

FINAL REPORT



**A Report to the  
Audit and Finance  
Committee**

**Mayor**

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City of Gainesville  
Office of the  
City Auditor

**Interim City Auditor**  
Leonard F. Loria, CPA

Fiscal Year 2019  
Follow-up on Status of  
Previous Audit Recommendations

March 11, 2020

FINAL REPORT

# Fiscal Year 2019 Follow-up on Status of Previous Audit Recommendations

## EXECUTIVE SUMMARY

March 11, 2020



### Why We Issue This Report

This report provides the City Commission with an update on the status of audit recommendations and the progress of management in completing their action plans.

This annual follow-up engagement was included in the City Auditor's approved 2019 Fiscal Year Annual Audit Plan.

## BACKGROUND

The responsibility for corrective follow-up action is that of management and those charged with governance. In accordance with City Commission Resolution 150127, City Auditor Responsibilities and Administrative Procedures, the City Auditor is required to follow-up with management to determine whether appropriate corrective actions have been taken on open recommendations. The City Auditor issues an annual report on the status of the action plans that remain open as shown in the chart below.

The audit process initially includes auditors identifying control weaknesses and making one or more recommendations. Management then proposes one or more action plans for each recommendation. During the follow-up review of action plan implementation, auditors determine if an action plan can be closed based on full implementation, management acceptance of risks, or obsolescence due to a change in the business environment.

## OBJECTIVE

The objective of this report was to present the status of implementation of action plans completed by management during Fiscal Year 2019.

## FISCAL YEAR 2019 RECOMMENDATION IMPLEMENTATION STATUS

Audit Title	Report Date	Department	Action Plans		
			Open	Closed	Remaining
Review of Payroll System	Jan 2014	GG Finance	2	0	2
GPD Property and Evidence Section	Sept 2015	Police	1	0	1
Gainesville Fleet Operations	Jan 2016	Fleet Operation	5	2	3
Vehicle Fuel Process	Nov 2016	Fleet Operation	1	1	0
RTS Farebox and Bus Pass Revenues	Sept 2017	Regional Transit	3	1	2
Building Inspection Division (Investigation)	Oct 2017	Department of Doing	1	1	0
GRU Non-Pension Investments	Nov 2017	GRU Finance	16	0	16
Annexed Property Fee Collection	Aug 2018	Department of Doing	3	2	1
GG and GRU Vendor Master File Audit	Aug 2018	GRU Procurement GG Finance	14	10	4
EO Mandatory Annual Diversity Training	Aug 2018	Equal Opportunity	2	1	1
Independent Combined Communication Center Interlocal Agreement Agreed Upon Procedures	Nov 2018	CCC Executive Board	1	0	1
GG ERP Implementation	Feb 2019	GG Technology	6	3	3
Reichert House Youth Academy – Part A	April 2019	Police	17	0	17
<b>Total: 13</b>			<b>72</b>	<b>21</b>	<b>51</b>

## SCOPE AND METHODOLOGY

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The scope of this follow-up is all open management action plans expected to be implemented during Fiscal year 2019. Expected implementation dates were provided by management either in responses to the original audit reports or revised during subsequent follow-ups. In Fiscal Year 2019, the City Auditor's Office began using our audit management system to track recommendations and management implementation of action plans.

During the engagement, we contacted management process owners and obtained and reviewed documentation submitted by management to verify implementation status.

## OBJECTIVES AND CONCLUSIONS

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### 1. Were management action plans related to open audit recommendations completed?

**Generally no.** This year, 72 outstanding management action plans were expected to be completed. Management provided these action plans for recommendations made in thirteen audits from January 2014 to April 2019. We reviewed information provided by management and agreed that 21 action plans were implemented and closed. There are still 51 open action plans. More information on open recommendations is summarized in the next section. We recommend management continuously work on their action plans and provide prompt status updates throughout the year.

## Summary of Action Plans Not Yet Implemented

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### Review of Payroll System (2014)

Two action plans remain open. Status and evidence are needed to evaluate whether the Gainesville Police Department's (GPD) timekeeping process has been improved to reduce errors and payroll processing time, and whether payroll reports have been designed in the new Enterprise Resource Planning (ERP) system to ensure accurate payroll figures are reported.

### GPD Property and Evidence Section (2015)

One action plan remains open. GPD is in the process of updating their General Orders including Section 84.1 for periodic cash reporting procedures for the Property and Evidence Control section. The revised completion deadline is April 2020.

### Gainesville Fleet Operations (2016)

Two action plans are closed and three remain open. Annual physical inventory guidelines have yet to be updated with instructions on vehicle mileage inspection. A Service Level Agreement between GRU IT and Fleet will be established after the new ERP system is live. Security roles and access privileges in the new system are being designed and will be implemented. The estimated completion date is April 30, 2020.

### RTS Farebox and Bus Pass Revenues (2017)

One action plan is closed and two remain open. Supervisory review of monthly revenue reconciliations will not be started by the General Government Finance Department until the Fiscal Year 2019 financial audit is completed. The Human Resources (HR) department is currently evaluating the overall new hire background process, and the Internal Control Manager is developing a cashier training and certification program to improve control effectiveness.

GRU Non-Pension Investments (2017)

Sixteen action plans remain open. GRU Finance is in the final stages of the implementation of the SAP Treasury module which may help resolve identified issues. Completion dates are extended to September 30, 2020.

Annexed Property Fee Collection (2018)

Two recommendations are closed, and one action plan remains open. The accounting task of verifying revenue from annexed properties will not be started by the General Government Finance Department until the Fiscal Year 2019 financial audit is completed.

Vendor Master File (2018)

There were eight action plans for General Government, of which six are closed and two remain open. One open action plan is to ensure accurate vendor information is transferred into the new enterprise resource planning system. The second open action plan is HR's enforcement of employee annual disclosure of outside business activities per City policy. The new enterprise resource planning system is expected to include this feature, and the completion date is extended to end of Fiscal Year 2020.

There were six action plans for GRU, of which four are closed and two remain open. Reporting features in SAP to enhance controls for employee conflict of interest detection and new vendor monitoring have not been implemented due to the lack of resources.

Equal Opportunity Mandatory Annual Diversity Training (2018)

One action plan is closed and one remains open. The Office of Equal Opportunity has taken measures to evaluate training effectiveness. A formal procedure for diversity training is still underway while the office is restructuring and reviewing mandatory compliance training classes.

Independent Combined Communication Center Agreed Upon Procedures (2018)

One action plan remains open. An update is needed on whether the recommendations in the letter to the Executive Board of the Combined Communication Center have been discussed.

General Government ERP Implementation (2019)

Three action plans are closed and three remain open. Evidence for an integrated project management plan to address critical areas such as cost control, change control, and quality management has not been provided. General Government's Department of Technology is hiring a new director to establish a standard process for future project funding requests. The Charter Officers met on January 6, 2020 and discussed the development of a Citywide IT governance structure and agreed that the Charters would work together toward achieving that goal.

Reichert House Youth Academy – Part A (2019)

Seventeen action plans remain open. The City Manager's Office wants to provide comprehensive responses after Part B of the Reichert House Youth Academy audit is received and reviewed. The City Auditor's Office expects to present Part B to the Audit and Finance Committee in April 2020.

## **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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This engagement is classified as non-audit services by the City Auditor's Office and does not constitute an audit conducted in accordance with generally accepted government auditing standards. Independence of assigned auditors is assessed by audit management during the planning of this engagement.

## **ENGAGEMENT TEAM**

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Leonard F. Loria, CPA, Interim City Auditor

Qian Yuan, CIA, CISA, Senior Auditor

Eileen Marzak, CPA, CFE, Quality Control Auditor