

Final Audit Follow-Up

As of September 30, 2008



Citywide Disbursements 2007

(Report #0807, Issued March 21, 2008)

Report #0907

January 14, 2009

Summary

City departments have completed all action plan steps developed as the result of our previously issued audit report #0807, *Citywide Disbursements 2007*, covering the period July 1, 2006, through June 30, 2007. In audit report #0807, issued March 21, 2008, we identified areas in eight City departments where improvements should be made to ensure that disbursements are proper, authorized, and in accordance with established laws, rules, and procedures. The eight applicable City departments had a total of 12 action plan steps due for completion. We are pleased to report that those departments have timely completed all 12 action plan steps.

Scope, Objectives, and Methodology

The original audit and this subsequent follow up were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This follow up audit was for the period April 1, 2008, through September 30, 2008.

Report #0807

The scope of report #0807 included a review of City disbursements made during the period July 1, 2006, through June 30, 2007, by all City departments.

The primary objectives of the audit were to determine whether the disbursements of City funds were:

- for authorized and necessary purposes;
- made in accordance with governing laws, rules, policies, and procedures;
- supported by appropriate documentation; and

- properly recorded within the City's financial records.

The audit disclosed that, generally, disbursements were proper, authorized, and made in accordance with established laws, rules, and procedures. However, the audit identified instances where controls were not in place or operating effectively to ensure proper, timely, and efficient disbursement of City funds in accordance with City policies and procedures.

Report #0907

The purpose of this audit follow-up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due through September 30, 2008. This is our first and final follow up on action plan steps identified in audit report #0807. To obtain information, we conducted interviews with key department staff and reviewed relevant documentation.

Background

During the period July 1, 2006, through June 30, 2007, the City disbursed funds totaling approximately \$700 million. For purposes of our initial audit, those disbursements were classified into three areas: (1) general disbursements totaling approximately \$514 million, (2) payroll disbursements totaling approximately \$153 million, and (3) retirement disbursements totaling approximately \$33 million.

Previous Conditions and Current Status

In report #0807, we identified the need for improvements within eight City departments. Twelve action plan steps were developed to address the applicable issues.

As of September 30, 2008, all 12 (100%) of those action plan steps had been completed. Table 1 identifies the action plan steps and describes the current status.

**Table 1
Action Plan Steps from Report #0807
Due as of September 30, 2008, and Current Status**

Action Plan Steps Due as of September 30, 2008	Current Status
Ensure that disbursements are in accordance with governing laws, policies, and procedures	
<i>Fleet</i>	
<ul style="list-style-type: none"> Staff will reconcile periodic payments to the Leon County Tax Collector for license tags and title registrations of City vehicles to the related license tags and registrations received. Those reconciliations will be documented. 	<ul style="list-style-type: none"> √ Fleet administrative staff now reconciles payments to the Leon County Tax Collector for license tags and title registrations of City vehicles to the related license tags and registrations received. Those reconciliation activities are adequately documented.
<i>Human Resources</i>	
<ul style="list-style-type: none"> A memorandum will be prepared and distributed that clarifies the circumstances (if any) in which a part-time employee, temporarily not working an average of 20 hours per week, will be allowed to continue participation in the City’s health insurance program. 	<ul style="list-style-type: none"> √ Human Resources has amended the City personnel policy (i.e., Section 704.07 B.1) to clarify that a regular employee occupying a position that is budgeted for 20 hours or more a week is allowed to participate in the City’s health insurance plan. In response to our audit inquiry on this amended policy, Human Resources management responded that it is expected that a regular employee occupying such a position will work 20 hours weekly; and, that it is expected that management would not enter into any type of agreement with a part-time regular employee allowing that employee to consistently work less than 20 hours weekly and participate in the City’s health insurance plan. This amended policy and management interpretation is reasonable.
<i>Accounting Services</i>	
<ul style="list-style-type: none"> Regular part-time staff participating in the City’s health insurance program will be required to work at least 20 hours per week in accordance with City personnel policy and any clarifying interpretations of that policy as issued by Human Resources. 	<ul style="list-style-type: none"> √ The applicable employee identified in the initial audit resigned from the part-time position in February 2008. The one regular part-time employee currently working in Accounting Services occupies a position that is budgeted for 30 hours weekly and does not participate in the City’s health insurance program. Accordingly, this issue is resolved.
<i>Parks and Recreation</i>	
<ul style="list-style-type: none"> Regular part-time staff participating in the City’s health insurance program will be required to work at least 20 hours per week in accordance with City personnel policy and any clarifying interpretations of that policy as issued by Human Resources. 	<ul style="list-style-type: none"> √ In accordance with the amended (clarified) policy, Parks and Recreation management tracks the time worked by applicable employees occupying regular part-time positions to ensure that they are working on average the minimum of 20 hours weekly.

Retirement	
<ul style="list-style-type: none"> • Staff will continue efforts to review and analyze planned changes to internal policies for the purpose of identifying any unintended effects or inequities when making pension benefit determinations. 	<ul style="list-style-type: none"> √ Management and staff review and analyze changes to internal policies to identify any unintended effects or inequities when making pension benefit determinations. Our current review showed no unintended effects or inequities in revisions made since the prior audit.
<ul style="list-style-type: none"> • Staff will document of record the justification for not retroactively adjusting the pension benefits paid to the 37 retirees whose benefits were based on salaries paid/earned during 36½-month periods. 	<ul style="list-style-type: none"> √ Staff documented the justification for not retroactively adjusting the pension benefits paid to the 37 retirees. That documented justification provides, in part, that the benefit determinations in question had been calculated through consistent application of an approved procedure; and, that efforts to seek reimbursement of amounts paid to date or to change amounts scheduled to be paid may subject the City to the possibility of legal action from those whose benefits might be changed. Furthermore, that justification provides that, as the City followed its procedures consistently and calculated benefits (pursuant to that procedure), its legal justification to adjust the benefits at issue would be questionable. The Office of the Treasurer-Clerk indicated that the City Attorney was consulted on this matter.
Ensure that disbursements are properly recorded	
Utility and Business Customer Services (UBCS)	
<ul style="list-style-type: none"> • Applicable staff will be reminded to correctly and accurately code transactions to appropriate accounts in the City’s financial system. 	<ul style="list-style-type: none"> √ Staff has been reminded to correctly and accurately code transactions to appropriate accounts in the City’s financial system.
Public Works	
<ul style="list-style-type: none"> • Applicable staff will be reminded to correctly and accurately code transactions to appropriate accounts in the City’s financial system. 	<ul style="list-style-type: none"> √ Staff has been reminded to correctly and accurately code transactions to appropriate accounts in the City’s financial system. Additionally, authorization forms for purchases made through the purchase order process and by City Purchase Card were revised to require an additional review for proper coding.
Adequately restrict access to sensitive information	
Fleet	
<ul style="list-style-type: none"> • The cardholder account numbers will be redacted on the identified records. 	<ul style="list-style-type: none"> √ Cardholder account numbers were redacted from the identified purchasing card records stored in EDMS.

<ul style="list-style-type: none"> Applicable staff will be reminded to redact cardholder account numbers from all records before scanning into EDMS. 	<ul style="list-style-type: none"> √ Applicable staff has been reminded to redact cardholder account numbers from all records before scanning the records into EDMS. Recent records showed evidence that those account numbers were properly redacted.
<p>Neighborhood and Community Services (NCS)</p>	
<ul style="list-style-type: none"> The cardholder account numbers will be redacted on the identified records. 	<ul style="list-style-type: none"> √ Cardholder account numbers were redacted from the identified purchasing card records stored in EDMS.
<ul style="list-style-type: none"> Applicable staff will be reminded to redact cardholder account numbers from all records before scanning into EDMS. 	<ul style="list-style-type: none"> √ Applicable staff has been reminded to redact cardholder account numbers from all records before scanning the records into EDMS. Recent records showed evidence that those account numbers were properly redacted.

Table Legend:

- Issue to be addressed from the original audit

- √ Issue addressed and resolved

Conclusion

As noted above in Table 1, all issues have been addressed and resolved.

We appreciate the cooperation and assistance the applicable City departments and offices provided in this audit follow-up.

Appointed Officials Response

City Manager:

We have reviewed the City Auditor’s final follow-up report related to the Citywide Disbursements 2007 Audit and are pleased to see that all action plan steps have been completed. Completion of all steps continues management’s commitment of ensuring that all disbursements are proper, authorized and made in accordance with established laws, rules and procedures. We would like to thank the City Auditor’s staff for their time and effort on this audit.

City Treasurer-Clerk:

The City Treasurer-Clerk appreciates the opportunity afforded by the City Auditor for response and communication throughout the audit process. The City Treasurer-Clerk concurs with the Conclusion that all issues have been addressed and resolved.

Copies of this Audit Follow-Up or audit report #0807 may be obtained from the City Auditor’s web site (<http://talgov.com/auditing/index.cfm>), via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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