

City Auditor

Presentation to the Audit, Finance, and Enterprise Committee

July 1, 2019

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Reports Issued Apr-Jun 2019



Development Services – Fees and Charges



Follow-up Review – Facilities Maintenance Contract Monitoring



Follow-up Review – Police Department Supplies & Equipment



Follow-up Review – CDBG Contract Monitoring



Citywide Cash Handling – FY 2019 Annual Report

Development Services Fees and Charges

Report Date: 05/28/2019

An audit of internal controls related to fees/charges for plan review and permit activities.

Development Services – Fees and Charges

What did
we audit
and why?

- Reviewed policies and procedures to identify applicable process controls.
- Interviewed personnel and observed operations to assess effectiveness of controls.
- Tested transactions for accuracy.
- Evaluated the department's internal audit process.
- Why? To verify effective internal controls are in place to ensure fees and charges are accurately calculated, recorded, and collected.

Development Services – Fees and Charges

What did
we find?

- Cash handling controls need improvement.
- Fees and charges not updated in DIMES.
- Manual changes to permit fees are not monitored.
- System access administration needs improvement.
- Internal audit process needs improvement.

Development Services – Fees and Charges

What did we
recommend?

Cash Handling

- Daily reconciliation of cash receipts.
- Update department policy to reflect current processes and remove outdated content.
- Develop a process to ensure employees complete cash handling training.
- Store checks in a secure location.

Development Services – Fees and Charges

What did we
recommend?

Fees and Charges Changes

- Review of fees and charges annually, after City Council approves new Schedule of Fees and Charges.
- Implement system controls or process controls to mitigate risks associated with manual changes to permit fees.

Development Services – Fees and Charges

What did we
recommend?

System Access

- Implement controls to remove access for terminated/transferred employees.

Internal Monitoring

- Develop a more effective audit process
 - Staff training.
 - Standard forms and procedures.
 - Follow-up process.

Development Services – Fees and Charges

Response & Follow-up

- Management agrees with the recommendations and will implement all changes by 10/1/2019.
- We will remain engaged with the department throughout the process to help ensure successful implementation.
- We will perform a follow-up review in 12 months.

Facilities Maintenance Contract Monitoring

Report Date: 04/25/2019

A follow-up review to ensure action plans were successfully implemented.

Facilities Maintenance Contract Monitoring Follow-up Review

Action Plans In January 2018 Audit Report

✓ Implemented

Facilities Maintenance Action Plans:

- ✓ Use Delivery Orders for contracted services.
- ✓ Train staff to forecast costs more accurately.
- ✓ Obtain dollar limit increases for contracts when necessary.
- ✓ Ensure estimated requirements are realistic when establishing contracts.
- ✓ Verify accuracy of charges prior to payment.
- ✓ Require contractors with cost+% pricing to provide cost data.

Police Department Supplies & Equipment

Report Date: June 19, 2019

A follow-up review to ensure action plans were successfully implemented.

Police Department Supplies & Equipment Follow-up Review

Action Plans in May 2018 Audit Report

- ✓ Implemented
- ◇ In Progress

Recommendation	MPD Unit	Status
Conduct periodic physical inventories; document and correct discrepancies.	Fiscal/Supply	✓
	SWAT	✓
	PDIT (Laptops)	✓
	Training (Tasers)	✓
Track issued and expiring ballistic helmets.	Supply (Ballistic Helmets)	◇
Manage and track keys to secure areas.	Fiscal	◇
Dispose of obsolete and expired inventory properly and timely.	Fiscal (for WMD Warehouse)	✓
	Supply (Ballistic Helmets)	◇
	PDIT (e-Citation Devices)	✓

Community Services

Contract Monitoring - CDBG

Report Date: 07/01/2019

A follow-up review to ensure action plans were successfully implemented.

CDBG Contract Monitoring Follow-up Review

Action Plans In August 2017 Audit Report

✓ Implemented

Community Services Action Plans:

Claim Reimbursement Monitoring Process

Update CDBG policies & procedures manual to:

- ✓ Include program-specific procedures for the Claims Reimbursement Monitoring process.
- ✓ Include requirements for evidence of compliance by subrecipients.
- ✓ Track and document the resolution of findings from monitoring.
- ✓ Provide staff with CDBG training to critically evaluate subrecipients.
- ✓ Staff will meet periodically to ensure working knowledge is in place to perform program oversight.
- ✓ The organizational structure will be reviewed and reorganized to ensure effective oversight of all subrecipients.

CDBG Contract Monitoring Follow-up Review

Action Plans In August 2017 Audit Report

✓ Implemented

Community Services Action Plans:

Vendor paid before contract requirements met

- ✓ The Department Director will maintain a detailed working knowledge of the contract and ensure all requirements are met prior to payment.

Citywide Cash Handling

Report Date: 06/30/2019

Annual report on citywide audits of cash handling, change funds, and petty cash.

Citywide Cash Handling

What did we audit and why?

Throughout the year, citywide, we verify:

- Compliance with City policies and procedures.
- Petty cash and change fund balances.

Goals:

- Early detection of issues to avoid significant losses.
- Deterrence and consistent enforcement of compliance.
- Relationships – answer questions/concerns; offer assistance when possible.

Citywide Cash Handling

What did
we find?

- Cash & equivalents handled by City staff – approximately \$1M annually.
- No material discrepancies in fund balances.
- Overall, effective processes in place to safeguard cash.

Citywide Cash Handling

What did we
recommend?

MAC Box Office

- Count change fund daily (open and close).
- Count verified by Supervisor/Lead staff member (per Dept. policy).

PRCF

- Implement improved internal controls to ensure all employees receive required training before handling money.

Citywide Cash Handling

Response & Follow-up

- Management agrees with the recommendations and will implement the changes by 7/1/2019.
- We will perform follow-up work as part of the FY2020 citywide cash handling audit.

Questions?