

SPECIAL COMMISSION MEETING MINUTES
PRESENTATION OF THE CITY OF ARCHER AUDIT REPORT NO. 2016-197

Tuesday, July 19, 2016 Time: 6:00 PM

MINUTES, WHICH ARE PUBLIC RECORD, ARE NOTES TAKEN TO PROVIDE A SUMMARY MEMORANDUM OF MEETINGS OR HEARINGS AND CONTAIN ALL OFFICIAL ACTIONS TAKEN. MINUTES ARE NOT INTENDED TO BE A WORD-FOR-WORD OR VERBATIM TRANSCRIPTION OF THE MEETING.

CALL TO ORDER: Mayor Corey Harris
PRAYER: Commissioner Hope
LEADING THE PLEDGE OF ALLEGIANCE: Mayor Corey Harris

Quorum Present:
Mayor Corey Harris
Vice Mayor Susan Drawdy
Commissioners Fletcher Hope
Joan White
Michelle Harris

Staff:
City Manager Zeria K. Folston
Assistant City Attorney Courtney Johnson
Minutes Recorder Mary T. Flickinger

I. GUEST

A. AUDITOR GENERAL REPORT PRESENTATION

Auditor General's Office: Derek H. Noonan, Edward A. Waller, Michael J. Gomez, Audit Manager.

Mr. Gomez, Audit Manager, stated that his intent is to give a brief overview of the many documents that were examined and the scope of work performed. Mr. Gomez stated that the audit came about because of a request for a special audit via a petition from the citizens of the City of Archer. An Operational Audit looks at how management performs in establishing the internal controls and confirms that the controls are designed the way they should be and are operating correctly. The scope of the audit included the examination of transactions and records during the period of October 2013 through May 2015. Mr. Gomez stated that when an entity is audited, not every single event or transaction is examined, the audit is a sampling of transactions.

Mr. Gomez stated that the audit looked at the laws, ordinances, and policies and procedures pertaining to the City. The minutes from the Commission meetings were examined to determine the sufficiency of actions taken and City personnel were interviewed to gain an understanding of the City's procedures. The audit examined personnel files for appropriate documentation. The audit looked at the procedures supporting the petty cash fund to examine how funds are used and the documentation required. Supporting documentation was examined for grant agreements and contracts to determine if the information was accurate and supported by City records. Supporting documentation for water bills and collections were examined to determine the process of compliancy and accuracy. The audit examined documentation supporting credit card and fuel purchasing card transactions to determine that a system was in place to control the use of the cards. Travel documentation and supporting travel expenditures were examined to determine whether expenditures were made in accordance with applicable state laws, City ordinances, and reimbursement policies. Mr. Gomez stated that various other auditing procedures were performed, including analytical procedures, as necessary, to accomplish the objectives of the audit. Mr. Gomez stated that this information is presented in its entirety in the written audit report.

Edward A. Waller, Auditor, presented a summary of the 14 Audit Findings and Recommendations, as follows:
Finding 1: City procedures did not provide an appropriate separation of duties for the water bill collections and the record keeping functions or establish other controls to compensate for this weakness.

Recommendations: The City should enhance water service collection procedures to separate the water bill collection and record keeping duties or to implement appropriate controls if this is not possible.

Finding 2: City records did not always evidence that employees met the education and experience requirements for their positions. Records did not always document each employee's position classification, compensation authorization, or approved payroll deductions.

Recommendation: The City should establish procedures to ensure that before employees are transferred to new positions or new hires are made, verifications that the individuals meet the education and experience requirements for the positions are performed and documentation of each employee's position classification, compensation authorization, and approved payroll deductions is maintained.

Finding 3: City procedures did not require employees to document time worked and leave used, the documented supervisory review and approval of such time, the independent verification of overtime payment calculations before payments were made or the independent verification of leave earned and recorded. The City did not always record sick leave earned by employees on the first day of each month as per City policies.

Recommendation: The City should establish written policies and procedures that require all employees to record time worked and leave used, supervisors to review and document approval of such time, and overtime payment calculations be verified before payments are made. The City should also establish policies and procedures to independently verify leave earned and recorded and continue efforts to record sick leave earned by employees on the first day of each month as prescribed by City policies. Additionally, the City should take action to recover the \$187.00 overpayment.

Finding 4: Although the State constitution expressly prohibits municipalities from giving, lending, or using credit to aid any person, it was noted during the review that the City gave seven payroll advances, totaling \$5,500.00 to the Assistant City Manager. We did note that all of these advances were repaid.

Recommendation: In the absence of constitutional or other legal authority, the City should discontinue the practice of making payroll advances and should rescind the policy that authorizes the approval of payroll advances.

Finding 5: As per City policy, when an employee was terminated, their sick leave was forfeited. The City paid \$2,938.00 to the former City Manager when his employment ended, contrary to City policy.

Recommendation: The City should ensure that employees are aware of City policies and that unused sick leave is not paid upon an employee's separation from City employment. In addition, the City should take appropriate actions to recover the \$2,938.00 from the former City Manager.

Finding 6: City records did not always document annual employee performance evaluations.

Recommendation: The City should ensure that performance evaluations are timely completed as required by City policies and the documentation maintained in employee personnel records.

Finding 7: City procedures could be enhanced to ensure that for every purchase that exceeds \$2,500.00 the Commission pre-approves the purchase and follows the applicable competitive selection process set forth in the City's Code of Ordinances.

Recommendation: The City should enhance procedures to ensure that purchases of goods and services are made in accordance with the City Code of Ordinances. Such procedures should require that, for every contract or purchase that exceeds \$2,500.00 quotes and bids are obtained and examined by the City Commission and that the City Commission's preapproval is documented.

Finding 8: The City had not established written policies and procedures governing the assignment and use of credit cards and fuel purchasing cards.

Recommendation: The City Commission should determine whether credit cards and fuel purchase cards should continue to be used, and, if so, ensure that appropriate written policies and procedures governing the assignment and use of the cards are established. This should include: Identifying the employees authorized to have the cards, require employees who are assigned cards to sign written agreements that limit card use to business purposes, address safeguarding the cards, prompt card cancellation upon employment reassignments or separations, process for reporting lost or stolen cards, documentation of the purpose for the cards, employee signed receipts, allowable purchases, acceptable merchants, card limits based on employee purchasing responsibilities, prohibit different employees using the cards, different PINS, document the reasonableness of fuel purchases based on vehicle odometer readings, when available.

Finding 9: City procedures did not ensure employees used travel authorization and travel voucher forms to demonstrate that travel expenditures were for official City business and complied with state law. The City did not always maintain documentation, such as applicable conference programs or agendas and vendor invoices to support these expenditures and there were a few instances where the travel mileage reimbursements were not based on state law.

Recommendation: The City should ensure that employees use travel authorization and travel voucher forms to demonstrate that travel expenditures are for official City business and comply with State law. Additionally, documentation should be maintained to support these expenditures and when there is an applicable conference program or agendas and vendor invoices, the mileage reimbursements are calculated based on the State rate and maintained in the file as well.

Finding 10: The City had not established policies and procedures to ensure that contractual arrangements be evidenced by written contracts documenting essential elements, such as the nature of, and compensation for, the services to be performed or that the contracts be subject to City Commission approval.

Recommendation: The City should establish policies and procedures that require written contracts for professional services. Such requirements should ensure that contractual arrangements be evidenced by written contracts documenting essential elements, such as the nature of, and compensation for, the services to be performed, and that the contracts be subject to City Commission approval.

Finding 11: City adopted budget resolutions for the 2013-14 and 2014-15 fiscal years included projected revenues and projected expenditures, however the resolutions did not include balances brought forward from the respective prior fiscal years as required by state law.

Recommendation: The City should ensure that future budgets include beginning fund balance amounts that include balances brought forward from prior fiscal years.

Finding 12: During the 2013-14 Fiscal Year the City did not make any budget amendments to adjust budgeted transactions nor did City records document why the City reported total budgeted expenditures (\$598,816.00) instead of the city approved 2013-14 fiscal year budget resolution projected expenditures (\$602,904.00). Because of the lack of budget monitoring, at September 30, 2014, the City had over expended 14 budget expenditure categories by a total of \$122,416.00

Recommendation: The City should timely amend budgets, as necessary, and ensure that expenditures are limited to budgeted amounts as required by State law.

Finding 13: City procedures could be enhanced to ensure records are maintained to document the authorized public purpose of petty cash fund replenishment as related disbursements and the independent review of petty cash fund transactions.

Recommendation: The City should enhance procedures to ensure records are maintained to document the authorized public purpose for petty cash replenishments and related disbursements and the independent review and approval of petty cash fund transactions.

Finding 14: The city needs to establish anti-fraud policies and procedures for the mitigation, detection, and reporting of suspected or known fraud.

Recommendation: The City should establish anti-fraud policies and procedures to aid in the mitigation, detection, and prevention of fraud.

Mr. Gomez stated that the City should be commended and expressed that staff were very cooperative and responsive to our questions or when asked for documentation. Mr. Gomez stated that the final report was issued in June but the law states that the Auditor General's Office must return in 18 months to issue a Status Report on where the City is at with each of the 14 Findings. The Status Report will outline the original Findings and Recommendations and a statement showing that the City 1) corrected the finding, 2) partially corrected the finding, 3) took no action to correct the finding, or 4) the City had no opportunity to correct the finding. Mr. Gomez stated that the Auditor General's Report can be found on the website at www.myflorida.com/audgen. The website also shows the audits performed in other cities throughout the state.

PUBLIC COMMENT: December McSherry, Jocelyn Garcia, Frank Lopez, December McSherry, Jocelyn Garcia, Gabe Green, Roberta Lopez,

II. PUBLIC COMMENT PERIOD

Anne Green, Frank Lopez, Kipolin Poyry

III. ADJOURNMENT


MOTION

Commissioner White moved to adjourn the meeting.

Commissioner Harris seconded the motion.

PUBLIC COMMENT: None

MOTION CARRIED: 5-0 Time: 7:35 pm

Vice 
Mayor, Corey Harris
Susan Draddy


City Manager, Zeria K. Folston