



1015 Cultural Park Blvd.
Cape Coral, FL

AGENDA

MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE

March 22, 2018	3:00 PM	Conference Room 2006
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1. Meeting called to order

A. Chair Wolfson

2. ROLL CALL

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

3. APPROVAL OF MINUTES

A. Meeting Minutes - February 21, 2018 meeting

4. BUSINESS

A. Public Input

B. City Auditor Update Report - City Auditor Butola

5. Member Comments

6. Time and Place of Next Meeting

A. Wednesday, May 16, 2018 at 3:00 p.m. in 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: 3/22/2018
Item Type: Approval of Minutes

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

Meeting Minutes - February 21, 2018 meeting

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
□ February 21, 2018 meeting minutes	Backup Material

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

Wednesday, February 21, 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 was excused. Nelson was excused (by email sent).

ALSO PRESENT: Andrea Butola, City Auditor
Victoria Bateman, Financial Services Director

Approval of Minutes: December 20, 2017 meeting

The minutes from the Audit Committee meeting of December 20, 2017 were presented for approval.

Discussion held regarding Page 29 of the minutes concerning the erroneous pay given to the former Superintendent of Schools.

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

BUSINESS

Public Input

No speakers.

Election of Chair and Vice Chair

Chair Wolfson opened the floor for nominations for Chair.

Committee Member Stevens moved, seconded by Committee Member Austin to have Harvey Wolfson remain as Chair. Voice Poll: All "ayes." Motion carried.

Chair Wolfson opened the floor for nominations for Vice Chair.

Committee Member Austin moved, seconded by Committee Member Stevens to have John Stevens serve as Vice Chair. Voice Poll: All "ayes." Motion carried.

CAO Hotline – How to report Fraud, Waste, Abuse, or Violations of City Policy

City Auditor Butola discussed the email sent to the Committee on the Fraud, Waste, Abuse, or Violations of City Policy. She noted that this is sent to City employees annually, and this year included the Charter School employees as well.

Discussion held regarding the Employee Audit Hotline.

Discussion held concerning the possibility of the City taking over all the administrative services of the Charter School.

City Auditor Update Report

City Auditor Butola went over the 1/17/18 through 2/20/18 Update of City Auditor's Office Activities dated February 20, 2018 which was emailed to the Committee and was posted online. They included the following:

Completed:

- Follow Up – Evaluation of Internal Controls – Parts Acquisition, Monitoring, Disbursement and Usage – Internal Staff

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

- External Financial Auditors (CAFR) FY 2017 – CLA
- Pension Plan Audits (Police, Fire, and General) FY 2017 -CLA

In Progress – Internal Staff:

- Follow up – Timekeeping
- City Clerk Records Division Audit
- Citywide Audit Risk Assessment FY 2019, 2020, 2021
- Public Works Storm Water Operations
- IT Risk Assessment

Other:

- Electronic Workpaper
- Jessie Hon's last day February 16th
- Review of select Irma payroll transactions
- Budget calculations are in progress.
- Position reclassification posting for Assistant City Auditor
- Attended City Council meetings and City Manager's Director Staff meeting
- Continue to review and updated CAO policies and procedures, report, and memo formats
- Continue ongoing monitoring of open audit recommendations on SharePoint Action Register
- Paid Leave, Holiday Time

FY 2018 YTD Follow Up Action Register:

- Attachment A as of February 20, 2018 - Implementation Status of Audit Report Recommendations

Professional Development:

- Training Webinars and Seminars

City Auditor Butola stated she accepted assignment to a Peer Review in Jacksonville in April.

Focus for the Next Period:

- Continue ongoing work on follow up for prior audits performed.
- Continue work on audits in progress and assign FY 2018 audits per audit plan.
- Continue work on the Quality Assurance Review (QAR) of audits issued since Peer Review to address verbal finding to conduct QA.
- Continue tracking of the follow up action items.
- Identification and hiring of new audit staff

Staffing Changes

City Auditor Butola discussed the staffing changes she was proposing. Jessie Hon was a Senior Auditor in her office, and her last day was February 16th. She reclassified the position to Assistant City Auditor. One internal application was received from Tim Disano from the City Auditor's Office, and the closing date is February 22nd.

Discussion of Meeting Date Change Request for March and April

Chair Wolfson stated Jill Hiatt had requested to change the day of the week for meetings in March and April from Wednesday to another day due to her attending the Citizen's Academy.

Vice Chair Stevens mentioned that not all those sessions go all day.

Discussion held regarding the Citizen's Academy schedule.

Discussion held regarding the requirement to have at least one meeting per quarter.

City Auditor Butola noted that she would not be available for the April 18th meeting since she will be in Jacksonville from April 16th to April 20th.

Chair Wolfson agreed to send a cancellation notice for the April meeting.

Discussion held to change the March 21st meeting to the following day, Thursday, March 22nd.

Consensus agreed to change the Wednesday March 21st meeting to Thursday, March 22nd. Cancel the April 18th meeting. May and June meetings to be held.

Member Comments

None.

Time and Place of Next Meeting

The next meeting will be held on Thursday, March 22, 2018, at 3:00 p.m. in Conference Room 2006.

Motion to Adjourn

There being no further business, the meeting adjourned at 3:53 p.m.

Submitted by,

Barbara Kerr
Recording Secretary

Item Number:	4.B.
Meeting Date:	3/22/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

City Auditor Update Report - City Auditor Butola

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▢ City Auditor Update Report - March 2018	Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members

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

DATE: March 21, 2018

SUBJECT: Update of City Auditor's Office Activities, 2/21/18 – 3/21/18

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

- External Financial Auditors (CAFR) FY2017 – CLA – External Auditors: Status from CLA: *Substantially complete. Second draft of CAFR has been reviewed and comments sent to finance. Material weakness reported. A draft of this comment was sent to Finance. Pending second review. As part of final analytical review procedures and second partner review process, additional questions for clarification purposes may arise as we move toward finalization of the City audit. Pending second review.*
- Pension Plan Audits (Police, Fire, and General) FY2017 – CLA – External Auditors: Status from CLA:
 - *Police – Pending second review. Drafts provided to the Chairman, TPA and Finance. No findings reported. Signed representation letter pending.*
 - *Fire – Pending second review. Drafts provided to the Chairman, TPA and Finance. No findings reported. Signed representation letter pending.*
 - *General – Completed. Drafts provided to the Chairman, TPA and Finance. A material weakness has been reported relating to the market valuation of alternative investments. This is a repeat comment. Signed representation letter pending.*

In Progress – Internal Staff:

- Follow up – Timekeeping – Internal Staff: *In progress. Testing is complete. Review is in progress. Memo draft for circulation end of March. One recommendation remains not implemented/ partially implemented.*
- City Clerk Records Division Audit – Internal Staff: *In progress. Two findings noted and provided to City Clerk for review and comment. Draft report review meeting is scheduled for March 22. Anticipate issuance early to mid-April.*

- Citywide Audit Risk Assessment FY 2019, 2020, 2021 – Internal Staff: In progress. *All City risk assessment questionnaires returned to CAO. Charter School risk assessments were provided March 15. Due to staffing shortage, and other responsibilities and projects expect compilation to be delayed until end of May.*
- Public Works Storm Water Operations- Internal Staff – Internal Staff: On-hold.
- IT Risk Assessment – Internal Staff – Compilation of information is in progress. *Draft of memo incorporating ITS response will be completed by the end of March and circulated to ITS for comment.*

Other

- Electronic Workpaper no notice to proceed to date due to issues with vendor registration.
- Tim DiSano was the only internal candidate for the Assistant City Auditor posting and was promoted on February 24, 2018.
- The vacant position for Senior Auditor was changed to an Assistant City Auditor. It was posted on March 13 and with an anticipated close date of April 27, 2018.
- City Auditor will be completing a review of select Irma payroll transactions. Anticipated completion end of April.
- Audit recommendation AR 74 was circulated for comments on March 8, which are due back no later March 23.
- City Auditor and Assistant City Auditor are working on a special project for Human Resources at the request of the City Manager.
- Budget calculations are in progress.
- 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 will be incorporated into electronic workpaper software when implemented.
- During the period 2/21 – 3/21, the City Auditor's Office staff had paid leave and holiday time accordingly: 0 hours – City Auditor, 8 hours – Assistant City Auditor, 0 hours – Assistant City Auditor, 20 hours – Senior Administrative Specialist.

FY 2018 YTD Follow Up Action Register:

See Attachment A as of March 21, 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	Assistant City Auditor	Admin Support Staff
Investigation Best Practices: Harnessing the Web in the field of study of Auditing	ALGA	1	1	1		
AR 40 Workers' Compensation	City of Cape Coral	.5		.5		.5
Total CPE's earned (hours)		1.5	1	1.5		.5

Focus for the next period

The City Auditor and staff:

- Internal staff will:
 - Continue ongoing work on follow up for prior audits performed.
 - Continue work on audits and special projects in progress and assign FY2018 audits per audit plan.
 - Continue work on the Quality Assurance Review (QAR) of audits issued since Peer Review to address verbal finding to conduct QA.
- Continue tracking of the follow up action items.
- Identification and hiring of new audit staff

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 2018
Attachment A

		As of 3/21/2018		
Report Issue Date	Original number of recommendations	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
Pension Census Data Consulting Engagement	7/9/2015	3	3	0
Timekeeping Audit	9/16/2015	14	0	14
Follow Up Human Resources Department ###	7/21/2017	11	6	5
Charter School - Internal Funds Audit (External Auditors for Follow up)	2/21/2017	21	21	0
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	1	0
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
Prior Year Open Reports - Action Items		128	88	40
Cape Coral Police Department Seized and Forfeited Assets Program Audit	10/3/2017	1	1	0
Follow up Review - Charter Schools-Special Project-Compensation practices leave-without-pay	10/5/2017	6	6	0
FY 2018 - Action Items		7	7	0
Total		135	95	40

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 and Updated by: D. Fuhrmann