



1015 Cultural Park Blvd.
Cape Coral, FL

AGENDA

MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE

February 20, 2019

3:00 PM

Conf PW Green/Room A200

1. Meeting called to order

A. Chair Hiatt

2. ROLL CALL

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

3. Public Input

4. APPROVAL OF MINUTES

A. January 16, 2019 Meeting Minutes

5. BUSINESS

A. City Auditor Update Report - City Auditor Butola

B. Attendance

6. Member Comments

7. Time and Place of Next Meeting

A. The next meeting will be held on Wednesday, March 20, 2019, at 3:00 p.m. in Conference Room 2006

8. 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: 4.A.
Meeting Date: 2/20/2019
Item Type: Approval of Minutes

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

January 16, 2019 Meeting Minutes

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▫ January 16, 2019 Meeting Minutes	Backup Material

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

Wednesday, January 16, 2019

CONFERENCE ROOM PUBLIC WORKS GREEN A200

3:00 P.M.

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

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

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

Public Input

No speakers.

Approval of Minutes: October 17, 2018 Meeting Minutes

The minutes from the Audit Committee meeting of October 17, 2018 were presented for approval.

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

BUSINESS

Committee Member Hiatt requested to make a change to the Agenda and inquired if it should be discussed now or at the end of the meeting regarding status updates on the Hurricane Irma Payroll Review, as well as Charter Schools and citywide risk assessment.

Chair Wolfson responded that those items can be discussed under the Member Comment section of the Agenda.

Election of Chair and Vice Chair

Chair Wolfson opened the floor for nominations for Chair.

Committee Member Austin nominated Committee Member Hiatt to be appointed as the new Chair. There were no other nominations. Voice Poll: All "ayes." – Motion carried.

Chair Wolfson opened the floor for nominations for Vice Chair.

Committee Member Hiatt nominated Vice Chair Stevens, seconded by Committee Member Austin, to continue serving as the Vice Chair. Voice Poll: All “ayes.” Motion carried.

City Auditor’s Office Update Report

City Auditor Butola announced that she can address the questions that Committee Member Hiatt stated in the beginning of the meeting in reviewing the prior reports, however, she requested to start with the January’s City Auditor’s Report.

City Auditor Butola reviewed the 12/20/18 through 01/15/19 Update of City Auditor’s Office Activities dated January 15, 2019 which was emailed to the Committee and was posted online. They included the following:

Completed – External Auditors Clifton Larson Allen (CLA):

- External Financial Auditors Charter School Internal Funds FY2018 - CLA

City Auditor Butola announced that the report does not include the 18th of December as Clifton Larson Allen was awaiting signatures on management letters. She mentioned that overall the auditors are progressing, and they are comfortable that the deadlines will be met.

Discussion held regarding:

- Length of Contract
- Same Auditors for the past several years
- Contract bidden

In Progress – External Auditors Clifton Larson Allen (CLA)

- External Financial Auditors (CAFR) FY 2018 – CLA
- Pension Plan Audits (Police, Fire, and General) FY 2018 – CLA

In Progress – Internal Staff:

- Public Works Storm Water Operations
- Parks and Recreation Coral Oaks Golf Course Operations

Discussion held regarding:

- Public Works Storm Water Operations: Risk assessments completed, objectives, review process, and planning substantially completed
- Parks and Recreation Coral Oaks Golf Course Operations: Planning complete and fieldwork has begun
- Emergency Operations Training, Self-Study Courses, Certifications for ICS-300, and ICS-400 not opened to the Public and offered in April

Vice Chair Stevens inquired if Coral Oaks Golf Course is the only publicly owned course and self-sustained.

Discussion held regarding:

- Municipal Golf Courses are not self-sustained
- Other areas such as Fort Myers, Sanibel, and East Coast Municipal Golf Courses operate at a loss
- Reviewing performance matrix and preliminary study shows operations at a loss
- Total loss is undetermined at this time
- Industry overall declining
- Research and analysis completed as part of planning process
- Satisfaction surveys completed in the planning process
- No Funds being applied from the GO Bond

City Auditor Butola continued with reviewing the January 2019 City Auditor's report.

- Public Works – Citywide Fleet Vehicles

Ms. Butola pointed out that the report does not include any data on fuel or parts as they have already been completed. Clifton Larson Allen completed that part of the review and discovered about 50 findings and recommendations. The risk assessment is completed and will communicate objectives to Public Works this week. The Auditor's office will be concentrating on the following areas:

- Vehicle utilization and maintenance based on industry standards
- Fleet Standards
- Review of vehicles not being used
- Time standards and levels of service for maintenance
- Planning in progress

Chair Wolfson questioned if the exact number of vehicles will be determined.

Discussion held regarding:

- Prior audits were not able to determine this information
- Objective to figure out number of fleets as close as possible
- Fuel and Parts recommendation to perform reconciliations earlier which is the system used by Fleet and JD Edwards and on schedule to be completed by 03/31/19
- Lag of recording fixed assets due to staff shortages
- Using vehicle fueling tag for count based on issuance

City Auditor Butola continued with reviewing the City Auditor's report:

- Post Audit Review – Public Works Road Resurfacing Contract
- Post Audit Review – Timekeeping

City Auditor Butola pointed out that her office closed a recommendation earlier than the anticipated completion date. This item is highlighted in bold in the report. Ms. Butola had a conversation with Interim City Clerk Bruns and acknowledged that the City Clerk provided the information in December 2018 before the completion date of 1/31/2019. Ms. Butola wanted to highlight the City Clerk's office efforts and proactive demeanor.

- Post Audit Review – City Clerk Records Division

Committee Member Hiatt inquired about the Timekeeping item on the Auditor's report.

City Auditor Butola responded that she passed this item in her discussion as the item still has an anticipated completion date of 9/30/19.

- Post Audit Review – Timekeeping

Discussion held regarding:

- Whether this was the original anticipated completion date
- Training was the final recommendation pending completion on 9/30/19
- City Auditor Butola stated that she is monitoring this item

City Auditor Butola continued with the review of the City Auditor's report and stated that there was one more recommendation pending in this section which City's Procurement Manager Roop was obtaining more information for completion date of 12/31/18 and working to complete review by end of January.

- Post Audit Review – Public Works – Road Resurfacing

Next section discussed of the January 2019 City Auditor's Report:

- Post Audit Review – Charter School – Best Practices

City Auditor Butola referenced back to Committee Member Hiatt's comment regarding the Charter Schools Best Practices and stated the following:

- 9 recommendations still open
- 1 recommendation pending completion with 12/31/2018 deadline
- Procurement Manual being updated
- Training Issues
- Different implementation dates: Manual update; training; and monitoring
- 3 separate recommendations with 3/31/2019 anticipated completion dates and follow-up will be monitored
- 5 other recommendations with 6/30/2019 anticipated completion dates
- Responsible parties identified: Mary Anne Moniz, Charter School Business Manager, Danielle Jensen, Charter School Procurement Manager, and Wanda Roop, City's Procurement Manager
- Open recommendations will be monitored as needed and updates will be provided at the next meeting

- Following-up tomorrow with City's Procurement Manager Roop and Charter School Procurement Manager Jensen about providing updated procedures 10-days before end of the month
- Extension requests require a valid reason and process of approval, there has not been any official requests received at this time

Vice Chair Stevens inquired about status of City gathering administrative costs.

City Auditor Butola announced that the COW Meeting is coming up soon and Finance is working on this item.

Deputy Financial Services Director Vavra responded that Finance is working on the agenda item and will be part of their presentation.

Further discussion regarding:

- City Staff gathering all costs
- Worksheet forwarded to gather costs
- Best Practices, Optional Costs, and Optimal Cost

City Auditor Butola added that Finance is actively working on this item. She continued with the January 2019 City Auditor's report:

- Non-audit Service – Fuel Acquisition, Monitoring, Disbursement, and Usage
- Non-audit Service – Parts Acquisition, Monitoring, Disbursement, and Usage

City Auditor Butola provided following update:

- Closed the IT recommendation with 12/31/18 completion date
- Reconciliation remains open with a 3/31/19 anticipated completion date, Fleet is substantially completed with their section, and Finance is working on their section
- Other Audits occurring around same time
- Explanation of Post and Non-Audit Reviews and Service titles on report

Committee Member Hiatt requested to review the Hurricane Irma Payroll Review and City Auditor Butola recommended to discuss this item later in the meeting.

Other:

- The Internal Auditor postings closed on January 11, 2019. Currently reviewing candidates for telephone interviews.

City Auditor Butola provided some insight on this item and there was discussion as follows:

- Creation of an entry level position for Internal Auditor
- Candidates not meeting the minimum experience level requirement
- 48 applicants and short list of 10
- Reviewing auditing experience within the short list of 10

- Interviewing Veterans applicants
- Development of phone interview questions
- Initial interview will be via the telephone
- Second interview will be via Skype
- Payment of relocation for position not offered
- Timeline to schedule a phone interview by February 2019

Vice Chair Stevens inquired if the listing offered relocation expenses coverage.

City Auditor Butola confirmed that this Internal Auditor listing does not offer relocation expense, entry-level position, and hiring will start at the lower end of the scale at \$52,000.

Discussion held regarding:

- Relocation not publicly announced in the listing
- Senior position does include relocation expense reimbursed
- Duration of the Posting
- Reposting of the Position

City Auditor Butola announced that an interview was conducted, and an offer was turned down. She added that the process is moving along and there were about 10-12 additional candidates.

Further discussion held regarding:

- Updating policies and procedures in the audit process
- Professional Development
- Special projects
- Candidates that applied and their credentials

Chair Wolfson presented a question about the staff paid leave and holiday time from 09/19/18 through 10/16/2018 referenced in the October 17, 2018 Meeting Minutes.

City Auditor Butola responded and discussion held regarding the following factors:

- Page 53 of the October 17, 2018 Meeting Minutes Other (continued)
- Holidays: Columbus Day October 8th; Staff-Leave Time: Vacations
- November Thanksgiving Holiday will be included in next report
- Auto Audit went live October 1st
- Difference between Auto Audit and Non-Auto Audit
- Time Tracking being utilized
- Explanation of Auto Audit system
- Bundling of Admin General (training/phone calls), Admin Leave Time (holiday or paid time off); and Admin Other (specific to City Auditor Butola for Council and Board meetings; researching time; etc.)
- Removal of detailed tracking from the Update Report since November?

- Major holidays end of 2018 and 2019 holidays include 10-11 days
- Executive decision to eliminate voluminous data and simplify report

Other:

- 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 through EPW software.

FY 2019 YTD Follow Up Action Register:

- Attachment A as of January 15, 2019.

Professional Development:

- Department staff attended training webinars and seminars during this period.

Focus for the Next Period:

- 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.
- Identify candidates for interviews and schedule interview for Internal Auditor Position.
- Continue tracking recommendations for post audit review.

Discussion held regarding:

- Hotline calls and responses
- Email forwarded with poster attached and postcards mailed
- Routing general calls through 311 Call Center or Police Department

Committee Member Hiatt discussed questions regarding Hurricane Irma Payroll Report and pointed out her concerns with the follow-up on the City Auditor's identified issues. She inquired if City was moving toward resolving these issues.

Discussion held regarding:

- Implementation of procedures for timekeeping and documentation
- City Auditor's memo was not a report; only observations/not recommendations
- Statement that items are being identified but there will be no follow-up
- Emergency Operations Center (EOC) audit planned for 2020
- Proactive approach before audit
- On-going training and specific training addressing certain issues

City Auditor Butola explained that Command Staff are the persons in charge of training at EOC regarding documenting policies and procedures. She has received communication from Fire Chief Lamb that these issues are being addressed. Deputy Financial Services Director Vavra completed the audit for Hurricane Irma expenses line by line and Finance Director Bateman performed back-up check of the audit. City Auditor Butola announced again that in 2020 there will be an audit of EOC.

Committee Member Hiatt stated that she reviewed the Audit Committee Ordinance specifically the section of what committee can and cannot do. She inquired should there be a push from the Audit Committee to the City Council to implement process to initiate working on the identified issues dealing with Hurricane Irma Payroll Review.

Deputy Financial Services Director Vavra added that the department has followed the FEMA rules and major focus was to get all the information submitted to FEMA. He understood the concern and staff has been working on a list of where things can be done better with payroll process.

Discussion held regarding:

- Aligning other departments with payroll process
- Regular and essential employees' payroll and Fire and Police different shifts
- Holiday pay and two pay periods split during Hurricane Irma
- City Auditor provided description of essential employee to Command Staff
- Different views between Human Resources/Fire/EOC on essential employees

City Auditor Butola clarified that pursuant to AR 74 the chain of command is to instruct City Auditor to speak with City Manager for status update. If necessary, then can address issues before the Mayor and/or City Council. She explained that AR 74 applies to audits and recommendations, however, item in question was only a memo.

Audit Committee instructed City Auditor Butola to speak with City Manager Szerlag about the chain of command to address the issues raised in the City Auditor's memo regarding Hurricane Irma Payroll Review.

Committee Member Hiatt moved, seconded by Committee Member Austin to have City Auditor Butola obtain status update from the City Manager regarding the City Auditor's memo pertaining to the Hurricane Irma Payroll Review. Voice Poll: All "ayes." Motion carried.

Other discussion held as follow:

- Lessons learned
- February 20, 2019 report will include updates on closed-out items
- City risk assessments and audit of Economic Development Operations (EDO)
- Offer extension to individual in California to hire at the max to perform audit

- Auto-Audit questionnaire features, responses, inputting of data, and generation of scores and reports for risk assessments

Vice Chair Stevens commented that he will be pushing to have GO Bond included in the next audit plan. He pointed out typographical error in the C: section of the Auditor's report and suggested correction of Connie Barron's title.

Further discussion regarding:

- Upcoming software changes with Auto Audit
- Highlighted data represented external audits in the report

Member Comments

Chair Wolfson congratulated incoming Chair Hiatt and passed her the gavel.

Discussion held regarding:

- Meeting's location temporary in PW Green Conference Room A200 due to IT requiring usage of Council Room 2006 for training in January and February
- Other rooms to use, such as Burrowing Owl Room, however space is limited
- Monthly meetings scheduled per the approved 2019 Meeting Schedule
- Meetings schedule monthly, however, requirement is quarterly

Recording Secretary Castillo informed Audit Committee that the Council Room 2006 has been reserved for the meetings from March through December 2019 and the meetings for January and February were booked at the PW Green Conference Room in the Nicholas Annex.

Chair Wolfson thanked everyone for their help and cooperation.

Time and Place of Next Meeting

The next meeting was scheduled for Wednesday, February 20, 2019, at 3:00 p.m. in Green Room PW A200 in the Nicholas Annex.

Motion to Adjourn

There being no further business, the meeting adjourned at 4:03 p.m.

Submitted by,

Betty Castillo
Recording Secretary

Item Number:	5.A.
Meeting Date:	2/20/2019
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

City Auditor Update Report - City Auditor Butola

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▢ City Auditor's Office Update 2019 02	Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

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

DATE: February 19, 2019

SUBJECT: Update of City Auditor's Office Activities, 1/15/19 – 2/19/19

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

- External Financial Auditors (CAFR) FY2018 – CLA – External Auditors: Status from CLA: *CLA expects to have an updated CAFR and related supporting schedules within the next couple of days. CLA goal is to complete the audit by the end of this week and submit to Quality Control February 25. A few open items remain, but CLA hoped to have the responses by the end of the day February 19 and will work with the City for any remaining requested information.*
- Pension Plan Audits (Police, Fire, and General) FY2018 – CLA – External Auditors: Status from CLA:
 - *Police-* CLA received the remaining open items last week, and workpapers are in the Quality Control (QC) review group now. Could be issued this week once QC review is complete. A draft of the statements was provided to the City on Friday, February 15 to assist with CAFR prep. CLA is waiting for confirmation from Pension Resource Center regarding discussion at the Board Meeting on February 26.
 - *Fire* - CLA received the remaining open items last week, and workpapers are in the Quality Control (QC) review group now. Could be issued this week once QC review is complete. A draft of the statements was provided to the City on Friday February 15 to assist with CAFR prep. CLA received confirmation from Pension Resource Center for attendance at the Board Meeting on February 26
 - *General* –One open item remains to complete documentation from Foster and Foster. It was promised by February 19. After the info is received all that remains is administrative clean up prior to quality review. A draft of the statements was provided to the City on Friday, February 15 to assist with CAFR prep

In Progress – Internal Staff:

- Public Works Storm Water Operations – Internal Staff: Planning complete. Fieldwork in progress
- Parks and Recreation Coral Oaks Golf Course Operations – Internal Staff: Planning complete. Fieldwork in progress.
- Public Works – Citywide Fleet Vehicles - Internal Staff: Planning complete. Fieldwork in progress.
- Post Audit Review – Timekeeping – Internal Staff: In progress. *One recommendation remains open. The City Auditor approved revised anticipated completion date of 9/30/19 (Finance). Currently no further action necessary on this item. This item will be monitored as appropriate.*
- Post Audit Review – City Clerk Records Division – Internal Staff: In progress. *One recommendation remains open with a 4/30/19 anticipated completion date.*
- Post Audit Review – Public Works – Road Resurfacing – Internal Staff: In progress. *Procurement had one recommendation open with anticipated completion date of 12/31/2018. Recommendation remains not implemented.*
- Post Audit Review- Charter School- Best Practices – Internal Staff: In progress. *All nine recommendations are still open. One recommendation with 12/31/2018 will be closed by the end of February. Recommendation is implemented. Three recommendations have 3/31/2019 anticipated completion dates and five have 6/30/2019 anticipated completion dates. The open recommendations will be monitored as appropriate.*
- Non-audit Service – Fuel Acquisition, Monitoring, Disbursement, and Usage – Internal Staff: In progress. *One recommendation remains open with a 3/31/19 anticipated completion date (Finance and Fleet).*

Non-audit Service – Parts Acquisition, Monitoring, Disbursement, and Usage – Internal Staff: In progress. *One recommendation remains open with a 3/31/19 anticipated completion date (Finance and Fleet).*

Other

- Per Audit Committee request, City Irma payroll observations draft response is complete. Needs finalization.
- Conducted telephone interviews February 8 and 11. In-person interviews are scheduled for the week of March 4.
- Attended all day kick off session for new financial 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 through EWP software.
- Budget Review Committee memo with City Manager

FY 2019 YTD Follow Up Action Register:

See Attachment A as of February 19, 2019

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	Internal Auditor
Fraud Seminar	IIA	8	8	8	N/A
Total hours		8	8	8	

Focus for the next period

The City Auditor and staff:

- Internal staff will:
 - Focus on reviewing and updating audit policy and procedures to reflect new processes transitioning to EWP.
 - Attend new financial software implementation meetings as necessary
 - Finalize office budget
 - 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 with final selection for Internal Auditor position
- Continue tracking recommendations for post audit review.

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, Assistant City Manager
Dolores Menendez, City Attorney
Kimberly Bruns, Interim City Clerk
Audit Committee

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

FY 2019
Attachment A

	Report Issue Date	Original number of recommendations	As of 2/19/2019	
			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	34	1
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	3	1
Prior Year Open Reports - Action Items		88	79	9
Charter School Authority Best Practices	10/16/2018	9	0	9
FY 2019 - Action Items		9	0	9
Total		97	79	18