

APPROVED
AUDIT ADVISORY BOARD REGULAR MEETING
CITY OF FORT LAUDERDALE
CITY HALL 8th FLOOR CONFERENCE ROOM
TUESDAY, AUGUST 13, 2013
5:00 PM

Board Member	Attendance	Cumulative Attendance	
		1/1/13 – 12/31/13	
		Present	Absent
Martin Kurtz, Chair	P	3	0
Roger Ally	P	3	0
Jennifer Diehl	P	3	0
Richard Owen	P	2	1

Staff

Gina Rizzuti, Board Liaison
Douglas Wood, Director of Finance
Kirk Buffington, Deputy Director of Finance
Stanley Hawthorne, Assistant City Manager
Linda Logan-Short, Controller, Finance Department
John Herbst, City Auditor
Marco Hausy, Assistant City Auditor III
Averill Dorsett, Director of Human Resources
Mike Maier, Chief Technology Officer
Avis Wilkinson, Administrative Assistant II
Laura Reece, Assistant Manager CIP/Grants
Jaclyn Meli, Senior Financial Management Analyst
Marcos Nichols, Senior Management Fellow Intern

Other Attendees

Aazan St. Rose, Crowe Horwath
Deborah Garringer, Crowe Horwath
Natalee Camoosas, MSL
Patrick Jovanov, City of Pompano Beach, Budget Review Committee
James P. Dressler, Resident
Bob Oelke, Resident

Communication to the City Commission

Motion made by Mr. Ally, seconded by Mrs. Diehl to make a recommendation to the City Commission to implement a whistleblower policy for Employees, Residents and Vendors and to also publicize the resources of the Inspector General. In a voice vote, the motion passed unanimously.

Call to Order

Chair Kurtz called the meeting to order at 5:05 p.m.

- **Roll Call**

As of this date, August 13, 2013, there are 4 appointed members to the Committee, which means 3 would constitute a quorum. At this time, there is a quorum.

Review of April 23, 2013 Meeting Minutes for Approval:

Motion made by Mr. Owen, seconded by Mr. Alley to approve the minutes of the April 23, 2013 meeting. In a voice vote, the motion passed unanimously.

Discussion and Review of Open Findings Database

Mrs. Reece spoke briefly on the Audit Compliance Tracking System. This system was developed internally by the City IT Staff. Recently the use of the system has been expanded to include Financial Audits, Single Audits, External Audits, in addition to City Auditors' Audits are now being reported on thru this system.

Status of Audit Findings and Corrective Actions

- 2012-4 Calculation of Compensated Absences – Human Resources

Mrs. Dorsett explained that this is a repeat audit finding because at this time there is not a mechanism available to make a change. There are 5 or 6 Employee groups, Management, Confidential which are non-union groups, Fire and Police as well as 2 non-sworn union groups. Within each of those collective bargaining agreements there are provisions that account for what percentage those individuals in those units will be paid out at. The City's policy for at least the past 25 years is to pay the sick leave at the rate it was accrued. Mrs. Dorsett added when the City had its own programmers in IT, it was relatively easy to calculate. A new system was implemented in 2002, at that time information was downloaded from each employee's sick leave and vacation leave balance but what ends up happening is that there is a hand calculation that has to be done when someone leaves. For example, if there is an employee that has been with

the City for a couple of years and there were only a couple of rates of pay, it wouldn't take too much time but for example a 30-year Firefighter that used little to none of his sick time at the beginning of his career is more difficult. HR Staff would have to go back to the beginning of his career and calculate each leave balance under that specific rate, it extremely time consuming. At this time, contract negotiations are taking place with all bargaining units and the City is trying to negotiate a percentage payout based upon final rate of pay while trying to keep costs down.

- 2012-1 Recording and Tracking of Capital Assets, Finance

Mrs. Logan-Short explained there has been quite a bit of progress on this finding. The Contractor has been selected, actual capital assets reconciliation is complete, currently in testing phase of loading data provided to us by the consultant into our automated capital asset tracking system. Once testing is complete, everything will be loaded into and calculated through this database. This includes assets over \$5,000, and assets purchased with the use of grant funds.

- 2012-2 Capital Assets Physical Inventory, Finance

Mrs. Logan-Short explained this finding was due to the fact that a physical inventory had not been done in quite some time. As discussed in the previous finding, there has been progress made.

- 2012-3 FAMIS User Administrative Procedures, Finance

Mrs. Logan-Short explained this finding was due to fact that there were Finance employees that were responsible for financial reporting as well as being an administrator of the system. Finance mitigated this problem by creating new user groups that can view, accountants post transactions. A controller group was also created that can open and close a month, year end, create new GL account.

- 2012-5 Review of Controls of Service Organizations, Finance

Mrs. Logan-Short explained that SOC reports were always reviewed, but the review was not documented and approved. A formal review process is now being done and a copy is provided to procurement, which is placed in the vendors file.

- 2012-6 IT Controls, Information Technology

Mr. Maier explained that the majority of issues will be resolved once the Chief Security Officer (CSO) is on board. Pending a background check, the CSO should be on board in September. The CSO will be addressing a lot of the controls issues that were found in the audit while also addressing issues found in the Network Vulnerability Study.

With regards to access rights issues, Mr. Maier feels that better communication with HR will resolve that issue. There are terminated/former employees that still have access rights to various programs throughout the City as well as Employees that may have transferred/promoted out of department that have access they no longer require. Mr. Maier will need to meet with HR, to discuss a possible termination report and/or personnel access form to be completed during exit interviews.

- 2012-7 Valuation of Alternative Investments – Pension Trust Funds, Finance

Mrs. Logan-Short explained that this finding is still not fully implemented. The Finance Department has been in communication with the pension boards to get the financial statements of the alternative investments. They are currently in the process of establishing the monetary controls and the reviews of those financial statements.

- 2012-8 Internal Investment Pool Borrowings, Finance

Mrs. Logan-Short explained that this finding was corrected. There was internal investment pool borrowing that done pre GASB 34. The prior Auditors knew about it but passed on it. It is not in compliance with the GASB so Finance Staff went ahead and made the corrective entry this year. This was completed and posted back in March.

- 2012-9 Building Permit Fees, Finance

Mrs. Logan-Short explained this was a one-time event due to the Broward County Courthouse Construction. Procedurally, building permit fees are paid at the time of permit issuance. In this case, Broward County asked the City to bill them for the permit fees in advance and create an A/R. In the future we will not allow the City to bill in advance for permit fees.

- 2012-10 State Housing Initiatives Partnership(SHIP) Period of Availability, Sustainable Development

There were \$1.9 million of unspent SHIP funds that were received in prior years. Ms. Wilkinson explained that the 2012/13 SHIP report was revised to include those monies. She also noted that proof that this finding was corrected is the receiving the funding for SHIP for FY 2013/14.

Other Business

Crowe Audit update (see attached)

As a follow up from the April 23, 2013 meeting, there was a motion made at that meeting to make a recommendation to the City Manager to implement a whistleblower policy for Employees, Residents and Vendors and to also publicize the resources of the Inspector General. The recommendation should have been made to the City Commission.

Motion made by Mr. Ally, seconded by Mrs. Diehl to make a recommendation to the City Commission to implement a whistleblower policy for Employees, Residents and Vendors and to also publicize the resources of the Inspector General. In a voice vote, the motion passed unanimously.

Next Meeting Date is scheduled for October 29, 2013

The meeting was adjourned at 6:30 pm.

[Minutes prepared by Gina Rizzuti, Board Liaison]