

# Make the Mark.

City of Gainesville FL | August 16, 2024

City Commission Office Fund Policy Compliance Internal Audit  
Report



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August 16, 2024

Stephen Mhere, CIA, CISA, MBA, MS  
City Auditor  
City of Gainesville  
200 E University Ave.  
Gainesville, FL 32601

Dear Mr. Mhere:

Plante Moran has completed consulting services for City of Gainesville, FL (“City”) consisting of an internal audit over the City Commission Office Fund Policy, as summarized in our contract agreement dated July 16, 2024.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the City’s internal control environment. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to recognize and thank the management and staff of the City for their cooperation and courtesy extended to us throughout this process.

Sincerely,



Matthew Bohdan, CPA, CIA  
Engagement Partner

# Executive Summary



## *Project Overview & Background*

The City of Gainesville (“City”) Office of the City Auditor engaged Plante Moran to perform an internal audit over the City Commission Office Fund Policy (Policy #2022-729). The internal audit primarily aims to uphold the integrity of the travel expenses associated with the City Commission Office Fund. As part of this process, Commissioners are mandated to compile a quarterly expenditure report, promoting transparency. Additionally, they hold the responsibility of maintaining records in accordance with Florida's public records law.

## *Objective & Scope*

The internal audit encompassed seven commissioners for the calendar year of 2023. Each commissioner is allocated up to \$5,000 per fiscal year to spend towards professional training, hosting town hall meetings, related travel expenditures, and other expenses meeting “public purpose” criteria as defined by the City Commission Office Fund Policy. The internal audit process involves validating expenditures with supporting documentation, identifying issues of noncompliance with the policy, and providing recommendations of additional internal controls to implement to remediate such issues.

## *Methodology*

To evaluate whether procedures and practices are compliant with the policy, Plante Moran performed the following:

1. Evaluate whether travel expenditures were properly authorized, documented, supported by adequate receipts and invoices, and used for public purposes as defined in the City policy.
2. Evaluate whether unexpended dollars were appropriately and timely returned to the general fund after fiscal year end. \*
3. Evaluate whether quarterly expenditure reports were prepared in accordance with City policy on a timely basis.
4. Evaluate whether identified unallowable expenditures made with commission funds were reimbursed to the City on a timely basis. \*\*

\*Upon inquiry with the Finance Director, it was clarified that the City Commission Office funds are retained within the general fund. City Commissioner expenditures are tagged to a specific program code within the Workday enterprise resource planning system and tracked/monitored relative to the allotted budget in real time. Therefore, any unexpended dollars are not returned to the general fund after fiscal year end.

\*\*Upon inspection of the transactions reported on the Quarterly Expenditure Reports, there were no identified unallowable expenditures during calendar year 2023. Therefore, there were no unallowable expenditures to test timeliness of reimbursement to the City.

## Summary of Themes

The table below highlights overarching thematic areas that were identified during audit fieldwork.

No.	Area	Theme
1	Efficient Recordkeeping within Workday	The City Commission office effectively uses Workday for secured storage of receipts, invoices, and other documentation to support Commissioner expenditures.
2	High Turnover of City Commission Staff	High turnover of executive assistants within the City Commission office from recent years have led to noncompliance and errors in reporting of quarterly expenditure reports.
3	Unstandardized Quarterly Expenditure Reports	Quarterly expenditure reports were prepared inconsistently and with errors due to the manual procedures to prepare each report. This caused inaccurate reporting related to transaction dates, missing public purpose descriptions, and untimely reporting.

# Detailed Audit Results



## Approach

Plante Moran conducted a comprehensive evaluation of the City’s policy and procedures related to the City Commission Office fund policy. This internal audit focuses on the compliance of the City’s procedures and practices against the policy. Our testing included inquiry and sample-based testing to assess the following audit attributes:

No.	Audit Attribute Descriptions	Result
1	Expense report or procurement card transaction was properly authorized by the City Clerk or designee.	Exception noted
2	Expense report or procurement card transaction was properly authorized by an Executive Assistant Senior within the Finance function, if requiring overnight travel.	No exception noted
3	Expense report was properly authorized by the Finance Director, if requiring overnight travel. Procurement card transaction was properly authorized by an Accounts Payable Specialist.	No exception noted
4	The date shown on the quarterly expenditure report ties to the document date of the expense report and/or procurement card.	Exception noted
5	The total transaction amount ties to the receipt/invoice and other supporting documentation.	Exception noted
6	The transaction payee listed matches the receipt/invoice and other supporting documentation.	No exception noted
7	Reasonableness and necessity of expense is deemed appropriate as it serves a "public purpose" as defined by the policy.	No exception noted
8	The report includes the amount spent.	No exception noted
9	The report includes an expenditure description including what the funds were used for.	No exception noted
10	The report includes the public purpose.	Exception noted
11	The report includes any receipts or supporting documentation.	Exception noted
12	The report was prepared within 20 days of the end of the fiscal year quarter.	Exception noted



## Summary of Findings and Recommendations

Our observations below are based on corroborative inquiry with City personnel and inspection of sample documentation. In response to our observations, recommendations are included for the City’s consideration on how to resolve gaps where internal controls were not in place, internal controls were not designed effectively, or opportunities exist to reduce risk to the City.

Each recommendation was rated high or moderate based on priority in terms of impact on the process, internal controls, or efficiency of operations.

1. **High priority** indicates that the finding requires immediate attention, and the recommendation may have a significant impact on risk mitigation.
2. **Moderation priority** indicates that the finding should be addressed timely, and the recommendation may have a meaningful impact on risk mitigation.

The following table summarizes the findings identified through the audit.

Category	High Priority	Moderate Priority	Total Findings
Expense Reports	1	-	1
Quarterly Expenditure Reports	3	1	4
Total Findings	4	1	5

The table below summarizes the findings and related recommendations identified through the audit:

No.	Observation	Recommendation	Priority
<b>Expense Reports:</b>			
1	<p>A reimbursement for an expense report was incorrectly approved and paid to an Executive Assistant instead of to the Commissioner. Workday is configured to require approvals from the department manager (i.e. City Clerk) for all expense reports. Workday also requires two additional approvals from an Executive Assistant Senior of the Finance department and the Finance Director when it includes overnight travel. However, the Commissioner’s trip did not include overnight travel and therefore, additional approvals from the Finance department was not required prior to payment.</p>	<p>An additional level of review and approval from the Finance department should be implemented in Workday for all expense reports over a certain dollar amount threshold, regardless of overnight travel. For example, Workday can be configured to route expense reports amounting to \$100 and above to the Executive Assistant Senior within the Finance department for an additional approval prior to payment.</p> <p>Additionally, training should be provided to department managers on specific procedures to complete when reviewing expense reports to ensure validity and reasonableness of the reimbursement requested prior to approving the transactions.</p>	High
<p><b>Management Response #1:</b>            Management agrees with the audit recommendation; the GG Executive Assistant Senior (Travel Coordinator—Finance) sent an IT ticket on August 8, 2024, to update the business process for incidental expense reports to match travel expense reports, adding the recommended layer of review in the City ERP system. Also, as part of City improvements on Travel guidelines, the Department of Financial Services plans to post training videos in InsideGNV is associated with the following:</p> <ol style="list-style-type: none"> <li>1) Documentation required for the Spend Authorization and Expense Report</li> <li>2) How to correctly fill out the travel authorization workbook</li> <li>3) How to complete and submit a Spend Authorization</li> <li>4) How to complete and submit an Expense Report</li> </ol>			

No.	Observation	Recommendation	Priority
	<p>Travel Administrative Guidelines apply to all City of Gainesville elected officials, Charter Officers, employees, members of advisory boards, volunteers, and others authorized to travel on City business.</p> <p><b>Implementation Date:</b> September 2024</p> <p><b>Responsible for Implementing Recommendation:</b> Dennis Nguyen, Finance Director</p>		

No.	Observation	Recommendation	Priority
<b>Quarterly Expenditure Reports:</b>			
2	Per the policy, quarterly expenditure reports must include all receipts and other supporting documentation attached. Quarterly expenditure reports did not include any supporting documentation attachments. However, expenditure supporting documentation was provided and Plante Moran was able to validate expenses against receipts and invoices.	<p>A formal process should be implemented for the City Clerk to review and approve each quarterly expenditure report, prior to submitting the report for the Commissioner's review and signature. The City Clerk should execute specific management review procedures to ensure the report is in compliance with the policy and document each review step completed, such as in a checklist. The City Clerk should maintain an internal document with signature, date, and any corrections required for each report.</p> <p>Policy requirements for preparation of the reports should also be reemphasized and recommunicated to the Executive Assistants who have the responsibility of preparing the reports.</p>	High
<p><b>Management Response #2:</b>  The Office of the City Clerk, in complete agreement with the audit recommendation, has taken steps to ensure compliance. Effective FY2025 Q1, management will implement a checklist to ensure the reports comply with the policy and documentation requirements as recommended to assist in their accuracy and completeness. Commission Executive Assistants will be trained on the new process of submitting draft reports to the City Clerk for review. Likewise, management will review the current City Commission Office Fund Policy to ensure proper alignment with City Guidelines and systems to ensure no redundant information is maintained to document expense receipts. Management will submit any recommended updates to the City Commission for approval.</p> <p><b>Implementation Date:</b> December 2024</p> <p><b>Responsible for Implementing Recommendation:</b> Kristen Bryant, City Clerk</p>			

No.	Observation	Recommendation	Priority
3	<p>4 of 6 quarterly expenditure reports tested were not prepared within 20 days following the close of the fiscal quarter as required by policy.</p> <p>1 of 6 quarterly expenditure reports tested did not include the public purpose description, such as conference name, as required by policy.</p>	<p>A Standard Operating Procedure (SOP) should be developed to provide all Executive Assistants clear and detailed step-by-step instructions and guidance on how to prepare quarterly expenditure reports. The SOP should include clear due dates for each step of the process from preparation by the Executive Assistant, review for accuracy by the City Clerk, and approval from the Commissioner of each quarterly report.</p>	High

**Management Response #3:**

Management has agreed with the audit recommendation. A standard operating procedure has been drafted as recommended and will be added to the Employee Handbook of the Office of the City Clerk once approved.

**Implementation Date:** September 2024

**Responsible for Implementing Recommendation:** Kristen Bryant, City Clerk

No.	Observation	Recommendation	Priority
4	<p>For 2 of 8 transactions tested, the transaction dates reported on the quarterly expenditure reports differ from the document date shown on the procurement card reports. For budget tracking purposes, procurement card transactions are recorded within the general fund account based on the date the transaction obtains final approval in Workday. Therefore, the date shown on the quarterly expenditure reports must align with the general ledger journal entry date to ensure accurate financial reporting and tracking against the budget.</p>	<p>The SOP should include clear guidance that transaction dates listed should tie to the expense report/procurement card document date. This will ensure that the amounts shown on the quarterly expenditure reports align with the budget and general ledger listing.</p>	High

**Management Response #4:**

Management agrees with the audit recommendation. A standard operating procedure has been drafted as recommended and will be added to the Employee Handbook of the Office of the City Clerk once approved.

**Implementation Date:** September 2024

**Responsible for Implementing Recommendation:** Kristen Bryant, City Clerk

No.	Observation	Recommendation	Priority
5	There were multiple errors and inconsistencies in the quarterly expenditure reports, such as incorrect transaction dates, summarizing all transactions within one lump sum amount, voiding and amending reports, and whether the reports are based on calendar or fiscal year.	<p>The purpose of the reports is to promote transparency of the Commissioner’s expenditures. Therefore, the SOP should also explicitly state that all transactions must be broken out to clearly show what the funds were used for. The SOP should set a clear precedent of how incorrect quarterly expenditure reports must be voided and amended with clear indicators of which report is voided and which is the amended version, along with the reason for the amendment.</p> <p>Additionally, manual preparation of the quarterly expenditure reports should be replaced with Workday-generated reports that breakout each expenditure in detail to avoid human errors.</p>	Moderate

**Management Response #5:**

Management agrees on audit recommendations. As indicated in Response #2, the Clerk's Office will review the current City Commission Office Fund Policy to ensure proper alignment with City Guidelines and systems, including using Workday reports to prepare the quarterly expenditure reports. Management will submit any recommended updates to the City Commission for approval. As mentioned previously, a standard operating procedure has been drafted as recommended and will be added to the Employee Handbook of the Office of the City Clerk once approved.

**Implementation Date:** December 2024

**Responsible for Implementing Recommendation:** Kristen Bryant, City Clerk

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# Thank you.



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