

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 1/26/2016

[X] Consent [] Regular
[] Public Hearing

Department:

Submitted By: County Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:

- A. Audit reports reviewed by the Audit Committee at its December 16, 2015 meeting as follows:
 - 1. 16-01 Medical Examiner's Office - *Procurement to Payment* (15-10)
 - 2. 16-02 Risk Management - *Procurement to Payment* (15-16)
 - 3. 16-03 Fire Rescue - *Procurement to Payment* (15-08)
 - 4. 16-04 Information Systems Services - *Application Services* (14-12)
- B. Audit recommendation status follow-up report as of September 30, 2015 reviewed by the Audit Committee at its December 16, 2015 meeting.
- C. Performance appraisal for County Internal Auditor approved by the Audit Committee at its December 16, 2015.

Summary: Ordinance 2012-011 requires the Internal Audit Committee to review audit reports prior to issuance. Ordinance 2012-012 requires the County Internal Auditor to send those reports to the Board of County Commissioners. At its meeting on December 16, 2015, the Committee reviewed and authorized distribution of the attached audit reports. The Committee also reviewed and authorized distribution of the Audit Recommendation Status Follow-up Report as of September 30, 2015. We are submitting these reports to the Board of County Commissioners as required by the Ordinance. The Audit Committee also conducted the annual evaluation for the County Internal Auditor as required by Ordinance 2012-011 and rated the Auditor's performance as slightly better than meets expectations. No action is required or recommended on the Internal Auditor's employment contract. Countywide (PFK)

Background and Policy Issues: The Internal Audit Committee reviewed and authorized distribution of audit report 16-01 through 16-04 and the Audit Recommendation Status Follow-up Report as of September 30, 2015 reviewed by the Audit Committee at its December 16, 2015 meeting. . The Audit Committee also conducted the annual evaluation for the County Internal Auditor as required by Ordinance 2012-011 and rated the Auditor's performance as slightly better than meets expectations (an overall rating of 2.3 on a scale of 1 to 3).

Attachments:

Audit reports as identified above

Audit recommendation status follow-up report as of September 30, 2015

Annual evaluations for County Internal Auditor for period ending September 30, 2015

Recommended by:

Joseph H. Bergeron
County Internal Auditor

12.22.15
Date

Recommended by:

PC Baker
County Administrator

1/4/16
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2016	2017	2018	2019	2020
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	* None				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes ___ No ___
Budget Account No.: Fund ___ Agency ___ Org. ___ Object ___
Program Number ___ Revenue Source ___

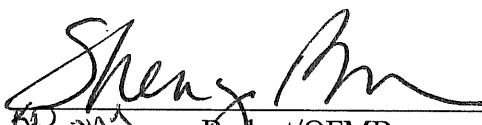
B. Recommended Sources of Funds/Summary of Fiscal Impact:

* No fiscal impact

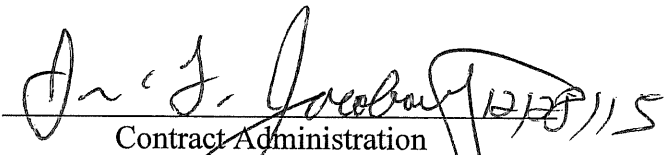
A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:



Budget/OFMB



Contract Administration
Biphenyl 12-28-15

B. Legal Sufficiency:



Assistant County Attorney

C. Other Department Review:

Department Director



Office of the County Internal Auditor
Audit Report #2016-01

Medical Examiner's Office

Procurement to Payment



*Reviewed by Audit Committee
December 16, 2015*

DATED SEPTEMBER 2, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the District Medical Examiner ensure that the internal controls designed and implemented for the procurement to payment process were

adequate to ensure a compliant and effective process for Fiscal Year 2015 through May 31, 2015?

WHAT WE FOUND

Except for the findings and recommendations described below, the District Medical Examiner designed and implemented internal controls for the procurement to payment process to ensure a compliant and effective process in accordance with Countywide policies and procedures for Fiscal Year 2015 through May 31, 2015.

The findings address:

- Segregation of Duties
- Authorization Controls

- Documentation Controls
- Written Standard Operating Procedures

In addition, during the course of fieldwork we noted certain situations that did not rise to the level of findings that we felt should be communicated to management. A management letter was issued to the District Medical Examiner identifying these situations for informational purposes only.

WHAT WE RECOMMEND

The audit report makes 11 recommendations to improve controls in the areas noted above.

DETAILED FINDING AND RECOMMENDATIONS

Finding 1. Segregation of Duties (SOD) Controls Need Improvement

The Government Accountability Office's (GAO) *Standards for Internal Controls in the Federal Government* defines the Segregation of Duties (SOD) as key duties and responsibilities that are divided or segregated among different people to reduce the risk of error, misuse, or fraud; and it identifies guidelines to be followed which include:

- No one individual is allowed to control all key aspects of a transaction or event, and
- Responsibilities and duties involving transactions and events are separated among different employees with respect to authorization, approval, processing and recording, making payments or receiving funds, review and auditing, and the custodial functions and handling of related assets.
- Duties are assigned systematically to a number of individuals to ensure

that effective checks and balances exist.

In our review of controls over the procurement to payment functions at the Medical Examiner's Office, we found that the person responsible for physically receiving the goods at the Administrative office was the same person (1) requisitioning and processing the purchase orders for these supplies into the accounting system and (2) entering and approving the related receiver (RC) document into the financial system. Also, the person responsible for requisitioning supplies for the Morgue is generally the same person physically receiving the supplies when they are delivered. The department has limited staff available to handle the processing and receiving of goods, as well as the processing of purchase orders, at the Medical Examiner's Office; making it difficult to assign purchasing tasks to different staff. Without adequate SOD, the risk

increases for unauthorized or unnecessary purchases, excessive cost incurred, goods purchased for personal use, as well as theft, fraud or abuse. Smaller departments with resource constraints can compensate for the absence of SOD controls by implementing compensating controls such as a periodic review by management of all completed purchases for accuracy and appropriateness. However, we did not identify any compensating controls at the MEO to address this issue.

Recommendations:

The District Medical Examiner should initiate corrective actions to ensure:

- 1. The person physically receiving goods at the Administrative Office location is someone other than the person requesting/ initiating purchase orders and entering the receiver document into the Advantage financial system.**
- 2. The person physically receiving goods at the Morgue location is someone other than the person requesting the purchase of the same supplies.**
- 3. In lieu of the above actions, the District Medical Examiner must institute a compensating control such as the director or his designee can conduct a documented periodic (monthly) review of all closed purchase orders for accuracy and appropriateness.**

Management Comments and Our Evaluation

In responding to a draft of this audit report, the District Medical Examiner (DME) agreed with the finding and recommendations. The DME also indicated that staff in the Administrative and Morgue sections had already implemented the controls identified in recommendations 1 and 2.

We agree with the actions the DME reported as having been taken. We will need to conduct routine follow-up on the MEO's implementation of these recommendations. Implementation of recommendations 1 and 2 would eliminate the need to implement recommendation 3.

Finding 2. Approval/ Authorization Controls Need Strengthening

The Government Accounting Office (GAO) "*Policy and Procedures Manual for Guidance of Federal Agencies*" in Title 7, "Fiscal Guidance" identifies steps of the acquisition and payment process with the first step, purchase authorization. The purchase authorization step of the process is the formal approval of the purchase by responsible designated officials within the agency and usually results in the obligation of budget authority.

During our planning we learned the MEO had implemented a practice similar to that described above in that the DME reviews and approves all Delivery Order (DO) and Stock Requisition (SRQ) [Warehouse]

purchase order documents prior to submission in Advantage, which is evidenced by the Director initialing and dating the purchase order document prior to its submission in the financial system. However, during our testing of this control we found seven of nine (or 78 percent) of the DO purchase orders reviewed showed no evidence of the DME's review and approval prior to submission in Advantage. Department staff indicated that there were instances when the DME was not available to approve a purchase order prior to its submission in Advantage. In addition, the MEO staff person indicated that the DME does not approve DOs related to on-going services.

Our review of 21 DPO and DO purchase order transactions out of a total of 206 for the audit period, showed an instance wherein services were provided without an existing approved purchase order (DO). Although the vendor [AlSCO, Inc.] had remitted invoices to MEO for services provided between July 2, 2014 and September 24, 2014, the purchase order (DO) was not processed in Advantage until September 22, 2014; more than three months after services were initially provided. Further, the DO document did not show evidence of a review and/or approval by the MEO Director.

Based on the security tables for Advantage, which show MEO staff access and authority in the County's financial system, two staff persons, in addition to the DME, have authority to both enter and approve purchase order and receiver documents in the system.

More specifically, current security access allows staff persons that issue DO, SRQ, and RC documents in Advantage to also approve (submit) them. Being controls in Advantage currently do not ensure approval by someone other than the person processing the purchase order, the use of a control (i.e. manual approval) to approve a purchase order outside the system is essential.

Without proper approvals prior to the purchase of goods and/ or services, excessive or unnecessary goods and services may be procured, as well as budgetary obligations may be exceeded.

Recommendations:

The District Medical Examiner should:

- 4. Ensure all purchases are appropriately approved prior to procurement.**
- 5. Ensure all Delivery Order (DO) purchase orders (including those related to on-going services) are reviewed and approved prior to submission in the Advantage financial system.**
- 6. Designate a back-up [someone outside the procurement process] for purchasing approvals in his absence.**

Management Comments and Our Evaluation

In responding to a draft of this audit report, the District Medical Examiner (DME) agreed with the finding and recommendations. The DME also

indicated that backup personnel had been identified to provide coverage for approvals in his absence. We agree with the actions planned and taken by the MEO.

Finding 3. Documentation Controls Need Improvement

United States General Accounting Office (GAO) Internal Control Standards, *"Internal Control Management and Evaluation Tool,"* August 2001, states that documentation of transactions and other significant events should be complete and accurate to facilitate tracing the transaction or event and related information from authorization and initiation, through its processing, to after it is completed. The Government Accounting Office (GAO) *"Policy and Procedures Manual for Guidance of Federal Agencies"* in Title 7, "Fiscal Guidance" identifies steps to ensure proper payment is authorized, which include "the goods and services ordered have been delivered and accepted, evidenced by a receiving and inspection report." Further, Title 7 identifies specific areas where internal control should be given special attention, which include "payment is initiated only after receipt and acceptance of ordered goods and services and is authorized only after matching the types and quantities received with those on the purchase order or contract."

Countywide PPM CW-L-008
"Purchasing Policies and Procedures" assigns the responsibility of administering and monitoring of all purchasing contracts to the user

departments. This includes the accurate and appropriate receipt of the procured goods and services as well as the accurate and appropriate payments for received goods and services.

Receiving Documentation

Our review of 21 DPO and DO purchase order transactions, out of 206 for the audit period, revealed 14 were for goods received and in which either (1) the associated receiving documentation with the date received was not retained and/or (2) retained receiving documentation did not always clearly indicate the item and quantities received. Further, the Medical Examiner's staff indicated that although they confirm that purchased and requested items have been received, they do not (1) initial and date the receiving document and/ or (2) retain a dated receiving documentation showing the actual receipt date. As a result, we were unable to determine the actual receipt date of goods and/or services for 14 of the 21 (or 67 percent) selected purchase orders. While the associated receiving document (RC) processed in Advantage reflects the date processed in the accounting system, it does not show the actual date the related goods and/or services were received. Also, some of the purchases do not come with back-up receiving document (i.e. packing slip).

Currently, there are no procedures in place that require persons that receive shipments at the Medical Examiner's Office to initial and document the actual date of receipt and to maintain that information. As a result, there is a lack

of adequate documentation to demonstrate the proper execution of the receiving process. Without backup receiving documents for procurements, there is no proof of date of receipt of delivery, proof of segregated duties, and justification for payment for goods or services.

Support Documentation

In addition during our review of purchasing approvals, we were unable to confirm approval for a SRQ purchase order due to missing support documentation. As a result, evidence of the SRQ approval was not available and could not be verified.

Records of Services Provided

The MEO does not maintain records of certain provided services such as body transportation and lab services. According to the purchasing staff person at MEO, records of body transporting and lab services are not maintained, nor is a review conducted to verify the accuracy of the related billed services. Without documentation of services provided, there are no records (i.e. logs) available to verify receipt of services against a vendor's invoice or to perform a reasonableness check, and/ or to accurately process a receiver in the financial system.

As a result, unverified information from vendor invoices is utilized to process the associated receiver documents (RC) in Advantage. However, the utilization of a vendor's invoice to process a RC document in the financial system

circumvents the purpose of the receiving function, which is to verify the accurate and appropriate receipt of procured goods and/or services outside of what a vendor indicates has been shipped and/or provided.

Recommendations:

The District Medical Examiner/ Director should initiate actions to ensure

7. Persons physically receiving goods initial and date the receiving document (i.e. packing slip, PO copy) used to verify shipping contents, as well as notate quantities and items received as evidence of receipt of goods; which are then maintained for future records.

8. Records of services received, such as body transportation and requested lab work, are maintained to reconcile against vendor invoices to confirm receipt and/or review for reasonableness of billed services.

9. Internal records of vendor provided services (and not vendor invoices) are utilized to process associated receiver documents (RC) in Advantage.

10. Documentation of key processes (i.e. approvals) are consistently maintained.

Management Comments and Our Evaluation

In responding to a draft of this audit report, the District Medical Examiner (DME) agreed with the finding and recommendations. The DME also

indicated that receiving documents are being initialed and dated when items are received. There was considerable discussion of techniques to use to satisfy recommendations 8 and 9 eventually settling on manual logs, maintained by the appropriate officials and used to review invoices prior to payment authorization. We agree with the actions taken and planned by the MEO.

Finding 4. Written Standard Operating Procedures (SOPs) Should Be Developed

Countywide PPM, "Policies and Procedures Memoranda (PPMs)" CW-O-001, Policy Section, under General, of the PPM states the County Administrator, all department directors, all division directors, and all heads of separate offices shall issue and maintain Policies and Procedures Memoranda (PPMs). These PPMs will be used to promulgate standard policies and procedures for all areas of operation under the control of the issuing organization and will constitute the policies and procedures manuals for that organization unit.

The Executive Summary to the COSO report "Internal Control over Financial Reporting – Guidance for Smaller Public Companies" contains a very succinct summary and explanation of the usefulness of control documentation to an organization.

Documentation of business processes and procedures and other elements of internal control systems is developed and maintained by companies for a number of reasons:

- *One is to promote consistency in adhering to desired practices in running the business.*
- *Effective documentation assists in communicating what is to be done, and how, and creates expectations of performance.*
- *Another purpose of documentation is to assist in training new personnel and as a refresher or reference tool for other employees.*

Documentation also provides evidence to support reporting on internal control effectiveness.

According to the Countywide PPM Purchasing Policy and Procedure CW-L-008, the User Department has the primary responsibility of identifying its procurement needs and shall determine what goods or services are required, when the goods or services are required, and how often.

According to the Administrative Secretary responsible for purchasing, the Medical Examiner's Office does not have written procedures or SOPs that address the procurement function, which include recording and maintaining receiving documentation, obtaining appropriate approvals, and administering the petty cash fund. This was confirmed with the MEO Director.

Without documented policies and procedures, it is difficult to communicate management's expectations and processes, and to ensure consistency.

Recommendations:

11. The District Medical Examiner/Director should ensure that policies and procedures (PPM, SOP) relating to the procurement to payment process are developed and implemented.

Written procedure should include, but not be limited to, protocols for

- **Reviewing, documenting and maintaining back-up receiving documents,**
- **Obtaining proper procurement approvals, and**
- **Petty cash administration.**

Management Comments and Our

Evaluation

In responding to a draft of this audit report, the District Medical Examiner (DME) agreed with the finding and recommendations. The DME also indicated that they had already discussed and begun implementation of the necessary procedures. We indicated that the procedure documents did not need to be in any particular format, and that they need not be extensive - focusing on the business process and work flow.

BACKGROUND

The Medical Examiner's Office (MEO) conducts investigations of violent, sudden, unexpected and suspicious deaths occurring within the County, or any death where there is no doctor in attendance, in accordance with Florida Statute (F.S.) Chapter 406 and Florida Administrative Code (FAC) 11G. This includes providing 24-hour forensic investigative support to all local, County, State and Federal law enforcement agencies. The MEO provides cremation request reviews and investigations for funeral homes in Palm Beach County. In addition, the MEO provides support to law enforcement agencies in the presentation of forensic

evidence to the court system and in providing testimony in judicial proceedings. The office functions as a repository for records, documents and photographs generated during investigations of a death.

The functions of the MEO are Pathology, Investigations, Morgue, and Administration. The MEO is comprised of three Associate Medical Examiners who are under the direct supervision of the District Medical Examiner (DME); with all other areas of the MEO staff under the supervision of the Forensic Supervisor. The MEO has 19 positions and an annual operating budget of

\$2.7M for Fiscal Year 2015. The office is funded with Ad Valorem support, along with 12 percent of its budgeted revenue from charges for services.

The MEO Office is comprised of staff with forensic and medical expertise, along with clerical support. There are no fiscal positions of any type in the Office. As a result, the Administrative Secretary at the MEO is responsible for the purchasing activities, and the County's Public Safety Department's

Finance & Administration Section provides fiscal support to MEO, which includes the procurement function. Purchases at the MEO can be split into two categories: purchase orders and direct payment purchases. Purchase orders relate to such types as Delivery Orders (DO), Decentralized Purchase Orders (DPO), and Stock Requisitions (SRQ). A DO is a purchase against an existing Master Agreement or contract, and a SRQ is a purchase from the County's warehouse.

AUDIT SCOPE AND METHODOLOGY

The audit scope included a review of internal controls in place, relating to the procurement to payment process, for Fiscal Year 2015 (through May 31, 2015), as well as the testing of those controls.

We obtained and reviewed Countywide policies and procedures and other governing documents related to the procurement to payment function. We had discussions with management and staff responsible for the procurement process at MEO regarding the various procurement functions performed at the office, as well as examined the controls and processes used to manage them. This included an evaluation of the petty cash fund disbursements. We selected purchase order and direct payment sample transactions, both judgmentally and randomly for our review. Our detailed review and testing of these

transactions included an examination of the back-up documentation related to the requisitioning, purchasing, receiving and payment processes, as well as the utilization of the County's accounting system, Advantage to identify related purchasing documentation and information. In addition, we ascertained the adequacy of segregating key duties and the implementation of compensating controls.

We reviewed procurement reports and backup documents for a judgmental and random sample selected from Fiscal Year 2015 through May 31, 2015. More specifically, we reviewed 24 purchase orders valued at \$103,465 from a population of 236 purchase orders valued at \$226,055; and 9 direct payments valued at \$4,031 from a

population of 90 direct payments valued at \$9,031.

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be

performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
September 2, 2015
W/P # 2015-10



Office of the County Internal Auditor
Audit Report #2016-02

Risk Management

Procurement to Payment



*Reviewed by Audit Committee
December 16, 2015*

DATED OCTOBER 28, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Risk Management Department Director ensure that internal controls designed and implemented for the procurement to payment processes were adequate to ensure a compliant and

effective process for Fiscal Year October 2014 to August 2015 in accordance to County and Departmental Purchasing Policies?

WHAT WE FOUND

The Risk Management Director ensured that internal controls implemented for the procurement to payment processes were adequate to ensure compliance with the County's procurement requirements for Fiscal Year 2015 (October 2014 through August 2015).

In addition, during the course of fieldwork we noted certain situations that did not rise to the level of findings that we felt should be communicated to management. A management letter was issued to the Risk Management Director identifying these situations for informational purposes only.

WHAT WE RECOMMEND

The audit report makes no recommendations.

DETAILED FINDING AND RECOMMENDATIONS

None

BACKGROUND

The Risk Management Department (Department) coordinates all functions relating to the identification, analysis, and control of exposures which threaten loss to Palm Beach County (County). The Department is comprised of six major programs:

- Employee Safety/Loss Control,
- Employee Assistance Program,
- Group Health & Life Insurance,

- Occupational Health Clinic,
- Property and Liability Insurance, and
- Worker's Compensation.

For Fiscal Year 2015, the Department had a staff of 30 and an adopted budget of \$111,072,520. Major budget categories are as follows:

Personal Services	\$2.5 million
Operating Expenses	\$95.1 million
Reserves	\$13.3 million

The Department monitors 22 contracts for about \$16.9 million. The Fiscal Manager is responsible for managing the purchasing activities. The Department purchases can be split into five categories: purchase orders, direct

payment purchases, tracking-only, insurance claims, and petty cash.

The chart below summarizes the procurement and direct payment amounts for Fiscal Year 2015 (October 2014 through August 2015).

2015		
Type	Amount	Transactions
Purchase Orders	\$1,451,177.26	323
Direct Payments (GAX)	\$9,071,732.42	1218
Insurance Claims	\$66,574,265.36	187

AUDIT SCOPE AND METHODOLOGY

This audit was selected as part of the 2015 business process annual audit plan approved by the Audit Committee. The audit scope included a review of internal controls in place to ensure that the Department's Procurement to Payment activities were carried out in accordance with Countywide and Departmental policies and procedures for Fiscal Years 2015 (October 2014 through August 2015). In order to answer the audit objective, we used the Procurement to Payment matrix (Attachment 1) to evaluate effectiveness. The matrix is used to identify controls to address all activities of the procurement to payment process. Audit field work

was conducted at Risk Management from August 2015 to September 2015.

For our audit objective, our initial planning included interviews with Department management and staff concerning the risk factors, review of Departmental policies and procedures, the County Budget Book for fiscal year 2015, and other pertinent documentation. Our detail review methodology included the review and testing of the requisitioning, purchasing, receiving and payment processes and transactions using analytical procedures applied to judgmental samples for the audit period.

Sample Testing		
Type	Amount	Transactions
Purchase Orders	\$188,081	15
Direct Payments (GAX)	\$3,535,400	16
Insurance Claims	\$16,544,628	20

Our sampling approached stratified the entire population into subgroups and then used auditor's professional

judgment. We reviewed backup documentation as well as Advantage (the County's accounting system) data

related to the procurement to payment transactions. We also reviewed County and Departmental PPMs related to procurement.

Our audit work included discussions with department management and staff and with audit management, in which we addressed the possibility of fraud in relation to their procurement functions. They informed us that they were very much aware of the risks when it comes to the procurement functions and have instituted controls over these areas. As part of our audit review, we tested and validated key controls in place, in particular the authorization and segregation of duty controls over the procurement transactions.

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively,

efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
October 28, 2015
W/P # 2015-16

Attachment 1
Business Process Objectives and Controls Worksheet
Procurement to Payment Process

This process covers all activities from original identification of the need for a good or service, the development of specifications, solicitation of providers, award to a provider, receipt of the good or service, evaluation of the provider, and payment for the good or service.

Objectives
1. Comply with County, State and Federal procurement regulations
2. Identify and qualify vendors capable of meeting the County's needs
3. Develop appropriate, well defined specifications for goods or services
4. Order items that meet specifications from qualified vendors
5. Determine appropriate solicitation method
6. Maintain vendor information accurately and timely
7. Procurements are appropriately authorized by department requesting
8. Order appropriate quantities at appropriate times
9. Goods or services received comply with purchase orders
10. Purchase orders payments made based on actual goods or services received at approved prices
11. Evaluate vendor performance on a timely and accurate basis
12. Ensure timely delivery
13. Direct payment are appropriately authorized by department requesting



Office of the County Internal Auditor
Audit Report #2016-03

Fire Rescue

Procurement to Payment



*Reviewed by Audit Committee
December 16, 2015*

DATED NOVEMBER 16, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Fire Rescue Administrator ensure that internal controls implemented for the procurement to payment process are adequate to ensure

compliance with the County's procurement requirements for Fiscal Year 2015 through June 16, 2015?

WHAT WE FOUND

Except for the finding and recommendation described below, the Fire Rescue Administrator ensured that internal controls implemented for both the procurement and payment processes were adequate to ensure compliance with the County's procurement requirements for Fiscal Year 2015 through June 16, 2015.

The finding addressed not processing procurement documents when orders were placed.

In addition, during the course of fieldwork we noted certain situations that did not rise to the level of findings that we felt should be communicated to management. A management letter was issued to the Fire Rescue Administrator identifying these situations for informational purposes only.

WHAT WE RECOMMEND

The audit report makes one recommendation to improve controls over processing of procurement documents.

DETAILED FINDING AND RECOMMENDATIONS

Items received Before Purchasing Documents Initiated

Countywide PPM CW-L-008 "*Purchasing Policies and Procedures*" assigns the responsibility of administering and monitoring of all purchasing contracts to the user departments including obtaining a quote from vendor, preparing a requisition with proper approvals, then completing the appropriate type of procurement document.

We reviewed the procurement reports and backup documents for a sample of 25 procurement documents valued at \$1,799,120 or 10.9% of value for Fiscal Year 2015 through June 16, 2015, from a population of 6,143 purchase orders valued at \$16,615,418.

During our testing of the procurement process, we identified six invoices from Bound Tree Medical for sodium chloride solution IVs and loops for \$33,007 that were not paid in accordance with the Prompt Payment Act. Staff informed us that because of a national shortage of the drug, the items were received before the purchase order requisitions were initiated on January 13, 2015. The vendor invoices, dated October 27, 2014, October 29, 2014, October 31, 2014, November 24, 2014, December 5, 2014,

December 28, 2014 were not paid until January 23, 2015. The Florida Prompt Payment Act per Florida Statute 218.74(2) requires local governments to pay within 45 days of receipt of a proper invoice. If invoices are not paid accordingly, the County may be responsible for an interest payment on invoices not paid within this time period. Four of the six invoices were not paid within the 45 day window. The potential interest penalty was approximately \$280 dollars. Timely remittance of vendor payments reduces the County's risk of additional expenditures in the form of interest payments to vendor.

Recommendation

The Fire Rescue Administrator should ensure that purchasing documents such as quotes, requisitions and Advantage documents should be completed before goods are received. Also invoices should be processed in a timely matter.

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Fire Rescue Administrator agreed with the finding and recommendation. The Administrator indicated that he would work with the

Deputy Chief for Support Services and the Director of Finance and Planning to ensure that vendors are paid properly and promptly and that appropriate accounting documentation is prepared and entered in the accounting system

promptly.

We agree with the planned actions of the Fire Rescue Administrator.

BACKGROUND

Palm Beach County Fire Rescue (FR) was created by County Ordinance in 1984 to provide fire, emergency medical services, advanced life support, and transport services to the unincorporated areas of the County, as well as, several municipalities. The Department is primarily funded by ad valorem taxes through two Municipal Service Taxing Units (MSTU's). The Department has six divisions: Aviation, Bureau of Safety Services, Dispatch & Telecommunications, Operations, Training & Safety, and Vehicle & Building Maintenance. Fiscal Year 2015 expenditure budget for Fire Rescue was \$ 332,529,096 with 1,494 positions.

The Fire Rescue Finance staff responsible for the purchasing activities includes a Finance Director, a Financial Analyst III, 2 Financial Analysts I, 4 Procurement Specialists, and 1 Fiscal Specialist II. Fire Rescue purchases can be split into two categories: purchase order procurements and direct payment purchases. Purchase orders relate to purchase types such as Delivery Order (DO), Decentralize Purchase Order (DPO), Centralized Purchase Order (CRQS/CP0), and Stock Orders (SPO).

The charts below summarize the procurement and direct payment amounts for Fiscal Year 2015 through June 16, 2015.

2015		
Type	Amount	Transactions
Purchase Orders	\$12,751,365	6,107
Centralized Purchase Order	\$ 3,864,053	36
Direct Payments	\$11,792,826	4,512

AUDIT SCOPE AND METHODOLOGY

This audit was selected as part of the 2015 business process annual audit plan approved by the Audit Committee. The audit scope included a review of internal controls in place to ensure that the Department's procurement to payment activities were carried out in accordance with Countywide and Departmental policies and procedures for Fiscal Years 2015 through June 16, 2015. Audit field work was conducted at Fire Rescue's office from August 10 through September 18, 2015.

For our audit objective, our initial planning included interviews with departmental management and staff concerning the risk factors, review of departmental policies and procedures, the County Budget Book for fiscal year 2015, and other pertinent documentation. Our detail review methodology included the review and testing of the requisitioning, purchasing, receiving and payment processes and transactions using analytical procedures applied to samples for the audit period. We reviewed backup documentation as well as Advantage (the County's accounting system) data related to the procurement to payment transactions.

Our audit work included discussions with departmental management, staff and with audit management about the possibility of fraud in relation to the

procurement functions. We were informed that they were aware of the risks concerning the procurement functions and have instituted controls over these areas. As part of our audit review, we tested and validated controls pertaining to the authorization and segregation of duties over the procurement transactions.

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence

obtained provides a reasonable basis for
our findings and conclusions based on

our audit objectives.

A handwritten signature in blue ink that reads "Joseph F. Bergeron". The signature is written in a cursive style with a large, stylized 'J' and 'B'.

Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
November 16, 2015
W/P # 2015-08

Attachment 1
Business Process Objectives and Controls Worksheet
Procurement to Payment Process

This process covers all activities from original identification of the need for a good or service, the development of specifications, solicitation of providers, award to a provider, receipt of the good or service, evaluation of the provider, and payment for the good or service.

Objectives
1. Comply with County, State and Federal procurement regulations
2. Identify and qualify vendors capable of meeting the County's needs
3. Develop appropriate, well defined specifications for goods or services
4. Order items that meet specifications from qualified vendors
5. Determine appropriate solicitation method
6. Maintain vendor information accurately and timely
7. Procurements are appropriately authorized by department requesting
8. Order appropriate quantities at appropriate times
9. Goods or services received comply with purchase orders
10. Purchase orders payments made based on actual goods or services received at approved prices
11. Evaluate vendor performance on a timely and accurate basis
12. Ensure timely delivery
13. Direct payment are appropriately authorized by department requesting



Office of the County Internal Auditor
Audit Report #2016-04

Information Systems Services

Application Services



*Reviewed by Audit Committee
December 16, 2015*

DATED NOVEMBER 16, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

1. Did the Application Services Division Director ensure new development projects were developed and documented in accordance with formal project methodologies and internal PPMs for application development projects in process or completed in FY 2014?
provide a separation of duties when moving applications into production?
2. Does the security implemented over the developers and QA staff
3. Describe and evaluate Application Services Division's process for authorizing and managing the time/costs of new project development.

WHAT WE FOUND

As to Objective #1, except for the findings discussed below, the Application Services Division Director ensured new development projects were developed and documented in accordance with formal project methodologies and internal PPMs for application development projects in process or completed in Fiscal Year 2014.

As to Objective #2, the security implemented over the developers and QA staff provides a separation of duties when moving applications into production, however the administration

of security groups that control access to application projects needs improvement.

As to Objective #3, we found the technical side of the project management process to be well managed with consistently applied policies and procedures. However, as to the funding side of project management, we noted a lack of overall governance level review of project proposals and offered some suggestions for Management Team consideration.

WHAT WE RECOMMEND

The audit report makes three recommendations to improve controls relating to objectives one and two above. The recommendations address:

- Project documentation requirements
- Change management controls
- Administration of security groups for developers and quality control staff.

The report also recommends, as to objective three, that the County Management Team review the governance controls for information technology projects and determine if those projects need to be the subject of governance controls outside the ISS Department.

DETAILED FINDINGS AND RECOMMENDATIONS

Finding 1. Required documentation for project approval, initiation, and management not consistently utilized

Departmental PPM IS-ADM-004 entitled *Project Approval, Initiation and Management*, requires projects to be documented and tracked with a focus on meeting delivery dates, cost estimates and functional requirements as agreed upon with the sponsoring business unit. The policy provides the required forms and reports to be used to communicate project information. The required forms and reports must be used to communicate project information and signatures are required at various stages of the project.

Guidelines are provided in PPM IS-ADM-004 identifying the project templates and reports to be completed based on project category.

The applicability of formal procedures and documentation that are associated with a project is dependent on the project category (low, medium, and high risk). Characteristics of a low risk project include: project duration from 1-3 months, project cost less than \$100,000, and a single business unit is involved in the project. The minimum forms and reports required for a low risk project are the *Project Initiation Form* and the *Project Status Report*. Characteristics of a medium risk project include: project

duration from 3-12 months, project cost from \$100,000 - \$250,000, and more than one business unit involved in the project. The minimum forms and reports required for medium risk projects are the *Project Initiation Form*, the *Project Plan Form*, and the *Project Status Report*. Characteristics of a high risk project include: project duration greater than 12 months, project cost greater than \$250,000, and several business units (or Countywide) involved in the project. The minimum forms and reports required for high risk projects are the *Project Initiation Form*, the *Project Plan Form*, the *Project Status Report*, *Scope Change Request*, *Issues Tracking Log*, and *Project Implementation Evaluation Report*. At the time of our review, the two projects categorized as high risk were in the early stages of the development cycle, and therefore were not selected for review. The remaining 16 projects were categorized as medium or low, from which we use a random sample generator that selected 3 medium risk projects for testing.

The Project Initiation form is used to formally introduce a new project and includes a description of the business need, statement of work, a list of the project objectives and the approach to be used in implementing the project, and the project category (low, medium, high). At the bottom of the form is a section for approval signatures by the ISS Project Manager and the customer representative(s) to relay an understanding of the purpose and content of the document.

The Project Plan form documents the processes required to ensure timely completion of the project including specific tasks to be completed and the assigned resources responsible for these tasks. The elements in the document include an executive summary, scope statement, critical success factors, projects assumptions, communication plan, resource plan, risk identification, and quality plan. Attachments to the Project Plan form include a project schedule and a project budget estimate. At the bottom of the form is a section for approval signatures by the ISS Project Manager and the customer representative(s) to relay an understanding of the purpose and content of the document.

The requirement for the Project Status Report has been suspended pending the implementation of the Service Request System (SRS) that will automate reporting capabilities. However, work order documentation will continue to be recorded in the enhanced Project Tracking System that provides a description of the project scope, identification of assigned staff resources, estimate of time, dates to complete the project and project activities. In addition, project status is discussed at bi-weekly meetings with the Project Manager and the Applications Director.

Our review of backup documentation for three application development projects that were in-process or completed in FY 2014 found:

- two of the three Project Initiation forms had no approval signatures

- none of the projects had a Project Plan form
- none of the projects had a Project Budget Estimate form
- one of the three projects did not have a Project Schedule (however, it did have a Work Breakdown Schedule)

Departmental policies and procedures have been established and template forms designed to provide a structured methodology for approving, initiating, and managing information technology projects. However, the policies are not being enforced and the templates are not consistently utilized.

The development of a policy establishes the direction management expects personnel to take when involved in a given action, process or procedure. Failure to enforce the policy may be interpreted as a lack in the necessity to follow the policy or an indication that the policy is no longer in line with management direction.

RECOMMENDATION

(1) ISS Management should consistently enforce the requirements contained in PPM IS-ADM-004 for all application development projects.

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director concurred with the recommendation and stated that management will more closely review new application development projects to assure

consistent compliance with PPM IS-ADM-004. The Director also stated that the PPM would be revised and updated by June 30, 2016.

The Director also indicated there were other systems that ISS uses to monitor time charged to specific projects such as the Project Tracking System (PTS) and Remedy (a system used to track service problems). The Director also stated that a new system known as the Service Request System (SRS) was in development with expected implementation by June 30, 2016.

The Director also indicated that, in the interim while the updates to the PPM and development of the new SRS are in process, management will obtain approval signatures on the various project forms mentioned in the report.

We agree with and support management's plans for implementing this recommendation.

Finding 2. Change Management Controls need improvement

The *ISS Change Management Guide Part II: IT Change Management Practices* defines three levels of business risk associated with change requests (high, medium, and low). A high risk change: affects more than one department, or a system which is considered high risk, is any change which requires significant effort for back out and recovery, or may require special resources or scheduling. It requires the ISS Deputy Director to be notified for approval at least three working days prior to implementation

and reviewed at the Change Management meeting.

In our review of a change request submitted for one of the projects tested, we noted that the business risk was identified as 'high' however, the request was entered and implemented on the same day without notification to the Deputy Director, IT Operations and without a review at the Change Management meeting. We were told the change was submitted too late to be discussed at the Change Management meeting and therefore should have been submitted as an emergency and the process for emergency changes followed. The risk of processing a change request identified as high risk that has not been reviewed at the Change Management meeting is the possibility of a disruption in business activities to parties impacted by the change or possible unexpected impact to other IT groups unaware of the change.

RECOMMENDATION

(2) The Application Services Division Director should ensure that change request initiators complete and submit the change request in the appropriate time frame as required by the Change Management Guide.

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director concurred with the audit recommendation. The Director stated the change request identified in the audit had been

reviewed and that management believed the particular change request had been misclassified and that such events are not common. The Director also stated that the Change Management Module of the new Service Request System would be automate and educate users in the proper classification of change requests and prevent changes from being promoted to production without the necessary approvals.

We agree with management's planned actions.

Finding 3. Procedures for the administration of security groups needed

Countywide PPM CW-O-059 entitled '*Information Technology Security Policy*', Section 5 Personnel Management states, "The department or agency shall immediately review access authorizations when employees are transferred or reassigned to other positions within the County and initiate appropriate actions such as closing and establishing accounts and changing system access authorizations."

In the Applications Services Division there are 12 project teams consisting of a project manager and development staff. Members of the teams are given access to projects by adding them to security groups that restrict access to the projects assigned to the team. In addition, security groups have been created for the QA staff assigned to a project team who perform the testing functions.

1) Our review of the members of the groups created for the project teams found:

- six staff that are members of both the development group and the QA group within their project team
- two QA staff that were members of the development group for the project team they were previously assigned to as developers
- three development staff that no longer work for ISS
- two developers (former QA staff) that were members of the QA group for the project team they were previously assigned

Initially, an employee access form is filled out by the Application Services Senior Secretary and distributed to the administrators responsible for setting up the access required for a new employee. Similarly, the employee access form is used to delete all access when an employee terminates. However, there is no process in place for updating employee access when an employee is reassigned to another position within the department. The segregation of duties between the developer and the QA staff may be compromised if access is retained when moving from one job function to another.

2) Our review also found staff that have administrative rights to the security groups include two employees that no longer perform the administrative function and a generic user id. Users should not have privileges beyond those needed to perform their assigned duties.

The risk with creating a generic user id, is the inability to identify staff that may use the id to make changes.

RECOMMENDATION

(3) The Application Services Director should:

- a) Create formal procedures for maintaining security group access. The procedures should include how to request, modify, and delete group members including the transfer of group members to or from sensitive**
- b) Review the list of users with administrative rights to the groups and delete any users that no longer require these rights.**
- c) Delete the generic user id.**
- d) Establish a schedule for a periodic review of access rights.**

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director agreed with the finding and recommendations. He stated that the Department was implementing a new means of managing security groups using the Enterprise Active Directory to manage user authorities for developers and quality assurance staff. He also stated that user assignments would clearly indicate the authorities allowed to individual staff on documentation that will be approved by management personnel. He stated that the generic user id had been removed. The Division Director also said that quarterly reviews of access rights would be implemented

to provide for the periodic review recommended above.

We agree with the actions taken and planned by the Department Director.

DESCRIPTION AND EVALUATION OF THE PROJECT MANAGEMENT PROCESS

Process Description

ISS maintains an inventory of more than 300 custom built applications. To get an estimate of service demand, ISS provides an Applications Resource Utilization worksheet to their customers annually to document their service requests for the next fiscal year. The customer lists the projects/services needed and how much time they are authorizing ISS to work on them. Exhibit A is a summary of the hours, FTE's, and dollar amounts requested for FY 2015.

New project development begins when a customer makes a request to ISS for a formal project. All requests must be accompanied by an individual work order created and approved in the Project Tracking System (PTS) by the customer. The PTS is an electronic work order tracking system created to categorize, monitor progress and report on projects and service requests. It is designed to capture project staff resources applied (hours) and a description of work planned and

performed. The approval of the PTS request serves as the customer's consent to begin work on a project.

Once the work order has been created, the Project Manager schedules an initial meeting with the customer to discuss the need or problem that initiated the request and to get an idea of the scope of the project. The Project Manager prepares a Project Initiation form which is the primary deliverable from the planning process and describes all aspects of the project at a high level. When completed, the document is used to obtain customer approval and serves as an agreement with the customer of the plan for the project. Once this agreement is reached, business requirements can be developed.

Business requirements are developed using the Joint Application Development (JAD) approach. JAD sessions are a succession of collaborative workshops that involves the customer in the design and development of the application. At the conclusion of the JAD sessions, the Project Manager

prepares the Project Plan document which will be used to manage the project. The document includes a scope statement, critical success factors, project assumptions, a communications plan, resource plan, risk identification, and quality plan. Attached to the Project Plan document is a project schedule that includes specific tasks to be completed, milestones, task duration, work product delivery dates, and the assigned resources. When completed, the documents are used to obtain customer approval and serve as an agreement with the customer of the plan for the project.

The Project Managers meet with their customer routinely (usually on a weekly basis) to update the customer on the progress of the project. Any modifications requested by the customer to the scope of the project must be documented. The Scope Change Request form is used for recording the change and obtaining customer approvals. Scope changes often require adjustments to cost, time or project objectives. The project schedule is updated as the project progresses to reflect any changes.

The Application Services Director uses several means to check on the progress of a project. The Project Managers meet on a bi-weekly basis with the Application Services Director to discuss the status of open work orders, major projects, and any issues they may have. The discussion of major projects includes whether projects are on schedule. When projects that are not on schedule, an explanation is required and

discussed. In addition, the Application Services Director has access to the project files which allows him to review documentation of a project at any time. The PTS system is used to track the number of hours logged to a project. ISS staff enter time spent on a project into the Time Entry Application (TEA) system which is automatically posted to the specified work order in PTS and can be converted to an excel spreadsheet format and total time logged to a project can be calculated.

The Application Services Director keeps the Deputy Director informed of the status of project progress during the bi-weekly Deputy Director's meeting and the ISS Director during the weekly Director's meeting.

In summary, the project authorization process is the result of dialogue between the customer who knows the business needs and the IT professionals who are most familiar with technology solutions. ISS has created forms to facilitate that dialogue and standardize the evaluation process. This process keeps the customer involved and results in a project that satisfies customer needs. The project management process involves ongoing monitoring of the time, cost, and scope of the projects. The Project Manager is responsible for executing the project plan and for documenting project modifications and making the time/cost adjustments to the project schedule as the project progresses. The Application Services Director monitors project progress by meeting on a regular basis with the Project Managers, reviewing online

project files, and tracking time posted to projects. This keeps management current on the progress of a project and provides early detection of a potential problem in time to make corrections.

Evaluation of IT Project Management Processes

Management of IT software projects can be viewed from several perspectives. One perspective is technical project management requiring activities such as assigning resources, scheduling, monitoring progress, and managing the development and implementation of an approved project. Another aspect of project management is that of initial project approval. We considered both of these perspectives in our review of Application Services.

IT software projects are proposed by both user departments and ISS staff. Project funding considerations depend on the agency proposing a project. Agencies that are funded by the general government are not charged for project development projects. Agencies with separate funding sources (Airports, Water Utilities, Fire Rescue, Library, etc.) are charged for development projects.

ISS Project Managers and the Application Services Director evaluate project proposals to ensure compatibility with the County network and to ensure that adequate resources are available to support design and development activities. These staff also work with the requesting agency to develop the project specifications. ISS

management defers to agency management in the determination of the need for any particular project. Their position is that the agencies know their particular business needs the best and that ISS's role is that of providing the technical support necessary to implement IT solutions to agency business needs.

We conducted research with comparable Florida counties to find out how IT software project proposals are reviewed and approved. We found two basic approaches to the review and approval process. One approach treats IT projects as capital projects if their estimated cost exceeds a certain threshold (Miami-Dade and Broward). These projects are subjected to an extensive vetting process before being submitted for funding consideration in the annual budget. The other approach treats the IT projects as elements of the department budget request but still subjects the proposals to review and vetting by IT management prior to submitting the project for funding in the department budget (Orange). This latter approach requires departments to pay for the development activity with the IT department paying for ongoing maintenance.

The two approaches are similar in that project proposals are subjected to extensive evaluation outside the requesting agency by oversight or governance reviewers. The intent of these evaluations is to determine whether a proposed project has sufficient merit to go forward and to

establish priority recommendations for those projects.

Palm Beach County does not subject IT project proposals to such a rigorous evaluation process. Essentially, if department management chooses to go forward with a project, ISS will support development of the project. The self-funded agencies referred to above must have sufficient budget to cover the projected costs of the IT development project. Other agencies are not charged for IT development services and are not required to provide budget for their IT projects. The information provided by ISS officials indicates that IT development projects are generally supported by existing resources within the ISS department budget.

We have not researched the benefits (if any) of subjecting IT development projects to the level of scrutiny of some of the other governments we contacted. However, we believe that good governance practices would require some level of review and approval for IT projects. While ISS Project Managers, the Application Services Director, the ISS Deputy Director, and the ISS Director evaluate individual project

proposals, we would not consider that review as being a governance level review. We believe the governance issue raised here should be addressed at the County Management Team level. Our question for the Management Team is "should IT development projects be subjected to some level of governance review outside of ISS?"

Management Comments and Our Evaluation

In responding to a draft of this audit report, the Department Director stated the description of the project management process in the audit report was an accurate overview of the process. The Director also commented on the volume of project requests and maintenance requirements and the challenges faced in responding to those needs. The Director also stated he would consult with the County Administrator on our proposal to charge the County management team with IT project governance responsibilities.

We agree with the actions proposed by the Department Director.

BACKGROUND

The Information Systems Services Department's (ISS) mission is to build and optimize the County's information technology infrastructure as a secure, reliable, and affordable resource for automating work processes, enabling management decision-making, and providing public access to County information and programs. ISS is organized into four major divisions: Application Services, Strategic Services and Finance, Computing Platforms, and Network Services. The 2015 Fiscal Year budget was \$30,116,610.

The Application Services Division (Division) is responsible for:

- Developing, implementing, and maintaining business applications in close cooperation with County Agencies;
- Supporting vendor commercial software packages;
- Serving as liaison to user agencies to communicate plans, coordinate service requests, and provide general consulting and project management services; and
- Implementation of Oracle, SQL, and FoxPro databases for development and production environments.

The Division is divided into four operating units: Applications, Consulting, Database, and Business System Administration. According to

the ISS staffing complement the Division has a total of 79 total full time equivalent (FTE's) with a budget of \$10,473,372 for Fiscal Year 2015. Of the 79 FTE's, 52 FTE's make up the Applications unit.

ISS uses the Learmonth and Burchett Management Systems (LBMS) methodology as a framework for planning, creating, testing, and deploying business applications. It is comprised of clearly defined and distinct stages that involve carrying out a number of tasks and producing a number of products during the course of the project. To ensure the delivery of a quality application, the Quality Assurance (QA) team develops test cases, performs functional testing to validate specific requirements, and performs system testing to ensure all functions perform accurately together. The QA team also performs the transfer of applications from the development environment to the production environment.

AUDIT SCOPE AND METHODOLOGY

The audit of Application Services was selected as a result of our annual risk assessment of County department operations. The risk factors identified in the assessment were customer service, information technology, operations and maintenance, size of operation, effectiveness and efficiency of the operation, and controls intended to minimize fraud risks. Through meetings with Department staff and a review of the Countywide and departmental policies and procedures, organizational charts, and other documentation, we selected the specific audit objectives cited above for detailed review and reporting.

The scope of the audit was limited to development projects that were in process or completed in FY 2014. Audit fieldwork was conducted from March to June 2015.

To answer Objective 1, we selected a sample of three of the 18 projects in process or completed in Fiscal Year 2014 and reviewed backup documentation to verify compliance with Departmental policies and procedures (PPMs) concerning project approval, initiation and management, and the LBMS methodology. The documentation included the forms and reports required by the PPMs and outputs identified within the stages of the methodology.

To answer Objective 2, we reviewed security controls over application developers and quality assurance staff. We reviewed the security groups created to control access to application projects and the security group created to control the deployment of applications into the production environment. We reviewed the permissions granted to the security groups and the member list of the security groups to determine if access authority assigned to members of the groups was in line with job responsibilities. We also reviewed the list of administrators that manage the security groups.

To answer Objective 3, we met with the Project Managers to discuss how new projects are authorized, methods used to document project progress (time/cost) and methods used to communicate project progress to the customer and to ISS management. We also met with the Application Services Director to discuss the request and approval of a new project and how the need for additional resources is handled. We conducted telephone interviews with other agencies to learn how those agencies handled the IT project approval process.

Management is responsible for establishing and maintaining effective

internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

A handwritten signature in blue ink that reads "Joseph F. Bergeron". The signature is written in a cursive, flowing style.

Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
November 16, 2015
W/P #2014-12

Exhibit A
Agency Resource Budget Request for FY 2015

AGENCY	NEW PROJECT	CURRENT PROJECT	MAINTENANCE	TECHNICAL REFRESH	TOTAL
General Fund					
Total Hours	22,830	14,630	51,058	31,258	119,776
Total FTE's	15.74	10.09	35.21	21.56	82.60
Total \$	\$1,712,250	\$1,097,250	\$3,829,350	\$2,344,350	\$8,983,200
Judiciary					
Total Hours	210	-	180	-	390
Total FTE's	.14	-	.12	-	.27
Total \$	\$15,750	-	\$13,500	-	\$29,250
Constitutional Offices					
Total Hours	2,919	-	2,763	-	5,682
Total FTE's	2.01	-	1.91	-	3.92
Total \$	\$218,925	-	\$207,225	-	\$426,150
Independent Taxing Agency					
Total Hours	300	-	380	-	680
Total FTE's	.21	-	.26	-	.47
Total \$	\$22,500	-	\$28,500	-	\$51,000
Enterprise Fund Agency					
Total Hours	4,380	1,060	9,619	440	15,499
Total FTE's	3.02	.73	6.63	.30	10.69
Total \$	\$328,500	\$79,500	\$721,425	33,000	\$1,162,425
Special Revenue Fund Agency					
Total Hours	1,000	-	1,133	-	2,133
Total FTE's	.69	-	1	-	1.69
Total \$	\$75,000	-	\$84,975	-	\$159,975
Grant Funded Agencies					
Total Hours	40	227	174	-	441
Total FTE's	.03	.15	.12	-	.30
Total \$	\$3,000	\$17,025	\$13,050	-	\$33,075
Internal Service Fund Agencies					
Total Hours	-	-	653	-	653
Total FTE's	-	-	.45	-	.45
Total \$	-	-	\$48,975	-	\$48,975
External Customers					
Total Hours	600	-	-	-	600
Total FTE's	.41	-	-	-	.41
Total \$	\$60,000	-	-	-	\$60,000
County Total					
Total Hours	32,279	15,917	65,960	31,698	145,854
Total FTE's	22.26	10.98	45.49	21.86	100.59
Total \$	\$2,435,925	\$1,193,775	\$4,947,000	\$2,377,350	\$10,954,050

TOTAL FTE's = Hours/1450

TOTAL \$ = Hours x \$75 - except External Customer (Virgin Islands) Hours x \$100



Office of the County Internal Auditor

**AUDIT RECOMMENDATION STATUS
FOLLOW-UP REPORT
AS OF SEPTEMBER 30, 2015**

ISSUED DECEMBER 16, 2015

Stewardship – Accountability – Transparency

**AUDIT RECOMMENDATION STATUS
FOLLOW-UP REPORT
AS OF SEPTEMBER 30, 2015**

TABLE OF CONTENTS

Transmittal letter	1
Summary status of recommendations	3
Exhibit 1 - Audit recommendations open at the beginning of the reporting period	4
Exhibit 2 - Audit recommendations issued during the reporting period	5
Exhibit 3 - Open audit recommendations by county department	6
Exhibit 4 - Summary aging of open audit recommendations	7
Exhibit 5 - Audit recommendations for Audit Committee Attention	8
Exhibit 6 - Audit recommendation status at September 30, 2015	10



Internal Auditor's Office

2300 North Jog Road
West Palm Beach, FL 33411

(561) 681-4480

FAX: (561) 681-4490

www.pbcgov.com/internalauditor



**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Mayor

Mary Lou Berger, Vice Mayor

Hal R. Valeche

Paulette Burdick

Steven L. Abrams

Melissa McKinlay

Priscilla A. Taylor

County Administrator

Robert Weisman

DATE: December 16, 2015

TO: The Audit Committee

FROM: Joseph F. Bergeron, Internal Auditor

SUBJECT: Transmittal Letter for Recommendation Follow-Up
Report Dated September 30, 2015

Attached is the Internal Auditor's Recommendation Follow-Up Report providing the status of audit recommendations as of September 30, 2015. These reports will be prepared semiannually for periods ending March 31 and September 30. The reports are submitted to the Audit Committee at its meeting following the report "as of" dates. We will submit the reports to the BCC (generally January and July) following Audit Committee review.

The report contains a Summary Status of Audit Recommendations followed by:

- Exhibit 1 Audit Recommendations Open at Beginning of the April 1, 2015 through September 30, 2015 Reporting Period
- Exhibit 2 Audit Recommendations Issued During the April 1, 2015 through September 30, 2015 Reporting Period
- Exhibit 3 Open Audit Recommendations by County Department at September 30, 2015
- Exhibit 4 Summary Aging of Open Audit Recommendations at September 30, 2015
- Exhibit 5 Audit Recommendations Submitted for Audit Committee Consideration
- Exhibit 6 Recommendation Status at September 30, 2015

The purpose of this report is to keep the Audit Committee, the BCC and County Administration informed of the status of recommendations made by the Internal Auditor's Office and to facilitate oversight by County Administration on departmental implementation activities.

Exhibit 5 includes recommendations which have had final management action without correcting the underlying condition where we believe additional action is necessary (Part A) or that have been open for at least two years (Part B).

Audit recommendation follow-up is conducted to determine if management has implemented the corrective action agreed to during the audit and to ensure the underlying condition has been corrected.

Audit recommendations are proposed by the Internal Auditor's Office and either accepted by management as proposed or management proposes alternate solutions, which are acceptable to Internal Audit. An audit recommendation is "Open" from the time the audit report containing the recommendation has been reviewed by the Audit Committee until management has either implemented the recommendation or decided to take no further action. Audit recommendations remain in this report as long as the recommendation is open. If management chooses to take no further action, Internal Audit reports that in Exhibit 5 and recommends appropriate action to the Audit Committee.

This report tracks every audit recommendation from the date of issuance through to final disposition. Management establishes projected implementation dates for all recommendations during the audit. Internal Audit tracks the projected implementation dates and conducts follow-up on audit recommendations when management confirms the recommendation has been implemented.

If management has not implemented the recommendation by the scheduled implementation date, Internal Audit makes inquiries of management to determine:

- What actions, if any, have been taken by management;
- Why the recommendation has not been implemented as scheduled; and
- When will the recommendation be implemented?

Internal Audit will conduct limited due diligence reviews to determine the validity of management's responses and consult with County Administration to determine if the reasons for delay are reasonable and report delinquencies where appropriate. The recommendation implementation date will be adjusted as necessary based on the new information from management.

Recommendation status is listed in Exhibits 5 and 6 as either:

- **Completed** The recommendation has been fully implemented or management has implemented alternative actions that achieved the same purpose as the original recommendation, and the actions taken by management have corrected the underlying conditions. Internal Audit review confirms management's actions.
- **In process** Internal Audit has conducted a follow-up review and found that management has not fully implemented the recommendation and that additional work is necessary to fully implement the recommendation. Management provides a new projected implementation date for the corrective action. Additional follow-up will be required. In some cases management tells Internal Audit that implementation is underway but not yet complete. In that case Internal Audit will perform limited procedures to verify management's assertion.
- **Future implementation** The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation.
- **Follow-up pending** The department has reported implementation of the audit recommendation. However, Internal Audit has not yet done the follow-up review work to confirm management's actions.

SUMMARY STATUS OF AUDIT RECOMMENDATIONS

SEPTEMBER 30, 2015

As of September 30, 2015, the Internal Auditor's Database of Audit Recommendations showed that management actions had not been completed on 79 recommendations. These recommendations are considered "Open". Of those 79 open recommendations, follow-up has been conducted on 41 showing that management action has started but was not yet complete. The other 38 open recommendations are scheduled for follow-up in the future and no audit evaluation has been conducted at this time.

Changes in the inventory of Audit Recommendations during the period April 1, 2015 through September 30, 2015 are shown below:

Open Audit Recommendations as of April 1, 2015	52
Additional Audit Recommendations from Audit Reports Issued April 1, 2015 through September 30, 2015	43
Audit Recommendations Completed April 1, 2015 through September 30, 2015	16
Open Audit Recommendations as of September 30, 2015	79

Recommendation follow-up work is generally conducted within one year of report issuance or earlier if management indicates that final action has been completed. Follow-up is done to determine the following:

- Was the recommendation implemented as agreed to by management? Or, if not, did alternative management action(s) correct the identified deficiency (ies)?
- Was the underlying cause (condition) corrected?

Sufficient audit evidence is developed to support a conclusion as to implementation of the recommendation and correction of the underlying cause (condition). If final management action has been taken on all audit recommendations in an audit report, the recommendations are considered "Complete" and are included in the current report, but not in future reports.

If management action(s) are not complete on any or all of the audit recommendations in an audit report, they are included in this report as "In Process" and another audit follow-up will be scheduled. In those cases where final management action has been taken and the underlying cause (condition) has not been corrected, we show this recommendation as Completed, Not Implemented. These recommendations are included within Exhibit 5 for Audit Committee consideration.

**Exhibit 1: Audit Recommendations Open at Beginning of the April 1, 2015
through September 30, 2015 Reporting Period**

Report	Issue Date	Number of Open Audit Recommendations Beginning of Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
<u>13-09</u> Public Affairs Graphics Division	Sep-13	9	8	1
<u>14-05</u> Parks and Recreation Aquatics	Jun-14	4	0	4
<u>14-08</u> Economic Sustainability Capital Improvements, Real Estate, & Inspection	Jun-14	4	0	4
<u>14-12</u> Facilities Development & Operations Facilities Management	Sep-14	3	3	0
<u>15-03</u> Water Utilities Operations and Maintenance	Mar-15	8	0	8
<u>15-05</u> Parks and Recreation Special Facilities	Mar-15	3	0	3
<u>15-06</u> Palm Tran Fixed Route	Mar-15	11	0	11
<u>15-07</u> Office of Equal Opportunity Fair Housing and Equal Employment	Mar-15	10	0	10
Total		52	11	41

**Exhibit 2: Audit Recommendations Issued During the April 1, 2015 through
September 30, 2015 Reporting Period**

Report	Issue Date	Number of Audit Recommendations Issued this Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
<u>15-10</u> Criminal Justice Commission Procurement to Payment	Jun-15	5	5	0
<u>15-11</u> Criminal Justice Commission Performance Management	Jun-15	6	0	6
<u>15-12</u> Public Affairs Procurement to Payment	Jun-15	4	0	4
<u>15-13</u> Public Affairs Performance Management	Jun-15	3	0	3
<u>15-14</u> Cooperative Extension Service Procurement to Payment	Sep-15	7	0	7
<u>15-15</u> Cooperative Extension Service Performance Management	Sep-15	6	0	6
<u>15-17</u> Office of Small Business Assistance Revenue Management	Sep-15	2	0	2
<u>15-18</u> Office of Small Business Assistance Performance Management	Sep-15	6	0	6
<u>15-20</u> Metropolitan Planning Organization Procurement to Payment	Sep-15	2	0	2
<u>15-21</u> Metropolitan Planning Organization Performance Management	Sep-15	2	0	2
Total		43	5	38

**Exhibit 3: Open Audit Recommendations
by County Department
as of September 30, 2015**

Department	In Process	Future Implementation
Cooperative Extension	0	13
Criminal Justice Commission	0	6
Economic Sustainability	4	0
Facilities Development & Operations	0	0
Metropolitan Planning Organization	0	4
Office of Equal Opportunity	10	0
Office of Small Business Assistance	0	8
Palm Tran	11	0
Parks and Recreation Department	7	0
Public Affairs	1	7
Water Utilities	8	0
Total Open Recommendations	41	38

Future implementation

The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation.

**Exhibit 4: Summary Aging of Open Audit Recommendations
As of September 30, 2015**

Timeframe	Inventory at Beginning of Period (Exhibit 1)	Issued During this Period (Exhibit 2)	Closed During this Period (Exhibits 1 and 2)	Open at the End of this Period	In Process	Future Implementation
0 - 6 Months	0	43	5	38	0	38
7 - 12 Months	32	0	0	32	32	0
1 - 2 Years	11	0	3	8	8	0
Over 2 Years	9	0	8	1	1	0
Total	52	43	16	79	41	38

0 - 6 Months	April 2015 to September 2015
7 - 12 Months	October 2014 to March 2015
1 - 2 Years	October 2013 to September 2014
Over 2 Years	Prior to October 2013

Future implementation

The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation.

**Exhibit 5: Audit Recommendations Submitted for Audit Committee
Consideration as of September 30, 2015**

**Recommendations for which Final Management Action Has Been Taken
Without Resolving the Underlying Condition**

None	

Recommendations Which Have Been Open Longer Than Two Years

13-09 Public Affairs Graphics Division	
Report issued September 2013 containing 14 recommendations First follow-up scheduled for January 2014 Second follow-up scheduled for July 2015	
#1 The Division Manager should ensure that procedures addressing the issues described above are either prepared or updated (as appropriate) in a timely manner.	Status - September 2015 In Process. This recommendation has been partially implemented. We confirmed procedures for Billing Rates have been established, determined that the overall risk of not having a written PPM for Revenue is low, as the revenue collection function has since been transferred to Finance, and determined that the overall risk of not having a written PPM for Sales Tax is low or nonexistent as taxable customers are no longer to be provided copying/printing services. We also determined that the risk of not having a set of PPMs for the Division is not significant. However, no PPMs have been developed to address Controlling and Administering Inventory.

**Exhibit 5: Audit Recommendations Submitted for Audit Committee
Consideration as of September 30, 2015**

	<p>Status - March 2015 In process This recommendation has been partially implemented. We confirmed PPM CW-L-005, Printing and Publication of County Documents, prepared by Public Affairs, was updated as of April 16, 2013. However, they continue to work on procedures for establishing billing rates. OFMB reported that PPM-PA-F-005, which addresses the establishment and updating of billing rates, had been submitted to them for review. Further, the PPM addressed the establishing of labor rates, but did not include material type rates. They continue to work on procedures for: Revenue, Sales Tax, as well as a Dept PPM for inventory and a set of Division PPMs.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
13-09 Public Affairs Graphics Division	
<p>Report issued September 2013 containing 14 recommendations</p> <p>First follow-up scheduled for January 2014</p> <p>Second follow-up scheduled for July 2015</p>	
<p>#1 The Division Manager should ensure that procedures addressing the issues described above are either prepared or updated (as appropriate) in a timely manner.</p>	<p>Status - September 2015 In Process. This recommendation has been partially implemented. We confirmed procedures for Billing Rates have been established, determined that the overall risk of not having a written PPM for Revenue is low, as the revenue collection function has since been transferred to Finance, and determined that the overall risk of not having a written PPM for Sales Tax is low or nonexistent as taxable customers are no longer to be provided copying /printing services. We also determined that the risk of not having a set of PPMs for the Division is not significant. However, no PPMs have been developed to address Controlling and Administering Inventory.</p> <p>Status - March 2015 In process. This recommendation has been partially implemented. We confirmed PPM CW-L-005, Printing and Publication of County Documents, prepared by Public Affairs, was updated as of April 16, 2013. However, they continue to work on procedures for establishing billing rates. OFMB reported that PPM-PA-F-005, which addresses the establishment and updating of billing rates, had been submitted to them for review. Further, the PPM addressed the establishing of labor rates, but did</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>not include material type rates. They continue to work on procedures for: Revenue, Sales Tax, as well as a Dept PPM for inventory and a set of Division PPMs.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#2 The Division Manager should ensure billing rates are adjusted to recover the cost of service, and continue to be submitted annually to OFMB for review as required by Countywide PPM CW-F-044.</p>	<p>Status - September 2015 Complete. This recommendation has been implemented to the extent Graphics is capable and believe that only a minimal portion of Graphics work product is billable and therefore there is minimal risk associated with not adjusting rates.</p> <p>Status - March 2015 In process. This recommendation has been partially implemented. OFMB indicated a sampling of rates had been submitted to them for review during the budget process for fiscal years 2014 and 2015. Further, they indicated the rates appeared to be reasonable. However, they have not received assistance and/or feedback from OFMB in reviewing the labor rates submitted annually.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#3 The Division Manager should consider implementing procedures to track the current cost related to work orders, and to determine if documents are produced in a cost effective manner.</p>	<p>Status - September 2013 Future implementation.</p> <p>Status - September 2015 Complete. This recommendation has been implemented to the extent Graphics is capable. Management has considered implementing a system to track the cost of print jobs, however they do not have the staff time or expertise to develop and implement such a system. We acknowledge the limitations and encourage Graphics management to pursue such actions in the future.</p> <p>Status - March 2015 In process. Management indicated that they do not believe that tracking cost on print jobs is necessary or cost effective when reviewing specialized work orders to ascertain if it is more or less cost effective to complete in-house.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#4 The Department Director should review with the County Administrator and the OFMB Director the Division's current practice of non-billing for one entity outside the General Fund.</p>	<p>Status - September 2015 Complete. The entity identified is no longer outside the General Fund as of FY 2015. As a result, the practice of not billing the entity is PPM compliant.</p> <p>Status - March 2015 In process. Management indicated that the Commission on Ethics is not being billed per direction received from</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>OFMB. Further, an exemption to the PPM was never brought up to the County Administrator and the OFMB Director for resolution. The Department Director indicated that she would discuss with the OFMB Budget Director.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#8 The Division Manager should implement controls and procedures in accordance with Countywide PPM CW-F-018 and update their departmental PPM to more appropriately manage transactions involving sales tax exemptions. The revised departmental PPM should address obtaining, reviewing and maintaining sales tax exemption certificates and exemption numbers; and ensure that sales taxes are charged as appropriate.</p>	<p>Status - September 2015 Complete.</p> <p>It was determined that the likelihood of an error occurring in the future is low regarding sales tax application, as the Division's current customers outside County departments are either other government entities or nonprofit agencies, which are tax exempt. Also, taxable customers are no longer to be provided graphics /printing/copying services.</p> <p>Status - March 2015 In process.</p> <p>Management indicated that they did not believe this recommendation still applied, as the Division has since transferred the invoicing and collection of revenue functions to the Clerk's Finance Section. However, the actual billing is still initiated by the Division which includes the recording of a receivable in Advantage and the charging and/or non charging of sales tax. We believe the actual billing and amount to charge for services (which includes</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>sales tax) still remains with the Division.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#9 The Division Manager should ensure security roles assigned to Graphics staff in the County's financial system (Advantage) provide for the adequate segregation of duties where feasible; and should not allow any one individual to be able to both (1) process (validate) and (2) approve (submit) procurement documents for ordering (purchasing) and receiving.</p>	<p>Status - September 2015 Complete. Management has assumed the inherent risk of not segregating duties between entering and approving purchase orders and receiving documents in Advantage. Management has implemented two compensating controls to mitigate some of the risk.</p> <p>Status - March 2015 In process. Management expressed a reluctance due to limited staff and the need for back-up approvals, to remove approval security roles from any of the three individuals who currently have both processing and approval capabilities in Advantage.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#10 The Division Manager should ensure that purchasing duties are adequately segregated so that no one person is approving purchases, receiving purchased items, and handling the related invoices for payment. If necessary, compensating controls should be established</p>	<p>Status - September 2015 Complete. Management has assumed the inherent risk of not segregating duties between entering and approving</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>to address the lack of separation of duties. For example, compensating controls can include management oversight of operations, or review and reconciliation of reports by an independent party.</p>	<p>purchase orders and receiving documents in Advantage. However, management has segregated the physical receiving of goods from the fiscal person who processes procurement documents in Advantage. Compensating controls have been implemented.</p> <p>Status - March 2015 In process. This recommendation has been partially implemented. Our review found (1) Shipments/ orders are being physically received in the shipping area of the Shop by someone other than the Fiscal Specialist, (2) Vendors have been instructed to send invoices to Finance and hand-delivered invoices are not being accepted, (3) The downtown Copy Center has been closed, and (4) Employees who physically receive orders have been instructed to initial, date, and notate quantities and items received on the packing slip prior to providing to the Fiscal Specialist for entry into Advantage. However, receiving documents (packing slips) were not initialed, dated, with quantities received noted. In addition, management revealed that compensating controls have not been implemented to provide for a review of processed procurement documents; even though, both purchasing and receiving documents are being entered into Advantage by the same individual who has both processing and approval security rights in the system. The Receiving and Purchasing functions in Advantage are not adequately segregated.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#12 The Division Manager should implement appropriate controls over cash receipts to ensure all payments are accounted for when received and are adequately safeguarded.</p>	<p>Status - September 2015 Complete. It was determined that the likelihood of an error occurring in the future is low, as the receipt of payments at Graphics is no longer the practice and customers are now instructed to remit payments directly to Finance.</p> <p>Status - March 2015 In process. Management believes this recommendation no longer applies as the cash receipt function has since been transferred to Finance. However, checks were still sent and received at Graphics by the customer, instead of Finance as instructed; and thus, necessitates cash receipt protocols.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
<p>#13 The Division Manager should implement reconciliation procedures to ensure cash receipts (checks) received and forwarded to Finance for deposit are appropriately recorded in the County's Financial System.</p>	<p>Status - September 2015 Complete. It was determined that the likelihood of an error occurring in the future is low, as the receipt of payments at Graphics is no longer the practice and customers are now instructed to remit payments directly to Finance.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - March 2015 In process. Management indicated this recommendation is not necessary to implement as the cash receipt function has been transferred to Finance. We noted that checks are still sent to Graphics, instead of Finance, on occasion; and thus, we believe reconciliation protocols are necessary.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Future implementation.</p>
14-05 Parks and Recreation Aquatics Division	
Report issued June 2014 containing 4 recommendations First follow-up January 2015 Second follow-up August 2015	
<p>#1 The Parks and Recreation Department Director should modify departmental PPM PRO-J03 to include controls needed to prevent opportunities for abuse including, cursory reviews by Facility Management of voided transactions for detection of irregularities or excessive voids, of the condition(reason)under which the transaction was voided to ensure the proper process was followed, and requiring a customer's signature on voided cash transactions as a compensating control when the on-duty manager is unavailable. In addition, voided transactions should be monitored by documenting these transactions to help detect patterns of abuse or excess use of voids.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 In Process. This recommendation has been partially implemented. The Department has created PPM (DO-F-017) for the processing of void/refund transactions. Our review of the controls found further implementation is needed. We found all voids/refunds are reviewed and approved by the Facility Manager or designee. We found the</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>condition/reason for the void/refund is being entered on the forms. However, the PPM requires the reason to be entered in the POS system. This requirement has not been implemented. We also found, the PPM requires a customer signature on the void receipts. We found 7 of the 8 void receipts reviewed did not have a customer signature.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Future implementation.</p>
<p>#2 The Parks and Recreation Department Director should ensure that a separate cash drawer is provided to each cashier in order to avoid sharing of cash drawers and that each cashier has been instructed on their responsibility for the security of the cash that has been assigned to them as defined in PPM CW-F-041.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 In Process. Management's response to the finding indicated it was not practical to provide a separate cash drawer for each cashier and that compensating controls would be put into place. The compensating control was to have the cash reconciled upon each shift change. In our review, we found that practice has not been implemented. In addition, we found that the cash drawer used by the Fiscal Staff is a shared drawer.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	Status - June 2014 Future implementation.
<p>#3 The Parks and Recreation Department Director should modify departmental PPM DOF-005 to include a cursory review by Facility Management of the checks accepted for payment to ensure all the requirements for accepting a check have been met.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 In Process. Management's response to the finding indicated that better training on the requirements of the PPM would correct the issue and agreed that Facility Management needs to be more proactive in ensuring that check acceptance requirement are met. Our review found that Managers are preparing the daily reports, which include providing a copy of all checks received, however we found customer driver's license numbers are not being written on the checks as required in the PPM.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Future implementation.</p>
<p>#4 The Parks and Recreation Department Director should ensure the Facility Managers are maintaining the Log Sheets as required by PPM PRF-J03. In addition, all Log Sheets should be submitted to the Waterpark Coordinator for monthly review.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 In Process. Our review found the log sheets are maintained and reviewed monthly however, we found little activity to review. We feel that an additional review of the log sheets and monthly review of the sheets during the summer months when there is an increase in activity would provide a better indication of the effectiveness of the controls over the log sheets.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - September 2014 Future implementation. Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Future implementation.</p>
14-08 Department of Economic Sustainability CIREIS	
Report issued June 2014 containing 4 recommendations Follow-up scheduled for September 2015	
#1 The DES Director and the CIREIS Section Manager should ensure formal monitoring reviews are conducted in accordance with Departmental monitoring handbooks (NSP, DRI).	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Future implementation.</p>
#2 The DES Director and the CIREIS Section Manager should consider conducting annual monitoring reviews of CDBG sub-recipients; and officially adopting or developing a monitoring handbook to address formal monitoring of CDBG sub-recipients.	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>September 2015.</p> <p>Status - June 2014 Future implementation.</p>
<p>#3 The CIREIS Manager should ensure sub-recipient project files are documented to substantiate DES compliance with Federal regulations, grant requirements, and sub-recipient adherence to its agreements with the County.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Future implementation.</p>
<p>#4 The CIREIS Manager should ensure procedures to address the CIREIS Section's construction administration and contract oversight are in writing.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Future implementation.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
14-12 Facilities Development and Operations Facilities Management	
Report issued September 2014 containing 3 recommendations Follow-up scheduled for April 2015	
#1 The Division Director should take actions to ensure the accurate recording of labor and material resources used for the work order functions.	<p>Status - September 2015 Complete. The Division has developed new SOP 'Work Order Procedures' relating to the Maintenance work order functions. These procedures address the items addressed in the audit recommendation related to the accurate recording of labor and material resources used for the work order functions. We examined and tested the processes and related documents and found that as it relates to the implementation of this recommendation the new SOP requirements are implemented and functional.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - June 2014 Future implementation.</p>
#2 The Division Director should design and implement inventory management controls and policies addressing the issues addressed in the finding above that comply with Countywide PPM CW-F-059.	<p>Status - September 2015 Complete. The Division has revised PPM FDO-O-42 'Inventory Control Policy and Procedures' relating to the Inventory Management functions. We</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>examined and tested the processes and related documents and found that as it relates to the implementation of this recommendation, the new requirements of the PPM are implemented and functional.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - June 2014 Future implementation.</p>
<p>#3 The Facilities Management Division Director should ensure that all tools/specialized equipment assigned to the Division are controlled and accounted for.</p>	<p>Status - September 2015 Complete. The Division has revised PPM FM-O-06 'Tool/ Equipment Policy relating to the management of operating equipment and tools. We examined and tested the processes and related documents and found that as it relates to the implementation of this recommendation, the new requirements of the PPM are implemented and functional.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - September 2014 Future implementation. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	Status - June 2014 Future implementation.
15-03 Water Utilities Operations and Maintenance	
Report issued March 2015 containing 8 recommendations Follow-up scheduled for September 2015	
#1 The WUD Director should implement actions to ensure that consultant pay applications are made in accordance with County requirements. These actions should include the assigning and enforcing of these compliance requirements.	Status - September 2015 Follow-up pending. Status - March 2015 Follow-up pending. Implementation scheduled for May 2015; follow-up scheduled for September 2015.
#2 The WUD Director should implement actions to ensure the receipt, use and retention of all contract deliverables.	Status - September 2015 Follow-up pending. Status - March 2015 Follow-up pending. Implementation scheduled for May 2015; follow-up scheduled for September 2015.
#3 The WUD Director should implement actions to recover the over payments made to the Consultant for the work not done the tasks for CSA # 6.	Status - September 2015 Follow-up pending. Status - March 2015 Future implementation. Implementation scheduled for May 2015; follow-up scheduled for September 2015.
#4 The WUD Director should ensure that consultants use sub-consultants listed as their team members to deliver the required services. The use of outside sub-consultants should be preapproved by the WUD Director after being reviewed for validity of substitution against the consultant's original performance capability.	Status - September 2015 Follow-up pending. Status - March 2015 Future implementation. Implementation scheduled for May 2015; follow-up scheduled for September 2015.
#5 The WUD Director should implement actions to ensure only needed licenses are purchased. This could include requiring a needs assessment of required user	Status - September 2015 Follow-up pending.

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
licenses be conducted prior to purchasing them.	Status - March 2015 Future implementation. Implementation scheduled for May 2015; follow-up scheduled for September 2015.
#6 The WUD Director should implement a system to track the use of all Maximo software assets (licenses) owned and used by Department	Status - September 2015 Follow-up pending. Status - March 2015 Future implementation. Implementation scheduled for August 2015; follow-up scheduled for September 2015.
#7 The WUD Assistant Director Operations should implement procedures to ensure that all specialized tools assigned to the Division are controlled and accounted for. This should include an accurate perpetual inventory listing of all these asset items held at each location; a signed acceptance of all inventory by asset custodians; accurate backup documentation for lost, missing and surplus items; and an annual reconciliation of items to inventory listing.	Status - September 2015 Follow-up pending. Status - March 2015 Future implementation. Implementation scheduled for July 2015; follow-up scheduled for September 2015.
#8 The WUD Assistant Director Operations should implement procedures to standardize the reporting requirements for the work processes incorporating the new Maximo system reporting. The procedures should include reporting requirements for all work process components, and the supervisory monitoring and approval of the work process reporting. Field staff should be trained on these reporting requirements.	Status - September 2015 Follow-up pending. Status - March 2015 Future implementation. Implementation scheduled for July 2015; follow-up scheduled for September 2015.
15-05 Parks and Recreation Special Facilities	
Report issued March 2015 containing 3 recommendations Follow-up scheduled for October 2015	
#1 The Special Facilities Division Director should not allow the use of a sales transaction for processing refunds. All refunds should be processed as refunds, documented according to PPM requirements, and all documentation submitted to the Financial and Support Services (FSS) Division for review.	Status - September 2015 Follow-up pending. Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#2 The Special Facilities Division Director should require the Range Servant Report to be printed daily, compared to the Tran Code Activity Report, initialed by the facility Manager or Assistant Manager and included in the backup documentation retained in the facility files.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#3 The POS Systems Administrator should request a modification to the POS systems to require a new user to change their password when signing on to a POS application for the first time and to change their password periodically (at least every 180 calendar days).</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>15-06 Palm Tran Fixed Route</p>	
<p>Report issued March 2015 containing 13 recommendations Follow-up scheduled for October 2015.</p>	
<p>#1 The Department Director should enforce overtime scheduling requirements based on seniority order.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#2 The Department Director should ensure the Human Resource Manager accurately and completely maintains grievance logs and related supporting documentation as required by the bargaining agreements.</p>	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#3 The Department Director should establish a code in the payroll system to identify costs associated with</p>	<p>Status - September 2015 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
scheduling of overtime errors to help monitor and manage cost.	<p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#4 The Department Director should review the current security profiles for all Trapeze users and administrators and ensure that appropriate system access rights are assigned only to employees whose current duties and responsibilities require system access.	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Follow-up pending. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#7 The Department Director should cease annual payment of maintenance fees for any unused Trapeze's software.	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#8 The Department Director should evaluate potential improvements in Trapeze's processing efficiency that may result from: Developing and implementing policies and procedures requiring the use of Trapeze and elimination of some manual processing such as the manual Absence Log (Red Book) and Extra-Board Sheets; and Implementing an automated payroll system that interfaces with the County Payroll System.	<p>Status - September 2015 Follow-up pending</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#9 The Department Director should implement the Agency-Developed Rostering approach to improve controls over scheduled overtime and to improve the bidding process.	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#10 The Department Director should discuss with ATU and vendors, such as Hastus and/or Trapeze, about	<p>Status - September 2015 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
implementing an electronic bidding process to improve efficiencies and reduce errors due to the manual bidding process.	<p>Status - March 2015 Follow-up pending. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#11 The Department Director should implement procedures to consistently document and retain reconciliation efforts between data in the Trapeze system to data in Time Server payroll system after each pay period. A supervisor should also review and approve the reconciliations.	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
#12 The Department Director should ensure that door lock access to the money rooms are changed when employees with access are terminated or reassigned	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for Oct 2015.</p>
#13 The Department Director should direct Palm Tran to periodically verify the accuracy of the camera's Vault Monitoring Log.	<p>Status - September 2015 Follow-up pending.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for September 2015; follow-up scheduled for Oct 2015.</p>
15-07 Office of Equal Opportunity Fair Housing and Equal Employment	
Report issued March 2015 containing 10 recommendations Follow-up scheduled for November 2015	
#1 The OEO Director should strengthen management controls (i.e. implementation of tracking tools and reports) to ensure investigations for complaints are completed timely in an effort to obtain HUD maximum payment allowed, and well as to meet EEOC contractual numbers.	<p>Status - September 2015 Future implementation.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	October 2015; follow-up scheduled for Nov 2015.
#2 The OEO Director should seek assistance from Human Resources to identify reasons for investigative staff turnover; and if necessary, implement corrective actions to retain staff needed to ensure complaints are processed timely in accordance with Federal laws, agreements and contracts, as well as local ordinances.	<p>Status - September 2015 Future implementation.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
#3 The OEO Director should develop written standard operating procedures for the prompt and appropriate handling of complaints in accordance with Federal and local requirements.	<p>Status - September 2015 Future implementation.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
#4 The OEO Director should request an enhanced software system application from Information Systems Services that facilitates accurate data input, capturing and reporting of information, and provides for meaningful reports to better assist OEO management in the monitoring, handling, and processing of complaints and charges of discrimination.	<p>Status - September 2015 Future implementation.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
#5 Consideration should be given to revising the County's Equal Employment Ordinance to increase the number of days, allowing for a respondent to provide requested information, to be congruent with industry practice.	<p>Status - September 2015 Future implementation.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
#6 The OEO Director should implement management controls to ensure respondents of Equal Employment complaints are not automatically granted more than the one extension allowed by the EEOC to provide requested information, which can unnecessarily add to further delays in the resolution of an Equal Employment complaint.	<p>Status - September 2015 Future implementation.</p> <p>Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
#7 The OEO Director should revise the certified letter sent to respondents of Fair Housing complaints to reflect	<p>Status - September 2015 Future implementation.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
the number of days specified in the County's Fair Housing Ordinance.	Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.
#8 The OEO Director should ensure the parties to an Equal Employment complaint are promptly notified, in writing, when OEO is unable to complete an investigation within 100 days of filing a complaint. In addition, the written notification should include the reason for not completing the investigation within the 100 day timeframe.	Status - September 2015 Future implementation. Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.
#9 The OEO Director should ensure the parties of a Fair Housing complaint are notified within the federal required timeframe when unable to complete an investigation within 100 days after the filing of a complaint.	Status - September 2015 Future implementation. Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.
#10 Consideration should be given to revising the County's Fair Housing Ordinance to mirror the federal requirement to provide written notification of a delay of an investigation no later than 110 days of filing the complaint.	Status - September 2015 Future implementation. Status - March 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.
15-10 Criminal Justice Commission	
Procurement to Payment	
Report issued June 2015 containing 5 recommendations Follow-up scheduled for August 2015	
#1 The Executive Director should ensure that all contracts are fully executed before authorizing contractors to begin work.	Status - September 2015 Complete. The recommendations no longer apply to the CJC and are therefore considered cleared. The contracts identified in the audit have been distributed to Public Safety and Youth Services, neither of which will be held accountable for the actions of

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	CJC.
#2 The Executive Director should ensure that all contracts have received appropriate delegation of authority for approval and specifically in the case of the Lord's Place RESTORE agreement, submit the agreement to the BCC for approval and request delegation of approval authority for future agreements.	Status - September 2015 Complete. The recommendations no longer apply to the CJC and are therefore considered cleared. The contracts identified in the audit have been distributed to Public Safety and Youth Services, neither of which will be held accountable for the actions of CJC.
#3 The Executive Director should ensure that the contract managers adhere to the County Procurement policies. Evidence of competitive or sole source solicitation should be properly documented.	Status - September 2015 Complete. The recommendation no longer applies to the CJC and is therefore considered cleared. The contracts identified in the audit have been distributed to Public Safety and Youth Services, neither of which will be held accountable for the actions of CJC.
#4 The Executive Director should periodically evaluate market potential for exempt purchases and document decision.	Status - September 2015 Complete. The recommendation no longer applies to the CJC and is therefore considered cleared. The contracts identified in the audit have been distributed to Public Safety and Youth Services, neither of which will be held accountable for the actions of CJC.
#5 The Executive Director should ensure that policies and procedures memoranda (PPM) relating to the procurement to payment process are developed and implemented. The PPM should include procedures for reviewing and maintaining back-up receiving documents.	Status - September 2015 Complete. The recommendation no longer applies to the CJC and is therefore considered cleared. The contracts identified in the audit have been distributed to Public Safety and Youth Services, neither of which will be held accountable for the actions of CJC.
15-11 Criminal Justice Commission	

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
Performance Management	
Report issued June 2015 containing 6 recommendations Follow-up scheduled for May 2016	
#1 The mission statement should be similar to the purpose statement in the Bylaws.	Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.
#2 Each objective should support or link to an element of the mission statement focusing on key operational responsibilities of the Department.	Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.
#3 Each objective should be specific and include performance targets that are realistic and attainable.	Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.
#4 Each performance measure should be reported as often as necessary to support management analysis and evaluation.	Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.
#5 Each performance measure should accurately reflect current operations and describe as accurately as possible what is actually being measured.	Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.
#6 Documentation of performance measures should be verified, maintained, readily-available, and periodically reviewed.	Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.
15-12 Public Affairs Department	
Procurement to Payment	
Report issued June 2015 containing 4 recommendations Follow-up scheduled for July 2015	
#1 The person doing the physical receiving should be someone other than the person entering the receiver in the Advantage financial system.	Status - September 2015 Follow-up pending. Implementation scheduled for June 2015; follow-up scheduled for July 2015.

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#2 The person initiating the purchase orders in the Advantage financial system should be someone other than the person entering the receiver in the Advantage financial system.</p>	<p>Status - September 2015 Follow-up pending. Implementation scheduled for June 2015; follow-up scheduled for July 2015.</p>
<p>#3 In lieu of the above action the Department Director must institute compensating controls such as periodic reviews of purchase orders for accuracy and appropriateness.</p>	<p>Status - September 2015 Follow-up pending. Implementation scheduled for June 2015; follow-up scheduled for July 2015.</p>
<p>#4 Update the Departmental PPM to reflect the new changes implemented.</p>	<p>Status - September 2015 Follow-up pending. Implementation scheduled for June 2015; follow-up scheduled for July 2015.</p>
<p>15-13 Public Affairs Department Performance Management</p>	
<p>Report issued June 2015 containing 3 recommendations Follow-up scheduled for May 2016</p>	
<p>#1 Mission Statement: a. Restate the Department mission statement to more clearly define their purpose and the benefit provided to their customer. b. Develop mission statements for each division or section to replace the current statements of services provided.</p>	<p>Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.</p>
<p>#2 Objectives: a. Ensure that each element of the mission statement is supported by at least one objective. Additional objectives may be established as deemed necessary by management. b. Restate each objective so as to meet all the elements of the SMART criteria. c. Evaluate the need to add an objective related to the BCC core process for the Channel 20 division mentioned earlier in the report. d. Ensure that each objective has at least one performance measure. e. Ensure that each objective includes a performance target.</p>	<p>Status - September 2015 Future implementation. Implementation scheduled for April 2016; follow-up scheduled for May 2016.</p>
<p>#3 Performance Measures: a. Ensure that performance measures that are tied to</p>	<p>Status - September 2015 Future implementation.</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>performance objectives are focused specifically on the measurable component of the objective.</p> <p>b. Ensure that those performance measures with a year-over- year focus provide comparative metrics.</p> <p>c. Additional performance measures should be established as deemed necessary by management.</p>	<p>Implementation scheduled for April 2016; follow-up scheduled for May 2016.</p>
<p>15-14 Cooperative Extension Service Procurement to Payment</p>	
<p>Report issued September 2015 containing 7 recommendations</p> <p>Follow-up scheduled for November 2015</p>	
<p>1. The County Extension Director should initiate actions to ensure:</p> <p>a. the person doing the physical receiving should be someone other than the person entering the receiver in the Advantage financial system.</p> <p>b. The person initiating the purchase orders in the Advantage financial system should be someone other than the person entering the receiver in the Advantage financial system.</p> <p>c. In lieu of the above action the Department Director must institute compensating controls such as periodic reviews of purchase orders for accuracy and appropriateness.</p>	<p>Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.</p>
<p>2. The County Extension Director should require proper support to substantiate all payment requests prior to disbursement of funds.</p>	<p>Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.</p>
<p>3. The County Extension Director should ensure the requestor signs the receiving document to confirm the receipt of goods and services. If there is no back-up receiving documents such as a packing slip, a confirmation notice (such as an email) should be obtained from the requestor.</p>	<p>Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.</p>
<p>4. The County Extension Director should ensure that policies and procedures memoranda (PPM) relating to the procurement to payment process are up-to-</p>	<p>Status - September 2015 Future implementation. Implementation scheduled for</p>

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
date. The PPM should include procedures for reviewing, signing, and maintaining back-up receiving documents indicating the item and quantity received.	October 2015; follow-up scheduled for November 2015.
5. The County Extension Director should obtain appropriate authorization for the establishment of petty cash with an approved fund amount. If the amount approved is higher than \$1000, the expenditures should be controlled through the use of an Imprest checking account per <i>CW-F-041</i> .	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
6. The County Extension Director should ensure that monthly petty cash reconciliations are being completed, documented, and signed by the custodian's supervisor.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
7. The County Extension Director should ensure that petty cash replenishment requests are submitted on a more regular and frequent basis to avoid petty cash deficits.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
15-15 Cooperative Extension Service Performance Management	
Report issued September 2015 containing 6 recommendations Follow-up scheduled for November 2015	
1. The County Extension Director should restate the Department's mission statement to add the element of customer benefit to fully comply with the requirement of the Budget Instruction Manual.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
2. The County Extension Director should ensure that each element of the mission statement is supported by one or more objectives.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
3. The County Extension Director should restate each objective so as to meet all the elements of the SMART criteria.	Status - September 2015 Future implementation. Implementation scheduled for

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	October 2015; follow-up scheduled for November 2015.
4. The County Extension Director should establish efficiency measures for programs as a monitoring function.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
5. The County Extension Director should ensure all measures are calculated correctly (according to objective definitions), and represented accurately in budget document.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
6. The County Extension Director should ensure documentation of performance measure are accurately communicated, maintained, and periodically reviewed.	Status - September 2015 Future implementation. Implementation scheduled for October 2015; follow-up scheduled for November 2015.
15-17 Office of Small Business Assistance Revenue Management	
Report issued September 2015 containing 2 recommendations Follow-up scheduled for April 2016	
1. The OSBA Director should work with the Office of Financial Management and Budget to determine the appropriate fees for providing certification, modification, and recertification services.	Status - September 2015 Future implementation. Implementation scheduled for March 2016; follow-up scheduled for April 2016.
2. The OSBA Director should ensure the calculations supporting the fee schedule are maintained and reviewed on an annual basis to determine if fee schedule should be adjusted based on either changes in the Consumer Price Index or changes in the OSBA cost structure.	Status - September 2015 Future implementation. Implementation scheduled for March 2016; follow-up scheduled for April 2016.
15-18 Office of Small Business Assistance Performance Management	
Report issued September 2015 containing 6 recommendations Follow-up scheduled for October 2016	

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
1. The OSBA Director should establish objectives that support each element of the mission statement focusing on key operational responsibilities of the Department.	Status - September 2015 Future implementation. Implementation scheduled for September 2016; follow-up scheduled for October 2016.
2. The OSBA Director should restate each objective so as to meet all the elements of the SMART criteria.	Status - September 2015 Future implementation. Implementation scheduled for September 2016; follow-up scheduled for October 2016.
3. The OSBA Director should ensure performance measures are relevant to their respective objectives.	Status - September 2015 Future implementation. Implementation scheduled for September 2016; follow-up scheduled for October 2016.
4. The OSBA Director should ensure documentation of performance measures are properly maintained and periodically reviewed as management tools.	Status - September 2015 Future implementation. Implementation scheduled for September 2016; follow-up scheduled for October 2016.
5. The OSBA Director should ensure each objective has at least one performance measure.	Status - September 2015 Future implementation. Implementation scheduled for September 2016; follow-up scheduled for October 2016.
6. The OSBA Director should ensure performance measures are represented accurately in budget document and are relevant to their respective objectives.	Status - September 2015 Future implementation. Implementation scheduled for September 2016; follow-up scheduled for October 2016.
15-20 Metropolitan Planning Organization Procurement to Payment	
Report issued September 2015 containing 2 recommendations Follow-up scheduled for February 2016	
1. The MPO Executive Director should initiate actions to ensure the person initiating the Purchase orders in the Advantage financial system, be someone other than the person entering the receiver in the Advantage financial system.	Status - September 2015 Future implementation. Implementation scheduled for January 2016; follow-up scheduled for February 2016.
2. In lieu of the above action the MPO Executive	Status - September 2015

Exhibit 6 - Recommendation Status at September 30, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
Director can institute a compensating control such as; conducting a documented periodic (monthly) review of all closed purchase orders for accuracy and appropriateness.	Future implementation. Implementation scheduled for January 2016; follow-up scheduled for February 2016.
15-21 Metropolitan Planning Organization Performance Management	
Report issued September 2015 containing 2 recommendations Follow-up scheduled for April 2016	
1. Mission Statement: The MPO Executive Director should restate the Department mission statement to more clearly state their customer who derives the benefit.	Status - September 2015 Future implementation. Implementation scheduled for March 2016; follow-up scheduled for April 2016.
2. Objectives: The MPO Executive Director should: a) ensure that each element of the mission statement is supported by at least one objective. Additional objectives may be established as deemed necessary by management; b) restate each objective so as to meet all the elements of the SMART criteria; c) ensure that each objective has at least one performance measure; d) ensure that each objective includes a performance target.	Status - September 2015 Future implementation. Implementation scheduled for March 2016; follow-up scheduled for April 2016.
3. Performance Measures: The MPO Executive Director should ensure that performance measures that are tied to performance objectives are focused specifically on the measurable component of the objective. Additional performance measures should be established as deemed necessary by management.	Status - September 2015 Future implementation. Implementation scheduled for March 2016; follow-up scheduled for April 2016.

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

	SUMMARY RATINGS					
CORE COMPETENCIES	ST	DR	RS	NN	MC	AVERAGE
Planning & Organizing						
• Develop Comprehensive Annual Internal Audit Plan	2	2	2	2	3	2.2
• Develop Annual Risk Assessment	2	2	2	2	3	2.2
• Implement Annual Audit Plan	2	2	2	1.5	3	2.1
• Perform Timely Special Projects as Requested	2	2		2	3	2.2
Leadership/Judgment/Decisiveness	2	2	3	2	3	2.4
Technical/Professional Knowledge	2	3	3	2	3	2.6
Initiative	2	2	3	2	3	2.4
Communication Skills	2	2	2	2	3	2.2
OTHER CONSIDERATIONS						
Goal Accomplishment		2	2	1.5	3	2.1
Averages	2.0	2.1	2.4	1.9	3.0	2.3

Ratings: 1 = Needs improvement; 2 = Meets expectations; 3 = Exceeds expectations

PERFORMANCE APPRAISAL FOR PALM BEACH COUNTY INTERNAL AUDITOR

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2014 through September 30, 2015

Sandra Close Turnquest
Evaluator (Print Name)

10/21/15
Date

CORE COMPETENCIES	RATING (Check One)		
	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing		<input checked="" type="checkbox"/>	
• Develop Comprehensive Annual Internal Audit Plan		<input checked="" type="checkbox"/>	
• Develop Annual Risk Assessment		<input checked="" type="checkbox"/>	
• Implement Annual Audit Plan		<input checked="" type="checkbox"/>	
• Perform Timely Special Projects as Requested		<input checked="" type="checkbox"/>	
Leadership/Judgment/Decisiveness		<input checked="" type="checkbox"/>	
Technical/Professional Knowledge		<input checked="" type="checkbox"/>	
Initiative		<input checked="" type="checkbox"/>	
Communication Skills		<input checked="" type="checkbox"/>	
OTHER CONSIDERATIONS	<i>No further considerations given & only interact with Mr. Bergeron 4-5 times a year. Again, no performance goals identified with reasonable objectives.</i>		
Goal Accomplishment			

Sandra Close Turnquest

PERFORMANCE APPRAISAL FOR PALM BEACH COUNTY INTERNAL AUDITOR

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through September 30, 2015

Evaluator (Print Name)

Date

	RATING (Check One)		
CORE COMPETENCIES	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing		x	
• Develop Comprehensive Annual Internal Audit Plan		x	
• Develop Annual Risk Assessment		x	
• Implement Annual Audit Plan		x	
• Perform Timely Special Projects as Requested		x	
Leadership/Judgment/Decisiveness		x	
Technical/Professional Knowledge			x
Initiative		x	
Communication Skills		x	
OTHER CONSIDERATIONS			
Goal Accomplishment		x	

Performance appraisal for County Internal Auditor
By _____David Rosenstein_____

For January 1, 2013 through September 30, 2015

Comments and/or Suggestions Regarding Performance:

It is difficult to evaluate Joe's accomplishments with the simple checklist on the first page of this form.

Under Joe's leadership the Internal Audit function has improved over the years I have been on the audit committee. He has reacted positively to the committee's comments and suggestions. These actions have improved the overall effectiveness of the department in the planning, organizing and delivery of the end product of the department, which are the audit reports resulting from the audits performed based on the risk assessment process.

While this is positive, the county internal audit function, like all others, is constantly seeking to improve the value delivered to the county.

Going forward, we have challenged Joe to continuously enhance the risk assessment model to ensure he is dedicating the IAD resources to the areas of highest risk to the county. It is also important that the BCC and operating management understand what a risk assessment is, and how the annual plan is developed.

In addition to the focus on risk, the IAD should focus on providing the "best bang for the buck". Each audit comes with a quantifiable price tag; a typical audit is most likely costing the county in excess of \$30,000. This is not out of line, but the audit staff should understand that the citizens would expect value in the audits performed. This value can be expressed as assuring that there are adequate controls in place, recommending a stronger control structure, and/or finding waste which when eliminated, saves money or resources. _____

Audits completed over the past few years have included comments related to areas improvement needed by the county's audited function, noting both minor and more serious findings. Sometimes it is difficult to discern the significance of a specific finding that may be included with many less significant findings. In keeping with the "bang for the buck" comment, the more significant/serious findings should be so noted. Managements corrective actions on these findings should be tracked and followed up on sooner than those less significant.

The audit committee has also noted that the IA function does not use computer assisted audit techniques in the performance of audits or as an automated audit management system. This may be OK in the current environment, but Joe should

Performance appraisal for County Internal Auditor
By _____David Rosenstein_____

For January 1, 2013 through September 30, 2015

continuously consider if an automated tool can add efficiency and/or effectiveness benefits to the audit project .

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no vertical margin lines or other markings present. The paper appears to be a standard sheet of notebook paper.

PERFORMANCE APPRAISAL FOR PALM BEACH COUNTY INTERNAL AUDITOR

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 201⁴~~3~~ through September 30, 2015

ROGER A. STROUT
Evaluator (Print Name)

11/30/2015
Date

	RATING (Check One)		
CORE COMPETENCIES	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan		✓	
• Develop Annual Risk Assessment		✓	
• Implement Annual Audit Plan		✓	
• Perform Timely Special Projects as Requested <u>N/A</u>			
Leadership/Judgment/Decisiveness			✓
Technical/Professional Knowledge			✓
Initiative			✓
Communication Skills		✓	
OTHER CONSIDERATIONS			
Goal Accomplishment		✓	

Performance appraisal for County Internal Auditor

By ROGER STROUT

For Fiscal Year 2015

Comments and/or Suggestions Regarding Performance:

MR. BERGERON IS A VERY KNOWLEDGEABLE AND EXPERIENCED INTERNAL AUDIT LEADER. DURING MY SHORT TIME ON THE AUDIT COMMITTEE I HAVE FOUND JOE VERY RECEPTIVE TO SUGGESTIONS FROM THE COMMITTEE AND WILLING TO TRY NEW APPROACHES. JOE IS VERY PREPARED FOR EACH COMMITTEE MEETING AND DEMONSTRATES DETAILED KNOWLEDGE OF EACH AUDIT BEING PRESENTED.

I SUGGEST JOE RE-EVALUATE THE DEPARTMENT'S RISK ASSESSMENT PROCESS UTILIZED IN DEVELOPING THE DEPARTMENT'S ANNUAL AUDIT PLAN. THE RISK ASSESSMENT PROCESS IS CHALLENGING FOR MOST INTERNAL AUDIT FUNCTIONS AND FURTHER RESEARCH INTO CURRENT BEST PRACTICES MAY BE HELPFUL.

JOE'S WILLINGNESS TO INVESTIGATE NEW APPROACHES AND HIS PRODUCTION OF AMBITIOUS ANNUAL AUDIT PLANS, WHICH I CONSIDER "STRETCH GOALS", IS TO BE COMMENDED.

I LOOK FORWARD TO WORKING WITH JOE THROUGH THE COMMITTEE AS HE LOOKS AT THE POTENTIAL TO FURTHER AUTOMATE HIS DEPARTMENT'S AUDIT WORKPAPERS AND RETOOL HIS ANNUAL RISK ASSESSMENT PROCESS.

Roger Strout
11-30-2015

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through September 30, 2015

L Marc Cohn

11/19/2015

Evaluator (Print Name)

Date

	RATING (Check One)		
CORE COMPETENCIES	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan			X
• Develop Annual Risk Assessment			X
• Implement Annual Audit Plan			X
• Perform Timely Special Projects as Requested			X
Leadership/Judgment/Decisiveness			X
Technical/Professional Knowledge			X
Initiative			X
Communication Skills			X
OTHER CONSIDERATIONS			
Goal Accomplishment			X

For January 1, 2013 through September 30, 2015

I have given Joe an exceeds expectation in all the areas of the evaluation for the following reasons: I have reviewed the 360 report that was distributed and noted that all the questions posed to the commissioner were answered with a more than positive response, the discussions we have had in the committee meetings also show a substantial knowledge of how to manage the department and maintain the respect of all the employees in the department. The one area of considerable discussion is around the development of an audit plan that incorporates risk assessment so that the departments that are audited are the ones with the highest rating. One of the primary tasks the committee has been charged with is to develop such a formulae. In the meantime the internal auditor is using his many years of experience and those of his staff to perfect the annual audit plan. Perhaps there is a better way but until such time as guidance is given by the committee the current way of developing the annual audit plan is, in my opinion, more than adequate.

This image shows a full page of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

Performance appraisal for County Internal Auditor
L. Marc Cohn
For January 1, 2013 through September 30, 2015

PERFORMANCE APPRAISAL FOR PALM BEACH COUNTY INTERNAL AUDITOR

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2014 through September 30, 2015

NAM NGUYEN
Evaluator (Print Name)

12/8/15
Date

	RATING (Check One)		
CORE COMPETENCIES	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan		X	
• Develop Annual Risk Assessment		X	
• Implement Annual Audit Plan	X	X	
• Perform Timely Special Projects as Requested		X	
Leadership/Judgment/Decisiveness		X	
Technical/Professional Knowledge		X	
Initiative		X	
Communication Skills		X	
OTHER CONSIDERATIONS			
Goal Accomplishment	X	X	

Comments and/or Suggestions Regarding Performance:

While the standard evaluation form is filled out on the date written above, the 360⁰ evaluation of the internal auditor and the internal audit department was completed and presented to the internal auditor during the October 21, 2015 audit committee meeting.

Overall, the internal auditor's performance has met expectations during the period from January 1, 2014 through September 30, 2015. The IA department continues to head in the right direction as confirmed by the stakeholders in terms of the quality of the audit reports, the audit areas with the particular emphasis on the operational efficiency and effectiveness. The internal auditor's overall own assessment of the state of the internal audit department is "comfortable the current status with room for improvements". I concur that there is always room for improvements as they are stated later in this document.

The working environment within the audit department is professional and conducive to a congenial relationship among colleagues. The department maintains its technical and professional expertise by encouraging the professional staff to obtain the global audit and governmental audit professional designations. This was evidenced by two staff members passed the CGAP exams and one staff passed 2 out of 3 parts of the CIA exam. In addition, the department has the annual budget for the professional continuing education courses for the staff to meet or exceed the requirements of their respective professional designations.

The constituents (auditees or service users) of the department appreciated the audit staff's courtesy and professionalism and felt that their input regarding the risk assessment, the scope, the performance and the findings of the audit is considered. However, the auditees at times felt that more staff could be used to complete certain audit areas. In addition, audit staff's familiarity of the audit areas could have facilitated the efficiency of the audits. Overall, the constituents do acknowledge the independence of the audit function and it's an important factor in terms of credibility. The audit department has implemented a continuous improvement process called "lesson learned" at the end of each of the audit to learn what they could improve from the audit process, the relationship with the auditee, and all other aspects of the audit.

I applaud the internal auditor in taking the initiative to modify the risk assessment process by using the processes i.e. revenue, payment in designing the entity wide risk assessment in conjunction with the management input via survey. In addition, a parallel audit of the auditees' performance objectives is performed in connection with the regular audit. As a result of this risk assessment, a large number of the audits were scheduled to be completed; however, the total number of the scheduled audits

had to be reduced due to the change in the approach of the audit of the performance objectives and a somewhat over-optimistic original plan given the available resources. As a result, the rating for the goal accomplishment is both “needs improvements” and “meets expectations”.

One of the goals did not get accomplished during the evaluation period is the update of the audit manual as stated in the internal auditor’s self- assessment. I believe this goal is one of the recommendations from the peer review of the internal audit department a couple of years ago. The internal auditor has made this as one of the department’s goals to accomplish for the current year. As a result, the rating for the goal accomplishment is both “needs improvements” and “meets expectations”.

Below are some of the suggested improvements based on my observations and the discussions from the 360⁰ evaluation process.

- Formalize the department’s short-term and long-term plans that would include the department’s goals, staffing needs, staff retention, succession plan, technology needs among others;
- Explore and implement the current and or new technologies that would further enhance the office and audit efficiencies, expand the audit capability and coverage and utilize fully the staff’s talents; and
- Consider to expand the audit areas to include IT audit, construction audit (change order audit of the capital project) by utilizing the current staff’s expertise in these areas. These types of audits may improve audit coverage and substantial cost savings.

In summary, the internal auditor is guiding the department in the right direction. It’s a marked improvement from the past with the continuously better approach to risk assessment. The audit team members are a congenial group of colleagues who maintain their technical expertise and obtain the nationally professional credentials. The department’s constituents seem to value the services provided by the department.