

Audit Project #14-03A:

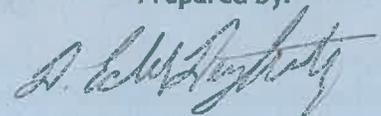
# Remedial Action Update

Audit Item Status as of January 31, 2014

Detailed Audit Report

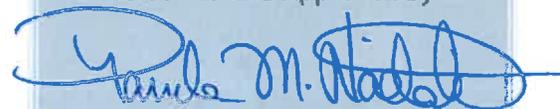
Office of the City Auditor and Clerk  
Internal Audit

Prepared by:



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Pamela M. Nadalini, MBA, CMC  
City Auditor and Clerk

You can obtain copies of this report by contacting us at:

**Office of the City Auditor and Clerk**

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Sarasota, FL 34236  
(941) 954-4135

Or download and view an electronic copy by visiting:

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**OFFICE OF THE CITY AUDITOR AND CLERK**  
**Internal Audit Division**

**Date:** March 27, 2014

**To:** Mayor Shannon Snyder, Vice Mayor Willie Shaw, Commissioner Suzanne Atwell, Commissioner Paul Caragiulo, and Commissioner Susan Chapman

**From:** Pamela M. Nadalini, MBA, CMC, City Auditor and Clerk 

**Subject:** Remedial Action Update #14-03A (status as of January 31, 2014)

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Attached are copies of the project report listed above. As the report states, Internal Audit will produce this report twice annually. The next report of this type will be issued to the City Commission on or about September 30, 2014.

If you have any questions, please do not hesitate to call me at (941) 954-4169.

**Attachment(s):**

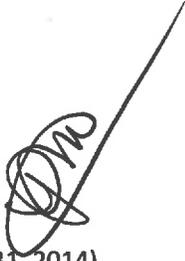
Remedial Action Update #14-03A Detailed Report  
Remedial Action Update #14-03A Executive Summary Report

**c:** Thomas Barwin, City Manager  
Robert Fournier, City Attorney  
D. Edward Daugherty, CPA, Manager, Internal Audit  
File



**OFFICE OF THE CITY AUDITOR AND CLERK  
Internal Audit Division**

**Date:** March 27, 2014  
**To:** Thomas Barwin, City Manager  
**From:** Pamela M. Nadalini, MBA, CMC, City Auditor and Clerk  
**Subject:** Remedial Action Update #14-03A (status as of January 31, 2014)



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Attached are copies of the project report listed above. The attached report has also been distributed to the City Commission.

If you have any questions, please do not hesitate to call me at (941) 954-4169.

**Attachment(s):**

Remedial Action Update #14-03A Detailed Report  
Remedial Action Update #14-03A Executive Summary

**c:** Marlon Brown, Deputy City Manager  
John Lege, CGFO, Director, Financial Administration  
D. Edward Daugherty, CPA, Manager, Internal Audit  
File

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## BACKGROUND AND INTRODUCTION

Internal Audit is committed to providing semi-annual reports<sup>1</sup> to Charter Officials and the City Commission which identify outstanding open audit observations and management's associated responses (management as referenced in this report refers to the Charter Officials). Internal Audit uses the reports to monitor the disposition of audit recommendations and to assist city officials in their decision-making and oversight role.

An additional two reports per year<sup>2</sup> are provided to the Charter Officials as a courtesy to assist them in addressing remedial actions year-round.

This report monitors all audit observations and their current statuses and highlights those that may remain open due to competing priorities, insufficient funding or other resource shortages. The report also highlights areas of noteworthy accomplishment by management in addressing audit concerns.

## PROJECT OBJECTIVE

The primary objective of this review is to provide the City Commission with the status of management action to adequately address observations previously noted by internal auditors.

## PROJECT SCOPE

Internal Audit followed up on the status of open audit observations as of January 31, 2014 through employee inquiries, observation and review of documents provided by management, and conversations with Charter Officials.

## AUDIT STANDARDS

Internal Audit conducts audit engagements in accordance with generally accepted government auditing standards. Those standards require that the auditor plan and perform the audit to provide a reasonable basis for findings and conclusions based on audit objectives.

The Internal Audit Division strives to follow the guidance included in the International Professional Practices Framework set forth by the Institute of Internal Auditors.

## PROJECT METHODOLOGY

Procedures for this review consisted of the following:

1. Internal Audit updated the audit observation database to include all final audit reports issued between April 30, 2012 and January 31, 2014. The database currently includes all internal audit observations for years 2005-2013 and external audit management letter findings for years 1999-2013 to allow for proper tracking and monitoring.
2. Charter Officials were provided a detailed listing of all outstanding recommendations within their respective areas and were requested to provide updates on the current status of progress towards addressing each recommendation.

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<sup>1</sup> Semi-annual reports are typically distributed to the City Commission and Charter Officials on or about March 31<sup>st</sup> and September 30<sup>th</sup>.

<sup>2</sup> Additional reports are typically distributed only to the Charter Officials on or about June 30<sup>th</sup> and December 31<sup>st</sup>.

3. Upon receipt of management’s updates and/or supporting documentation, Internal Audit conducted procedures necessary to verify that adequate corrective actions were taken by management for outstanding recommendations, as time permitted, prior to issuance of this report.

For descriptions of audit status definitions, please refer to [Exhibit A](#).

## NOTEWORTHY ACCOMPLISHMENTS

Internal Audit acknowledges the efforts taken by department staff to implement all audit items for the following audits:

- 09-11: Ed Smith Stadium 2009 AAU Tournament Follow-up
- 10-01: Fiscal 2009 Physical Inventory Observation
- FY 2010 Management Letter- External Auditors (Financial Administration Department)
- EX #11-01: SPD Property and Evidence (Sarasota Police Department)

Audit items for these audits are noted as “closed” in the tables on the following pages (highlighted in green).

## AUDIT ITEMS BY CHARTER OFFICIAL

The tables in this section, organized by Charter Official, outline a total 115 report recommendations from 20 prior audits

Per action taken by the City Commission as part of adopting the fiscal year 2012 budget, the Information Technology Department (IT) was moved to the control of the City Auditor and Clerk. As a result, the responsibility for implementing audit recommendations related to IT<sup>3</sup> has also moved to the City Auditor and Clerk.

For a detailed listing of prior audit recommendations and management responses that remain open, please refer to [Exhibits B and D](#) for the City Manager and City Auditor and Clerk, respectively. [Exhibits C and E](#) contain audit items that are considered open pending re-audit confirmation that action has been taken to address outstanding risks for the City Manager and City Auditor and Clerk, respectively.

Management’s response to the FY 2008 Management Letter indicates that disagreements with audit observations will be resolved through a consensus of the Charter Officials. Based on that response, Internal Audit regularly elevates the “do not concur” audit items to the Charter Officials for a decision to either take action on the observation or accept the level of residual risk associated with taking no action. Items that previously held the status of “do not concur” were re-evaluated by the Interim City Manager in late February 2012 and changed to “concur” status; therefore, there are no “do not concur” items at this time.

Progress in implementing audit recommendations is recorded in the tables that appear on the following pages and is organized by Charter Official. Please note that column headings in the tables refer to the status of audit items as follows:

- C= Closed;
- OPR= Open Pending Re-audit;
- O= Open;

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<sup>3</sup> A total of 16 audit recommendations were transferred to the City Auditor and Clerk for implementation consideration as of October 1, 2011.

- D= Do not Concur (these items are regularly elevated to the Charter Officials for a consensus decision on whether the item requires action)

See [Exhibit A](#) for a more detailed explanation of how each status is defined.

## CITY ATTORNEY

The City Attorney’s Office does not have any open items as of January 31, 2014; however, it should be noted that the implementation of some audit recommendations is dependent upon the assistance of the City Attorney. For those items, the City Attorney is aware of the needed assistance and has indicated that he is working with the appropriate Charter Official to remedy the items.

## CITY AUDITOR AND CLERK

The results of our review indicate:

- Implementation has occurred for 11 of the 20 recommendations applicable to the City Auditor and Clerk (55%);
- 5 items are open(25%); and
- 4 items are open pending re-audit (20%)

Since the time of the last remedial actions update issued to the City Commission in March 2011, the City Auditor and Clerk has taken action to close 2 audit items. It should be noted that the Information Technology function transferred to the Office of the City Auditor and Clerk in October 2011. All audit recommendations related to Information Technology prior to October 2011 were reviewed with the City Auditor and Clerk for implementation consideration. New management responses and management action dates were obtained to reflect the actions expected to be taken by Information Technology under the direction of the City Auditor and Clerk.

Of the 5 open audit items that require management action, three items have management action dates that occur after January 31, 2014 (see Exhibit C for details).

<i>Department(s) Responsible</i>	<i>Report Date</i>	<i>Audit Number/Title</i>	<i>Total Report Items</i>	<i>C</i>	<i>OPR</i>	<i>O</i>	<i>D</i>
<i>Reports with open items that appeared on March 31, 2011 status report (and current status):</i>							
Information Technology*	December 2002	FY 2002 Management Letter- External Auditors	5	4	1	0	0
Information Technology*	April 2008	IN 08-02: Internal Investigation of Alleged Fraud Involving IT	5	4	1	0	0
City Auditor and Clerk	July 2009	09-02: Citywide Risk Assessment	3	0	2	1	0
Information Technology*	July 2009	09-08: IT General Controls	5	2	0	3	0
<i>Reports added since previous status report:</i>							
City Auditor and Clerk	February 2013	FY 2012 Management Letter – External Auditors	1	1	0	0	0
Information Technology	February 2013	FY 2012 Management Letter – External Auditors	1	0	0	1	0
<b>TOTAL RECOMMENDATIONS</b>			<b>20</b>	<b>11</b>	<b>4</b>	<b>5</b>	<b>0</b>

Notes:

\*Information Technology audit recommendations have been transferred to the City Auditor and Clerk for action as of October 1, 2011 as a result of changes to the City's Table of Organization.

## CITY MANAGER

The results of our review indicate:

- Management has implemented 70 of the 95 recommendations applicable to the City Manager (74%);
- 20 items are open (21%); and
- 5 items are open pending re-audit (5%)

Since the time of the last remedial actions update issued to the City Commission in March 2011, management has taken action to close 18 audit items.

Of the 20 open audit items that require management action:

- 1 has an original management action date that occurs after 1/31/14;
- 12 have original action dates that are considered past-due as of 1/31/14; and
- 7 did not have original action dates, most of which are recent audit findings.

<i>Department(s) Responsible</i>	<i>Report Date</i>	<i>Audit Number/Title</i>	<i>Total Report Items</i>	<i>C</i>	<i>OPR</i>	<i>O</i>	<i>D</i>
<i>Reports with open items that appeared on March 31, 2011 status report (and current status):</i>							
City Manager	July 2009	09-02: Citywide Risk Assessment	<b>3</b>	1	0	2	0
City Manager/Public Works	August 2009	09-09: Public Works COOP Drill Observation	<b>3</b>	1	2	0	0
Sports Facilities: Ed Smith Stadium	September 2009	09-11: Ed Smith Stadium 2009 AAU Tournament Follow-up	<b>8</b>	8	0	0	0
Neighborhood and Development Services	October 2009	09-12: Local Business Tax Receipts Internal Controls Review	<b>10</b>	9	0	1	0
City Manager/ Sarasota Police Department	October 2009	09-10: Parking Internal Controls Review	<b>13</b>	9	0	4	0
Public Works/Sarasota Police Department	January 2010	10-01: Fiscal 2009 Physical Inventory Observation	<b>3</b>	3	0	0	0
Risk Management	February 2010	EX 10-01: Risk Management Liability Claims Administration	<b>3</b>	2	0	1	0
Sarasota Police Department	June 2010	EX 10-03: Property and Evidence*	<b>4</b>	4	0	0	0
City Manager	December 2010	EX 10-04: Construction Contract Oversight- SPD Headquarters Building	<b>10</b>	8	0	2	0
City Manager/Financial Administration	February 2011	FY 2010 Management Letter- External Auditors	<b>1</b>	1	0	0	0
<i>Reports added since previous status report:</i>							
Financial Administration	April 2011	11-06: City Purchasing Cards	<b>7</b>	4	0	3	0
Sarasota Police Department	May 2011	EX 11-01: SPD Property and Evidence	<b>2</b>	2	0	0	0
City Manager/ Neighborhood and Development Services	September 2011	11-12: Summer Youth Programs	<b>8</b>	6	2	0	0
City Manager	March 2012	FY 2011 Management Letter- External Auditors	<b>2</b>	1	0	1	0
Various Departments	April 2012	12-01: Fiscal Year-End 2011 Citywide Inventory	<b>10**</b>	10	0	0	0

City Manager/Financial Administration	February 2013	FY 2012 Management Letter – External Auditors	1	0	0	1	0
Various Departments	March 2014	14-01: Fiscal Year-End 2013 Citywide Inventory	7***	1	1	5	0
<b>TOTAL RECOMMENDATIONS</b>			<b>95</b>	<b>70</b>	<b>5</b>	<b>20</b>	<b>0</b>

*Notes:*

*\*Items from Audit EX 10-03 were closed and re-tested/ opened under Audit EX 11-01. Items from Audit 10-01 were closed and re-tested/ opened under Audit 12-01. Items from Audit 12-01 were closed/re-tested under Audit 14-01.*

*\*\* Two recommendations were issued for each of the five divisions included in the audit.*

*\*\*\* One recommendation was made to each of the five divisions included in the audit.*

## EXHIBIT A- AUDIT ITEM STATUS DEFINITIONS

## Audit Item Status Definitions

Internal Audit classifies observations as follows:

- **Open (O)**- Management has not adequately addressed the audit observation to reduce risk to an acceptable level. Remedial action(s) may have been proposed with a future target date of completion (to be tested later) or parts of the recommendation have been addressed with some remaining areas still open.
- **Open pending re-audit (OPR)**- Management has indicated that action has been taken to address the audit observation. The item is considered open until Internal Audit has had the opportunity to confirm through follow-up testing that the stated actions have fully addressed prior recommendations.
- **Closed (C)**- Management actions in response to audit observations have been effectively implemented. Items are closed upon successful verification by Internal Audit (based on sufficient evidence or positive retesting of controls) that the item has been addressed. Internal Audit may also close an item if it is no longer relevant given organizational or other changes.
- **Do not Concur (D)**- This is a new classification to be used when management does not agree with Internal Audit's observation in the audit report. Per the March 23, 2009 response to the external auditor's 2008 governance letter, as part of each semi-annual report Internal Audit will elevate items where management provided a response of "Do not concur" to the Charter Officials for resolution in the form of written memo signed by the three Charter Officials indicating a consensus of whether they believe the item should remain on the semi-annual remedial action report.

It should be noted that each time Internal Audit begins a new audit engagement the preliminary survey includes a review of the current status of all previous audit recommendations in the audited area. Items that were previously considered closed may be re-opened if Internal Audit observes that the controls are not functioning as intended.

**EXHIBIT B- “OPEN” AUDIT ITEMS: CITY MANAGER**

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2009 09-02 Citywide Risk Assessment</b>									
1	City Manager - Internal Control Framework	Department == City Manager	To assist employees in achieving the City's objectives and to ensure the existence of basic and consistent business controls throughout the City, management formally adopt an enterprise risk management framework (such as COSO),and provide both reference materials and training on specific methods to be used by departmental management and staff responsible for designing, monitoring and reporting on the effectiveness of internal controls.		<p>City Manager Response: 12/4/09: Management changed response to "Concur". Management will develop standards for internal controls and will update risk assessment on an annual basis.</p> <p>4/11/12 Update: The City Auditor and Clerk and City Manager met with Internal Audit on 4/11/12 to discuss outstanding audit items.</p> <p>Management has agreed to explore an enterprise risk management model for the City and will work with directors to achieve this. Financial Administration will take the lead on this project and management indicated that a status report will be provided on May 1, 2012.</p>	Status Report 5/1/12			Internal Audit did not receive a response from the City Manager.
4	City Manager - Compliance	Department == City Manager	Internal Audit believes that the City administration would benefit greatly from establishing a compliance committee to include representatives from all departments under the City Manager and City Auditor and Clerk to document compliance requirements by department as well as track their accomplishments. Management should consider inviting a representative from the City Attorney's Office to help ensure that legal requirements are brought to the committee as well as given proper review by members. Centralized tracking and discussion of requirements would help ensure that institutional knowledge is not lost due to staffing changes and is also shared across departments. This type of committee requires significant work to initially implement, but should save both time and resources in the long-run.	Medium	<p>City Manager Response: 12/4/09: Management changed response to "Concur". Management will convene a compliance committee and review issues on a quarterly basis.</p> <p>4/11/12 Update: The City Auditor and Clerk and City Manager met with Internal Audit on 4/11/12 to discuss outstanding audit items.</p> <p>The City Manager indicated that compliance issues will be a regular topic of discussion at Director meetings in the future, beginning May 1, 2012.</p>	status Report 5/1/12			Internal Audit did not receive a response from the City Manager.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2009 09-10 Parking Controls Review</b>									
2	Collection Issue Action Plan	Department = City Manager, Division = Parking Division	Consider changes that could have an immediate positive effect on the receivables balance, such as turning uncollected balances over to a collection agency as soon as possible, and/or instituting additional late fines.	High	4/11/12 Update: The City Auditor and Clerk and City Manager met with Internal Audit on 4/11/12 to discuss outstanding audit items. Management has agreed to explore an enterprise risk management model for the City and will work with directors to achieve this. Financial Administration will take the lead on this project and management indicated that a status report will be provided on May 1, 2012.	10/1/2010 6/30/12	Ongoing	<b>Internal Audit did not receive a written response.</b>	2/12/2014 - The City Manager and Parking Operations Manager met with Internal Audit to discuss outstanding audit items. Currently parking tickets collection rates average 80% (approx.). Parking Operations has implemented a \$5.00 discount for payments made within 24 hours of the citation. They also offer an on-line payment option and pay by mail. Fees for delinquent payments have increased, as well as the fee for habitual offenders. The Parking Operations Manager stated that he did not feel that a collection agency would have a significant impact on the collection rate, because many of the unpaid citations were issued to non-residents.
4	Access Reviews Issue Action Plan	Department = City Manager, Division = Parking Division	Conducting quarterly user access reviews may help management identify any operational or security issues relating to both access and use of the Complus system.	High	Concur. SPD will perform quarterly reviews of User Access levels beginning 2009/ 2010 2nd quarter. <b>7/8/11 Update:</b> The City Auditor and Clerk, City Manager, and City Attorney met with Internal Audit on 7/8/11 to discuss outstanding audit items. Refer to "Internal Audit Comments" for further information.  <b>Internal Audit Comments: Management has indicated that it is in the process of hiring a new Parking Manager and that this issue will be addressed once the new manager is in place.</b>  SPD is also in the process of implementing a new parking management IT system.	3/31/2010 6/30/2012		<b>Internal Audit did not receive a written response.</b>	2/12/2014 - The City Manager and Parking Operations Manager met with Internal Audit to discuss outstanding audit items. Parking Operations Manager will contact software vendor for instructions on how to produce reports for reviewing User Access levels.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
5	Cash Office Issue Action Plan	Department = City Manager, Division = Parking Division	Train backup staff (consider staff outside of Parking Division) to cover unexpected absences and create a list of temporary system access backup staff would need. Due to segregation of duties concerns when Enforcement staff or outside staff perform collection activities, promptly perform additional log review of the activity performed by these employees.	High	<p>Concur. Currently the Police Department staff are located in another building from Parking Collections. In the spring of 2010 the Parking Collections function will join the Police Department in the new facility. This will allow for cross training and coverage opportunities for the Collections office from available SPD team members. User access log reviews will take place on an as-needed basis for employees who fill-in on a temporary basis. <b>7/8/11 Update:</b> The City Auditor and Clerk, City Manager, and City Attorney met with Internal Audit on 7/8/11 to discuss outstanding audit items. Refer to "Internal Audit Comments" for further information.</p> <p>Internal Audit Comments: SPD has indicated that other staff will be trained to cover for Parking Collections staff once the function is moved to the new headquarters building.</p>	6/1/2010 6/30/2012	Ongoing	Internal Audit did not receive a written response.	2/12/2014 - The City Manager and Parking Operations Manager met with Internal Audit to discuss outstanding audit items. Subsequent to the last update, the Parking Operations function has moved from Sarasota Police Department to a separate division in the City Manager's division. Parking Operations has added a clerk to man the Parking booth at City Hall and trained a garage attendant to fill in if necessary. Enforcement staff is not allowed to accept payment for citations or work the booth.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
8	Management Oversight Issue Action Plan	Department = City Manager, Division = Parking Division	Management review its program financial oversight and recordkeeping controls. Ensure that management regularly assesses controls to provide reasonable assurance that risks are appropriately minimized. Recordkeeping controls should be reviewed and monitored to ensure records are available for internal performance analysis as well as for ensuring compliance with state recordkeeping statutes.	High	<p>Concur. Once the FMS/Complu reconciliation is designed Management will perform monthly review with biannual testing.</p> <p>Management will review statistical reports listed below. Recordkeeping, while adjusted for the recent restructuring, is continually improving with well identified roles and responsibilities.</p> <p><b>Auditor comment: The Parking Function was recently transferred to the Sarasota Police Department. The FY 09/10 budget has a partial Manager position (a .31) full-time equivalent in the City Manager's Office.</b></p> <p><b>7/8/11 Update:</b> The City Auditor and Clerk, City Manager, and City Attorney met with Internal Audit on 7/8/11 to discuss outstanding audit items. Refer to "Internal Audit Comments" for further information.</p> <p><b>Internal Audit Comments: Management has indicated that it is in the process of hiring a new Parking Manager and that this issue will be addressed once the new manager is in place.</b></p>	3/31/2010 6/30/2012	Ongoing	<b>Internal Audit did not receive a written response.</b>	2/12/2014 - The City Manager and Parking Operations Manager met with Internal Audit to discuss outstanding audit items. Parking Operations has transitioned to a new vendor for enforcement/collections software. The software allows employees to be assigned a profile that restricts access based upon the employee's role. The Parking Manager will contact the software vendor for training on how to review access logs and performance data.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2009 09-12 LBTR Internal Controls Review</b>									
1	LBTR Database Action Plan	Department = Neighborhoods and Development Services	<p>To increase efficiency of the LBTR process and reduce the risk of theft or fraud, either a new computer application for LBTR should be implemented or deficiencies in the current application should be addressed.</p> <p>Additions or modifications to the application should include:</p> <ul style="list-style-type: none"> <li>-Acceptance of electronic payments and applications,</li> <li>-Work flow processing (requiring electronic management approval of documents rather than allowing the manager's name to print on the receipt automatically),</li> <li>-Utilization of electronic mail and submission capabilities for electronic processing and record-keeping,</li> <li>-A method to prevent tax receipts from being printed until full payment is received,</li> <li>-Controls over input entry into record fields (validation controls), and</li> <li>-Reports for use in monitoring revenues and user activity in the application.</li> </ul>	High	<p>Concur. NDS management is aware that the current Lotus based computer system is inadequate and action has already been taken to address these issues. The process of developing a new computer system has started with the IT department taking the lead. The new system will be designed to incorporate the suggested activities. This process to purchase and implement the new computer system will be in connection with the replacement of the building division computer program, and may take up to 24 months to implement.</p> <p><b>7/8/11 Update:</b> The City Auditor and Clerk, City Manager, and City Attorney met with Internal Audit on 7/8/11 to discuss outstanding audit items. Refer to "Internal Audit Comments" for further information.</p> <p><b>Internal Audit Comments: The original management action date has not yet occurred. Management indicated that the RFP process for an ERP vendor is currently underway.</b></p>	10/1/2011	12/31/2014	<b>Internal Audit did not receive a written response.</b>	The Purchasing Department is currently negotiating with a vendor for a replacement system for the current software. Implementation is not expected to occur until the 2014/15 fiscal year.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2010 EX 10-01 Risk Management</b>									
3	Automated System Action Plan	Department = Human Resources, Division = Risk Management	Evaluate and acquire a RMIS if financially viable.	High	<p>Concur. If funds can be secured in the FY 2011 budget, Risk will issue an RFP to purchase a web-based system.</p> <p>System implementation will be phased throughout 2010 and 2011.</p> <p>In the interim, Risk is exploring the possibility of temporarily utilizing a Windows-based data management system.</p> <p><b>3/24/11 Update:</b> No change. The RMIS system requirements have been incorporated into the ERP bid requirements and await prioritization once an ERP solution is implemented. Anticipate no change in this status for FY 2011 and 2012.</p> <p><b>3/24/11 Update:</b> No change. The RMIS system requirements have been incorporated into the ERP bid requirements and await prioritization once an ERP solution is implemented. Anticipate no change in this status for FY 2011 and 2012.</p>	4/15/2010 9/30/11		<b>Internal Audit did not receive a written response.</b>	<p>Per discussion with Human Resources Director, no progress has been made toward acquiring any sort of software. There has been no further progress toward implementing an ERP solution.</p> <p><b>Internal Audit Comments: This item will remain open until an automated application has been implemented by the City and incorporates management of claims information.</b></p>

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2010 EX 10-04 Contract Oversight of SPD Headquarters</b>									
1	Assignment of the Project Manager	Department = City Manager	<p>Assign a knowledgeable Project Manager at the inception of each construction project to ensure the City's best interests are considered throughout the project and to provide adequate oversight of all vendors' compliance with contract terms.</p> <p>The individual should be someone who understands both constructability and the City's resource needs.</p>		<p>2/22/12: Management changed response to "Concur". The City Manager will communicate the need for a knowledgeable Project Manager and expectations for handling large projects via a memo, which will be communicated to all department directors.</p> <p>4/11/12 Update: The City Auditor and Clerk and City Manager met with Internal Audit on 4/11/12 to discuss outstanding audit items.</p> <p>The City Manager has indicated that he will communicate via interoffice memo the importance of oversight, especially for large projects. Through his memo, he plans to address assignment of project managers, the chain of oversight/accountability expected, and the expectation that City rules and regulations will be adhered to. Discussions with staff have already occurred concerning this item and management will provide a status update on May 1, 2012.</p>	Status Report 5/1/2012	Ongoing	<b>Internal Audit did not receive a written response.</b>	<p>Per discussion with the City Manager's Office, the memo mentioned in the Original Management Response (2/22/12 &amp; 4/11/12) was never issued, nor was a status update prepared.</p> <p>Per discussion with Public Works Department staff, project managers are assigned to a job based upon their experience level (more complex project, more experienced project manager). There is no formal process or plan to identify or train prospective project managers.</p>
2	Project Manager: Tools and Oversight	Department = City Manager	<p>Consider developing a Project Manager Handbook for project/ construction management to provide consistent guidance and clear definition of responsibilities for employees charged with managing aspects of construction projects.</p> <p>Also, consider investing in training or memberships offered by professional organizations, such as the Construction Management Association of America, to provide project managers with added knowledge and resources.</p>		<p>2/22/12: Management changed response to "Concur". The City Manager will explore the possibility of creating a Project Manager handbook that would be useful for employees and will also follow-up with Public Works to determine whether training sessions have occurred as previously noted.</p> <p>4/11/12 Update: The City Auditor and Clerk and City Manager met with Internal Audit on 4/11/12 to discuss outstanding audit items.</p> <p>The City Manager indicated that staff is currently working on developing a City of Sarasota Project Management Handbook.</p>	9/30/2012		<b>Internal Audit did not receive a written response.</b>	<p>Per discussion with staff in the Public Works department, a Project manager handbook has never been developed. Training for project managers is not through any formalized process. Budgetary constraints have limited access by project managers to conferences or seminars designed to provide training to new project managers. The Public Works Department holds monthly meetings for project managers to report on the progress of their assigned projects and to provide a venue for exchange of information, but it is not intended to provide training.</p>

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2011 11-06 City Purchasing Cards</b>									
2	Training Action Plan	Department = Financial Administration; Division = Purchasing	<p>To encourage proper spending habits and promote awareness of Administrative Regulation No. 024.A015.0707, periodic purchasing card refresher training sessions should be required of cardholders. Specifically, training should emphasize:</p> <ul style="list-style-type: none"> <li>- Purchasing cards are to be used only by the cardholder whose name is embossed on the front of the card;</li> <li>- Dividing transactions into smaller purchases in order to achieve the purchasing thresholds and circumvent the purchasing rules is prohibited;</li> <li>- Every effort should be made to ensure sales tax is not included in the purchase total;</li> <li>- Itemized receipts with item descriptions, quantities, and unit costs should always be obtained from the vendor (specifically including food/ restaurant purchases); and</li> <li>- Cardholders and Approvers should abide by processing and approval timelines specified by policy.</li> </ul>	Medium	Concur. In addition to the initial training, Purchasing will have periodic refresher training sessions for cardholders and management.	9/30/2011	9/30/2014	<b>Internal Audit did not receive a written response.</b>	Per discussion with the Director of Financial Administration and the Purchasing Manager, refresher training for cardholders is being developed and classes will be scheduled after the new purchasing card software has been implemented.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
5	Updates to Administrative Regulation	Department = Financial Administration; Division = Purchasing	<p>To ensure that the policy is current and outlines actual business practices, update Administrative Regulation No. 024.A015.0707 to reflect:</p> <ul style="list-style-type: none"> <li>- Changes in purchasing limits (thresholds for quotes have increased);</li> <li>- A "designee" may provide purchasing transaction approval in lieu of a department director;</li> <li>- Employee social security numbers are no longer needed to establish a purchasing card;</li> <li>- A reference on the Cardholder Understanding Agreement that acknowledges an employee must also abide by the City's Food and Refreshment Policy;</li> <li>- Circumstances under which cardholders may purchase gift cards;</li> <li>- Card deactivation timelines for terminated employees; and</li> <li>- Departments not under the purview of the City Manager may purchase their own IT equipment with the purchasing card.</li> </ul>	Medium	Concur. Purchasing will update Administrative Regulation No. 024.A015.0707.	9/30/2011		Internal Audit did not receive a written response.	Per discussion with the Financial Administration Director and the Purchasing Manager, Administrative Regulation No. 024.A015.0707 has not been replaced by a new ordinance or Administrative Regulation. No date for implementation of a new ordinance has been set.
7	Food and Beverage Policy	Department = Financial Administration; Division = Purchasing	To ensure that City funds are used for appropriate purchases, management should clarify the approval process and spending limitations for social events held for exclusive groups, such as Advisory Boards and donors.		2/22/12: Management changed response to "Concur". Management will review the policy and disallow inappropriate expenditures in the future. 4/11/12 Update: The City Auditor and Clerk and City Manager met with Internal Audit on 4/11/12 to discuss outstanding audit items. The City Manager indicated he would review the policy, and in the future he would not allow such expenditures to occur.	9/30/2011 05/1/2012	Ongoing	Internal Audit did not receive a written response.	Per discussion with the Financial Administration Director and Purchasing Manager, Administrative Regulation No. 024.A017.0308 remains in effect. No timeframe for developing a new ordinance or administrative regulation has been set.

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2011 Ext - 2011 FY 2011 Management Letter</b>									
1	Monitoring of Internal Controls	Department = Financial Administration	Recommend Financial Administration department expand the scope of monitoring or oversight efforts into other areas. Design monitoring procedures to help detect and prevent management override.	High	Concur - Finance Department will continue to oversee the monitoring function and expand the scope, as time permits, to other areas as material risks are identified.		Ongoing	Internal Audit did not receive a written response.	Per discussion with the Director of Financial Administration and staff, will continue to implement a program to enable departments to monitor their internal controls and report the results to the Financial Administration Department.
<b>14 14-01 Fiscal Year End 2013 Citywide Inventory</b>									
1 a	Segregation of Duties and Inventory System User Rights	Department = Public Works, Division = Bobby Jones Golf Complex	Separate inventory duties or implement compensating controls for duties. Modify access rights in department inventory systems so they are commensurate with job responsibilities.	High	Audit 12-01 Response: Continue to review and implement compensating controls with consideration to staff and system limitations. POS system provider was contacted about modifying access rights, however, with the current version this is not possible but they will consider for future version.		Ongoing	<p>1) a) Currently being done for general merchandise. On occasion, pre-paid special orders are received by the manager in order to get product to customer.</p> <p>b &amp; c) Currently being done</p> <p>2) The EZ Links POS system software does not have the ability to segregate access rights within the "Inventory &amp; Sales Items" module. Assigned staff have either full access or no access. For example, the merchandise custodian must be able to monitor stock levels and sales. That data is found in the "Inventory &amp; Sales Items" module which in turn gives him full access to all inventory aspects (add/edit/delete items).</p> <p>Limited staffing levels, does not provided for complete separation of all duties, so to compensate, staff with access to inventory maintenance have been instructed not to make adjustments outside his/her assigned duties. The Golf Course Manager is the only person adjusting inventory after merchandise is received into the system. A report is generated when such an adjustment is made and the reason why documented. This report is reviewed by the Director.</p> <p>POS system provider was contacted last year about modifying access rights within this module for individual users. It's not possible now, but will be considered for future software updates. To date, no changes have been made</p>	

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
1 b	Segregation of Duties and Inventory System User Rights	Department = Public Works	= <b>Separate inventory duties</b> or implement compensating controls for duties. <b>Review user groups</b> in Cartegraph and explore the possibility of reducing the number of users with the capability to modify/ delete records.	<b>High</b>	Audit 12-01 Response: Continue to review and implement compensating controls with consideration to staff and system limitations. Staff is currently reviewing the potential of outsourcing the fleet stock room function. Staff has reviewed user group assignments and IT has been contacted to adjust Cartegraph permissions to comply.		5/31/2014	Currently negotiating an Agreement for Parts Room Intergrated Management to handle all inventory responsibility. Agreement approved by City Commission on 02/18/14. Estimate 90 day implementation.	
1 c	Segregation of Duties and Inventory System User Rights	Department = Public Utilities, Division = Utility Stores	= <b>Separate inventory duties</b> or implement compensating controls for duties. <b>Review user groups</b> in Cartegraph and explore the possibility of reducing the number of users with the capability to modify/ delete records.	<b>High</b>	Audit 12-01 Response: 1. Accounting Specialist will process invoice after goods are received by the Supervisor of Utility Stores. 2. Supervisor of Utility Stores would modify inventory system but only with an Inventory Adjustment Form which is signed by Department Finance & Administration Manager or Director. Cycle counts will also be instituted. 3.The Department Finance & Administration Manager is now responsible for the reconciliation of inventory counts to the inventory system/general ledger.		Ongoing	A. Currently individual who orders materials only checks in materials , invoice processing is handled by Accounting Specialist.  B. All adjustments to inventory are performed by Public Works Finance & Administration Manager.  C. Once Supervisor of Utility Stores is hired additional segregation of duties will be put in place to address this issue.  2. Work with IT Department to ensure segregation of duties. Management will advertise current vacant position of Utility Stores Supervisor. Once individual is in place additional segregation of duties will be enacted. This process will take approximately 180 days to hire and train and ensure all groundwork is set to enact the new procedures.	

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
1 d	Segregation of Duties and Inventory System User Rights	Department = Sarasota Police Department	Separate inventory duties or implement compensating controls for duties. Modify access rights in department inventory systems so they are commensurate with job responsibilities.	High	Audit 12-01 Response: Concur - Have reassigned staff to receive stock and are in the process of modifying access for the Custodian to diable access to the inventory system.		Ongoing	<p>1 SPD will review the existing structure to ensure segregation of duties are maintained. If Quartermaster has to receive inventory due to staffing:</p> <ul style="list-style-type: none"> <li>a. the order form is sent to A/P</li> <li>b. Signed packing slip is sent to A/P</li> <li>c. Invoice is sent directly from vendor to A/P clerk</li> </ul> <p>2 Staff (other than the custodian) will receive orders, invoices will be processed for payment by the Fiscal Office</p> <p>3 SPD is negotiating a contract to allow on-demand procurement of most items currently carried in inventory. This will result in a greatly reduced inventory.</p> <ul style="list-style-type: none"> <li>a. Galls ordering process should be fully implemented by 4/30/14</li> </ul> <p>4 Modifications to inventory quantities will continue to be made by Fiscal Office staff. SPD will consult with the software provider to determine if system rights can be set to limit access to certain users. If not other compensating controls will be established</p>	
1 e	Segregation of Duties and Inventory System User Rights	Department = Van Wezel	Separate inventory duties or implement compensating controls for duties. Modify access rights in department inventory systems so they are commensurate with job responsibilities.	High	Audit 12-01 Response: Concur - Agree with the statement and are in the process of looking within the department to see who can take on these tasks.		Ongoing	<p>We have a small staff but have spread the responsibilities around to the best of our ability, given our resources.</p> <p>Tony Becich is the person who modifies the inventory system.</p> <p>Volunteers sells the merchandise. during the shows.</p> <p>Pam Wieczorek or Dave Colston will check in the merchandise.</p> <p>2 of the following people wil take the inventory counts: Pam, Dave or Maria Ruiz.</p>	

**"Open" Audit Items as of 1/31/2014**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2012 Ext - 2012 FY 2012 Management Letter</b>									
3	Underbilling in COPS Grant	Department = Sarasota Police Department	Recommend all departments review grants to ensure that rates for calculating reimbursements are current.	High	Concur - to further strengthen internal controls for grant reporting and reimbursements, the Financial Administration Department will distribute benefit rates to departments annually, prior to the beginning of the fiscal year to insure that current benefit rates are used.		Ongoing	Internal Audit did not receive a written response.	Per discussion with the Director of Financial Administration and staff, Financial Administration Department distributes benefit rates to all departments annually, prior to the beginning of the fiscal year, to ensure the current rates are used.

**EXHIBIT C- “OPEN PENDING RE-AUDIT” ITEMS: CITY MANAGER**

**"Open Pending Re-Audit" Items as of 1/31/2014**

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2009 09-09 2009 COOP Drill Observation</b>									
2	Remote Connectivity	Department = Public Utilities	City IT staff should work with the County to resolve connectivity issues and fully test remote connectivity. It is also recommended that IT work with Public Works to test remote connection to the County periodically during the year (especially during hurricane season) to ensure it remains functional.	High	Concur. The IT Department will resolve connectivity issues and fully test the connection periodically. (IT control owner) <b>10/21/09 Management Update:</b> The EM software is only available during actual incidents. Access to the test environment should have been granted by the County at this time. The County and City utilize two different and incompatible software applications for VPN (remote access) connectivity. This has impacted testing. Various configurations for access via a wireless solution are still being tested.	9/1/2009 6/30/2011	10/1/2014	<b>Internal Audit did not receive a written response.</b>	From discussions with the City Manager and the Chief of Police, in the process of hiring an Emergency Manager who will be responsible for the overall administration, directing and coordination of the Emergency Management process activities.
3	Re-testing Prior Year Drill Issues	Department = Public Utilities	Re-test known deficiencies from previous drills to ensure they are fully resolved, preferably as soon as possible after drill exercise day.	High	Concur. The Duty Managers laptop has been periodically updated and presently serves as a good tool for managing incidents. After last year's drill, Public Works identified some issues resulting from not having access to the Emergency Operations work order software. Since then, the Public Works department has successfully accessed and received training on the use of this software, thus enabling Public Works to have uncorrupted information transmitted to the field crews for mitigation. Additionally, Public Works will work with IT on certain connectivity issues related to the use of air-cards. <b>10/21/09 Management Update:</b> PW is continuing to work with IT on connectivity issues related to the use of air cards. An IT service request was issued at the end of July, 2009 to address this issue. Currently Public Works has in place other forms of communication to relay information to field crews such as hand held radios, vehicle radios and cellular and satellite phones.	9/1/2009 6/30/2011	10/1/2014	<b>Internal Audit did not receive a written response.</b>	From discussions with the City Manager and the Chief of Police, in the process of hiring an Emergency Manager who will be responsible for the overall administration, directing and coordination of the Emergency Management process activities.

## "Open Pending Re-Audit" Items as of 1/31/2014

EXHIBIT C

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
2011 11-12 Summer Youth Programs									
1	Revamp Summer Youth Contracts Action Plan	Department = Neighborhood Development Services/Public Works	<p>Modify the Sub-recipient Agreements so that the City is responsible for payroll administration and recruitment and the sub-recipient provides day-to-day operational services only.</p> <p>See Exhibit B for a detailed proposal. This recommendation does not preclude the organization from involvement with other funding entities, but rather prescribes a more amenable contract structure related to City funds.</p>	High	Concur. Staff accepts the recommendation of the auditor with some modifications. Staff recommends that the City take full responsibility for managing the entire program. Staff will take to the City Commission for their review and approval a proposal to administer the payroll, recruitment and administration of the program. Selection of the young people who meet eligibility requirements would be made by the city, but would be based on some combination of first come - first served or, possibly, a subjective process to reward high performing youth.	12/31/2011	Ongoing	<p>The City runs a summer youth program each year at the Robert Taylor Center. Approximately 10 young people participate.</p> <p>Robert L Taylor hires the young people and supervises their daily activities. OHCD determines the eligibility of the participants and draws the funds from the federal government. Payroll sets them up in the system. HR sets up the system for the applications.</p>	
2	Payments Action Plan	Department = Neighborhood Development Services/Public Works	<p>Remit payment to sub-recipient organizations only after all appropriate supporting documentation has been provided to substantiate purchases.</p> <p>In the event appropriate documentation is not received, payment should be withheld until such documentation is obtained.</p>	High	Concur. By accepting recommendation #1 as modified above, there will be no future payments to the subrecipients. However, if recommendation #1 is not pursued, staff concurs with the audit recommendation.	12/31/2011	Ongoing	<b>Internal Audit did not receive a written response.</b>	Per discussion with Neighborhood Development Services Director, the City is not currently participating in any agreements with sub-recipients that provide any job programs for youth.

**"Open Pending Re-Audit" Items as of 1/31/2014**

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	2014 Management Update	Internal Audit Comments
<b>2013 14-01 Citywide Inventory</b>									
2	Inventory Software	Department = Sarasota Police Department	Implement the inventory software by: <ul style="list-style-type: none"> <li>• posting stock purchases and issues,</li> <li>• utilizing an acceptable costing system (LIFO),</li> <li>• assigning locations for stock items,</li> <li>• set reorder levels</li> <li>• identify slow-moving or obsolete stock</li> <li>• utilize reporting system for inventory worksheets</li> </ul>	Medium	1 SPD will review inventory and identify any items that could be declared obsolete or surplus. Because of the nature of these items that may need to be destroyed rather than sold as surplus. 2 Remaining stock will be modified to reflect an accurate location (aisle and bin number) and description 3 Items will re-inventoried to provide an accurate starting point for future entries 4 Crib Master will be training the Quartermaster on how to use the software. 5 After training the software will be used to track purchases and issues. 6 SPD is negotiating an agreement with Galls (First Responder supplier) to order most of the items currently carried in inventory. This will result in a significantly reduced number of items held in SPD's inventory. 7 Adjustments to inventory will be made by the SPD Fiscal Office, as well as invoice processing. 8 SPD will continue to provide segregation of duties by having employees other than the Quartermaster receive inventory items. a. See # 1, above for detailed plan	1/30/2015			This was a new finding, therefore no update was required.

**EXHIBIT D- “OPEN” AUDIT ITEMS: CITY AUDITOR AND CLERK**

**"Open" Audit Items  
as of 1/31/2014**

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
<b>2009 09-02 Citywide Risk Assessment</b>									
3	City Auditor and Clerk- IT Event Logging/ Monitoring Issue	Department = City Auditor and Clerk; Division = Information Technology	Due to the critical nature of information security, Internal Audit recommends management prioritize establishing proper identification of events to be logged, and assure adequate resources (software and personnel) are available to perform timely log reviews for each system so that follow-up action is taken promptly on suspicious activity. Due to the constantly changing nature of threats to information security, ongoing security training and certification for IT personnel is critical.	High	Concur. Currently, the IT Department is in a transitional phase and, before the department can adequately focus on logging and monitoring, staff needs to address several other issues and vulnerabilities. There is a long-term plan to enhance security over information technology resources, which will include further training and log review. IT staff will work with department staff to identify critical events to monitor through activity and error logs. <b>4/29/12 Update:</b> The IT Department is working to restore the health of its systems and infrastructure. Once that is accomplished, further enhancements to security oversight will be implemented.	12/31/2012	12/31/2014	Concur. The IT Dept is working to centralize system (not application level) monitoring, which will enable a much higher level of visibility and responsiveness. We expect this to be completed and tuned by the end of this year.	The revised management action date has not yet occurred.
<b>2009 09-08 IT General Controls</b>									
2	2a, b, c - AI 1 Identify automated solutions- (also includes AI 2-5, 7; PO 10)	Department = City Auditor and Clerk; Division = Information Technology	For the City to achieve the benefits of proper project management (resource planning, standardization of hardware and software, reduced maintenance issues and version conflicts), management should consider:  a) Adopting full project management framework for large projects  b) Formalize and communicate the project management framework all affected departments, and  c) Involve IT during the needs assessment phase	Medium	Concur. Strategies to implement a more comprehensive approach to project management will be considered so that IT is involved in major projects that affect the City's IT infrastructure. Early input and guidance from IT staff will ensure that the City's technological needs can be supported in a standardized manner. <b>4/19/12 Update:</b> Once hired, the new IT Director will be tasked with implementing this recommendation.	12/31/2012	12/31/2014	Concur. Strategies to implement a more comprehensive approach to project management will be considered and developed. Complete buy-in across the city will be critical to this process.	The revised management action date has not yet occurred.
3	3- DS 4 Ensure Continuous Service	Department = City Auditor and Clerk; Division = Information Technology	To reduce the probability and impact of a major IT service interruption on key business functions, develop, maintain and test an IT-specific continuity plan. To ensure that IT employees are adequately prepared for their roles, provide periodic continuity plan training.	High	Concur. IT will work to develop and test an IT-specific Continuity of Operations Plan. Staff members will be educated of their roles responsibilities so that they will be prepared to support the City in the event the COOP is activated.	12/31/2012	6/30/2014	Concur. This does not currently exist in any formalized document. As IT has begun to work on a viable COOP, the lack of a definitive plan has become evident. The IT Department has many process and procedures in place for redundancy and continuity, but the plan needs to be detailed and formalized.	The revised management action date has not yet occurred.

**"Open" Audit Items  
as of 1/31/2014**

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
5	5a,b,c- ME 4 Provide IT Governance	Department = City Auditor and Clerk; Division = Information Technology	In order for an information technology strategic plan to ensure that the City's IT investment is appropriately aligned with key city objectives it must:  a) Be based on the input and support of all key affected parties (ie. Charter Officials, Department Directors, etc) and organizational units;  b) Be reviewed and revised on a frequent basis (such as annually) based on the input of an Information Technology Steering Committee comprised of key decision-makers; and  c) Be supported by an approved, detailed, and up-to-date tactical plan outlining the resource needs, prioritization and scheduling of projects.	High	Concur. The creation of an IT Strategic Plan with an accompanying Tactical Plan is critical to aligning technology needs with the City's strategic initiatives. The plan will be based on input from key decision-makers. <b>4/19/12 Update:</b> Once hired, the new IT Director will be tasked with implementing this recommendation.	12/31/2012	10/1/2014	Concur. The Information Technology Strategic Plan that includes tactical objectives was created based on input from all Charter Officials and Department Directors. It was approved on October 1, 2013 and disseminated internally and externally (via the public web site). The Strategic Plan for 2014 will include a separate Tactical Plan.	
<b>2012 Ext - 2012 FY 2012 Management Letter</b>									
1	IT Security Concerns	Department = City Auditor & Clerk, Division - Information Technology	Internal Control weaknesses provide vulnerabilities over the integrity, availability and confidentiality of critical systems, data and processes that existed during the audit period (FY 2011/12)	High	Concur - IT division has undergone two reviews by different outside consultants, each of whom have identified issues and provided recommendations. The IT division has made significant improvements and continues to enhance system security, user education and awareness, staff knowledge, service response times and data integrity and availability.		On-going	Concur. The IT department has undergone two reviews by outside consultants and many improvements have been made based on those recommendations. As well, security is a consideration with every internal project. Security is an on-going and constantly changing concern. It is constantly monitored and improved. A re-evaluation by a different external firm is scheduled in the next couple of months.	The external firm is currently engaged in reviewing the Information Technology department for vulnerabilities.

**EXHIBIT E- “OPEN PENDING RE-AUDIT” ITEMS: CITY AUDITOR  
AND CLERK**

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
<b>2009 09-02 Citywide Risk Assessment</b>									
1	City Auditor and Clerk- Internal Control Framework Issue	Department = City Auditor and Clerk	To assist employees in achieving the City's objectives and to ensure the existence of basic and consistent business controls throughout the City, management formally adopt an enterprise risk management framework (such as COSO (the Committee of Sponsoring Organizations of the Treadway Commission)),and provide both reference materials and training on specific methods to be used by departmental management and staff responsible for designing, monitoring and reporting on the effectiveness of internal controls.	High	Concur. <b>4/19/12 Update:</b> The City Auditor and Clerk agrees with the City Manager's most recent response that Financial Administration will be responsible for spearheading this effort in the near future and supports the action.	12/31/2012	On-going	Concur. Although no formal framework has been adopted by the overall City, practices of the Office of the City Auditor and Clerk regularly include a discussion of internal controls. To facilitate awareness of the importance of internal controls in our department, discussions concerning departmental activities and tasks often include a discussion about the associated controls and responsibility for oversight. On a quarterly basis, departmental staff meetings are held that now incorporate training for employees to make them aware of the need for controls within our business practices (ie, access controls and physical controls over computer equipment, etc). On an annual basis, all employees in our office work with supervisors to be a part of the Annual Risk Assessment process where they review current processes and controls, the design of those controls, and whether or not the controls are effective in relation to the process.	

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
4	City Auditor and Clerk- Compliance Issue	Department = City Auditor and Clerk	Internal Audit believes that the City administration would benefit greatly from establishing a compliance committee to include representatives from all departments under the City Manager and City Auditor and Clerk to document compliance requirements by department as well as track their accomplishments. Management should consider inviting a representative from the City Attorney's Office to help ensure that legal requirements are brought to the committee as well as given proper review by members. Centralized tracking and discussion of requirements would help ensure that institutional knowledge is not lost due to staffing changes and is also shared across departments. This type of committee requires significant work to initially implement, but should save both time and resources in the long-run.	Medium	Concur. While the City Auditor and Clerk's Office faces similar resource shortages as those of the City Manager, the repercussions of not proactively addressing compliance issues cannot be ignored. In light of the recent compliance incidents that required extensive use of resources to investigate, the City Auditor and Clerk believes that a multidisciplinary city-wide committee is essential to sharing compliance knowledge across departments, as well as keeping the City Commission apprised on management's efforts in complying with laws and regulations. 4/29/12 Update: The City Auditor and Clerk agrees with the City Manager's most recent response that, in lieu of creating a separate committee, compliance issues will be discussed at meetings with department directors.	12/31/2012	On-going	Concur. We believe we are currently in accordance with the spirit of the recommendation and have put this recommendation into practice. Since employees of the Office of the City Auditor and Clerk do not regularly attend meetings of the City Manager and Directors, employees within CAC often discuss compliance and regulatory issues both at general and quarterly CAC staff meetings and meetings of CAC senior managers. As the department becomes of aware of compliance issues that may affect individuals outside of our department, information is shared (sometimes by offering large training sessions) with City departments, elected officials, Advisory Board members, and the general public so that they are aware of any requirements (ie, Sunshine Law, public records law, etc).	

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
<b>2002 Ext- 2002 FY 2002 Management Letter</b>									
3	3a IT Steering Committee	Department = City Auditor and Clerk; Division = Information Technology	Establish IT steering committee	High	Concur. We believe the Information Technology Steering Committee can be most effective if it is composed of a small number of internal & external members, such as Information Technology executives in local government and other industries, other entities with which we engage in information sharing and dissemination, and other strategic partners in our electronic government initiative. We are extremely thankful to the Sarasota Memorial Hospital CIO who has already agreed to serve on the committee.	12/31/2008	2/28/2014	The IT Strategic Plan was formed with the input of all departments so that a strategic partnership was formed. As of last week, we have re-started the departmental liaison meetings and they will occur monthly. This will enable information sharing and business-level direction. Starting next month, a GIS steering committee will also be meeting to facilitate further strategic partnerships.	The revised management action date has not yet occurred.
<b>2008 IN 08-02 Internal Investigation of Alleged Fraud Involving IT</b>									
3	Inventory	Department = City Auditor and Clerk; Division = Information Technology	Strengthen inventory practices in IT, segregate duties and account for all items even small or obsolete ones.	Medium	Concur. IT will work with relevant parties to review existing processes in place and implement changes which more appropriately protect taxpayer investments in information technology assets.			Open Pending Re-audit	