



1015 Cultural Park Blvd.
Cape Coral, FL

AGENDA

MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE

September 20, 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. July 12, 2017 regular meeting minutes

4. BUSINESS

A. Review FY 2018 Annual Strategic Plan and Audit Plan

B. City Auditor Update Report

5. Member Comments

6. Time and Place of Next Meeting

A. Wednesday, October 18, 2017, 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: 9/20/2017
Item Type: Approval of Minutes

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

July 12, 2017 regular meeting minutes

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▣ July 12, 2017 regular meeting minutes	Backup Material

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

Wednesday, July 12, 2017

CONFERENCE ROOM 220A

3:00 P.M.

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

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

ALSO PRESENT: Andrea Butola, City Auditor
Victoria Bateman, Financial Services Director
Michael Ilczynszyn, Assistant City Manager

Approval of Minutes: June 14, 2017 meeting

The minutes from the Audit Committee meeting of June 14, 2017 were presented for approval.

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

BUSINESS

AR #74 Update

City Auditor Butola discussed the update of Administrative Regulation (AR) #74. She forwarded the final copy to the Committee with the changes. She noted it has been sent to the City Manager which will be discussed at a meeting later this month with him; then it will be released for comment to the directors.

Discussion held regarding the following:

- Charter School sign off
- Update it to include an accepted box – requested by Chair Wolfson

Audit Plan Draft

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

- Page 1, Goals/Objectives/Action Plan for 5 and 6, new for this year

Discussion held regarding the following:

- Obtaining Lean Six Sigma software, budget for it, report writing module, issue tracking
- Ranking of high/medium/low – Member Stevens suggested directors prioritize

and not the City Auditor; missing deadlines – scrutiny escalates

- Page 2, total hours – previous 6600 versus present 5700 – increased non-available audit hours, available total hours decreased from 1650 to 1370, increased City Auditor available hours from 60% to 75%
- Audit hours versus administrative time

Discussion held regarding the Proposed Annual Audit Plan FY 2018:

- Audit Office Self-Assessment
- City-wide Risk Assessment FY 19, 20, 21 increased by 100 hours
- Human Resources - Employee Benefits, increased by 100 hours from 700 to 800
- IT Audit – External Auditors
- Public Works – Storm Water Operations
- Utilities – Collection and Distribution *Division*
- Administrative Review and Reporting - 250 hours
- Special projects as may be requested, same as last year, 300 hours
- Financial Audits (City, Charter School, and Pension) – adjusted hours down
- Follow up – Carry over from prior years: Timekeeping audit – 300 hours; Pension Plan Census Data – 300 hours; Special Project – Charter Schools – Compensation practices for leave – without pay – 300 hours.
- Follow up – new process, managing of the grid, high/medium/low
- Carry over from FY 2017 – City Clerk's Office, Records Management, 525 hours

Discussion continued regarding the following:

- Proposed Annual Audit Plan FY 2019
- Audits with asterisk - increase in audit estimated hours for full scope audits to account for transition to electronic work papers
- Proposed Annual Audit Plan FY 2020 – Other Audits TBD 1780 hours, 5700 hours total

City Auditor Update Report

City Auditor Butola went over the 6/15/17 through 7/11/17 Update of City Auditor's Office Activities dated July 11, 2017 which was emailed to the Committee and was posted online. They included the following:

- In Progress – External Auditors - Clifton Larson Allen (CLA)
 - Charter School Authority – Follow Up – Internal Funds – Clifton Larson Allen
- In Progress – Internal Staff – includes anticipated completion dates
 - Audit of the Police Department's Seized and Forfeited Assets
 - Follow up – Pension census data
 - Follow up – Human Resources
 - Follow up – Evaluation of Internal Controls – Fuel Acquisition, Monitoring, Disbursement and Usage

- Follow up – Evaluation of Internal Controls – Parts Acquisition, Monitoring, Disbursement and Usage
- UEP North 2 Contract Labor Rates Review
- Follow Up Timekeeping
- Other
 - Attended City Council meetings and City Manager's Director Staff meetings
 - Drafted AR #74, at CM for discussion, anticipate presenting to future Director's meeting prior to circulation
 - Completed review of DCD matrix consulting report and provide recommendations for implementation
 - Continue to review and update CAO policies and procedures, report and memo formats
 - Perform testing for UEP contract labor rates review
 - City Auditor, Assistant City Auditor, and Senior Auditor completed 4 FEMA self-study courses
 - Draft Audit Plan – FY 2018
 - City Auditor, Assistant City Auditor, and Senior Auditor attended IC 300 training
 - 6/15 to 7/11 – City Auditor's Office paid leave, holiday time
- FY 2017 YTD Follow Up Action Register
 - Attachment A as of July 11, 2017
- Professional Development
- Focus for the next period
- Implementation Status of Audit Report Recommendations as of 7/11/17

Member Comments

Discussion held regarding the vacancy created today by the resignation of Member Buice; advertising will be done in the paper and online.

Time and Place of Next Meeting

The next meeting scheduled for Wednesday, August 16, 2017, at 3:00 p.m. in Conference Room 2006 was cancelled due to a lack of quorum. The next meeting will be held on Wednesday, September 20, 2017, 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.A.
Meeting Date:	9/20/2017
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

Review FY 2018 Annual Strategic Plan and Audit Plan

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
<input type="checkbox"/> Draft - FY 2018 Strategic Plan and Audit Plan	Backup Material



CITY AUDITOR'S OFFICE Strategic and Audit Plan – Fiscal Year 2018

Vision:

It is our vision to work in partnership with the City Council, City Management and the Community without compromising independence, objectivity or integrity with the purpose of achieving an audit product that adds value and that supports the strategic initiatives of the City.

Mission:

Our mission is to use the resources of the City Auditor's Office to provide assurance and consulting services in a systematic and disciplined manner and to ensure that our services are designed to promote the effectiveness and efficiency of City operations, internal controls and governance processes.

Values:

The City Auditor's Office will conduct its work with an attitude that is objective, fact-based, nonpartisan, and non-ideological. We will always maintain and protect our independence and objectivity both in fact and in appearance. This includes independence of mind when providing audits, maintaining an attitude of impartiality, having intellectual honesty, and being free of conflicts of interest.

City Auditor's Office FY 2018 - Goals and Objectives:	
Goals / Objectives	Action plan
1. Utilize the City's Strategic Plan along with our City-Wide Risk Assessment to allocate audit office resources.	<ul style="list-style-type: none">• Ensure staff awareness of City strategic key initiatives, Department goals and objectives and Department Performance measurements.• Utilize these to guide the focus of each individual audit risk assessment.
2. Champion the awareness and use of good governance and internal control frameworks within the City.	<ul style="list-style-type: none">• Incorporate the Green Book Standards into audit findings.
3. Maintain a quality control process to provide assurance that all departmental output is in compliance with Generally Accepted Government Auditing Standards (GAGAS).	<ul style="list-style-type: none">• Periodically review policies and procedures with staff.• Ensure that the Policies and Procedures Manual is reviewed and updated as necessary to be in compliance with GAGAS.
4. Require staff to complete a minimum of 40 hours of continuing education annually as required by the GAGAS standards.	<ul style="list-style-type: none">• Track all training activities to ensure compliance.• Allocate adequate resources to support the training activities.
5. Transition the department to new leadership under a new City Auditor.	<ul style="list-style-type: none">• Provide comprehensive on-boarding process• New City Auditor meet with City Management, Department Directors and Mayor and Council Members to discuss plan updates and risks
6. Enhance office productivity by implementing the use of electronic working papers.	<ul style="list-style-type: none">• Auditors will complete Lean Six Sigma training in order to lean office procedures to ensure efficient implementation of processes into electronic workpapers



CITY AUDITOR'S OFFICE
Strategic and Audit Plan – Fiscal Year 2018

Available Audit Hours:	Percentage of time available for audit work	Available Audit Hours
City Auditor	75%	1,255
1 Assistant City Auditor	80%	1,370
2 Senior Auditors	80%	$1370 + 1370 = 2,720$
Administrative Support Staff	20%	335
Total hours		5,700

The remaining hours are devoted to administrative responsibilities such as staff management, Audit Plan development, budget development and management, training and professional development, Audit Committee meetings and review of Audit Hotline



CITY AUDITOR'S OFFICE
Strategic and Audit Plan – Fiscal Year 2018

Proposed Annual Audit Plan - FY 2018

Area / Focus of Audit	Projected Hours	Audit Resource
Audit Office – Self Assessment for FY 2017	80	Internal
Citywide Risk Assessment FY 19, 20 & 21	350	Internal
Financial Services – Fixed Assets Process	450	Internal
Human Resources – Employee Benefits	800	Internal
IT Audit – Department Risk Assessment	160	External
Public Works – Storm Water Operations	800	Internal
Utilities – Collection Distribution Division	800	Internal
Administrative Review and Reporting	250	Internal
Special projects as may be requested	300	Internal
Financial Audits (City, Charter School, and Pension) – FY 2017		
City - External Financial CAFR Audit	10	External
Charter School – External Financial CAFR Audit	10	External
Charter School – External Internal Funds Audit	10	External
General Pension Trust Audit	10	External
Police Pension Trust Audit	10	External
Fire Pension Trust Audit	10	External
Follow Up – Carry over from prior years		
Follow up – Timekeeping Audit	300	Internal
Follow up – Pension Plan Census Data	300	Internal
Follow Up – new process		
Follow up – TBD	525	Internal
Carry over from FY 2017		
City Clerk's Office - Records Division	525	Internal
Total hours	5,700	



CITY AUDITOR'S OFFICE
Strategic and Audit Plan – Fiscal Year 2018

Proposed Annual Audit Plan FY 2019

Area / Focus of Audit	Projected Hours
Audit Office – Self Assessment for FY 2018	80
Community Development - Code Compliance Division	900*
Financial Services - Debt Service	500
Financial Services – Annual OPEB Costs	500
IT – Audit Parks PCI	200
Public Works – Lot Mowing	900*
City Manager- Economic Development-Contract Agreements w/ Businesses	900*
Administrative Review and Reporting	250
Special projects as may be requested	300
* Increase in audit estimated hours for full scope audits to account for transition to electronic workpapers	
Financial Audits (City, Charter School, and Pension) – FY 2018	
City - External Financial CAFR Audit	40
Charter School – External Financial CAFR Audit	20
Charter School – External Internal Funds Audit	10
General Pension Trust Audit	30
Police Pension Trust Audit	30
Fire Pension Trust Audit	30
Follow Up – new process	
Follow up – TBD	500
Carry over from FY 2018	
Other carry over from prior year	510
Total hours	5,700



CITY AUDITOR'S OFFICE
Strategic and Audit Plan – Fiscal Year 2018

Proposed Annual Audit Plan FY 2020

Area / Focus of Audit	Projected Hours
Audit Office – Self Assessment for FY 2019	80
Fire – Operations Division	900
Financial Services – Property Liability Insurance Fund	900
Financial Services – Workers' Compensation Insurance Fund	900
Parks and Recreation – Parks Maintenance	900
Peer Review	80
Other Audits – TBD (See Note)	1780
Financial Audits (City, Charter School, and Pension) – FY 2019	
City - External Financial CAFR Audit	40
Charter School – External Financial CAFR Audit	20
Charter School – External Internal Funds Audit	10
General Pension Trust Audit	30
Police Pension Trust Audit	30
Fire Pension Trust Audit	30
Total hours	5,700

Note: A three-year risk assessment for FY2019, 2020 and 2021 will be completed in FY 2018; therefore, audits included in the plan for FY2019 and 2020 are subject to change based on the new risk assessment.

Item Number:	4.B.
Meeting Date:	9/20/2017
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

City Auditor Update Report

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▣ CAO Update 09-2017	Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

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

DATE: September 19, 2017

SUBJECT: Update of City Auditor's Office Activities, 8/16/2017 – 9/19/2017

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

- External Financial Auditors (CAFR) FY2017 – CLA – External Auditors: Status from CLA: *The team was supposed to begin audit fieldwork last week, but this was delayed due to the hurricane. Interim fieldwork is rescheduled for Monday (9/18/17). The plan is to largely complete interim fieldwork (consisting of internal controls walkthroughs/testing and select substantive testing areas) in September. Final audit fieldwork generally begins in January.*
- External Financial Auditors -- Charter Schools (CAFR) FY2017 – CLA – External Auditors: Status from CLA: *The audit is approximately 75% complete. The major items they are waiting on from management are payroll-related information (such as detailed payroll registers) so that we can complete payroll, pension, and compensated absences testing, as well as the draft financial statements for our review.*
- Pension Plan Audits (Police, Fire, and General) FY2017 – CLA – External Auditors: Status from CLA: *Pension plan audits are set to begin (hopefully) by beginning of November. Confirmed that timing with the Plan Administrator at Pension Resource Center for the Police Plan, waiting to hear back from the Plan Administrator at Foster & Foster to begin testing contributions, benefit payments, and investments during that period.*
- Charter School Authority – Follow up – Internal Funds – CLA – External Auditors: In progress. Status from CLA: *1) Testing of items related to processing and approval of receipts and disbursements is substantially complete, with open questions provided to the Charter School. 2) Items related to training of staff remain open for inspection of any meeting minutes, training materials and/or confirmation of content from the instructor. 3) Items related to updates to the operating manual open for inspection/review. Per previous conversations with the*

Charter School, the manual is expected to be updated and approved by the Board during the September meeting.

In Progress – Internal Staff:

- Audit of the Police Department's Seized and Forfeited Assets – Internal Staff: In progress. *Exit Conference held on August 31, 2017 and report issue delayed due to Hurricane Irma.*
- Follow up- Pension Census Data- Internal Staff: In progress. *Submitted for review end of August. Anticipated completion end of September.*
- Follow up – Evaluation of Internal Controls - Fuel Acquisition, Monitoring, Disbursement and Usage – Internal Staff: In progress. *Met with Fleet Manager to review status. Waiting to finalize. Anticipated completion extended to end of September/ beginning of October.*
- Follow up – Evaluation of Internal Controls - Parts Acquisition, Monitoring, Disbursement and Usage – Internal Staff: In progress. *Anticipated completion end of September.*
- Follow up – Charter School Leave without Pay special project – Internal Staff: In progress. *Draft circulated to responsible individuals. Response requested no later than September 13, extended to September 22.*
- Follow up – Timekeeping – Internal Staff: *Will begin in end of September.*

Other

- Attended City Council meetings and City Manager's Director Staff meetings.
- Attended Canvassing Board Meeting
- Met with Assistant City Manager on August 24, 2017, regarding AR #74 draft. Discussed language change. Due to budget meetings and other obligations unable to finalize wording and discussion with Assistant City Manager. September 15, 2017 requested a continuation meeting.
- Continue to review and update CAO policies and procedures, report, and memo formats.
- Draft SOPs for audit process
- Final draft Strategic Plan and Audit Plan – Fiscal Year 2018 placed on September 20, 2017 Audit Committee meeting for approval. Anticipate City Council approval at October 16, 2017 meeting.
- Budget presented to City Council August 22, 2017 budget workshop. No discussion or issues per Chris Phillips, Management/Budget Administrator.
- During the period 8/16 – 9/19, the City Auditor's Office staff had paid leave (includes emergency closure pay) and holiday time accordingly: 40 hours – City

Auditor, 40 hours – Assistant City Auditor, 64 hours – Senior Auditor, 40 hours –
Senior Auditor, 64 hours – Senior Administrative Specialist.

FY 2017 YTD Follow Up Action Register:

See Attachment A as of September 19, 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
Performance Auditing Essentials	Yellow Book CPE.com	2		2	2	
Lean Six Sigma Overview for Internal Audit	IIA			1		1
Revenue Recognition from Contracts with Customers & Forthcoming Clarifications to Grant Auditing	KPMG				2	
Total CPE's earned (hours)		2		3	4	1

Focus for the next period

The City Auditor and staff:

- Internal staff will:
 - Continue ongoing work on follow up for prior audits performed.
 - Complete Lean Six Sigma for Audit Fieldwork training in October.
 - Continue work on audits in progress and begin FY2018 audits per audit plan.
- Continue tracking of the follow up action items.
- Presentation for Citizens Academy on October 4, 2017.

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

	Report Issue Date	Original number of recommendations	As of 09/19/17	
			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	0	35
Evaluation of Internal Controls – <u>Parts</u> Acquisition, Monitoring, Disbursement and Usage ##	9/23/2014	26	0	26
Pension Census Data Consulting Engagement	7/9/2015	3	0	3
Timekeeping Audit	9/16/2015	14	0	14
Human Resources Department Audit ###	2/24/2016	11	6	5
Follow Up Human Resources Department ###	7/21/2017			
Special Project - Charter Schools - Compensation practices for leave-without pay	7/19/2016	6	0	6
Prior Year Open Reports - Action Items		95	6	89
CAFR Charter School FY16	10/13/2016	6	0	6
Self Assessment FY14, FY15 and FY16	10/21/2016	1	1	0
Peer Review	1/13/2017	3	3	0
Charter School - Internal Funds Audit	2/21/2017	21	0	21
Public Works - Road Resurfacing Contracts Audit	3/2/2017	5	0	5
Utilities - Capital Project - Contract Audit	3/3/2017	5	0	5
Police Annual Review of Property & Evidence Procedures 2016	3/30/2017	1	0	1
Financial Audit - Municipal General Retirement Plan	3/30/2017	3	0	3
Financial Audit - Municipal Police Officers' Retirement Plan	3/30/2017	2	0	2
Financial Audit - Municipal Firefighters' Retirement Plan	3/30/2017	2	0	2
FY 2017 - Action Items		49	4	45
Total		144	10	134

45 total findings that resulted in 61 recommendations as two separate follow up's

Follow Up memo for anticipated completion date for open items

Prepared by: A. Butola

Updated by: D. Fuhrmann