



1015 Cultural Park Blvd.
Cape Coral, FL

AGENDA

MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE

October 17, 2018

3:00 PM

Conference Room 2006

1. Meeting called to order

A. Chair Wolfson

2. ROLL CALL

A. Austin, Hiatt, Nelson, Stevens, and Wolfson

3. APPROVAL OF MINUTES

A. Approval of meeting minutes - July 18, 2018 meeting

4. BUSINESS

A. Public Input

B. 2019 Audit Committee Meeting Schedule

C. City Auditor Update Report - City Auditor Butola

D. FY18 Fourth Quarter Performance Score Card (year end) - City Auditor Butola

5. Member Comments

6. Time and Place of Next Meeting

A. Wednesday, November 21, 2018, 3:00 p.m 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: 10/17/2018
Item Type: Approval of Minutes

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

Approval of meeting minutes - July 18, 2018 meeting

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▣ July 18, 2018 meeting minutes	Backup Material

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

Wednesday, July 18, 2018

CONFERENCE ROOM 2006

3:00 P.M.

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

ROLL CALL: Austin, Stevens, and Wolfson were present. Hiatt and Nelson were excused.

ALSO PRESENT: Andrea Butola, City Auditor
Monte Vavra, Deputy Financial Services Director

Approval of Minutes: May 16, 2018 meeting

The minutes from the Audit Committee meeting of May 16, 2018 were presented for approval.

Vice Chair Stevens moved, seconded by Committee Member Austin, to approve the minutes as presented. Voice Poll: All "ayes." Motion carried.

BUSINESS

Public Input

No speakers

Audit Plan Draft – City Auditor Butola

City Auditor Butola discussed the draft of the Audit Plan. She went over the following:

- Proposed Strategic and Audit Plan – Fiscal Year 2019
- Prior Audit Plan from FY 2018
- Vision/Mission/Values
- Goals/Objectives/Action Plan
- Post Audit Reviews
- Available Audit Hours
- Proposed Annual Audit Plan FY 2019
- Proposed Annual Audit Plan FY 2020
- Proposed Annual Audit Plan FY 2021

**Citywide Risk Assessment – Fiscal Years 2019, 2020, and 2021
City Auditor Butola**

City Auditor Butola discussed the Citywide Risk Assessment. She went over the following:

- Overview
- Objectives
- Methodology
- Interpreting Risk Assessment Results
- 2018 Citywide Risk Assessment Survey Questionnaire
- Citywide Risk Assessment FY 2019, 2020, 2021

Discussion held regarding the following:

- Prior Audit Plan
- Risk Assessment - more internal controls in departments
- Surveys went out in January
- Inherent Risk
- External Factors Risk
- Control Environment
- Total FTE's in the City - at the end of FY 2017 - 1667 employees: 342 in Police, 222 in Fire, 300 in Water and Sewer, and 210 in Parks and Recreation.

Committee Member Austin moved, seconded by Vice Chair Stevens, to recommend to Council to accept the FY 2019 Strategic and Audit Plan. Voice Poll: All "ayes." Motion carried.

Assistant City Auditor to Senior Auditor Position Change - WITHDRAWN

City Auditor Butola explained why this item was withdrawn even though it was included in the meeting packet. There was a miscommunication on what was needed for the item that would have gone to Council this month. She explained that there were 40 applicants. Nine had the required certifications. We interviewed four, and two backed out, so we ended up with two candidates that had the qualifications and experience to be considered for the Assistant City Auditor position. She explained why she was going to post for Senior Auditor instead of Assistant City Auditor.

City Auditor Update Report

City Auditor Butola went over the 6/16/18 through 7/17/18 Update of City Auditor's Office Activities dated July 17, 2018 which was emailed to the Committee and was posted online. They included the following:

Completed – Internal Staff:

- Follow up Review – Human Resources
- Citywide Audit Risk Assessment FY 2019, 2020, 2021

In Progress – Internal Staff:

- Public Works Storm Water Operations
- Charter School Authority Best Practices Audit

Discussion held regarding:

- The Charter School going through a trial period of having the City taking over the management of the buses.
- The best practices were put in place in April 2017.
- The revenue the Charter School is getting from the State.
- Putting a separate agenda item concerning the Charter School; it will be included in the Update Report.

In Progress – Internal Staff (continued):

- Hurricane Irma Payroll Review

Discussion held regarding tracking the man hours for Hurricane Irma.

Deputy Financial Services Director Vavra explained the confusion in the payroll process for Irma. He noted how FEMA was going through every ticket; reimbursement may not come for two to three years.

Discussion held regarding the deadline for FEMA submission and the information requested from FEMA.

In Progress – Internal Staff (continued):

- Follow up Review – Public Works Contract
- Follow Up Review – Fuel Acquisition, Monitoring, Disbursement, and Usage
- Follow up Review – Parts Acquisition, monitoring, Disbursement, and Usage

Other:

- Anticipated start date of July 30 for the Assistant City Auditor
- Electronic workpaper software training scheduled for August 21-24
- AR 74 signed by City Manager on June 15 with effective date of April 30

Discussion held regarding Administrative Regulation 74.

Other: (continued):

- Attended City Council meetings and City Manager's Director Staff meeting
- Continue to review and update CAO policies and procedures, report, and memo formats
- Continue ongoing monitoring of open audit recommendations on the SharePoint Action Register by auditors in charge of assigned audits. Outstanding items as of 8/31/18 will be incorporated into software when implemented
- 6/16 to 7/17 staff paid leave and holiday time

FY 2018 YTD Follow Up Action Register:

- Attachment A as of July 17, 2018 - Implementation Status of Audit Report Recommendations

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Professional Development:

- Training Webinars and Seminars

Focus for the Next Period:

- On boarding of new Assistant City Auditor
- Posting of Senior Auditor position
- Focus on reviewing and updating audit processes to transition from paper to electronic workpapers
- Add audit plan to Council agenda for approval
- Continue ongoing work on follow up for prior audits performed
- Continue work on audits and special projects in progress and assign FY 2018 audits per audit plan
- Continue work on the Quality Assurance Review of audits issued since Peer Review to address verbal finding to conduct QA
- Continue tracking of the follow up actions

Member Comments

None.

Time and Place of Next Meeting

The next meeting will be held on Wednesday, August 15, 2018, at 3:00 p.m. in Conference Room 2006.

Motion to Adjourn

There being no further business, the meeting adjourned at 4:07 p.m.

Submitted by,

Barbara Kerr
Recording Secretary

Item Number:	4.B.
Meeting Date:	10/17/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

2019 Audit Committee Meeting Schedule

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▢ 2019 Audit Committee meeting schedule	Backup Material

**2019
AUDIT COMMITTEE MEETING SCHEDULE**

January 16

February 20

March 20

April 17

May 15

June 19

July 17

August 21

September 18

October 16

November 20

December 18

Meetings are held at 3:00 p.m. in Conference Room 2006.

9/20/18

Item Number:	4.C.
Meeting Date:	10/17/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

City Auditor Update Report - City Auditor Butola

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▣ CAO Update 2018 10	Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

FROM: Andrea R. Butola, City Auditor *ARB*

DATE: October 16, 2018

SUBJECT: Update of City Auditor's Office Activities, 9/19/18 – 10/16/18

Complete – Internal Staff:

- Charter School Authority Best Practices Audit – Internal Staff: *Issued October 16, 2018.*

In Progress – External Auditors Clifton Larson Allen (CLA):

- External Financial Auditors (CAFR) FY2018 – CLA – External Auditors: Status from CLA: *Interim testing consisting of internal control walkthroughs, tests of effectiveness and planning complete.*
- External Financial Auditors Charter School (CAFR) FY2018 – CLA – External Auditors: *Report issued October 12.*
- External Financial Auditors Charter School Internal Funds FY2018 – CLA – External Auditors: *Fieldwork testing is substantially complete. CLA is now in the phase of resolving issues and reporting. Anticipate issuance by end of October.*
- Pension Plan Audits (Police, Fire, and General) FY2018 – CLA – External Auditors: Status from CLA:
 - *Police, Fire, General – CLA is working with City Finance and the TPA's to confirm when reports for testing will be ready. Expect to finalize dates in a couple of weeks. No fieldwork completed to date.*

In Progress – Internal Staff:

- Public Works Storm Water Operations – Internal Staff: In progress. Entrance conference scheduled October 24.
- Parks and Recreation Coral Oaks Golf Course Operations – Internal Staff: In progress. Entrance conference held September 27. Planning to determine scope and objectives is in progress.

- Hurricane Irma Payroll Review – Internal Staff: In progress. *Sample selection completed. Testing began early June and will continue as schedule allows for those departments with completed workbooks. Fire, Parks and Recreation testing complete. Police and Utilities remain to be tested. Adjustments are complete and under review by Finance. Audit staff cannot begin testing until Finance review of department adjustments are complete. Public Works testing started October 10.*
- Follow up Review – Public Works Contract – Internal Staff: In progress. *One Finance recommendation remains with an anticipated closure date of 12/31/2018. Currently no further action necessary on this item. This item will be monitored as appropriate.*
- Follow up Review – Fuel Acquisition, Monitoring, Disbursement, and Usage – Internal Staff: In progress. *Two Fleet recommendations remain open. The City Auditor approved revised anticipated completion dates of 12/31/18 (ITS) and 3/31/19 (Finance and Fleet). Currently no further action necessary on these items. These items will be monitored as appropriate.*
- Follow up Review – Parts Acquisition, Monitoring, Disbursement, and Usage – Internal Staff: In progress. *One recommendation remains open. The City Auditor approved revised anticipated completion dates of 12/31/18 (ITS) and 3/31/19 (Finance and Fleet). Currently no further action necessary on these items. This item will be monitored as appropriate.*
- Follow up – Timekeeping – Internal Staff: In progress. *One recommendation remains open with anticipated completion date of 9/30/18.*
- Follow up – City Clerk Records Division – Internal Staff: In progress. *Four recommendations remain open with anticipated completion dates of 10/31/2018, 12/31/2018, 1/31/2019 and 4/30/2019.*
- Follow up – Public Works – Road Resurfacing – Internal Staff: In progress. *Procurement has one recommendation open with anticipated completion date of 12/31/2018.*

Other

- The Senior Auditor phone interviews are complete. In-person interviews for two candidates are scheduled for the week of October 22.
- Completed all QARs as necessary for any audits or projects issued after the prior peer review to address verbal finding to conduct QA on a timelier basis.
- All audits and follow ups started as of October 1 are included in Auto Audit the new electronic workpaper (EWP) software
- Revision and leaning of office and audit processes as they relate to the EWP's is ongoing.
- Attended City Council meetings and City Manager's Director Staff meeting.

- Continue to review and update CAO policies and procedures, report, and memo formats.
- Continue ongoing monitoring of open audit recommendations on the SharePoint action register by auditors in charge of assigned audits ceased October 1. Any open recommendations will be tracked in Issue Track which is a part of the new EWP software.
- During the period 9/19 – 10/16, the City Auditor's Office staff had paid leave and holiday time accordingly: 56 hours – City Auditor, 56 hours – Assistant City Auditor, 8 hours – Assistant City Auditor, 49.25 hours – Senior Administrative Specialist.

FY 2019 YTD Follow Up Action Register:

See Attachment A as of October 16, 2018

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	Assistant City Auditor	Senior Auditor	Admin Support Staff
Peer Review Overview	ALGA	1	1	1		
IDEA Data Wrangling	Audimation	0.5	0.5	0.5		
Total CPE's earned (hours)		1.5	1.5	1.5		

Focus for the next period

The City Auditor and staff:

- Internal staff will:
 - Selecting a candidate for Senior Auditor position.
 - Focus on reviewing and updating audit policy and procedures to reflect new processes transitioning to EWP.
 - Continue ongoing work on follow up for prior audits performed.
 - Continue work on audits and special projects in progress and assign FY2019 audits per audit plan.
- Continue tracking 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 AButola@CapeCoral.net.

Attachment

C: John Szerlag, City Manager
Connie Barron, Interim Assistant City Auditor
Dolores Menendez, City Attorney
Rebecca van Deutekom, City Clerk
Audit Committee

City of Cape Coral
City Auditor's Office

FY 2019
Attachment A

Implementation Status of Audit Report Recommendations

	Report Issue Date	Original number of recommendations	As of 10/16/2018	
			Audit Office has verified that recommendation has been implemented or closed.	Recommendations pending implementation and/or Audit Office Verification
Evaluation of Internal Controls – <u>Fuel</u> Acquisition, Monitoring, Disbursement and Usage	9/23/2014	35	32	3
Evaluation of Internal Controls – <u>Parts</u> Acquisition, Monitoring, Disbursement and Usage	9/23/2014	26	25	1
Timekeeping Audit	9/16/2015	14	13	1
Public Works - Road Resurfacing Contracts Audit	3/2/2017	5	4	1
Financial Audit - Municipal General Retirement Plan 2016	3/30/2017	1	0	1
Financial Audit - City CAFR 2017	3/30/2018	2	0	2
Financial Audit - Municipal General Retirement Plan 2017	3/30/2018	1	0	1
City Clerk Records Division	4/17/2018	4	0	4
Prior Year Open Reports - Action Items		88	74	14
FY 2019 - Action Items		0	0	0
Total		88	74	14

Item Number:	4.D.
Meeting Date:	10/17/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

FY18 Fourth Quarter Performance Score Card (year end) - City Auditor Butola

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description		Type
▢ FY18 Fourth Quarter Performance Score Card (year end)		Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

FROM: Andrea R. Butola, City Auditor *alB*

DATE: October 12, 2018

SUBJECT: FY18 Fourth Quarter Performance Score Card (Year End)

The following provides an overview of the City Auditor's Office performance measurements for the Fourth Quarter of FY 2018 and the year period October 1, 2017 through September 30, 2018.

We monitor our expenditures to ensure that we remain within our budgeted spending levels. We track our time to monitor our productivity level. We measure and report progress on the Council approved Audit Plan projects and in addition, we provide information on the number of special projects completed. We also track the number of audit recommendations we have made and the number of recommendations we have verified as implemented by Management.

Budget Management

	Original Budget	Prior Year PO Encumbrances	Budget Transfers	Amended Budget	Actual Spending (includes Encumbrances)	Under/ (over) Budget
Salaries and Benefits	\$583,421		5,000	\$588,421	(\$521,090)	\$67,331
Outsourced Audits	97,662	45,695	(3,450)	139,907	(58,700)	81,207
Operating Costs	39,753		15,700	55,453	(34,345)	21,108
Capital Outlay-Electronic Workpapers*	50,170		(17,250)	32,920	(15,596)	17,324
Total	\$771,006	\$45,695	-	\$816,701	(\$629,731)	\$186,970

* Accounting has reclassified the computer software purchase from capital to operating.

Time Management – Audit Staff

For the Quarter:

	Hours	Percent	Goal
Audits and Projects	825	85%	80%
Administration	140	15%	20%
Total Available Hours	965	100%	100%
Non-Available Hours	478		
Total	1444		

FY18 Fourth Quarter Performance Score Card (Year End)

October 12, 2018

Page 2 of 3

Time Management – Audit Staff

For the Fiscal Year:

	Hours	Percent	Goal
Audits and Projects	4450	84%	80%
Administration	876	16%	20%
Total Available Hours	5326	100%	100%
Non-Available Hours	1814		
Total	7140		

Status of Audit Plan Projects

Fiscal Year 2018	Audit Plan Projects	% of Total Audit Plan Projects	Projects not included on approved Audit Plan	Total Projects	% of Total Audit Plan & Additional Projects
No. of projects completed in					
QTR 1	1	10%	3	4	17%
QTR 2		0%	2	2	8%
QTR 3	3	30%	1	4	17%
QTR 4	2	20%		0	8%
No. of projects - completed YTD	6	60%	6	12	50%
No. of projects - in progress	1	10%	8	9	38%
No. of projects - not started	3	30%		3	12%
Total no. of Projects in Audit Plan	10	100%	14	24	100%

Percentage of Audit Recommendations Accepted

	Q1	Q2	Q3	Q4	YTD
No. of Audit Recommendations Made	4	1	2	0	7
Percentage of Audit Recommendations Accepted	100%	100%	100%	100%	100%

Audit Report Recommendations and Follow up Action Items

Action Register Status	Original Number of Recommendations	Audit Office has verified recommendation implemented	Recommendations pending implementation and/or Audit Office Verification
Prior Years Action Items	122	115	7
Action Items – FY 2018	14	7	7
Total – All Fiscal Years	136	122	14

Attachment A is a detailed listing of the FY2018 Audit Plan with current project status. We are happy to respond to any questions you may have regarding this information.

C: John Szerlag, City Manager
Connie Barron, Interim Assistant City Manager
Dolores Menendez, City Attorney
Rebecca van Deutekom, City Clerk
Audit Committee

		Audit Resource	Status 9/30/18
1	Audit Office Self Assessment for FY 2017	Internal staff	Completed
2	Citywide Risk Assessment FY 19, 20 & 21	Internal staff	Completed
3	Financial Services - Fixed Assets Process	Internal staff	Not Started
4	Human Resources - Employee Benefits	Internal staff	Not Started
5	ITS Department Review	External	Completed
6	Public Works - Storm Water Operations	Internal staff	In Progress
7	Utilities - Collection Distribution Division	Internal staff	Not Started
	Administrative Review and Reporting	Internal staff	Completed
	Follow Up Reviews		
8	Follow Up - Timekeeping	Internal staff	Completed
9	Follow up - Pension Plan Census Data	Internal staff	Completed
	Carry over from FY 2017		
10	City Clerk's Office - Records Division	Internal staff	Completed
	Follow Up - Special Project - Charter Schools - Compensation practices for leave-without pay	Internal staff	Completed
11	Follow Up - Internal Controls - Fuel Acquisition, Monitoring, Disbursement and Usage	Internal staff	Completed
12	Follow Up - Internal Controls - Parts Acquisition, Monitoring, Disbursement and Usage	Internal staff	Completed
13	Follow Up - Internal Controls - Parts Acquisition, Monitoring, Disbursement and Usage	Internal staff	Completed
14	Cape Coral Police Department Seized and Forfeited Assets Audit	Internal staff	Completed
.	Special projects/Audits and Post Issue Implementation		
15	Charter School Authority Best Practices	Internal staff	In Progress
16	Hurricane Irma Payroll Review	Internal staff	In Progress
17	Human Resources Project	Internal staff	Completed
18	Post Issue - Public Works-Road Resurfacing Contracts Recommendations	Internal staff	In Progress
19	Post Issue - Utilities - Capiital Projects-Contract Recommendations	Internal staff	Completed
20	Post Issue - Human Resources Department Recommendations	Internal staff	In Progress
21	Post Issue - Fuel Internal Control Recommendations	Internal staff	In Progress
22	Post Issue - Parts Internal Control Recommendations	Internal staff	In Progress
23	Post Issue - City Clerk Records Division	Internal staff	In Progress
24	Post Issue - Timekeeping	Internal staff	In Progress
	Financial Audits (City, Charter School, and Pension) - FY 2017		
	City - External Financial CAFR Audit (9/30/17)	External	Completed
	Charter School - External Financial CAFR Audit (6/30/17)	External	Completed
	Charter School - External Internal Funds Financial Follow Up	External	Completed
	General Pension Trust Audit (9/30/17)	External	Completed
	Police Pension Trust Audit (9/30/17)	External	Completed
	Fire Pension Trust Audit (9/30/17)	External	Completed