

**INTERNAL AUDIT DEPARTMENT
Memorandum 26-03**



Date: June 2, 2026
To: The Honorable City Commission
From: Deusdedit C (DC) Kiyemba, Internal Auditor
Re: Internal Audit Activity Report – May 2025 through May 2026

Internal Audit's Activity Report covers a 13-month period from May 2025 through May 2026. This report lists 4 completed projects [(\$29,190,121) including 13 technical assistance assignments, with 5 current/future projects that are in progress (\$6,391,964)], and recommendation follow ups (7), that Internal Audit worked with. Our assistance to the external auditor on the City's annual financial audit (FY 25) is included in the completed projects.

I would like to thank Mike Hewett and Magyori Estrada for their work and contribution to Internal Audit's effort. As mentioned in my last presentation, we implemented a new Audit Management Application (TeamMate+), and indicated that the City Commission and select employees will be asked to participate in a Citywide risk assessment process using the software. You will be notified when the process starts. That participation is part of our effort to comply with the International Professional Practice Framework mandated by the Institute of Internal Auditors, and to bring our department's practice into compliance with the current Standards.

In the report, the Activity Dashboard (Attachment I), provides a summarized account of all audit projects and gives the risk ranking and current status for each project. Attachment II indicates the summary and certain project detail for each audit project or technical assistance provided.

The Activity Report contains completed audit projects, audits currently in progress, and the follow-up status for recommendations from previously completed audit projects. The dates referenced for this report cover a period of several months. This is due to months of fieldwork for each audit from beginning to end, testing of selected samples, drafting the report, management's research on Internal Audit (IA) recommendations, return of responses from management, implementation discussion with management, exit meetings to finalize the audit, and the final report being completed and issued to the respective department heads.

When management begins to implement the recommendation(s), budget dollars may need to be requested and approved prior to the target date(s) of implementation. System changes, upgrades, research and testing may take several months. Internal Audit follows up with management after the implementation target dates. Internal Audit confirms the recommendations were implemented as intended, or reports the updated status of recommendations that are still outstanding, then includes the updated status in the next Activity Report.

After your review of the report, we welcome and encourage your comments and feedback. The Activity Report is scheduled to be presented at the City Commission Meeting on June 9, 2026.





If you have any comments, concerns, or questions, you may reach me at (954) 786-4691.

Copy: Gregory P. Harrison, City Manager
Earl F. Bosworth, Assistant City Manager
Brian J. Donovan, Assistant City Manager
Suzette Sibble, Assistant City Manager
Mark E. Berman, City Attorney
Kervin Alfred, City Clerk
Scott Moore, Recreation Director
Renuka Mohammed, Utilities Director
Allison Feurtado, Finance Director
Robert A. McCaughan, Public Works Director
Pete McGinnis, Fire Chief
Mary Rivero, Procurement and Contracts Director
Lisa Sonogo, Human Resources Director
Fernand Thony, GO Bond Director
Nguyen Tran, Community Redevelopment Agency Director
Gene Zamoski, Chief Information Officer
Patricia White, Controller
Steve Rocco, Pompano Beach Air Park Manager
Tiffany Satchell Treasurer


Attachments (I and II)


Section I. Activity Dashboard – Risk Ratings and Status


A. Completed Projects


#	Project Title	Risk Rating Before Recommendations	Risk Rating After Recommendations	# Findings	# Recommendations	Recommendations to be Implemented	Recommendation not to be implemented	Follow Up	Project \$	Page #
1 	Long-Term Debt Service Compliance Audit	Low	Low	0	0	0	0	0	\$19,349,778	28
2 	External Audit Assistance FY 2026 – FY 2025 Audit of Federal and State Grants: Clean Water Grant \$4,302,809; SHIP \$1,058,657; Waste Water Treatment Facility \$846,351;	Low	Low	0	0	0	0	0	6,207,817	31
3 	Payroll Audit – FY 25 selective periods/pay dates review; Regular and Overtime Pay	Moderate	Low	5	5	5	N/A	N/A	3,338,457	31
4 	Technical Assistance for City Departments: Review and Consulting for Professional, License, and Service Contracts/Agreements re: Language, Audit Rights, Procedures, and Recordkeeping language/provisions for a total of 13 Agreements.	Low	Low	0	0	0	0	0	294,069	34
	Total # of Completed Projects (4) – Total Projects Dollars								\$29,190,121	


B. Prior Audits Follow-up


#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
<p>1</p> 	<p>Purchase Card (P-Card) Program</p>	<p>Moderate</p>	<p>4</p>	<p>2</p>	<p>Recommendation #1 To maintain accountability and mitigate the risk of unauthorized expenditures, we recommend General Services ensure all newly issued P-cards, as well as credit limit changes to existing P-cards, are supported by appropriate management approvals (and those approvals are) maintained on file. We further recommend General Services consider adding a field to the Procurement Card Employee Agreement for cardholders to sign and date to acknowledge receipt of their P-cards.</p> <p>Management Response: General Services will scan all P-card applications that get submitted and put them in the purchasing file in the g/drive.</p> <p>Suggest the same to be done with all emails that come through, from the department head, for increases and decreases of P-card limits. Folder created in the g/drive.</p> <p>Two forms have been created to be filled out by the Department Heads to attach to their email when requesting a P-card application and an increase or decrease of a P-card limit.</p> <p>Management Response/Update: IA has determined the recommendation to be partially implemented at this time, with future IA follow up pending.</p>

#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
<p>1</p> 	<p>Purchase Card (P-Card) Program</p>	<p>Moderate</p>	<p>4</p>	<p>2</p>	<p>Recommendation #2 Delays in canceling a P-card account increase the risk that the card could be misused by unauthorized persons (internally and/or externally). We recommend management take appropriate measures to ensure P-card accounts are closed on the Smartdata system prior to the termination of the cardholder’s employment with the City. Options could include collaboration with the Human Resources (HR) Department to ensure General Services is promptly notified of all terminating employees, as well as the addition to the Exit interview Checklist of a requirement for the supervisor to return the employee’s P-card to General Services, as applicable.</p> <p>Management Response Human Resources has added General Services to the notification distribution of employees that are terminating employment with the City. This will allow General Services to immediately close accounts for employees before or immediately upon separation from the City. It will also allow General Services to immediately review the most recent P-Card transactions for such employees to identify and address any unauthorized purchases.</p> <p>Additionally, the Procurement Card Policies and Procedures Administrative Policy was edited to reflect that the annual inventory of P-Cards will be conducted via outreach to department coordinators or by other reasonable means to identify cards that haven’t been used within a one-year period to potentially deactivate such cards if future use isn’t anticipated.</p>


#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
<p>1</p> 	<p>Purchase Card (P-Card) Program</p>	<p>Moderate</p>	<p>4</p>	<p>2</p>	<p>Management Response/Update IA has determined the recommendation not to be implemented.</p> <p>Recommendation #3 To prevent and detect errors and irregularities in a timely manner, we recommend management remind cardholders to promptly approve (initial/sign) their purchase receipts, and departments fulfill their responsibility to complete and submit their monthly cardholder Payment Request/Authorization Procurement Card Order Logs - signed and dated by the cardholder, department coordinator, and department head - to Finance no later than 10 days after month-end in accordance with current policy.</p> <p>Recommendation #4 We recommend Finance take the steps necessary to help ensure all approved P-card transactions are timely posted to the GL, including the continuation of its targeted follow-up efforts with the tardy departments, and the sending of periodic general reminders to all departments with cardholders to timely submit their monthly P-card order logs. To facilitate efficiency and save time, we further recommend management consider the feasibility of having departments electronically sign-off and submit their logs and supporting documents to Finance each month.</p> <p>Status Update - Recommendation #3 and #4 IA has determined these recommendations to be fully implemented.</p>

#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
<p>2</p> 	<p>Air Park Revenue-Generating Contracts</p>	<p>Moderate</p>	<p>5</p>	<p>2</p>	<p>Recommendation #2</p> <ul style="list-style-type: none"> • Use industry best practices to develop pre-approved standard lease templates for use by tenants when subleasing Air Park property to specialized aviation service operators (SASOs) and renters of hangar space for aircraft storage only. • Standardize the contract language regarding the requirement for the tenant and their subtenants to provide an annual list of their respective owners and parties holding security interests in their businesses. <p>Management Response/Status Update:</p> <p>This recommendation has not been implemented as no tenant contracts are due for renewal at this time.</p> <p>Recommendation #5:</p> <p>We recommend management requests, receives, and reviews the annual statements from Pompano Aviation, Pompano Aviation II, and the Aviation Center of Pompano each year in order to evaluate their financial condition and ability to continue to meet their obligations under the lease. In addition, to promote uniformity and equity, we recommend Air Park management in collaboration with Contract Management and the City Attorney’s Office consider standardizing the contract language to require annual financial statements of lease operations from all Air</p>


#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
					<p>Park tenants. The revised language could be incorporated via addenda to the current lease agreements with the Air Park's tenants.</p> <p>Management Response/Status Update:</p> <p>This recommendation has not been implemented as no tenant contracts are due for renewal at this time.</p>
<p>3</p> 	<p>Bank Accounts Reconciliation</p>		<p>2</p>	<p>1</p>	<p>Recommendation #2</p> <p>We recommend the City Manager's Office, in collaboration with the Finance Department, Contract Management and the City Attorney's Office, take the necessary actions to draft, and have executed, an appropriate service agreement between the COPB and the Shipwreck Park addressing the in-kind accounting services to be provided by the City. In addition to formalizing the relationship, a properly executed agreement would, among other things, provide for indemnification of the City; require the retention of contractual public records in accordance with Florida Statutes; and, establish the City's right to inspect and audit records pertaining to operations pursuant to the agreement.</p> <p>Management Response:</p> <p>At this time, Management has opted to keep the informal arrangement in place.</p> <p>Internal Audit will revisit the recommendation with Management in FY 2027.</p>

#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
<p>4</p> 	<p>IT (Information Technology) Security – Identity and Access Management</p>	<p>Moderate</p>	<p>5</p>	<p>1</p>	<p>Recommendation #4</p> <p>With the help of the users and Department/Division Heads, the City should develop a process (as part of a Cloud Computing Strategy) where a consistent approach can be established to conform with the current purchasing guidelines; assist in the proper management of SaaS contracts; and meet the requisite security and retention standards. Any developed process should address the relatively new State cybersecurity act requirements.</p> <p>Management Response</p> <p>IT, on April 4, 2023, sent out an email reminding all City employees who have access to the City Network, and have a need to acquire cloud computing services, what the appropriate process requires and directed the employees to the Intranet where the initial form may be found to start the process.</p> <p>And on receiving the reminder about the SOC 2 reports' due date, the respective Assistant City Managers will remind the respective personnel reporting to her/him, to remind their direct reports about the need to obtain SOC 2 reports, as a means of satisfying IT policy compliance requirements, and compliance with the State statute.</p> <p>The contract management system has yet to be configured to automatically send out reminders regarding SOC 2 reports. This is the responsibility of Procurement and Contract Management Department.</p>

#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
	IT (Information Technology) Security – Identity and Access Management	Moderate	5	1	<p>Internal Audit will follow up to verify consistency of use of the form, and Internal Audit will keep monitoring the implementation progress for the automated reminders.</p> <p><u>Recommendation #5</u> Working collaboratively, HR, IT, and relevant Department/Division Heads, should initiate a review to revise and enhance the process for deprovisioning users. An appropriate enhancement would serve to significantly reduce insider attack risks posed by terminated employees, who may still have access to computing and physical assets.</p> <p><u>Management Response - IT:</u> IT will run the terminated employee list once a week to improve the prompt removal of terminated employees. IT will also DISABLE any user network account, that has been inactive for 60 days. This will help when Departments do not promptly inform IT of terminated employees.</p> <p>IA has determined this recommendation to be fully implemented.</p> <p><u>Management Response – Human Resources</u> The role of informing HR and IT to terminate access for terminated employees, will be assigned to the time keepers – in addition to Supervisors, within the respective Departments/Divisions, as part of the off-boarding process.</p> <p>Internal Audit has yet to follow up to verify the promised changes.</p>

#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
<p>5</p> 	<p>Utilities Billing Rates</p>	<p>Moderate</p>	<p>3</p>	<p>1</p>	<p><u>Recommendation #1</u> To minimize the risk of errors, we recommend Utility Billing management conducts enhanced training and supervisory oversight of customer service representatives to assist them in ensuring new utility accounts are accurately classified and the correct service deposit rates are assessed. We further recommend Finance management takes appropriate actions – consistent with the applicable City ordinances and subject to the technical limitations of the system - to correct the cited discrepancies relating to the accuracy and completeness of the utility service deposit rates on Naviline.</p> <p><u>Management Response:</u> Finance Director and Customer Service Manager agree to the recommendation and have outlined corrective actions below.</p> <p>Immediate Action: All staff have been counseled on the limitations of the deposit inquiry screen concerning irrigation deposits. They are advised to check the service type (in the General Location Inquiry screen) to determine the rate class, i.e., SF = Single Family, MF = Multi Family, B = Commercial/Business. After determining the rate class, they are to look up the size of the meter to calculate the correct deposit from the new account application.</p>

#	Project Title - Pending Corrective Actions for Audit Recommendations	Risk Rating Pending Recommendations	# Findings	# Outstanding Recommendations	Status
	Utilities Billing Rates	Moderate	3	1	<p>Final Action: After the IT Department has located where the deposits are set for irrigation in the Central Square system (Naviline), the Customer Service Manager will change the rates to reflect all classes so that the screen will display the correct deposits. This will be conducted with the next rate increase. Anticipated date of January 1, 2024.</p> <p>To correct the three accounts each charged an inaccurate deposit for irrigation totaling \$25.00 in excess, would require refunding the deposit back to the account and then billing the correct deposit to the account. This would cause confusion to the customers as they would see the billed deposit on their next bill. If any customers specifically question and ask for the refund we will proceed with the aforementioned steps; otherwise, their deposits will be refunded after the four-year anniversary date has passed, or when they close their account if before that date.</p> <p>Management Response/Status Update: Internal Audit has determined the recommendation to be partially implemented.</p>

<p>6</p> 	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>Recommendation #1</p> <p>We recommend management ensures all pay applications for progress payments submitted by construction managers/design builders are signed as being reviewed and approved by the project architect/engineer (A/E) as required by the City's agreement with the contractors. The A/E's attestation will provide an additional layer of assurance that the billed work has been satisfactorily performed by the contractor and meets the requirement for payment.</p> <p>Notwithstanding the importance of the contractor's schedule of values (SOV), we further recommend management prospectively adopts the <i>best practice</i> of requiring its construction contractors to supplement their SOVs submitted for the billing period by providing detailed relevant support for significant billed items appearing on their periodic pay applications, as a condition of payment. At a minimum, it is recommended the contractor provides copies of their subcontractors' schedules of value/invoices for billed trade work appearing on the contractor's SOV.</p> <p>To facilitate full disclosure and better future compliance, the documentation and review requirements for progress payments should be specifically stated in the solicitations to prospective contractors for new construction projects.</p> <p>Management Response:</p> <p>The G.O. Bond Director agrees to the recommendation</p>
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	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>and has outlined corrective actions below.</p> <p>Immediate Action: All pay applications shall be reviewed by the City’s Engineer or Architect of Record (EOR/AOR) to confirm all line items reflected on all pay applications conform to the approved Guaranteed Maximum Price (GMP) contract, except when said activity is not included in the EOR/AOR’s construction administration contract. In such cases, G.O. Bond designated staff shall conduct said review and confirm that values and quantities are as agreed.</p> <p>Furthermore, pay applications shall be signed by the EOR/AOR and/or the G.O. Bond Director without exception. A copy of said signed pay application shall be stored in the G.O. Bond’s files for easy retrieval. Furthermore, the EOR/AOR and/or the G.O. Bond Director or designee shall ensure that all pay applications are accompanied by applicable backup documentation to confirm quantities billed are accurate and to provide sufficient support against claims, billings, etc.</p> <p>Lastly, all solicitations and subsequent contract agreements shall require full compliance with reporting mechanisms by the EOR/AOR performing construction administration duties as well as the General Contractor, Construction Manager and/or any other member of their organizations as deemed appropriate.</p> <p>Management Response/Status Update: Implementation of the 1st recommendation was started as of the month of April 2025.</p>
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	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>Recommendation #2</p> <p>We recommend management implements applicable quality control measures to ensure all executed construction change order request forms are appropriately signed by the construction manager/design builder and the City’s project manager, as well as the project’s A/E (Architect/Engineer), where applicable, as evidence of approval. We further recommend all requests be supported by appropriate documentation, including but not limited to, a detailed proposal/quote/cost breakdown from the applicable subcontractor/contractor, as required by the CM/DB agreements and the City’s policies. Moreover, all construction change order requests must be appropriately approved in writing by City management or the City Commission (as applicable) prior to execution of the proposed work.</p> <p>Finally, to facilitate uniformity and consistency, management should consider developing and implementing a standard COPB construction change order request form for use by its contractors, or require the contractors’ use of the AIA (American Institute of Architects) Document G701 – Change Order form, given the diversity of request forms (currently) utilized by the City’s construction contractors.</p> <p>Management Response:</p> <p>The G.O. Bond Director agrees to the recommendation and has outlined corrective actions below.</p>
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	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>Immediate Action: All change order forms shall be reviewed by the G.O. Bond Director or designee and will be further reviewed by the Engineer or Architect of Record (EOR/AOR) to confirm whether the proposed change order is warranted and whether the line items reflected on the City’s adopted Change Order Form conforms with applicable requirements outlined in the Construction Manager at Risk, Design-Builder or General Contractors’ agreement with the City. In addition, all change orders shall be approved by the City Commission, if applicable. Approval by the City Commission shall follow City’s adopted standards and thresholds and City Attorney’s Office recommendations.</p> <p>In addition, the G.O. Bond Department will work with Purchasing and the City’s Contract Manager in the creation of a new Construction Change Order form to be used by contractors in their requests for change order work and compensation.</p> <p>Recommendation #3 We recommend management ensures trade work self-performed by the contractor is supported by a written request which must be approved by the City prior to execution of the work, or otherwise be specified by the contractor and pre-approved by the City in the contractual documents. In addition, management should collect and maintain appropriate records of any work self-performed by the contractor, including but not limited to, copies of the written requests and justification, logs of the invoices/payments, and evidence of the City’s approval.</p> <p>Management Response:</p>
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	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>The G.O. Bond Director agrees to the recommendation and has outlined corrective actions below.</p> <p>Immediate Action: All work to be self-performed by the prime contractor pertaining to any G.O. Bond project shall be duly authorized by the G.O. Bond Director or designee. The work shall be outlined and clearly defined in the contract documents and/or any other documents that would otherwise serve as proper evidence that the contractor is authorized to do the work.</p> <p>The G.O. Bond Department shall require the contractor to submit all necessary backup material to justify quantities, labor, payments, etc., and shall require the contractor to submit weekly and/or monthly reports describing the completed work. The frequency of said reports shall be determined based on the length of the project and the scope of work to be performed by the contractor.</p> <p>Recommendation #4 We recommend management ensures the trade work for CMAR projects is competitively bid by the CM as contractually required. Evidence of competitive bidding (e.g., bid tabulation sheets) should be obtained from the CM and retained by the City, and in those instances where it is impractical to bid one or more subcontracts, written justification (e.g., lack of trade contractor interest, nominal value of subcontract, more cost-beneficial for the CM to self-perform, etc.) should be obtained from the CM.</p> <p>In addition, notwithstanding the obligations of the</p>
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	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>CM/DB*, management should obtain copies of the executed subcontracts, certificates of the requisite liability insurance, and business/professional licenses for the trade contractors, to conduct a scoped review to initially confirm that only properly contracted, insured and licensed entities are engaged by the CM/DB to perform trade work on the City’s construction projects.</p> <p>*The CM/DB was responsible for executing the subcontracts, and obtaining the requisite COIs and verifying the business/professional licenses of the trade contractors. Additionally, the CM/DB was expected to monitor the expiration dates of the subcontractors’ COIs and licenses, and follow-up as necessary, to ensure their currency during the life of the subcontracts.</p> <p>Management Response:</p> <p>The G.O. Bond Director agrees to the recommendation and has outlined corrective actions below.</p> <p>Immediate Action: The G.O. Bond Team shall require that all Construction Managers (CMs) provide written evidence they have conducted substantial outreach and received a minimum of three (3) bids for all trade work to be managed by the CM. Although this practice has been complied with on most projects, some contractors have not provided sufficient evidence and the G.O. Bond Team intends to make sure such evidence is provided prior to approving any future Guaranteed Maximum Price (GMP) contracts.</p> <p>Once a GMP contract has been duly reviewed by the G.O. Bond Team, recommended to the City Manager, and subsequently approved by the City Commission (if applicable), the G.O. Bond Team will request contractors compile a spreadsheet that includes the name of each of the subcontractors; copies of their</p>
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	<p>G O Bonds Construction Projects Audit</p>	<p>Moderate</p>	<p>4</p>	<p>4</p>	<p>certificates of insurance; copies of applicable licenses; copies of any bonding; and a confirmation of the scope to be carried out by each of the subcontractors.</p> <p>The G.O. Bond Team will ask Purchasing and the City’s Contract Manager to generate a spreadsheet that identifies each of the aforementioned categories on a table to be filled out by the CM and submitted to the G.O. Bond Team for review and kept as backup material. The G.O. Bond Team will recommend to the City’s Contract Manager that completion of said spreadsheet be included as a requirement on any contract between the CM and the City.</p> <p>However, the G.O. Bond Team will attempt to verify whether completion of the spreadsheet will result in additional costs to the City’s taxpayers, in which case the Team will seek confirmation from the City Manager that said activity is approved and the expense is also approved.</p> <p>Proposed Long Term Action: Finally, in terms of lessons learned from the experience of overseeing this unique and complex City program of infrastructure work involving 25 projects, and over 250 prime contractors and sub-contractors generating thousands of critical documents (proposals, GMPs, bid sheets, invoices, receipts, delivery tickets, photographs, inspections and progress field reports, local vendors’ monthly forms, pay applications, change orders, schedules, contract amendments, agenda items, etc.) we believe some minor organizational change will be most beneficial.</p> <p>Should a similar bond-funded construction program be</p>
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	G O Bonds Construction Projects Audit	Moderate	4	4	<p>established in the future, even with increased assistance from Purchasing and Contract Management, we believe additional G.O. Bond administrative personnel (one or two employees) will be needed to ensure an effective, systematic and timely implementation of all contractual requirements and other project management controls such as the four aforementioned recommendations in this audit.</p> <p>Management Response/Update: Recommendations 2, 3, and 4 are specific in nature and relate more to operating procedures for activities which are less frequent during projects, such as change order requests to the Commission, or in the case of for requesting bids for new projects.</p> <p>Management also reiterates its commitment to implement recommendations 2, 3, & 4 as the opportunity avails itself in the future.</p> <p>Internal Audit will follow up to ascertain successful implementation.</p>
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<p>7</p> 	<p>Payroll Audit</p>	<p>Moderate</p>	<p>5</p>	<p>5</p>	<p>Recommendation #1 The Payroll Office collaborates with the department heads responsible for the cited divisions to develop an appropriate process to ensure all divisional employees electronically sign their biweekly time sheets in a timely manner</p> <p>Management Response The Finance Department acknowledged the approval issues are not attributed to employee noncompliance, but rather physical and operational limitations related to their work environments. To ensure compliance with FLSA recordkeeping requirements and City policy, the Payroll Office will take the following actions:</p> <ul style="list-style-type: none"> • Evaluate alternative authentication methods • Assess need for additional access points • New interim measures for compliance • Increased access to approval stations • Standardized procedures for exceptions, and • Ongoing monitoring <p>Implementation date: August 30, 2026</p> <p>Staff Responsible: Finance Department/Payroll - Cecelia Simpson Environmental Services Department - Russell Ketchem Parks & Recreation Department - Scott Moore Information Technology Department - Gene Zamoski</p>
					<p>Recommendation #2 The Payroll Office manually recalculates retroactive pay automatically calculated by the Naviline system, when pay rate changes for an employee are not posted timely to the system, and in the interim, another rate</p>

	Payroll Audit	Moderate	5	5	<p>change (e.g., COLA, reclassification, etc.) has been posted.</p> <p>We further recommend Payroll management performs a <i>documented output review</i> of all employee pay rate changes processed in Naviline by Human Resources – by reconciling the rates on the personnel transaction forms to the system - in order to identify and ensure timely correction of any input errors.</p> <p>Finally, to ensure completeness of the review process, we recommend Payroll management explores the practicality of generating and reviewing a biweekly Naviline report of all employee pay rate changes, to ensure all posted changes are validated.</p> <p>Management Response Payroll and Human Resources have met and are implementing the following corrective actions:</p> <ul style="list-style-type: none"> • Enhanced retroactive pay review • Review of documented output of HR-posted pay rate changes • Validation of all past due evaluations that are listed on an IT generated report • Improvements in merit evaluation timelines • Retroactive pay quality assurance review <p>Implementation Date: August 26, 2025 (still ongoing)</p> <p>Staff Responsible Finance/Payroll- Cecelia Simpson Human Resources - Bobby Bush</p>
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	Payroll Audit	Moderate	5	5	<p>Recommendation #3 The Fire Department management develops and implements appropriate written procedures to facilitate compliance with the department’s shift trade policy.</p> <p>Management Response: A new policy is currently being developed to update our existing Standard Operating Procedure (SOP). As part of this effort, we are consulting with multiple fire departments to review their processes and identify best-practice approaches. We will also be working with our TeleStaff consultant to determine whether an enhanced reporting and monitoring process for payback can be created. The next steps include determining the payback reporting mechanism, assigning responsibility for its oversight, and establishing an implementation date.</p> <p>Implementation Date: May 2026.</p> <p>Staff Responsible: Peter McGinnis, Fire Chief, Matthew Whitton, Assistant Fire Chief, and Russell Brunner, Fire Department Administrative Coordinator.</p>
					<p>Recommendation #4</p> <ul style="list-style-type: none"> • The Water Treatment Plant, Water Distribution, Reuse Water Treatment, Wastewater Pumping, and Facilities Maintenance divisions create written comprehensive procedures with specific guidelines on how to monitor overtime hours and ensure they are being assigned on a fair and equitable basis. • The aforementioned divisions, as well as the Streets and Grounds Parks Maintenance divisions,

	Payroll Audit	Moderate	5	5	<p>develop (or enhance existing) OT monitoring logs that capture all employees eligible for OT in rotational order classified by their job categories and skills; all employee OT sources/categories; OT hours offered & accepted/declined by employees; and, the cumulative total OT hours worked by all employees, as applicable.</p> <ul style="list-style-type: none"> • Additionally, we recommend the hours on the OT monitoring logs be reconciled to the appropriate (Naviline) Hours Proof Listing reports on a periodic basis, to ensure the integrity and completeness of the employee overtime hours tracked by the divisions. <p>Management Response <i>Water Treatment Plant (3320) & Reuse Water Treatment (3340)</i> The Utilities Department will implement the following measures for the above divisions Overtime Tracking Log:</p> <ul style="list-style-type: none"> • Modify the current OT tracking log to resolve the mentioned issues • Develop specific SOPs to track fair and equitable OT distribution • Improve training and communication <p>Implementation Date: December 1, 2025</p> <p>Staff Responsible: Richard Johnson, Utilities Treatment Plants Operations Manager.</p> <p>Management Response <i>Water Distribution (3330) & Wastewater Pumping (3510)</i></p>
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	Payroll Audit	Moderate	5	5	<p>The Utilities Department will implement the following measures for the above divisions Overtime Tracking Log</p> <ul style="list-style-type: none"> • Add the relevant columns to accommodate the suggested information • Develop specific SOPs to track fair and equitable OT distribution • Improve training and communication <p>Implementation Date: December 1, 2025. Staff Responsible: Nathaniel J. Watson, Utilities Field Operations Superintendent.</p> <p>Management Response: <i>Streets (3030) & Grounds Parks Maintenance (3040)</i> The Public Works Department will implement the following measures for the above divisions:</p> <ul style="list-style-type: none"> • Create/Improve the OT monitoring logs to track the information that was suggested/discussed • Train supervisors and timekeepers on the updated procedures and the use of OT logs <p>Implementation Date: December 1, 2025. Staff Responsible: Eric McLamore, Public Works Coordinator.</p> <p>Management Response: <i>Facilities Maintenance (3060)</i> Facilities Maintenance has implemented (or will implement) the following measures: (a) Overtime Monitoring Log:</p> <ul style="list-style-type: none"> • The Facilities Maintenance Supervisor will distribute
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	Payroll Audit	Moderate	5	5	<p>and track the overtime;</p> <ul style="list-style-type: none"> • The log will be categorized by job classification; • The log will have the exact hours as the Naviline system; and, • The log will have total cumulative OT hours after/before the shift and on weekends. <p>(b) Overtime (OT) Procedures establishing clear procedures for the Facilities Maintenance Department regarding the fair distribution, monitoring, review, approval, and validation of overtime (OT) assignments.</p> <p>Implementation Date: (a) September 29, 2025. (b) November 27, 2025.</p> <p>Staff Responsible: (a) Shaun Roles, Facilities Maintenance Supervisor. (b) George Buenaventura, Facilities Maintenance Director / Shaun Roles, Facilities Maintenance Supervisor</p>
					<p>Recommendation #5</p> <ul style="list-style-type: none"> • Update and clarify Administrative Policy #1070.025 to align with best practices and actual pay processing. • Strengthen internal controls over payroll coding, pay factor application, and claim submissions. • Improve coordination between Payroll and Emergency Management to ensure claims are complete, accurate, and timely. • Consult with the City Attorney’s Office on corrective actions for financial errors and

	Payroll Audit	Moderate	5	5	<p>reimbursement discrepancies.</p> <p>Management Response:</p> <p>The Finance Department appreciates Internal Audit’s detailed review of deployment compensation and related practices. We respectfully provide the following clarifications and responses. Payroll operations for the City of Pompano Beach are governed by the Fair Labor Standards Act (FLSA), applicable collective bargaining agreements (IAFF and FOPE), and the City’s Administrative Policies. Throughout the audit, certain statements suggest that Payroll relies on informal practices or independently established methodologies. However, all payroll actions are executed strictly in accordance with the City’s adopted policies, systems configured by Central Square and the IT Department, and legal guidance issued by the City Attorney’s Office.</p> <p>Interpretation of Administrative Policy #1070.025—and subsequently #1070.030—was performed by the City Attorney’s Office. Payroll executed compensation procedures in accordance with that interpretation. While the policy may benefit from additional clarity, Payroll adhered fully to the City’s official direction. During compliance testing, all three sampled employees were from the Fire Department: two salaried exempt, non-bargaining employees (Fire Administration) and one hourly, bargaining-unit firefighter. As deployment costs are 100% reimbursable by the Florida Division of Emergency Management (FDEM), the Finance Department recognizes that ultimately it is integral that all reimbursement submittals comply with FDEM</p>
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					guidance. <i>A more detailed response may be found in the full report that has been provided as an attachment to this presentation</i>
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C. Current and Future Audit Projects – Risk Ratings to be Determined

#	Project Title	Project \$	Page #
1 	PPI, Inc. Pompano Casino – Revenue Reporting (2024 & 2025 revenues)	4,408,429	35
2 	Human Resources (Personnel recruiting/hiring/onboarding)	1,983,535	35
3 	Information Technology Assets Management (Software, Hardware, and Contracts) as a precursor to Cybersecurity risk management, and related compliance requirements	N/A	35
4 	Annual Risk Assessment – as the basis for the annual risk-based audit plan	N/A	36
5 	Management and Commission Requests – Request(s) from Management and City Commission to look at issues/matters arising of their choice	N/A	36
	Total	6,391,964	

Section II. Summary and Project Detail - Completed Projects**1. Long-Term Debt Service Compliance Audit - \$19,349,778 expended from General Fund, G O Bonds, and Enterprise Funds, Etc.****Summary**

As part of the FY26 Strategic Plan objective of Process Excellence, Internal Audit (IA) has performed an audit of the City's long-term debt service compliance. The primary objective of the audit was to determine whether the City's long-term debt principal and interest payments for G.O. Bonds, direct borrowings, and direct placements due for FY 2024 were properly recorded, supported, and approved; adequately budgeted for; accurate; and, made timely. The scope of the audit did not include long-term liabilities for claims and judgments, pensions, OPEB (Other Post Employment Benefits), compensated absences, GASB 87 Leases¹, and GASB 96 SBITA².

Audit procedures performed included, but were not limited to, reviews of applicable rules, regulations, policies, procedures, and practices; and inquiry of appropriate Finance Department personnel. To achieve the audit objective, all of the City's long-term debt service payments (principal, interest, and fees) pertaining to FY 2024 – a total of \$19,349,778 - were vouched and compared to the applicable debt amortization schedules.

Conclusion – Low (Green) Risk

Based on tests performed and resulting observations, it is our opinion that the City was in general compliance with its long-term debt service payment obligations for FY 2024. There were no reportable exceptions. As such, an overall Low (Green) risk rating was assigned to the audit results.

Internal Audit would like to thank personnel of the City's Finance Department for their cooperation and assistance throughout the audit.

Background

The City of Pompano Beach (COPB) has established a Capital Improvement Plan (CIP), a five-year financial plan for funding the construction, acquisition, and rehabilitation of the City's facilities, infrastructure, and equipment. Although the CIP covers five years, it is prepared annually, and previously approved projects are carried forward and their completion schedules are adjusted accordingly.

Debt financing for capital projects and improvements is an important method to develop the City's long-term infrastructure. According to the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending 9/30/24, the City had an outstanding long-term debt principal of \$242,304,562 comprised of the following:

- \$184,372,088 for government activities covering;
 - General Obligation Bonds (Series 2018) of \$87,590,000;
 - General Obligation Bonds (Series 2021) of \$64,040,000;
 - Tax Increment Revenue Bonds (Series 2013) of \$5,950,000 for the Pompano Beach Community Redevelopment Agency's East District;

¹ Governmental Accounting Standards Board Statement No. 87 *Leases*.

² Governmental Accounting Standards Board Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*.

- Tax Increment Revenue Bonds (Series 2022) of \$13,385,000 for the Pompano Beach Community Redevelopment Agency's Northwest District;
 - Notes payable of \$2,866,000 to the U.S. Department of Housing and Urban Development (HUD) for a Section 108 interim long-term loan; and,
 - Financing arrangements payable of \$10,541,088 for the lease-purchase of equipment and vehicles by various City departments.
- \$57,932,474 for business activities covering:
 - Taxable Certificates of Participation (Series 2015) of \$22,655,000 to finance the acquisition, construction, and installation of a new parking garage structure and surrounding public improvements;
 - Water and Wastewater Revenue Bonds (Series 2021) of \$9,150,000;
 - Stormwater Utility Revenue Bonds (Series 2021) of \$8,055,000;
 - A construction loan (October 2016) with an outstanding balance of \$1,955,904 funded from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program;
 - A construction loan (May 2017) with an outstanding balance of \$2,254,840 funded from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program;
 - A construction loan (April 2019) with an outstanding balance of \$261,905 funded from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program;
 - A construction loan (April 2024) with an outstanding balance of \$9,215,999 funded from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program;
 - A construction loan (July 2021) funded from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program, with reimbursed expended costs totaling \$3,197,160 (outstanding loan liability) which was not in repayment status as of 9/30/2024;
 - A construction loan (December 2022) funded from the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Program, with reimbursed expended costs totaling \$915,591 (outstanding loan liability) which was not in repayment status as of 9/30/2024; and,
 - Financing arrangements payable of \$271,075 for the lease-purchase of equipment and vehicles by various City departments.

In addition to the aforementioned long-term debt, the City has three outstanding issuances of conduit debt where the bond proceeds were loaned to John Knox Village of Florida (the Village). Conduit debt, also known as non-commitment debt, is issued by the City for the expressed purpose of providing capital financing for a specific third party that is not a part of the City's financial reporting entity.

The current bonds are limited obligations of the City payable from the periodic loan payments due from the Village. The City is not obligated to pay the principal or interest on the bonds except from the loan payments made by the Village, and neither the faith and credit nor the taxing power of the City is pledged to the payment of principal and interest on that debt. As of 9/30/24, the outstanding principal amounts for the three debt issues were \$23,740,000, \$72,830,000 and \$115,815,000 respectively. Since the bonds do not constitute a debt or

pledge of the faith and credit of the City, the debt was not reported on the City's financial statements as of 9/30/24.

In 2015, the City received a loan commitment of \$4,308,000 from the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program for the purpose of financing various infrastructure improvement projects. As of 9/30/24, the City had received \$4,308,000 in interim financing related to this loan commitment from HUD. As of 9/30/24, the interim loan balance was \$2,866,000 and the permanent loan balance was \$0. The interest rate on the loan amount is variable until the date HUD converts it into a permanent loan or the redemption date, whichever is earlier. During the interim period, interest will be billed quarterly to the City on the first day of each February, May, August, and November. A payment schedule of the outstanding principal and interest will be provided by HUD after conversion of the loan to permanent status.

In the fall of FY 2017, the City Commission approved the General Obligation (G.O.) Bond Referendum (with a date of 3/13/18) to finance a component of the City's unfunded general capital projects. The referendum was approved by a two-thirds majority vote of the City's residents. The G.O. Bonds have been sold in two phases. The first bonds (Series 2018) were sold at a par value of \$99,375,000 on 10/2/18 to finance the design of all 25 G.O. Bond projects, and construction of the "Phase I" projects.

On 9/14/21, the City Commission approved the issuance of the second phase of the G.O. Bonds. The second bonds (Series 2021) were issued at a par value of \$68,195,000 in October 2021 in order to finance the construction costs for the "Phase II" projects.

Scope and Objectives

The primary objective of the audit was to determine whether the City's long-term debt principal and interest payments for FY 2024 were properly recorded, supported, and approved; adequately budgeted for; accurate; and, made timely.

Standards

- City's Code of Ordinances Chapter 36 – Taxation and Finance – City Bonds (§36.040 - §36.057);
- City's Debt Management Policy (5/26/2020);
- Finance Department's Accounting Procedures Manual – 11-B – Debt Management – Processing Debt Service Payments (Revised 10/14/2013); and,
- Debt covenants and amortization schedules for outstanding bonds and other long-term debt obligations.

Results:

No Reportable Findings Resulted in an Overall Risk Rating of Low (Green)

2.  External Audit Assistance – Single Audit Act - Audit of Federal and State Grants, (FY25) 6,207,817

Background

Every year Internal Audit is asked to assist the external auditor with the tasks of auditing the Federal and State grants. The external auditor determines which grants/projects/tasks to assign to Internal Audit.

For the FY 2025 Single Audit, Internal Audit worked on the following programs/projects funded by Federal and State grants:

Clean Water Grant: \$4,302,809;
Waste Water Treatment Facility: \$846,351;
SHIP: \$1,058,657

Conclusion

No reportable issues were identified.

3.  Strategic Plan – FY25 – Audit of Payroll – Regular and Overtime Pay (Total Gross Pay Average of \$3,338,457 for Pay Dates within the Audit Period)

I. Summary

As part of the FY25 Strategic Plan objective of Process Excellence, Internal Audit (IA) has performed an audit of certain functions of the Payroll Office and selected divisions of the City of Pompano Beach (COPB) relating to the processing of regular and overtime pay. The audit period was the fourth quarter of fiscal year 2024.

The primary objectives of the audit were to determine – via evaluation of internal controls and performance of compliance testing – whether:

- Employees' biweekly net pay was accurately and timely remitted to the employee via direct deposit to his/her designated bank account or pay card, or issuance of a payroll check;
- Assignment of overtime work hours to employees was justified and approved by management; compliant with the federal Fair Labor Standards Act (FLSA), employee collective bargaining agreements, and City policies; determined on a fair and equitable basis; and, reasonable as a percentage of the employee's regular (non-overtime) work hours;
- Employees' biweekly gross/net pay was properly supported, accurately calculated, approved by management, and timely recorded in the City's financial system;
- Overtime gross pay to employees was funded by adequate departmental budget authorizations; calculated in accordance with the federal FLSA, employee collective bargaining agreements, and City-approved overtime rates; reasonable as a percentage of the employee's base salary; and, approved by management; and

- There were many individuals listed on the City's biweekly payroll who were not recorded as current employees (potential "ghost" employees) on the City's Naviline system, or received duplicate/excessive pay;
- Employee and employer payroll tax remittances by the City to the appropriate taxing authorities; and,
- Remittances of employee pay deductions to the appropriate third-party entities by the City.

The abovementioned excluded areas will be potentially covered in future Payroll/Human Resources audits conducted by the Internal Audit Department.

Audit procedures performed included, but were not limited to, reviews of applicable laws, rules, regulations, policies, procedures, and practices; compliance testing of a sample of employees' biweekly gross/net pay; tests of employee overtime assignment logs and related payroll records for judgmentally selected City divisions; and, inquiry of appropriate Payroll Office and specified divisional employees.

Conclusion – Moderate (Yellow)

Based on testwork performed *during the course of the audit* on a judgmentally selected biweekly payroll – pay date 5/8/2025 - we did not identify any pay anomalies such as extremely high or duplicate compensation for employees, and we verified all payees listed on the applicable payroll reports as bona fide employees of the City.

Compliance testing of the biweekly gross/net pay – for one payday (9/26/2024) *during the audit period* - for a judgmentally selected sample of 60 employees from multiple City divisions, indicated an isolated instance where an employee was paid at an incorrect hourly pay rate.

In addition, we noted significant differences between the practices used by the Finance Department to categorize, allocate, and pay hours worked by Fire Department (FD) employees on deployment versus applicable available written City guidelines; the use of incorrect deployment hours and hourly pay rates for deployed FD personnel; and, inaccuracies in the hourly pay and fringe benefit rates used by the City's Emergency Management Division in the claims submitted to the Florida Division of Emergency Management (FDEM) for reimbursement of the costs of deployed FD personnel. Among other issues, we identified opportunities for certain of the divisions selected for testwork to improve their processes for ensuring the assignment of overtime hours to their non-exempt hourly employees was fair and equitable.

An overall Moderate (Yellow) risk rating was assigned to the audit results based on the high likelihood management will be able to address the identified issues. Full implementation of the recommendations that follow later in the report would reduce the risk rating to Low (Green).

Internal Audit would like to thank personnel of the Payroll Office as well as supervisors/timekeepers of the City divisions selected for testwork, for their cooperation and assistance throughout the audit.

Recommendation #1

Notwithstanding the challenges, we recommend the Payroll Office collaborates with the department heads responsible for the cited divisions to develop an appropriate process to ensure all divisional employees electronically sign their biweekly time sheets in a timely manner.

Recommendation #2

To ensure accuracy, we recommend the Payroll Office manually recalculates retroactive pay automatically calculated by the Naviline system, when pay rate changes for an employee are not posted timely to the system, and in the interim, another rate change (e.g., COLA, reclassification, etc.) has been posted. We further recommend Payroll management performs a *documented output review* of all employee pay rate changes processed in Naviline by Human Resources – by reconciling the rates on the personnel transaction forms to the system - in order to identify and ensure timely correction of any input errors. Finally, to ensure completeness of the review process, we recommend Payroll management explores the practicality of generating and reviewing a biweekly Naviline report of all employee pay rate changes, to ensure all posted changes are validated.

Recommendation #3

We recommend Fire Department management develops and implements appropriate written procedures to facilitate compliance with the department's shift trade policy.

Recommendation #4

We recommend the Water Treatment Plant, Water Distribution, Reuse Water Treatment, Wastewater Pumping, and Facilities Maintenance divisions create written comprehensive procedures with specific guidelines on how to monitor overtime hours and ensure they are being assigned on a fair and equitable basis.

We further recommend the aforementioned divisions, as well as the Streets and Grounds Parks Maintenance divisions, develop (or enhance existing) OT monitoring logs that capture all employees eligible for OT in rotational order classified by their job categories and skills; all employee OT sources/categories; OT hours offered & accepted/declined by employees; and, the cumulative total OT hours worked by all employees, as applicable.

Additionally, we recommend the hours on the OT monitoring logs be reconciled to the appropriate (Naviline) Hours Proof Listing reports on a periodic basis, to ensure the integrity and completeness of the employee overtime hours tracked by the divisions.

Recommendation #5

We recommend the Finance Department, in consultation with the Emergency Management Division and Human Resources, evaluate the existing practices relating to the calculation and processing of pay for City employees on deployments, and make any necessary changes to arrive at appropriate *best practices*. In collaboration with Human Resources (primarily responsible for the policy), the City Manager's Office and City Attorney's Office, the City's Administrative Policy #1070.030 should be updated to align it with the agreed-upon best practices.

Going forward, the policy should be re-evaluated by the aforementioned parties for potential updates whenever there are material changes in relevant federal and state laws, rules, and regulations, and new collective bargaining agreements are executed between the City and its labor unions. In addition, to supplement the updated policy, appropriate written desktop procedures should be developed to support the accurate and timely financial processing of deployment pay by Payroll Office personnel, and FDEM reimbursement claims by the Emergency Management Administrator.

We further recommend the Finance Department formally reviews the cited Naviline-generated Salary Adjustment calculations, determines the specific components included, and identifies the portion directly attributable to deployment activity. Finance should then calculate the total effect

of these adjustments to reflect the complete and accurate financial impact of the aforementioned deployments.

Additionally, we recommend management establishes a review process for the preparation and submission of FDEM reimbursement claims to ensure personnel costs and fringe benefit rate calculations are complete, accurate, and consistent with payroll records and applicable fiscal year policies. And, we recommend increased coordination between the Payroll Office and the Emergency Management Division throughout the claim process to support consistency, accuracy, and timely resolution of discrepancies.

Finally, we recommend the Finance Department consults with the Human Resources Department, the Emergency Management Division and the City Attorney's Office, as far as the appropriate action to be taken regarding the cited financial errors made in the disbursements to the indicated deployed employees, and the reimbursement requests submitted to the Florida Division of Emergency Management to recover the cost of their deployments.


The entire report due to its size (34 pages), is provided as an attachment to this report/presentation.

4.  Technical Assistance for City Departments - Review and Consulting for Professional, License, and Service Contracts/Agreements re: Language, Audit Rights, Procedures, and Recordkeeping Language/Provisions \$409,338

Standards:

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

Technical Assistance was provided for 13 contracts/agreements for multiple City Departments including Parks and Recreation, Finance/Accounting, Cultural Arts, etc. The following were the agreements: Alsdorf Park, Crockett Foundation Inc., DailyPay Contract, Fire Fighters Benevolent Fund, Florida Champion Football League, Inc., Hola Mundo, Living Water Surf School, Mad for Marketing, Run It Sports, Inc., Tennis Pro, and William & Sue Allison Parking Agreement.

Section III. Current and Future Projects**1.  Revenues or Expenditures Greater than \$500k - PPI, Inc. Pompano Casino – Revenue Reporting (2024/2025) revenue - \$4,408,429**

Internal Audit would be verifying whether or not the Casino Operator is remitting revenues in accordance with the terms stipulated in resolution 2005-253, and subsequent – if any – amendments.

The City and Broward County, in March 2005 (separately) passed referenda granting PPI, Inc. - a casino operator – to run slot machines as part of its casino operation in the City of Pompano Beach. The entity, through its contractual obligations, reports slot machines' revenues to the State, County, and City on a monthly basis, and remits appropriate amounts based on a percentage specified in the respective contracts, and also pays annual BTR (business tax receipts) amounts to the City based on the number of machines in the facility.

2.  Process Improvement – Human Resources Processes and Procedures – (Department Budget of \$1,983,535)

The Internal Audit would be of select HR functions to identify and correct any control weaknesses and ultimately recommend relevant process improvements.

The Human Resources (HR) Division is responsible for administering personnel-related functions for all City of Pompano Beach (City) employees. These functions include, but are not limited to, recruitment and hiring, employee records management, classification and compensation administration, employee relations, training and development, benefits administration, and compliance with applicable federal, state, and local employment laws.

The HR Division provides support and oversight across all City departments, which employ approximately 1,100 employees. Certain HR-related activities are performed in a decentralized manner, with departments responsible for initiating personnel actions (e.g., hiring requests, disciplinary actions), while HR provides review, guidance, and final approval to ensure consistency with City policies and applicable regulations.

The City utilizes the Human Resources application within the Naviline system to maintain employee records and process personnel actions, including hires, terminations, and employee status changes. Departments create requisitions for open positions, and review and evaluate applications submitted by candidates for these positions via HR's NEOGOV web-based system. In addition, various departments maintain supporting documentation related to certifications, training, and operational requirements specific to their functions.

3.  Annual Risk Assessment – Citywide

The Institute of Internal Auditors' (IIA) Global Internal Audit Standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. Those Standards require that the chief audit executive (in

the City's case the Internal Auditor) must create an internal audit plan that supports the achievement of the organization's objectives.

The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and control processes. The assessment must be performed at least annually.

 **4. Information Technology – IT Controls, Cybersecurity – SOC 2 Reports Review for Applications Considered High Risk, Password Verification, and System Configuration Review**

The City chose to implement National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) 2.0 IT Security Standards; those standards require the City to follow specific rules to protect its information technology assets, while at the same time meet the State sunshine law open records requirements.

 **5. Management and Commission Requests – to be Determined**

As part of our annual planning, we reserve time for management requests, that may not be known at the time we put together our project schedule. If they don't materialize, then we use/re-allocate the time to other areas.

Internal Audit Risk Ranking Key:

High (**red**) - Immediate attention is required to reduce/mitigate the risk to acceptable levels.

Moderate (**yellow**) - Intermediate action is required to mitigate the risk to acceptable levels.

Low (**green**) - No further action required; the risk has been effectively mitigated.