-0337/Exhibit Resolution Reorganization/CAM #16-0359.
Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Operational Audit of the City of Fort Lauderdale CRA - Finding 6

Issue No:	326			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 6			

Issue / Observation

Condition

The CAO noted that several promotional campaigns and marketing activities occurred before the NWP Community Redevelopment Plan was modified and restated on March 15, 2016 to incorporate those types of activities.

For example, the 2013 -2014 Annual Report of the Fort Lauderdale CRA listed the following promotion, marketing, transportation mobility and quality of life activities within NWP CRA:

- CRA contributed approximately $60,000 to the “Light up Sistrunk” holiday
- CRA contributed $25,000 for the “Midtown Summerfest”
- CRA contributed $28,000 for the “Artwalk”
- CRA contributed $150,066 for the Sun Trolley service.

In addition, CRA entered into marketing, branding and a public relations service agreement with The Mosaic Group on November 4, 2014 for the total amount of $247,500.

Criteria

Section 163.387 (6) of Florida Statutes states that “moneys in the redevelopment trust fund may be expended from time to time for undertakings of a community redevelopment agenc

Recommendation:

The CRA Executive Director should review the Community Redevelopment Plan and ensure that proposed CRA funded initiatives are described or outlined in the Plan, or amend the Plan as needed prior to undertaking those new initiatives.

Correction Plan:

Staff agrees with the City Auditor’s conclusion. On March 15, 2016 the Fort Lauderdale Community Redevelopment Agency recommended and the City Commission approved amendments to the Northwest-Progresso-Flagler Heights Community Redevelopment Plan. The amendments included Section 8.D Quality of Life Programs and Promotion of Redevelopment Activities. This section identified that special events, promotions and public displays will assist in business attraction, promoting the District as a place to live, and further promoting the area as a redevelopment district with opportunity for private investment.

Current Status:

NWCRA Plan modified and restated as of March 15, 2016.

Mosaic Services totaling $247,500 was put on hold from October 1, 2016 - Current. Will update commission review/decision in March 2017.

Operational Audit of the City of Fort Lauderdale CRA - Finding 1

Issue No:	329			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Responsible Person 2	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	Budget Dep			
Anticipated Date of Completion	01/31/2017			
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 1			

Issue / Observation

Condition
Central Beach CRA TIF funds, in excess of $80,000 annually since FY 2012, are being used to pay for the 4th of July fireworks display, supplanting previous funding from general government funds.

Criteria
Florida Statutes, Section 163.370 Powers; counties and municipalities; community redevelopment agencies - states:
(3) The following projects may not be paid for or financed by increment revenues:
(c) General government operating expenses unrelated to the planning and carrying out of a community redevelopment plan.

Cause
Based upon the discussion with the City Attorney in May of 2010, CRA staff determined that it is possible to fund the fireworks event from the CRA budget, provided that the event is within the CRA area and the CRA Board makes a finding that the event will meet the goals and objectives of the CRA. This discussion did not take under consideration section 163.370 (3)(c) of the Florida Statute shown above.
Impact

Improper spending of TIF revenue lea

Recommendation:

The CRA Executive Director should put appropriate controls in place to prevent TIF funds from being used for general government expenditures. In addition, the funds should be returned to the CRA by the City.

Correction Plan:

Staff agrees with the City Auditor's conclusion. Funding for the July 4th fireworks was not included in the FY 2017 CRA budget. The City's General Fund will reimburse the CRA Trust Fund no later than December 31, 2016.

Current Status:

Funding for the July 4th fireworks was not included in the FISCAL YEAR 2017 CRA budget. Currently pending reimbursement to the CRA trust fund.

Operational Audit of the City of Fort Lauderdale CRA - Finding 5

Issue No:	330			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Responsible Person 2	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	3/31/2017			
Anticipated Date of Completion	03/31/2017			
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 5			

Issue / Observation

Condition

The City's promotional campaigns and marketing activities in the Central Beach CRA are not described or outlined in the Central Beach Community Redevelopment Plan, adopted in 1989.

For example, in the 2013 -2014 Annual Report of the Fort Lauderdale CRA, the events listed below are not in the Plan of 1989, which is adhered to today.

- CRA contributed $71,776 toward the Beach Business Improvement District's (BID) annual holiday lighting.
- CRA contributed $40,500 to co-sponsor "The Great American Beach Party" on Memorial Day weekend.
- CRA contributed $82,500 to co-sponsor with City's Park & Recreation the annual 4th of July Fireworks.

Criteria

Section 163.387 (6) of Florida Statutes states that "moneys in the redevelopment trust fund may be expended from time to time for undertakings of a community redevelopment agency as described in the community redevelopment plan for the following purposes, including, but not limited to:

(a) Administrative and overhead expenses

Recommendation:

The CRA Executive Director should work in conjunction with the CRA Board to amend the Central Beach Community Redevelopment Plan to include language describing or outlining the "Quality of Life Programs and Promotion of Redevelopment Activities.

Correction Plan:

Staff does not agree with the City Auditor's conclusion that special event funding is not a permissible activity in the Beach Community Redevelopment Plan. At the November 9, 2010 joint meeting of the CRA Board of Commissioners/Beach Redevelopment Advisory Board (BRAB) the question was raised about special events and whether the Beach CRA could fund them. The City Attorney opined that provided that findings of fact are made that expenditures will stimulate redevelopment in the core area, improve circulation, create or enhance the visual or physical image, the event is permissible. As a result, the CRA Board of Commissioners instructed staff to set aside a percentage of the CRA budget each year for events.

Family-friendly special events advances the Redevelopment Goal of providing for a mix of land uses that will foster family activity and recreation in the Central Beach area, and provides opportunities for the expansion of tourist-related facilities and activities. These events also meet the Redevelopment Objective of enhancing the resort image of Fort Lauderdale Beach as a place for tourists and conference groups, and also making Fort Lauderdale Beach an integral part of the City for use by local residents.

Staff presented applications for funding for Holiday Lighting, the July 4th Fireworks and the Great American Beach Party. Each request included a finding of how the event complied with the Redevelopment Plan.

Current Status:

Beach CRA staff believes the plan allows the Beach CRA to contribute to promotional campaigns and marketing activities as indicated above. However, to clarify, the Beach CRA plan is being amended.

Operational Audit of the City of Fort Lauderdale CRA - Finding 9

Issue No:	331			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 9			

Issue / Observation

Condition
Two change orders for the NWP project, Sistrunk Boulevard Streetscape and Enhancement, did not get CRA Board approval, although both were approved by the City Commission.

Criteria
The By-laws of the Fort Lauderdale CRA Article 4.1, Execution of Instruments, states that "legal instruments of the CRA shall be executed by the Chair and the Executive Director …" Furthermore, Article 4.3 Purchasing Procedures, states, "In the absence of CRA procurement policies, the CRA adopts the purchasing procedures of the City…"
The Fort Lauderdale Code of Ordinances, Sec. 2-127 – Approval of change orders and task orders, provides the City Manager the authority to approve change orders under $25,000, but further states, "change orders and task orders and amendments to change orders and task orders over a cumulative amount of twenty-five thousand dollars ($25,000) shall be subject to city commission approval.

Recommendation:

The CRA Executive Director should direct that staff review and adhere to policies and procedures to ensure compliance with CRA By-Laws and City Ordinances.

Correction Plan:

Staff agrees that omitting review and approval by the CRA Board of Commissioners for change orders could lead to improper charges and cost overruns.

The Community Redevelopment Agency hired a Financial Administrator in February 2015 and a NWPF CRA Manager in November 2015. They are required to monitor CRA use of funds, change orders, Commission Agenda Memo's, budget transfers, budget amendments and all fund movement within the CRA. Internal controls have been established to ensure the CRA Board of Commissioners review and approve expenditures of CRA funds.

Additionally, Management will seek a legal opinion as to whether or not contracts for capital and goods/services should be in the name of the CRA and/or the City.

Current Status:

Implemented internal controls:
CRA Chart Purchase Under $5,000 – Implemented Internal Controls
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls
CRA Internal Manual – Implemented Internal Controls
CRA Purchase Request Form – Implemented Internal Controls
CRA Travel/Training Form – Implemented Internal Controls
CRA Travel/Training Procedures – Implemented Internal Controls
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls

Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Operational Audit of the City of Fort Lauderdale CRA - Finding 10

Issue No:	332			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Responsible Person 2	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 10			

Issue / Observation

Condition
CRA staff is not approving payments for construction related expenditures on projects being managed through Public Works. In addition, the CRA does not keep, nor do they seek access to, construction related documents such as contracts and purchase orders for construction projects, to which the CRA is a contributing funder.

Criteria
The CRA By-Laws, Article 5.7, states:
“All funds of the CRA shall be used only for purposes permitted by applicable law. Funds shall be distributed only at the direction or with the approval of the Board of Commissioners pursuant to an adopted budget and with appropriate requisitions approved in writing by the Executive Director or the Executive Director’s designee.

Recommendation:

The CRA Executive Director needs to establish a protocol between the CRA and other City departments, in which requests for payments are approved by CRA staff.

In addition, the CRA should maintain files containing final contracts, purchase orders, change orders, insurance certificates, notices to proceed and other pertinent contract information.

Correction Plan:

Staff agrees that CRA staff must be involved in payment processing of all CRA funded transactions. In the Beach CRA, the Beach CRA Design Manager manages all Beach CRA CIP projects including reviewing design, schedules, budgets, invoices and pay applications. Additionally, the CRA Board of Commissioners completed its process of separating the CRA from being part of any other City Department. CRA staff are now included on all payment requests and reviews the support documentation for sufficiency.

However, the master construction file should be maintained by the project manager from the appropriate City Department. At a minimum, the CRA project file will contain the financial information, insurance certificates and notice-to-proceed documents for all CRA funded projects.

Additionally, management will seek a legal opinion as to whether or not contracts for capital and goods/services should be in the name of the CRA and/or the City.

Current Status:

CRA Chart Purchase Under $5,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Internal Manual – Implemented Internal Controls (Issue 299, 300, 302)
CRA Purchase Request Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Procedures – Implemented Internal Controls (Issue 299, 300, 302)
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls (Issue 299, 300, 302)
Finding 1 & 2 CAM #16-0337/Exhibit Resolution Reorganization/CAM #16-0359.
Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Operational Audit of the City of Fort Lauderdale CRA - Observation 1

Issue No:	333			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Observation 1			

Issue / Observation

Condition

NWP has a master property schedule that includes the required information to identify the properties, but this schedule is deficient as follows:

Does not clearly distinguish between properties held for resale/disposal and properties owned by the CRA/City.

Does not show evidence of being reconciled to the general ledger, nor does it in fact reconcile to the general ledger.

Criteria

Under the COSO framework, Control Activities, Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action. And from the points of focus within Principle 12, the applicable points include number:

58. Establishes policies and procedures to support deployment of management's directives;
59. Establishes responsibilities and accountability for executing policies and procedures;
60. Performs in a timely manner;
61. Takes corrective action.
62. Perform using competent personnel

Recommendation:

The CRA Executive Director should require CRA management revise the Real Estate Acquisition, Disposition, and Lease procedure to include accountability over the real estate information and the reconciliation to the City's financial records. In addition, CRA staff needs to work together with Finance Department staff to reconcile the historical records.

Correction Plan:

Staff agrees with the City Auditor's observation. The procedure has been updated and reflects that the CRA Management will prepare the reconciliation and transmit it to the Finance Director for final review and approval.

Current Status:

CRA Chart Purchase Under $5,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Internal Manual – Implemented Internal Controls (Issue 299, 300, 302)
CRA Purchase Request Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Procedures – Implemented Internal Controls (Issue 299, 300, 302)
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls (Issue 299, 300, 302)
Finding 1 & 2 CAM #16-0337/Exhibit Resolution Reorganization/CAM #16-0359.
Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Operational Audit of the City of Fort Lauderdale CRA - Observation 2

Issue No:	334			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Observation 2			

Issue / Observation

Condition
NWP did not effectively manage its programs, including incentives, grants, and contributions appropriated for the NWP businesses and homeowners.

AUDITOR NOTE: CAO selected three programs from the “Adopted Community Investment Plan – fiscal year 2013-2017 through 2016-2020” for Fund 347 (NWP CRA). As of June 30, 2016, the Business Incentive Programs (P10150) and General Façade Programs (P10665) have accumulated unspent fund balance of $2,245,468 and $1,291,288, respectively.
Furthermore, from the appropriations totaling $3,982,835, for Business Incentive Programs and General Façade Programs, NWP CRA has distributed only 7.76% and 16.61% respectively, to the eligible businesses within the CRA.

Recommendation:

1. The CRA Executive Director should require management to evaluate the programs and to adjust the level of funding annually to reduce or eliminate the unspent fund balances at year end.
2. The CRA Executive Director should require management to aggressively advertise and promote all programs so that eligible businesses and homeowners could take advantage of what the programs have to offer.
3. The CRA Executive Director should require management to simplify the application process and standardize the eligibility requirements and/or conduct training to assist potential applicants in submitting viable applications.

Correction Plan:

Staff agrees with the City Auditor's observation. Additional CRA staff has been hired to help process the incentive requests and the application has been revised.

In an effort to establish a greater focus on the desired results necessary for the NWPF CRA, staff further believes that revisions are necessary to the NWPF CRA Advisory Board Ordinance. These revisions should be more in line with the mission and vision of the CRA.

The types of revisions recommended are as follows:

- The size of the NWPF Advisory Board should be reduced (current board has 15 members). The size should be no more than nine members.
- Change in the current NWPF Advisory Board Ordinance to align their current roles and responsibilities to the Commission's desired role.
- The make-up of the Advisory Board was based on (in part) a certain number of residents from each area of the CRA (Flagler, Progresso and Sistrunk). The Advisory Board should be more knowledge and skill based and should be reserved for individuals who can provide the greatest level of assistance related to redevelopment. Since we will be analyzing incentive project requests, staff proposes the following Advisory Board composition:

1. A member with a financial background to analyze financial statements and project projections.
2. A member with General Contractor or Architect License.
3. An Attorney
4. A member from the Civic Association Board member from Flagler Heights Civic Association.
5. Two members from member from Progress

Current Status:

CRA Implemented an incentive tracking spreadsheet as an internal tracking mechanism to monitor funds. Form attached for reference.

CRA Chart Purchase Under $5,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Chart Purchase Over $5,000 under $25,000 – Implemented Internal Controls (Issue 299, 300, 302)
CRA Internal Manual – Implemented Internal Controls (Issue 299, 300, 302)
CRA Purchase Request Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Form – Implemented Internal Controls (Issue 299, 300, 302)
CRA Travel/Training Procedures – Implemented Internal Controls (Issue 299, 300, 302)
CRA Advisory Board Tracking Sheet - Timelines/Internal Controls (Issue 299, 300, 302)
Finding 1 & 2 CAM #16-0337/Exhibit Resolution Reorganization/CAM #16-0359.
Sent to Audit Department November 8, 2016. Documents Uploaded in May 2016 to ACTS.

Operational Audit of the City of Fort Lauderdale CRA - Observation 3

Issue No:	335			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Responsible Person 2	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	2/21/2017			
Anticipated Date of Completion	04/30/2017			
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Observation 3			

Issue / Observation

Condition
In the past three years the NWP CRA did not meet their established benchmarks as it applies to the disposal of properties.

Criteria
The 2013 5-Year Program “Strategic Objectives, Goals and Measurements” states:
Strategically redevelop all vacant, underutilized sites to be compatible with the overall vision of the CRA.
Agency goal – Dispose of 20% of city-owned and CRA owned properties within the NWP CRA each year.
Measure – success to be measured by the number of properties disposed of with CRA Board or City Commission approval.

Cause
There was a lack of monitoring, measurement, and corrective action of the aforementioned goal.

Impact
Holding onto property without a plan for timely redevelopment is not in furtherance of the NWP CRA goals of fostering economic development. Additionally, TIF revenue for the CRA is lost as long as the property stays off the tax roll.

Recommendation:

The CRA Executive Director should require CRA management to develop an action plan to assure benchmarks are being met.

Correction Plan:

Staff agrees with the City Auditor's opinion that holding onto property without a plan for timely redevelopment is not a goal of the CRA. As a result, staff believes that the best way to ensure that the properties are on the tax role is via a competitive process. The competitive process should require that all respondents to the Request for Proposal (RFP) to present a project that would be consistent with the vision of the CRA and is the highest and best use for the property.

In order to ensure success, the CRA will need to secure City-owned lots (that are within the NWPF CRA) and establish a process that would be consistent with the goals of redevelopment and the CRA Plan. Staff has completed the appraisals on the City-owned lots that are within the NWPF CRA and will schedule an item for City Commission discussion in November or December 2016. At that time, staff will request that certain City-owned lots be donated to the CRA, in furtherance of redevelopment.

Lastly, staff has begun visioning discussions with the CRA Advisory Board. The discussions are centered on the types of industries and businesses to attract to the CRA and the best locations in the CRA for those businesses. Through these discussions, staff will develop a marketing plan that will address our planned use for each CRA-owned and City-owned lot and identify the types of businesses and developers which to target our marketing.

Current Status:

The CRA is in the final stages of the process to acquire the city-owned residential lots that are within the CRA. The City Commission Public Hearing is scheduled for February 21, 2017.

From there the CRA will present a process of disposing of the lots, using request for proposals (RFP) or invitation to bid (ITB).

We anticipate the RFP's will begin being published for the development community in April 2017.

Operational Audit of the City of Fort Lauderdale CRA - Finding 11

Issue No:	336			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Responsible Person 2	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 11			

Issue / Observation

Condition
The CAO noted from 2012 through June 2016, five projects in our sample have accumulated unspent fund balance totaling $41,770,583 without the projects being completed within the required three-year timeframe.

AUDITOR NOTE: CAO selected five capital projects from the "Adopted Community Investment Plan – fiscal year 2013 through 2016" for Fund 346 (Beach CRA). As such, the New Aquatic Center (P10948) and SR A1A Streetscape Improvements Westside (P11681) have accumulated $24,030,608 and $6,511,971, respectively, of unspent fund balances without either completing the projects or un-appropriating and re-appropriating the funds annually as recommended by the Florida League of Cities.

Recommendation:

The CRA Executive Director should require management to focus their efforts to complete the planned beach projects on time. In addition, the CRA Board should consider requesting an extension to complete the projects with available TIF funds or un-appropriate and re-appropriate the funds at the end of each year to their respective projects.

Correction Plan:

Staff agrees with this recommendation. With the FY2017 Budget, the CRA began the procedure of re-appropriating unspent project balances. Management has made the completion of CRA projects a high priority and will ensure that appropriate resources are dedicated to these projects.

Current Status:

Monthly CIP updated spreadsheet attached. Implemented as part of CRA Project tracking.

Operational Audit of the City of Fort Lauderdale CRA - Finding 12

Issue No:	337			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Responsible Person 2	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	Finance			
Anticipated Date of Completion	03/31/2017			
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 12			

Issue / Observation

Condition
Expenditures are being incurred on behalf of the CRA by the City that do not show evidence of having been approved separately by the CRA Board. In addition, they lack execution by CRA management, or of the authority for the execution of the instruments having been delegated by resolution to another person in accordance with the By-Laws of the Fort Lauderdale CRA. Some examples of non-compliance contracts include, but are not limited to:
- East Coast Mulch Corp.
- Prototype, Inc.
- Toilet Taxi Corp.

Recommendation:

The CRA Executive Director should require CRA management to work more closely with the City Attorney's Office and the Procurement Office in reviewing legal documents to ascertain that they are being executed by the proper governing bodies with appropriate documentation.

AUDITOR NOTE:
The City Attorney's Office and the Procurement Office are currently looking into using an interlocal agreement between the City and the CRA to address this issue.

Correction Plan:

Staff agrees with the City Auditor's observation. In order to establish clear authority and delegation of authority, the Finance Department will prepare a Resolution by March 31, 2017 for the CRA Board of Commissioners establishing delegation of authority and execution of instruments and documents, in accordance with the By-Laws of the Fort Lauderdale CRA, to be approved by the CRA Board.

Current Status:

- East Coast Mulch Corp. - Parks and Rec. index code used.
- Prototype, Inc. - City Manager to sign off as annual CRA expense totals approximately $3,203.00
- Toilet Taxi Corp. - Services were suspended on 08.12.2016. All invoices billed after 08.12.2016 were rejected by the CRA Department. an e-mail was sent to Jamilla Prince (AP Supervisor) on 9.20.2016 notifying the department of rejected invoices and status of vendor.

Operational Audit of the City of Fort Lauderdale CRA - Observation 4

Issue No:	338			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	martinv	Vanessa Martin	Business Manager	Community Redevelopment Agency
Responsible Person 2	jbrown	Jonathan Brown	Manager, NPF-CRA & Housing & Community Dev Div	Community Redevelopment Agency
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Community Redevelopment Agency			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Observation 4			

Issue / Observation

Condition
For all three areas of the CRA, there is no formal process in place to verify that the property tax roll information is accurate.

Criteria
Under the COSO framework, Control Activities, Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action: And from the Points of Focus within Principle 12, the applicable points include number:
58. Establishes policies and procedures to support deployment of management's directives
59. Establishes responsibility and accountability for executing policies and procedures

Cause
The City and the CRA rely upon the Broward County Property Appraiser "BCPA" for providing accurate CRA tax roll information. The City is responsible for verifying the accuracy of the information.

Recommendation:

The CRA Executive Director should require the establishment of policies and procedures for the verification of changes to CRA tax rolls. The City Manager should require the Budget Office to receive verified information from CRA staff before finalizing form DR-420 (Tax Increment Adjustment Worksheet).

Correction Plan:

Staff agrees with the City Auditor's observation. The CRA is in the process of securing an agreement with a consultant that will complete an annual review of the tax roll for each CRA District.

Current Status:

Harry C. Newstreet & Associates will provide tax roll services to North West Progresso CRA and Beach CRA, totaling $3,500 for each.

Per Procurement Appraisal Services:
Land surveys, land appraisals, abstracts of title and title searches. Land surveys, land appraisals, abstracts of title and title searches may be purchased without bid and may be made on a rotation basis between at least three (3) reliable sources, subject to the provisions of Florida's Consultant's Competitive Negotiation Act and section 2-194 of this Code.

Finance

Report #09/10-05 Follow-up review of the audit of the Procurement Services Department Finding #5

Issue No:	195			
Date of Finding:	08/25/2010			
Est. Completion Date:	12/15/2016			
		Name	Title	Department
Responsible Person 1	aharrison	Ashley Harrison	Management Analyst	Finance
Responsible Person 2	jalverez	Jennifer Alvarez	Procurement Manager	Finance
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone				
Anticipated Date of Completion	12/15/2016			
Final Date of Completion	12/15/2016			
Department:	Finance			
Audit Initiator	Commission Audit			
Title:	Report #09/10-05 Follow-up review of the audit of the Procurement Services Department Finding #5			

Issue / Observation

The City Auditor's Office (CAO) determined the Continuity of Operations Plan (COOP) dated 2/26/07, prepared by All Hands Consulting, has not been tested and has the following limitations:
1. The Operational Capability section, which describes the method by which the department will be able to provide operational capability for essential functions within 12 hours, is still pending.
2. Validation of external communications capabilities at all alternate facilities has not been verified.
3. The COOP kit containing purchase orders, contracts, vendor lists, and other information and documents critical to PSD's ability to function outside of City Hall is stored on site at City Hall.
4. The plan does not include procedures for processing of payments by Accounts Payable (AP) to ensure compliance with Federal Emergency Management Agency (FEMA) requirements for reimbursements in a disaster/emergency situation.

Recommendation:

The City Manager should require the Director of Finance to:
1. Coordinate testing of their portion of the COOP in cooperation with the Fire Department to determine if the plan is viable and executable prior to an actual emergency.
2. Coordinate with the Fire Department to complete the Operational Capability section of the COOP to ensure that critical functions are achievable within 12 hours of plan activation.
3. Coordinate with the Fire Department and develop a policy that would require annual testing of the COOP communications Plan and validate external communications at alternate facilities.
4. Establish a secure site away from City Hall to locate the COOP kit. Coordinate with the Director of the Finance Department to review the purchasing component of the COOP in an attempt to proactively incorporate FEMA reimbursement requirements from an emergency purchasing perspective.

Correction Plan:

Management Concurs: Finance will begin working with both Emergency Management and the Finance Department to coordinate testing and develop a policy to achieve the above recommendations: TIME: on-going
Follow-Up Action – The updated COOP Plan is partially complete. There is an outstanding issue regarding the actual testing of the optional work site that is currently being evaluated.

Current Status: Procurement completed

12/31/14 - Awaiting a final review by the Commission Auditor's Office

6/30/15 - The COOP for the Procurement Division was completed and it is included in the Finance COOP. Procurement is working to secure an alternative work site.

9/30/2015 - The COOP Kit will be kept at the Emergency Operations Center (EOC). Procurement is coordinating with Fire to test the COOP.

12/21/2015 - Procurement working to complete by 6/30/2016.

03/30/2016 - No updates at this time. We will attempt a COOP test before 6/30/2016.

6/8/16 - No updates at this time. We will attempt a COOP test before 6/30/2016

9/30/16 - Working to finalize a date to test the COOP in October.

12/28/16 - This item is closed from the perspective of Procurement Services Division. The Procurement Division supported the Logistics and Administration section during the activation of the Emergency Operation Center for Hurricane Matthew from October 6th - October 8th, 2016. Detailed responses have been attached. Awaiting final consideration from the Commission Auditor's Office.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1

Issue No:	285			
Date of Finding:	10/26/2015			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	lpicciolo	Linda Picciolo	Administrative Assistant I	Finance
Responsible Person 2	aharrison	Ashley Harrison	Management Analyst	Finance
Correction Plan Status:	Partially Implemented	Finding Type:	Deficiency	
Next Milestone	policy			
Anticipated Date of Completion	09/30/2016			
Final Date of Completion				
Department:	Finance			
Audit Initiator	Commission Audit			
Title:	Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 1			

Issue / Observation

Condition:
No written policies or procedures exist for the procurement of temporary services.

Criteria:
Under the COSO framework, Control Activities , Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action. Points of focus:
58. Establishes policies and procedure s to support deployment of management 's directives.
59. Establishes responsibilities and accountability for executing policies and procedures.
60. Performs in a timely manner.
61. Takes corrective action.

Cause:
Written policies or procedures have not been developed for managing temporary services.

Impact:
Lacking effective oversight, DSD took it upon themselves to create their own method of operating, leading to inappropriate position classification and excessive rates of pay.

Recommendation:

The City Auditor's Office (CAO) recommends that the City Manager assign responsibility for the development of policies and procedures applicable to the procurement of temporary services, and training to develop additional awareness for adhering to contract terms.

Correction Plan:

Management agrees with this recommendation. Management believes that outside agency temporary services should be used in very narrow and prescribed circumstances. Management would prefer that the majority of temporary assignments be filled by the use of a City administered temporary assignment. The Finance and Human Resources Departments will collaborate in developing organizational policies to be followed when it is deemed necessary and appropriate to engage an external temporary services provider. The estimated time frame to complete this objective is 90 days.

Current Status:

UPDATE 4/25/2016
Finance and Human Resources will be meeting on this finding within 30 days to collaborate on a process regarding when it is appropriate to procure temporary services, and the process by which to do so.

6/8/16
In process. Human Resources and the Procurement Services Division are currently collaborating on a policy.

9/30/16 - Finance and Human Resources have met and are currently working on drafting a policy.

12/28/16 - A working draft has been completed and will be presented to Community Builder Leadership in the next two weeks.

Operational Audit of the City of Fort Lauderdale CRA - Finding 8

Issue No:	328			
Date of Finding:	10/28/2016			
Est. Completion Date:	12/28/2016			
		Name	Title	Department
Responsible Person 1	aharrison	Ashley Harrison	Management Analyst	Finance
Responsible Person 2	lpicciolo	Linda Picciolo	Administrative Assistant I	Finance
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	12/28/2016			
Department:	Finance			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 8			

Issue / Observation

Condition
A duplicate vendor payment in the amount of $4,970 went undetected.
AUDITOR NOTE:
An audit structured for the identification of duplicate payments was not performed. This finding was the result of reviewing transactions as it applied to another audit procedure.

Criteria
Under the COSO framework, Control Activities, Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action. From the Points of Focus within Principle 12, the relevant points include:
54. Establishes policies and procedures to support deployment of management's objectives
55. Takes corrective action
56. Performs using competent personnel

Recommendation:

The City Manager should require the Finance Department put appropriate controls in place to prevent the duplication of payments.

Correction Plan:

Staff agrees with the City Auditor's observation. The Community Redevelopment Agency hired Financial Personnel in February 2015, to monitor the use of CRA funds. Since that time Financial Personnel have established internal controls to ensure these types of errors will not be approved in the future. Additionally, in November 2015 the CRA hired a new Northwest Progresso Flagler Heights (NWPFF) CRA Manager to oversee the day-to-day operations of that CRA. Furthermore, the City's Finance Department has contacted the vendor to recoup any overpayment for services provided.

Current Status:

1/17/17: The Community Redevelopment Agency hired Financial Personnel in February 2015, to monitor the use of CRA funds. Since that time Financial Personnel have established internal controls to ensure these types of errors will not be approved in the future. Additionally, in November 2015 the CRA hired a new Northwest Progresso Flagler Heights (NWPFF) CRA Manager to oversee the day-to-day operations of that CRA. Furthermore, the City's Finance Department has contacted the vendor to recoup any overpayment for services provided.

Current Status: 1/17/17: The Community Redevelopment Agency hired Financial Personnel in February 2015, to monitor the use of CRA funds. Since that time Financial Personnel have established internal controls to ensure these types of errors will not be approved in the future. Additionally, in November 2015 the CRA hired a new Northwest Progresso Flagler Heights (NWPFF) CRA Manager to oversee the day-to-day operations of that CRA. Furthermore, the City's Finance Department has contacted the vendor to recoup any overpayment for services provided.

Human Resources

Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions

Issue No:	94			
Date of Finding:	12/29/2009			
Est. Completion Date:	08/12/2017			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	completion			
Anticipated Date of Completion	02/28/2017			
Final Date of Completion	02/28/2017			
Department:	Human Resources			
Audit Initiator	Commission Audit			
Title:	Report #09/10-01 Audit of the Human Resources Department Finding 8 - Job Descriptions			

Issue / Observation

Condition:
The City Auditors Office (CAO) found during the examination of employee job descriptions that Human Resources Department (HRD) is not actively reviewing and revising job descriptions to accurately reflect actual job functions. Of the 10 job descriptions reviewed 8 (80%) had not been updated in the past 7 years, moreover 6 out of 10 (60%) had not been updated in more than 18 years. Additionally, CAO found that few job descriptions properly describe the essential functions of the position.

Criteria:
Under the Committee of Sponsoring Organizations (COSO) framework Internal or Control Environment component 1.2 "Commitment to competence" the analysis of required skills and job descriptions are a standard element of the internal control system. Accurate and up to date job descriptions are necessary to provide prospective and existing employees with a correct depiction of their duties and functions. Job descriptions should include those essential functions.

Recommendation:

The City Manager should require the Director of HRD to initiate a project to review job descriptions to assure they accurately reflect the actual position as well as include a correct statement of essential job functions. Additionally, the CAO recommends that the Director of HRD institute a new policy whereby all job descriptions will be reviewed and updated by department directors and recruitment staff before a new personnel requisition is issued.

Correction Plan:

The City has approximately 550 job classifications. Due to staffing restrictions, HRD is not equipped to take on the task of updating all the job descriptions as one project. HRD is currently updating the job descriptions when a requisition for new personnel is received and when a request for reclassification of a position is made. The revisions that are being made include separating the examples of duties into "essential job duties" and "additional job duties". They will also include the physical requirements of the job and working conditions. As time permits, HRD staff will continue to revise the job descriptions as part of an ongoing long-term project.

Current Status:

3/30/2016
The Classification and Compensation Manager has been selected and started January 2016. The Classification and Compensation Manager has started to review classifications.

6/30/2016
The RFP for a Classification and Compensation Study will be awarded pending the August 2016 Commission Meeting. A review of job classifications is still in progress.

12/30/2016
The Classification and Compensation Study was awarded to Segal Waters Consulting. The study will address many classification and compensation updates to include job descriptions. The project has a current timeline that projects completion February 2017.

Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning

Issue No:	95			
Date of Finding:	12/29/2009			
Est. Completion Date:	09/29/2017			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Research			
Anticipated Date of Completion	03/31/2017			
Final Date of Completion	09/30/2017			
Department:	Human Resources			
Audit Initiator	Commission Audit			
Title:	Report #09/10-01 Audit of the Human Resources Department Finding 9 - Succession Planning			

Issue / Observation

Condition:
The City does not actively engage in employee succession planning and mentoring for key functions/positions throughout the City and many such positions lack written policies and detailed procedures. Under the Committee of Sponsoring Organizations (COSO) framework Internal Control Environment component 1.2 "Commitment to Competence", succession planning is a standard element of the internal control environment. It helps to ensure a smooth transition, minimize disruption and mitigate costs resulting from the loss of institutional knowledge when long-term employees leave the organization.

Cause:
Management has not mandated succession planning and the development of standard operating procedures for all departments.

Impact:
Without formal succession planning and mentoring, the City risks decreased efficiency, effectiveness and quality of service delivery as new employees attempt to gain sufficient knowledge to perform the key aspects of their jobs.

Recommendation:

The City Manager should instruct all department directors to develop a comprehensive employee succession/mentoring plan for key functions/positions within their respective departments. Moreover, a significant component of a successful employee succession/mentoring plan is a having a regularly updated set of written policies and procedures for each of these key functions/positions. This recommendation is further emphasized in Finding 1.

Correction Plan:

Succession planning in its truest sense may be difficult to accomplish in the public sector given Personnel Rules, seniority considerations among bargaining units, etc; however, the human resources department (HRD) will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

One of HRD's future initiatives is to develop a comprehensive succession planning program. However other foundational components are required before implementation. To include the development Citywide Values and Competencies aligned with career ladders. Once these components are in place, HRD can develop a robust succession planning program.

Current Status:

HRD will continue to work with City departments on workforce planning and identification of key skills that must be maintained within the department.

12/31/2014
Correction Plan is currently in progress. (mb)

5/15/2015
CAO staff visited the HRD Office on May 13, 2015. HR is not actively involved in succession / mentoring programs.

12/30/2016
One of HRD's initiatives in the coming years is to develop a comprehensive succession planning program. However, other fundamental components are required before implementation to include the development of City-wide values and competencies aligned with career ladders. Once these components are in place HRD can develop a robust succession planning program.

Next Milestone: HR will research alternatives for Succession Planning

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training

Issue No:	100			
Date of Finding:	12/29/2009			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	9/30/2015			
Anticipated Date of Completion	09/30/2015			
Final Date of Completion	01/01/2015			
Department:	Human Resources			
Audit Initiator	Commission Audit			
Title:	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 3 - Training			

Issue / Observation

Condition:
The City Auditors Office's (CAO's) review of the Human Resources Department's (HRD's) efforts to meet stakeholder needs and expectations revealed that they are not proactively seeking input from either internal or external customers to gage user satisfaction with the quality and effectiveness of the services HRD provides. Furthermore, HRD staff is not currently receiving customer service training, which is of paramount importance for a department that primarily exists to provide services to other departments within the government.

Criteria:
Under the Committee of Sponsoring Organizations (COSO) framework Information and Communication component 4.1 "Mechanisms that support information flow inside the organization", internal survey processes and component 4.2 "Mechanisms that support information flow outside the organization", external surveys are a standard element of the internal control system.

Recommendation:

The City Manager should require the Director of HRD to:
1. Develop and conduct an annual survey of job applicants and City employees to inquire about their level of satisfaction with the array of services provided by HRD. The survey results should be analyzed and used as a planning tool to promote and prioritize service delivery improvements.
2. Provide HRD staff with annual customer service training to ensure that staff responds to service requests with a customer focused approach.

Correction Plan:

HRD will explore the possibility of conducting an annual customer service survey. Staff will receive customer service training budget permitting.

Current Status:

6/30/2016
CAO staff met with the HRD Coordinator Keela Davis. HRD training planned for 4th Quarter FY2016.

9/20/2016
HR scheduled 2- 8 hour Customer Service training sessions dedicated to reminding community builders of steps to achieving exceptional customer service.The first of the two trainings took place on 9/12/16. The second training was scheduled for 9/20/2016 but due to competing times with the Class and Comp. presentation this training was canceled. The second training will be rescheduled.

All HR staff directly in contact with neighbors and internal customers are required to attend. In addition to HR staff the training is also offered to other community builders on a first come first serve basis. Approximately 10 HR community builders attended the first training.

12/30/2016
HR has implemented customer service training and recommend closing this comment.

Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3

Issue No:	115			
Date of Finding:	10/15/2010			
Est. Completion Date:	06/30/2017			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	3/30/2017			
Anticipated Date of Completion	06/30/2017			
Final Date of Completion	09/30/2017			
Department:	Human Resources			
Audit Initiator	Commission Audit			
Title:	Report #10/11-01 Audit of Controlled Substances of the Fire Rescue Department Observation 3			

Issue / Observation

Condition
The City Auditors Office (CAO) found that new employee drivers license and driving history requirements, per the policy standard manual (PSM) 6.16.1.1, do not account for the number of citations issued to potential City drivers.

Criteria:
Under the Committee of Sponsoring Organizations (COSO) framework Internal or Control Environment component 1.2 "Commitment to competence", analysis of skills required and job descriptions are fundamental elements of an effective internal control environment.

Recommendation:

The CAO recommends that the City Manager require the Director of Human Resources to revise the PSM regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers as exists with current employee drivers.

Correction Plan:

The Fire-Rescue Department (FRD) checks the status of each firefighters once a year and does a 7 year history for tickets and validity. The state has changed their policy and now charges for ticket history. To adapt to this, the FRD checks twice a year to see if FRD employees posess a current licence (this is at no charge vs. $5 per licence for a 7 year history).

Current Status:

3/30/2016

CAO visited the Fire Department on October 10/8/15. The current background check summary prepared by the Police Department does list out the number of violations and accidents. See attached sample Department of Motor Vehicles (DMV) report.

6/30/2016

HRD has not updated PSM 6.16.1.1. regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers or current employee drivers. The current background check summary is prepared by the Police Department. Currently the report only includes the number of violations and accidents. On hold KBD

12/30/16

Next Milestone: HR will review the current PSM for recommended revisions regarding driver history and licensing requirements to include language regarding the number of traffic citations received/issued to potential City drivers. The cost for more detailed reporting will be absorbed by Fire.

Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9

Issue No:	237			
Date of Finding:	12/29/2009			
Est. Completion Date:	09/29/2017			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	research			
Anticipated Date of Completion	06/30/2017			
Final Date of Completion	09/30/2017			
Department:	Human Resources			
Audit Initiator	Commission Audit			
Title:	Report #09/10-01 Audit of the Human Resources Department Auditor Comment 9			

Issue / Observation

Condition

The City Auditor's Office (CAO) found that Human Resources Department (HRD) does not publish a comprehensive employee handbook. Instead, HRD relies on the combined information contained in the specific union contracts, the policy standard manual (PSM), and the Personnel Rules. These combined documents serve to provide information on many of the topics typically covered in the sample of employee handbooks reviewed by the CAO as well as best practice literature. However, the CAO noted that it was difficult and time consuming to research specific items from among the various sources, which collectively substitute for a traditional employee handbook. This is not a user-friendly method and can leave staff confused and without complete and accurate information.

Criteria

Under the Committee of Sponsoring Organizations (COSO) framework component 4.1 "Mechanisms that support information flow inside the organization" intranet websites and portals,

Recommendation:

The City Manager should require the Director of HRD to:

1. Create and publish an employee handbook and/or
2. Create a matrix by employee type and include hyperlinks on the HRD website that would serve to centralize and guide both union and non-union employees to pertinent information pertaining to the City's various policies and procedures as well as other important employee information.

Correction Plan:

Employee handbooks typically contain various policies, including standards of conduct, such as workplace violence, discrimination, anti harassment, and benefits. While the City does not have one official document entitled "Employee Handbook", the previously described information can be found in the City's Personnel Rules, Policy and Standards Manual, Pay Plan Ordinance and the various collective bargaining agreements. The compilation of such information into one document would require a significant outlay of staff resources. Additionally, because an employee handbook is often the focus of employment related litigation, any compilation or drafting of a citywide employment manual would require the involvement of the City Attorney's office and/or outside counsel for constant review and updating. In light of the above, HRD does not agree with the CAO's recommendation.

REBUTTAL
The CAO feels strongly that employee handbooks are such an important resource as to be almost universal in their use. We are unaware of any organization of our size that fails to have a comprehensive handbook to educate and inform employees of their rights, benefits and obligations. While the production of such a resource may be time consuming and detailed, the benefits to the employees far outweighs the cost to the City.

Current Status:

6/30/2016
The Human Resources Department is currently in the process of creating an Employee Handbook.

12/30/16
Next Milestone: HR will conduct research on best practices for creating an employee handbook.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 5

Issue No:	294			
Date of Finding:	10/26/2015			
Est. Completion Date:	09/29/2017			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	training			
Anticipated Date of Completion	03/31/2017			
Final Date of Completion	06/30/2017			
Department:	Human Resources			
Audit Initiator	Commission Audit			

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 5

Issue / Observation: DSD's agenda item, CAM 15-1040 dated August 18, 2015 (See Exhibit C), seeking ratification of the overspending and increased budget for additional temporary staffing provided misleading information regarding the reasons for the overspending.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require senior management to:

Memorandum No: 15-25 Page 7

• Ensure that accurate and complete information is provided to the City Commission.
• Hold staff accountable for misrepresentation and perpetuation of problems.
http://lauderapp/ACTS/Issue_Detail.aspx?ID=294#•Conduct ethics training to focus on adherence to the City's core values
• Work to change the culture to promote "results with integrity".

Correction Plan: Management agrees with this recommendation. Human Resources (HR) has been tasked with developing ethics training for all City employees commencing this fiscal year with a one-time mandatory training session and continuing in the future as part of annual compliance training sessions; the training will include a discussion of transparency in information dissemination. However, it should be noted that the CAM approval process is a collaborative process, which includes many different levels of review. This particular CAM had not been fully reviewed by all necessary parties. Upon review it was determined that additional critical information was missing. The CAM was pulled from the review process prior to being submitted to the Commission. Additionally, it was DSD and Procurement staff which initially identified the potential overspending issue, and brought it to management's attention. The projected time frame from commencement to completion of the one-time mandatory training of employees is the first 120 to 180 days of 2016.

Current Status: UPDATED 4/20/16

12/30/2016
Human Resources is developing the curriculum for the Ethics Training and will begin rolling it out by 2nd Quarter FY2017.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 1

Issue No:	298			
Date of Finding:	10/26/2015			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	adorsett	Averill Dorsett	Director of Human Resources	Human Resources
Responsible Person 2	kdavis	Keela Black Davis	Administrative Assistant II	Human Resources
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	RFP			
Anticipated Date of Completion	05/31/2016			
Final Date of Completion	09/30/2016			
Department:	Human Resources			
Audit Initiator	Commission Audit			

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 1

Issue / Observation

The official position classification system is being undermined by DSD through the use of "working titles".

Recommendation:

The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to utilize approved titles only. If the creation of a new position is deemed necessary after a desk audit by Human Resources, an ordinance change establishing the position must be enacted.

Correction Plan:

Management agrees with this recommendation. The use of working titles is being minimized to the extent possible across the City organization, and is no longer used by DSD. Additionally, a selection has recently been made for the vacant Classification and Compensation Manager in the Human R sources Department. One of the first priorities for this new manager is to facilitate the process for the hiring of a professional firm to conduct a comprehensive classification study of job titles, job responsibilities and classifications throughout the organization. This study will assist in identifying and aligning job titles to work being performed.

Current Status:

UPDATED 6/30/2016
The Request For Proposal for a Classification and Compensation Study will be awarded pending the August 2016 Commission Meeting. A review of job classifications is still in progress.

12/30/2016
The Classification and Compensation Study was awarded to Segal Waters Consulting. The study will address many classification and compensation updates to include a review of job classifications. The project has a current timeline that projects completion February 2017.

Information Services

Report #07/08-4 Cyborg Payroll System 2.4

Issue No:	57			
Date of Finding:	04/16/2008			
Est. Completion Date:	09/30/2014			
		Name	Title	Department
Responsible Person 1	kkeimel	Kevin Keimel	Manager of Distributed Systems	Information Services
Responsible Person 2				
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	Hire CISO			
Anticipated Date of Completion	06/30/2014			
Final Date of Completion	06/30/2014			
Department:	Information Services			
Audit Initiator	Commission Audit			
Title:	Report #07/08-4 Cyborg Payroll System 2.4			

Issue / Observation

Security profiles or changes to system parameters in an audit log and there is no established policy to periodically monitor super user activity for unauthorized transactions. The Information Technology Services (IT) Department has not been proactive in establishing effective procedures to monitor the Cyborg payroll program for unauthorized activity. The financial consequences of unauthorized changes to the payroll program could be substantial. Audit logs included with software should be enabled and periodically reviewed by the IT Director for unusual/unauthorized activity.

Recommendation:

The City Manager should require the IT Director to enable the audit log capability and generate a monthly report sorted by major department (IT, Finance and Human Resources (HR)). A written procedure and monitoring plan should be established to require the Finance Director, Human Resources Director and the IT Director to review the report for unusual changes. Particular emphasis should be placed on those users with enhanced access privileges such as the Payroll Supervisor, System Administrator or Personnel Records Specialist.

Correction Plan:

The security audit log is not a feature that is available in the current version of the Cyborg software. However, IT will be upgrading to a newer version (scheduled within the next 60 days) and that logging capability exists in that version. These records should be chosen as part of the In/Out report design mentioned earlier in Finding 1.1 regarding the "Is/Was" report. And IT will investigate generating reports that will allow closer monitoring of activity for those users that have the ability to make payroll changes. For example, on a periodic basis the IT Director ought to receive a report that would note any changes done by ITS personnel so that I can monitor for appropriateness. And we should also create a report so that the Human Resources and Finance Director can monitor their staffs. These reports may have to be generated by the vendor.

Current Status:

Sum Total Source Code Access – A built-in Hewlett-Packard Unix (HPUX) utility will be configured to monitor file system changes. The Security Analysts will review the policy around the configuration and monitoring of this tool.

SumTotal - All audit findings will be remediated by September 30, 2016.

Parks and Recreation

Operational Audit of the Cemetery System - Finding 1

Issue No:	305			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/14/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Evaluation			
Anticipated Date of Completion	01/13/2017			
Final Date of Completion	01/13/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the Cemetery System - Finding 1			

Issue / Observation

Condition
At the end of the first five-year term contract, Carriage did not complete the contractual capital improvement work. For example, Carriage did not have the roads resurfaced and paved during the first five-year contract term at agreed upon locations.

Criteria
Part IV. Section (02) of City's RFP (Solicitation 785-9854) requires certain capital improvements be completed within the term of contract. The capital improvements include resurfacing of roads at Lauderdale Memorial Park and Sunset Gardens. Carriage's proposal in response to the City's RFP (Tab 3) accepted this requirement.

Cause
The causes include the following:
• The amount of money that Carriage budgeted for roads paving and/or resurfacing was not adequate. For example, Carriage budgeted only $75,000 and $20,000 for road resurfacing at Lauderdale Memorial and Sunset Garden, respectively.
• The expenditure of some capital projects have exceeded budget or been reallocated:
• For example, Carriage budge

Recommendation:

The City Manager should require that the Parks Department perform a complete contractor performance evaluation in connection with the contract renewal and/or contract extension. In addition, the City Manager should require that the Parks Department bring all contract amendments back to the City Commission for approval.

Correction Plan:

Management concurs with the finding and recommendation.

Management agrees that the fact a contract extension was granted even though Carriage did not complete the contractual capital improvement work during the first five-year term. On October 2, 2012, the City Commission (CAM #12-2068) approved a five-year contract extension and first amendment to contract with Carriage Services for Cemetery Management Services.
The City and Carriage Services agreed to the five year contract extension and the Capital Improvement Plan during the extension period. The amended Capital Improvement Plan for the original contract term was not brought to the Commission prior to October 2012 and the work being completed.

The Department will bring all future proposed changes to the contract to the Cemetery Board of Trustees for recommendation and then to City Commission for approval.

The Cemetery Liaison will develop and perform a complete contractor performance evaluation in connection with future contract renewal and/or contract extension. Estimated date of implementation is September 1, 2016.

Current Status:

The Cemetery Liaison has developed and performed a complete contractor performance evaluation. Parks Management conducted a customer satisfaction survey in order to assess the performance and effectiveness of the contractor. Results of the survey are tied into performance benchmarks in the evaluation.

12/30/2016
The evaluation has been forwarded to management for review and approval.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 2

Issue No:	306			
Date of Finding:	06/29/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Implemented		Finding Type: Deficiency	
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2016			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 2			

Issue / Observation

Condition

The contract extension was approved even though Carriage did not pave the roads at Sunset Garden or at Lauderdale Memorial during the first five-year contract term, as agreed upon.

Criteria

Part IV. Section (02) of City's RFP (Solicitation 785-9854) requires certain capital improvements be completed within the term of contract. The capital improvements include resurfacing of roads at Lauderdale Memorial Park and Sunset Gardens.
Part III. Section (09) (b) of the City's RFP states the followings:
The right to exercise this extension is dependent upon;
(a) the Contractor being in compliance with all terms and conditions of the Agreement,
(b) the Contractor timely completing the capital improvement plan, and
(c) the City and Contractor agreeing upon a new five-year capital improvement plan.
The Carriage proposal in response to the City's RFP (Tab 3) accepted this requirement.

Cause

The Cemetery Board deviated from the original agreement and approved the reduc

Recommendation:

The City Manager should require that the Parks Department report all proposed changes to the contract and associated costs of those changes to the City Manager's Office, especially as they relate to capital projects, and seek Commission approval for said changes. In addition, the Parks Department should perform an overall evaluation of the contractor's performance prior to awarding additional extensions.

Correction Plan:

Management concurs with the finding and recommendation. As in Finding #1, Carriage Services did not complete the capital improvements as proposed by the City Commission in the initial term of the contract.

Current Status:

On October 2, 2012, the City Commission (CAM #12-2068) approved a five-year contract extension and first amendment to contract with Carriage Funeral Services, Inc. for Cemetery Management Services. The City and CFS agreed to the Compensation and Capital Improvement Plan for the five (5) year period ending September 30, 2018 and the Amended Capital Improvement Plan for the five-year period ending September 30, 2013.

As in Finding #1, the contract extension was approved even though Carriage did not pave the roads at Sunset Garden or at Lauderdale Memorial during the first five-year contract term, as agreed upon.

The Parks Department will report all proposed changes to the contract and associated costs of those changes to the City Manager's Office, especially as they relate to capital projects, and seek Commission approval for said changes.

As noted in Finding #1, the Parks Department is in the process of developing and performing an overall evaluation of the contractor's performance prior to awarding additional extensions. An SOP will also be created to ensure compliance with the stated terms of the contract.

For future reference, Carriage Services is not eligible for any additional extensions as the contract expires in 2018. A new RFP for Cemetery Management Services will be solicited in September 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 3

Issue No:	308			
Date of Finding:	06/29/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2016			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 3			

Issue / Observation

Condition

Carriage did not seek the City's approval for the appointment of a former City employee as the Managing Partner for Carriage.

Criteria

Part III (Section 13) of the Contract states that "It is the intention of the City that the Contractor's personnel proposed for the contract will be available for the initial contract term. In the event the Contractor wishes to substitute personnel, he shall propose personnel of equal or higher qualifications and all replacement personnel are subject to City approval. In the event substitute personnel are not satisfactory to the City and the matter cannot be resolved to the satisfaction of the City, the City reserves the right to cancel the Contract for cause."

Cause

Contract provisions are not being adhered to.

Impact

A lack of approval from the City may indicate the existence of a conflict of interest or appearance of a conflict of interest.

Recommendation:

The City Manager should require that all City employees, as well as respective vendors, adhere to the provisions of the contract.

Correction Plan:

Management concurs with the finding and recommendation. City was aware of the appointment and did not object, but agrees the formal process was not followed and the Contractor did not propose and City approve the appointment as outlined in the contract. The Parks and Recreation Department has already taken steps to improve compliance regarding this contract provision. In March 2015, Carriage obtained the City's approval for the successor to the Managing Partner position.

Current Status:

On March 13, 2015, the City approved the appointment of a new Managing Partner. The appointment of the Cemetery Operations Manager was also approved. A copy of the letter is attached for your reference.

PER REQUEST FOR PROPOSAL (RFP) - SUBSTITUTION OF PERSONNEL:
It is the intention of the City that the Contractor's personnel proposed for the contract will be available for the initial contract term. In the event the Contractor wishes to substitute personnel, he shall propose personnel of equal or higher qualifications and all replacement personnel are subject to City approval. In the event substitute personnel are not satisfactory to the City and the matter cannot be resolved to the satisfaction of the City, the City reserves the right to cancel the Contract for cause. See Section 5.09 General Conditions.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 4

Issue No:	309			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/14/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Report			
Anticipated Date of Completion	12/14/2016			
Final Date of Completion	12/14/2016			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 4			

Issue / Observation

Condition

The Finance Department did not properly account for the total revenues and expenditures of the Trust Fund in accordance with generally accepted accounting principles (GAAP). The management fees to Carriage were netted against the revenue due to the City from the sale of plots, crypts, niches, internments, entombments, inurnments, and merchandise.
In addition, Carriage failed to remit to the Trust Fund 19% of the revenue from finance charges and from sales of second rights and double depth plots.

Auditor’s Note:

For example, Carriage contributes 19% of net sales of each lot or plot and mausoleum crypt to the Trust Fund. The net sale here does not include revenue from finance charges and sales of second rights or double depth. Based on the City Auditor's Office (CAO) understanding of City Ordinance – Section 10-47, 19% should come from gross sales, including revenue from finance charges and sales of second rights and double depth.

Criteria
(1). For income determin

Recommendation:

The City Manager should require the Finance Department to review applicable accounting standards and to account for all the money Carriage collected for the sales of plots, crypts, niches, internments, entombments, inurnments, merchandise, as well as amounts paid to Carriage for all services rendered by the company. Those revenues and expenditures should be included in the Comprehensive Annual Financial Report (CAFR).

The City Manager should require the Finance and Parks Departments to obtain accounts receivable information from Carriage in order to provide effective monitoring of the collections and related contribution to the Trust Fund.

In addition, the Finance and Parks Departments should work with Carriage to recover the amount not collected for the Trust Fund since the renewal of the last contract. The Parks Department should enhance its monitoring procedure to ensure that the Trust Fund receives all the money required under Section 10-47 of the City’s Code of Ordinances.

Correction Plan:

Management concurs with the finding and recommendation related to the City receiving revenue from finance charges and obtaining accounts receivable information from Carriage.

(1) “Carriage failed to remit to the Trust Fund 19% of the revenue from finance charges and from sales of second rights and double depth plots.”
Staff will work with Carriage Services to ensure that the City received 19% on all revenue. Estimated date of implementation is December 1, 2016.

(2) “The City Manager should require the Finance and Parks Departments to obtain accounts receivable information from Carriage in order to provide effective monitoring of the collections and related contribution to the Trust Fund.”
The Parks and Recreation Department will work with the Finance Department to obtain accounts receivable information from Carriage Services in order to provide effective monitoring of the collections and related contribution to the Trust Fund. Estimated date of implementation is August 30, 2016.

Current Status:

Based on research and conversations with the finance staff at Carriage, the Finance and Parks Departments have determined the following:

The City does not receive any of the finance charges that Carriage collects upfront from the customer. Per the Municipal Cemetery System Rules and Regulations, Section 10.2, “Those percentages stipulated in the City Code of Ordinances shall be set aside at the time of sale…..and placed in a fund known as the City of Fort Lauderdale Cemetery System Perpetual Care Trust.” From this we can assume that the authors intended for the City to be paid in full (19%) at the time of sale.

The amount of the principle paid by customers each month is indeterminable. It was confirmed by Carriage that Gross Receipts are not available in the monthly reports provided by Carriage. Carriage advised that they are not able to provide the City with a breakdown on principal and interest on each payment. Therefore, the City does not receive 19% of the principal paid to Carriage each month.

As of 1/17/2017, the Parks Department met with the Finance Department, the CAO and the Assistant City Attorney on the best course of action to take regarding this matter. It was decided that a conference call will take place with City Staff aforementioned and Carriage Services to discuss the City's position on this finding.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 2

Issue No:	310			
Date of Finding:	06/29/2016			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion				
Final Date of Completion	09/30/2016			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 2			

Issue / Observation

Condition

The Finance Department in conjunction with the Parks Department did not consistently process the receipts from Carriage in a timely manner.

Criteria

Under the COSO framework, Control Activities, Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action. And from the points of focus within Principle 12, the applicable points include number:
58. Establishes policies and procedures to support deployment of management's directives;
59. Establishes responsibilities and accountability for executing policies and procedures;
60. Performs in a timely manner;
61. Takes corrective action

Cause

• The Parks Department does not monitor receipts that go to the General Fund.
• The Parks Department was responsible for processing the receipts in a timely manner, but failed to do so.
• The Bank Reconciliation process did not resolve the pending items / unrecorded miscellaneous rece

Recommendation:

The City Manager should require that the Parks and Finance Departments work together to develop a process to record receipts from Carriage in a timely manner.

Auditor Note: An observation of recent receipt processing indicated that it was performed timely.

Correction Plan:

Management concurs with the recommendation. The Parks and Recreation Department will work with the Finance Department to ensure that receipts from Carriage Services are processed and recorded in a timely manner.

Current Status:

Finance is in compliance.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 5

Issue No:	311			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/14/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion	12/14/2016			
Final Date of Completion	12/14/2016			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 5			

Issue / Observation

Condition

The three observations below were noted:
• The annual evaluations report for FY 2013 and FY 2014 did not include any details and did not document any findings and areas for improvement.
• The Cemetery Liaison did not schedule and conduct contractor performance evaluations prior to FY 2013.
• The contractor's performance evaluation was not performed prior to the next five-year term contract, entered in FY 2012.

Criteria

Part III Special Conditions (Section 21 & 22) of the RFP state that the City will designate a Contactor Coordinator who will schedule and conduct contractor performance evaluations and document findings.
The Contract Coordinator will develop a Contractor performance evaluation report. This report will be used to periodically review and rate the Contractor's performance under the Contract with performance rating as follows:
• Excellent – Far exceeds requirements
• Good – Exceeds requirements
• Fair – Just meets requirements
• Poor – Does not mee

Recommendation:

The City Manager should require that the Parks Department establish detailed criteria and evaluation guidelines to conduct an annual Contractor's performance evaluation.

Correction Plan:

Management concurs with the finding and recommendation. The Cemetery Liaison will develop and conduct an annual Contractor's performance evaluation report using the performance rating as aforementioned. Estimated date of implementation is September 30, 2016.

Current Status:

The Cemetery Liaison has developed and completed a Contractor's performance evaluation using the performance rating under the contract terms.

The evaluation was approved by Parks Department management and the City Auditor's Office and is attached for reference.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 3

Issue No:	312			
Date of Finding:	06/29/2016			
Est. Completion Date:	03/01/2017			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	CAM			
Anticipated Date of Completion	12/14/2016			
Final Date of Completion	03/01/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 3			

Issue / Observation

Condition

The cemetery ground maintenance could be improved and the cemetery appearance could be enhanced.

Criteria

Under the COSO framework, Monitoring Activities, Principle 17: The organization evaluates and communicates internal control deficiencies in the a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate. And from the Points of Focus within Principle 17, the applicable points include number: 85. Assesses results; 86. Communicates deficiencies; 87. Monitors corrective actions.

Cause

The current agreement provides Carriage with a maintenance reimbursement to the extent of revenue from interest and dividends of the Trust Fund. Therefore, the available funding may not be adequate to pay for all the maintenance needed to keep the system up to the level expected.

Recommendation:

The City Manager should require the Parks Department work in conjunction with Carriage and monitor Carriage to ensure improvement in cemetery ground maintenance. Furthermore, the City Manager should direct the Parks Department to undertake beautification projects to enhance the appearance of the Cemeteries.

Correction Plan:

Management concurs in principle with the finding and recommendation.
Section 10.7 of the City's Cemeteries Rules and Regulations (page 23) requires net income from the perpetual care trust be expended as approved by the Cemetery Board of Trustees. The section states that "the Board of Trustees is granted full power and authority to determine upon what property, for what purpose, and in what manner the income from the trust shall be expended. The Cemetery Board of Trustees exercise sole judgment for the care, reconstruction, repair and maintenance of all or any portion of the Cemetery System grounds."

Recent beautification projects include new fencing at Lauderdale Memorial Park in 2015 and the resurfacing of roads at Sunset Memorial Gardens and Lauderdale Memorial Park in 2013 and 2014, respectively.

The Cemetery Board of Trustees has approved future irrigation upgrades at both Lauderdale Memorial Park and Sunset Memorial Gardens via Trust Fund money and subject to approval by the City Commission. The Parks and Recreation Department will continue to work in conjunction with Carriage Services and Cemetery Board of Trustees to enhance the appearance of the cemeteries. Estimated date of implementation is March 1, 2017.

Current Status:

The Parks and Recreation Department is working closely with Carriage Services on a daily basis to cure any deficiencies area of maintenance.

In addition, the Cemetery Liaison is working with Procurement for irrigation upgrades utilizing the Job Order Contract. We are in discussions with The Gordian Group (vendor) regarding specifications and pricing.

Consequently, a purchasing Commission Agenda Memo will be authored and sent to the City Commission for approval of the irrigation upgrades at Lauderdale Memorial Park Cemetery and Sunset Memorial Gardens Cemetery in February or March 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 6

Issue No:	313			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/14/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Agenda			
Anticipated Date of Completion	03/01/2017			
Final Date of Completion	03/01/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 6			

Issue / Observation

Condition
CAO noted two large sales of more than six grave spaces to an individual or an entity. Two of thirty contracts were signed with the purchase of six grave sites or more. One purchaser paid for twelve grave spaces utilizing a City resident discount, and another paid the full price for ten graves spaces.

Criteria
Sec. 6-2. Of City's Cemetery Rules & Regulations (page 16) states that "an individual or entity may purchase no more than six (6) internment rights and internment services".

Cause
Carriage is not following the City's Cemetery Rules and Regulations.

Impact
By not enforcing the purchase limit rules, the plots could be sold out sooner than anticipated. In addition, residents and entities of Fort Lauderdale could purchase plots at a 25% discount and possibly resell them at a higher amount.

Recommendation:

The City Manager should require that the Parks Department monitor the sales contracts to ensure that Carriage adheres to the City's Cemetery Rules and Regulations and put in place a system of accountability to prevent the sale of more than six plots in the future.

Correction Plan: Management concurs with the finding and recommendation.

Under Section II of the City's Cemetery Rules and Regulation, Private Family Estates are defined as a multi-space structure, either wholly or partially aboveground, located in designated areas only, and used solely for the entombment of the owner and others designated by the owner. Private Family Estates enable the City to have the ability to market the cemeteries as premiere properties since these estate sites are offered at other competitor cemeteries. A contract for the sale of a private family estate is subject to approval by the Cemetery Board of Trustees.

Due to Private Family Estates not being defined by ordinance, staff will propose an amendment of the Rules and Regulations, exempting Private Family Estates from Sec. 6-2. The proposed amendment to the Rules and Regulations will be brought before the Cemetery Board of Trustees and the City Commission for approval. Estimated date of implementation is October 1, 2016.

Additionally, the Cemetery Liaison will continue to conduct a monthly audit of all sales contracts to ensure that Carriage adheres to the City's Cemetery Rules and Regulations.

Current Status: This finding may be discussed at the Joint Workshop with the Cemetery Board of Trustees on January 24, 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7

Issue No:	314			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/31/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	Workshop			
Anticipated Date of Completion	01/31/2017			
Final Date of Completion	01/31/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 7			

Issue / Observation

Condition
The Cemetery Board improperly determined that 19% of the total amount received from the sale of each lot or plot, crypts, and niches belongs to the corpus of the Trust Fund.
Note: The Trust Fund has built up to more than $25 million.

Criteria

(1): Code of Ordinance Sec. 10-47. Municipal Cemetery System Fund.
(a) Perpetual care trust. There shall be a perpetual care trust comprised of the following income sources and authorized expenditures:
(1) Income. There shall be set aside and deposited in the perpetual care trust:
a. Nineteen (19) percent of the total amount received from the sale of each lot or plot, columbarium niche and mausoleum crypt; and
b. For each memorial, monument, marker or bench sold or installed or both in the cemetery system, twenty cents ($.20) per square inch of the top surface of bronze markers and the top surface of the base of stone monuments.
(2) Expenditure. The income of the perpetual care trust shall be used only for the following pu

Recommendation:

The City Manager should revise and update the Cemetery Rules and Regulations and related Investment Policy to accurately represent the intent of the City Ordinance or change the City Ordinance to accurately reflect the Rules and Regulations and related Investment Policy.

Auditor Note:

The City Ordinance was adopted in 1986, amended and updated in 2004. The Rules and Regulations and Investment Policy were adopted in 1990, amended and updated in 2004.

Correction Plan:

Management concurs in principle with the finding and recommendation. Staff will bring the investment policy and the Cemetery Rules and Regulations to Cemetery Board of Trustees for further discussion and determine the need to accurately define the corpus consistently throughout all documents. Management will proceed with bringing this issue to the City Commission as a conference item. Estimated date of implementation is December 31, 2016.

Current Status: Staff will follow the direction of the City Manager on the best course of action. Staff may discuss with the City Manager at the Joint Workshop with the Cemetery Board of Trustees on January 24, 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 8

Issue No:	316			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/31/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Progress			
Anticipated Date of Completion	02/28/2017			
Final Date of Completion	02/28/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 8			

Issue / Observation

Condition

Florida Statutes and the Cemetery System's Investment Policy require internal control procedures for the Trust Fund. Neither the Finance nor the Parks Departments were able to provide the internal control procedures for the CAO's review.

Criteria

Section 218.415 (13) of Florida Statutes states: "Internal Controls. – The investment policy shall provide for a system of internal controls and operational procedures. The unit of local government's officials responsible for making investment decisions or chief financial officer shall establish a system of internal controls which shall be in writing and made a part of the governmental entity's operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, and misrepresentation by

Recommendation:

The City Manager should require that the Finance Department establish a system of internal controls and related procedures for the Trust Fund as stated in Florida Statue 218.415; Subsection 13, and the Cemetery Perpetual Care Trust Fund Investment Policies; Section XII, Internal Controls; Subsection A.

Correction Plan:

Management concurs with the finding and recommendation.
The Finance Department will develop a system of internal controls and related procedures for the Trust Fund. Estimated date of implementation is December 31, 2016.

Current Status:

12/31/16
The Parks and Recreation Department is in the process of developing standard operating procedures and related training manuals for the continuity of operations of the Cemetery System.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 9

Issue No:	317			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/01/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Policy			
Anticipated Date of Completion	02/28/2017			
Final Date of Completion	02/28/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 9			

Issue / Observation

Condition

In regard to SOPs and training, the CAO noted the following:
1. The Parks Department has not established SOPs for effective and consistent monitoring of contracts between the City and Carriage.
2. The Cemetery Liaison does not have the required eight hours of investment training.
3. The members of the Cemetery Board have not received investment training for the purpose of overseeing public fund investments.

Criteria

Section 218.415 (14) of Florida Statutes requires continuing education for government officials and states “The investment policy shall provide for the continuing education of the unit of local government’s officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.”

Section XIII. of the Investment Policy of the Perpetual Care Trust Fund– Municipal Cemetery System requires that “any

Recommendation:

The City Manager should require that the Parks Department develop SOPs and related training manuals for the operation of the Cemetery System. In addition, the Cemetery Liaison and Cemetery Board members must receive the required eight (8) hours of public fund investment training related to investment practices and products.

Correction Plan:

Management concurs with the finding and recommendation.
The Parks and Recreation Department will develop standard operating procedures and related training manuals for the continuity of operations of the Cemetery System. Estimated date of implementation is December 1, 2016.
As stated in the Investment Policy, the Cemetery Board of Trustees is designated as trustor of the Perpetual Care Trust Fund and is responsible for administering the investment program. The Cemetery Board of Trustees should consider training in public fund investments. Estimated date of implementation is December 1, 2016.

Current Status:

The Parks and Recreation Department is in the process of developing standard operating procedures and related training manuals for the continuity of operations of the Cemetery System.

The Cemetery Liaison and Cemetery Board members will receive the required eight (8) hours of public fund investment training related to investment practices and products. The Cemetery Liaison will advise the Cemetery Board of Trustees of opportunities for public fund investment training when the list of classes become available in early 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 4

Issue No:	318			
Date of Finding:	06/29/2016			
Est. Completion Date:	01/31/2017			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	Workshop			
Anticipated Date of Completion	01/31/2017			
Final Date of Completion	01/31/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Observation 4			

Issue / Observation

Condition

Regarding a long term study of the adequacy of the Trust Fund for perpetual maintenance and of the Trust Fund's investment strategy, we noted the following:

• The Trust Fund balance for the period ending 9/30/2014 is approximate $25 million, which seems excessive considering the lack of maintenance and the visual appearance of the cemeteries. The current repair and maintenance costs are approximately $500,000 annually and there is no analysis to review the appropriate level of the corpus.

• SunTrust's quarterly investment statement does not describe the investment styles of the funds in the portfolio.

• The Trust Fund investment portfolio managed by SunTrust underperformed vs. policy benchmarks, blended benchmarks or S&P 500 in every period and in each category from year-to-date or from inception-to-date for the period ending June 30, 2015.

• The City has not conducted a study to evaluate the adequacy of the Trust Fund.

• The Parks Department has not conducted a study

Recommendation:

The City Manager should consider hiring an independent consultant with knowledge of cemetery operations to conduct a study for the best long-term course of action concerning the management of the Trust Fund and the desired level of funds needed to provide for perpetual care.

The City Manager and Parks Department should request that SunTrust provide full descriptions for each investment in their quarterly portfolio presentation.

Finally, the City Manager should consider retaining an independent consultant to conduct a review of the current investment strategy. More specifically, the review should compare the current active strategy with a passive investment strategy to determine whether a passive investment strategy with lower fees can better meet the goals and objectives of the Trust Fund.

Auditor Note: A Request for Proposal (RFP) was issued for a comprehensive cemetery master plan; however it has been placed on hold at the direction of the Cemetery Board of Trustees.

Correction Plan:

Management concurs with the recommendation and will proceed as directed by the City Manager. Staff will place this item on the Cemetery Board of Trustees agenda for further consideration. Estimated date of implementation is September 30, 2016.

Current Status:

A Joint Workshop with the City Commission and the Cemetery System Board of Trustees will be held on Tuesday, January 24, 2017, to discuss hiring an independent consultant to conduct a study on the adequacy of the Trust Fund.

SunTrust provided full descriptions for each investment at the November 10, 2016 meeting of the Cemetery Board of Trustees and will continue from this point forward at each bi-monthly meeting. A copy is attached for your reference.

A Joint Workshop was held on December 14, 2016 to discuss the active vs. passive management investment policy with the Cemetery Board of Trustees. The Other Post Employee Benefits Trust (OPEB), General Employees' Retirement System (GERS), and Police and Firefighters Retirement System (PFRS) were also in attendance. The City Commission decided to defer the discussion until more information could be obtained from industry experts.

The Cemetery Master Plan will also be a topic for discussion at the Joint Workshop on January 24, 2017.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10

Issue No:	319			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/31/2017			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	RFP			
Anticipated Date of Completion	09/08/2017			
Final Date of Completion	12/31/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 10			

Issue / Observation

Condition

The RFP and contract for cemetery management did not include a requirement for a "Standards for Attestation Engagement (SSAE) 16 Report - Reporting on Controls at a Service Organization".

Criteria

All outsourced functions that delegate the processing of financial information, utilize personally identifiable information or contain healthcare details covered by HIPPA, are required to have an SSAE 16 report.
SSAE 16, SOC 1 - Report on controls at a service organization relevant to a user entity's internal control over financial reporting. A type 1 report focuses on a description of a service organization's system and on the suitability of the design of its controls to achieve the related control objectives included in the description, as of a specified date. A type 2 report contains the same opinions as a type 1 report with the addition of an opinion on the operating effectiveness of the controls to achieve the related control objectives included in the description thr

Recommendation:

The City Manager should amend the current contract to include a requirement for an SSAE 16 - "Reporting on Controls at a Service Organization" SOC 1, type 2 report.

Correction Plan:

Management concurs with the finding and recommendation. The Parks and Recreation Department will address this recommendation in the next RFP for Cemetery Management Services requiring the future contractor to provide the SSAE 16 - "Reporting on Controls at a Service Organization" SOC 1, type 2 report. Estimated date of implementation is December 31, 2017.

Current Status:

The Parks and Recreation Department will address this finding in the next Request For Proposal (RFP) for Cemetery Management Services requiring the future contractor to provide the SSAE 16 - "Reporting on Controls at a Service Organization" SOC 1, type 2 report. The future RFP draft will commence the pre-summer of 2017.

Carriage Services contract expires in 2018.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 11

Issue No:	320			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/01/2016			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	Policy			
Anticipated Date of Completion	12/01/2016			
Final Date of Completion	12/01/2016			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 11			

Issue / Observation

Condition

The Parks Department does not maintain document control of the “Cemetery Interment Rights Purchase/Security Agreement” forms known as the “contract”.
Carriage orders blank contracts from a print shop with sequential document numbers, and then assigns a limited number (normally ten copies at a time) of blank contracts to several of their sales agents. However, there is no inventory of the pre-numbered forms, with a log indicating what numbers are assigned to which salesperson, a record of voided forms, and a list of completed forms to permit a reconciliation and accounting of all contracts.

Criteria

Under the COSO framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and proper form design are fundamental elements of effective internal control.

Cause

The Parks

Recommendation:

The City Manager should require the Parks Department to maintain contracts in proper sequential order, accounting for any missing sequence contract number, and investigate any missing contract documents.

Correction Plan:

Management concurs in principle with the finding and recommendation. The Parks and Recreation Department will develop an SOP where the Cemetery Liaison will conduct periodic spot checks to ensure compliance in addition to reviewing monthly reports. Estimated date of implementation is December 1, 2016.

Current Status: 12/31/16

The Cemetery Liaison is in the process of creating an Standard Of Operations Manual to ensure contract compliance and a method for investigating any missing and/or void contract documents.

It should be noted that contracts are distributed to the sales staff in sequential order. Contracts are tracked and accounted for through a reconciliation of the Contract Control Log and the Cemetery Information Management System. Please see attached for your reference.

Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12

Issue No:	321			
Date of Finding:	06/29/2016			
Est. Completion Date:	12/01/2017			
		Name	Title	Department
Responsible Person 1	sspates	Stacy Spates	Administrative Assistant II	Parks & Recreation
Responsible Person 2	sdaley	Stacey Daley	Administrative Assistant II	Parks & Recreation
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	Proposals			
Anticipated Date of Completion	04/03/2017			
Final Date of Completion	12/01/2017			
Department:	Parks & Recreation			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale Cemetery System - Finding 12			

Issue / Observation

Condition

The Parks Department does not maintain proper plot inventory records.

Criteria

Under the Committee of Sponsoring Organizations (of the Treadway Commission COSO) framework, Control Activities, Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Reconciliations, physical safeguarding and access control, and annual inventories are fundamental elements of effective internal control.

Cause

Some of the causes include:
• The Parks Department has not performed land/plot inventory for many years.
• There seems to be a lack of understanding in the performance of job duties.
• There is a lack of formal training and Standard Operating Procedures (SOPs).
• There is a lack of internal controls over the accountability of plots.

Impact

Without the proper plot inventory count and reconciliation between the inventory on record and physical inventory, the

Recommendation:

The City Manager should require the Parks Department to maintain accurate plot inventory records, including beginning plot inventory, plots available for sale, plots sold during the year, and ending inventory.

Furthermore, the City Manager should consider requiring that the future contract include a provision that digital cemetery map systems be implemented in all city cemeteries.

Correction Plan:

Management concurs with the finding and recommendation. The Parks and Recreation Department shall require the future contract include a provision for digital cemetery map systems. Estimated date of implementation is December 30, 2017.

Current Status:

An inventory of plots, plots available for sale, plots sold during the year and ending inventory are all available in the Cemetery office. However, the Managing Partner is responsible for providing this information to all pertinent parties.

The Cemetery Liaison receives an annual report that shows the number of interments, the burial plot location and the type of interments for all three active cemeteries.

Section 10-28 of the City's Code of Ordinances, requires the Cemetery Manager "to make monthly and annual reports to the Cemetery System Board of Trustees, City Manager, and Director of Finance showing the total number of interments, entombments, and inurnments with other pertinent Information, including a statement of lots, crypts and niches sold and funds received and deposited with the City Treasurer."

The Request For Proposal (RFP) for a future contract will include a provision for digital cemetery map systems. The RFP will be put out to bid the pre-summer of 2017.

Department of Sustainable Development

Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2

Issue No:	108			
Date of Finding:	10/24/2011			
Est. Completion Date:	06/30/2014			
		Name	Title	Department
Responsible Person 1	jearle	Jeremy Earle	Deputy Director of Sustainable Development	Sustainable Development
Responsible Person 2	schess	Sherrilynn Chess	Business Manager	Sustainable Development
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone				
Anticipated Date of Completion	06/30/2014			
Final Date of Completion	06/30/2014			
Department:	Sustainable Development			
Audit Initiator	Commission Audit			
Title:	Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 2			

Issue / Observation

Condition

The City of Fort Lauderdale is not reporting code liens in accordance with generally accepted accounting principles (GAAP), specifically Governmental Accounting Standards Board (GASB) 33.

Auditor Note: The City Auditor's Office (CAO) has communicated the potential financial reporting issue to the external auditor for their consideration.

Criteria

GASB Statement No. 33 establishes accounting and financial reporting standards for imposed nonexchange revenue transactions – governments are required to recognize assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first.

In addition, under the Committee of Sponsoring Organizations (COSO) framework Control Activities component 3.2, "Responses that prevent or detect the risk of intentional or unintentional errors" process flow controls; manual and automated controls over how transactions are initiated.

Recommendation:

The CAO recommends that the City Manager require the following:

1. The Director of the Building Department work in conjunction with the Finance Director to determine the total outstanding code lien receivables owed to the City.
2. The Director of the Building Department develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received.
3. The Director of the Building Department develop a policy for the City Commission's consideration to set the minimum acceptable level for code lien settlements to allow the Finance Department to determine the net collectible receivable to be recorded in the financial statements, in accordance with GASB 33.

Correction Plan:

1) Management concurs. The Director will work with the Finance Department and Information Technology (IT) to enhance the current Community Plus software to provide the ability to determine the total outstanding code liens and fines owed to the City at any given time. If the current software is not capable of such enhancement, a replacement product will be sought.

2) Management concurs. The Director will develop a policy to communicate to the Finance Department when liens are established, the amounts that are accruing, and payments received. The current software enhancement should include the ability to communicate and share this information with Finance. If that is not possible, an alternate software product should be sought as stated above.

3) Management concurs. The Director will develop a policy and will make recommendations to the City Commission for setting minimum acceptable levels for Code lien settlements to allow the Finance Department to determine the net collectible receivable.

Current Status:

UPDATE 6/26/15

Special magistrate determination of lien disposition was approved by City Commission in April and the first hearing will be held on August 13. Collection rate is expected to improve with the adoption of this process, collections agency, and placement of hard costs on property tax roll.

UPDATE 1/7/2016

Anticipated date for Commission approval for new migration effort with Accela is 2/16/2016. Go Live expected to take 12 to 18 month. Code will try to talk with other municipalities on the system about the functionality and constraints of the code enforcement module.

UPDATE 4/7/2016

On March 31, 2016, Code submitted a report of the outstanding fines/lien balance for the cases that can be tracked in Community+. A report showing the interest accruals for hard cost liens is generated through an Access database, which reflects hard costs that were incurred as of October 1, 2015. A follow up meeting will be held when Finance completes the review of the information requested by Code to discuss the receivables to be booked.

UPDATE 6/30/2016

A meeting to discuss and finalize procedures is scheduled.

UPDATE 10/17/2016

Since the Code Compliance Manager position is vacant, DSD has decided to postpone and reschedule the Finance Department meeting, until the position is occupied.

Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3

Issue No:	109			
Date of Finding:	10/24/2011			
Est. Completion Date:	06/30/2014			
		Name	Title	Department
Responsible Person 1	jearle	Jeremy Earle	Deputy Director of Sustainable Development	Sustainable Development
Responsible Person 2	schess	Sherrilynn Chess	Business Manager	Sustainable Development
Correction Plan Status:	Partially Implemented		Finding Type:	Deficiency
Next Milestone	Timelines			
Anticipated Date of Completion	06/30/2014			
Final Date of Completion	06/30/2014			
Department:	Sustainable Development			
Audit Initiator	Commission Audit			
Title:	Report #10/11-06 Audit of the Code Enforcement Lien Process Finding 3			

Issue / Observation

Condition
The current management information system, "Community Plus", does not appear to meet Code Enforcement's needs. For example, a complete listing of all outstanding code liens and their associated values cannot be produced.
See also City Auditor's Office (CAO) Report #07/08-10, "Audit of the Code Enforcement Division", Condition/Cause, "Community Plus has the ability to generate custom reports however, Code Enforcement Division (CED) staff rarely use this functionality due to the lack of practical guidance materials. CED management personnel were given training on how to use Community Plus to generate custom reports but were not provided
with a desk reference manual with step-by-step screenshots."
Auditor Note: The Information Technology Department (IT) provided the CAO with a "Code Enforcement Fine Report" listing all outstanding liens and associated value on 10/3/2011. The report indicated 2,802 outstanding liens, with a fine and lien value of $153,430,449.

Recommendation:

The CAO recommends that the City Manager require the Director of the Building Department to work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements.
Auditor Note: See also CAO Report #07/08-10 p.9, "Audit of the Code Enforcement Division", Management Response, "Generally reports directly available through Community Plus are not sufficient to meet division needs as they lack essential data."

Correction Plan:

Management concurs. The Director will work in cooperation with Finance, Information Technology, and the software service provider to evaluate Code Enforcement's management information needs and implement a system capable of meeting those requirements, including reports with essential data sufficient to meet division needs.

Current Status:

UPDATE 1/7/2016
Anticipated date for Commission approval for new migration effort with Accela is 2/16/2016. Go Live expected to take 12 to 18 month. Code will try to talk with other municipalities on the system about the functionality and constraints of the code enforcement module.

UPDATE 4/7/2016
No change in status. The approval of the contract was postponed. IT is assisting code with scheduling a WebEx review of the code module.

UPDATE 6/30/2016
Information Technology Services and Sustainable Development Department continue to take steps toward a system migration with the Land Management System - Accela.

UPDATE 10/17/2016, 12/31/2016
The project manager for the Land Management System - Accela has been hired with a start date of 10/24/2016.
The project manager's first assignment is to develop project timelines & milestones.

Report #10/11-05 Follow-up Review of the Building Division Finding #3.3

Issue No:	191			
Date of Finding:	09/12/2011			
Est. Completion Date:	01/01/2009			
		Name	Title	Department
Responsible Person 1	battlea	Alfred Battle	Deputy Director	Sustainable Development
Responsible Person 2	schess	Sherrilynn Chess	Business Manager	Sustainable Development
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2015			
Final Date of Completion	01/01/2009			
Department:	Sustainable Development			
Audit Initiator	Commission Audit			
Title:	Report #10/11-05 Follow-up Review of the Building Division Finding #3.3			

Issue / Observation

Before November 2007 the Building Division did not have a structured process in place to consistently follow-up on expired permits. At that time, a new program was implemented to begin issuing 180-day letters to give notice to a contractor or property owner that a permit has expired. Our limited testing revealed that in one of three permits examined, the 180-day notice was not sent as required. Therefore, the City Auditor's Office (CAO) was not able to conclusively determine whether the program is functioning as intended and is meeting the statutory requirements.

Recommendation:

The City Manager should require the Director of the Building Department to develop a written procedure to assure the 180-day letter to give notice about an expired permit is consistently issued in a timely manner.

Correction Plan:

Follow-Up Action – The Building Department provided the CAO with a written Policy dated 1/1/09 entitled "Expired Permits" which outlines that: 1) A courtesy letter is mailed to both the owner and contractor indicating that the permit
with no record of passed inspections for 150 days will expire if the property does not pass
inspection within thirty days. 2) A second letter is mailed to both the owner and contractor indicating that the permit with
no record of passed inspections for 180 days is expired. a. Contractors are red-flagged in Community Plus (new permits cannot be issued until expired/open permits are closed) The CAO judgmentally tested 5 expired permits and noted that none of them were red-flagged in accordance with procedures. Follow-up Audit Recommendation- The City Manager should require the Director of the Building Department to enforce the "Expired Permits" policy with regard to red-flagging expired/open permits.In November of 2007 the Building Division implemented an Expired Permit Program. We will continue to perfect this program so that all Florida Building Code requirements are met and a written procedure will be prepared in 90 days.

Current Status:

12/31/14
Awaiting a final review by the Commission Auditor's Office

UPDATED 8/29/2013:
Building Division created and implemented policy 3-01 "Expired Permits" (see attached policy 3-01)

UPDATED 01/05/2015
The building department developed written procedures to assure the 180-day letter is initiated in a timely manner. moving forward, the document control specialist in the plans room will periodically run weekly reports that will list all open permit applications that have been issued and have had no activity for 150 days.

The contractor and property owner will receive a warning letter within 30 days of the permit's expiration date. It will give detailed instructions as to how to ensure that the permit does not expire and how to properly void the permit if the job has been cancelled.

The document control specialist in the plans room will run weekly reports that will list all open permit applications that have been issued and have had no activity for 180 days. The contractor and property owner will be sent a notice of expiration after the permit expires and the notice will detail the steps necessary to bring an expired permit back to compliance.

UPDATED 6/11/2016
The Sustainable Development Department will follow-up with the Commission Auditor's Office to determine if the finding has been adequately addressed.

UPDATED 09/19/2016
A copy of the policy and procedures for Expired Permits and After the Fact permits have been uploaded for review.

Report #07/08-11 Audit of Building Division Finding #3.3

Issue No:	208			
Date of Finding:	10/15/2008			
Est. Completion Date:	01/01/2009			
		Name	Title	Department
Responsible Person 1	battlea	Alfred Battle	Deputy Director	Sustainable Development
Responsible Person 2	schess	Sherrilynn Chess	Business Manager	Sustainable Development
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone	N/A			
Anticipated Date of Completion	09/30/2015			
Final Date of Completion	01/01/2009			
Department:	Sustainable Development			
Audit Initiator	Commission Audit			
Title:	Report #07/08-11 Audit of Building Division Finding #3.3			

Issue / Observation

Condition

Before November 2007 the Building Division did not have a structured process in place to consistently follow-up on expired permits. At that time, a new program was implemented to begin issuing 180-day letters to give notice to a contractor or property owner that a permit has expired. Our limited testing revealed that in one of three permits examined, the 180-day notice was not sent as required. Therefore, the City Auditor's Office (CAO) was not able to conclusively determine whether the program is functioning as intended and is meeting the statutory requirements.

Criteria

Florida Building Code, Broward County Edition 106.10.3.1 states that permits shall expire and become null and void if work, as defined in Paragraph 106.0.3.6 authorized by such permit is not commenced within 180 days from the date of the permit or if such work when commenced is suspended or abandoned for a period of 90 days.

Cause

The Building Division hasn't developed an effective monitoring procedure

Recommendation:

The City Manager should require the Director of the Building Department to develop a written procedure to assure the 180-day letter to give notice about an expired permit is consistently issued in a timely manner.

Correction Plan:

In November of 2007 the Building Division implemented an Expired Permit Program. We will continue to perfect this program so that all Florida Building Code requirements are met and a written procedure will be prepared in 90 days.

Current Status:

UPDATED 04/11/2016

The Sustainable Development Department (DSD) will follow-up with the Commission Auditor's Office to determine if this policy, as created, is acceptable to satisfy the finding.

UPDATED 07/07/2016

DSD has resent the Building Division Policy 3-01 "Expired Permits" to the City Auditor's Office for review to determine if the finding has been adequately addressed.

UPDATED 10/17/2016, 12/31/16

The Building Division Policy 3-01 "Expired Permits" has been uploaded in the Audit Compliance Tracking System for City Auditor's Office to review to determine if the finding has been adequately addressed.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6

Issue No: 291

Date of Finding: 10/26/2015

Est. Completion Date: 09/30/2016

		Name	Title	Department
Responsible Person 1	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
Responsible Person 2	schess	Sherrilynn Chess	Business Manager	Sustainable Development

Correction Plan Status: Partially Implemented

Finding Type: Deficiency

Next Milestone: hire staff

Anticipated Date of Completion: 09/30/2016

Final Date of Completion: 09/30/2016

Department: Sustainable Development

Audit Initiator: Commission Audit

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 - Ob 6

Issue / Observation: DSD lacked a clearly defined plan, other than the use of temporary staff, to meet increased departmental workloads. Temporary staffing was used for over 2 years, making them in effect an undisclosed permanent component of DSD's employee headcount.

Recommendation: The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to develop a clearly defined level of staffing needed to meet current and projected demands for service.

Correction Plan: Management agrees with this recommendation. Development trends are typically fluid with private investment responding to changing market conditions. These fluctuations can occur throughout the year and vary dramatically from one fiscal year to the next. DSD has responded to the cyclical spikes in permitting activity by requesting and receiving 35 new full-time regular positions in the FY 2015 and FY 2016 adopted budgets. Of these positions, 11 specific to the Building Division were requested and approved as a mid-year budget amendment in 2015 (Exhibit 2) demonstrating a proactive approach for meeting the increased demands for service .

Current Status:

UPDATED 4/11/2016

At this time DSD does not have a response to this finding. We plan to request full-time staff resources in the FY 2017 Budget. It is unreasonable to believe demand for services will continue to grow at rate of development for eternity. It is reasonable to presume the full-time positions approved in FY 2016 and those anticipated in FY 2017 will help define our full-time, part-time and contract staffing needs.

UPDATED 7/7/16

With additional full time employees (FTE) received during FY15 and FY16, the staffing levels at DSD have increased, particularly in Building Services. The new positions in FY16 include 12 new FTEs as a mid-year Budget amendment. Additionally, the wages and salaries for the remaining temporary employees are tied to the salary savings for vacant positions in DSD. As positions are filled temporary employees are replaced.

UPDATED 9/23/16, 12/31/16

The Department of Sustainable Development continues to use temporary employees. The department utilizes two types of temporary employees; contract staff through a private provider for technical positions in the permitting process, including engineering and landscaping. The other type of temporary employee is hired through the city's NeoGov process and assigned to the department on an annual basis, and if funding is available. DSD uses city, temporary employees in limited roles – mainly as support and administrative staff.

Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 4

Issue No:	295			
Date of Finding:	10/26/2015			
Est. Completion Date:	09/30/2016			
		Name	Title	Department
Responsible Person 1	abattle	Alfred Battle	Deputy Director Sustainable Development	Sustainable Development
Responsible Person 2	schess	Sherrilynn Chess	Business Manager	Sustainable Development
Correction Plan Status:	Partially Implemented		Finding Type: Deficiency	
Next Milestone	training			
Anticipated Date of Completion	09/30/2016			
Final Date of Completion	09/30/2016			
Department:	Sustainable Development			
Audit Initiator	Commission Audit			

Title: Review of Temporary Staffing within the Department of Sustainable Development (DSD) #15/16-02 Fin 4

Issue / Observation

DSD used Building Permit funds for purposes other than included as allowable charges to enforce the Florida Building Code in accordance with the Florida Statute 553.80 (7)(a).

Recommendation:

The City Auditor's Office (CAO) recommends that the City Manager require the DSD Director to:

- Train appropriate DSD personnel on the allowable uses of Building Permit funds in accordance with Florida Statute 553.80 (7)(a) and to establish processes that will prevent misuse.
- Reimburse the Building Permit Fund for any improper charges.

Correction Plan:

Management agrees with this recommendation. During the creation of the FY 2016 Budget, DSD management recognized that most of the charges for temporary staffing services for FY 2015 were incorrectly charged to the Building Fund. After finding the error, staff worked with the Budget Office to estimate the anticipated charges and prepared an internal fund transfer to cover the charges that were eligible to be covered by the Building Fund. The expenditure transfer was completed on October 15, 2015 (Exhibit 3). Moving forward, DSD management will be charging the appropriate fund for the related staffing services. Also, as previously mentioned regarding the improvement of internal controls, the Deputy Director assigned to focus on internal operations is tasked to work with the Financial Administrator to implement internal controls, develop administrative policies and procedures, and identify and apply timely corrective actions throughout the department.

Current Status:

UPDATED 4/18/2016

While preparing the FY 2016 Budget, the DSD Financial Administrator recognized that most of the charges for temporary staffing services for FY 2015 were incorrectly charged to the Building Fund. After finding the error, staff worked with the Budget Office to estimate the anticipated charges and prepared an internal fund transfer to cover the charges that were eligible to be covered by the Building Fund. The expenditure transfer was completed on October 15, 2015; a copy of the expenditure transfer document is provided as information. Moving forward, DSD management will be applying this fund transfer practice on a routine basis throughout the fiscal year. DSD management will provide training on the appropriate use of Building Permit funds by the end of FY 2016.

UPDATED 10/7/2016, 12/31/2016

Training has started to educate all DSD internal support staff on allowable uses of Building funds. The training on Building funds will continue until the end of FY16. DSD, Human Resources and Finance departments have addressed how wages and salaries are tracked, as well as, how wages and salaries are attached to vacant positions and salary savings. Each temporary position is associated with a unique position control number that is cross-referenced to a full time employee position control number.

Transportation and Mobility

Operational Audit of the City of Fort Lauderdale CRA - Finding 7

Issue No:	327			
Date of Finding:	10/28/2016			
Est. Completion Date:	09/30/2017			
		Name	Title	Department
Responsible Person 1	dalarcon	Diana Alarcon	Transportation & Mobility Director	Transportation & Mobility
Responsible Person 2	shepherds	Starla Shepherd	Business Manager	Transportation & Mobility
Correction Plan Status:	Implemented		Finding Type:	Deficiency
Next Milestone				
Anticipated Date of Completion				
Final Date of Completion	09/30/2017			
Department:	Transportation & Mobility			
Audit Initiator	Commission Audit			
Title:	Operational Audit of the City of Fort Lauderdale CRA - Finding 7			

Issue / Observation

Condition
The Community Redevelopment Agency (CRA) funds a portion of the operating costs for two routes of the Sun Trolley community bus service; one at the beach and the other that runs through North West Progresso (NWP). Based upon the formula used to apportion monthly costs, the CRA may be overpaying for services that did not benefit the community redevelopment areas.

Criteria
Section 163.340 of Florida Statutes states:
(9) "Community redevelopment" or "redevelopment" means undertakings, activities, or projects of a county, municipality, or community redevelopment agency in a community redevelopment area for the elimination and prevention of the development or spread of slums and blight, or for the reduction or prevention of crime, or for the provision of affordable housing, whether for rent or for sale, to residents of low or moderate income, including the elderly, and may include slum clearance and redevelopment in a community redevelopment area or rehabilitation and revita

Recommendation:

The City Manager should request the Transportation and Mobility Director to have proper verifications in place to assure that the CRA is apportioned only those costs associated with services provided within the boundaries of the CRA. CRA personnel should be included in the invoice approval path for all charges to the CRA. Also, the General Fund should refund overcharges to the CRA.

Correction Plan:

Staff agrees that proper verifications must be submitted as part of the payment process using CRA funds. Transportation and Mobility (TAM) staff will work with the TMA to enhance methods for specifying actual operation hours within the CRA boundary. CRA staff will monitor the billing to ensure the CRA is only reimbursing its eligible portion.

Current Status: Steps that TAM is taking to remedy are as follows:

TMA Executive Director will use geofence technology to quantify the hours within the CRA boundary. This will identify only those hours with the CRA boundary.

CRA Process for Invoice Approvals
1) The grant administrator reviews invoices and supporting documents from Transportation Management Association's bookkeeper.
2) The grant administrator electronically submits the invoice with supporting documents to Community Redevelopment Agency's business manager for signature approval.
3) After receipt of approval from CRA's business manager, the invoice and supporting documents are submitted for final approval to Transportation and Mobility's business manager.
4) After final approval, the invoices and supporting documents are given to TAM's procurement specialist to process payment in Buy Speed system.
5) TAM's procurement specialist sends all invoices to accounts payable for check processing.
6) Accounts payable sends checks to TAM department.
7) TAM provides checks to TMA with signature of receipt.

In order to identify the process to correct this finding the director, business manager and grants coordinator had a discussion with the CRA director and business manager. After identifying the invoice approval process the director of the CRA contacted John Herbst to verify that the new process would satisfy this issue. According to the CRA director, John Herbst approved this procedure.