






Section I. Activity Dashboard – Risk Ratings and Status - Internal Audit Activity Report
A. Completed Projects

| # | Project Title | Risk Rating Before Recommendations | Risk Rating After Recommendations | # Findings | # Recommendations | Recommendation Implemented | Recommendation Not Implemented | Follow-Up | Project \$ | Page # |
|--|--|------------------------------------|-----------------------------------|------------|-------------------|----------------------------|--------------------------------|-----------|--------------|-----------|
|  1 | Strategic Plan 3.3.6: Perform an audit every two (2) years on revenue valued over \$.5M to ensure appropriate remittance to the City. Communications Service Tax (CST) revenues was selected for the project - \$49,000,000 | Low | Low | 0 | 1 | 1 | 0 | 0 | \$49,000,000 | 5 |
|  2 | Strategic Plan 3.1.6: External Audit Assistance re: FY16 Single Audit: Expenditures of \$7.7 Million on Cultural Facility (State Project), and \$1.3 Million on Martin Luther King Blvd (Federal Project) | Low | Low | 0 | 0 | 0 | 0 | 0 | \$9,000,000 | 6 |
|  3 | Strategic Plan 2.5.1: FY 17 Audit of Standard Operating Procedures of One Major Division of Selected Department: Public Works - Fleet Division (FY17 Budget \$2,927,000) - FY14, FY15, and FY16 Budget Totals \$8,256,684 | Moderate | Low | 11 | 11 | 0 | 0 | 11 | \$8,256,684 | 7 |
| 4 | Parks, Recreation and Cultural Arts Department: Technical Assistance - 31 Agreements from December 2016 through December 2017 | Low | Low | N/A | N/A | N/A | N/A | N/A | \$4,147,318 | 13 |
| 5 | City Attorney/Public Works: Technical Assistance - 2017 Dude Solutions, Inc. dba Facility Dude 1st Amendment for Service Contract Agreement (\$59,614) Review – Cyber Security Insurance Language | Low | Low | N/A | N/A | N/A | N/A | N/A | \$59,614 | 15 |
| 6 | General Services/Purchasing: Technical Assistance to Review City of Pompano Beach Administrative Policy 905.07 – Procurement Card Policies and Procedures for Addition of Travel Expenses re: Rebate Revenue on P-Cards (FY17 Rebate to 4/17 was \$6147) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | \$6147 | 15 |






| # | Project Title | Risk Rating Before Recommendations | Risk Rating After Recommendations | # Findings | # Recommendations | Recommendation Implemented | Recommendation Not Implemented | Follow-Up | Project \$ | Page # |
|---|--|------------------------------------|-----------------------------------|------------|-------------------|----------------------------|--------------------------------|-----------|--------------|--------|
| 7 | Public Works: Technical Assistance – Review Certified Annual Income and Expense Report for Sovereignty Submerged Land Lease # 060129546 for City of Pompano Beach Pier | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 15 |
| 8 | Parks, Recreation and Cultural Arts Department – Technical Assistance for AEG Presents SE, LLC Six (6) Month 10/13/17 through 3/13/18 Short Term Agreement for Amphitheater Events | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 16 |
| 9 | General Services/Purchasing: Technical Assistance to Review Draft for Administrative Policy 905.14 Purchasing Policy for New Purchasing Thresholds of \$75,000 | Low | Low | N/A | N/A | N/A | N/A | N/A | N/A | 16 |
| 9 | Total # Completed Projects – Total Project Dollars | | | 11 | 12 | 1 | 0 | 11 | \$70,469,763 | |

B. Prior Audit Follow-up

| # | Project Title • Pending Corrective Actions | Risk Rating Pending Recommendations | # Findings | # Outstanding Recommendations | Status |
|--|---|-------------------------------------|------------|-------------------------------|--|
| 1  | Strategic Plan 2.5.1: FY15 Standard Operating Procedures of Engineering Division: CIP Expenditures of \$36 million for FY10 to 8/14 | Low | 12 | 0 | All 12 recommendations have been implemented. 11 recommendations were implemented as reported in previous Internal Audit Activity Report Memorandum 17-02 dated 11/16. As of 4/17 the last implementation was completed. Backlog existed for completed projects to be transferred to the Alchemy software system for file storage. |


| # | Project Title • Pending Corrective Actions | Risk Rating Pending Recommendations | # Findings | # Outstanding Recommendations | Status |
|--|--|---|---------------|-------------------------------------|---|
| 2  | Strategic Plan 6.2.3. FY16 Information Technology (IT) Cloud Computing Services Contracts – Sampled Agreements Activity of \$9.3 million | Moderate | 6 | 0 | All 6 recommendations have been implemented. After implementation of the six (6) recommendations Risk Rating now Green (Low). |

C. Current And Future Audit Projects – Risk Ratings To Be Determined

| # | Project Title | Project \$ | Page # |
|--|--|------------|--------|
| 1  | Strategic Plan 2.5.1: FY18 Audit of Standard Operating Procedures of One Major Division of a Selected Department: Building Department – Permits – Record Reproductions/Duplications for Cash Intake Procedures – FY17 Revenue of \$151,243 | tbd | 16 |
| 2  | Strategic Plan 3.1.6: Perform annual audit of a selected Federal or State grant – re FY17 External Audit Assistance: Community Development Block Grant (CDBG - \$1,116,171 Federal), (Cultural Facilities Grant Program – \$830,315 State and Residential Construction Mitigation Program – \$395,050) Total Federal and State \$2,341,536 | tbd | 16 |
| 3  | Strategic Plan 3.3.6: Perform an audit every two (2) years on revenues valued at +\$.5M to ensure appropriate remittance to the City | tbd | 17 |
| 4  | Strategic Plan 6.2.3: Perform IT control and security audit for selected computerized system(s) or areas by auditing an IT security component annually | tbd | 17 |
| 5 | Parks, Recreation and Cultural Arts Department – Technical Assistance for AEG Presents SE, LLC - Review Contract re: Long Term Agreement for Amphitheater Events | tbd | 17 |
| 6  | Lean Six Sigma Projects – Annual Plan Process, Audit Project Planning, Report Writing, Exit Conference, Technical Assistance Checklist (Parks and Recreation) | n/a | 17 |
| | Total Number of Projects & Dollar Amounts for Current/Future Projects to be included on next Activity Report | | |

| # | Project Title | Project \$ | Page # |
|----|---|--------------|--------|
| 17 | Total Number of Completed Audit Projects & Project Dollar Amounts – Memorandum 18-02 | \$70,469,763 | |

Section II. Summary and Project Detail - Completed Projects

1.  **Strategic Plan 3.3.6: Perform an audit every two (2) years on revenue valued over \$.5M to ensure appropriate remittance to the City. Communications Service Tax (CST) Revenue Recovery was selected for the project - \$49,000,000**

Summary

As part of the FY16 City of Pompano Beach (the City) Strategic Plan 3.3.6 (Confidence Building Government), Internal Audit (IA) committed to perform an audit on revenues valued at over \$500,000 to ensure appropriate remittance to the City. For FY16 IA performed an audit of the City Communications Services Tax (CST) revenues. CST is a tax remitted to the State of Florida from providers/partners who provide services for voice, data, audio, video, or any other information or signals, transmitted by any medium (i.e. internet, cable and/or phone). The City receives the CST reported for its account as a revenue distribution from Florida State Department of Revenue (DOR), less an administrative fee of up to one percent (1%).

The City received \$7.8 million from 18 business partners (as known to the State of Florida) for the 19 periods selected as a sample in the audit period – 6/08 through 5/16. The \$7.8M is 16% of the total amount (\$49.2 million) received by the City over the FY08 through 05/16 period. Due to State reporting restrictions, Internal Audit did not include the names of the providers in this report.

The State of Florida routinely conducts audits of the business partners/providers' CST remittances, and receives non-audit information, which it uses to adjust the respective revenue distributions. As a result of one of those audits in 2014 (for the 2003-2005 reporting years), the City will receive \$4.6M over a 72-months period, the payments started in March 2015. In addition, the monthly payments to the City from one of the audited business partners increased from approximately \$1,300 to \$90,000 per month.

Payments to the City were consistent between the FY07/08 through FY10/11 and FY11/12 through 5/16 - the audit period, but at the same time, there was a slight decrease of 2%. The abutting Cities also realized a decrease in revenue during the same period, except for one City that realized an 8% increase.

Scope

The scope of the audit included identifying large payment providers who had made large payments to neighboring cities but made small or no payments to Pompano Beach.

Internal Audit staff reviewed:

- Estimated distributions (revenue) and adjustments for the City from information on CST Florida DOR Local Government CST Information Sharing System
- 24 Business Partners' CST remittances (large dollar providers doing business in Broward County and the City with payments to the City – trend over audit period)
- Monthly distributions/payments to eight neighboring/abutting Cities – trend and reasonableness; outliers (very low, or very high payments, or none at all)
- Review of the Business Partner's Corporate documents from Florida Department of State, Division of Corporate Records - Sunbiz (to follow/verify changes in payments' trends, see if they could explain/resolve the change in remittance trends)
- Population figures from the United States Census Bureau

Standards

- The gross receipts tax on communications services is imposed under Chapter 203, Florida Statutes (F.S.), but administered under Chapter 202
- State of Florida Division of Corporation Records – Sunbiz search
- State of Florida Local Government CST Information Sharing Website
- Providers/partners will change corporate names, dissolve corporations over time, merge or buy out other business partners, but the net remittances to the Cities should remain steady as long as the customer base is stable
- DOR Jurisdictions' estimated revenue sharing proportions (what the DOR estimated the respective jurisdictions should receive)
- The population statistics from the US Census Bureau

Overall Conclusion - Risk Rating: Green (Low)

- The overall risk rating for the audit is green (low). The distribution of CST revenue between the City and abutting Cities was consistent over the audit period; there were no unexplained peaks or valleys in the distributions of revenues reported by the large providers/partners. The trend of the CST revenues reported and received by the City was generally steady. Over the 6/08 – 5/16 period, on average, the City received 2% less in CST revenue. The abutting Cities have similar decreases ranging from 2% to 35%.
- Fifteen (15) out of the eighteen (18) providers/partners who reported to the City and the abutting Cities were audited by the State of Florida at least once in IA's audit period, and the City received revenue from each of those audits. For example, the City received a total of \$6.9 million out of the \$10.8 million reported from those audits.
- As a point of reference, the City received \$49 million of monthly distributions over the same period.
- There were no unexplained or unaccounted for outliers – very high or very low payments to one City but not to the other abutting Cities.
- The CST revenue proportional distributions to the City and the abutting Cities were relatively the same over IA's audit period.

Recommendation:

The only recommendation from this review would be for the Revenue Collections Manager to continue monitoring, on a regular basis (at least every six months), the State of Florida CST website, for consistency in the monthly distributions to all abutting Cities. This monitoring process can provide some warning signs that large future redistributions may be eminent.

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|  2. Strategic Plan 3.1.6: External Audit Assistance re: FY16 Single Audit: Expenditures of \$7.7 Million on Cultural Facility (State Project), and \$1.3 Million on Martin Luther King Blvd (Federal Project) |
|---|

Summary and Scope

Internal Audit staff provided annual assistance to external auditors for their FY16 audit. Understanding and documenting entity, identifying risks for Federal and State grants as well as testing the controls for compliance was accomplished.

Standards

- State and Federal grants program requirements
- Specific State and Federal grant agreements and/or respective amendments

Results

Low (green) risk rating was assigned for complying with Florida Department of State and State Cultural Facilities Grant Program, and U.S. Department of Transportation Pass through Florida Department of Transportation Highway Planning and Construction.

- For the State Cultural Facilities Grants Program, \$7.7 million of expenditures were vouched, for compliance with grant stipulations, and effectiveness of controls
- Tests were completed to verify expenditures were for construction, engineering, and inspection on the Cultural Facilities project; that the interest income was correctly recorded, that matching requirements were met using only allowable funds and in-kind contributions, and that the appropriate reports were submitted to the State.
- For the Federal Department of Transportation \$1.3 million of expenditures were vouched, for compliance and effectiveness of controls
- Tests for Activities Allowed or Un-allowed, Cash Management, and Reporting were completed, to verify that expenditures were for construction, engineering, and inspection for the road project, that the reimbursements were requested after the funds had been expended, and that the reporting was completed as required in the grant award

Conclusion

Both State and Federal programs were in full compliance.

Recommendation

None required/necessary



- 3. Strategic Plan 2.5.1: FY17 Audit of Standard Operating Procedures of One Major Division of Selected Department: Public Works – Fleet Division (FY17 Budget \$2,927,000) - (FY 14, FY15 and FY16 Budget Totals \$8,256,684)**

Summary

As scheduled in FY17 City's Strategic Plan for the Confidence Building Government objective, Internal Audit performed a Standard Operating Procedures audit of the Fleet Division. The Fleet Division (also known as the Vehicle Services Fund) is responsible for Vehicle Garage Administration and Motor Pool Operations. The Fleet Division/Management performs in-house repairs and maintenance for all City vehicles as well as overseeing out-sourced repairs. The Fleet Division/Management also oversees the vehicle replacement program, including ordering new vehicles, new parts and salvaging vehicles (disposal by auction) for vehicles removed from inventory.

An overall moderate or yellow risk rating was assigned to the results due to the following reasons: Fleet related policies had not been reviewed/revised for a relatively long time. The data collection was not consistently accurate and there were data input errors. The system reports were not providing consistent data/results/information for the same elements, e.g. total work orders, total assets, etc.; and little or no data analysis was done by the Fleet Division/Management. Accurate reporting provides the needed information for informed decision making, better costs control, and accurate budgeting.

There were more demand maintenance (unscheduled repairs) than scheduled/preventive maintenance. Preventive maintenance saves money, extends the useful life of the equipment/vehicles, there are fewer part failures, fewer emergencies, and road calls. Preventive maintenance is considered a best practice.

Fleet is currently recording detailed notes for the work orders with the assigned technician appropriately, the recorded notes are very informative – all technician recorded work orders have notes, no exception noted.

An inventory list of City vehicles was sent to each department to vouch possession and use of each vehicle. All respective departments confirmed and acknowledged the number and type of vehicles that were assigned to them. A test was done to vouch that none of the City employees who were assigned City vehicles were on the car allowance list to receive car allowance pay, no exceptions noted.

Eleven findings and eleven Internal Audit (IA) staff recommendations were made to update the City-wide policies related to the vehicle maintenance/Fleet operations, as the last revision for most Fleet related policies was in 1999. Also, a recommendation was made to upgrade the application/program (FASTER - Fleet Administrative Solutions for Transportation Equipment Records) from version 5.2 to 6.4. 6.4 is the latest version of FASTER and would resolve many of the issues discussed in this report. Other recommendations are to improve data collection, improve safety and policy compliance (seatbelt use, vehicle maintenance), and review vehicle utilization/asset management.

Background

The Vehicle Garage Administration and Motor Pool Operations (Fleet Division) is responsible for in-house repairs and maintenance for/of all City vehicles and equipment. Fleet Division also manages out-sourced repairs, as well as the vehicle replacement program, including ordering new vehicles, parts, and selling vehicles (by auction) that are removed from inventory/operations. Fleet uses FASTER software as their information management system for vehicles purchases, repairs, and disposals. Vehicle purchases and disposals information is provided to Finance for accounting purposes.

Performance Data/Statistics (number of vehicles and equipment repaired, work orders completed)

FY Comparison:

| | FY14 | FY15 | FY16 |
|-------------------------|-------------|-------------|-------------|
| Number of Vehicles | 332 | 354 | 405 |
| Number of Work Orders | 4,323 | 4,631 | 4,780 |
| Parts Total (\$s) | 466,015 | 685,416 | 553,365 |
| Labor Total (\$s) | 182,334 | 206,187 | 242,998 |
| Sublet/Outsourced (\$s) | 291,808 | 264,654 | 297,212 |
| Total Cost | 940,156 | 1,156,257 | 1,093,575 |

Source: Report W305
from FASTER

Fleet Management

| | | | |
|---------------|-----------|-----------|-----------|
| Actual Budget | 2,829,370 | 2,673,482 | 2,753,832 |
|---------------|-----------|-----------|-----------|

The Adopted Budget for FY17 was \$2,927,000.

Scope

The scope of the audit was to review the standard operating procedures related to how the Fleet Division:

- Reviews cost increase from year to year for Budget preparation
- Substantiates and supports changes in outsourced work orders, and related increases/decreases/changes
- Monitors vehicle ownership and usage throughout departments
- Scheduled in-house repairs and outsourced repairs
- Scheduled preventive maintenance
- Reports to and budgets for other Departments through the Vehicle Service Fund
- Maintains compliance with applicable Federal, State, and/or Industry Standards.
- Updates City's Administrative policies and procedures pertaining to Fleet Operations

Records/Reports for FYs 2014, 2015, and 2016 were reviewed.

Standards

- City's Administrative Policies and Procedures
- Transportation Industry Standards and State Standards
- City of Pompano Beach Adopted Operating Budget
- Risk Management Insurance Policy Coverage

Overall Conclusion – Risk Rating: Yellow (Moderate)

Fleet Division policies and procedures should be updated to reflect current operations and practice. The FASTER software (used by Fleet for its daily operations) should be upgraded to the latest version as soon as possible. Data collection methods should be improved in order to make the Division operations more effective, efficient, the data more accurate and reliable. To make the corrections and improvements to the Fleet maintenance processes and procedures, cooperation from and by all City Department Heads, including the equipment and vehicle users

is critical. This has been discussed in depth with the respective Department Heads and relevant Managers.

Accurate collection of data and safeguarding the City's assets (vehicles) affects the overall budget of the City.

Internal Audit has proposed several recommendations, and if accepted and implemented, will go a long way to correct some of the issues reported in this report.

Internal Audit staff would like to thank Public Works Department as well all Departments that use City vehicles and Fleet staff for their cooperation and assistance throughout the audit. Also, acknowledgement goes out to the other Departments (Budget, Central Services/Purchasing, Engineering, Finance, Fire, Human Resources, Parks & Recreation, Risk Management, and Utilities) staff who assisted in reviewing the information regarding the specific vehicles each Department had been assigned. A special thanks to Fleet Operations Manager and staff for assistance with additional insight into the daily operations of City Garage.

Results: 11 Findings Resulted in an Overall Risk Rating of Yellow (Moderate). 11 Recommendations Were Made To Reduce Risk to a Low or Green Rating. Management Has Agreed To Implement All 11 Recommendations.

Findings

1. Fleet Operations Policies have not been updated since 1999 – currently there are ten different policies that should be revised to reflect current operations/practice.
2. The City is operating on an old version (5.2) of FASTER that is at least three generations behind; the current version is 6.4 (after 6.0, 6.2, and 6.3). Some reporting improvements have been documented in the later versions. To make the upgrade, the City needs to spend approximately \$120,000 to meet the minimum information technology (server) system requirements before the upgrade, replace the gas pumps that are more than 20 years old, and replace the Fuel Management system that is failing (see finding #9 for further discussion).
3. Data collection has been inconsistent, with inaccurate data being reported/recorded, e.g. mileage/odometer readings, miles travelled, gallons of gas consumed, fuel price, etc. Data has been manually collected and sometimes manually transferred from one system to another, but not consistently reviewed or analyzed; because of that, errors in the data had not been discovered and/or corrected, leading to erroneous reports being generated and distributed to other Departments.
4. Time spent on the shop floor repairing vehicle by the Fleet Manager and Shop Supervisor has not been documented/assigned to specific work orders.
5. There are no pre-determined utilization goals in any City Department; therefore it was not clear which assets were utilized efficiently or underutilized.
6. City Personnel have observed non-compliance, by users of City vehicles, with State seat belt law, and City policy; employees who use City vehicles have been observed leaving the yard in City vehicles without fastened seat belts, and/or with broken turn signal lights or stop lights.
7. The City has a vehicle/equipment preventive maintenance (PM) policy, but it appears the policy is not being followed by some of the equipment/vehicle users; and failure to follow the policy does not seem to have any consequences for/to the users.

8. When vehicles are transferred from one Department to another, sometimes the vehicle retains its vehicle number (assigned by Fleet in FASTER), sometimes it does not. The current practice is to re-number the vehicle so that it is easier to identify the vehicle belongs to a specific (new) Department. The practice interrupts the history, (historic record) of the vehicle in FASTER.
9. The current Fuel Management system (TRAC) is more than 20 years old, has only one Technician assigned to the entire SE Florida region. This technician serves all the businesses in the SE Florida region. Fuel TRAC is not compatible with FASTER, requiring daily manual data transfer; and does not have a field for fuel prices.
10. Some vehicles, for example fire trucks and ambulances have more than one “meter”, i.e. miles, kilometers, and hours. In some instances, all three have been used (to record miles driven), rendering the collected data for the respective vehicles unreliable and/or “inaccurate”.
11. Some one-time maintenance costs exceed \$10,000, e.g. for asset #44108. Currently, there is no City policy governing or establishing the threshold for “capital repairs” – one-time repairs that cost a lot of money, improve the performance, and/or extend the useful life of the asset.

Implementing The 11 Audit Recommendations Would Reduce The Risk Rating To Low (Green).

Recommendations: Management Agrees and 11 Recommendations Will Be Implemented

1. Consider consolidating all or at least 8 of the policies into one comprehensive document, and correct/remove currently irrelevant sections. Add language to reflect the recommendations from #6, 7, 10, and 11. The revised policies should include consequences for employees who fail to comply with the specific City policies related to equipment/vehicle operations.

Consider consolidating policy numbers: 107.23, 400.01, 400.02, 400.03, 400.04, 400.05, 400.06, and 400.07. In the new policy document, cross reference policy 150.05 (Internal Revenue Service Regulations For Take Home Use of City Vehicles) and policy 100.01 (State of Florida Seatbelt Law) to make it easier for employees to read and understand their respective responsibilities when they are allocated and/or required to take City vehicles home as part of their employment.

For the seatbelt law, it is recommended that some procedure be written to provide guidance to persons responsible for enforcement of the State law and City policy, to document the enforcement efforts. Consequences for failure to comply should be included in the policy document.

As part of the policies' review and consolidation updates, add the title of the responsible Department/Organization staff assigned for updating the policy. This should be indicated on the policy to provide effective documentation.

The drivers' licenses of employees required to drive City vehicles should be checked at least once a year (preferably on the employment anniversary date/annual performance review). Because the Human Resources (HR) Department is not equipped or funded to complete the task, the respective employee Supervisors should complete the task and report to HR as part of the performance evaluation process. The annual cost of completing

this task is estimated to be between \$5,000 and \$10,000 per year citywide, whether it is done by the supervisor or employee within the City.

2. Upgrade the current software to the latest version. At the same time consider upgrading the Fuel system (TRAC) and replace the fuel pumps to increase systems compatibility, improve data collection, and minimize human error, increase efficiency, and reporting accuracy.

Until the conversion is accomplished, manual review processes should be implemented to review and improve the accuracy of data collected, for example, regularly scheduled supervisory reviews should be completed to verify the accuracy of the collected data.

3. A regular process to review the data for errors, the title of the responsible Department/Organization staff assigned for the review, and when/timing to do it, should be created, as part of the normal operations. Such data review should be appropriately documented and the records retained as required by the State of Florida Records Retention schedule.

Before and during the systems upgrade process, due regard should be given to acquiring systems that are compatible, with data transfer seamless from one system to another, or one system, in this case, one that can handle fleet and fuel management within the same system.

With respect to FASTER reports, especially the "Cost Centers Results" (repairs and maintenance costs by department), more data points should be added to the report, to provide more insight into year to year changes. The data points to be added are: number of vehicles maintained, numbers of work orders generated, and completed.

4. The Fleet Manager and shop supervisor should record the respective time they spend, on the shop floor, repairing a specific asset, i.e. all costs related to repairing/maintaining an asset should be recorded to the respective asset, in order to provide an accurate record for the asset.
5. Since the specific use of an asset/a vehicle is determined by the user Department Head, each Department should make the effort to set utilization goals. At the end of the fiscal year, each Department should review the use of its assigned vehicles, and the results should be shared with other Departments, especially the Fleet Division. Those goals are essential in the overall City Fleet planning and management processes especially for the City Budget, and for the efficient use of available resources in the car pool.
6. Since it is City policy, and State law, to fasten seat belts when driving and/or operating City vehicles, the Supervisors responsible for the drivers, in the respective Departments, should complete some policy compliance training for each driver, document their process, and the subsequent results. City vehicle drivers should be reminded by their supervisors of their individual responsibility while driving/operating City vehicles, and the related consequences of failure to comply – as stipulated in City policy; such reminders should be acknowledged and documented.

Formal introduction and training should be provided by Management, and completed by City vehicle drivers, with formal acknowledgement of receiving and understanding the drivers' respective responsibilities. A safety checklist (document) should be included with

the training and shall be accomplished each morning prior to driving a City vehicle. Acknowledgement of the policy should be a regular task at the annual performance review.

7. In the Fleet maintenance sector, PM is known to save money, and is considered best practice. It is currently unclear how to compel/encourage vehicle users to comply with the PM schedules, as the policy requires. The policy does not have any consequences for failure to comply.

An awareness campaign, led by Division and Department Heads, aimed towards the users explaining the benefits of PM as opposed to demand maintenance, i.e. waiting for the vehicle to break down before it is brought to the shop, should be initiated, to increase compliance and more effective participation. User Departments' cooperation is key to the success of a PM program.

The awareness campaign should include incentives for compliance, and consequences for failure to comply with the policy.

8. An effective process should be developed to make sure the asset histories for assets transferred between Departments are maintained. This may require a manual process for documenting in the old and new Department's vehicle record, that the vehicle has been transferred.

To improve vehicle identification between FASTER and Naviline (Finance system), the property control number, assigned by Finance should be included in FASTER to maintain the link between FASTER and Naviline.

9. Consider replacing TRAC with a new system that is compatible with FASTER, where there will be minimal manual data transfer, less reliance on manual input, and sufficient customer service to support the system. See related comment in Recommendation #2.
10. Users should use only one meter, e.g. miles, kilometers, or hours, not all three for the same vehicle, when recording fuel pumped, or distance driven. Clear instructions and subsequent reminders should be provided to the users in order to maintain the consistency and integrity of the data collected. Unless there is an overriding need, the "meter" established by the Fleet Division should be the only meter used on a specific vehicle.
11. Establish a threshold, a fixed dollar amount or a percentage of cost, fair market value (FMV), book value, or increase in useful life that would be the basis for increasing the value of an asset, or useful life after a one-time repair that substantially improves the repaired vehicle/equipment. The adjustment affects the rating for the asset with respect to how quickly it would be replaced, or how long it would be kept in operation. Any repairs of more than \$10,000 for an asset that has an original cost of not more than \$50,000 should be approved by the Department Head and the approval documented and justified.

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| 4. Parks, Recreation and Cultural Arts Department Agreements: Technical Assistance for 31 Projects - \$4,147,318 (December 2016 through December 2017) |
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Summary and Scope

Parks, Recreation and Cultural Arts Department (PRCAD) requested technical assistance from Internal Audit staff during for review of various draft agreements, project assistance and internal control processes. Internal Audit staff provides this technical assistance to protect the City interests as well as assist with controls and compliance.

Standards

- Records access controls and internal controls
- Financial recordkeeping, reporting compliance
- Audit rights
- Florida Statutes Records retention
- Internal Audit Record Retention for Audit

Results: A low (green) risk rating was assigned as language for audit/inspection rights, sales tax, accounting, financial reporting and record retention have been included and revised as needed per Internal Audit recommendations in each agreement.

Internal Audit staff provided technical assistance for 31 agreements as requested for Parks, Recreation and Cultural Arts Department by reviewing the following agreements and/or amendments to those agreements:

- Pompano Baseball Inc.
- Creative City Collaborative (CCC) FY17 9 months File Extension Agreement
- Library Cultural Center Project \$500,000 Grant Agreement
- CrawDebauchery Food and Music Festival
- Russell Life Skills and Reading Foundation, Inc.
- National Flag Football Association, Inc.
- Broward Rugby Associations, Inc.
- Hillsboro Inlet Park Lighthouse Preservation Society
- ProServe Concepts, Inc.
- Eta Nu - Black History Festival File
- The Heartbeat Foundation Corp. - Brazilian Luau
- PBFC PAL Hammerheads, Inc.
- Right Choice Vending – Coffee, LLC
- SFI Fishing Rodeo File
- Xpress Youth Development Institute, Inc.
- Living Water Surf School LLC
- Hola Mundo! LLC
- Minority Help, Inc.
- LS Events LLC - Brazilian Festival of Pompano
- Zambelli Fireworks Manufacturing Co.
- School Board of Broward County (City Use of Buses)
- CRA - Culinary Kitchen Incubator Program
- Gridiron Grill Off Food & Wine Festival (Offerdahl's Hand-Off Foundation) 5 Yrs.
- Rotary Club of Pompano Beach - Lighthouse, Inc.
- Wyndham Vacation Ownership
- Community Park Athletic Concession Stand RFP T-59-13
- Pompano Cowboys Booster Club, Inc.
- Pompano Beach Eagles, Inc. (Second Amendment) Booster Club

- Pompano Chiefs Football Team, Inc. (Second Amendment) Booster Club
- Creative City Collaborative of Pompano Beach - Amendment
- Annual Nautical Flea Market - (5 Year Agreement)

5. City Attorney/Public Works: Technical Assistance - 2017 Dude Solutions, Inc. dba Facility Dude 1st Amendment for Service Contract Agreement (\$59,614) Review – Cyber Security Insurance Language

Summary and Results

City Attorney and Public Works Department requested technical assistance for review of agreement between the City and Dude Solutions, Inc.

Internal Audit staff recommended additional language for inclusion in agreement as well as the incorporation of audit rights. Also reviewed was the cyber security language to be added/revised regarding insurance for Technology Errors & Omissions coverage (\$2 million).

The new amendment to contract will accomplish a city-wide facilities assessment with a scope of 81 facilities. The assessment will establish an equipment inventory for each facility with accompanying preventive maintenance schedules, current condition of facility, and forecasted capital improvement projects to maintain facilities.

6. General Services/Purchasing: Technical Assistance to Review City of Pompano Beach Administrative Policy 905.07 – Procurement Card Policies and Procedures for Addition of Travel Expenses re: Rebate Revenue on P-Cards (FY17 Rebate Revenue through April 2017 \$6,147)

Summary and Results

At request of Director of General Services, technical assistance was performed to recommend language for inclusion into the Procurement Cards (P-card) Policies and Procedures for the allowance of travel expenditures. Travel expenditures were approved to be added as an allowable P-card expenditure. Also, dollar amount thresholds were going to be increased as P-card rebates provide revenue back to the City.

7. Public Works: Technical Assistance – Review Certified Annual Income and Expense Report for Sovereignty Submerged Land Lease # 060129546 for City of Pompano Beach Pier

Summary and Results

At Request of Public Works Director, Internal Audit staff provided technical assistance for the certification and completion of the Florida Department of Environmental Protection: Division of State Lands - Certified Annual Income and Expense Report for Fee Waived Leases for Sovereignty Submerged Lands Lease # 060129546 for the City of Pompano Beach Pier.

The audit examined recorded transactions and supporting documentation for the Pier Fund of the City of Pompano Beach for periods April 2015 through January 2016 and February 2016 through January 2017. The Report verified and certified revenues of zero and assured compliance with Florida Administrative Code Chapter 18-21.011, (1) (b) 7 regarding the waiver of annual lease fees for the local government. No issues were reported.

8. Parks, Recreation and Cultural Arts Department – Technical Assistance for AEG Presents SE, LLC Six (6) Month Short Term Agreement 10/13/17 through 3/13/18 Short Term Agreement for Amphitheater Events

At the request of Parks, Recreation and Cultural Arts Department, Internal Audit provided assistance in the review of a short term agreement with AEG Presents SE, LLC. Agreement is for Licensee to use Amphitheater (Venue) to provide and operate entertainment events at the Amphitheater; Licensee will promote the City with these events, and share ticket revenue with City.

The short term agreement for six (6) months was reviewed as part of the transition for a long term agreement (to be drafted in the future). Internal Audit staff revised agreement language for inclusion of recordkeeping, inspection, audit rights, records retention, procedures, revenues and expenditures reporting, tracking and reporting ticket sales, as well as compliance.

9. General Services/Purchasing: Technical Assistance to Review Draft for Administrative Policy 905.14 Purchasing Policy for New Purchasing Thresholds of \$75,000

Summary

At request of Director of General Services, technical assistance was provided to review the language in the draft copy of an administrative policy that has been developed due to an increase in the contract thresholds for the Purchasing Policy per Administrative Policy 905.14.

Background and Results


City Commission approved Ordinance 2017-27 effective March 1, 2017 to amend Section 32.39, "Competitive Bidding", and Section 32.4, "Standardization" to provide for revision to the City's procurement procedures. This Ordinance increased the contracts threshold amounts that the City Manager and the General Services Director can approve as well as what documents are required for solicitations at different levels below the \$75,000 level. This review was accomplished; recommendations by Internal Audit staff were suggested to enhance policy language, the "Look Local First", training materials, and training documents.

Section III. Current and Future Projects

- 1.  Strategic Plan 2.5.1: FY18 Audit of Standard Operating Procedures of One Major Division of a Selected Department: Building Department (Building Division) – Permits – Record Reproductions/Duplications for Cash Intake Procedures with FY17 Revenue \$151,243**

Summary

Internal Audit began an audit in FY18 and is currently working on this audit project.

- 2.  Strategic Plan 3.1.6: Perform annual audit of a selected Federal or State grant – re FY17 External Audit Assistance: Community Development Block Grant (CDBG - \$1,116,171 Federal), (Cultural Facilities Grant Program – \$830,315 State and Residential Construction Mitigation Program – \$395,050 State) Total Federal and State \$2,341,536**

Summary

Internal Audit began audit assistance in FY18 to the external auditors with testing of controls and compliance for FY17. Results will be included in the next Internal Audit Activity Report.

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|  | 3. Strategic Plan 3.3.6: Perform an Audit Every Two (2) Years on Revenues Values at +.5M to Ensure Appropriate Remittance to the City |
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Summary

Internal Audit will conduct this audit in FY18.

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|  | 4. Strategic Plan 6.2.3: Perform IT Control and Security Audit for Selected Computerized System(s) or Areas by Auditing an IT Security Component Annually |
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Summary

Internal Audit will conduct this audit in FY18.

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| 5. AEG Presents SE, LLC – Review Contract re: Long Term Agreement for the Parks, Recreation Cultural Arts Department for Amphitheater Events Management |
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Summary

Internal Audit is currently providing technical assistance to Parks, Recreation and Cultural Arts Department as well as General Services/Purchasing for the long term agreement.

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| 6. LSS Lean Six Sigma Project Charters – 5 Project Charters |
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Summary

Internal Audit has Five (5) LSS Lean Six Sigma Project Charters that are in progress.

Note: The exact projects will depend on the results of risk assessments from meeting with the respective Department Heads, Assistant City Managers, and City Manager's input.

Internal Audit Risk Ranking Key: Define risk levels

Low: likelihood and impact of an adverse outcome financially, reputationally, or operationally to the City would be rare with an inconsequential financial impact. No further action required; the risk has been effectively mitigated.

Moderate: likelihood and impact of an adverse outcome financially, reputationally, or operationally to the City is probable resulting in minor to moderate disruption in operations and/or minor financial impact. Intermediate City Corrective action is required to mitigate the risk to acceptable levels.

High: likelihood and impact of an adverse outcome financially, reputationally, or operationally to the City is likely resulting in probable disruptions to operations and/or having a material impact financially. Immediate City Corrective action/attention is required to reduce/mitigate the risk to acceptable levels.