



1015 Cultural Park Blvd.
Cape Coral, FL

AGENDA

MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE

May 10, 2017	3:00 PM	Conference Room 2006
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1. Meeting called to order

A. Chair Wolfson

2. ROLL CALL

A. Buice, Hiatt, Sawicki, Stevens, and Wolfson

3. APPROVAL OF MINUTES

A. March 15, 2017 regular meeting minutes

4. BUSINESS

A. Introduction of the new City Auditor, Andrea Butola

B. Presentation of the City Financial Audit for period ending 9/30/2016
- Clifton Larson Allen LLC

C. Presentation of the Pension Plan Audits for General, Police and
Fire for period ending 9/30/2016 - Clifton Larson Allen LLC

D. City Auditor Update Report - City Auditor Butola

5. Member Comments

6. Time and Place of Next Meeting

A. Wednesday, June 14, 2017, 3:00 p.m. Conference Room 2006

7. Motion to Adjourn

<p>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</p>
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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: 5/10/2017
Item Type: Approval of Minutes

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

March 15, 2017 regular meeting minutes

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
□ March 15, 2017 regular meeting minutes	Backup Material

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

Wednesday, March 15, 2017

CONFERENCE ROOM 2006

3:00 P.M.

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

ROLL CALL: Buice, Hiatt, Sawicki, and Stevens were present. Wolfson arrived at 3:02 p.m.

ALSO PRESENT: Margaret Krym, City Auditor
Oscar Claudio, Assistant City Auditor
Victoria Bateman, Financial Services Director

Approval of Minutes: February 15, 2017 meeting

The minutes from the Audit Committee meeting of February 15, 2017 were presented for approval.

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

BUSINESS

Update on the recruitment process for the City Auditor position

City Auditor Krym provided an update on the City Auditor position. An offer letter has been sent to Andrea Butola; she will have a start date of May 1st. She stated she has been in communication with her about orientation. City Auditor Krym stated her last day of work will be March 31, 2017, and Oscar Claudio will be the Acting City Auditor for the month of April.

City Auditor Update Report – City Auditor Krym

City Auditor Krym went over the 2/16/17 through 3/15/17 Update of City Auditor's Office Activities dated 3/15/17 which was emailed to the Committee today and was posted online. They included the following:

- Completed Audits:
 - 1) Charter School – Internal Funds Audit
 - 2) Public Works – Road Resurfacing Contracts Audit
 - 3) Utilities – Capital Projects – Contracts Audit

Committee Member Sawicki stated she will be placing the Charter Schools Internal Funds Audit on a Council meeting agenda or the COW.

City Auditor Krym stated historically they have not taken reports and presented them orally. If we start with this report, they may be questioned why they haven't done others. She stated this was in the venue to discuss this here at the Audit Committee meeting. However, if a council person wants to place it on the agenda, it's in their purview to do so. In that case, we will come and talk about the audit report.

Financial Services Director Bateman stated if the Committee has issues, wouldn't the Chair of the Audit Committee go before Council to address it.

City Auditor Krym stated if the Committee felt there was an issue they wanted to have addressed at the Council level, the Committee could either request to be on an agenda or they could write a memorandum to Council expressing the concern about a particular issue.

Director Bateman stated she was not in agreement with some of the recommendations the Charter School wants to implement.

Discussion held regarding bringing this audit to Council.

Discussion held regarding needing some controls in the internal funds.

Discussion held regarding how the Finance Director has to sign off but not included in the internal control process; how this should go to Council for direction.

Discussion held regarding making specific recommendations to Council.

City Auditor Krym stated the Committee could define what the controls should be. She noted it would be the Committee's prerogative to raise concerns they may have about whether or not the suggested responses are adequate to mitigate the risks.

Discussion held regarding identifying the concerns with the management response.

Discussion held regarding who signs off on the management's response to audit reports.

City Auditor Krym stated the transactional activity in the internal funds has been unreported in any way to anyone since its inception. Redbook requires an annual audit of internal funds. She stated one of the recommendations we suggested that they expand the scope of their CAFR audit to include an audit of the internal funds, and they agreed in their response. She asked Clifton Larsen Allen for a quote on getting that audit done annually along with their CAFR audit.

Discussion held regarding doing an audit as of June 30, 2017 with more than half a year transpiring without controls.

Committee Member Sawicki read from Ordinance 99-08 that created the Audit Committee. She stated the Committee could put forth a motion.

Discussion held regarding wording for a motion such as agreeing with the auditor's findings and have concerns with the management response to the recommendation.

Discussion held regarding the best practices to possibly be presented at a future COW meeting.

Discussion held regarding the quality education of the Charter School.

Discussion held regarding money funding is an issue for the Charter School because they have financial needs going forward.

Discussion held regarding the need for this to be discussed at Council.

Discussion held regarding the disconnect that the Charter School does not want help from financial services.

Discussion held regarding that the response to the audit was not adequate, and that the Committee feels that the Financial Services Director of the Charter Schools should be deeply involved in the responses.

Committee Member Hiatt moved that the response to the audit was not adequate, and that the Committee feels that the Financial Services Director of the Charter Schools should be deeply involved in the responses.

Discussion held regarding tweaking the motion.

Motion withdrawn; there was no second.

Discussion continued on the verbiage of a motion.

Vice Chair Hiatt moved, seconded by Committee Member Buice, in accordance with Chapter 26 of the Ordinance we recommend the Charter School Authority shall comply with the Policies and Procedures of the City's Financial Services Department and utilize the services of the City's and Charter Schools Finance Director's expertise in implementing the recommendations identified in the Charter School Internal Funds Audit.

Committee members polled as follows: Buice, Hiatt, Sawicki, Stevens, and Wolfson voted "aye. All "ayes." Motion carried.

Discussion held regarding sending a memo from the Audit Committee to the Council and the Charter School Governing Board Authority to include the motion made.

City Auditor Krym continued with the following:

- In Progress – Outside Auditors
- In Progress – Internal Staff
- Other
- FY 2017 YTD Follow Up Action Register
- Professional Development
- Focus for the next period
- Implementation Status of Audit Report Recommendations as of 3/15/17.

Member Comments

Committee Member Buice provided her background, being the newest member on the Committee. All other members discussed their background as well for the benefit of the newest member.

Time and Place of Next Meeting

The next meeting was scheduled for Wednesday, April 19, 2017, at 3:00 p.m. in Conference Room 2006.

Motion to Adjourn

There being no further business, the meeting adjourned at 4:35 p.m.

Submitted by,

Barbara Kerr
Recording Secretary

Item Number:	4.D.
Meeting Date:	5/10/2017
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 2017-05	Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

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

DATE: May 10, 2017

SUBJECT: Update of City Auditor's Office Activities, 4/15/2017 – 5/10/2017

In Progress – External Auditors:

- Charter School Authority – Follow up – Internal Funds - CLA – External Auditors: Work will begin in July/August.

In Progress – Internal Staff:

- Audit of the Police Department's Seized and Forfeited Assets – Internal Staff: In progress.
- Follow up – Human Resources – Internal Staff: In progress.
- Follow up – Evaluation of Internal Controls - Fuel and Parts Acquisition, Monitoring, Disbursement and Usage – Internal Staff: In progress.
- UEP North 2 Contract Labor Rates Audit – Internal Staff: In progress.
- Follow up – Timekeeping – Internal Staff: Placed on hold until the fall of 2017.

Other

- Attended City Council meetings and City Manager's Director Staff meetings.
- Andrea Butola, City Auditor started on May 1 and Margaret Krym former City Auditor and office staff provided orientation May 1 – 5.
- Met with the City Manager with former City Auditor regarding an update on the Charter School Authority Best Practices.
- Facilitated finalization of the engagement letter dated March 21, 2017, for the Charter School Authority and Clifton Larson Allen for an annual audit of Charter School Authority Internal Funds beginning with Fiscal Year 2018.

- During the period 4/15 – 5/10, the City Auditor's Office staff had paid leave and holiday time accordingly: 0 hours – City Auditor, 64 hours – Assistant City Auditor, 0 hours – Senior Auditor, 0 hours – Senior Auditor, 8 hours – Senior Administrative Specialist.

FY 2017 YTD Follow Up Action Register:

See Attachment A as of May 10, 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
CIA Learning System Comprehensive Instructor - Lead Course - Part 3	IIA			22		
Implementation Considerations for the New GASB OPED Standards	KPMG			2	2	
Total CPE's earned (hours)				24	2	

Focus for the next period

The City Auditor and staff:

- Internal staff will:
 - Continue ongoing work on follow up for prior audits performed.
 - Continue planning meetings with City management and City Council Members.
 - Continue work on 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 AButola@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**

		As of 05/10/17			
Report Issue Date	Original number of recommendations	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	
Evaluation of Internal Controls – Fuel and Parts Acquisition, Monitoring, Disbursement and Usage ##	9/23/2014	61	30	0	61
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
Special Project - Charter Schools - Compensation practices for leave-without pay	7/19/2016	6	4	0	6
Prior Year Open Reports - Action Items	95	48	0	95	
CAFR Charter School FY16	10/13/2016	6	0	0	6
Self Assessment FY14, FY15 and FY16	10/21/2016	1	1	1	0
Peer Review	1/13/2017	3	3	3	0
Charter School - Internal Funds Audit	2/21/2017	21	0	0	21
Public Works - Road Resurfacing Contracts Audit	3/2/2017	5	0	0	5
Utilities - Capital Project - Contract Audit	3/3/2017	5	0	0	5
Police Annual Review of Property & Evidence Procedures 2016	3/30/2017	1	0	0	1
Financial Audit - Municipal General Retirement Plan	3/30/2017	3	0	0	3
Financial Audit - Municipal Police Officers' Retirement Plan	3/30/2017	2	0	0	2
Financial Audit - Municipal Firefighters' Retirement Plan	3/30/2017	2	0	0	2
FY 2017 - Action Items	49	4	4	45	
Total	144	52	4	140	

45 total findings that resulted in 61 recommendations

Prepared by: A. Butola

Updated by: D. Fuhrmann