



1015 Cultural Park Blvd.
Cape Coral, FL

AGENDA

MEETING OF THE CITY OF CAPE CORAL AUDIT COMMITTEE

July 18, 2018

3:00 PM

Conference Room 2006

- 1. Meeting called to order**
 - A. Chair Wolfson
- 2. ROLL CALL**
 - A. Austin, Hiatt, Nelson, Stevens, and Wolfson
- 3. APPROVAL OF MINUTES**
 - A. May 16, 2018 meeting minutes
- 4. BUSINESS**
 - A. Public Input
 - B. Audit Plan Draft - City Auditor Butola
 - C. Assistant City Auditor to Senior Auditor Position Change - WITHDRAWN
 - D. City Auditor Update Report - City Auditor Butola
- 5. Member Comments**
- 6. Time and Place of Next Meeting**
 - A. Wednesday, August 15, 2018, 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: 7/18/2018
Item Type: Approval of Minutes

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

May 16, 2018 meeting minutes

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▫ May 16, 2018 meeting minutes	Backup Material

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

Wednesday, May 16, 2018

CONFERENCE ROOM 2006

3:00 P.M.

The meeting was called to order at 3:04 p.m. by Chair Wolfson.

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

ALSO PRESENT: Andrea Butola, City Auditor
Marty Redovan, Principal, Clifton Larson Allen LLP, left at 3:39 p.m.
Victoria Bateman, Financial Services Director, arrived at 3:23 p.m.

Approval of Minutes: March 22, 2018 meeting

The minutes from the Audit Committee meeting of March 22, 2018 were presented for approval. ***Committee Member Hiatt moved, seconded by Vice Chair Stevens, to approve the minutes as presented. Voice Poll: All "ayes." Motion carried.***

BUSINESS

Public Input

No speakers

Pension Plan Audits FY 2017 – Clifton Larson Allen – External Auditors

Mr. Redovan, CLA, discussed the following:

- Three plans: Fire, General, and Police Pension Plans
- He was the Engagement Principal for the General Employee Plan.
- Andrew Laflin was the Engagement Principal for Police and Fire.
- Police and Fire had no material weaknesses.
- General Employee Plan had a material weakness; it was a repeat from the prior year which has to do with evaluation of alternative investments such as hedge fund.
- The hedge fund managers are reporting to the investment custodian.
- On a few investments they are lagging either a quarter to two quarters so the evaluation is mis-stated as of September 30th.
- In both years 2016 and 2017 it was a material amount.
- Once we found that, we talked to the fund managers and the actuaries.
- If it is material to the audit, it may or may not be material to the actuary.
- In most instances, it is because it has direct impact on the fiduciary net position.

- What is the value of those investments as the actuaries have to deal with it?
- Financial statements are adjusted, not 100%; some of them are small enough not to be adjusted, but to be adjusted for the material balances and the ones that they feel are going to impact the evaluation materially.
- Because it is an evaluation issue and it is material, we have to report on it as a material weakness,
- Discussion with Foster and Foster, they will communicate with the custodian, Salem Trust. They will do the evaluation, reach out to the managers, get a current evaluation, and make sure that CLA receives the correct information.

Discussion held regarding the following:

- The difference this year from last year
- Communication with the pension boards
- Material weakness in the CAFR had to do with the reporting of compensated absences.
- A finding with grant testing
- Kronos timekeeping; separate project spreadsheet

Finance Director Bateman arrived at 3:23 p.m.

Discussion of Communication with the Pension Boards City Auditor Butola

City Auditor Butola discussed the following:

- CLA interaction with the Board
- Do we need formal correspondence with the Boards?
- Second year in a row for that finding
- Requested that she be invited to any kickoff meetings

Director Bateman stated the Boards prefer to have citizens as members on their Boards. The Boards do not want any interference from the City, and it makes it difficult to coordinate the audits.

Discussion held regarding how to make the Board Chair responsible, but the Boards are independent of the City.

Mr. Redovan stated he had conversations with each of the three chairs of the Pension Boards who were aware of the finding. He discussed:

- Laying out a timing to complete the audits and meet the CAFR deadline
- How do we best make this happen?
- This is the calendar that needs to happen.
- Can the boards make it happen?
- Look at pension audits more seriously
- How do you attack a pension audit?

- Trying to get the records, some of them are old since they are retirees
- Testing takes time, benefit payments take time, not everyone has the same payout
- Eligibility is based on one document used by the actuary.
- Benefit payments, have to wait until the final accounting is done
- Investment testing
- What are the tasks?
- Who is responsible for the information?
- When can it be available for the external auditors
- Working with the pension boards, working with the Chair is more key

Director Bateman stated the hardest part is waiting to get the actuarial report.

City Auditor Butola explained how getting the reports from the actuary and HR fell apart towards the end.

Mr. Redovan stated we cannot control the actuarial evaluations.

Director Bateman stated it has not been working to get our information by February. We should invite the actuary for a discussion on who will do what by when.

Discussion held regarding what pension plans were with Foster and Foster.

City Auditor Butola stated there did not need to be any formal communication. She would keep the Audit Committee informed of any updates with the pension boards.

Mr. Redovan left the meeting at 3:39 p.m.

City Auditor Update Report

City Auditor Butola went over the 04/21/18 through 05/15/18 Update of City Auditor's Office Activities dated May 15, 2018 which was emailed to the Committee and was posted online. They included the following:

Completed – Internal Staff:

ITS Risk Review – Internal Staff: Issued on April 30, 2018

In Progress – Internal Staff:

- Follow up – Timekeeping
- Citywide Audit Risk Assessment FY 2019, 2020, 2021
- Public Works Storm Water Operations
- Charter School Authority Best Practices Audit
- Hurricane Irma Payroll Review
- Follow up Review – Human Resources

- Follow up Review – Public Works Contract
- Follow up Review – Utilities
- Follow up Review – Fuel Acquisition, Monitoring, Disbursement, and Usage
- Follow up Review – Parts Acquisition, Monitoring, Disbursement, and Usage

Other:

- Electronic Workpaper purchase completed – training in August
- Telephone interviews for the Assistant City Auditor position conducted May 8 through May 11. 40 applied, 9 had the required certifications, selected 4, then down to 2
- Audit recommendation Administrative Regulation 74 was submitted to City Manager for signature May 1
- Attended City Council meetings and City Manager’s Director Staff meeting
- Continue to review and update CAO policies and procedures, reports, 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 May 15, 2018 - Implementation Status of Audit Report Recommendations
-

Professional Development:

- Training Webinars and Seminars

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

Member Comments

Committee Member Hiatt questioned if the Charter School best practices has been adopted.

Director Bateman stated it was on the agenda for the Committee of the Whole next Tuesday where the City Manager will be addressing the current status.

City Auditor Butola explained how she and her staff were working on the Charter School audit.

Vice Chair Stevens inquired if the City assumes the administrative responsibilities of the Charter School, what needs to be updated.

Director Bateman stated Chapter 26 of the Ordinance would need to be updated.

Vice Chair Stevens stated when the Charter Schools were created it was supposed to be a no-cost option.

Director Bateman stated that was part of the Ordinance, and the City Manager was looking at possibly suspending the Ordinance. She stated a resolution was being considered to bring forward to Council at one of their June meetings. How can they meet City standards and how can they become sustainable?

Discussion held regarding expanding one of the Charter Schools; no money was budgeted.

Committee Member Hiatt stated the agenda item she requested concerned the City Clerks Records Division Audit. She questioned the finding about the warehouse records storage.

Director Bateman explained how they toured some storage units which had the right temperature conditions.

City Auditor Butola stated that some departments have a lot of records. The City Clerk and the Records Manager are questioning if the City's departments really need these records. One of the options is digitizing which may be cheaper. The idea was to get our house in order so as not to rely on VRC.

Committee Member Hiatt questioned how they were going to address the scanning backlog.

City Auditor Butola stated they can give that to a third party to address.

Discussion held regarding the Management's Response to the City Clerk's Records Division audit.

Discussion held regarding member attendance and the effect on the quorum.

Time and Place of Next Meeting

The next meeting will be held on Wednesday, June 20, 2018, at 3:00 p.m. in Conference Room 2006.

Committee Member Hiatt announced that she was leaving town tomorrow and will be gone all summer.

Motion to Adjourn

There being no further business, the meeting adjourned at 4:14 p.m.

Submitted by,

Barbara Kerr
Recording Secretary

Subject to approval

Item Number:	4.B.
Meeting Date:	7/18/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:
Audit Plan Draft - City Auditor Butola

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▣ FY 2019 Proposed Strategic Plan and Audit Plan	Backup Material
▣ Citywide Risk Assessment FY 2019, 2020, 2021	Backup Material



CITY AUDITOR'S OFFICE
Proposed Strategic and Audit Plan – Fiscal Year 2019

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 producing audits that add value and support the strategic initiatives, objectives, and risks of the City.

Mission:

Our mission is to enhance and protect organizational value by providing independent, risk-based objective assurance, advice, and insight to the City.

Values:

The City Auditor's Office conducts its work with an attitude that is independent, objective, and fact-based. We will always maintain and protect our independence and objectivity both in fact and in appearance. We will demonstrate integrity, competence and due professional care. We will strive to demonstrate quality and continuous improvement to ensure we are a trusted advisor and provide value to the City.

City Auditor's Office FY 2019 - Goals and Objectives:	
Goals / Objectives	Action plan
1. Maintain a quality control process to ensure audits and reviews adhere to Generally Accepted Government Auditing Standards (GAGAS).	<ul style="list-style-type: none"> • Periodically review and update policies and procedures to ensure aligned with GAGAS. • Complete QAR for every audit within a timely manner.
2. Effectively manage audit team resources and available hours to produce meaningful and timely audits and reviews.	<ul style="list-style-type: none"> • Monitor audit budget hours in comparison to actual time charged to audit • Monitor audit plan in comparison to available audit resources
3. Align office to become the City's trusted advisor	<ul style="list-style-type: none"> • Incorporate Citywide risk assessment into audit plan
4. Successfully transition all work products to electronic workpaper software	<ul style="list-style-type: none"> • Complete initial software implementation training • Participate in on-going electronic workpaper training • Update and lean workflow processes
5. Obtain relevant continuing education credits as required by GAGAS and certification/ license standards.	<ul style="list-style-type: none"> • Monitor training courses to ensure relevant topics in compliance with certification and license requirements. • Allocate adequate resources to support the training activities.



CITY AUDITOR'S OFFICE
Proposed Strategic and Audit Plan – Fiscal Year 2019

Available Audit Hours:	Percentage of time available for audit work	Available Audit Hours
City Auditor	75%	1,255
2 Assistant City Auditors	80%	1,370 + 1,370 = 2740
1 Senior Auditor	80%	1370
Administrative Support Staff	20%	335
	Total hours	5,700

Available audit hours are calculated based on the standard 2080 annual total available hours per auditor, less time off and less hours spent on 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.

DRAFT



CITY AUDITOR'S OFFICE
Proposed Strategic and Audit Plan – Fiscal Year 2019

Proposed Annual Audit Plan - FY 2019

Area / Focus of Audit	Projected Hours	Audit Resource
Parks and Recreation – Coral Oaks Golf Course Operations	900	Internal
City Manager – Economic Development Office	900	Internal
Community Development – Code Compliance	900	Internal
Citywide Fleet Vehicles	900	Internal
Parks and Recreation – Special Events	900	Internal
Post Audit Reviews	200	Internal
Quality Assurance Review (QAR)	100	Internal
Special projects	400	Internal
Financial Audits		
External Audit Facilitation	50	External
Carry over from FY 2018		
Public Works - Storm Water Operations	450	Internal
Total hours	5,700	

Proposed Annual Audit Plan FY 2020

Area / Focus of Audit	Projected Hours	Audit Resource
Public Works – Utilities Expansion Program Management	900	Internal
Utilities – Collection Distribution Operations and Maintenance	900	Internal
Citywide Facilities Maintenance	900	Internal
DCD – Building Division – Permits	900	Internal
Financial Services – Assessment & Billing Services Division – Special Assessments and Fees	900	Internal
Charter School	450	Internal
Peer Review	80	Internal
Quality Assurance Review (QAR)	50	Internal
Special projects	400	Internal
Financial Audits		
External Audit Facilitation	20	External
Carry over from FY 2019		
Other carry over from prior year	200	Internal
Total hours	5,700	



CITY AUDITOR'S OFFICE
Proposed Strategic and Audit Plan – Fiscal Year 2019

Proposed Annual Audit Plan FY 2021

Area / Focus of Audit	Projected Hours	Audit Resource
Fire – Emergency Management Operations Program	900	Internal
Public Works – Environmental Resources Division – Operations	900	Internal
Financial Services – Procurement Process Review	900	Internal
Public Works – Road, Bridge, and Canal Maintenance	900	Internal
Citywide Fixed Assets	900	Internal
ITS Follow up	600	Internal
Quality Assurance Review (QAR)	50	Internal
Special projects	400	Internal
Financial Audits		
External Audit Facilitation	20	External
Carry over from FY 2020		
Other carry over from prior year	130	Internal
Total hours	5,700	

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CITY AUDITOR'S OFFICE
Citywide Risk Assessment FY 2019-2021

TO: Mayor and Council Members
FROM: Andrea R. Butola, City Auditor *ARB*
DATE: July 17, 2018
SUBJECT: Citywide Risk Assessment – Fiscal Years 2019, 2020, and 2021

The Institute of Internal Auditors, International Professional Practices Framework (IPPF) standards require our office to develop a risk based audit plan by means of a risk assessment process. Attached is the Citywide Risk Assessment completed by the City Auditor's Office for Fiscal Years 2019, 2020, and 2021. We use the risk assessment to compile proposed audit projects included in the Strategic and Audit Plan that is in accordance with Resolution 46-10, Section 4, and present to the City Council for approval.

Earlier this year, our office distributed a redesigned, more comprehensive and control centered Risk Assessment Survey Questionnaire to City Department Directors and Section Managers. Information from the questionnaires was used in conjunction with budget factors, prior audit results, and City management, and City Council input to determine a risk score for components included in the audit universe. We used this information to develop the risk based audit plan.

We would like to express our sincere appreciation to City management for the courtesy and cooperation extended during the process. If you have any questions or comments regarding the assessment, please contact me at 242-3380.

C: John Szerlag, City Manager
Dolores Menendez, City Attorney
Department Director's
Audit Committee

Citywide Risk Assessment FY 2019-2021

Overview

Resolution 46-10, Section 4, requires the City Auditor to submit a risk based Audit Plan annually to the City Council for approval. The use of a risk assessment provides a methodology by which to prioritize limited audit resources to effectively address areas of potential risk for the City and develop a risk based Audit Plan in accordance with Institute of Internal Auditing (IIA) standards.

Risk can be defined as: *the possibility of an event or condition occurring that will have an impact on the ability of an organization to achieve its objectives.* The risk assessment process provides a systematic approach for rating the impact of a variety of risk factors as well as organized way to evaluate exposure to risk. It is the responsibility of the City to manage and/or mitigate risk.

A risk factor is an observable or measurable condition that could adversely affect the organization. In order to complete the risk based audit plan, we identified certain risk factors to analyze City departments and divisions risk.

A risk assessment methodology establishes an objective and transparent process to prioritize potential engagements to include in the audit plan. We used information compiled from this risk assessment to prepare the Strategic and Audit Plan for Fiscal Years (FY)2019, 2020 and 2021. We will present the Audit Plan to City Council for approval prior to the end of FY2018.

Objectives

The primary objective of the risk assessment process is to identify and prioritize potential audit areas that pose the highest risk and/or potential liability to the City. This prioritization assists the City Auditor to assign available audit resources efficiently and methodically to achieve maximum benefit to the City.

Methodology

The first step in developing the City's risk assessment was to define the audit universe by breaking down the City into separate departments and divisions within each department. We utilized the City's Adopted Operating Budget, Strategic Plan, and organizational charts to define the audit universe.

The next step in creating the risk assessment was to identify and rank major risks associated with each of the City's departments and divisions. To achieve this, we developed a Risk Assessment Survey Questionnaire, which measured a variety of risk factors. (See Attachment A – Citywide Risk Assessment Survey Questionnaire). Department Directors and Section Managers completed the questionnaire that consisted of 20 multiple choice questions, that incorporated the following five risk factors.

1. Inherent Risk: The risk that an activity would pose if no controls or other mitigating factors were in place.
2. Growth/Change Risk: The risk in place if a department experienced more than 10% growth in a year or had several large capital projects scheduled for FY2018 – 2022.
3. Risk from known or suspected matters of concern from prior audits: The risk from items identified or suspected as a result of prior audits.
4. External Factors Risk: The risk or mitigation of risk due to factors outside of the department's control such as federal or state regulations, licensing requirements or interaction with the public.
5. Control Environment: The attitude and actions of City Management regarding the importance of controls within the organization that provides discipline and structure for achievement of the primary objectives of the system of internal controls.

These five risk factors were considered in conjunction with departments' FY2018 adopted budgets and other adjustments to determine the Adjusted Risk Score. In order to calculate the Adjusted Risk Score, we first rated the answers to each question from the Risk Survey Questionnaire on a scale of one to five. Then we calculated a weight for each answer using auditor judgement. These weighted answers were also considered in light of adopted FY2018 budget expenditures for each department and division to determine the Total Weighted Risk Score. In addition, to the risk assessment and budget criteria, we analyzed operations and internal controls found to be in place from prior audits. We also considered management and City Council input to apply adjustments ranging from -25 to 175 to calculate the Adjusted Risk Score. (See Attachment B – Citywide Risk Assessment FY2019, 2020, and 2021).

The Adjusted Risk Scores were used to develop the audit plan for FY2019, 2020, and 2021. Details of the entire plan are included in the separate Strategic and Audit Plan. (See Attachment C - Proposed Strategic and Audit Plans)

Interpreting Risk Assessment Results

After calculating the Adjusted Risk Score, the universe was sorted from high score to low. Assuming a budget of 900 hours per audit, the top 15 Adjusted Risk Scores per department and corresponding divisions were incorporated into the 3-year audit plan. Total available hours for each year of the plan, as well as standard operations must also be considered in the development in the plan.

The departments and divisions with high risk scores merely indicate that the services they provide or the functions they are responsible for, are by nature higher risk activities due to such factors as having a large amount of expenditures, a high degree of public interest, or they have not been subject to audit in over three years, if at all.

A high-risk score does not indicate an area is not being managed effectively, or that it is not functioning properly. In general, those areas identified by the assessment as high risk may indicate opportunities to address mission critical areas that provide substantial support for City internal operations and may benefit through audit services by assisting in achieving department and City goals in a more efficient and effective manner.

2018 Citywide Risk Assessment Survey Questionnaire

Department Name: _____
 Division Name: (if applicable) _____
 Section Name: (if applicable) _____
 Individual Completing Survey : _____
 Title of Individual Completing Survey: _____
 Date Completed: _____

Current number of FTEs in Department/Division/Section _____
 Current number of Contract employees Department/Division _____

Does the Department/Division/Section collect any receipts such as cash, checks, credit cards etc.?
 Does the Department/Division/Section have inventories of any kind? If yes, briefly describe and provide approximate value in the comments field
 Does the Department/Division/Section receive any grants? If yes, please list below and provide amounts for current FY

List of Grants:

Description	Total Amount

If the Department/Division/Section receives grants, did you have any adjustments for the fiscal years listed below? If yes, please provide amounts and reasons for adjustments.

Year	Adjustment Amount	Reason
FY2017		
FY2016		

Does the Department/Division/Section have any capital projects and/or department funded special events for the years listed? If yes, please provide a brief description and amounts below. Please add lines to applicable years as necessary.

List of Projects

Year	Description	Amounts
FY2018		
FY2019		
FY2020		
FY2021		
FY2022		

Has the Department/Division/Section had any audits performed by the City Auditor's Office in the last three years (FY2017, FY2016, FY2015)
 Has the Department/Division/Section had any audits performed by EXTERNAL auditors in the last three years (FY2017, FY2016, FY2015)
 Have any audits (internal or external) resulted in findings or recommendations? If yes please list details including year noted in Comments.
 Has there been more than 10% growth in the Department/Division/Section activities, budget or staffing in the last 12 months? If yes, indicate in Comments activities, budget and/or staffing
 Does the Department/Division/Section have formal written policies and procedures for daily operations (aside from AR's/Resolutions/Ordinances)?
 Are the policies and procedures reviewed at least every 2 years?
 Do employees in the Department/Division/Section have external continuing educational requirements (e.g. CPEs to maintain a certification)?
 Does the Department/Division/Section have internal continuing educational requirements? (e.g. not relating to a license or certification)
 Is there an audit you would like to have performed? If yes, please list your suggestions in Comments for further discussion.

For response below, please indicate your response with an "X" in the appropriate box

How would you rate the impact of Information technology on your department operations
 How do you rate the level of Federal or State regulation on your department
 How do you rate your Department/Division's/Section's interaction with the public?
 How would you rate your department's management skills for responding to issues?
 How would you rate your Department/Division/Section degree of decentralization? (Select High for very decentralized or spread out)
 How would you rate your understanding of risks?
 How would you rate your understanding of controls?

Citywide Risk Assessment FY 2019, 2020, 2021

Department	Division	Total Weighted Risk Score	Adjustments	Adjusted Risk Score
Parks & Recreation	Coral Oaks Golf Course Division	281	175	456
City Manager	Economic Development Office	273	175	448
Community Development	Code Compliance Division	237	175	412
Public Works	Fleet Division	223	175	398
Parks & Recreation	Revenue & Special Facilities Division	252	75	327
Public Works	UEP Division	202	125	327
Utilities	Collection Distribution Division	277	50	327
Public Works	Facilities Division	244	75	319
Community Development	Building Division	283	25	308
Charter School Authority	School wide	282	25	307
Financial Services	Assessment & Billing Services Division	228	75	303
Fire	Emergency Management Operations Division	275	25	300
Parks & Recreation	Recreation Division	296		296 *
Public Works	Environmental Resources Division	245	50	295
Community Development	Planning Division	295		295 *
Financial Services	Procurement Division	214	75	289
Public Works	Maintenance Division	260	25	285
Parks & Recreation	Parks Division	285		285 *
City Manager	Public Information	279		279
Public Works	Planning & Permitting Division	278		278
Financial Services	Customer & Field Services Division	261		261
Financial Services	Accounts Payable	259		259
Human Resources	Benefits Section	246		246
Financial Services	Cashier	245		245
Fire	Operations Division	295	-50	245
Fire	Logistics Division	295	-50	245
Utilities	Water Production Division	244		244
Utilities	Water Reclamation Division	241		241
Fire	Administration	290	-50	240
Utilities	Administration Projects	239		239
Human Resources	Employee Relations Section	238		238
Financial Services	Real Estate Division	235		235
Utilities	Administration Planning	235		235
Police	Communications & Logistics Support Bureau	282	-50	232
Financial Services	Risk Division	228		228
Fire	Professional Standards Division	275	-50	225
Public Works	Design & Construction Division	224		224
Fire	Bureau of Life Safety	273	-50	223
Parks & Recreation	Sun Splash Water Park Division	223		223
City Clerk	Administration	222		222
Human Resources	Talent Acquisitions Section	220		220
Community Development	Development Services Division	219		219
Public Works	Survey Division	215		215
Police	Administration Division-Public Affairs Office (PAO)	263	-50	213
Police	Special Operations Bureau	260	-50	210
Financial Services	Debt Treasury	209		209
Financial Services	Payroll	206		206
Human Resources	Classification & Compensation Section	199		199
Financial Services	Accounting Division	198		198
City Clerk	Records Division	221	-25	196
Financial Services	Administration	196		196
Information Technology Services	ITC - Systems & Operations	245	-50	195
Information Technology Services	ITS Security Section	240	-50	190
Police	Patrol Bureau Division	240	-50	190
Information Technology Services	Network & Telecom Section	239	-50	189
Information Technology Services	Business Applications Section	237	-50	187
Information Technology Services	GIS Section	230	-50	180
Police	Investigative Services Bureau	222	-50	172
Police	Professional Standards Bureau	212	-50	162
Financial Services	Budget Division	158		158

* If available time allows these will be considered as possible additions to the plan



CITY AUDITOR'S OFFICE
Proposed Strategic and Audit Plan – Fiscal Year 2019

Proposed Annual Audit Plan - FY 2019

Area / Focus of Audit	Projected Hours	Audit Resource
Parks and Recreation – Coral Oaks Golf Course Operations	900	Internal
City Manager – Economic Development Office	900	Internal
Community Development – Code Compliance	900	Internal
Citywide Fleet Vehicles	900	Internal
Parks and Recreation – Special Events	900	Internal
Post Audit Reviews	200	Internal
Quality Assurance Review (QAR)	100	Internal
Special projects	400	Internal
Financial Audits		
External Audit Facilitation	50	External
Carry over from FY 2018		
Public Works - Storm Water Operations	450	Internal
Total hours	5,700	

Proposed Annual Audit Plan FY 2020

Area / Focus of Audit	Projected Hours	Audit Resource
Public Works – Utilities Expansion Program Management	900	Internal
Utilities – Collection Distribution Operations and Maintenance	900	Internal
Citywide Facilities Maintenance	900	Internal
DCD – Building Division – Permits	900	Internal
Financial Services – Assessment & Billing Services Division – Special Assessments and Fees	900	Internal
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CITY AUDITOR'S OFFICE
 Proposed Strategic and Audit Plan – Fiscal Year 2019

Proposed Annual Audit Plan FY 2021

Area / Focus of Audit	Projected Hours	Audit Resource
Fire – Emergency Management Operations Program	900	Internal
Public Works – Environmental Resources Division – Operations	900	Internal
Financial Services – Procurement Process Review	900	Internal
Public Works – Road, Bridge, and Canal Maintenance	900	Internal
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Item Number:	4.C.
Meeting Date:	7/18/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

Assistant City Auditor to Senior Auditor Position Change - WITHDRAWN

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

	Description	Type
▫	July 2018 ACA to SA position reclass packet 07 10 18	Backup Material



OFFICE OF THE CITY AUDITOR

TO: Lisa Sonogo, Human Resources Director
FROM: Andrea R. Butola, City Auditor *arbut*
DATE: July 10, 2018
SUBJECT: Assistant City Auditor to Senior Auditor Position Change Business Justification

I was recently informed that City Council approval is required for any position reclassifications. The City Auditor's Office currently has three auditor positions at the Assistant City Auditor (ACA) level (pay grade 117). See attachment A current organizational chart. Recently, the position of Senior Auditor vacated by Tim DiSano's promotion, was reclassified to an ACA position, and posted for six weeks, and we received 40 applicants. Out of those 40, only four or 10% of the pool, met the certification and experience requirements, and subsequently scheduled for telephone interviews. Out of those four, we completed only two telephone interviews due to two of the candidates withdrawing their applications, and of those two candidates, we conducted one in person interview. Fortunately, we filled the position even with the limited applicant pool.

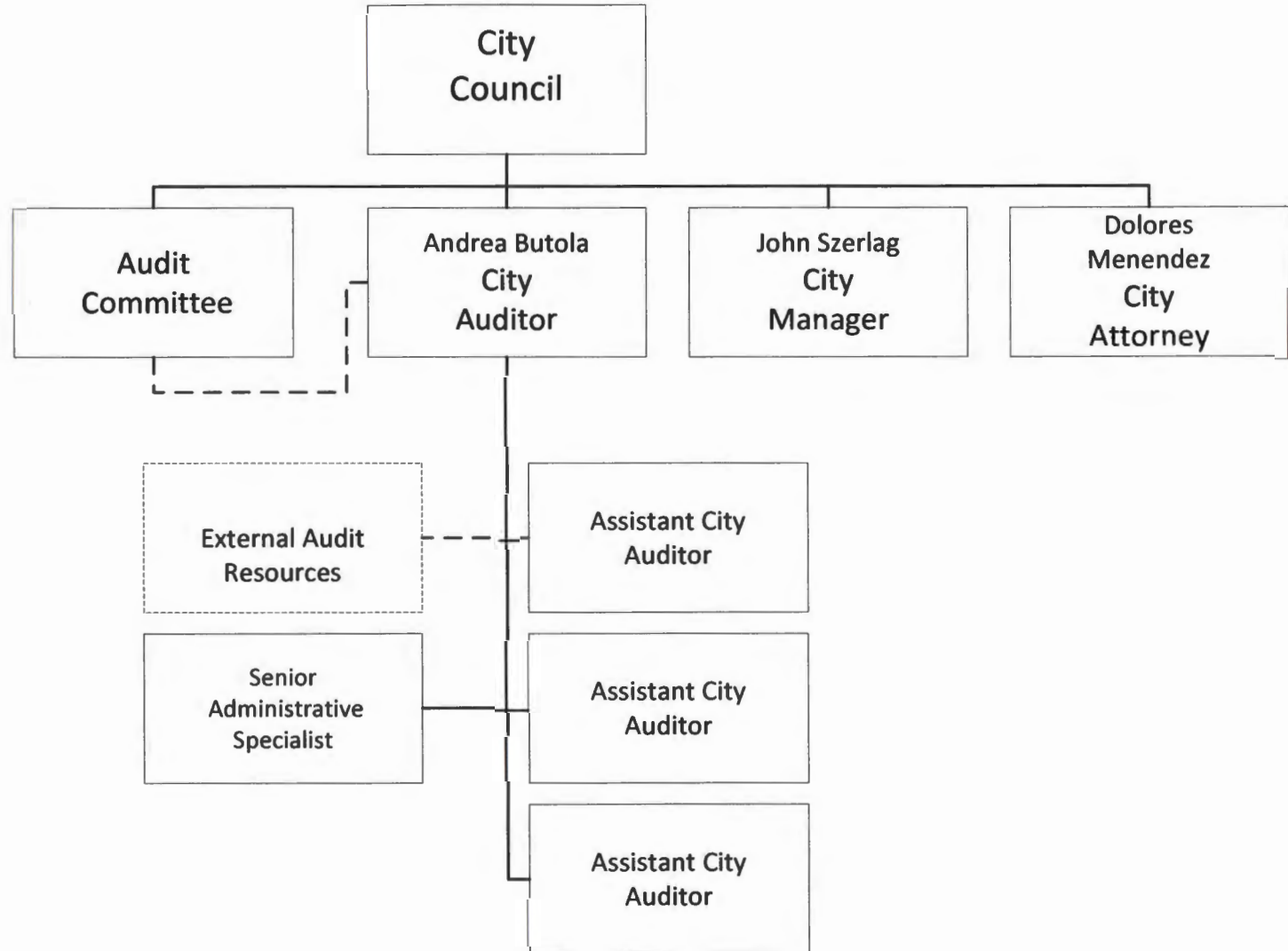
The office has another vacancy at the ACA level due to a resignation. Because of the difficulty in finding quality applicants at the higher-level position of ACA (pay grade 117), I am requesting approval to reclassify the position to Senior Auditor (pay grade 114). See attachment B proposed organizational chart. Although the duties for both positions are similar, the certifications required for the ACA are preferred at the Senior Auditor level. In addition, the audit experience requirement is less for the Senior Auditor position, four versus six years. The less restrictive minimum requirements should result in a larger pool of qualified applicants.

According to the budget impact statement (Attachment C) the down grade in the position has a \$46,198.80 decrease in budgetary impact. The reclassification in the position will help to better align the staffing needs of the office and result in a fully staffed City Auditor's Office, which has not been fully staffed due to a voluntary separation from March 2018.

Attachments

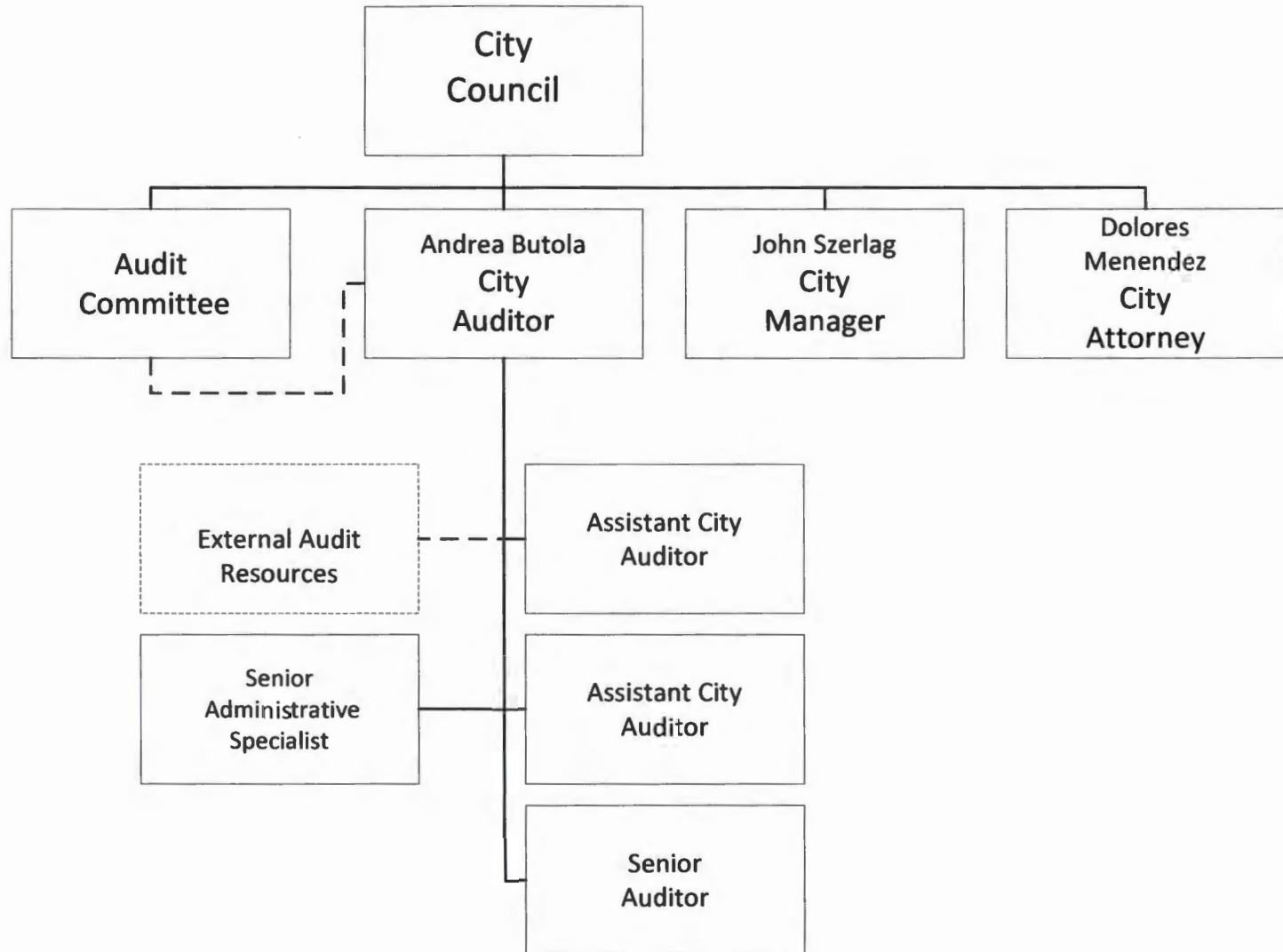


City Auditor's Office Organizational Structure - Current





City Auditor's Office Organizational Structure - Proposed



**City of Cape Coral
City Auditor's Office
Proposed**

REVIEW OF BUDGETARY IMPACT FOR POSITION CHANGE

*Oscar's vacant position as Asst City Auditor

Payroll Category	Current Position	Proposed Position	Difference
Position Title	Assistant City Auditor	Senior Auditor	
Employee Group	Non-Bargaining	Non-Bargaining	
Grade	Grade 117	Grade 114	
Annual Rate Basis ¹	\$47.21	\$28.42	*Min range
Annualized Rate	\$ 98,196.80	\$ 59,113.60	\$ (39,083.20)
Holiday Pay	-	-	-
Add Pay	-	-	-
FICA	6,088.20	3,665.04	(2,423.16)
Medicare	1,423.85	857.15	(566.70)
Pension - General	8,513.66	5,125.15	(3,388.51)
BCBS High Blue Options	10,332.00	10,332.00	-
LTD	518.48	312.12	(206.36)
Life	942.69	567.49	(375.20)
Life AD&D	\$ 117.84	\$ 70.94	(46.90)
WC	273.28	164.51	(108.77)
Total	\$ 126,406.79	\$ 80,208.00	\$ (46,198.80)

NOTES:

1. Pension - Estimated normal cost only.

How will the increased budgetary needs be addressed by requesting department?

Decrease in budgetary impact. Position change would result in salary savings. 2 Sr Auditors were promoted to Asst City Auditor mid-FY18. Department is requesting to change the 3rd Asst City Auditor to a Sr Auditor

Completed by

Jessica Festa

Budget Staff Member

6/27/2018

Date



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members
FROM: Andrea R. Butola, City Auditor *ARB*
DATE: July 2, 2018
SUBJECT: Authorization to Extend Relocation Reimbursement

We are requesting authorization to extend reimbursement of applicable relocation expenses up to \$5,000 as allowed in Section 2-37.3 of the City of Cape Coral Code of Ordinances to the selected candidate for the position of Senior Auditor, City Auditor's Office, if necessary. A vacancy within the Auditor's Office was created due to a resignation.

C: Lisa Sonego, Human Resources Director

CITY OF CAPE CORAL
REQUEST FOR POSITION CONTROL CHANGE

DEPARTMENT: City Auditor
FY 2018

WHEREAS, FROM TIME TO TIME IT IS NECESSARY TO EVALUATE THE OPERATIONAL REQUIREMENTS OF A DEPARTMENT; AND

WHEREAS, THE CHARTER OF THE CITY AUTHORIZES THE CITY MANAGER TO MAKE OPERATIONAL CHANGES WITHIN DEPARTMENTS; AND

WHEREAS, THE FOLLOWING HAS BEEN CONSIDERED:

There is no increase in the number of full time positions being requested for the department.

There is no increase in the number of full time positions being requested for the fund.

There is an existing position classification for the position authorization change being requested.

THERE IS HEREBY A MODIFICATION OF AUTHORIZED FULL TIME EQUIVALENTS AS FOLLOWS:

EXISTING POSITION AUTHORIZATION:

<u>Assistant City Auditor</u>	<u>1</u>	<u>117001</u>
Position Title	# FTEs Authorized	Business Unit #

REQUESTED POSITION AUTHORIZATION:

<u>Senior Auditor</u>	<u>1</u>	<u>117001</u>
Position Title	# FTEs Being Changed	Business Unit #

EFFECTIVE DATE OF CHANGE: 6/30/2018

REASON FOR REQUEST:

To best meet business needs of the office by realigning the CAO staffing structure to allow greater flexibility in conducting audits and/or attestations. Current position of Assistant City Auditor will be vacated 6/29. Based on the pool of applicants for the last ACA posting where less than 25% of the applicants had the certifications or experience required for the position (9 of 40), I am reclassifying the position to Senior Auditor.

City Manager approval required when requested change is within a different employee group. (Example: White Collar to Blue Collar, etc)

REQUESTED BY: N/A
DIVISION MANAGER

DATE

APPROVED BY:  Andrea Budzik
DEPARTMENT DIRECTOR City Auditor

6/22/2018

DATE

REVIEWED BY: _____
HR DIRECTOR/DESIGNEE

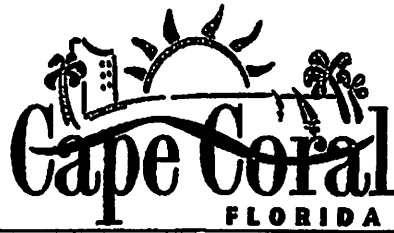
DATE

APPROVED BY: N/A
CITY MANAGER (as required)

DATE

KRONOS UPDATED BY: _____
BUDGET ANALYST

DATE



CITY AUDITOR'S OFFICE

TO: Lisa Sonogo, Director of Human Resources
FROM: Oscar B. Claudio *OBC*
DATE: June 8, 2018
SUBJECT: Resignation

After careful consideration, I have decided to tender my resignation as Assistant City Auditor. I am tremendously thankful for the opportunities I have had to serve the City of Cape Coral for over six years. I plan to use my paid time off bank which brings my last day to July 29, 2018 and vacating the position on June 29, 2018.

I have enjoyed working for the City and appreciate the support that was provided during my tenure. It has been my pleasure to serve.

Please let me know if I can be of any assistance during the transition.

Human Resources

8 JUN '18

Item Number:	4.D.
Meeting Date:	7/18/2018
Item Type:	BUSINESS

AGENDA REQUEST FORM
CITY OF CAPE CORAL



TITLE:

City Auditor Update Report - City Auditor Butola

SUMMARY:

ADDITIONAL INFORMATION:

ATTACHMENTS:

Description	Type
▫ CAO Update 2018 07	Backup Material



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members
FROM: Andrea R. Butola, City Auditor *ARB*
DATE: July 17, 2018
SUBJECT: Update of City Auditor's Office Activities, 6/16/18 – 7/17/18

Completed – Internal Staff:

- Follow up Review – Human Resources – Internal Staff: Complete. *Final open recommendation closed July 11*
- Citywide Audit Risk Assessment FY 2019, 2020, 2021 – Internal Staff: Complete. *Submitting to Audit Committee July 18*

In Progress – Internal Staff:

- Public Works Storm Water Operations – Internal Staff: On hold
- Charter School Authority Best Practices Audit – Internal Staff: In fieldwork. *Anticipate testing to be completed by end of August due to staffing shortage and Charter School staff unavailability.*
- Hurricane Irma Payroll Review – Internal Staff: In progress. *Sample selection completed. Testing began early June and will continue as schedule allows for those departments with completed workbooks. Fire, Parks & Rec testing complete. Police, Public Works, and Utilities remain to be tested; however, department adjustments are not complete. CAO cannot begin testing until department adjustments are complete.*
- Follow up Review – Public Works Contract – Internal Staff: In progress. *Three Public Works recommendations were closed. One Finance recommendation remains with an anticipated closure date of 12/31/2018. No further action necessary on this item at this time. This item will be monitored as appropriate.*

- Follow up Review – Fuel Acquisition, Monitoring, Disbursement, and Usage – Internal Staff: In progress. *Two Fleet recommendations have a revised anticipated completion date of 9/30/18. One recommendation with anticipated completion dates of 9/30/2018 (ITS) and 12/31/2018 (Finance and Fleet). No further action necessary on these items at this time. These items will be monitored as appropriate.*
- Follow up Review – Parts Acquisition, Monitoring, Disbursement, and Usage – Internal Staff: In progress. *One recommendation with anticipated completion dates of 9/30/2018 (ITS) and 12/31/2018 (Finance). No further action necessary on these items at this time. This item will be monitored as appropriate.*

Other

- Anticipated start date of July 30, for the Assistant City Auditor. The vacant position for senior auditor will be posted by the end of July.
- Electronic workpaper software training is scheduled for August 21-24.
- AR 74 was signed by the City Manager on June 15 with effective date of April 30, and is now in effect.
- 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. Any items outstanding as of 8/31/2018, will be incorporated into electronic workpaper software when implemented.
- During the period 6/16 – 7/17, the City Auditor's Office staff had paid leave and holiday time accordingly: 24 hours – City Auditor, 160 hours – Assistant City Auditor, 24 hours – Assistant City Auditor, 48 hours – Senior Administrative Specialist.

FY 2018 YTD Follow Up Action Register:

See Attachment A as of July 17, 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	Senior Auditor	Admin Support Staff
Fiduciary Activities Accounting & Reporting Under GASB Statement No. 84	KPMG		2			
Technology, Disruption & Innovations in Internal Audit	IIA		1			1
Total CPE's earned (hours)			3			1

Focus for the next period

The City Auditor and staff:

- Internal staff will:
 - On boarding of new Assistant City Auditor
 - Posting of Senior Auditor position
 - Focus on reviewing and updating audit processes to transition from paper to electronic workpapers.
 - Add audit plan to Council agenda for approval.
 - 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.

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
 Dolores Menendez, City Attorney
 Rebecca van Deutekom, City Clerk
 Audit Committee

City of Cape Coral
City Auditor's Office

FY 2018
Attachment A

Implementation Status of Audit Report Recommendations

Report Issue Date	Original number of recommendations	As of 7/17/2018		
		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	13	1
Follow Up Human Resources Department ###	7/21/2017	11	11	0
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	4	1
Utilities - Capital Project - Contract Audit ###	3/3/2017	5	5	0
Police Annual Review of Property & Evidence Procedures 2016	3/30/2017	1	1	0
Financial Audit - Municipal General Retirement Plan 2016	3/30/2017	1	0	1
Prior Year Open Reports - Action Items		122	115	7
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
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	0	4
FY 2018 - Action Items		14	7	7
Total		136	122	14

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

Follow Up Review memo for anticipated completion date for open items

Prepared by: A. Butola and Updated by: D. Fuhrmann