



1015 Cultural Park Blvd.  
Cape Coral, FL

## **AGENDA**

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

**September 11, 2019**

**3:00 PM**

**Conference Room 2006**

**1. Meeting called to order**

A. Vice Chair Stevens

**2. ROLL CALL**

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

**3. CHANGES TO AGENDA / ADOPTION OF AGENDA**

**4. Public Input**

**5. APPROVAL OF MINUTES**

A. Meeting Minutes - July 10, 2019

**6. BUSINESS**

A. City Auditor's Office Update Report - City Auditor Butola

**7. Member Comments**

**8. Time and Place of Next Meeting**

A. The next Audit Committee meeting will be held on Wednesday, October 16, 2019, at 3:00 p.m. in Conference Room 2006.

**9. 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: 5.A.**  
**Meeting Date: 9/11/2019**  
**Item Type: Approval of Minutes**

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

Meeting Minutes - July 10, 2019

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

Description	Type
▢ Meeting Minutes - July 10, 2019	Backup Material

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

**Wednesday, July 10, 2019**

**CONFERENCE ROOM 2006**

**3:00 P.M.**

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

ROLL CALL: Chair Hiatt, Members Austin, and Stevens were present. Members Stout and Wolfson were excused.

ALSO PRESENT: Andrea Butola, City Auditor  
Christopher Phillips, Mgt/Budget Administrator arrived at 3:09 p.m.

**CHANGES TO AGENDA / ADOPTION OF AGENDA**

***Vice Chair Stevens moved, seconded by Committee Member Austin, to adopt the Agenda for the July 10, 2019 meeting, as presented. Voice Poll: All "ayes." Motion carried.***

**Public Input**

None.

**Approval of Minutes**

**June 12, 2019 Meeting Minutes**

The minutes from the Audit Committee meeting of June 12, 2019 were presented for approval.

Vice Chair Stevens had a question regarding the Fleet Vehicles Audit Report, specifically having to do the vehicles that are taken home, such as the Police units.

City Auditor Butola explained that there were other vehicles authorized to be taken home by Fire, Division Chief, pickup trucks, etc.

Discussion held regarding where other vehicles are stored and parked on the premises.

Discussion held regarding the Charter School outstanding recommendations.

***Vice Chair Stevens moved, seconded by Committee Member Austin, to approve the June 12, 2019 Meeting Minutes, as presented. Voice Poll: All "ayes." Motion carried.***

**BUSINESS**

**Proposed Strategic and Audit Plan FY 2020 (DRAFT) – City Auditor Butola**

Chair Hiatt inquired about the Audit Plan for FY 2021 that was included in the report.

City Auditor Butola responded that the proposed plan was for FY 2020 and FY 2021, and the Risk Assessment was scheduled for FY 2022.

Discussion held regarding the City's fiscal year from October 1 through September 30.

City Auditor Butola discussed the Proposed Strategic and Audit Plan for the Fiscal Year 2020, which contained the following categories:

- Vision/Mission/Values
- Goals/Objectives/Action Plan
- Available Audit Hours: 5,739
- Proposed Annual Audit Plan – FY 2020-2022

Discussion held regarding:

- Two-year audit plan
- Format changes to bullet point set-up
- Possible document title change
- Inclusion of the Goals and Objectives
- FY 2019 only listed five goals vs. FY 2020 seven goals/objectives listed
- One-to-one preference
- Few changes in the Goals and Objectives, only format changes
- Item #7 included due to performance measures
- Slight reduction to the City Auditor's hours from 75% to 70%
- Administrative Support Staff reduced to 5% and forecasted to be eliminated
- Calculation based on the standard 2080 hours minus time off/admin workload
- 5,700 hours used for total available hours for the audit plan

Mgt/Budget Administrator Christopher Phillips arrived at 3:09 p.m.

City Auditor Butola discussed the Proposed Annual Audit Plan for FY 2020 as follows:

- 700 projected hours baseline
- Reduction of projected work time hours
- Carry over audits removed, and post audit reviews allocated 250 projected hours
- Comparison of the Proposed Audits for FY 2019 and FY 2020
- Risk Management Assessments

Chair Hiatt inquired about when the risk assessment would be completed.

City Auditor Butola responded that the expected completion would be in FY 2021.

Discussion held regarding:

- Financial Services – Procurement Process Review moved to FY 2020
- Fire – Emergency Management Operations Program moved to FY 2020
- Citywide – Travel added to FY 2020
- Parks and Recreation – Sun Splash added to FY 2020
- Concur Citywide Travel Software
- Audit to include local and out-of-town travels
- Non-Audited Services would be covered under Special Projects
- Expansion of the Parks and Sun Splash Wink News Article
- External Audit Facilitation by Clifton Larson Allen – New contract due in FY 2021
- Audit Plan would be updated as issues arise and needed
- P-card system utilization

City Auditor Butola reviewed the Proposed Annual Plan FY 2021 as follows:

- DCD – Building Division – Permits moved from FY 2020 to FY 2021
- Charter School – ongoing implementation of policies and procedures
- City Manager – Economic Development Office moved from FY 2019 to FY 2021
- Parks and Recreation – Special Events will be audited in FY 2021
- Citywide Add Pay and Certifications – New Audit added in FY 2021

Chair Hiatt inquired about the meaning of Add Pay and Certifications.

Discussion held regarding:

- Additional pay for specific certifications, such as diving certification
- Category mostly for Fire, Police, and notaries may be included
- Staff's add pays and certifications - significant cost based on level of training
- Continuing education training
- Purpose of audit to verify certifications

City Auditor Butola mentioned that the other new audit in FY 2021 included a Fire Logistics Division audit.

Discussion held regarding the Peer Review for FY 2020 and the New Contract External Audit Facilitation in FY 2021

Chair Hiatt inquired about the start process for the new external audit contract.

City Auditor Butola responded that it may start on the third or fourth year of the current contract.

Discussion held regarding the Government Accounting Standards Board (GASB) updates, specific to GASBS 34 dealing with assets reporting standards. She mentioned that there were no audits included for FY 2022 because of the Risk Assessment being performed for FY 2022, 2023, and 2024.

Vice Chair Stevens suggested to add an audit for the GO Bond in the proposed plan.

Member Austin responded in the affirmative.

City Auditor Butola agreed with the suggestion for an audit on the GO Bond.

Discussion held regarding:

- \$10.2 million borrowed from the GO Bond
- Parks Management Plan containing specific timeline
- Suggestion to conduct the GO Bond audit in FY 2020
- City's website link with data on the GO Bond expenditures, timeline, and updates

City Auditor Butola recommended to substitute in the FY 2020 Proposed Annual Audit Plan the Utilities–Collection Distribution Operations and Maintenance with the Parks & Recreation–Go Bond Expenditures.

Discussion held regarding the DCD-Building Division-Permits audit may be removed.

***Committee Member Austin moved, seconded by Vice Chair Stevens, to recommend to Council to accept the FY 2020 Strategic and Audit Plan, as amended. Voice Poll: All “ayes.” Motion carried.***

#### **City Auditor's Office Update Report – City Auditor Butola**

City Auditor Butola reviewed the 6/12/19 through 7/9/19 Update of City Auditor's Office Activities dated July 9, 2019, which was emailed to the Committee. The report included the following:

##### **In Progress – Internal Staff:**

- Citywide Overtime and Authorization

Vice Chair Stevens inquired if Police and Fire divisions were being included in the Citywide Overtime and Authorization.

City Auditor Butola responded in the affirmative. The audit would be conducted on all the City departments. She continued with the following update:

- Community Development Code Compliance
- Post Audit Review – Timekeeping
- Post Audit Review – Charter School – Best Practices

Vice Chair Stevens inquired about the Charter School pending eight recommendations.

City Auditor Butola responded that the validation and verification was still pending, and everything has been received from the Charter School.

City Auditor Butola continued with the update as follows:

- Post Audit Review – Parks & Recreation Coral Oaks Golf Course – Internal Staff

- Post Audit Review – Public Works Stormwater Operations – Internal Staff
- Post Audit Review – Public Works Citywide Fleet Vehicles – Internal Staff
- Non-Audit Service – Finance Business Process Review – Internal Staff

Chair Hiatt inquired if the City had received any reimbursement for Hurricane Irma.

Mgt/Budget Administrator Phillips updated that some funds were received and there are pending claims being reviewed at the State level.

Discussion held regarding the amount that would be reimbursement, which would be the major portion of the claims.

Vice Chair Stevens inquired about the Charter School audit reporting and which recommendations have been satisfied.

City Auditor Butola responded that she would provide an update to reflect which recommendations were satisfied in the July through August audit report.

Discussion held regarding the internal fund budget for the Charter School.

Chair Hiatt inquired if the Charter School had received all the required training.

City Auditor Butola responded that this was still pending. She continued with the update report as follows:

**Other**

- Revision and leaning of office and audit processes as they relate to the EWP's is ongoing.
- Candidate selected for anticipated vacancy for the Senior Administrative Specialist position due to retirement 8/30/19.
- Assist in CCPD administrative review for overtime.

Vice Chair Stevens inquired about the CCPD administrative review for overtime and FY 2020 Proposed Audit overlap.

City Auditor Butola responded that the samples included in the CCPD administrative review for overtime would be excluded from the FY 2020 Proposed Audit. She continued with the update report as follows:

- Completed EWP template for audits and worked on finalizing templates for Non-audit services.
- Completed FY 2020 Audit Plan.
- 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.



**FY 2019 YTD Follow Up Action Register:**

- Attachment A as of July 9, 2019

**Professional Development:**

- Department staff attended training webinars and seminars during this period on Code of Ethics Implementation Guides. Audit standards require all members of the audit staff to achieve continuing education credits each year.

**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 for EWP.
  - Attend new financial software business process meetings as necessary.
  - Continue work on audits and special projects in progress and assign FY2019 audits per audit plan.
- Continue tracking recommendations for post audit review.

**Member Comments**

Vice Chair Stevens inquired about the large donation to the City for the pickleball courts.

Discussion regarding the donation.

**Time and Place of Next Meeting**

The next Audit Committee was scheduled for Wednesday, August 7, 2019, at 3:00 p.m. in Conference Room 2006.

Chair Hiatt reminded the Committee that she would not be available for the August and September meetings. She confirmed that Vice Chair Stevens would conduct the meetings.

Discussion held regarding the possibility of remote attendance and voting at the meetings.

**Motion to Adjourn**

There being no further business, the meeting adjourned at 4:05 p.m.

Submitted by,

Betty Castillo  
Recording Secretary

<b>Item Number:</b>	<b>6.A.</b>
<b>Meeting Date:</b>	<b>9/11/2019</b>
<b>Item Type:</b>	<b>BUSINESS</b>

**AGENDA REQUEST FORM**  
CITY OF CAPE CORAL



**TITLE:**

City Auditor's Office Update Report - City Auditor Butola

**SUMMARY:**

**ADDITIONAL INFORMATION:**

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
▢ City Auditor's Office Update Report 2019-09	Backup Material



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CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

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

DATE: September 10, 2019

SUBJECT: Update of City Auditor's Office Activities, 8/7/2019 – 9/10/2019

**In Progress – External Auditors**

- External Financial Auditors (CAFR) FY2019 – CLA – External Auditors: Status from CLA: *Preliminary procedures and planning performed. Currently working on the interim single audit testing.*
- External Financial Auditors (Charter School CAFR) FY2019 – CLA – External Auditors: Status from CLA: *Audit is in progress. Working through open items and questions that remain from fieldwork.*
- External Financial Auditors (Charter School Internal Funds) FY2019 – CLA – External Auditors: Status from CLA: *Audit is in progress. Working through open items and questions that remain from fieldwork.*
- Pension Plan Audits Police FY2019 – CLA – External Auditors: Status from CLA: *Awaiting signed engagement letter. Work won't start until late this month or early October upon receipt.*
- Pension Plan Audits Fire FY2019 – CLA – External Auditors: Status from CLA: *Signed engagement letter received. Work will begin late September.*
- Pension Plan Audits General FY201 – CLA – External Auditors: Status from CLA: *Awaiting signed engagement letter. Work won't start until late this month or early October upon receipt.*

**Complete- Internal Staff:**

- Post Audit Review – Parks & Recreation Coral Oaks Golf Course – Internal Staff: *Complete 2019-04 Performance Indicators- use RecTrac to accurately track performance indicator data and reduce or eliminate manual calculations*
- Post Audit Review – Charter School – Best Practices
  - *Closed three recommendations*

- *2018-01c Internal Funds Money Handling Training. Training was conducted 6/11/2019 and 8/1/2019.*
- *2018-02a General Fund and Internal Fund Expenditures policy and procedures manual- procurement manual complete and training was provided. No separate approval was needed since the School is following City Policy and addressing exceptions pertinent to the school as appropriate.*
- *2018-03a Finance Policies and Procedures cash forecasting, Investment balance Review, Cash position analysis, audit of accounts receivable, refund policy. Updates and approvals provided.*

**In Progress – Internal Staff:**

- *Citywide Overtime and Authorization Audit – Internal Staff: In progress. Planning complete. Fieldwork substantially complete. Some initial findings communicated to City Departments. Anticipate issuance early October.*
- *Community Development Code Compliance Audit – Internal Staff: In progress. Planning complete. Fieldwork complete. Findings in draft form.*
- *Procurement Process Audit– Internal Staff: In progress. Entrance conference scheduled 9/13/2019.*
- *Post Audit Review – Timekeeping – Internal Staff: In progress. One recommendation remains open. The City Auditor approved revised anticipated completion date of 9/30/2019 (Finance). CAO reviewed training slides with Payroll supervisor and Finance staff. Some revisions were necessary to meet the recommendations. Training dates set for 9/16, 9/18 and 9/20. Anticipate closure by 9/30/2019, the revised anticipated completion date.*
- *Post Audit Review – Charter School – Best Practices – Internal Staff: In progress.*
  - *Partially complete. The following recommendations are partially complete due to additional time needed for transaction processing. These have follow-up dates of 11/30/2019 set for the office to perform transaction testing to ensure updated policies and procedures or internal controls are in place and operating effectively*
    - *2018-01a- Internal Funds Money Handling Manual- New Cashier Policies and Procedures were created and approved by City Finance by 8/31/2019. We will need to complete further testing after 11/30/2019 to determine if policies and controls are in place and operating effectively.*
    - *2018-01b- Internal funds Money Handling develop a monitoring process. Testing of evidence of ongoing monitoring will be performed after 11/30/2019*
    - *2018-03b Finance Policies and Procedures annual review. Policies have been updated per recommendation 2018-03a (see above). Will*



*monitor updates as appropriate when other follow up testing is performed after 11/30/2019*

- Post Audit Review – Parks & Recreation Coral Oaks Golf Course – Internal Staff: In progress.
  - *Six findings are considered partially implemented. Additional time is needed for CAO to test transactions after 11/30/2019, to verify new policies and procedures and internal controls associated with the recommendations are in place and operating effectively.*
    - 2019-02a *Cashier policies and procedures compliance*
    - 2019-02b *Cashier Policies and Procedures weekly reconciliation*
    - 2019-03c *Evaluate Pro Lesson Teacher Split Arrangement online scheduling*
    - 2019-05a *Knickers Pub Operations utilize RecTrac for inventory*
    - 2019-06b *Rate Methodology review of monthly data*
    - 2019-06c *Performance Indicators correct rate charges*
- Post Audit Review – Public Works Stormwater Operations – Internal Staff: In progress. *Four items due 11/29/2019. A draft of policies was complete by 8/30/2019; however, this is not considered closed. Department did not meet the anticipated completion date, nor did they request an extension.*
- Post Audit Review – Public Works Citywide Fleet Vehicles – Internal Staff: In progress: *Information for one item due 6/30/2019 was provided. CAO needs to verify before closure. One item due 9/30/2019, one item due 11/30/2019, and four items due 5/1/2020.*
- Non-Audit Service – Finance Business Process Review – Internal Staff: In progress. Staff met with Finance to discuss scope of project. Currently, Accounts Payable, Procurement and Month-End close will be reviewed to ensure best practices are implemented with the new financial software implementation currently underway. CAO staff attended best practices meetings as applicable.

#### **Other**

- Strategic Plan and FY2020 Annual Audit Plan for City Council approved on August 12, 2019 by City Council.
- Revision and leaning of office and audit processes as they relate to the EWP's is ongoing.
- Assist in CCPD administrative review for overtime.
- Completed on-boarding of new Senior Administrative Specialist. Start date 8/19/2019.
- Continue to review and update CAO policies and procedures, report, and memo formats.
- Continue ongoing monitoring of open audit recommendations through EWP software.

**FY 2019 YTD Follow Up Action Register:**

See Attachment A as of September 10, 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
Audit Report Writing	IIA	2	2	1	2
<b>Total hours</b>		<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>

**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 for EWP and updates to Yellow Book effective 7/1/2019.
  - Attend new financial software business process meetings as necessary
  - Continue work on audits and special projects in progress and assign FY2019 audits per audit plan.
- Continue tracking recommendations for post audit reviews.
- City Auditor to participate in ALGA Peer Review in Northampton, PA 9/29-10/4/2019

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](mailto:AButola@CapeCoral.net).

**Attachment**

C: John Szerlag, City Manager  
Connie Barron, Assistant City Manager  
Dolores Menendez, City Attorney  
Kimberly Bruns, 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 9/10/2019	
			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	35	0
Evaluation of Internal Controls – <u>Parts</u> Acquisition, Monitoring, Disbursement and Usage	9/23/2014	26	26	0
Timekeeping Audit	9/16/2015	14	13	1
Public Works - Road Resurfacing Contracts Audit	3/2/2017	5	5	0
Financial Audit - Municipal General Retirement Plan 2016	3/30/2017	1	1	0
Financial Audit - City CAFR 2017	3/30/2018	2	2	0
Financial Audit - Municipal General Retirement Plan 2017	3/30/2018	1	1	0
City Clerk Records Division	4/17/2018	4	4	0
<b>Prior Year Open Reports - Action Items</b>		<b>88</b>	<b>87</b>	<b>1</b>
Charter School Authority Best Practices	10/16/2018	9	6	3
Parks and Recreation Coral Oaks Golf Course Audit	5/22/2019	15	9	6
Public Works Stormwater Operations Audit	5/22/2019	6	0	6
Public Works Citywide Fleet Vehicles Audit	5/22/2019	7	0	7
<b>FY 2019 - Action Items</b>		<b>37</b>	<b>15</b>	<b>22</b>
<b>Total</b>		<b>125</b>	<b>102</b>	<b>23</b>

Prepared by: A. Butola and Updated by: M. Liebegott