



Office of the City Auditor and Clerk

Remedial Action Update

Audit Item Status as of September 30, 2010

Audit Project # 11-03A

Detailed Report

Prepared by:

Heather Riti, MPA, CIA, CGAP
Senior Internal Auditor

Reviewed and Approved by:

Pamela M. Nadalini
City Auditor and Clerk

Final Report Issued October 4, 2010

BACKGROUND AND INTRODUCTION

Internal Audit is committed to providing semi-annual reports¹ to Charter Officials and the City Commission which identify outstanding open audit observations and management's associated responses. 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 year² 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 SCOPE

Internal Audit followed up on the status of open audit observations through employee inquiries, observation and review of documents provided by management as of September 30, 2010.

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.

AUDIT STANDARDS

The Internal Audit Department will have a peer review within the next three years by the Institute of Internal Auditors (IIA). While the Internal Audit Department strives to follow the guidance included in the IIA's International Professional Practices Framework, the *Standards* do not allow the department to note that the department is in accordance with IIA *Standards* until the peer review indicates such compliance.

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 March 31, 2010 and September 30, 2010. The database currently includes all internal audit observations for years 2005-2010 and external audit management letter findings for years 1999-2009 to allow for proper tracking and monitoring.

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

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

2. Charter Officials were provided a detailed listing of all outstanding recommendations within their respective areas and were requested to provide written updates on the current status of progress towards addressing each recommendation.
3. Upon receipt of management's written 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](#).

OPEN AUDIT OBSERVATIONS BY CHARTER OFFICIAL

The table below outlines 96 report recommendations from 17 prior audits (89 recommendations from audits prior to 3/31/10 and 7 new recommendations since 3/31/10).

The results of our review indicate:

- Management has implemented 64 of the 96 recommendations (67%);
- 23 items are open (1 of which is partially implemented) (24%); and
- 9 items are open pending re-audit (9%).

Since the time of the last remedial actions update issued to the City Commission in March 2010, management has taken action to close 23 audit items.

Of the 23 open audit items that require management action:

- 4 have original management action dates that occur after 9/30/10;
- 15 have original action dates that are considered past-due as of 9/30/10; and
- 4 did not have original action dates as they were originally "do not concur" items.

For a detailed listing of prior audit recommendations and management responses that remain open, please refer to [Exhibit B](#). [Exhibit C](#) contains audit items that are considered open pending re-audit confirmation that action has been taken to address outstanding risks.

NOTEWORTHY ACCOMPLISHMENTS

Internal Audit wishes to acknowledge the efforts taken by Bobby Jones Golf Club and the Information Technology Department, which led to the successful resolution of all audit items from Audit #09-04: Follow-up to BJGC Comprehensive Audit & Theft Investigation.

Remaining items from Audit #08-01: Lessee Insurance Compliance were also addressed, for which Internal Audit wishes to acknowledge the Purchasing Division for their efforts.

These audits are highlighted in green on the following page.

A summary of the progress in implementing recommendations by Charter Official is as follows:

City Manager

<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 on March 31, 2010 status report (and current status):</i>							
Information Technology/ City Manager	December 2002	FY 2002 Management Letter- External Auditors	5	4	1 (partially implemented)	0	0
Financial Administration: Purchasing	March 2008	08-01: Lessee Insurance Compliance	7	7	0	0	0
Information Technology/ City Manager	April 2008	IN 08-02: Internal Investigation of Alleged Fraud Involving IT	5	3	1	1	0
Van Wezel Performing Arts Hall	November 2008	08-09: Van Wezel Performing Arts Hall Sponsorships Follow-up	9	8	1	0	0
City Manager/Information Technology	February 2009	FY 2008 Management Letter- External Auditors	2	1	0	1	0
Bobby Jones Golf Club/Information Technology	June 2009	09-04: Follow-up to BJGC Comprehensive Audit & Theft Investigation	9	9	0	0	0
Information Technology	July 2009	09-08: IT General Controls	5	2	0	3	0
City Manager	July 2009	09-02: Citywide Risk Assessment	4	0	0	4	0
City Manager/Public Works	August 2009	09-09: Public Works COOP Drill Observation	3	0	2	1	0
Sports Facilities: Ed Smith Stadium	September 2009	09-11: Ed Smith Stadium 2009 AAU Tournament Follow-up	8	7	0	1	0
Neighborhood and Development Services	October 2009	09-12: Local Business Tax Receipts Internal Controls Review	10	9	0	1	0
Neighborhood and Development Services (Now at Sarasota Police Department)	October 2009	09-10: Parking Internal Controls Review	13	7	0	6	0
Public Works/Sarasota Police Department	January 2010	10-01: Fiscal 2009 Physical Inventory Observation	3	2	0	1	0
Risk Management	February 2010	EX 10-01: Risk Management Liability Claims Administration	3	0	0	3	0
Van Wezel Performing Arts Hall/ Public Works/ Information Technology	February 2010	FY 2009 Management Letter-External Auditors	3	1	1	1	0
<i>Reports added since previous status report:</i>							
Financial Administration	April 2010	10-07: FMS Administration	3	3	0	0	0
Sarasota Police Department	June 2010	EX 10-03: Property and Evidence	4	1	3	0	0
TOTAL RECOMMENDATIONS			96	64	9	23	0

Notes:

- *Column headings in the above table refer to the status of audit items as follows: C= Closed; OPR= Open Pending Re-audit; O= Open; D= Do not Concur (this item will be elevated to the Charter Officials). See Exhibit A for definitions of audit statuses.*

City Attorney

The City Attorney's Office does not have any open items as of September 30, 2010.

City Auditor and Clerk

<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 on March 31, 2010 status report (and current status):</i>							
City Auditor and Clerk*	July 2009	09-02: Citywide Risk Assessment	2	0	0	2	0
TOTAL RECOMMENDATIONS			2	0	0	2	0

**Recommendations from this audit rely on the joint action of the City Auditor and Clerk and the City Manager. Until action is taken by the City Manager, the City Auditor and Clerk's items remain open.*

OPEN AUDIT ITEMS DUE TO COMPETING PRIORITIES OR RESOURCE SHORTAGES

Management's update on the status of open audit items indicated that audit recommendations in the table below could not be implemented due to competing priorities or insufficient resources. These items are reported to highlight what management has indicated; Internal Audit does not necessary feel that additional resources are needed to implement recommendations.

<i>Audit #</i>	<i>Audit Name</i>	<i>Item #</i>	<i>Audit Summary Recommendation</i>	<i>Resource Needed per Management</i>	<i>Resource to be Requested?</i>
Ext 2008	FY 2008 Management Letter- External Auditors	2	Centralize user access controls and monitor controls over user access.	A new full-time Information Security Manager position.	Requested as part of 2011-2012 budget, but denied.
09-02	Citywide Risk Assessment	3	Enable critical security item logging and perform periodic monitoring.	A new full-time Information Security Manager position.	Requested as part of 2011-2012 budget, but denied.
Ext 2009	FY 2009 Management Letter- External Auditors	3	Centralize user access controls and monitor controls over user access.	A new full-time Information Security Manager position.	Requested as part of 2011-2012 budget, but denied.

Exhibit A

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
as of 9/30/10**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2008 Ext- 2008 FY 2008 Management Letter									
2	Information Technology- User Access Controls Action Plan	Department = City Manager	In some cases, user access controls to computerized applications, i.e., the billing and financial accounting applications, have been decentralized and are under the control of the user department. Best practices would centralize user access controls in the Information Technology Department. User access profiles can be designed by the user departments, but the initiation, termination and management of access should ideally be centralized. Similar to the preceding observation, monitoring controls over user access to computerized applications are also decentralized. We recommend that the City review their policies and procedures in this area.	High	We concur with the findings and recommendation. User access for all major software applications will transition from the user departments to the Information Technology Department (IT). The IT Department will become responsible for assigning, terminating and monitoring access to all software applications at the City. User access profiles will be designed by the departments for their software applications. The IT staff will then be trained on user security access for each software application and will assume the role of controlling and monitoring user access.	5/1/2010	12/1/2011	9/15/10 Management Update: Please change Revised Expected Action Date to 12/01/11 to reflect the needed time for the Commission to decide on the creation of a new position during Budget Workshops/Approvals and for the resulting hiring processes to take place, and, ultimately, for the recommendation to be satisfied.	No progress noted for this item at this time. Internal Audit believes that action can be taken to address this item in the absence of a full-time Information Security Manager; Internal Audit is not recommending the creation of a new position to satisfy audit observations. If management feels that resources are not available to implement centralized user access for the entire City, at a minimum, action should be taken to accomplish this for key applications. It is important to note that this item appeared in the External Auditor's Management Letter in both 2008 and 2009.
2008 IN 08-02 Internal Investigation of Alleged Fraud Involving IT									
4	SCRAP System	Department = City Manager	Finance and Accounting periodically follow up on open SCRAP requests.	Routine	Concur. The SCRAP system involves multiple departments including the requesting department, the receiving department, General Services and Finance. A team review of the system will be scheduled.	6/14/2008	6/30/2009		Auditor reviewed reports of items entered into the SCRAP system from 10/1/09 to 3/31/10 and noted several outstanding items from this 5-month period where approvals/disapprovals had not been entered into the system. It appears that the system is not being utilized to prevent loss or control the disposition of items, as equipment is being transferred without evidence of approvals in the system. Due to lack of controls over this system and overall process, this is quickly becoming a high priority item. Item status changed from "open pending re-audit" to "open".

**"Open" Audit Items
as of 9/30/10**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2009 09-02 Citywide Risk Assessment									
1	CAC Action Plan- Internal Control Framework Issue	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.	High	CAC Response: Concur. Action to be determined. Completion date to be determined.			9/27/10 CAC Update: The City Auditor and Clerk will work with the two other Charter Officials to develop a consistent process for the respective areas.	No progress noted for this item at this time.
1	City Manager Action Plan- Internal Control Framework Issue	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.	High	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. Do not concur. This would require a new strategic organizational direction to centralize that would include, at a minimum, one staff person at an additional budget cost which is impractical in this environment.		3/1/2011	3/31/10 Management Update: Management will assume responsibility for performing the annual risk assessment City wide and provide auditors with evidence of the annual update as well as provide to Commission by March 2011.	No progress noted for this item at this time. Internal Audit is in the process of facilitating the Risk Assessment for 2010.
2	City Manager Action Plan- Overlooked Business Processes/ Functional Areas Issue	Department = City Manager	In order to ensure that all risks have been sufficiently reviewed, Internal Audit recommends that the City Manager encourage the respective Department Directors to review these areas and consider updating their risk matrices to incorporate risks and controls for the areas listed on page 7 of this report.	High	City Manager Response: 12/4/09: Management changed response to "Concur". Areas excluded will be included in this year's update to the risk assessment. Do not concur. Those areas have been reviewed by departments responsible for management oversight of those functions. Portions of those areas have already been audited by internal audit.		3/1/2011	3/31/10 Management Update: Management will assume responsibility for performing the annual risk assessment City wide and provide auditors with evidence of the annual update as well as provide to Commission by March 2011.	No progress noted for this item at this time. Internal Audit is in the process of facilitating the Risk Assessment for 2010.

**"Open" Audit Items
as of 9/30/10**

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
3	City Manager Action Plan- IT Event Logging/ Monitoring Issue	Department = City Manager	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	<p>City Manager Response: 12/4/09: Management changed response to "Concur". Management will review this as part of the 2010-2011 budget process to see about adding a Security Officer and log review tool. Departments will determine which events to log and will review activity quarterly.</p> <p>Do not concur. Items to be logged are the responsibility of the process owner and they are reviewed in accordance with records requirements, regulatory requirements, laws and ordinances.</p>		12/1/2011	4/21/10 Management Update: Please change Revised Expected Action Date to 12/01/11 to reflect the needed time for the Commission to decide on the creation of a new position during Budget Workshops/Approvals and for the resulting hiring processes to take place, and, ultimately, for the recommendation to be satisfied.	No progress noted for this item at this time. Internal Audit is not recommending the creation of a new position to satisfy audit observations.
4	CAC Action Plan- Compliance Issue	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>CAC Response: 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 of management's efforts in complying with laws and regulations. It is believed that a full-time compliance officer would not be required to accomplish this.</p> <p>Completion date to be determined.</p>			9/27/10 CAC Update: The City Auditor and Clerk will discuss the concept of a Compliance Committee with the other two charter officials to determine the level of interest and resource availability.	No progress noted for this item at this time.

**"Open" Audit Items
as of 9/30/10**

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
4	City Manager Action Plan- Compliance Issue	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	City Manager Response: 12/4/09: Management changed response to "Concur". Management will convene a compliance committee and review issues on a quarterly basis. Do not concur. To have an effectively functioning compliance committee would include a compliance officer for regulatory, risk, internal audit issues, emergency management, security issues, etc.		12/1/2011	3/31/10 Management Update: Staff will be creating a compliance committee to initially record all areas of compliance and eventually, to track and review compliance.	No progress noted for this item at this time.
2009 09-08 IT General Controls									
2	2a Action Plan- AI 1 Identify automated solutions-(also includes AI 2-5, 7; PO 10)	Department = 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	Medium	a) Concur. The CM will draft an IT Project Management Policy based on PMI framework. (City Manager is control owner)	10/1/2009	5/16/2010	9/30/10 Management Update: Upon further discussion with the City Manager, management has decided to alter its response. Management will, at the discretion of each Director, manage projects at the scale and depth appropriate to the needs of the project.	Management changed its response to this item just prior to the release of this Remedial Action Item report. Internal Audit will further explore the meaning of this response and determine audit item status in the next report of this type.
2	2b Action Plan- AI 1 Identify automated solutions-(also includes AI 2-5, 7; PO 10)	Department = 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: b) Formalize and communicate the project management framework all affected departments, and	Medium	b) Concur. The CM will draft an IT Project Management Policy based on PMI framework. (City Manager is control owner)	10/1/2009	10/1/2010	See 9/8/10 Management Update under 2a.	See comments under 2a.

**"Open" Audit Items
as of 9/30/10**

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2	2c Action Plan- AI 1 Identify automated solutions-(also includes AI 2-5, 7; PO 10)	Department = 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: c) Involve IT during the needs assessment phase	Medium	c) Concur. The CM will draft an IT Project Management Policy based on PMI framework. (City Manager is control owner)	10/1/2009	5/16/2010	See 9/8/10 Management Update under 2a.	See comments under 2a.
3	3 Action Plan- DS 4 Ensure Continuous Service	Department = 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. An IT-specific COOP will be developed based on COBIT. (IT is control owner)	10/1/2009	12/31/2011	9/30/10 Management Update: Management has contracted with a consultant to develop a needs assessment for a citywide COOP. It is management's intent to expand on the consultant's service after the needs assessment to develop the citywide COOP. Funding for both the needs assessment and COOP development have been encumbered. The IT COOP will be a part of the citywide COOP.	Per discussion with the IT Director, an IT COOP is in the process of development, as are other city departmental plans. Auditor was provided with a preliminary draft of the IT COOP and noted that although some progress has been made, there is still much work to be done before this plan can be considered complete. Item remains open.
5	5a Action Plan- ME 4 Provide IT Governance	Department = 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;	High	a) Concur. The IT strategic plan will be based on the framework established by COBIT. (IT is the control owner)	10/1/2009	10/1/2010	9/30/10 Management Update: The FY 2010/11 IT Strategic plan was developed with the input of all key stakeholders. Every stakeholder with the exception of the City Auditor and Clerk has signed-off on the plan. This includes the City Manager and City Attorney (email conversation, not physical signature since the IT Department does not provide any direct support to the CA's office.)	Internal Audit considers this item open until the document is approved by all key decision-makers. City Auditor and Clerk has indicated that she will provide her approval once her input has been included in the plan (as of 9/30/10, this input has not been included in the document).
5	5b Action Plan- ME 4 Provide IT Governance	Department = 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: 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	High	b) Concur. The strategic plan will be updated annually to be aligned with each fiscal year budget. (IT is the control owner)	10/1/2009	10/31/2011	See 4/21/10 Management Update under 5a.	This item remains open until there is evidence that an approved Strategic Plan exists and that it is regularly updated.

**"Open" Audit Items
as of 9/30/10**

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
5	5c Action Plan- ME 4 Provide IT Governance	Department = 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: c) Be supported by an approved, detailed, and up-to-date tactical plan outlining the resource needs, prioritization and scheduling of projects.	High	c) Concur. A tactical plan will be developed with each years strategic plan. The tactical plan will be a base document for all project plans (recom #2) stemming from the strategic plan. (IT is the control owner)	10/1/2009	10/1/2010	See 4/21/10 Management Update under 5a.	Auditor has been provided with a copy of a finalized Tactical Plan. However, this document should derive from the IT Strategic Plan, which is not yet approved in its finalized version. The item will remain open until auditor can review both documents to ensure they agree and communicate the same objectives.
2009 09-09 2009 COOP Drill Observation									
1	Drill Performance	Department = Public Utilities	Due to the City's geographical risk, Internal Audit recommends developing an action plan to perform a more comprehensive city-wide disaster recovery drill covering key functions. Internal Audit believes that a target goal of performing a comprehensive test within the next three to five years is both achievable and realistic. Senior management should pursue additional resources to support preparing for this effort, such as possible funding from the Department of Homeland Security.	High	Concur. Staff will develop an action plan to perform a more comprehensive city-wide disaster recovery drill covering key functions with a target goal of performing a comprehensive test within the next three to five years (Complete by October 1). Staff will also pursue resource and grant opportunities to support this effort (On-Going).	10/1/2014		3/31/10 Management Update: Management action date has not yet occurred. Timeline still reasonable; Staff looking into grant opportunities for Disaster Recovery Drills.	The original management action date has not yet occurred.
2009 09-10 Parking Controls Review									
1	1b Fund Status Issue Action Plan	Department = Sarasota Police Department, Division = Parking Division	b) Recommend that City parking space assets be categorized and inventoried on a schedule to allow for multi-year analysis and statistical trending.	High	b) Concur. Commitment to continue to collect inventory information for on street within the CRA area and process through existing database.	10/1/2010	1/1/2011	9/15/10 Management Update: Due date is 1/1/2011 and as per Susan Dodd it is in progress.	Management has indicated that this is in progress. There has been some confusion as to whose responsibility it is to perform this inventory (SPD indicated that they do not have the manpower or expertise to perform necessary measurements of parking spots, etc). It is suggested that the City Manager determine whether Engineering/Planning can assist SPD in this effort.

**"Open" Audit Items
as of 9/30/10**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2	Collection Issue Action Plan	Department = Sarasota Police Department, 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	Concur. A recent development in the year-long process of coordinating two collection efforts simultaneously (NRA and Complus) has recently halted due to the inability of one agency (Complus) to transmit restricted data to a second agency (NRA) for continued collection efforts based on privacy agreements associated with the respective agreements held between Complus and the DHSMVs. Staff is working to resolve issue and pursue additional collections options. Please note, per aforementioned action 1a, late fees have been increased \$5 per violation. Auditor comment: Prior semi-annual updates on this item have not disclosed issues in implementing a collection agency.	10/1/2010	1/1/2011	9/15/10 Management Update: Due date is 1/1/2011 Parking Enforcement is in the process of buying a new software.	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.
4	Access Reviews Issue Action Plan	Department = Sarasota Police Department, 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.	3/31/2010	1/1/2011	9/15/10 Management Update: The user access logs are being reviewed quarterly for those who log into ComPlus.	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. SPD is also in the process of implementing a new parking management IT system.
5	Cash Office Issue Action Plan	Department = Sarasota Police Department, 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	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.	6/1/2010	1/1/2011	9/15/10 Management Update: Due date is 10/1/2010 as stated by Capt. Karr - another person from the Records staff will be trained (when we move to the new building).	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.

**"Open" Audit Items
as of 9/30/10**

EXHIBIT B

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
8	Management Oversight Issue Action Plan	Department = Sarasota Police Department, 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	Concur. Once the FMS/ComPlus reconciliation is designed Management will perform monthly review with biannual testing. Management will review statistical reports listed below. Recordkeeping, while adjusted for the recent restructuring, is continually improving with well identified roles and responsibilities. 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.	3/31/2010	1/1/2011	9/15/10 Management Update: Meter print outs are being received by the Parking Enforcement Collections Specialist. Also, the Parking Enforcement Collections Specialist has the responsibility of doing the monthly FMS/ComPlus reconciliation.	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.
9	Statistical Review Issue Action Plan	Department = Sarasota Police Department, Division = Parking Division	Compare actual performance against appropriate parking industry benchmarks monthly. Examples of useful monthly efficiency and effectiveness ratios to be monitored include: 1) Percent of tickets collected by age outstanding; 2) Tickets written per enforcement hour; 3) Collection dollars per collection employee hour; 4) Percentages of appeals upheld and dismissed (voided) as a percentage of total tickets per month; and 5) Percentage of tickets voided by reason code as a percentage of total tickets.	High	Concur. Appropriate benchmarks will be developed and put in place for monthly analysis.	3/31/2010	1/1/2011	3/31/10 Management Update: ComPlus met with SPD Staff in March of 2010 and one of the issues discussed was the development of benchmarks suggested by the City Auditors. A report was prepared and approved by City Auditor Ann Moore on March 30, 2010. The report will be prepared on a quarterly basis using the benchmarks suggested by Auditing.	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.
2009 09-11 Follow up to Ed Smith Stadium AAU Tournaments									
3	3a Purchasing	Department = Sports Facilities, Division = Ed Smith Stadium	To ensure required procurement practices are followed and City disbursements are made in a fair, equitable and responsible manner, update Administrative Regulation No. 024.A007.0195 to reflect the current tiers of City purchasing limits. This Administrative Regulation should be updated on a timely basis for any future changes.	High	Concur. Management agrees with finding. Regulation has been referred to the City Attorney for review.	6/30/2009	3/31/2011	9/15/10 Management Update: Changed expected completion date to March 2011.	No progress noted for this item at this time. This item continues to remain open as management has stated that they are preparing an ordinance, which requires several levels of review and forthcoming public hearings. Internal Audit believes this item may be resolved faster if management updated the Administrative Regulation, as suggested in the original audit recommendation.

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2009 09-12 LBTR Internal Controls Review									
1	LBTR Database Action Plan	Department = Neighborhoods and Development Services	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. Additions or modifications to the application should include: -Acceptance of electronic payments and applications, -Work flow processing (requiring electronic management approval of documents rather than allowing the manager's name to print on the receipt automatically), -Utilization of electronic mail and submission capabilities for electronic processing and record-keeping, -A method to prevent tax receipts from being printed until full payment is received, -Controls over input entry into record fields (validation controls), and -Reports for use in monitoring revenues and user activity in the application.	High	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.	10/1/2011		3/31/10 Management Update: Progress made: Two presentations by Computer System representatives took place in Dec, 2009 and Jan 2010, with a third company scheduled to present in April 2010. NDS Staff visited the City of Cape Coral in Jan 2010 to review their computer system.	The original management action date has not yet occurred.
2010 10-01 Fiscal 2009 Physical Inventory Observation									
1	Sarasota Police Department Action Plan		Ensure the user list only contains current users and access is limited to role. Segregate duties of Quartermaster to stock keeping (remove ability to add/modify prices). Reassign receiving and pricing function to someone other than the Quartermaster. Bring system administration function under IT, document baseline settings and perform quarterly review of access logs to ensure that system security is monitored.	High	Concur. A compensating control will be put in place with respect to the Quartermaster's duties which will be segregated to extent currently feasible another employee or the Support Services Manager will check in and sign when receiving inventory. Dependence on the outside vendor is being addressed. The MIS unit will begin performing a quarterly review of access logs and baseline settings will be documented along with any changes.	6/30/2010	1/1/2011	9/17/10 Management Update: The inventory system has been selected, a Purchase Order has been approved. We have the scanners and we are in very early implementation. The Quartermaster's Inventory System is on the same system as the Asset/City Inventory System. As a result, implementation is much more complex and will not likely be complete until end of the calendar year at earliest. The old system (over 6,000 items in Assets alone) must be cleaned up and reconciled to City number before uploading into the new system. With the move, Fiscal Year-end and related Grant reporting, given the complexity of Asset Inventory, further implementation has been halted until November.	SPD has indicated that the implementation of a new system is currently in process and is not expected to be completed until late 2010.

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2010 EX 10-01 Risk Management									
1	Policies and Procedures Action Plan	Department = Human Resources, Division = Risk Management	Develop policies and procedures for claim administration.	High	Concur. Risk Management has developed a written policy draft and is currently reviewing and making comprehensive enhancements to the draft for claims administration as well as subrogation steps.	6/1/2010	9/1/2010	9/15/10 Management Update: The Risk Management Policy and Procedures were complete in April 2010. This includes a process flow chart.	Documents provided by the department do not currently dictate a formal step-by-step process for claims processing which can be easily understood and interpreted by current and future staff.
2	Electronic Submission Claims Action Plan	Department = Human Resources, Division = Risk Management	Offer the public the opportunity to file claims through City Website electronically. This method should be accompanied by a FAQ page (perhaps in English and Spanish) and on the website explaining the most common types of claims (e.g. slips and falls, potholes, water/sewer damage, etc.) and how they are handled. A properly developed informational intake page may serve to reduce staff time on verbal claims intake, reduce the number of nuisance claims and standardize claim information required as well as provide written evidence in the event of claimant fraud.	Medium	Concur. Risk Management will continue to explore other public entities for best-in-class online liability claims reporting capability. Security/exemption standards are being reviewed to ensure that confidential information is protected pursuant to Federal and State law.	5/1/2010	9/1/2010	9/15/10 Management Update: Internal Incident forms are located in Risk Management, in the Citywide Forms book (in each department) and on our City's Intranet. Once the ePoint system is up and running, the Incident forms will be moved from the City's Intranet to the ePoint Software.	The intent of this recommendation was to make information available to the public, rather than just employees. To resolve this item, management has recently indicated that they are currently in the process of working with the Web Services Coordinator to format and post this information on the City's website so that it is available to the public. Auditor will revisit this item once action has taken place.
3	Automated System Action Plan	Department = Human Resources, Division = Risk Management	Evaluate and acquire a RMIS if financially viable.	High	Concur. If funds can be secured in the FY 2011 budget, Risk will issue an RFP to purchase a web-based system. System implementation will be phased throughout 2010 and 2011. In the interim, Risk is exploring the possibility of temporarily utilizing a Windows-based data management system.	4/15/2010	9/30/2011	9/15/10 Management Update: Enterprise Resource Platform RFP included specs for RMIS module or software package. In the interim, we will be able to use ePoint as a worksheet to track claims and workflow use.	Based on management's update, this item will remain open until an ERP system has been implemented by the City and incorporates management of claims information.

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2010 Ext-2009 FY 2009 Management Letter									
3	2009.2 IT-User Access Controls Action Plan	Department = City Manager	While the City has had some discussions concerning this recommendation, we recommend further discussions involving the Information Technology Department, the Financial Administration Department, and the Internal Auditor to further review the city's policies and procedures in this area.	High	<p>Concur. In order to implement this recommended Best Practice, the Director of Information Technology recommends the funding of a new full time position titled Information Security Manager. This position would focus on information and data security, and would have five key roles:</p> <ul style="list-style-type: none"> *Information Security Governance-establish and maintain framework *Information Risk Management-identify and manage security risks *Information Security Program Development-create and maintain program to implement security strategy *Information Security Program Management-oversee and direct information security activities *Incident Management & Response-plan, develop, and manage capability to detect and mitigate security incidents. <p>The funding of this position will be considered with other requests during the budget process for the 2010-2011 fiscal year.</p> <ul style="list-style-type: none"> *Incident Management and Response-plan, develop, and manage capability to detect and mitigate security incidents. 	9/30/2010	12/1/2011	9/15/10 Management Update: Please change Revised Expected Action Date to 12/01/11 to reflect the needed time for the Commission to decide on the creation of a new position during Budget Workshops/Approvals and for the resulting hiring processes to take place, and, ultimately, for the recommendation to be satisfied.	<p>No progress noted for this item at this time. Internal Audit believes that action can be taken to address this item in the absence of a full-time Information Security Manager; Internal Audit is not recommending the creation of a new position to satisfy audit observations.</p> <p>If management feels that resources are not available to implement centralized user access for the entire City, at a minimum, action should be taken to accomplish this for key applications.</p> <p>It is important to note that this item appeared in the External Auditor's Management Letter in both 2008 and 2009.</p>

Exhibit C

**"Open Pending Re-Audit" Audit Items
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EXHIBIT C

#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2002 Ext- 2002 FY 2002 Management Letter									
3	3a IT Steering Committee	Department = 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	5/15/2010	4/21/10 Management Update: Please revise Management Response to read "An I.T. Steering Committee will be formed by May 15, 2010."	The first meeting of the committee has recently taken place; auditor will follow-up at a later date to ensure committee remains in effect.
2008 08-09 Van Wezel Sponsorships Follow up									
4	Sponsorship Valuation	Department = Van Wezel Performing Arts Hall	A dollar value of all in-kind items/benefits received from and given to sponsors be documented in sponsorship agreements and the values be sent to Finance/Accounting Departments for inclusion in financial statements. Sponsors are responsible for providing the values of in-kind items/benefits offered to the Van Wezel. An example of a valuation form for in-kind contributions is included in (Exhibit E).	High	12/4/09: Management changed response to "Concur". Finance Director indicated that this is in the Sponsorship Policy and that VWPAAH should include in-kind values and exchange of benefits on the sponsorship template. Do not concur. Sponsorships cannot be valued on a consistent basis because of their differing nature. Ultimately, the value of the sponsorship is what the donor is willing to contribute. Sponsorship agreements will be used, however values will only be used when they can be reasonably determined.		5/3/2010	4/30/10 Meeting Update: Per City Manager and Deputy City Manager, Van Wezel will include a valuation for items given to sponsors beginning May 3, 2010. Completed agreements should be available for auditor to review mid-August.	This item has been partially addressed. Auditor to revisit with department.
2008 IN 08-02 Internal Investigation of Alleged Fraud Involving IT									
3	Inventory	Department = 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.	6/14/2008	6/30/2009		Good progress has been made on this item as a new process has been implemented. Auditor to revisit at a later date when a sufficient sample is available for testing.

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2009 09-09 2009 COOP Drill Observation									
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)	9/1/2009	12/31/2009	10/21/09 Management Update: 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.	Auditor to test as part of COOP audit in April 2011.
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.	9/1/2009	12/1/2009	10/21/09 Management Update: 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.	Auditor to test as part of COOP audit in April 2011.
2010 EX 10-03 SPD Property and Evidence									
1	Action Plan- Chain of Custody	Department = Sarasota Police Department	Chain of custody information should be enhanced to comply with Accreditation Standard 35.02M and General Order 731.72.5 to maintain a more thorough and accurate history of the transfer of evidence.	High	Concur. 731.72.5 Is used by Criminalistics for Evidence Processing Procedures, this procedure is followed by Criminalistics. Property and Evidence follow the procedure listed in 731.71.2 & 731.71.3 under Temporary Release of Property. All transfers will be documented on stored video.	6/1/2010			Department has indicated this is ready for review. Auditor to revisit at a later date when a sufficient sample is available for testing.

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#	Subject	Categories	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Most Recent Management Update	Internal Audit Comments
2	Action Plan- Biometric Access Monitoring	Department = Sarasota Police Department	Develop a process for monitoring biometric access entry logs to ensure appropriate security is in place, especially over high-security areas within SPD. User access rights should be reviewed for all users periodically to ensure that access is in line with each user's job needs.	High	Concur. Biometric access entry logs are being printed on a weekly basis and forwarded to the Property and Evidence Manager for review. Biometric access to Property and Evidence will only be granted with the approval of the Commander of the Criminal investigations Division. Video recordings are available to document any biometric access denials.	6/1/2010			Department has indicated this is ready for review. Auditor to revisit at a later date when a sufficient sample is available for testing.
4	Action Plan- Converting Items to Department Use	Department = Sarasota Police Department	To ensure appropriate disposition and use of items, document all instances in which an item is converted to department use as prescribed in General Order 731.86.9.	Medium	Concur. All instances where items are converted to Department use will be documented and comply with General Order 731.86.9. All transfers will require written permission from the Chief of Police, original approvals will be maintained in Property and Evidence files.	6/1/2010			Department has indicated this is ready for review. Auditor to revisit at a later date when a sufficient sample is available for testing.
2010 Ext-2009 FY 2009 Management Letter									
1	2009.1- Utilities Revenue Reconciliations Action Plan	Department = City Manager	We recommend that such reconciliation be prepared for these major subsidiary systems on a monthly basis.	High	Concur. For the current fiscal year, the Utility Billing operation and Van Wezel began performing monthly revenue reconciliations between their subsidiary systems and the City's Financial Management System. Any significant differences are investigated and the necessary adjustments made.	9/30/2010			Good progress has been made on this item. The Financial Administration Department provided not only written reconciliation procedures for Utilities, but also evidence that monthly reconciliations have been occurring since October 2009. Adjustments to numbers are currently being investigated by staff; once differences are investigated and reported, auditor will follow-up again to close this item.