

AUDIT COMMITTEE

City Auditor Quarterly Update

June 11, 2024

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
Cynthia Chestnut, Mayor Pro Tem
Harold Monk, CPA, CFE (Appointed)

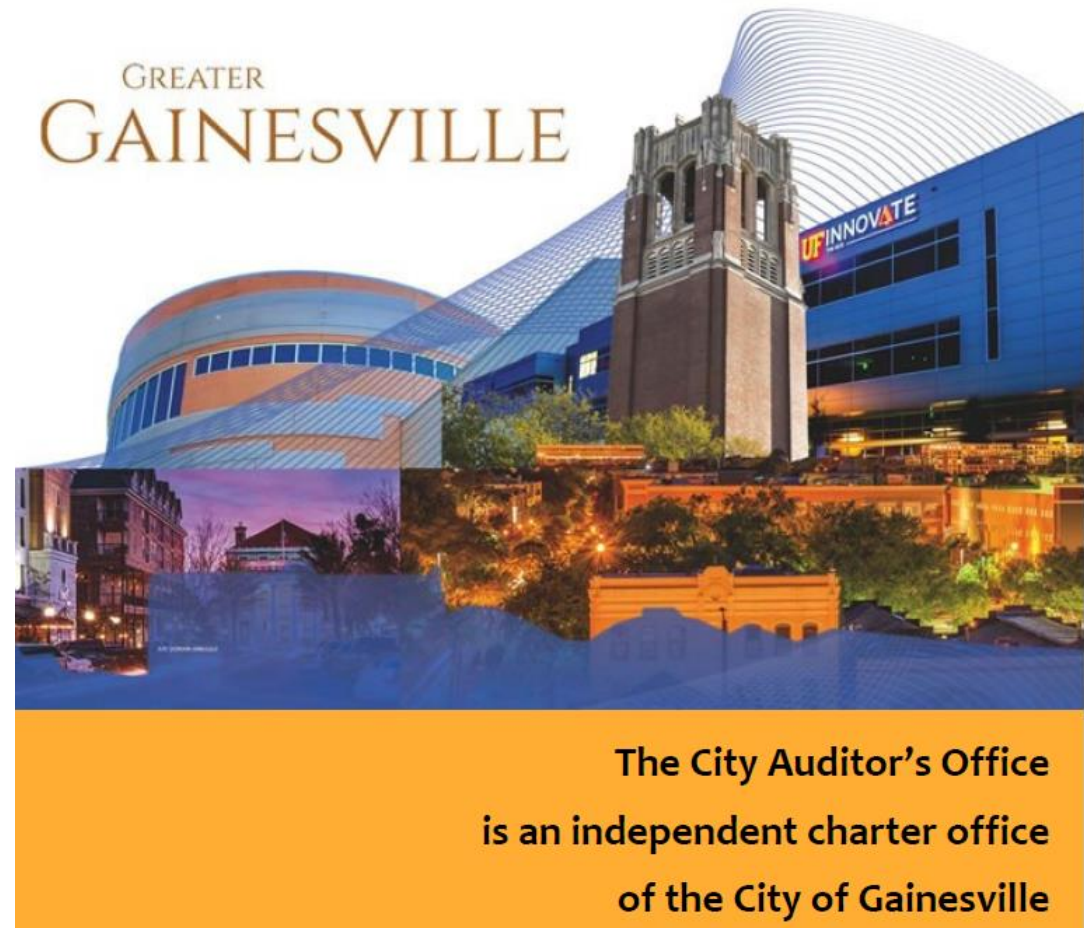




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INTERNAL AUDIT TEAM

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

BRECKA ANDERSON, CIA, CFE, CGAP, ASSISTANT CITY AUDITOR

LISA SIEDZIK, CISA, IT AUDIT MANAGER

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

PETER DEMARIS, INTERNAL AUDITOR

MEAYKI BATIE, AUDIT COORDINATOR





RECENTLY COMPLETED PROJECTS



Recently Completed Projects

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

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

A review of governance, compliance and internal controls around business tax processes was 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 raise the public's awareness of the City's business tax requirements and processes.

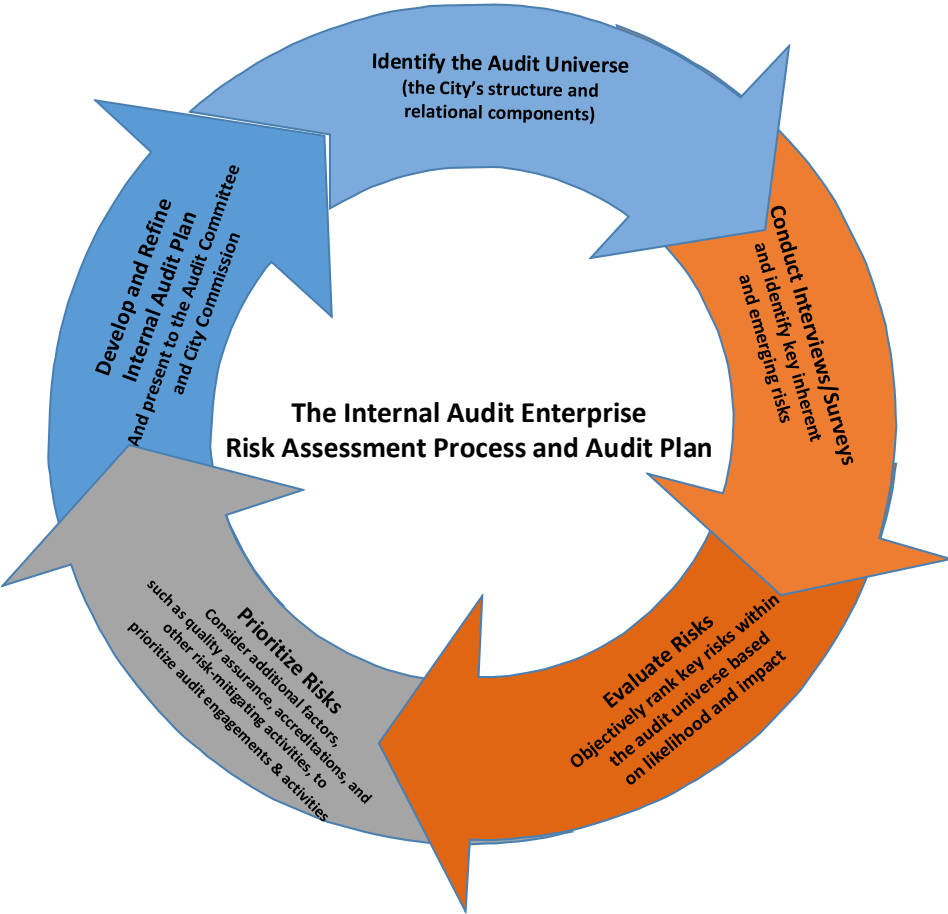


Recently Completed Projects (Cont.)

Enterprise Risk Assessment

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

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 complete.



Recently Completed Projects (Cont.)

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:** Completed
Results of this IT risk assessment are confidential and exempt from public record. Risks were identified and engagement(s) were added to the Annual Audit Plan.





WORK IN PROGRESS



Internal Audit Work in Progress (Cont.)

Gainesville Fire Rescue (GFR) Inspections Audit

- **Objective:** The objectives of this audit are to determine whether:
 - The internal control system for fire inspections is operating effectively to reduce fire risk.
 - Fire inspection operations comply with relevant statutes and city ordinances.
 - GFR is collecting appropriate fees for fire inspection services.
- **Status:** Fieldwork





ADD TO AUDIT PLAN





Add to Audit Plan

Proposed Engagement to Add to the 2024 Audit Plan

- Workday Privileged Access Audit



PERIODIC MONITORING



Periodic Monitoring

Affirmative Action Plan Audit Issue #2 – Re-Opened

Risk level: Moderate

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 meets with management monthly to obtain strategic updates and to monitor the status of implementation based on the timeline provided.



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 to 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**

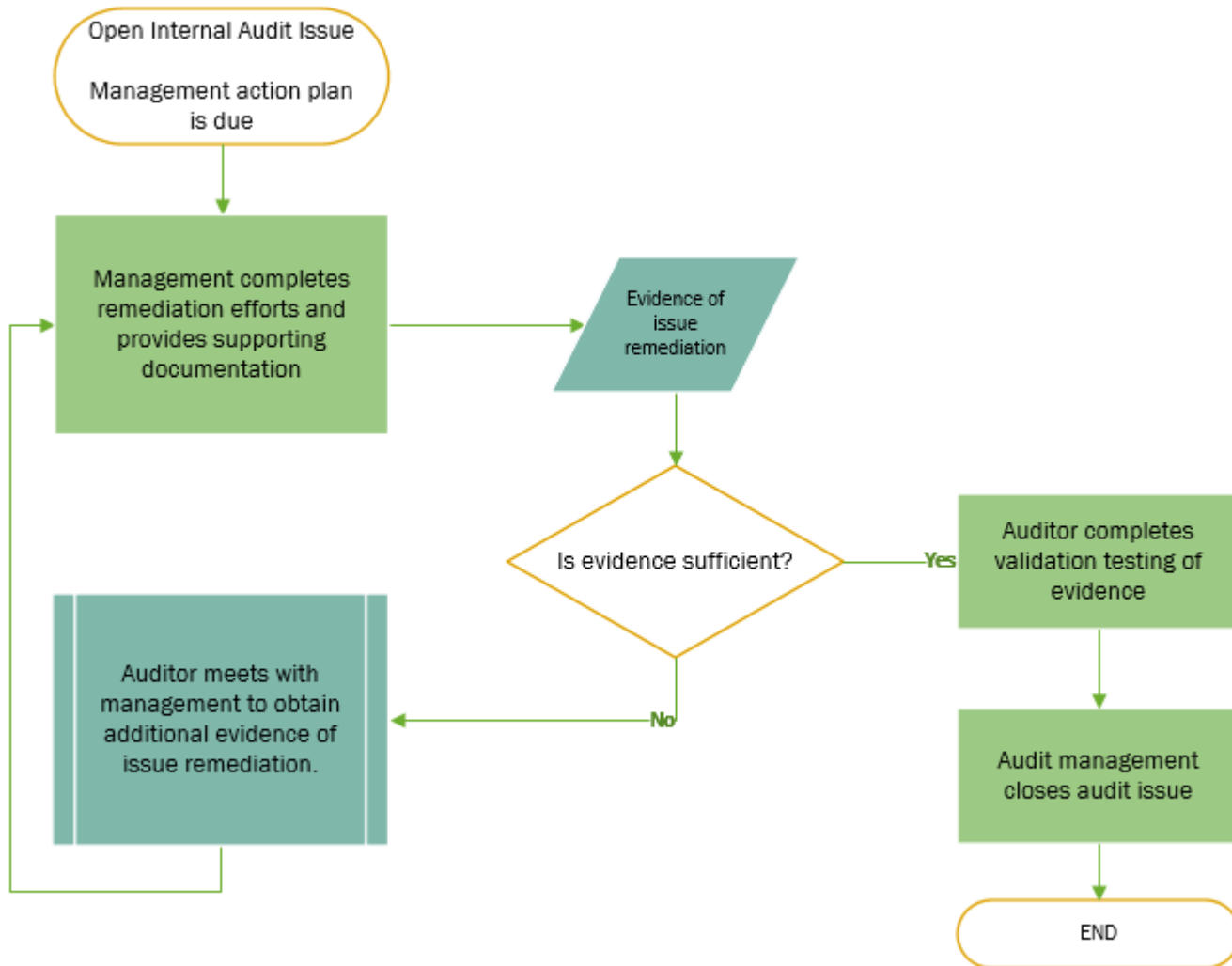
Completed, however Ongoing. Organizational Health Survey conducted in late Fall 2023. Results released March 2024. The City Manager continues to conduct ongoing Listening Sessions across all departments. The City Manager is also launching a standing Workplace Stewardship Committee in May 2024 that will 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. Low risk issues do not require management action. Moderate risk issues require remediation typically within one year. High risk issues require immediate action. 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

- **Regional Transit System (RTS) Limited Scope Review Audit Issue I entitled “Incomplete and Inconsistent Documentation of RTS Collisions” – Closed 4/10/2024 – Original Report Date 12/13/2022**

RTS issued new Accident/Incident and Safety Violations Guidelines, revised the employee and supervisor handbooks, and changed the Safety and Security Officer's reporting relationship.

- **2023 Continuous Auditing Program Part II Issues entitled “Travel Authorization and Reimbursement Policy/Procedure Non-Compliance” and “Workday Travel Approval Process Opportunities” – Closed 5/9/2024 – Original Report Date 6/21/2023**

Financial Services addressed risk by revising the Travel Administrative Procedure, providing one-on-one training to travel coordinators, and is developing an on-demand travel procedure training program.

Internal Audit Issue Follow-Up Program

CLOSED AUDIT ISSUES – General Government – Closed

- **GCRA Project and Fiscal Management Audit Issue #1 entitled “Project and Fiscal Management” – Closed 3/22/2024 – Original Report Date 6/15/2022**

GCRA enhanced processes to manage projects through the project management lifecycle from project initiation to close-out. GCRA also enhanced fiscal management processes to provide better tracking. Staff obtained additional project management skillsets through industry-standard resources.

- **GCRA Project and Fiscal Management Audit Issue #2 entitled “Policies and Procedures” – Closed 3/22/2024 – Original Report Date 6/15/2022**

GCRA enhanced policies and procedures to provide guidance for project management and fiscal management processes utilizing industry standard project management guidance.

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
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, Human Resources		6/30/2020 12/31/2021 12/31/2022 12/31/2023
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
Open	3/18/2024	2023 Continuous Audit Program Part III	Seasonal Employee Leave Classification	Part III	M	HR		8/30/2024
Open	3/18/2024	2023 Citywide Fleet Management Processes	Billing and Payments	1	M	Fleet		3/31/2024 9/30/2024
Open	3/18/2024	2023 Citywide Fleet Management Processes	Billing and Payments	1	M	Finance		9/30/2024
Open	3/18/2024	2023 Citywide Fleet Management Processes	Take Home Vehicles	2	M	Fleet		9/30/2024



FRAUD HOTLINE AND INVESTIGATIONS



Fraud Hotline and Investigations

<i>City Auditor Quarterly Update Fraud Hotline and Investigations * As of 6/4/2024</i>			
Audit Committee Meeting Date	6/11/2024*	3/18/2024	12/6/2023
New Cases Since Last Audit Committee	2	3	2
Open Investigations	0	0	1
Closed Investigations	2	4	2



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 Audit Committee Meetings

- 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>



APPENDIX A - INTERNAL AUDIT PLAN



APPENDIX A – INTERNAL AUDIT PLAN

AUDIT PLAN (12 months)						
Audit, Advisory, Attestation, Other Non-audit Services						
Date Added to	Audit Engagement Title	Primary Department	Audit Service Type	Audit Objective	Audit Status	Budgeted Hours
12/13/22	Ironwood Golf Course Financial Controls – Limited Scope Review	Parks, Recreation and Cultural Affairs	Audit	Review adequacy and effectiveness of select Ironwood Golf Course financial policies, procedures, operational processes, and internal controls.	Completed	300
Annual	Enterprise Risk Assessment and Annual Report	Citywide	Risk Assessment	Enterprise risk assessment conversations with Commissioners and management to identify and prioritize risks throughout the City, and inform the audit plan.	Completed	300
FY 19	Continuous Auditing – Pcards, Travel Expense and Reimbursement, Payroll Transactions	Citywide	Audit	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.	Completed	800 1,000 (250 hrs per quarter)
9/22/21	GRU and GG Budgeting Processes and Reporting including Indirect Cost Allocation	GG and GRU Financial Services	Audit	Assess the effectiveness and accuracy of GRU and GG budget preparation, reporting and City Commission approval processes.	Not started	800
12/13/22	City Commission Office Fund Policy Compliance Annual Audit	City Clerk	Audit	Evaluate expenses and review adequacy of internal controls designed to assure compliance with the discretionary fund policy.	Not started	200
12/9/20	Citywide Fleet Management Processes	Public Works, GRU, RTS, GPD	Audit	Review the policies, procedures and internal controls around the City's fleet management programs to ensure efficiency of operations and appropriate risk management.	Completed	800 500
12/9/20	Parking Charge Capture	GG Transportation and Mobility	Audit	Review charge capture processes and fee collection around City parking spaces and garages.	Not started	400
12/9/20	SHIP and Local Housing Assistance Plan Audit	Affordable Housing	Audit	Audit use of SHIP funds and adequacy of Local Housing Assistance Plan intended to produce and preserve affordable homeownership and multifamily housing.	Not started	800 400

APPENDIX A – INTERNAL AUDIT PLAN

ONGOING INTERNAL AUDIT ACTIVITIES					Budgeted Hours
Audit Issue Follow up		Monitoring	Monitor management's establishment of enterprise information technology governance supporting the City's strategies and objectives.	Ongoing	200
City Commissioner and Management Requests		Special Projects	Allocate limited hours annually to support City Commissioner and Management special projects, advisory services, or limited-scope audits.	Ongoing	200
Periodic Monitoring		Advisory	Provide advisory services to champion management's build out of risk management capabilities around Enterprise IT Governance, Records	Ongoing	100
Investigations (Fraud, Waste and Abuse Hotline)		Hotline	Between final ERP pre-implementation audit report and start of a post-implementation assurance engagement, monitor management's ERP implementation progress and management of project-related risks.	Ongoing	200
Enterprise Risk Assessment Activities		Assessment	Ongoing and annual risk assessment conversations with Commissioners and management to identify and prioritize risks, and inform the audit plan.	Ongoing	200
Internal Audit Quality Assurance and Improvement Program, including professional training (40 Professional CPE hours per internal auditor required annually)		Quality Assurance	Ongoing efforts to assess and improve program effectiveness and project quality, including external Peer Review conducted every 3 years.	Ongoing	300
Audit Committee Management		Board Reporting	Ongoing resources needed to prepare for and present to the City's Audit Committee at least quarterly.	Ongoing	200

APPENDIX A – INTERNAL AUDIT PLAN

AUDIT PLAN (13-18 months)						
Audit, Advisory, Attestation, Other Non-audit Services						
Date Added to	Audit Engagement Title	Primary Department	Audit Service Type	Audit Objective	Audit Status	Budgeted Hours
12/9/20	Police Overtime Billing & Collections	GPD	Audit	Review processes and controls for third party billing and collections related to police overtime.	Completed	500
12/9/20	HR Data Quality Review	Human Resources Data Quality	Audit	Review controls around HR data intake, processing and output with use of disparate systems and manual processes.	Not started	500
12/9/20	Review GG and GRU Capital Improvement Plans	GG and GRU Infrastructure	Audit	Review plans to ensure resources are adequately allocated to improve infrastructure at greatest risk to impact neighbor and community builder health and safety and to ensure reliable delivery of services over time.	Not started	800
FY 19	PRCA Billing and Collections Audit	Parks, Recreation, and Cultural Affairs	Audit	Perform a risk-based evaluation of GPRC internal controls for billing and collections processes and merchant account handling.	Not started	800 600
12/9/20	Operational Risk Management Advisory project	Parks, Recreation and Cultural Affairs	Advisory	Demonstrate example framework for identifying key risks and assessing controls for key PRCA services and activities to enhance resource allocation and risk management.	Not started	500
FY 19	Review of Governance, Compliance and Internal Controls around Business Tax Processes	GG Finance Billing and Collections	Audit	Assess governance, compliance and internal controls around General Government business tax processes.	Completed	200 300