



1015 Cultural Park Blvd.  
Cape Coral, FL

## **AGENDA**

### **MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE**

**February 15, 2017**

**3:00 PM**

**Conference Room 2006**

- 1. Meeting called to order**
  - A. Chair Wolfson
- 2. ROLL CALL**
  - A. Hiatt, Sawicki, Stevens, and Wolfson
- 3. APPROVAL OF MINUTES**
  - A. January 25, 2017 meeting
- 4. BUSINESS**
  - A. Public Input
  - B. City Auditor Update Report - City Auditor Krym
- 5. Member Comments**
- 6. Time and Place of Next Meeting**
  - A. Wednesday, March 15, 2017, 3:00 p.m. in Conference Room 2006
- 7. Motion to Adjourn**

In accordance with the Americans with Disabilities Act and Section of 286.26, Florida Statutes, persons with disabilities needing special accommodation to participate in this meeting should contact the Office of the City Clerk at least forty-eight (48) hours prior to the meeting. If hearing impaired, telephone the Florida Relay Service Numbers, 1-800-955-8771 (TDD) or 1-800-955-8770 (v) for assistance.

If a person decides to appeal any decision made by the Board/Commission/Committee with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings, and for such purpose, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is based.

**Item Number: 3.A.**  
**Meeting Date: 2/15/2017**  
**Item Type: Approval of Minutes**

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

January 25, 2017 meeting

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

Description	Type
□ January 25, 2017 Audit Committee meeting minutes	Backup Material

**MINUTES OF THE MEETING OF THE  
CITY OF CAPE CORAL AUDIT COMMITTEE**

**Wednesday, January 25, 2017**

**CONFERENCE ROOM 2006**

**3:00 P.M.**

The meeting was called to order at 3:00 p.m. by Chair Gaillard.

ROLL CALL: Gaillard, Hiatt, Stevens, and Wolfson were present. Sawicki was excused.

ALSO PRESENT: Margaret Krym, City Auditor  
W.D. Higginbotham, Mercer Group, left at 3:58 p.m.  
Victoria Bateman, Financial Services Director (attended part of meeting)

**Approval of Minutes: December 21, 2016 meeting**

The minutes from the Audit Committee meeting of December 21, 2016 were presented for approval.

***Committee Member Hiatt moved, seconded by Committee Member Wolfson, to approve the minutes as presented. Voice Poll: All "ayes." Motion carried.***

**BUSINESS**

**Public Input**

No speakers.

**Election of Chair and Vice Chair**

Chair Gaillard opened the floor for nominations for Chair.

Committee Member Hiatt nominated Megan Gaillard. Chair Gaillard declined.

Chair Gaillard nominated Jill Hiatt. Committee Member Hiatt declined.

Chair Gaillard nominated Harvey Wolfson. There were no other nominations for Chair.

Committee Member Wolfson accepted the nomination.

Chair Gaillard opened the floor for nominations for Vice Chair.

Chair Gaillard nominated Jill Hiatt for Vice Chair. There were no other nominations for Vice Chair.

Committee Member Hiatt accepted the nomination.

***Chair Gaillard moved, seconded by Committee Member Stevens, to appoint Harvey Wolfson as Chair and Jill Hiatt as Vice Chair. Voice Poll: All "ayes." Motion carried.***

**Update on Selection of New City Auditor –  
W.D. Higginbotham, Mercer Group**

City Auditor Krym introduced Mr. W.D. Higginbotham from the Mercer Group.

Mr. Higginbotham discussed the selection process for the new City Auditor. The top three candidates selected at the Council meeting on Monday night were: Andrea R. Butola, J. Bradley Simmons, and T. Paul Tomoser.

Discussion held regarding the top three candidates selected by Council and their qualifications.

Chair Wolfson asked if Mr. Higginbotham checked the current qualifications of the top three candidates.

Mr. Higginbotham stated the background check was part of the process happening now. He stated all three candidates would come to Cape Coral for a Community Meet and Greet on Tuesday, February 7<sup>th</sup> from 6 pm to 9 pm with staff, public, and Council. He stated the City has also invited the candidates to include their spouses. The next day all three candidates could be interviewed by Council, but it has not been determined if Council wants to do a one on one. They should do a public interview at a meeting. Then by the end of the day the next City Auditor could be appointed and hopefully within 30 days by the middle of March the new City Auditor could start.

Discussion held regarding the City not having any rental houses available; the new City Auditor would have an allowance for relocation of \$5,000.

Discussion held regarding the recruitment process by Mercer.

Mr. Higginbotham mentioned how Florida attracts candidates and how the advertising gets done through professional organizations and other means. He mentioned the distributed brochure was sent digitally to candidates.

Discussion held regarding the candidates having been in their position quite some time and how Florida was a place for possibly their last position before retiring.

Mr. Higginbotham stated he would be happy to answer any questions the Committee has and can be reached at his cell phone number listed on the brochure.

Chair Wolfson stated the Audit Committee would meet the top three at the Meet and Greet on February 7<sup>th</sup> and questioned if the Committee could be represented at the interview process.

Discussion held regarding the structure of the interview to be determined and how the Committee could attend the public interview.

City Auditor Krym asked the Committee how they would like to voice their opinion to the Council; she suggested it might be expressed in a memo.

Chair Wolfson stated he would like to poll the Committee for their opinion at the end of this process, noting the time crunch.

Discussion held regarding the Committee ranking the candidates and comments being sent to Margaret, copying the recording secretary, and sending the ranking to Council.

Discussion held regarding the location of the Meet and Greet to be determined.

City Auditor Krym suggested each Audit Committee member do an email individually and forward it to the Councilmembers; a link would be provided for them.

Discussion held regarding the standard of Cape Coral's practice interviewing publicly.

Mr. Higginbotham stated the Mayor preferred individual meetings with the candidates. He stated the day could begin for the candidates at 7 or 8 am and finish off by noon, followed by public interviews although the particulars have not been discussed.

Discussion held regarding the Committee being notified of the particulars for the interview process and the Meet and Greet.

Mr. Higginbotham left the meeting at 3:58 p.m.

### **Peer Review Report – City Auditor Krym**

City Auditor Krym went over the Peer Review Report that was emailed to the Committee on 1/13/17. She stated it was a positive experience and had three recommendations. Defined corrective action would be implemented by the end of the month.

### **City Auditor Update Report – City Auditor Krym**

City Auditor Krym went over the 12/21/16 through 1/25/17 Update of City Auditor's Office Activities dated 1/25/17 which was emailed to the Committee today and will be posted online. They included the following:

- Completed
- In Progress – Outside Auditors
- In Progress – Internal Staff
- Other
- FY 2017 YTD Follow Up Action Register
- Professional Development
- Focus for the next period

City Auditor Krym went over the **Implementation Status of Audit Report Recommendations as of 1/25/17.**

City Auditor Krym stated she needed to write a memo to Council and the Committee to close out the items under Security Assessment.

Discussion held regarding a new assessment being done.

City Auditor Krym stated she would include in her memo that their intention is to do these regularly. She asked the Chair to address this issue with the new City Auditor.

Discussion held regarding another risk assessment should be done.

Chair Wolfson questioned if a memo could be issued on a quarterly basis attesting to the fact that the assessment was done and what the result was.

City Auditor Krym went over the **FY 17 First Quarter Performance Score Card** which included the following.

- Budget Management
- Time Management – Audit Staff
- Status of Audit Plan Projects
- Percentage of Audit Recommendations Accepted
- Audit Report Recommendations and Follow Up Action Items

Discussion held regarding having the February meeting in the Green Room or another conference room near the Auditors in the Public Works building if one is available.

### **Member Comments**

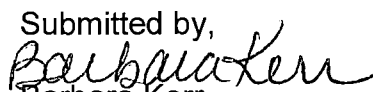
Committee Member Gaillard announced her resignation effective today. Committee members and staff thanked her for her service.

### **Time and Place of Next Meeting**

The next meeting was scheduled for Wednesday, February 15, 2017, at 3:00 p.m. in Conference Room 2006.

### **Motion to Adjourn**

There being no further business, the meeting adjourned at 4:51 p.m.

Submitted by,  
  
Barbara Kerr  
Senior Recording Secretary

<b>Item Number:</b>	<b>4.B.</b>
<b>Meeting Date:</b>	<b>2/15/2017</b>
<b>Item Type:</b>	<b>BUSINESS</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

City Auditor Update Report - City Auditor Krym

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
▣ CAO Update 2017/02	Backup Material






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CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

FROM: Margaret L. Krym, City Auditor 

DATE: February 15, 2017

SUBJECT: Update of City Auditor's Office Activities, 01/26/2017 – 02/15/2017

**Completed:**

- Ballot Counting – Proposed North 2 Underground Electric Distribution Project – Internal Staff: Memorandum issued on February 13, 2017.

**In Progress – Outside Auditors:**

- External Financial Auditors (CAFR) FY2016 – CLA – External Auditors: In progress.
- Pension Plan Audit – Municipal General Employee's Retirement Plan FY2016 – CLA – External Auditors: In Progress.
- Pension Plan Audit – Municipal Police Officers' Retirement Plan FY2016 – CLA – External Auditors: In Progress.
- Pension Plan Audit – Municipal Firefighters' Retirement Plan FY2016 – CLA – External Auditors: In Progress.

**In Progress – Internal Staff:**

- Public Works – Road Resurfacing Contracts Audit – Internal Staff: Management response expected on February 15, 2017. Report to be published soon thereafter.
- Utilities – Capital Projects – Contracts Audit – Internal Staff: Management response expected on February 17, 2017. Report to be published soon thereafter.
- Charter School - Internal Funds Audit – Internal Staff: Management response expected on February 17, 2017. Report to be published soon thereafter.
- Police Annual Review of Property & Evidence Procedures – 2016 – Internal Staff: Report is being reviewed and will be published shortly.

- UEP North 2 Contract Labor Rates Audit – Internal Staff: In progress.

#### Other

- Attended City Council meetings and City Manager's Director Staff meetings.
- Participated in the City Manager meetings regarding best practices for the Charter School Authority. Attended the January 30, 2017, Committee of the Whole meeting discussion on the Charter School.
- During the period 1/26 – 2/15, the City Auditor's Office staff had paid leave and holiday time accordingly: 0 hours – City Auditor, 112 hours – Assistant City Auditor, 0 hours – Senior Auditor, 8 hours – Senior Auditor, 0 hours – Senior Administrative Specialist.
- Participated in the selection process for the new City Auditor. Participated in hosting the candidates during their visit to the City including attendance at the meet and greet on February 7, 2017, providing a tour of our offices and introduction to the office staff. Also attended the Special Council meeting on February 8, 2017, with the three candidates for the City Auditor position.

#### FY 2017 YTD Follow Up Action Register:

See Attachment A as of February 15, 2017.

#### Professional Development:

Department staff attended the following training webinars and seminars during this period. Audit standards require all members of the audit staff to achieve continuing education credits each year.

Training program	Sponsor	City Auditor	Assistant City Auditor	Senior Auditor	Senior Auditor	Admin Support Staff
Optimizing Internal Audit Security & Privacy Procurement Fraud & Vendor Management	IIA Chapter	4		4	4	4
Sunshine Law in Government & Government Fraud	IIA Chapter	4		4	4	4
<b>Total CPE's earned (hours)</b>		<b>8</b>		<b>8</b>	<b>8</b>	<b>8</b>

#### Focus for the next period

The City Auditor and staff:

- Internal staff will:
  - Prepare an orientation package for the soon to be hired new City Auditor.
  - Bring current internal audit projects to conclusion.
  - Facilitate Clifton Larson Allen audits in progress.

- Continue tracking of the follow up action items.

If you have any questions or comments regarding this memo or any other matter in which this office may be of assistance, please contact me at 242-3380 or by email at [MKrym@CapeCoral.net](mailto:MKrym@CapeCoral.net).

Attachment

C: John Szerlag, City Manager  
Michael Ilczyszyn, Assistant City Manager  
Dolores Menendez, City Attorney  
Rebecca van Deutekom, City Clerk  
Audit Committee

City of Cape Coral  
City Auditor's Office  
Implementation Status of Audit Report Recommendations

FY 2017  
Attachment A

	Report Issue Date	Original number of recommendations	As of 02/15/17		
			Mgmt has reported that item is complete.	Audit Office has verified that recommendation has been implemented or closed.	Recommendations pending implementation and/or Audit Office Verification
Security Assessment - IT Systems ( <i>Confidential</i> ) ##	9/27/2013	123	81	81	42
Evaluation of Internal Controls – Fuel and Parts Acquisition, Monitoring, Disbursement and Usage	9/23/2014	61	30	0	61
External Financial Audit for FY 2014	3/30/2015	9	9	8	1
Pension Census Data Consulting Engagement	7/9/2015	3	0	0	3
Timekeeping Audit	9/16/2015	14	14	0	14
Human Resources Department Audit	2/24/2016	11	0	0	11
External Financial Audit for FY 2015	3/30/2016	6	0	0	6
Special Project - Charter Schools - Compensation practices for leave-without pay	7/19/2016	6	4	0	6
<b>Prior Year Open Reports - Action Items</b>		<b>233</b>	<b>138</b>	<b>89</b>	<b>144</b>
CAFR Charter School FY16	10/13/2016	6			6
Self Assessment FY14, FY15 and FY16	10/21/2016	1		1	0
Peer Review	1/12/2017	3		3	0
<b>FY 2017 - Action Items</b>		<b>10</b>	<b>0</b>	<b>4</b>	<b>6</b>
<b>Total</b>		<b>243</b>	<b>138</b>	<b>93</b>	<b>150</b>

## ITS Management will be self reporting the status of these action items.

Prepared by: M. Krym  
Updated by: D. Fuhrmann