



# Consolidated Audit Follow-up Report

## Report #2001

March 25, 2020

City of Tallahassee

Office of the City Auditor

Dennis R. Sutton, City Auditor, CPA, CIA



## TABLE OF CONTENTS

---

<b>EXECUTIVE SUMMARY</b>	<b>1</b>
WHAT WE DID	1
WHAT WE CONCLUDED	1
FOLLOW-UP SUMMARY	1
<b>SUMMARY STATUS OF AUDIT FOLLOW-UPS</b>	<b>2</b>
Table 1 - Status of Action Plan Steps by Audit	2
Illustration 1 - Status of Action Plan Steps by Audit	3
<b>EXHIBITS DETAILING STATUS OF ACTION PLAN STEPS</b>	<b>5</b>
EXHIBIT 1: Audit of City’s Backup and Disaster Recovery Planning Processes	6
EXHIBIT 2: Audit of Public Works – Selected Procurement Practices	14
EXHIBIT 3: Audit of Selected Airport Leases	17
EXHIBIT 4: Audit of City Contracts with Big Bend Community Development Corporation	21
EXHIBIT 5: Audit of City Printers and Copiers	25
EXHIBIT 6: Audit of the Cloud Migration & Upgrade to PeopleSoft Systems	29
EXHIBIT 7: Audit of Growth Management Revenues	36
EXHIBIT 8: Audit of StarMetro General Transit Fare Box Collections and Petty Cash Funds	39
EXHIBIT 9: Audit of City Agreements with Cascades Holdings, LLC	42
EXHIBIT 10: Audit of StarMetro Paratransit Services	46
EXHIBIT 11: Audit of Right-of-Way Maintenance	50
EXHIBIT 12: Potential Conflict of Interest Regarding Acquisition of Engineering Services	52
EXHIBIT 13: Audit of CIS Utility Adjustments	54
EXHIBIT 14: Audit of Commercial Utility Meters	57
<b>APPENDIX A - PURPOSE, SCOPE, AND METHODOLOGY</b>	<b>59</b>
<b>APPENDIX B - MANAGEMENT RESPONSES</b>	<b>60</b>
<b>ACKNOWLEDGEMENTS</b>	<b>63</b>
<b>PROJECT TEAM</b>	<b>64</b>
<b>STATEMENT OF ACCORDANCE</b>	<b>64</b>

---

# Audit Follow-up

## Action Plan Steps Due On or Before March 31, 2019

### EXECUTIVE SUMMARY

#### WHAT WE DID

---

The purpose of this audit was to provide an update as to the status of management's progress in addressing action plan steps from previous audit reports, and our conclusions as to management's success in completing those steps. This is a regular reoccurring audit included as part of our annual audit plan. The scope of our audit included a review of the status of action plan steps from our prior audits due for completion on or before March 31, 2019.

#### WHAT WE CONCLUDED

---

Our audit testing showed that, for the most part, management has been successful in completing the action plan steps as initially planned, is appropriately addressing the associated risks through alternate actions, is making reasonable progress toward completion of the steps, or has accepted the underlying risk. However, we did identify a limited number of action plan steps where additional attention from management is needed to help ensure those steps are completed or the associated risks are otherwise mitigated. Specifically, we noted that of the 189 action plan steps due for completion on or before March 31, 2019, 131 have been completed, 17 have been resolved through alternative actions or management's acceptance of the underlying risk, 26 are in progress, and 12 need additional attention from management to ensure the step was completed or otherwise resolved.

The 12 action plan steps we identified as needing additional attention from management were associated with four separate audits, Backup and Disaster Recovery (seven steps), Selected Airport Leases (one step), Cloud Migration and PeopleSoft Upgrade (two steps), and StarMetro Paratransit Services (two steps). The seven steps attributable to the Backup and Disaster Recovery audit were primarily related to amending City procedures for backing up data and developing a policy or procedure related to disaster recovery plans. The one step from the Audit of Selected Airport Leases involved the development and adoption of a policy for leasing real property at the Airport. The two steps from the Audit of the Cloud Migration and PeopleSoft Upgrade involved the development of a formal plan to assist the City in the event the City leaves the current cloud hosting provider and timely reviewing and paying invoices. The two steps from the StarMetro Paratransit Services audit involved the implementation of in-person interviews and functional assessments, and negotiating with clients with respect to trip times.

#### FOLLOW-UP SUMMARY

---

We have included in this report an exhibit for each audit report (Exhibits 1 - 14) issued by the City Auditor's Office for which one or more action plan steps have not yet been completed. In each of the those exhibits, the results of our audit follow-up testing are detailed, along with a description of the action plan step, and a summary of the applicable original audit report. Table 1 that follows shows the progress management has made in completing their action plans for each audit included in this follow-up audit report and Illustration 1 provides a graphical representation of the same information.

## SUMMARY STATUS OF AUDIT FOLLOW-UPS

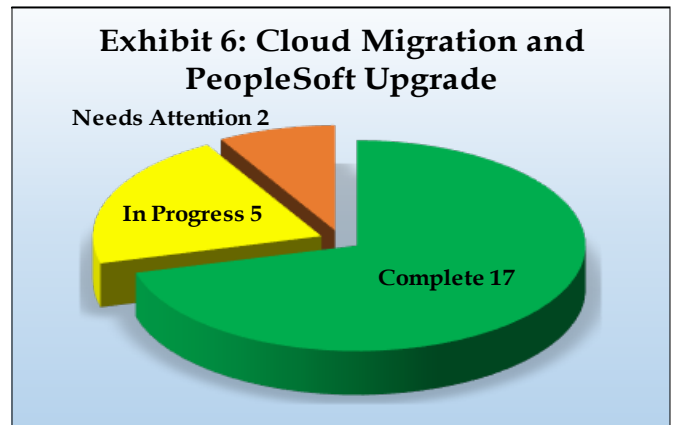
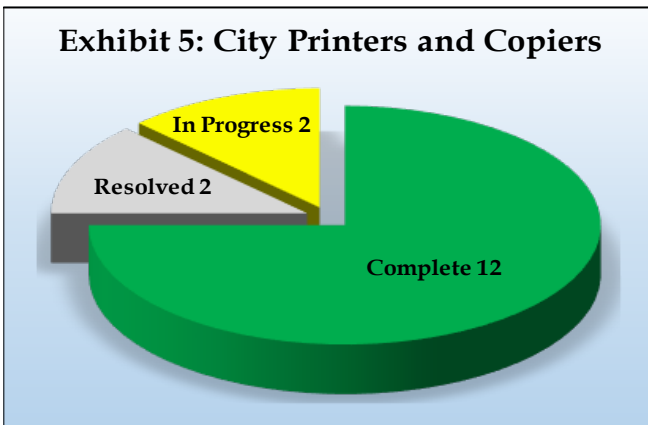
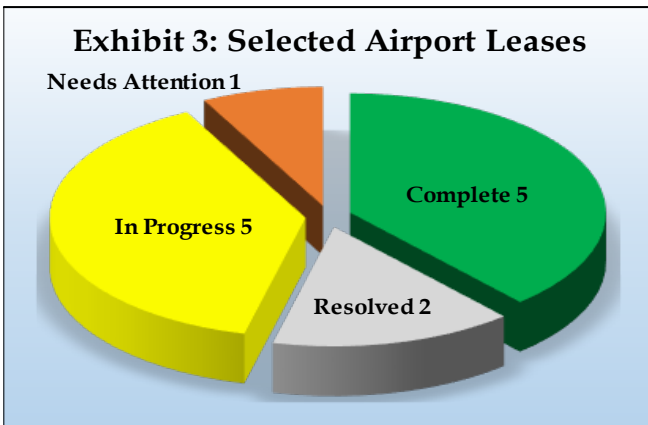
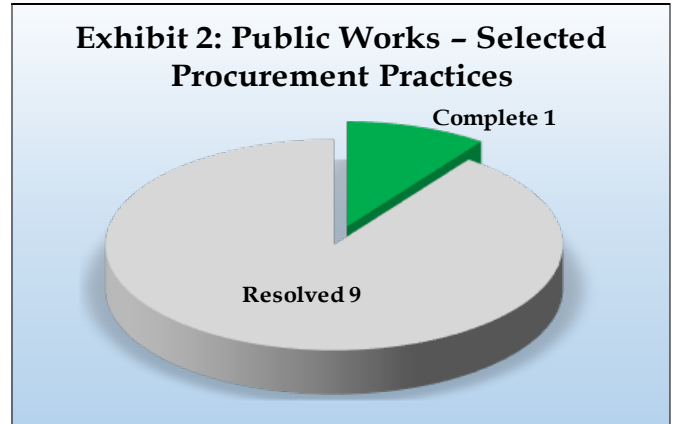
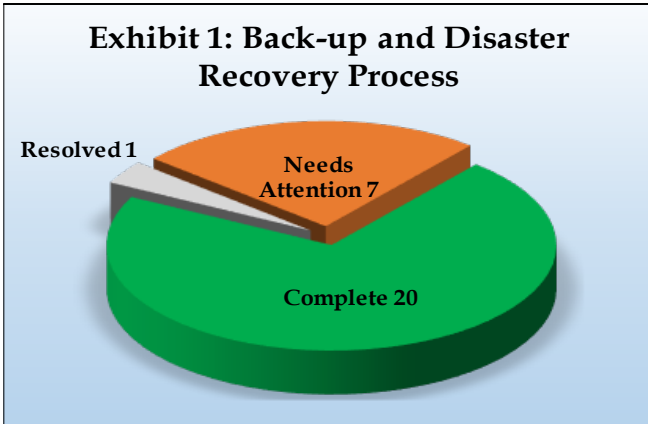
In general, management has been successful in completing its action plan steps in a timely manner. However, for a limited number of action plan steps we concluded additional attention from management is needed to ensure the steps are completed or the underlying risks are adequately mitigated. Below, in both tabular (Table 1) and graphical formats (Illustration 1), is a summary of the audits we followed up on and our conclusion as to the status of the associated action plan steps.

**Table 1**  
**Status of Action Plan Steps by Audit**

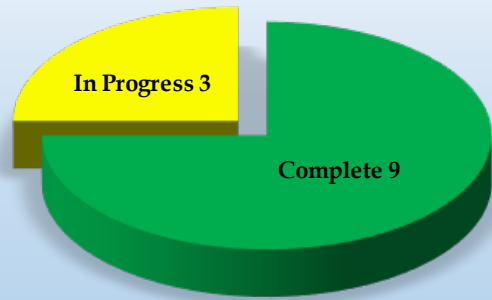
Audit	Complete	Resolved	In Progress	Needs Attention	Not Yet Due	Total
Back-up and Disaster Recovery Process	20	1	0	7	0	28
Public Works – Selected Procurement Practices	1	9	0	0	0	10
Selected Airport Leases	5	2	5	1	0	13
City Contracts with Big Bend CDC	17	1	0	0	0	18
City Printers and Copiers	12	2	2	0	0	16
Cloud Migration and PeopleSoft Upgrade	17	0	5	2	0	24
Growth Management Revenues	9	0	3	0	0	12
StarMetro Fare Box Collections and Petty Cash Funds	12	0	2	0	0	14
City Agreements with Cascades Holdings	16	0	0	0	0	16
StarMetro Paratransit Services	7	0	3	2	3	15
Right-of-Way Maintenance	2	2	1	0	0	5
Potential Conflict of Interest Regarding Acquisition of Engineering Services	1	0	3	0	0	4
CIS Utility Adjustments	9	0	1	0	0	10
Commercial Utility Meters	3	0	1	0	0	4
<b>Total</b>	<b>131</b>	<b>17</b>	<b>26</b>	<b>12</b>	<b>3</b>	<b>189</b>

# Illustration 1

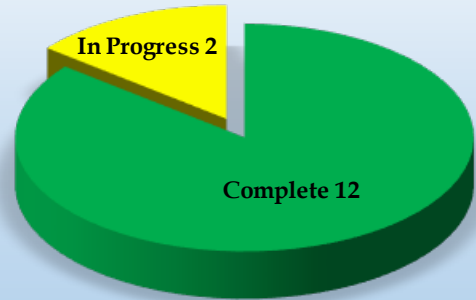
## Status of Action Plan Steps by Audit



**Exhibit 7: Growth Management Revenues**



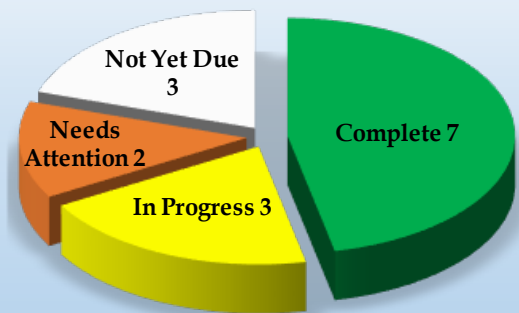
**Exhibit 8: StarMetro Fare Box Collections and Petty Cash Funds**



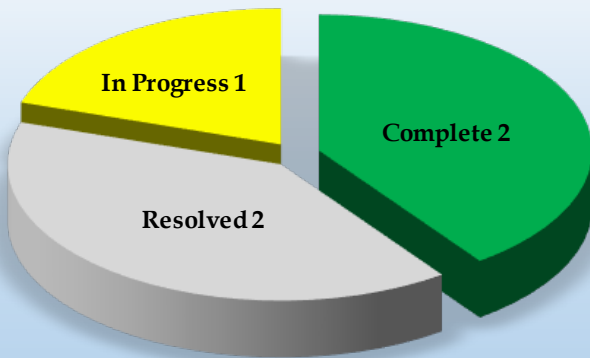
**Exhibit 9: City Agreements with Cascades Holdings**



**Exhibit 10: StarMetro Paratransit Services**



**Exhibit 11: Right-of-Way Maintenance**



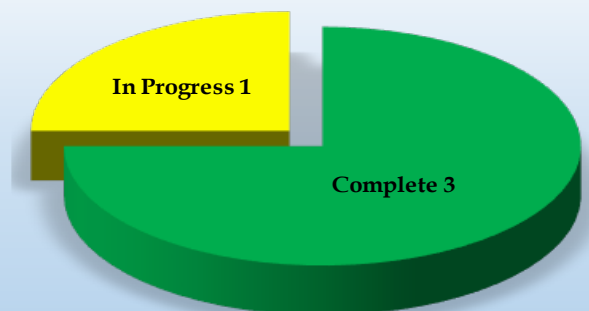
**Exhibit 12: Potential Conflict of Interest Regarding Acquisition of Engineering Services**



**Exhibit 13: CIS Utility Adjustments**








**Exhibit 14: Commercial Utility Meters**



## EXHIBITS DETAILING STATUS OF ACTION PLAN STEPS

The exhibits included within this report show each action plan step developed by management in response to the risks and associated recommendations in our audit reports and a detailed description of our conclusion as to management’s progress toward completion of the action plan step.

Included with our assessment of each action plan step within the exhibits, is a symbol that graphically illustrates our overall conclusion as to management’s progress toward completing the step. The legend below shows those symbols and provides a brief description of their meanings.

Legend of Symbols	
Symbol	Description
	<u>Complete</u> : The action plan step was successfully completed as planned in this or a prior follow-up period.
	<u>Resolved</u> : The risk(s) intended to be addressed by the action plan step was successfully mitigated through alternative management actions in this or a prior follow-up period; or management has reevaluated the risk(s) associated with the action plan step and elected to accept the risk(s).
	<u>In Progress</u> : Efforts to complete the action plan step are underway and management’s actions to address the action plan step will be reviewed as part of a future follow-up audit.
	<u>Needs Attention</u> : The action plan step requires the attention of City management to ensure the step is completed or the associated risk is otherwise addressed.
	<u>Not Yet Due</u> : The action plan step is not yet due for completion.

# EXHIBIT 1: Audit of the City's Backup and Disaster Recovery Process

This status report is the 4<sup>th</sup> and final follow up on this audit.

*Summary from Original Report #1515 (Issued September 1, 2015):* The information technology (IT) resources of the City and its departments include servers (computers), operating systems, applications, and large amounts of unique, irreplaceable data. These resources support and facilitate the daily operations of the City, and their loss would significantly impair the City's ability to serve its citizens. One of the means commonly used to protect IT resources from loss is to periodically backup (i.e., create and save copies of) IT operating systems, applications, and data. To ensure the continuing ability to operate with IT resources, it is also common practice to have in place IT disaster recovery plans that describe the processes to be followed in order to resume IT operations after a significant interruption in IT system services.

The objectives of the initial audit were to determine whether City IT systems are backed up appropriately and in a manner consistent with best practices; and plans and preparations for IT disaster recovery are reasonable, appropriate, and consistent with best practices.

Overall, we concluded the City's data is being backed up appropriately and, for the most part, in accordance with best practices. We concluded that, in general, there are plans and preparations for disaster recovery for most IT systems. For appropriate areas, we made recommendations to further enhance the City's IT backup and disaster recovery processes.

A total of 28 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 28 steps were due for completion. Of those, 21 were completed or resolved in this or a prior period with no further action required, and 7 need additional attention from management.

Action Plan Steps	Status as of March 31, 2019
-------------------	-----------------------------

**Objective A: Improve the policies and/or procedures governing the backup and disaster recovery planning processes.**

*Technology and Innovation*

<p>1. Administrative Policy and Procedure 809 (APP 809) will be revised to more closely reflect current City backup processes.</p>	<p><b>Needs Attention.</b> Technology and Innovation (T&amp;I) management submitted revisions to the City's Information Systems Security Policy 809 (APP 809) to the City Manager's Office for review and approval. However, prior to those revisions being approved and implemented, the City's Chief Information Officer (CIO) left employment with the City. As such, the revision of APP 809 has not been completed.</p> <p>Our review of the draft version of APP 809 showed <u>the backup process described therein does not reflect the current back-up process</u> as provided for in this action plan step. We recommend T&amp;I make appropriate changes to APP 809, prior to its implementation, to ensure the current back-up process is accurately described.</p> <p>(Continued on next page)</p>
--	--





## Action Plan Steps

## Status as of March 31, 2019

2. APP 809 will be revised to incorporate best practices that currently are not addressed in that policy. Those best practices include:

- a. Identifying the backup types and frequencies to be used by the City; and provide specific criteria as to when the use of the identified backup types and frequencies should be used.
- b. Acknowledging and defining Technology and Innovations' (T&I's) role in the backup process, to include its role in determining what, when, and how backups should occur.
- c. Requiring periodic tests of the integrity of the results of the backup process.
- d. Requiring the periodic conduct of system recovery or restoration tests with the backed up files.
- e. Defining all key terms, including those that may be ambiguous.
- f. Requiring that backed up data be stored in a safe, prudent, and physically secure manner.

3. A comprehensive policy or procedure will be developed requiring disaster recovery plans be developed for City IT systems.

This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.

**Needs Attention.** As noted in action plan step A.1 above, a revision of APP 809 was submitted to the City Manager's Office for review and approval. However, prior to those revisions being approved and implemented, the City's Chief Information Officer (CIO) left employment with the City. As such, the revision of APP 809 has not been completed.






Our review of the draft version of APP 809 showed the best practices identified in this action plan step were not included in the policy revision. We recommend T&I make appropriate changes to APP 809, prior to its implementation, to ensure best practices are addressed in the policy.





This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.





**Needs Attention.** As noted in a prior follow-up report (see Audit Report #1903, page 9), T&I management stated the requirement for disaster recovery plans for all City IT systems is to be incorporated into the revision of APP 809. As noted in step A.1 above, a draft of the revised APP 809 was submitted to the City Manager's Office for review and approval. However, prior to those revisions being approved and implemented, the City's Chief Information Officer (CIO) left employment with the City. As such, the revision of APP 809 has not been completed.














(Continued on next page)

Action Plan Steps	Status as of March 31, 2019
	<p>Our review of the draft version of APP 809 showed <u>the proposed revisions to the policy do not include a requirement for disaster recovery plans to be developed for all City IT systems</u>. We recommend T&amp;I make appropriate changes to APP 809, prior to its implementation, to ensure a disaster recovery plan is required for all City IT systems.</p> <p>This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.</p>
<p>4. The disaster recovery planning policy/procedures developed pursuant to the previous step will incorporate best practices as identified in the audit.</p>	<p><b><u>Needs Attention.</u></b> As noted in step A.3 above, disaster recovery plans for all City IT systems are to be required as part of the revision of APP 809.  Additionally, as noted in step A.3 above, disaster recovery planning is not addressed in the proposed draft of APP 809 submitted to the City Manager's Office for review and approval. We recommend T&amp;I make appropriate changes to APP 809, prior to its implementation, to ensure the requirement for best practices related to disaster recovery planning is addressed.</p> <p>This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.</p>
<p><b>Objective B: Follow best practices as to backing up IT systems and data.</b></p>	
<p>1. Periodic random tests of the integrity of the backup data will be conducted and documented.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1719, page 2). </p>
<p>2. Periodic system recovery or restoration tests with the backed-up files will be conducted. The results of such tests will be documented.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1719, page 2). </p>

Action Plan Steps	Status as of March 31, 2019	
<b>Objective C: Improve the backup process used by T&amp;I.</b>		
<p>1. The monitoring of the backup processes for both physical and virtual servers will be enhanced to require formal documented reviews as to:</p> <ul style="list-style-type: none"> <li>a. The specific backups attempted.</li> <li>b. Those backups successfully completed.</li> <li>c. For backups that did not complete successfully; the underlying reasons, associated risks, and/or justification that the efforts were nonetheless proper and adequate with no further action required.</li> </ul>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p>	
<p>2. An evaluation of the backup storage capacity will be conducted periodically to determine if current capacity is adequate to backup City data in accordance with retention periods as provided by best practices (e.g., three weeks).</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p>	
<p>3. Based on the results of the evaluation in the preceding action plan step, one of the two following actions will be taken.</p> <ul style="list-style-type: none"> <li>a. In the event backup storage capacity is not sufficient to allow for adequate retention periods as addressed in the previous action plan step, additional capacity will be acquired or City management will be informed as to the capacity deficiency, the retention periods possible with current capacity, and the risks related to reduced retention periods.</li> <li>b. In the event backup storage capacity is sufficient, backup retention period for virtual servers will be revised such that at least three weeks of data is retained using a multi-generational approach.</li> </ul>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p>	
<b>Objective D: Improve T&amp;I's disaster recovery (DR) plan.</b>		
<p>1. A hard copy of the DR plan will be distributed to key staff (as identified in the plan) to help ensure the plan will be immediately available when needed. Those key staff will also be informed as to the specific location of the electronic version of the plan.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p>	

Action Plan Steps	Status as of March 31, 2019
<p>2. A business impact analysis will be completed to help ensure T&amp;I's disaster recovery plan identifies and addresses the City's most critical systems/applications and the restoration of the systems/applications is appropriately prioritized.</p>	<p><b>Needs Attention.</b> As noted in a prior follow-up (see audit report #1903, page 11), T&amp;I management reported a business impact analysis would be included within the City's DR plan.</p>  <p>Our review of the DR plan showed <u>a business impact analysis had not been included as initially reported by T&amp;I management.</u></p> <p>To ensure the City's disaster recovery plan provides for the restoration of the most critical IT systems first, we again recommend a formal documented business impact analysis be prepared and used for the prioritization of City IT system recovery efforts in the event of an emergency.</p> <p>This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.</p>
<p>3. The DR plan will be revised to incorporate supporting documentation that may be needed during restoration of IT systems or refer to specific locations where such supporting materials can be found. Examples of supporting documentation includes; software manuals, checklists, configuration details, etc.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p> 
<p>4. The DR plan will be revised to more clearly identify key computer hardware and infrastructure components that may be needed during restoration necessary because of significant IT service interruptions.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p> 
<p>5. Pre-approval for emergency purchases of necessary IT related items will be obtained to facilitate restoration of critical IT systems. Pre-approval will be limited such that it is only valid during emergencies as declared by the appropriate City official (e.g., the Mayor or City Manager).</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 12).</p> 

Action Plan Steps	Status as of March 31, 2019
<p>6. The critical applications identified in the current T&amp;I DR plan will be reviewed and updated as applicable based on the business impact analysis (see Action Plan Step D.2 above).</p>	<p><b>Needs Attention.</b> T&amp;I has not yet identified or included the City's critical applications in the City's DR plan.</p>  <p>This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.</p>
<p>7. The DR plan will be reviewed and brought up to date to help ensure the plan is current in respect to IT systems, infrastructure, and personnel.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p> 
<p>8. A schedule will be developed for the periodic testing of the DR plan to help ensure the plan is sufficient and addresses all necessary aspects of disaster recovery planning. Testing will be performed in accordance with that schedule.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p> 
<p>9. The feasibility of relocating the City's alternate restoration site to the Tallahassee-Leon County Public Safety Complex will be determined. If determined feasible and more economical, the alternate restoration site will be relocated accordingly.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1622, page 4).</p> 
<p><b>Objective E: Provide for increased security of backed up data while being transported to offsite storage location.</b></p>	
<p>1. Transportation of cassette tapes containing backed up data will be transported in secure and locked containers.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1622, page 2).</p> 
<p>2. While transporting tapes containing backed up data, vehicle stops will be limited to the greatest extent possible; and in the event a stop is unavoidable the backed-up data will not be left in unsecured or unattended vehicles.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1622, page 2).</p> 

Action Plan Steps	Status as of March 31, 2019	
<b>Objective F: Improve disaster recovery planning for public safety IT systems located at TPD.</b>		
<p>1. A disaster recovery plan will be developed for the public safety IT systems located at TPD headquarters. That DR plan will incorporate applicable best practices as identified in the audit report.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1622, page 6).</p>	
<p>2. The development of an alternate site for restoration of public safety IT systems located at TPD headquarters will be reconsidered. In the event the development of such an alternate site for restoration of IT systems is feasible, consideration will be given to the use of the Tallahassee-Leon County Public Safety Complex.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1719, page 2).</p>	
<b>Electric Utility</b>		
<b>Objective A: Improve the physical security of the backup electric control center.</b>		
<p>1. A backup air conditioning unit and high temperature alarm will be installed at the backup electric control center. (The high temperature alarm will be configured such that it will provide notification to the main control center when excessively high temperatures are detected.)</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 14).</p>	
<p>2. A smoke alarm will be installed at the backup control center. (The smoke alarm will be configured such that it will provide notification to the main control center when smoke is detected.)</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1622, page 2).</p>	
<p>3. An automated fire suppression system will be installed at the backup electric control center.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 14).</p>	

## Action Plan Steps

Status as of March 31, 2019

### Objective B: Improve disaster recovery planning for IT systems managed by the Electric Utility.

1. A disaster recovery plan will be developed for the IT systems at the electric generation power plants. That DR plan will incorporate applicable best practices as identified in the audit report.

**Complete.** This step was completed in a prior period (see Audit Report #1622, page 2).



### Underground Utility

### Objective A: Improve disaster recovery planning for IT systems managed by Underground Utilities.

1. A disaster recovery plan will be developed for the IT systems managed by Underground Utilities. That DR plan will incorporate applicable best practices as identified in the audit report.

**Needs Attention.** T&I management elected to include all IT systems managed by T&I into one disaster recovery plan. Our review of the draft disaster recovery plan showed the Underground Utilities IT systems were not included in the draft plan.



This step was not completed within the normal two-year follow-up period. Therefore, due to the significant length of time the action plan step has remained incomplete (original audit report issued September 1, 2015), we will no longer monitor and report on management's progress toward its completion.

2. The development of an alternate site for restoration of Underground Utilities managed IT systems in the event of a disaster will be considered.

**Complete.** Management reported appropriate provisions have been made to ensure Underground Utilities' IT systems can be restored in the event of a disaster. Accordingly, this action step is complete.



## EXHIBIT 2: Audit of Public Works – Selected Procurement Practices




**This status report is the 3<sup>rd</sup> and final follow up on this audit.**

**Summary from Original Report #1604 (Issued January 12, 2016):** The primary objective of this audit was to evaluate the methods and processes Public Works uses to acquire major goods and services for which estimated quantities impact bid evaluations, and determine if those methods and processes are efficient, reasonable, and the most beneficial to the City.







Overall, we determined estimated quantities of goods and services provided in past bid solicitations and used in the bid evaluation and contract award decision process for asphalt, concrete, and sod were not comparable to and reflective of actual usage. Such inaccurate quantity estimates increase the risk that: (1) prospective contractors are not provided adequate information on which to determine and bid their best prices, and (2) the City could pay more for materials and services. Recommendations were made to enhance the procurement process for asphalt, concrete, and sod so as to help ensure those materials and services are acquired at the most favorable (best and lowest) costs to the City and in a manner that is more favorable to vendors.

In January 2016, the Public Works Department was eliminated as part of a City reorganization. Functions performed by that department were incorporated into other City departments. The activities addressed in, and pertinent to, the scope of our initial audit are now performed by the Public Infrastructure Division within the Underground Utilities and Public Infrastructure Department (UUPI). The Public Infrastructure Division assumed responsibility for completing the action plan steps developed and designed to address the recommendations made in our initial audit report (#1604).

A total of 10 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 10 steps were due for completion. All 10 steps were completed or resolved in this or a prior follow up with no further action required.

Action Plan Steps	Status as of March 31, 2019
1. Public Works will work with Procurement to utilize PeopleSoft Financials to record and track by contract item the quantities of asphalt materials and services acquired.	<b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 16). 
2. Public Works will work with Procurement and utilize PeopleSoft Financials to record and track by contract item the quantities of concrete acquired, or Public Works will develop an alternative tracking solution if the upgrades to PeopleSoft do not provide a practical way to track concrete purchases.	<b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 17). 
3. Public Works will work with Procurement and utilize PeopleSoft Financials to record and track by contract item the quantities of sod acquired, or Public Works will develop an alternative tracking solution if the upgrades to PeopleSoft do not provide a practical way to track sod purchases.	<b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 17). 



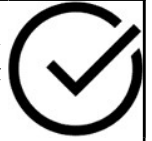
Action Plan Steps	Status as of March 31, 2019
<p>4. Public Works will use the quantities tracked in PeopleSoft Financials to develop better quantity estimates for future bid solicitations for asphalt materials and services and in the process continue with the current process of providing estimates for all items within the bid solicitation.</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 18). </p>
<p>5. Public Works will use the tracked quantities to develop better quantity estimates for future concrete bid solicitations.</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 18). </p>
<p>6. Public Works will use the tracked quantities to develop better quantity estimates for future sod bid solicitations.</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 18). </p>
<p>7. Public Works will consider awarding multiple contracts and apply the most appropriate procurement process for future purchases to help ensure asphalt materials and services are acquired at the best and lowest cost to the City and in a manner that is more favorable to the vendors.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 18). </p>
<p>8. Public Works will consider awarding multiple contracts and apply the most appropriate procurement process for future purchases to help ensure sod is acquired at the best and lowest cost to the City and in a manner that is more favorable to the vendors.</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 19). </p>
<p>9. Public Works will continue working with Procurement to request the concrete vendor provide additional detail on delivery tickets as to the specific type of concrete delivered to City work sites.</p>	<p><b>Resolved.</b> UUPI reported they have held discussions with the City's contracted concrete vendor to modify delivery tickets to include detailed information regarding the specific type of concrete delivered. In those discussions, UUPI management was informed the software used by the concrete vendor to generate delivery tickets cannot be modified to include the additional information (i.e., type of concrete). Because the concrete vendor's software is unable to include the desired additional concrete information in delivery tickets, management has accepted the risks associated with this action plan step. As a result, we consider this step resolved and will no longer follow-up on this action plan step. </p>

### Action Plan Steps

10. Public Works will ensure future bid solicitations and contracts include appropriate terms defining what constitutes an individual order of concrete.

### Status as of March 31, 2019

**Resolved.** This step was considered resolved in a prior period (see Audit Report #1903, page 19).



# EXHIBIT 3: Audit of Selected Airport Leases

**This status report is the 3<sup>rd</sup> follow up on this audit.**

*Summary from Original Report #1620 (Issued September 16, 2016):* The City of Tallahassee (City) currently leases land and facilities to 53 entities at the Tallahassee International Airport (Airport) including commercial airlines, cargo companies, rental car agencies, concessionaires, the federal government, and general aviation service providers.

The purpose of this audit was to determine, for the addressed leases, whether: (1) the Aviation Department maintained proper oversight over the related leasing activities, (2) the leasing activities were in the best interest of the City, (3) the City was adequately protected from exposure to risk, and (4) lease revenues due the City were reasonable and properly and timely collected.

We concluded that, overall, the Aviation Department effectively managed leases of City-owned property at the Airport for which the tenants also subleased some or all of the property to other entities, or for which the property was leased for nominal consideration. We identified several areas for improvement related to establishing an internal leasing policy, tracking and managing leases, increasing and collecting lease revenues, executing nominal value leases, pre-approving subleases, and maintaining insurance documentation. We determined that Aviation Department management was aware of several of the noted areas prior to the start of our audit and has initiated appropriate measures to address those areas.

A total of 13 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 13 steps were due for completion. Of those 13 steps, seven have been completed or resolved in this or a prior follow up with no further action required, five remain in progress, and one needs additional attention from management.

Action Plan Steps	Status as of March 31, 2019
-------------------	-----------------------------





**Objective A: To ensure the Aviation Department maintains proper oversight over the Airport’s leasing activities.**






1. A formal comprehensive leasing policy that incorporates best practices will be developed and adopted.




**Needs Attention.** As of the end of this follow-up period, the Aviation Department has not finalized and adopted a formal comprehensive set of leasing procedures. However, the department has substantially completed these procedures (Departmental Procedures for Airport Property Leasing). Aviation management reported the approval and adoption of the procedures will occur by the end of the calendar year. Accordingly, management revised the completion date for this action plan step.

While the policy has been developed and is in draft form, there has been considerable delay in the policy’s formal adoption. The status of this action plan step will be reviewed as part of a future follow-up audit.



Action Plan Steps	Status as of March 31, 2019
<p>2. A consolidated lease management system will be acquired and implemented, budget permitting.</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 25). </p>
<p><b>Objective B: To ensure the Airport’s leasing activities are in the best interest of the City.</b></p>	
<p>1. If and/or when new leases are executed upon the expiration of current leases of Airport properties that were developed by the lessees, those new leases will be executed at fair market value for developed property when appropriate.</p>	<p><b>Complete.</b> During the period covered by this audit follow-up, management reported no new leases were issued. However, a 2-year extension for an existing lease provided for an increase in the lease rate to fair market value. As such, we have concluded the actions noted above demonstrate management’s intent to execute future leases at fair market value. </p>
<p>2. For properties currently subleased by lessees, a determination will be made upon the expiration of the applicable leases whether it is in the City’s best interest to continue to allow those properties to be subleased, or whether it is more appropriate for the Aviation Department to lease those properties directly.</p>	<p><b>Complete.</b> Our review of leasing activity at the airport identified an instance where a sublease for a parcel of property was extended for two years beyond the original sublease term. When we inquired as to the circumstances relating to the extension, Aviation management reported they reviewed the lease and associate sub-lease and determined that, in this one instance, it was in the best interest of the City to allow a continuation of the existing lease/sub-lease arrangement rather than entering into a direct lease arrangement with the current sublessee. Accordingly, this action plan step is complete. </p>
<p>3. The formal comprehensive leasing policy developed pursuant to step A.1 above will provide the criteria and circumstances in which Airport property will be leased for nominal consideration.</p>	<p><b>In Progress.</b> Our review of the draft leasing policy (see action plan step A.1) showed the criteria and circumstances under which nominal leases would be appropriate were included as provided for in this action plan step. Aviation management anticipates the leasing policy will be approved and adopted by December 31, 2019. Upon adoption of the policy, this step will be considered complete. This action plan step will be reviewed as part of a future follow-up audit. </p>

Action Plan Steps	Status as of March 31, 2019
<p>4. If and/or when the Aviation Department leases Airport properties for nominal rates, the rationale and justification for leasing those properties for nominal rates will be included in the applicable lease agreements or documented in the lease file when appropriate.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 26).</p> 
<p><b>Objective C: To ensure the City is adequately protected from exposure to risk.</b></p>	
<p>1. All subleases shall be pre-approved by the City prior to execution between the parties and prior to execution of the Airport Use Agreement. If and when appropriate, Use Agreements, which authorize all subleases (with the exception of T-Hangars), will be executed between lessees, sublessees, and the City.</p>	<p><b>In Progress.</b> Aviation management reported there have been no new subleases executed since the initial audit, nor do they anticipate any new subleases in the foreseeable future. Language is included within the draft leasing policy requiring all subleases to be approved by the Director of Aviation. As noted in action plan step A.1 above, Aviation management anticipates the leasing policy will be approved and adopted by December 31, 2019. Upon adoption of the policy, this step will be considered complete. This action plan step will be reviewed as part of a future follow-up audit.</p> 
<p>2. Required insurance coverages will be tracked in the new consolidated lease management system.</p>	<p><b>Resolved.</b> This step was considered resolved in a prior period (see Audit Report #1903, page 27).</p> 
<p>3. Commercial Development will work with the Treasurer-Clerk's Risk Management Division to ensure insurance-related documentation is timely exchanged as appropriate.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 27).</p> 
<p><b>Objective D: To ensure lease revenues are reasonable and properly and timely collected.</b></p>	
<p>1. When applicable, appropriate escalation provisions will be included in each subsequent lease agreement.</p>	<p><b>In Progress.</b> During the period covered by this audit follow-up, Management reported no new lease agreements for which lease rate escalation provisions would be appropriate have been executed, nor do they anticipate any new leases in the coming months. Aviation management has indicated there is a commitment to including lease rate escalations in future lease agreements when appropriate. The status of this action plan step will be reviewed as part of a future follow-up audit.</p> 

Action Plan Steps	Status as of March 31, 2019
<p>2. The formal comprehensive leasing policy developed pursuant to step A.1 above will include appropriate provisions regarding escalation of lease rates, including the nature and frequency that such escalations should be applied.</p>	<p><b><u>In Progress.</u></b> Our review of the draft leasing policy showed provisions for the escalation of lease rates were included in the draft policy. Specifically, the draft policy states, “leases with terms of more than five( 5) years should contain an escalation provision” and that rate escalations are to be based on an economic index, such as the Consumer Price Index. Aviation management anticipates the leasing policy will be approved and adopted prior to March 31, 2020.</p> 
<p>3. Efforts will be continued to collect on Million Air’s delinquent account.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1709, page 5).</p> 
<p>4. The formal comprehensive leasing policy developed pursuant to step A.1 above will include appropriate actions that should be taken in regard to collecting amounts for delinquent accounts.</p>	<p><b><u>In Progress.</u></b> Our review of the draft leasing policy showed the policy included procedures regarding collection of amounts related to delinquent accounts. Specifically, the policy requires accounts with balances more than 90-days past due to be referred to the City Attorney’s office for further collection assistance. Aviation management anticipates the leasing policy will be approved and adopted prior to March 31, 2020. Upon adoption of the procedures, this step will be considered complete.</p> 

## EXHIBIT 4: Audit of City Contracts with Big Bend Community Development Corporation



This status report is the 4<sup>th</sup> and final follow up on this audit.








*Summary from Original Report #1701 (Issued December 1, 2016):* The City’s Community Housing and Human Services Department (Department) is responsible for administering the City’s affordable housing and human services activities and programs. The Department’s activities and programs are executed by either employees of the Department or by a contractor, such as the Big Bend Community Development Corporation (BBCDC). The BBCDC’s mission is to develop affordable housing, foster neighborhood economic development and job creation, preserve historic community assets, provide youth and senior services, and deliver educational programs.

The overall objective of this audit was to determine the extent to which the City had ensured and could demonstrate the BBCDC’s compliance with the terms and conditions of contracts between the City and the BBCDC.







With respect to the loan contracts, our audit disclosed additional oversight by the Department would better ensure contract compliance and the protection of the City’s interests. With respect to the grant contracts, we found in many instances documentation was available to demonstrate City grant funds had been used appropriately. However, we determined there was some use of those funds for unallowable, inappropriate, or unsubstantiated purposes. Also, our audit indicated a lack of resources had contributed to the BBCDC’s lack of success in providing many of the contracted services. Further, while there was some monitoring and oversight of the grant contracts, those monitoring and oversight efforts needed enhancement.




A total of 18 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 18 action plan steps were due for completion. Of those 18 steps, 18 were completed or resolved in this or a prior period.

Action Plan Steps	Status as of March 31, 2019
<p><b>Objective A: Ensure compliance with terms and conditions related to special project loan contracts between the City and Big Bend Community Development Corporation (BBCDC).</b></p>	
<p>1. The Department will provide annually to the Commission a report on the status of outstanding special project loans, showing for each outstanding loan the debtor organization, the status of the related project, the loan amount authorized, the amount disbursed, the repayments received, the balance due, the due date, the sufficiency of collateral and insurance, a description of the actions taken to collect any past-due loans and the results, and any recommendations for Commission actions.</p>	<p><b>Complete.</b> Management reported a monitoring process to determine the status of outstanding special project loans has been developed and implemented. Additionally, management reported it is in the process of determining the appropriate time to present a report on the status of the special project loans to the City Commission.</p> 
<p>2. Department staff will be reminded that Administrative Policy and Procedure (APP) #201 requires that agenda item presentations include all relevant facts.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1712, page 5).</p> 

Action Plan Steps	Status as of March 31, 2019
3. The Department will develop a definition of “special projects” and the City Manager will select a special projects committee to review special project requests and the committee comments will be included in funding recommendations.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1805, page 5). 
4. All Department sponsored special project loan contracts will be prepared in accordance with City Commission authorization, or if not clearly in accordance with that authorization, be submitted for Commission review and approval prior to execution.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1712, page 6). 
5. Future loan contracts will include provisions requiring that the loan recipient provide proof that advanced (loaned) funds are used in accordance with contractual terms and conditions.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1712, page 6). 
6. The Department will determine if the BBCDC is currently in possession of any unencumbered land or buildings. For any such property, the Department will consider requiring that the BBCDC deliver mortgages on that property sufficient to collateralize the \$250,000 Line of Credit Loan.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1712, page 7). 
7. The Department will ensure that timely provision of all collateral required to secure future special project loans.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1805, page 6). 
8. The Department will on an annual basis physically inspect the Ashmore Property and determine whether it is being maintained in good condition, as required by contract.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1712, page 7). 
9. The Department will require from the BBCDC a detailed list of the Ashmore Property antiques, political paraphernalia, and collectibles and periodically determine the existence and condition of the listed items.	<b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1805, page 8). 



Action Plan Steps	Status as of March 31, 2019	
10. The Department will on an annual basis obtain a certificate of insurance and determine that properties provided as collateral are appropriately insured.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 30).	
11. The Department will develop and execute monitoring plans for each of the special project loan contracts.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 31).	
<b>Objective B: Ensure compliance with terms and conditions related to Community Development Block Grant (CDBG) contracts between the City and Big Bend Community Development Corporation.</b>		
1. The Department will consult with the City Attorney's Office to ascertain if the BBCDC should be requested to return CDBG grant funds used for non-allowable and/or inappropriate uses.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 31).	
2. The Department will enhance reviews of BBCDC reimbursement requests to ensure that only those costs that are adequately documented and substantiated by the BBCDC are reimbursed.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1712, page 9).	
3. The Department will consult with the City Attorney's Office to ascertain if the BBCDC should return the CDBG grant funds for those costs that cannot be substantiated by the BBCDC.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 31).	
4. The Department will consult with the City Attorney's Office regarding whether the Executive Director's hiring of his daughter violates contract terms prohibiting conflicts of interest and nepotism. If deemed a contract violation, the Department will consult with the City Attorney's Office concerning the corrective actions to be taken.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 32).	

Action Plan Steps	Status as of March 31, 2019
<p>5. If the BBCDC is determined not to be financially viable, the Department will identify alternatives for providing the needed and desired services to low-income households.</p>	<p><b>Resolved.</b> The Department reported the City ended its business relationship with BBCDC. Accordingly, the Department determined the need to assess the financial viability of the BBCDC is no longer necessary. Additionally, the Department reported it is in the process of identifying the best way to provide the needed and desired services to low-income households.</p> 
<p>6. Enhancements will be made in regard to the monitoring and oversight processes of the Housing Division. Specifically: (1) reimbursement requests will be reviewed in a manner to ensure BBCDC costs are allowable, reasonable, supported and substantiated; and not included on more than one reimbursement request; (2) required periodic performance reports will be reviewed for completeness and clarity, and to determine if they demonstrate the extent to which the contractual goals are being met; and (3) more frequent site visits will be conducted.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 32).</p> 
<p><b>Objective C: Other Matters.</b></p>	
<p>1. The Department will review the process used to budget federal, state, and local resources to ensure that those resources and the related planned expenditures are included in the City's annual budgets.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1805, page 11).</p> 

## EXHIBIT 5: Audit of City Printers and Copiers

This status report is the 3<sup>rd</sup> follow up on this audit.



*Summary from Original Report #1702 (Issued December 6, 2016):* Printing and copying documents is a cost of doing business that, while not significant on an individual page basis, is often significant in the aggregate. Several approaches can be used to control those costs; including using efficient printing/copying equipment (devices), limiting the number of devices by strategic location and required sharing of equipment, and standardization to reduce maintenance and support efforts.





The purpose of this audit was to identify opportunities for the City to realize efficiencies in printing and copying documents and records through:







- The use of alternative procurement methods that will reduce the acquisition costs of multifunction devices (MFDs).
- A reduction in the number of printers and MFDs necessary for City staff to effectively perform their duties and assignments.
- A reduction in number and variety of makes and models of printers and MFDs to allow for more efficient maintenance and support by Technology and Innovations Department (T&I) staff.





We identified three areas where savings and increased efficiencies could be realized in regard to printing and copying of City documents and records. Those areas relate to the manner in which MFDs are acquired, the use of desktop printers within certain City departments, and the required maintenance and support of City printers.

A total of 16 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 16 steps were due for completion. Of those 16 action plan steps, 14 were completed or resolved in this or a prior period with no further action required, and 2 remain in progress.

Action Plan Steps	Status as of March 31, 2019
<b>Objective A: Change the method of acquisition of MFDs throughout the City.</b>	
<i>City Manager's Office</i>	
1. As the lease terms for MFDs currently being leased expire, management will review the circumstances related to the replacement of the MFDs. As part of that review, consideration will be given to direct purchasing the replacement MFDs rather than leasing those devices.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 34). 
2. When a determination is made that a new MFD is needed (i.e., not a replacement of an existing MFD) a policy will be developed to consider acquiring that MFD through a direct purchasing process.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 34). 

Action Plan Steps	Status as of March 31, 2019
<b>City Treasurer-Clerk's Office</b>	
<p>3. When the lease term for the MFD currently being leased expires in January 2019, management will review the circumstances related to the replacement of the MFD, to include an analysis of the office's printing, copying, and scanning needs. Consideration will be given to direct purchasing the replacement MFD rather than leasing that device.</p>	<p><b>Resolved.</b> When the lease for the MFD in place at the time of the audit expired, a new lease for a MFD was executed. </p> <p>Upon our inquiry, it was explained that, due to a change in the management of the Revenue Division, the option of purchasing the MFD was not considered when the previous lease expired. We recommend management consider a direct purchase of an MFD when the current lease expires.</p> <p>Due to the length of the current MFD lease, we will no longer monitor and report on management's progress toward the completion of this action plan step.</p>
<p>4. When a determination is made that a new MFD is needed (i.e., not a replacement of an existing MFD) consideration will be given to acquiring that MFD through a direct purchasing process.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1713, page 4). </p>
<b>City Attorney's Office</b>	
<p>5. When the lease term for the MFD currently being leased expires in April 2019, management will review the circumstances related to the replacement of the MFD, to include an analysis of the office's printing, copying, and scanning needs. Consideration will be given to direct purchasing the replacement MFD rather than leasing that device.</p>	<p><b>Complete.</b> As the lease for the MFD used by the City Attorney's Office neared its end, the printing, scanning and copying needs of the City Attorney's Office were reviewed. Based on that review, it was determined leasing an MFD best met the needs of the City Attorney's Office. </p>
<p>6. When a determination is made that a new MFD is needed (i.e., not a replacement of an existing MFD), an analysis will be conducted to compare the cost of purchasing to leasing. The analysis will consider all pertinent costs, to include maintenance and supplies. As the City Attorney's Office does not anticipate the need for a new MFD prior to the end of the current leases, this analysis will be conducted immediately prior to the expiration of those current leases.</p>	<p><b>Resolved.</b> The City Attorney's Office determined leasing an MFD best met their office needs. As such, a cost analysis was unnecessary. </p>

Action Plan Steps	Status as of March 31, 2019	
<b>Objective B: Eliminate certain desktop printers and re-evaluate desktop printer usage throughout the City.</b>		
<i>City Manager's Office</i>		
1. Procurement Services will implement a plan to eliminate desktop printers in a timelier manner by no longer purchasing ink or toner for such printers.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1713, page 4).	
2. Each departmental manager will be directed to review the usage of desktop printers in their respective areas for the purpose of identifying desktop printers that can be eliminated without undue negative impacts to productivity.	<b>In Progress.</b> Responsibility for the completion of this action plan step was assigned to the CIO. The CIO left employment with the City before completing this action step. The completion date has been amended to March 31, 2020.	
3. Appropriate policy will be developed (based on the unique circumstances of each department's usage of desktop printers) to eliminate desktop printers that are not efficient.	<b>In Progress.</b> Responsibility for the completion of this action plan step was assigned to the CIO. The CIO left employment with the City before completing this action step. The completion date has been amended to March 31, 2020.	
<i>City Treasurer-Clerk's Office</i>		
4. Risk Management will evaluate and consider the elimination of desktop printers and replacing those printers with a more efficient option that meets the department's needs.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 36).	
5. Retirement Services will evaluate and consider the elimination of desktop printers and replacing those printers with a more efficient option that meets the department's needs.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 36).	
6. Each departmental manager will be directed to review the usage of desktop printers in their respective areas for the purpose of identifying desktop printers that can be eliminated without undue negative impacts to productivity.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 37).	

Action Plan Steps	Status as of March 31, 2019	
<i>City Attorney's Office</i>		
<p>7. A review will be made as to the usage of desktop printers within the City Attorney's Office for the purpose of identifying desktop printers that can be eliminated without undue negative impacts to productivity.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 37).</p>	
<b>Objective C: Development of a standard list of printers and MFDs.</b>		
<i>City Manager's Office</i>		
<p>1. The Technology and Innovations department will work with City departments to develop a list of recommended printers and MFDs that encompass a variety of functionality. Acquisition, operating, and maintenance cost and efficiencies will be considered when selecting the devices for the list of recommended printers and MFDs.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1713, page 5).</p>	
<p>2. The list of recommended printers will be made available to all City departments.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1713, page 6).</p>	
<p>3. A procedure will be developed to update the list of recommended printers and MFDs on a periodic and regular basis.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1713, page 6).</p>	

# EXHIBIT 6: Audit of the Cloud Migration and Upgrade to PeopleSoft Systems

**This status report is the 2<sup>nd</sup> follow up on this audit.**

**Summary from Original Report #1706 (Issued April 7, 2017):** The City successfully migrated (transitioned) the PeopleSoft Financials and Human Resources systems to a cloud environment.



This audit was conducted to evaluate and report on management’s efforts to transition the City’s PeopleSoft Financials and Human Resources systems to a “cloud” environment and subsequently upgrade those two major systems.







For the most part, City staff followed industry best practices during the migration process. Efforts to subsequently upgrade the two City systems to current versions after the transition to a cloud environment were, however, suspended due to challenges resulting from a lack of clarity and specificity in certain contractual terms and conditions regarding roles and responsibilities of City and contractor staff. Payments made to the contracted vendors in connection with the transition to the cloud environment and subsequent upgrade efforts were generally appropriate and correct. Enhanced project planning and scheduling as well as stronger negotiation and contractual restrictions would likely have reduced those costs. Furthermore, while applicable contracts were executed with legitimate vendors for the needed services through authorized processes, it likely would have been more beneficial to the City if vendors had been selected using a direct solicitation of proposals through a competitive process. Lastly, hosting costs associated with the transition and upgrade efforts are expected to exceed initial City projections.

A total of 24 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 24 steps were due for completion. Of those 24 steps , 17 were completed in this or a prior period, 5 remain in progress, and 2 need additional attention from management.






Action Plan Steps	Status as of March 31, 2019
-------------------	-----------------------------

*Administrative and Professional Services*

<p>1. The Procurement Policy (Commission Policy 242) will be revised to specify a period of time that must have passed since an employee’s employment with a potential vendor before that employee will be allowed to participate in evaluations and/or selections of proposals for City business from that previous employer.</p>	<p><b><u>In Progress.</u></b> Management reported work is ongoing to update Commission Policy 242 and anticipates the action plan step will be completed prior to March 31, 2020.</p> <div style="text-align: right;"></div>
<p>2. The City will revise the City Procurement Policy to require employees involved in evaluating and/or selecting potential City vendors to complete a signed assertion indicating they are independent of and have no conflicts of interests with the vendors being evaluated.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1903, page 39).</p> <div style="text-align: right;"></div>

Action Plan Steps	Status as of March 31, 2019	
<i>Technology and Innovation</i>		
<p>3. For future IT projects of the nature addressed in the audit, efforts will be made to ensure competitive procurement practices are followed in accordance with the intent of City policy and provisions of piggybacked contracts.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 40).</p>	
<p>4. For future City IT endeavors that are project-like in nature, and are a significant expenditure, applicable contracts will be executed for a firm amount, or an amount not to exceed a firm amount as appropriate, and when to the advantage of the City, so as to reduce the City's exposure to financial risk.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 40).</p>	
<p>5. For future IT projects of the nature addressed in the audit, applicable contracts will be executed that establish project milestones, and penalties that can be applied in the event the contractor does not meet those milestones.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 41).</p>	
<p>6. For future City IT projects of the nature addressed in the audit and which involve a defined set of tasks and a completed end product, performance bonds will be required and obtained from applicable contractors.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 41).</p>	
<p>7. For future City IT projects of the nature addressed in the audit, applicable contracts will require or provide for (1) adequate and appropriate levels of insurance coverages, (2) the City to be listed as an additional insured on applicable contractor insurance coverages, and (3) that the City will be held harmless for actions attributable to the contractor.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 41).</p>	
<p>8. For future IT projects of the nature addressed in the audit, project management will consult with the Risk Management Division, prior to execution of the contracts, to determine the levels of insurance that are appropriate to require of proposed contractors.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 42).</p>	




Action Plan Steps	Status as of March 31, 2019
<p>9. For future City IT projects of the nature addressed in the audit, project management will obtain a proper and complete understanding of billing provisions of potential vendors, prior to executing contracts with those vendors.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 42). </p>
<p>10. For future City IT projects of the nature addressed in the audit, project management will review invoices in a manner to ensure the City is billed in accordance with applicable contractual terms and conditions.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 43). </p>
<p>11. For future City IT projects of the nature addressed in the audit, vendor/contractor invoices will be (1) stamped as to date of receipt and (2) timely reviewed and paid by appropriate staff.</p>	<p><b>Needs Attention.</b> T&amp;I established a process and now documents the date invoices are received as provided for in this action plan step. </p> <p>However, T&amp;I Management has not been successful in timely making payment for cloud hosting services or for the managed services related to the PeopleSoft cloud environment. In response to our inquiry as to the cause of the delays, T&amp;I management reported some payments were not paid timely due to the expiration of the contract for cloud hosting services and the City not entering into a new contract in a timely manner. Other delays in making timely payments were caused by staff errors. Management amended the completion date for this action plan step to March 31, 2020.</p>
<p>12. For future City IT projects of the nature addressed in the audit, designated project managers will document their review and approvals of vendor and contractor invoices.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 44). </p>
<p>13. For future City IT projects of the nature addressed in the audit, applicable support provided with vendor invoices will be retained in City files (record systems) in accordance with City record retention schedules.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 44). </p>

**Action Plan Steps**


**Status as of March 31, 2019**

14. For future City IT projects of the nature addressed in the audit, efforts will be made to better plan and schedule onsite work by contracted employees such that contractors do not incur rescheduling costs that are reimbursed by the City.


**In Progress.** Information technology upgrade projects utilizing outside vendors to complete the upgrade are not a common occurrence, however, the City contracted with an outside vendor to upgrade the City’s telephone system. 

The contract with the vendor retained to upgrade the City’s telephone system included provisions for travel by vendor staff. As of the end of our fieldwork, the vendor has not yet invoiced the City for that travel. T&I management reported a process is in place to monitor travel by vendor staff to only provide reimbursement for appropriate travel-related expenses. T&I management amended the completion date for this action plan step to March 31, 2020.




15. For future City IT projects of the nature addressed in the audit, terms will be negotiated with contractors/vendors that establish reasonable and maximum amounts that will be reimbursed for contractor/vendor travel and lodging costs. Provisions in the City travel policy will serve as a guideline for that purpose.





**Complete.** This step was completed in a prior period (see Audit Report #1903, page 44). 

16. For future migrations of City systems to a cloud environment, appropriate load testing will be performed to ensure the applicable environment can efficiently and effectively process the expected volume of transactions and activity.

**In Progress.** As noted in action plan step 14 above, management reported information technology upgrade projects utilizing outside vendors to complete the upgrade are not a common occurrence, however, the City recently contracted with an outside vendor to upgrade the City’s telephone system. 

Management reported the load testing step in the telephone upgrade project is ongoing and amended the completion date for this action plan step to March 31, 2020.

Action Plan Steps	Status as of March 31, 2019
<p>17. For the Project addressed in this audit, consideration will be given to developing a formal plan to guide City staff in the event the City leaves the current cloud provider.</p>	<p><b><u>Needs Attention.</u></b> As of the completion of our fieldwork for this follow-up audit, T&amp;I management had not developed a formal plan to guide the City in the event the City leaves the current cloud services provider. In September 2019, the City retained a new managed services provider and management plans to work with the new vendor to develop such a plan. As a result, management amended the completion date for this action plan step to March 31, 2020.</p> 
<p>18. For the Project addressed in this audit, the ongoing evaluation to determine the impact of additional encryption of City data maintained in the cloud environment will be completed. Appropriate actions will be taken based on the evaluation results.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1903, page 45).</p> 
<p>19. System access will be obtained from Ciber that will allow designated City staff to determine the individuals granted access to City data and IT resources by Ciber. Identified individuals will be required to assert they agree to abide by appropriate City policies and procedures pertaining to City IT resources and data. Consideration will be given for geoblocking of existing Ciber managed cloud environment.</p>	<p><b><u>Complete.</u></b> The City has taken steps to determine which Ciber employees had access to the City's network and ensure those employees completed the Third-Party Connection Form.</p> <p>In response to our inquiry, T&amp;I management reported they evaluated implementing geoblocking and concluded that once the new managed services vendor for the City's PeopleSoft cloud environment is in place, the City will work with that vendor to implement appropriate geoblocking measures.</p> 

Action Plan Steps	Status as of March 31, 2019
<p>20. A comprehensive City policy on cloud computing will be established and adopted that will include:</p> <ul style="list-style-type: none"> <li>a. Review appropriate independent IT audit reports to determine if the applicable cloud environment (includes data centers) is reasonably secure and protected. Those reports will be obtained and used during the vendor selection process and reviewed as appropriate.</li> <li>b. Consideration will be given to implementing geoblocking measures for the current and future cloud environment.</li> <li>c. Appropriate log management practices will be implemented.</li> </ul>	<p><b>In Progress.</b> T&amp;I is working to develop a policy to address the City’s usage of cloud computing. The completion date for this action plan step has been amended to March 31, 2020.</p> 
<p>21. Appropriate Distributed Denial of Service prevention measures will be implemented for the cloud environment.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 46).</p> 
<p>22. Appropriate plans will be implemented to validate Ciber is applying necessary updates and patches to the hardware and software being used in the City’s cloud environment. Appropriate log review will occur to ensure data integrity.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 46).</p> 
<p>23. Efforts to identify and implement ways to reduce cloud hosting and management costs associated with the two migrated PeopleSoft systems will continue.</p>	<p><b>In Progress.</b> As reported in audit report #1903 (page 47), the monthly costs associated with hosting the City’s cloud environment increased from \$30,700 to \$38,500, approximately 25% (\$7,800). As of this follow-up period, those costs again increased and now average \$39,400 per month, a \$900 (2%) increase since the previous follow up, and an \$8,700 (28%) increase from those reported in the initial audit.</p> <p>Management reported once the new managed services vendor becomes familiar with the City’s PeopleSoft environment, T&amp;I will ask the vendor for assistance in identifying opportunities to reduce the City’s cloud hosting costs. Management amended the completion date for this action plan step to March 31, 2020.</p> 

## Action Plan Steps

24. Efforts will continue to develop and execute contract amendments with Ciber that are in the best interest of the City; specifically, to clarify the roles and responsibilities of both parties, establish milestones for the remaining portion of the Project, establish more clearly defined deliverables, and establish financial incentives for Ciber to meet the milestones and provide the deliverables. Additionally, consideration will be given to establishing a maximum fee that will be paid to Ciber for the remaining upgrade services. The previously executed amendment whereby Ciber agreed to provide free services valued at \$276,000 at the end of the upgrade will be considered in the negotiation process for these contract amendments.

## Status as of March 31, 2019

**Complete.** This step was completed in a prior period (see Audit Report #1903, page 48).







## EXHIBIT 7: Audit of Growth Management Revenues






This status report is the 3<sup>rd</sup> follow up on this audit.




*Summary from Original Report #1710 (Issued May 11, 2017):* The primary purpose of our audit was to determine the adequacy of the processes and controls relating to the assessment and collection of various permit and other fees by the Growth Management Department. In addition, our audit included a determination as to the extent revenues generated through Growth Management fees recovered the costs of the Growth Management function.

Overall, we determined adequate controls are in place to provide reasonable assurance that Growth Management permit and other fees are properly assessed, collected, safeguarded, recorded, and deposited into the City's bank account. Our audit tests confirmed that, for the most part, those controls were operating properly and effectively. Regarding the fee revenues and related controls, several opportunities for improvement were identified for which recommendations were made. As part of our audit, we also determined that Growth Management should establish a formal policy that provides the portion of costs that is intended to be recovered by permit and other fees. In establishing that policy, fairness to and affordability by customers (developers, contractors, and property owners), as well as the need for appropriate operating reserves, should be considered. Upon development of such a policy, rate studies should be conducted (as needed) to ensure fees are adequate to meet the policy targets and goals.

A total of 12 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 12 steps were due for completion. Of those, nine were completed in this or a prior period, and three remain in progress.

Action Plan Steps	Status as of March 31, 2019
<b>Objective A: Ensure adequate controls are established to provide reasonable assurance that Growth Management fees are properly assessed, collected, safeguarded, recorded, and deposited into the City's bank account.</b>	
1. The importance of ensuring accurate and correct data is entered into Permits Plus (and any subsequent replacement system) will be re-emphasized to applicable Building Inspection staff.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1802, page 4). 
2. Building Inspection will issue a refund to the customer that was overcharged.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1802, page 4). 
3. Appropriate justification will be documented within Permits Plus (and any subsequent replacement system) by LUES staff whenever permit fee adjustments are made.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1802, page 4). 
4. Applicable LUES internal policies and procedures will be amended to require documented justification for permit fee adjustments within Permits Plus (and any subsequent replacement system).	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1802, page 4). 

Action Plan Steps	Status as of March 31, 2019
<p>5. To address the risk resulting from the incompatible duties assigned to/performed by Applicant Services supervisors, Growth Management will implement one of the following additional controls: (1) remove the two supervisors' capability to record fee adjustments within Permits Plus; (2) require a higher level Growth Management supervisor to review any fee adjustments recorded in Permits Plus by the two supervisors; or (3) require customers paying by cash to remit their payments directly to the Revenue Office. In determining which alternative action to implement, Growth Management will consider the impact on customer service and the impact that the planned replacement of Permits Plus with CityWorks will have on this process.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 51).</p> 
<p>6. Growth Management will continue to maintain the safe used to store cash and checks collected from Building Inspection customers in the more secure location.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1802, page 5).</p> 
<p>7. Growth Management will continue efforts to standardize the terminology used to document permit status in CityWorks (the system being implemented to replace Permits Plus).</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 51).</p> 
<p>8. The Growth Management Fee Schedule will be reviewed and revised to make the calculation of permit fees more transparent and understandable to customers.</p>	<p><b>In Progress.</b> Management reported it is planning to retain a consultant to conduct a comprehensive study of fees charged by Growth Management and that upon completion of the study, the Fee Schedule will be revised as provided for in this action plan step.</p> 
<p>9. Growth Management will develop a standardized method for Plans Examiners and Inspectors to document their work performed to validate the accuracy and/or reasonableness of estimates used in calculating Building Inspection permit fees. Such documentation will include, but not be limited to, the methods or procedures used in the validations and the conclusions as to the accuracy and/or reasonableness of the applicable estimates.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 52).</p> 

Action Plan Steps	Status as of March 31, 2019	
<b>Objective B: Ensure fees recover the appropriate portion of costs of the Growth Management function.</b>		
<p>1. City management will establish a formal policy that provides the portion of costs that is intended to be recovered by both Building Inspection and LUES permit and other fees.</p>	<p><b><u>Complete.</u></b> City Commission Policy (CP) 224, Financing the Government, was revised to include a provision for recovering full costs of the Building Services and LUES programs.</p>	
<p>2. After the formal policy is established pursuant to the step above, rate studies will be conducted periodically to ensure current fees are adequate to meet the policy goals/targets. In the event the rate studies show the current fees are not adequate or efficient, appropriate adjustments will be made to those fees.</p>	<p><b><u>In Progress.</u></b> Management plans to retain a consultant to conduct a study of Growth Management fees and has revised CP 224 to provide for the recovery of all Building Inspection and LUES costs. Management also reported it plans to periodically conduct additional rate studies in the future to ensure the fees charged by Growth Management recover costs as provided for in CP 224 (as revised).</p>	
<p>3. In conjunction with future rate studies conducted to determine the extent costs are recovered by fees, Growth Management will ensure that all appropriate costs are identified and analyzed for each function, including applicable administrative and indirect costs.</p>	<p><b><u>In Progress.</u></b> Management anticipates the identification and analysis of costs for Building Inspection and LUES will be completed in conjunction with the planned rate study.</p>	






## EXHIBIT 8: Audit of StarMetro General Transit Fare Box Collections and Petty Cash Funds







This status report is the 3<sup>rd</sup> follow up on this audit.






*Summary from Original Report #1715 (Issued July 7, 2017):* During a routine inquiry of StarMetro management and staff in early May 2017, we became aware of a potential internal control matter regarding general transit fare box collections. Further inquiry disclosed an additional matter of concern regarding an unauthorized imprest (petty cash) fund maintained at StarMetro. As a result, we conducted this audit, with a scope limited to the procedures used to process and account for general transit fare box collections and the maintenance of the noted petty cash fund.

Our audit procedures identified several issues that increase the risk that general transit fare box collections could be diverted without timely detection and increase the risk those collections will not be properly accounted for in City records. We also identified an unauthorized petty cash fund that was timely eliminated in response to our recommendations.

A total of 14 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 14 steps were due for completion. Of those, 12 steps were completed in this or a prior period, and 2 remain in progress.

Action Plan Steps	Status as of March 31, 2019
<p><b>Objective A: Ensure general transit fare box collections are properly processed, accounted for in City records, and deposited in the City’s bank account.</b></p>	
<p>1. Prior to the completion of Steps 2 and 3 that follow, two employees will jointly count and process general transit fare box collections in the collection room, and prepare those collections for deposit.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 4). </p>
<p>2. A determination will be made as to whether the Tsunami and CalmSoft applications are accurately and properly capturing and reading rider and fare collection data on general transit bus fare boxes. In the event those applications are not, appropriate actions will be taken to capture complete and accurate data and to generate reliable reports.</p>	<p><b>In Progress.</b> StarMetro management determined the Tsunami and CalmSoft fare box applications do not accurately capture and report rider and fare collection data from the general transit bus fare boxes. Management anticipates a new fare box system will be implemented before the March 31, 2020 follow-up audit. </p>
<p>3. Monthly comparisons and reconciliations of amounts reported as collected by the fare box applications to amounts deposited will commence. Such comparisons and reconciliations will be documented and performed timely, and be performed by staff that do not have access to or process collected fares. Reports of those comparisons and reconciliations will be provided to management on an ongoing basis.</p>	<p><b>In Progress.</b> StarMetro management determined the current software systems are not accurately capturing rider and fare collection data. Without reliable data, comparisons and reconciliations of ridership and collections will not be meaningful or useful. StarMetro management anticipates a new fare box system will be implemented prior to the March 31, 2020 follow-up audit. </p>

Action Plan Steps	Status as of March 31, 2019
<p>4. Other than collected monies used for properly authorized and documented change requests, all general transit fare box collections will be deposited intact. Funds will not be withheld to reimburse petty cash funds. All change requests will be adequately documented within the collection records.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 5).</p> 
<p><b>Objective B: Ensure StarMetro activities are proper and accurately recorded in City records.</b></p>	
<p>1. All general transit fare box tickets deposited by riders in fare boxes will be destroyed by staff processing collections within the collection room. A record will be maintained documenting the number of fare tickets destroyed each day.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 5).</p> 
<p>2. General fare tickets to be issued at no charge to citizens will be provided from the supply of unused fare tickets maintained at StarMetro headquarters. Accurate records will be maintained that account for the tickets provided and used for that purpose.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 5).</p> 
<p>3. The unauthorized petty cash fund will be eliminated with the funds (\$800) returned to the City Treasurer-Clerk's Revenue Office.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 6).</p> 
<p>4. Expenses paid from authorized petty cash funds will be reimbursed through the City Treasurer-Clerk's Revenue Office, with the expenses properly recorded in the City's accounting records (PeopleSoft Financials). Other uses (e.g., return improperly collected fares to riders) will also be reimbursed through the City Treasurer-Clerk's Revenue Office, with proper entries made in the City's accounting records.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 6).</p> 
<p>5. Adequate records will be prepared and retained to document: (1) all uses and replenishments of petty cash funds; (2) transfers of custodial responsibility for petty cash funds, and (3) prior supervisory authorizations and approvals of each use of petty cash funds. Efforts will be enhanced to ensure adequate documentation (e.g., vendor receipts) is obtained and retained to substantiate each use.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 56).</p> 

Action Plan Steps	Status as of March 31, 2019
6. Efforts will be enhanced to use City P-Cards for miscellaneous StarMetro expenses instead of using authorized petty cash funds for those expenses.	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 7).</p> 
<b>Objective C: Ensure access to general transit fare box collections is properly restricted.</b>	
1. Access to keys, swipe cards, and codes allowing removal of fare boxes from general transit buses and access to the vault on the external wall of the collection room will be restricted to appropriate staff.	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 7).</p> 
2. Access to the collection room will be restricted to appropriate staff.	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 7).</p> 
3. A security system will be installed to track and record each employee entering and exiting the collection room.	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 8).</p> 
4. Staff and vendors without access privileges, but needing to enter the collection room for work (e.g., mechanics to work on a fare box stuck in the vault), will be escorted by appropriate staff while inside the collection room.	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1806, page 8).</p> 

# EXHIBIT 9: Audit of City Agreements with Cascades Holdings, LLC

**This status report is the 3<sup>rd</sup> and final follow up on this audit.**


*Summary from Original Report #1716 (Issued August 8, 2017):* The purpose of the original audit was to determine compliance by the City and a private entity, Cascades Holdings, LLC (Cascades Holdings), with three agreements executed between the parties for the renovation and development of the historic City electric utility building located within Cascades Park into a destination restaurant. An additional purpose was to determine if the process used by the City to solicit and evaluate proposals for the renovation and lease of the historic building was in accordance with City procurement policies and good business practices.






Our audit showed that, for the most part, the City and Cascades Holdings complied with the terms and provisions established in the three agreements. The historic building was successfully renovated, was being properly maintained, and was operating as a fine dining restaurant, known as “The Edison.” Cascades Holdings had paid all rent due to date in a timely manner. Additionally, nothing came to our attention to indicate the solicitation and evaluation of proposals for the renovation and lease of the historic building, and the selection of the proposal deemed by management and staff to be in the City’s best interests, was not in accordance with City procurement policies and procedures and good business practices. Several issues were nevertheless identified. Some of those issues involved or impacted Cascades Holdings and others related primarily to City responsibilities. Some of the more significant issues pertained to a required lease addendum not being executed, improper collateralization of certain property, and property insurance costs not being passed through to Cascades Holdings.

A total of 16 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 16 steps were due for completion. All 16 were completed in this or a prior period.





Action Plan Steps	Status as of March 31, 2019
-------------------	-----------------------------

**Objective A: Ensure City assets and investments are properly protected.**

<p>1. Real Estate Department staff will work with Cascades Holdings to identify all items that are tenant trade fixtures and other personal property that may be removed by Cascades Holdings in the event of termination of the lease. The agreed upon items will be listed in an addendum to the Lease Agreement, as was intended by the Lease Agreement. The Office of the City Attorney will be consulted in this matter.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1807, page 4).</p> <div style="text-align: right; margin-top: 10px;">  </div>
---	---

Action Plan Steps	Status as of March 31, 2019
<p>2. Appropriate efforts will be made to have the current security interests, recorded with the Leon County Clerk of Court, modified to exclude those property items that will inure to the City in the event the lease is terminated before Cascades Holdings pays off the applicable loans to which those security interests apply. Those efforts will include working with both Cascades Holdings and the applicable lending financial institutions.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 57).</p> 
<p>3. An amendment to the Lease Agreement will be negotiated that provides for Cascades Holdings to reimburse the City for the cost of property insurance paid by the City on the renovated City building (housing The Edison) leased to Cascades Holdings.</p>	<p><b>Complete.</b> The Real Estate Director, in conjunction with staff from the City Attorney's Office, negotiated and executed a lease amendment with representatives of Cascades Holdings requiring Cascades Holdings to reimburse the City for insurance costs related to the building housing The Edison restaurant.</p> 
<p>4. Applicable staff will be reminded that, in future similar circumstances, entities contracting with the City will require their general contractors to warranty their work for the period specified in controlling agreements and contracts.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1807, page 4).</p> 
<p>5. Applicable staff will be reminded that, in future similar circumstances, entities contracting with the City will require their general contractors to provide timely lien waivers for work performed on the applicable project.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1807, page 5).</p> 
<p>6. Real Estate Department staff will prepare records to track insurance coverages required to be maintained by non-City entities leasing City-owned properties. Those records will be used by Real Estate Department staff to ensure the required insurance coverages are obtained and maintained.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1807, page 5).</p> 

Action Plan Steps	Status as of March 31, 2019
<p>7. The Risk Management Division, within the Treasurer-Clerk's Office, will timely assist Real Estate Department staff ensure that required insurance coverages are obtained and maintained on leased City properties. Such assistance will include, but not be limited to, timely reviewing initial and annual certificates of insurance (COIs) to ascertain if adequate and required coverages are obtained and maintained (current); timely documented responses will be provided to the Real Estate Department as to those determinations.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1807, page 5). </p>
<p>8. Applicable staff will be reminded that, in future similar circumstances, required performance bonds (or alternative forms of security) should be obtained; or, if justifiable, appropriate authorization to waive the performance bond requirement obtained and documented.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1807, page 5). </p>
<p>9. Applicable staff will be reminded, that in future similar circumstances, required security deposits should be requested and obtained in a timely manner.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1807, page 6). </p>
<p>10. Applicable staff will be reminded to comply with applicable provisions of subsequent agreements, to include provisions requiring the withholding of retainage for construction and renovation projects.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1807, page 6). </p>
<p>11. Environmental Services and Facilities Department staff will follow-up and ensure that the minor roof leak is repaired and other needed maintenance actions are taken, as recommended in the report completed based on their June 2017 on-site monitoring and inspection visit.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1903, page 59). </p>
<p>12. Environmental Services and Facilities Department staff will develop a documented plan and schedule for the conduct of future on-site monitoring and inspection visits.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1807, page 6). </p>

Action Plan Steps	Status as of March 31, 2019	
13. Oversight responsibility for the ongoing contractual relationships with Cascades Holdings will be assigned to specific staff.	<u><b>Complete.</b></u> This step was completed in a prior period (see Audit Report #1807, page 6).	
<b>Objective B: Ensure proper accountability of security deposits.</b>		
1. Training will be provided to Real Estate Department and Accounting Services staff as to the proper manner to identify and record security deposits.	<u><b>Complete.</b></u> This step was completed in a prior period (see Audit Report #1807, page 7).	
<b>Objective C: Ensure ad valorem taxes are paid when applicable.</b>		
1. Request confirmation from the Leon County Property Appraiser that he does not intend to assess ad valorem property tax on the land and building housing The Edison.	<u><b>Complete.</b></u> This step was completed in a prior period (see Audit Report #1807, page 7).	
2. In an effort to assist the Leon County Property Appraiser, staff will develop a process to notify the Appraiser of all (current and future) leases of City-owned properties to non-governmental entities for non-governmental (e.g., commercial) uses.	<u><b>Complete.</b></u> This step was completed in a prior period (see Audit Report #1807, page 7).	



# EXHIBIT 10: Audit of StarMetro Paratransit Services

**This status report is the 2<sup>nd</sup> follow up on this audit.**






*Summary from Original Report #1717 (Issued August 31, 2017):* We conducted this audit primarily for the purpose of identifying ways in which Dial-A-Ride program costs might be reduced and revenues increased. Our audit also included an evaluation of the effectiveness of StarMetro’s monitoring of the contracted transportation service operators used for each of the two paratransit programs and tests of the accuracy and completeness of StarMetro’s paratransit cost center accounts.






We found that StarMetro had implemented several strategies to reduce Dial-A-Ride program costs and improve services, and we identified some other opportunities for consideration. We also found that while StarMetro had contractor monitoring processes in place, they could be improved. Further, our audit tests disclosed opportunities for improving the accuracy and completeness of the cost center accounts established for each of the paratransit programs.

A total of 15 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, 12 steps were due for completion. Of those, seven were completed in this or a prior period with no further action required, three remain in progress, and two need additional attention from management.

Action Plan Steps	Status as of March 31, 2019
<b>Objective A: Reduce Dial-A-Ride program costs and increase Dial-A-Ride program revenues.</b>	
<p>1. StarMetro will continue to evaluate the implementation of in-person interviews and functional assessments.</p>	<p><b><u>Needs Attention.</u></b> Subsequent to the original audit there were changes in the management of StarMetro. The new management reported it will reconsider the acceptance of recommendations and action plan steps from our original audit report once paratransit program reorganizations currently under consideration are implemented. The completion date of this action plan step was revised to March 31, 2020.</p> <div style="text-align: right;"></div>
<p>2. StarMetro will implement the use of the number of passenger trips completed per revenue hour as a performance goal and measure. The target measure, once established, will be used on a daily basis to ensure that vehicles are optimally loaded, as well as for periodic Commission and management evaluations of Dial-A-Ride program productivity.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1903, page 61).</p> <div style="text-align: right;"></div>



Action Plan Steps	Status as of March 31, 2019
<p>3. The City will consider negotiating with clients with respect to trip times.</p>	<p><b>Needs Attention.</b> Subsequent to the original audit there were changes in the management of StarMetro. The new management reported it will reconsider the acceptance of recommendations and action plan steps from our original audit report once paratransit program reorganizations currently under consideration are implemented. The completion date of this action plan step was revised to March 31, 2020.</p> 
<p>4. The City will consider the multi-loading of vehicles.</p>	<p><b>In Progress.</b> As of the conclusion of our audit fieldwork, management reported it was in the process of restructuring the paratransit program and is considering multi-loading of vehicles as part of that restructuring. The completion date of this step has been amended to March 31, 2020.</p> 
<p>5. StarMetro will consider charging a reasonable premium rate for trips taken by seniors who do not have qualifying disabilities.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 62).</p> 
<p>6. Following consideration of recommended changes in policy, StarMetro will present for action by the City Commission an updated Dial-A-Ride Plan.</p>	<p><b>In Progress.</b> StarMetro indicated that following consideration of recommended changes in policy (see, action plan steps A1, A2, A4), StarMetro will present for action by the City Commission an updated Dial-A-Ride Plan. This action plan step is in progress. The revised completion date for this action plan step is March 31, 2020.</p> 
<p>7. In future procurements of the services of transportation service operators, StarMetro will ensure:</p> <ul style="list-style-type: none"> <li>• Any intent to award multiple contracts will be made clear in the RFP and with sufficient public notice.</li> <li>• Consideration is given to providing no less than 60 days between the RFP issuance date and the response due date.</li> <li>• Consideration is given to allowing vendors to address only those services they wish to provide.</li> </ul>	<p><b>In Progress.</b> As reported in a previous follow-up audit report (see Audit Report #1903, page 62), the contracts for the transportation service operators have been extended and will be subject to bid at a future date. Management amended the completion date for this action plan step to March 31, 2020.</p> 

Action Plan Steps	Status as of March 31, 2019
<p>8. With respect to the transportation operator contracts, StarMetro will ensure the completion of the vendor performance evaluations before entering any optional contract period and at the end of the contract period.</p>	<p><b><u>In Progress.</u></b> As reported in report #1903, the transportation service operator contracts were extended. However, the contracts were extended without implementation of vendor performance evaluations. StarMetro management indicated vendor performance will be a consideration in a future RFP for transportation operators.</p> 
<p>9. The City will consider renegotiating the Dial-A-Ride program overflow compensation rate.</p>	<p><b><u>In Progress.</u></b> StarMetro management reported it is in the process of restructuring the paratransit program. As part of that restructuring, an RFP for paratransit services is being developed. Cost is one of the key factors in the vendor selection criteria of the RFP. Accordingly, management believes the overflow compensation rate issue will be resolved when a new contract for paratransit services is executed. Management amended the completion date for this step to March 31, 2020.</p> 
<p>10. In preauditing the Dial-A-Ride program overflow service invoices, StarMetro will verify the number of hours of service provided.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1903, page 63).</p> 
<p><b>Objective B: Ensure the effective monitoring of transportation operator service contracts.</b></p>	
<p>1. StarMetro's contract monitoring procedures will be amended to include an appropriate level of guidance relative to the procedures to be performed, the documentation to be obtained, and the reporting processes to be followed.</p>	<p><b><u>In Progress.</u></b> StarMetro reported that it is in the process of developing written procedures related to guidance for contractor monitoring. This action plan step remains in progress. The revised completion date for this action plan step is March 31, 2020.</p> 
<p>2. Monitoring reports will be prepared and issued to the contractors to advise each as to the results of the monitoring performed during 2016.</p>	<p><b><u>Complete.</u></b> This step was completed in a prior period (see Audit Report #1903, page 63).</p> 

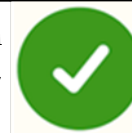
## Action Plan Steps

Status as of March 31, 2019

### Objective C: Ensure cost center records for paratransit programs are accurate and complete.

1. StarMetro will begin using MyTime system labor level transfers, as necessary, to ensure that personnel costs are charged to the appropriate cost center accounts.

**Complete.** This step was completed in a prior period (see Audit Report #1903, page 64).



2. StarMetro will take the steps necessary to ensure that contractual service payments are accurately recorded in the correct cost center accounts.

**Complete.** Our review of contractual service payments showed payments were recorded in the correct cost center accounts. Based on our review, this Action Plan Step is complete.



3. StarMetro will ensure that information technology and vehicle maintenance and repair expenses are reflected in the appropriate cost center accounts.

**Complete.** Our review of vehicle maintenance and repair expenses showed those expenses were recorded in the proper cost center. Based on our review, this Action Plan Step is complete. However, further improvements in accounting for paratransit costs could be made by allocating the appropriate share of information systems expense to the benefitting cost centers.



## EXHIBIT 11: Audit of Right-of-Way Maintenance


This status report is the 2<sup>nd</sup> follow up on this audit.





**Summary from Original Report #1720 (Issued September 25, 2017):** Pursuant to Florida law, the City of Tallahassee (City) is responsible for the maintenance of medians and other green spaces located in the City's right-of-way (ROW) and on Leon County ROW within the City limits. The City is also responsible for maintenance of certain state ROW as specified in Memorandums of Agreement between the City and the Florida Department of Transportation. We conducted this audit to determine whether the City was meeting its responsibilities for the maintenance of ROW for which it is statutorily or contractually responsible. Our audit also included an evaluation as to whether the City adhered to City policies and procedures designed to reasonably ensure the economy of operations.

The City lacks the resources to maintain all assigned ROW and must choose which ROW sites are to be scheduled for recurring, routine maintenance. The City does routinely maintain the contracted state ROW and all the City-owned and County-owned ROW associated with gateway roads and main thoroughfares within the City limits. Unmaintained locations are primarily roads that are in residential areas with low traffic volumes. Our review of the processes used in establishing the ROW maintenance schedule disclosed the City does not maintain a comprehensive listing or map of all ROW sites it is responsible for maintaining. Also, the City does not have written policies and procedures describing the criteria to be used in prioritizing the maintenance of ROW sites.

Regarding procurement and the purchase of ROW maintenance services, we found the City adhered to City policies and procedures designed to reasonably ensure economic operations. Our evaluations of controls in place over small tools and equipment found the items were properly accounted for on inventory reports and properly safeguarded. However, our audit did disclose some instances in which City records did not clearly demonstrate the receipt of services performed by ROW maintenance contractors had been adequately verified prior to City payments for the services. Additionally, adequate access control and input controls had not been established for the operations management system used to record and track ROW maintenance activities performed by City crews and contractors.

A total of five action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all five steps were due for completion. Of those, two steps were completed in a prior period, and three steps are considered resolved with no further action required.

Action Plan Steps	Status as of March 31, 2019
<p>1. Community Beautification will develop a comprehensive and up-to-date inventory or map of the right-of-way for which the City is responsible.</p> <p><i>Community Beautification right-of-way operations are in the process of migrating to CityWorks as an asset and work management tool. The GIS mapping function of this software will allow staff to update any changes made to the right-of-ways.</i></p>	<p><b>Resolved.</b> After further consideration, the management of Community Beautification and Waste Management (CBWM) concluded maintaining an up-to-date inventory of all right-of-way areas within the City would be impractical due to periodic acquisitions of new right-of-way and shifting of existing roads as well as the cost of maintaining such an inventory. Accordingly, management has accepted the risks intended to be addressed by this action plan step. This action plan step is resolved.</p> 

Action Plan Steps	Status as of March 31, 2019
<p>2. Community Beautification will develop policies and procedures addressing the criteria to be utilized in determining which right-of-way locations are selected for recurring, routine maintenance.</p> <p><i>Community Beautification will develop standard operating procedures outlining the maintenance cycle intervals for right-of-way sites. These intervals would be contingent on the priority given the right-of-way ordinance.</i></p>	<p><b>Resolved.</b> The policies and procedures as well as the criteria for determining which right-of-way locations are selected for recurring routine maintenance were to be based on the existence of a perpetual inventory of right-of-way locations. Management determined the development and maintenance of such an inventory is not practical and elected to accept the risks associated with action plan step 1. Without a perpetual inventory of right-of-way the application of criteria for the determination of maintenance locations is not reasonable. Accordingly management has accepted the risk(s) intended to be addressed by this action plan step. This step is resolved.</p> 
<p>3. The department will consider developing a right-of-way ordinance for City Commission consideration.</p> <p><i>Development Services and Economic Vitality will be coordinating with Community Beautification to draft an agenda item/ordinance seeking the City Commission's approval to require residents to maintain their right-of-way.</i></p>	<p><b>In Progress.</b> CBWM indicated it had obtained background information regarding right-of-way ordinances from several Florida cities. That information was shared and reviewed with representatives from the Growth Management Department and the applicable Assistant City Manager. CBWM indicated the issue is currently under further review and will be brought to the Commission at a later date.</p> 
<p>4. Community Beautification will enforce contract requirements related to contractor invoicing and reports.</p> <p><i>In July 2017, Community Beautification began requiring their right-of-way maintenance contractors to submit a listing of those sites maintained and date maintenance was completed. This list is submitted on a monthly basis along with the invoicing. All other aspects of the contract requirements were previously being met by staff and the contractors.</i></p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 66).</p> 
<p>5. Community Beautification will establish appropriate access and input controls for any successor operations management applications.</p> <p><i>The current work order system being utilized by Community Beautification, Cartegraph, is being phased out. The new work order system, CityWorks, will have password controls for users.</i></p> <p><i>Community Beautification will be addressing the issue of secondary review by requiring the Chiefs as well as the Operations Manager to review labor and time reports on a biweekly basis.</i></p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 66).</p> 

## EXHIBIT 12: Potential Conflict of Interest Regarding Acquisition of Engineering Services

**This status report is the 2<sup>nd</sup> follow up on this audit.**


*Summary from Original Report #1801 (Issued November 14, 2017):* This audit inquiry was conducted in response to information obtained by the City Auditor and the Independent Ethics Officer regarding a potential conflict of interest that pertained to acquisitions of engineering services within the Water Resources Engineering (WRE) divisions of the Underground Utilities and Public Infrastructure (UUPI) department. The potential conflict of interest involved the UUPI Assistant General Manager (AGM) and an engineering firm, DPB & Associates. The AGM's brother was the managing engineer and part owner of DPB & Associates. Because of the sibling relationship, concern had been expressed that the AGM's approval of the award of City work (engineering services) to that firm represented a conflict of interest. The purpose of this audit inquiry was to address that concern.

Our audit procedures did not identify any evidence the AGM inappropriately used his position to secure a personal benefit for his brother through the award of work to DPB & Associates; however, the approval of those awards to DPB & Associates by the AGM does represent the appearance of a conflict of interest.

A total of four action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all four steps were due for completion. Of those, one step was completed in a prior period, and three remain in progress.

Action Plan Steps	Status as of March 31, 2019
-------------------	-----------------------------

**Objective A: Ensure there are no actual or perceived conflicts of interest.**

<p>1. For future instances where a potential conflict of interest exists in regard to an acquisition of goods or services, the evaluation, selection, negotiation, and authorization and approvals processes will be conducted by appropriate employees other than the employee that has the potential conflict of interest. Also, to the extent practicable, the employee(s) performing the evaluation, selection, negotiation, and authorization and approval functions will not report (organizationally) to the employee with the potential conflict of interest. Lastly, in those circumstances where it is not practicable to exclude subordinate employees from the evaluation, selection, and recommendation functions, City management will reinforce to those employees the importance of not considering the relationship(s) regarding their supervisor/manager on which the potential conflict of interest is based.</p>	<p><b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 67).</p> <div style="text-align: right; margin-top: 10px;">  </div>
--	--

**Objective B: Futher City’s commitment to ethical procurement practices.**

1. The “Ethics in Procurement” language that was recently incorporated into the City Purchasing Procedures Manual will be reviewed, with the intent of modifying and revising that language to provide clarifications and enhancements as appropriate. Among other things, (1) the term “family” will be defined to identify specific relationships; (2) the term “close relationship” will be defined, with examples provided as to what represents a conflict of interest in City purchasing activities; and the term “vendor” will be defined as to applicability and pertinence to conflicts of interest. In addition to designated City management and staff (including Procurement Services and management from WRE divisions), the Office of the City Attorney and the Independent Ethics Officer will be consulted in the completion of this action plan step.

**In Progress.** Management reported work is ongoing to modify and add clarifications to the City Purchasing Procedures Manual and anticipates the action plan step will be completed prior to the March 31, 2020 follow-up.



2. After appropriate clarifications and enhancements are made pursuant to the preceding action plan step, proposals will be made to revise City Commission Policy (CP) 242 to include the “Ethics in Procurement” language that was incorporated into the City Purchasing Procedures Manual.

**In Progress.** Management reported work to update City Commission Policy 242 is ongoing and anticipates the action plan step will be completed prior to the March 31, 2020 follow-up.



3. The City’s primary purchasing authorities will be identified. Each identified primary purchasing authority will complete annual assertions as to known City vendors for which an actual or perceived conflict of interest exists. Such annual assertions will be filed with the Treasurer-Clerk’s Records division and retained in OnBase.

**In Progress.** Management reported work to have annual assertions completed by the City’s primary purchasing authorities is ongoing and anticipates the action plan step will be completed prior to the March 31, 2020 follow-up.



## EXHIBIT 13: Audit of CIS Utility Adjustments




This status report is the 2<sup>nd</sup> and final follow up on this audit.

*Summary from Original Report #1804 (Issued December 18, 2017):* As part of the customer utility billing process, Customer Service staff within the Customer Operations Department (Customer Operations) routinely make adjustments (additions and waivers of standard service fees) to customer utility accounts that are not directly related to a customer's utility usage.






The primary purpose of our audit was to determine the adequacy of controls relating to the processing of these non-consumption utility adjustments in the PeopleSoft Customer Information System (CIS). Specifically, the audit objectives were to determine whether: (1) non-consumption utility adjustments were authorized, accurate, and properly supported in accordance with applicable policies and procedures; and (2) adequate controls were in place and properly functioning to prevent and detect intentional and unintentional adjustment errors.



We concluded the non-consumption utility adjustments selected for testing were authorized and accurate. However, supporting documentation was not always available to allow for validation of non-consumption adjustments or a recalculation of adjustment amounts. Upon our audit inquiries, such documentation was obtained by Customer Service staff and provided for our review. We identified several opportunities to strengthen controls and made recommendations accordingly.

A total of 10 action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all 10 steps were due for completion. Nine were completed in this or a prior period, and one is in progress.

Action Plan Steps	Status as of March 31, 2019
<b>Objective A: Ensure non-consumption adjustments are authorized, accurate, and properly supported in accordance with applicable City and Customer Operations' policies and procedures.</b>	
1. Customer Operations management will implement their plan to periodically generate a report in CIS for the purpose of determining whether employees are providing appropriate documentation for adjustments.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 69). 
2. Management will emphasize to Customer Service staff the importance of providing justification for all adjustments.	<b>Complete.</b> This step was completed in a prior period (see Audit Report #1903, page 70). 
3. Customer Operations adjustment procedures will be updated to describe the circumstances in which employees must provide supporting documentation for adjustments, and the manner in which that support must be recorded and documented.	<b>Complete.</b> Customer Operations management updated its adjustment procedures to specify which employees must provide supporting documentation for adjustments. Additionally, those procedures were updated to specify the manner that support must be recorded and documented. 



Action Plan Steps	Status as of March 31, 2019
<p>4. In conjunction with the above-mentioned step, existing Customer Operations adjustment procedures will be modified to require that staff provide in CIS adequate documentation explaining and justifying a decision to waive a connection fee or deposit.</p>	<p><b>Complete.</b> As part of the adjustment procedure update noted in action plan step A.3 above, the adjustment procedures were modified to require documentation explaining and justifying decisions to waive connection fees or deposits. </p>
<p>5. Customer Operations management will periodically review newly established utility accounts for which no service activation charges were applied to ensure the omission of those charges was appropriate and adequately explained in CIS.</p>	<p><b>Complete.</b> Customer Operations management developed a quality assurance and quality control process to ensure adjustments are processed accurately, within the required timeframe, and are supported by Customer Operations policies and procedures. </p>
<p><b>Objective B. Ensure adequate controls are in place to prevent and detect intentional and unintentional adjustment errors.</b></p>	
<p>1. Customer Operations will develop a standard written adjustment review methodology and timeframe for completion of those reviews (e.g., biweekly), require supervisors to document (sign/date stamp) their review of utility adjustments, assign a qualified employee external to Customer Service the responsibility for an independent review of utility adjustments, and require the Chief Customer Officer (or designee) to review adjustments made by supervisors.</p>	<p><b>Complete.</b> As part of the adjustment procedures update noted in action plan step A.3 above, a quality control process for reviewing utility billing adjustments was established. That quality control process provides for weekly reviews of 30% of utility adjustments and that the reviewer document their review by e-mail to a quality control team. Additionally, the procedures require adjustments made by supervisors to be reviewed by the Chief Customer Officer (or designee). </p>
<p>2. Customer Operations adjustment procedures will be updated to require supervisors to document their review of adjustments (as outlined in the above-mentioned step).</p>	<p><b>Complete.</b> Customer Operations management established a quality assurance and quality control process which requires management review and approval of utility account adjustments on a weekly basis. </p>
<p>3. The <i>Utility Deposit Policy</i> will be updated to reflect current practices regarding the minimum number of years for which customers must demonstrate good payment history to receive a deposit refund or waiver.</p>	<p><b>Complete.</b> The <i>Utility Deposit Policy</i> was updated to establish a minimum of three years of good payment history before a customer can be considered for a refund or waiver of their utility deposit. </p>

Action Plan Steps	Status as of March 31, 2019
<p>4. The <i>Late Payment Fee Policy</i> will be revised to authorize the Manager of Customer Operations to approve commercial late payment fee waivers up to \$2,500, and the Chief Customer Officer (or designee) to approve late payment fee waivers over \$2,500.</p>	<p><b>Complete.</b> The <i>Late Payment Fee Policy</i> was updated to clearly identify the Customer Operations Manager as the individual with authority to waive late payment fees up to \$2,500 and that late payment fee waivers in excess of that amount must be approved by the Chief Customer Officer. </p> <p>As part of our review of the policy we noted the updated <i>Late Payment Policy</i> stated “The City Manager or his designee may rescind the late fee when it shall appear that the situation warrants such action.” To ensure consistency in the waiving of late payment fees, we recommend the <i>Late Payment Policy</i> be revised to include specific criteria that must be met prior to consideration being given to the waiving of late payment fees.</p>
<p>5. Customer Operations management will periodically review the CIS security permissions of employees and restrict permissions to those required for the performance of the employees’ duties.</p>	<p><b>In progress.</b> Customer Operations management reported it has established a process to identify and disable CIS user accounts of terminated and inactive (i.e., no CIS activity in the previous six months) employees. Additionally, Customer Operations has developed a query to show the CIS security permissions for all employees. However, management is working on a process to identify the applicable department and supervisor for each CIS user to ensure an accurate and meaningful review of CIS user security permissions. This action plan step will be reviewed as part of a future follow-up. </p>

## EXHIBIT 14: Audit of Commercial Utility Meters


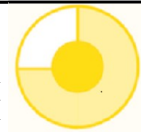
This status report is the 1<sup>st</sup> follow up on this audit.



*Summary from Original Report #1901 (Issued January 30, 2019):* The purpose of this audit was to evaluate whether commercial customers' electric, gas, and water utility consumption was being accurately and completely read by the City's Advanced Metering Infrastructure (AMI) meters. Accurate and complete meter readings are essential to ensure City customers are properly billed and the City collects revenues based on the level of utility consumption.

The scope of the audit included evaluating commercial electric, gas, and water meter operations during the time of audit fieldwork (November 2017 through January 2018). We reviewed selected information as early as 2008 when the City's AMI metering initiative was introduced.

We concluded the City's AMI meters were correctly reading commercial customers' electric utility consumption. With respect to gas and water, we concluded the City's AMI meters were correctly reading commercial consumption; however, audit tests identified some opportunities for improvement.

A total of four action plan steps were established by management in response to our audit recommendations. As of March 31, 2019, all four steps were due for completion. Of those, three steps were completed, and one remains in progress.

Action Plan Steps	Status as of March 31, 2019
<p>1. Underground Utilities and Public Infrastructure (UUPI) will sample gas meters for proper pressure sensor readings.</p>	<p><b>Complete.</b> During this follow-up period, the gas utility portion of UUPI was combined with the Electric Utility to create the Energy Services Department. Management from Energy Services reported 437 gas meters were tested during the follow-up period, finding errors in less than 1% of the meters (4 out of the 437). In all four instances the customer was receiving more gas than the amount for which they were billed.</p> 
<p>2. UUPI management will continue efforts to replace radio modules and follow the 2012 Agreement for any additional vendor-provided warranties.</p>	<p><b>In Progress.</b> Efforts are ongoing to replace the radio modules, as provided for in the 2012 Agreement. UUPI management reported the replacement project should be completed at no cost to the City prior to the end of summer of 2020. Management amended the completion date for this step to September 2020.</p> 

Action Plan Steps	Status as of March 31, 2019
<p>3. The General Manager of UUPI will coordinate with the General Manager of Electric &amp; Gas and the Chief Customer Officer over Customer Operations and designate a City liaison to work with the AMI hardware vendor to ensure compliance with the 2012 Agreement warranty provisions including hardware replacement and cost reimbursement.</p>	<p><b>Complete.</b> The General Managers of UUPI, Energy Services, and Customer Operations designated a Water and Sewer Capital Project Engineer to serve as the City's liaison with the AMI hardware vendor. The liaison is actively working with the AMI hardware vendor to replace the radio modules. </p>
<p>4. Customer Operations management will complete the development of the written procedures for the analytical review of customer utility billings.</p>	<p><b>Complete.</b> Customer Operations Management reported staff has completed the development of written procedures for the analytical review of customer utility billings. </p>

## APPENDIX A - PURPOSE, SCOPE, AND METHODOLOGY

---

Commission Policy 104.09 (Audit Policy) requires the City Auditor's Office follow up on and report the status of management's action plans to determine what actions have been taken by the City to address internal audit findings and recommendations. To satisfy this Audit Policy requirement, we track the status of management's action plan steps and conduct periodic follow-up audits (generally covering each six-month period ended March 31 and September 30) to determine the status of those action plan steps.

The **purpose** of this audit follow-up was to review management's progress toward the completion of action plan steps developed in response to our original audits and report that progress to management, the City Manager, City Treasurer-Clerk, City Attorney, Mayor, and City Commission.

The **scope** of the audit follow-up included 14 audit reports for which one or more of the action plan steps had not been completed as of March 31, 2019.

The **methodology** included performing various follow-up procedures including interviews of applicable staff and obtaining and reviewing relevant documentation.

## APPENDIX B - MANAGEMENT RESPONSES



### MEMORANDUM

**TO:** Dennis Sutton, City Auditor  
**FROM:** Reese Goad, City Manager  
**DATE:** March 16, 2020  
**SUBJECT:** Management Response to Consolidated Audit Follow-Up Report

We appreciate the opportunity to comment on the findings and observations made in the Consolidated Audit Follow-Up Report for the fourteen audits that had steps due by the March 31, 2019 reporting period. I am pleased that we are being successful in completing the action plan steps as initially planned and that we are addressing associated risks, as identified in each of the individual audits, through alternative actions. Approximately 80% of action plan steps due on or before March 31, 2019 have been completed and approximately 14% are in progress. Staff is currently working on completing or providing alternative actions for the remaining items.

A number of incomplete action items relate to the updating of various city policies and or procedures as a result of changes in process, reorganizations, and/or best practices. These policies and procedures are being reviewed and we anticipate significant progress by the next reporting period.

We again thank you for the opportunity to comment on the follow-up report. Please feel free to contact me should you have any questions or need additional information.

/r/

CITY HALL  
300 South Adams Street  
Tallahassee, FL 32301-1731  
850-891-0000  
TDD: 711 • Talgov.com

JOHN E. DAILEY  
Mayor

REESE GOAD  
City Manager

DIANNE WILLIAMS-COX  
Mayor Pro Tem

CASSANDRA K. JACKSON  
City Attorney

ELAINE W. BRYANT  
Commissioner

JAMES O. COOKE, IV  
City Treasurer-Clerk

CURTIS RICHARDSON  
Commissioner

DENNIS R. SUTTON  
City Auditor

JEREMY MATLOW  
Commissioner



OFFICE OF THE CITY ATTORNEY

**MEMORANDUM**

**TO:** Dennis R. Sutton, City Auditor  
**FROM:** Cassandra K. Jackson, City Attorney  
**DATE:** March 2, 2020  
**SUBJECT:** Management Response to Consolidated Audit Follow-Up Report

Below are my responses to audit follow-ups on the following:

**Response as to Report #1702/Report #1713/Consolidated Follow-Up Audit Report Exhibit 5 - Audit of City Printers and Copiers**

We have received the City Auditor's follow-up report regarding City printers and copiers. The City Attorney's Office has performed an analysis of its printing, copying and scanning needs. In addition, the City Attorney's Office has performed a cost comparison evaluation of purchasing and leasing.

These analyses have led this office to the conclusion, in light of the efficiencies to be derived from a leased multi-functional device and the requirement to always have said device in a functional capacity due to legal deadlines, to continue to lease rather than purchase. As always, we appreciate the Auditor's thoughtful and professional analysis of purchased devices.

**Response as to Report #1716/Report # 1807/Consolidated Follow-Up Audit Report Exhibit 9 - Audit of City Agreements with Cascades Holdings, LLC**

The Second Amendment to the Lease Agreement was fully executed on March 13, 2019. This satisfies the audit finding regarding the commercial property insurance.

We appreciate the Auditor's follow-up to ensure that all requirements of the agreements are satisfied and the team effort, dedication, and hard work to resolve this issue.

Please contact me if you have any questions or need additional information.

CKJ/pb

300 S. ADAMS ST. BOX A-5  
TALLAHASSEE, FL 32301-1731  
850/891-8554 - 850/891-8973 FAX  
TDD: 711- TALGOV.COM

JOHN E. DAILEY  
Mayor

REESE GOAD  
City Manager

DIANNE WILLIAMS-COX  
Mayor Pro Tem

CASSANDRA K. JACKSON  
City Attorney

ELAINE W. BRYANT  
Commissioner

JAMES O. COOKE, IV  
City Treasurer-Clerk

JEREMY MATLOW  
Commissioner

DENNIS R. SUTTON  
City Auditor

CURTIS RICHARDSON  
Commissioner



---

**MEMORANDUM**

**TO:** Dennis R. Sutton, City Auditor  
**FROM:** James O. Cooke, IV, City Treasurer-Clerk  
**DATE:** March 11, 2020  
**SUBJECT:** Management Response to Consolidated Audit Follow-Up Report

We are pleased to have completed our portion of action steps related to the Audit of Selected Airport Leases and the Audit of City Agreements with Cascades Holdings, LLC. We appreciate the cooperation of the Real Estate Department in addressing our action plan step related to Agreements with Cascades Holdings. In connection with the Audit of Printers and Copiers, we continue to support the direct purchase recommendation of the City Auditor and expect to make such a purchase when the MFD lease in question expires.

We appreciate the efforts of the Office of the City Auditor to improve effectiveness and efficiency of City operations through its audit process and thank you for the chance to respond to each audit through its completion.

CITY HALL  
300 South Adams Street  
Tallahassee, FL 32301-1731  
850-891-0000  
TDD: 711 • Talgov.com

JOHN E. DAILEY  
Mayor

REESE GOAD  
City Manager

DIANNE WILLIAMS-COX  
Mayor Pro Tem

CASSANDRA K. JACKSON  
City Attorney

ELAINE W. BRYANT  
Commissioner

JAMES O. COOKE, IV  
City Treasurer-Clerk

CURTIS RICHARDSON  
Commissioner

DENNIS R. SUTTON  
City Auditor

JEREMY MATLOW  
Commissioner



## ACKNOWLEDGEMENTS

---

The Office of the City Auditor would like to acknowledge and thank applicable City management and staff for their cooperation during this engagement. We commend their efforts to complete the action plan steps due as of this follow-up audit and their commitment to completing remaining open action plan steps due in subsequent follow-up periods.

## PROJECT TEAM

---

**Engagement was conducted by:**

Don Hancock, CPA, Deputy City Auditor (retired)  
Patrick Cowen, CPA, CIA, CISA, Audit Manager  
Christy Temples, CISA, Senior Auditor  
Jane Sukuro, CPA, Senior Auditor  
Stacey Peter, Staff Auditor

**Under the supervision of:**

Dennis R. Sutton, CPA, CIA, City Auditor

**Approved by:**

Dennis R. Sutton, CPA, CIA, City Auditor

## STATEMENT OF ACCORDANCE

---

The Office of the City Auditor's mission is to provide the City Commission an independent, objective, and comprehensive auditing program of City operations; to advance accountability through the provision of assurance and advisory services; and to actively work with Appointed Officials in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, and effective delivery of City services.

We conducted this audit follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Please address inquiries regarding this report to the Office of the City Auditor at (850) 891-8397.

<http://www.tal.gov.com/transparency/auditor.aspx>