

Final Audit Follow Up

As of March 31, 2006



Citywide Disbursements 2005

(Report #0610, Issued February 22, 2006)

Report #0615

May 19, 2006

Summary

City departments have completed all action plan steps developed as the result of our previously issued audit report #0610, Citywide Disbursements 2005, covering the period July 1, 2004, through June 30, 2005. In audit report #0610, issued February 22, 2006, we identified areas in two City departments where improvements should be made to ensure that disbursements are proper, authorized, and in accordance with established laws, rules, and procedures. The two applicable City departments had a total of five action plan steps due for completion. We are pleased to report that those departments have timely completed all five action plan steps.

Scope, Objectives, and Methodology

The original audit and this subsequent follow up were conducted in accordance with Generally Accepted Government Auditing Standards and Standards for the Professional Practice of Internal Auditing. This follow up audit was for the period October 1, 2005, through March 31, 2006.

Report #0610

The scope of report #0610 included a review of City disbursements made during

the period July 1, 2004, through June 30, 2005, by all City departments.

The primary objectives of the audit were to determine whether the disbursements of City funds were:

- for authorized and necessary purposes;
- made in accordance with governing laws, rules, policies, and procedures;
- supported by appropriate documentation; and
- properly recorded within the City's financial records.

The audit disclosed that, generally, disbursements were proper, authorized, and made in accordance with established laws, rules, and procedures. However, the audit identified instances where controls were not in place or operating effectively to ensure proper, timely, and efficient disbursement of City funds in accordance with City policies and procedures.

Report #0615

The purpose of this audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due through March 31, 2006. This is our first and final follow up on action plan steps identified in audit report #0610. To obtain information, we conducted interviews with key department staff and reviewed relevant documentation.

Background

During the period July 1, 2004, through June 30, 2005, the City disbursed funds totaling approximately \$636 million. Those disbursements were classified into four areas as shown in the following table:

Disbursement Summary		
Category	Transactions	Amount
General	22,563	\$ 285,085,342
Salary	89,375	\$ 141,014,084
Retirement	11,872	\$ 25,541,284
Energy	325	\$ 184,462,948
Totals	124,135	\$ 636,103,658

Note: Excluded from general disbursements is \$44,902,408, which represents disbursements of employee salary and retirement deductions to applicable entities (e.g., IRS and insurance providers). This amount was excluded to preclude counting that amount twice as it is also included in the payroll and retirement amounts above.

Previous Conditions and Current Status

In report #0610, we identified the need for improvements within two City departments (Fleet and Electric Utility) in regard to processing and reviewing vendor invoices and coding vendor payments in the accounting systems. Five action plan steps were developed to address those issues.

As of March 31, 2006, all five (100%) of those action plan steps had been completed. Table 1 identifies the action plan steps and describes the current status.

Table 1

Action Plan Steps from Report #0610 and Current Status

Action Plan Steps	Current Status
<i>Fleet</i>	
<ul style="list-style-type: none"> Staff will determine and/or verify the accuracy of amounts owed by the applicable vendor for overcharges on apparatus equipment, and recover those amounts from the vendor. 	<ul style="list-style-type: none"> √ Fleet Management verified the accuracy of the overcharges by the applicable vendor for apparatus equipment and the vendor remitted payment of \$8,781 to the City for those overcharges.
<ul style="list-style-type: none"> Staff performing reviews of vendor invoices will be provided the necessary training on each vendor's contract pricing terms and/or schedule to ensure that vendor billings are in compliance with the applicable contracts. 	<ul style="list-style-type: none"> √ Training sessions on contracts and invoice review procedures have been enhanced. Specifically, semiannual training sessions on those procedures are now provided to applicable employees. In addition, those procedures are covered during new employee orientations provided to parts staff.

<ul style="list-style-type: none"> • Department of Energy (DOE) - determined hauling cost will be identified and used, at least on a spot basis, to verify the accuracy and propriety of fuel surcharges. Documentation (e.g. DOE records showing hauling costs) will be obtained/retained as evidence of those records. 	<ul style="list-style-type: none"> √ Documentation showing DOE-determined hauling cost is maintained by the Fleet Department. In addition, those cost are periodically reviewed by staff to verify the accuracy and propriety of the fuel surcharges.
<p><i>Electric Utility – Purdom Plant</i></p>	
<ul style="list-style-type: none"> • Staff will be reminded of the importance of forwarding original vendor invoices to Accounts Payable in a timely manner to ensure prompt vendor payment. In addition, applicable vendors will be reminded that original invoices should be submitted directly to Accounts Payable in City Hall. 	<ul style="list-style-type: none"> √ Staff has been reminded of the importance of forwarding original vendor invoices to Accounts Payables in a timely manner. Also, where applicable, staff was notified to remind vendors that original invoices should be submitted directly to Accounts Payables in City Hall.
<p><i>Electric Utility – Production Management</i></p>	
<ul style="list-style-type: none"> • The noted coding error will be corrected and staff will be reminded of the importance of correctly coding disbursements/expenditures. 	<ul style="list-style-type: none"> √ The noted coding error was corrected by Electric Utility Production Management. In addition, staff has been reminded of the importance of correctly coding disbursements/expenditures.

Table Legend:

- Issued addressed in the original audit
- √ Issue addressed and resolved

Conclusion

As noted in Table 1 on page 2, all issues have been addressed and resolved.

We appreciate the cooperation and assistance the applicable City departments and offices provided in this audit follow up.

Appointed Official's Response

City Manager:

I am pleased to see that all action steps have been completed. I want to thank all staff involved in completing those processes. In addition, I'd like to thank the City Auditor and his staff for their cooperative efforts.

Copies of this Audit Follow Up Report #0615 or Audit Report #0610 may be obtained from the City Auditor's web site (<http://talgov.com/auditing/index.cfm>), via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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