

AUDIT COMMITTEE

City Auditor Quarterly Update

March 18, 2024

Agenda Item 2024-253A

GAINESVILLE CITY COMMISSION

Harvey Ward, Mayor
Ed Book
Cynthia Chestnut, Mayor Pro Tem
Desmon Duncan-Walker
Bryan Eastman
Reina Saco
Casey Willits

AUDIT COMMITTEE MEMBERS

Harvey Ward, Mayor
Desmon Duncan-Walker, Mayor Pro Tem
Harold Monk, CPA, CFE (Appointed)

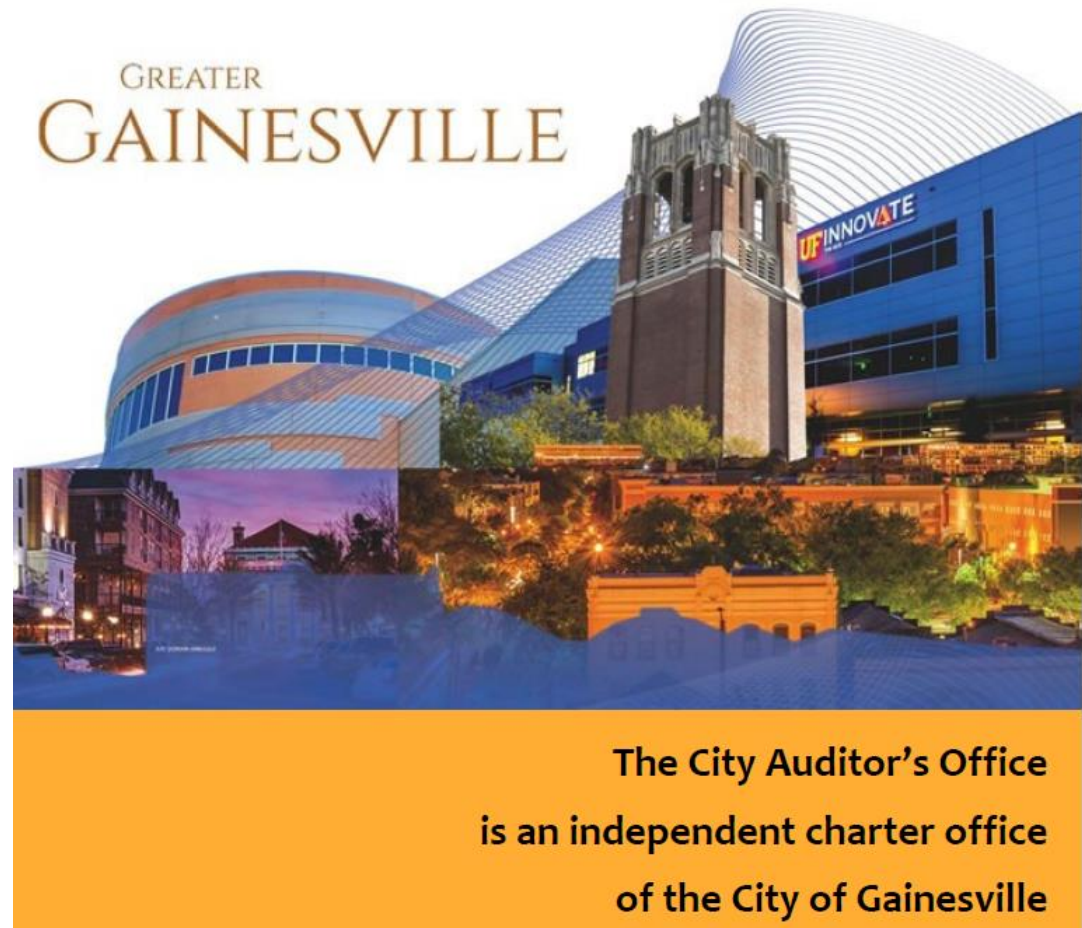




TABLE OF CONTENTS

■ Internal Audit Team	p. 3
■ Recently Completed Projects	p. 4
■ Work in Progress	p. 7
■ Periodic Monitoring	p. 13
■ Culture Corner	p. 15
■ Audit Issue Follow-Up	p. 18
■ Fraud Hotline and Investigations	p. 25
■ External Audits	p. 27
■ Wrap-Up	p. 29

INTERNAL AUDIT TEAM

STEPHEN MHERE, CIA, CISA, MBA, MS, CITY AUDITOR

BRECKA ANDERSON, CIA, CFE, ASSISTANT CITY AUDITOR

LISA SIEDZIK, CISA, IT AUDIT MANAGER

DIANA FERGUSON-SATTERTHWAITE, FCCA, CIA, INTERNAL AUDIT MANAGER

PETER DEMARIS, INTERNAL AUDITOR

MEAYKI BATIE, AUDIT COORDINATOR





RECENTLY COMPLETED PROJECTS



Recently Completed Projects

Continuous Auditing Program – Part III

- **Objective:** To establish a program for continuous auditing of Citywide purchasing card transactions, travel expense reimbursement policy and activity, and certain payroll transactions to reduce the City's risk of fraud, waste, and abuse.

The Continuous Monitoring Program was split into three parts. Part III of the audit covered General Government payroll data and transactions from January 1, 2023, through December 31, 2023, and included a review for fraud, waste, and abuse.

- **Status:** Completed

Recently Completed Projects (Cont.)

Citywide Fleet Management Processes – General Government

- **Objective:** Review policies, procedures, and internal controls around the City's fleet management programs to ensure efficiency of operations and appropriate risk management.
- **Status:** Completed



WORK IN PROGRESS



Internal Audit Work in Progress

IT Risk Assessment *(confidential pursuant to Florida Statutes Section 119.0725(2))*

- **Objective:** To identify the IT audit risk universe and perform a risk assessment of IT related areas for the City of Gainesville for audit planning.
- **Status:** Underway
This engagement is confidential and exempt from public record.



Internal Audit Work in Progress (Cont.)

IT RISK ASSESSMENT APPROACH GENERAL GOVERNMENT

- Phased Approach
 - **Phase I** – Identify and understand the enterprise strategy including organization, budget, data flow, risk and controls
 - **Phase II** – Develop the IT audit universe including processes, organizational structure, policies and procedures, services, infrastructure and applications
 - **Phase III** – Risk Assess the IT audit universe to include risk scenarios and risk factors. The audit universe comprises thirty three security domains and over 300 applications and peripherals
 - **Phase IV** – Develop and validate the audit plan based on risk prioritization of processes and applications

Outcome – Inclusion in the Audit Plan to be presented in June 2024

Internal Audit Work in Progress (Cont.)

Review of Governance, Compliance and Internal Controls around Business Tax Processes

- **Objective:** The objective of this audit is to assess governance, compliance and internal controls around General Government business tax processes.
- **Status:** Planning

A review of governance, compliance and internal controls around business tax processes is included in the 2023-2024 Audit Plan to help ensure that the City is effectively collecting local business taxes as set forth in City of Gainesville Code of Ordinances Chapter 25, Article III. We also hope this review will also raise the public's awareness of the City's business tax requirements and processes.

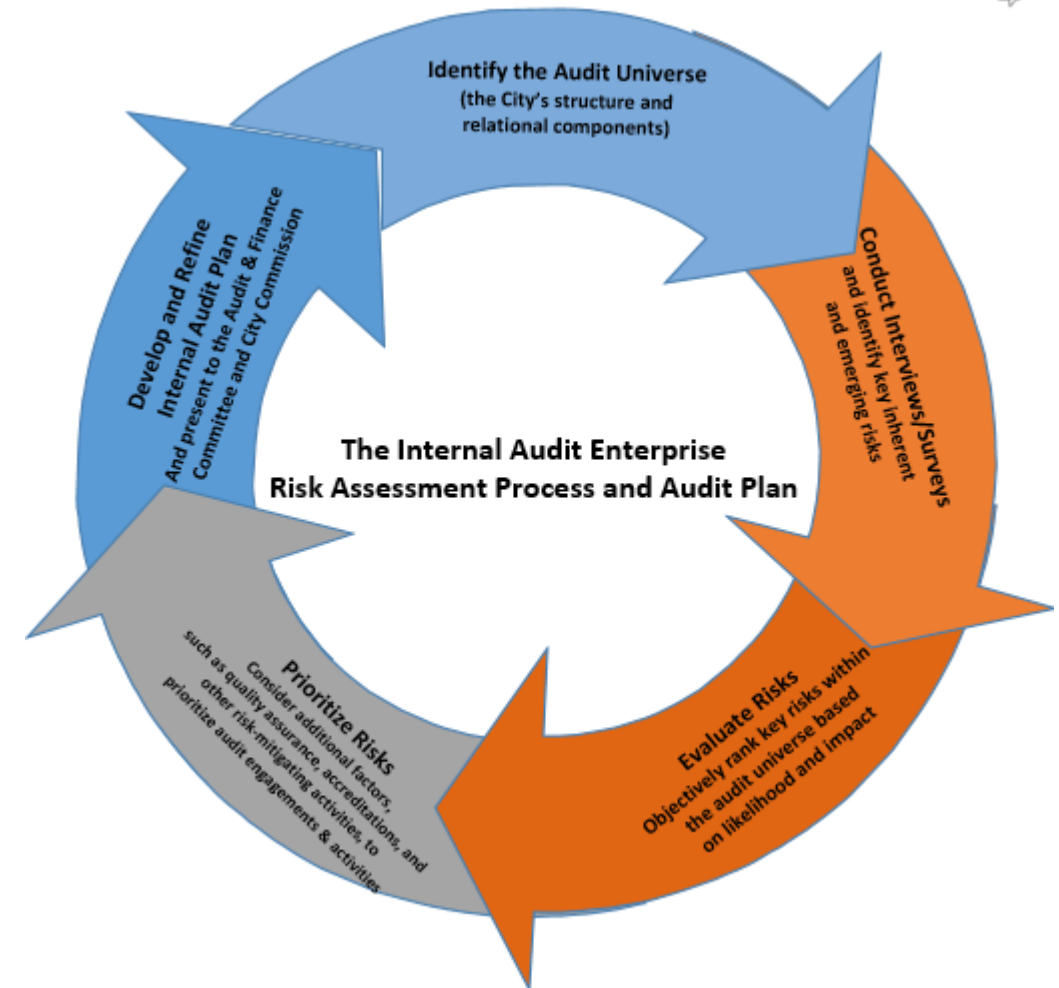


Internal Audit Work in Progress (Cont.)

Enterprise Risk Assessment

- **Objective:** Enterprise risk assessment conversations with Commissioners and management to identify and prioritize risks throughout the City, and inform the audit plan.
- **Status:** Planning

The Office of the City Auditor conducts an annual Enterprise Risk Assessment (ERA) to aid with identifying and prioritizing risks of the organization, in accordance with professional standards. The 2024 ERA is currently in the planning phase. ERA results, along with the City Auditor's Annual Audit Plan and Annual Report, will be presented to the Audit Committee in June 2024.



Add to Audit Plan

Add to Audit Plan: Review of Fire Inspection Processes



PERIODIC MONITORING



Periodic Monitoring

General Government Financial Reporting Internal Controls – Closed

Risk level: High

Objective: To ascertain if management remediated the General Government financial reporting internal control audit issues.

Status: General government management successfully implemented controls to address internal controls over financial reporting inadequacies. The controls implemented include:

- A new staffing structure and qualifications for the Department of Financial Services
- Developed and implemented procedures
- Training for staffing in the Accounting Division
- Monthly or quarterly reconciliations of significant accounts
- Periodic in-house Financial Statements



CULTURE CORNER



Culture Assessment and Report May 18, 2021

A. We recommend topic #1 Policy Research Workflow be enhanced by the Charter Officers and Policy Oversight team, and reviewed with City Commissioners for final approval.

B. We recommend topics #2-5 be handled by Human Resources management to consider risks and rewards of various program options and identify those options that could add the most value to the City.



RECOMMENDATIONS

P. 16

1. Policy Research Workflow

2. Leadership Training

3. Policy Management Framework

4. Internal Conflict Resolution

5. Employee Suggestions

Culture Assessment and Report - Published May 18, 2021

Management Status Update on Recommendations

- **#1 Enhanced Policy Research Workflow**

Completed, however Ongoing.

- **#2 Leadership Training**

Completed, however Ongoing.

- **#3 Policy Management Framework**

In Progress. A new policy management platform with POWER DMS is being finalized for all City policies, the goal is have it implemented by mid-spring. This will allow all policies to be easily accessed by all City of Gainesville Employees.

- **#4 Internal Conflict Resolution**

Completed, however Ongoing.

- **#5 Employee Suggestions**

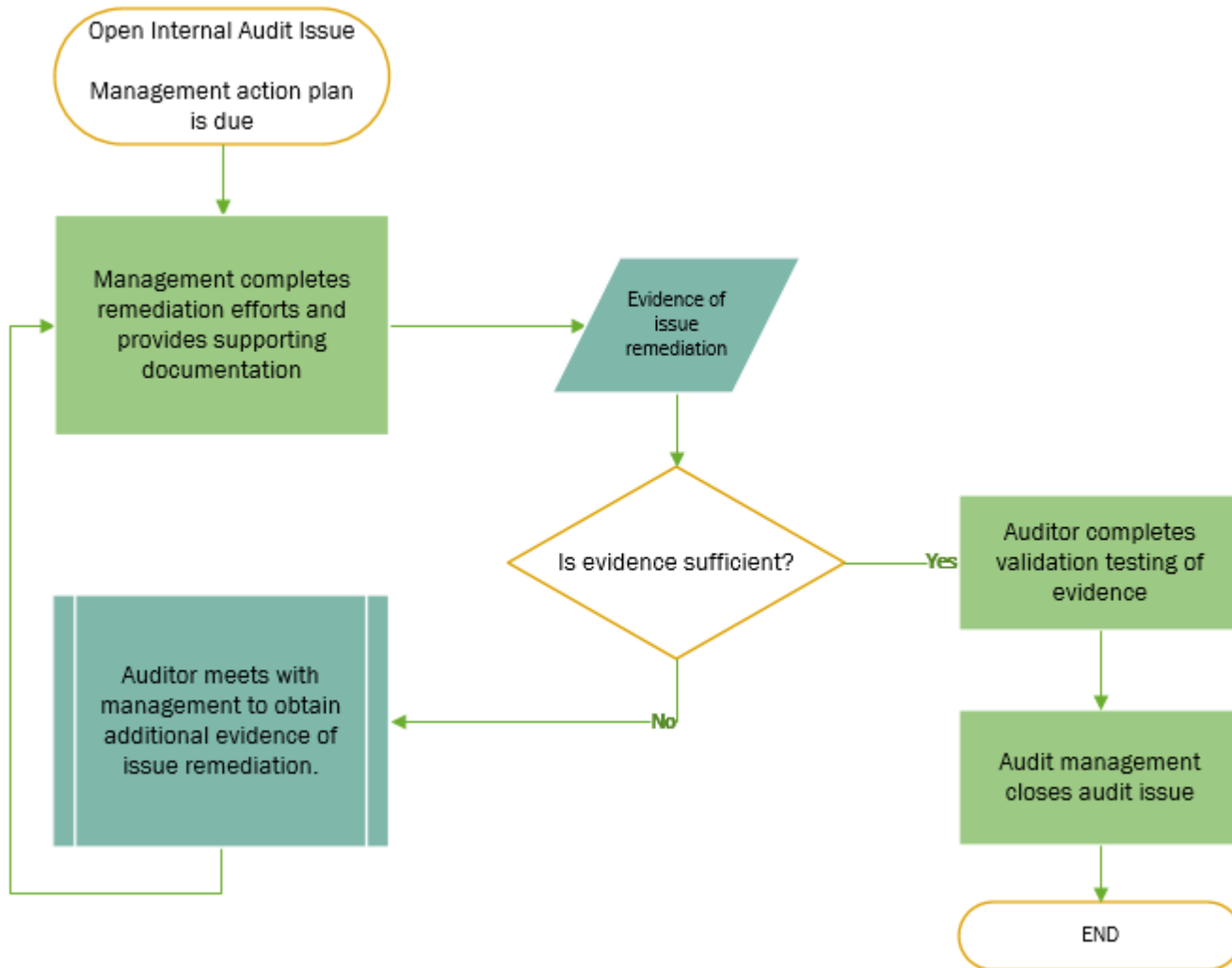
Completed, however Ongoing. Organizational Health Survey conducted in late Fall 2023. Results released March 2024. The City Manager continues to conduct ongoing Listening Sessions across all departments. The City Manager is also launching a standing Workplace Stewardship Committee in May 2024 that will convene bi-monthly to hear ideas, concerns and prioritize issues for action. The committee will have a representative from each department in General Government. Human Resources will conduct community builder surveys annually to help us assess conditions, chart progress and design improvement strategies.



AUDIT ISSUE FOLLOW UP



Internal Audit Issue Follow-Up Program



- ❖ New audit issues are assigned a risk rating. Moderate and high risk issues require remediation typically within one year. A management responsible party is assigned and is accountable for providing evidence of issue remediation.
- ❖ All issues are assigned due dates. When management provides sufficient evidence of issue remediation, internal audit performs validation testing then closes the issue.
- ❖ Past due issues are reported to the Audit Committee.

Internal Audit Issue Follow-Up Program

CLOSED AUDIT ISSUES – General Government – Closed

- **General Government Internal Controls Over Financial Reporting Audit Issue I entitled “Inadequate Internal Controls over Financial Reporting” – Closed 2/21/2024 – Original Report Date 1/11/2022**

Highlights are located in the periodic monitoring section of this update.

- **GPD Property and Evidence Cash Audit Issue Ia entitled “Inconsistent and Incomplete Policies and Procedures” – Closed 2/28/2024 – Original Report Date 7/13/2021**

City Finance enhanced processes for recording cash deposits in the City’s accounting system, and reconciling daily cash deposits.

Internal Audit Issue Follow-Up Program

CLOSED AUDIT ISSUES – General Government – Closed

- **Public Records Policy Compliance Audit Issue 1 entitled “Policy and Oversight Need Improvement” – Closed 2/28/2024 – Original Report Date 12/13/2022**

The City Clerk enhanced the G5 Public Records Policy and guidelines, and strengthened public records training for liaisons. Designations were posted in city buildings to designate the City Clerk as the custodian of record.

- **Public Records Policy Compliance Audit Issue 2 entitled “Internal Controls Around Responding to Public Records Requests Need Enhancing” – Closed 2/28/2024 – Original Report Date 12/13/2022**

The City Clerk increased training for all City personnel. GPD enhanced public records request processes by onboarding their own JustFOIA application for police-related requests in February 2024. Requesters are now able to directly enter their public record requests for GPD using JustFOIA.

Internal Audit Issue Follow-Up Program

CLOSED AUDIT ISSUES – General Government – Closed

- **GCRA Project and Fiscal Management Audit Issue #3 entitled “Management and Monitoring of Conflicts of Interest” – Closed 12/31/2023 – Original Report Date 6/15/2022**

GCRA enhanced procedures to require staff to annually disclose any potential conflicts of interest, and to revisit potential conflicts of interest during project initiation.

Internal Audit Issue Follow-Up Program

RE-OPENED AUDIT ISSUES – General Government

- **Affirmative Action Plan Audit Issue #2 – Original Report Date 2/5/2020**

Revised Due Date – October 31, 2024

A revised plan with a timeline for Affirmative Action Plan completion, manager training, monitoring, and other related processes has been provided by management.

Internal Audit Issue Follow-Up Program

OPEN AUDIT ISSUES – General Government

Audit Issue Status	Audit Report Date	Audit Report Title	Audit Issue Title	Audit Issue #	Audit Issue Risk Rating	Impacted Department(s)	Audit Issue Close Date	Audit Issue Due Date
Open	6/15/2022	GCRA Project and Fiscal Management Audit	Project and Fiscal Management	1	M	GCRA		3/31/2023 9/30/2023 4/1/2024
Open	6/15/2022	GCRA Project and Fiscal Management Audit	Policies and Procedures	2	M	GCRA		12/10/2022 9/30/2023 4/1/2024
Open	6/21/2023	2023 Continuous Audit Program Part II	Workday Travel Approval Process Opportunities- GG	Part II	M	GG		10/31/2023 1/31/2024 4/30/2024
Open	6/21/2023	2023 Continuous Audit Program Part II	Travel Authorization and Reimbursement Policy/Procedure Non Compliance -GG	Part II	M	GG		10/31/2023 1/31/2024 4/30/2024
Open	9/18/2023	2023 Ironwood Golf Course Financial Controls Limited Review	Enhance Golf Course Procedures and Oversight	1	H	PRCA and Ironwood Golf Course		9/1/2024
Open	12/6/2023	2023 Police Overtime Billing and Collections Audit	Governance	1	M	GPD GG		7/31/2024
Open	12/6/2023	2023 Police Overtime Billing and Collections Audit	Event Billing and Collections	2	M	GPD GG		7/31/2024
Partially Implemented	12/13/2022	RTS Limited Scope Review	Incomplete and Inconsistent Documentation of RTS Collisions	1	M	RTS		12/31/2023 7/31/2024
Re-Opened	2/5/2020	Affirmative Action Plan Audit 2019	Establish standard periodic review of AAP hiring goals, which are integrated as a part of HR data capture, management, and extraction.	2	M	Office of Equity and Inclusion		6/30/2020 12/31/2021 12/31/2022 12/31/2023 10/31/2024



FRAUD HOTLINE AND INVESTIGATIONS



Fraud Hotline and Investigations

<i>City Auditor Quarterly Update Fraud Hotline and Investigations * As of 3/7/2024</i>			
Audit Committee Meeting	3/18/2024*	12/6/2023	9/18/2023
New Cases Since Last Audit Committee	3	2	5
Open Investigations	0	1	2
Closed Investigations	4	2	6



EXTERNAL AUDITS



FY 23 EXTERNAL FINANCIAL STATEMENT AUDIT

GENERAL GOVERNMENT

EXTERNAL AUDITOR – PURVIS GRAY & COMPANY



FY23 External Audit Report For the fiscal year ended September 30, 2023	Audit Status
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT	Completed and Presented at the March 18, 2024 Audit Committee Meeting



WRAP UP



Upcoming Committee Meetings

- June 11, 2024 Audit Committee Meeting
- September 17, 2024 Audit Committee Meeting
- December 10, 2024 Audit Committee Meeting

Fraud, Waste, and Abuse Hotline

- To report an incident, call 1-844-818-2492 or
- Visit <https://www.lighthouse-services.com/cityofgainesville>
- To report other issues:
 - **Harassment or Discrimination Issues**, call the Equal Opportunity Office at 352-334-5051
 - **Employee Relations Issues**, call Human Resources at 352-334-5077

Thank You

Office of the City Auditor

Stephen Mhere, CIA, CISA, MBA, MS | City Auditor | City of Gainesville

200 E University Avenue, Gainesville, FL 32601

Office: 352-334-5020

URL: <https://www.gainesvillefl.gov/Government-Pages/Government/City-Auditor>