CITY OF SARASOTA

Office of the City Auditor and Clerk

Remedial Action Update

Audit Project # 10-04C

Detailed Report

March 31, 2010

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Final Report Issued April 23, 2010

BACKGROUND AND INTRODUCTION

Internal Audit is committed to providing semi-annual reports identifying outstanding open audit observations and management's responses outlining intended remedial actions to Charter Officials and the City Commission to assist them in their decision-making and oversight role.

This report monitors all audit observations and their current statuses and highlights those that may remain open due to competing priorities, insufficient funding or other resource shortages. The report also highlights areas of noteworthy accomplishment by management in addressing audit concerns.

PROJECT SCOPE

Internal Audit followed up on the status of open audit observations through employee inquiries, observation and review of documents provided by management as of March 31, 2010.

PROJECT OBJECTIVE

The primary objective of this review is to provide the City Commission with the status of management action to adequately address observations previously noted by internal auditors.

AUDIT STANDARDS

The Internal Audit Department will have a peer review within the next three years by the Institute of Internal Auditors (IIA). While the Internal Audit Department strives to follow the guidance included in the IIA's International Professional Practices Framework, the *Standards* do not allow the department to note that the department is in accordance with IIA *Standards* until the peer review indicates such compliance.

PROJECT METHODOLOGY

Procedures for this review consisted of the following:

1. Internal Auditors updated the audit observation database to include all final audit reports issued between September 30, 2009 and March 31, 2010. The database currently includes all internal audit observations for years 2005-2010 and external auditor management letter findings for years 1999-2009 to allow for proper tracking and monitoring.

2. Charter Officials were provided a detailed listing of all outstanding recommendations within their respective areas and were requested to provide written updates on the current status of progress towards remediating each recommendation.

3. Upon receipt of management's written updates and/or supporting documentation, Internal Auditors conducted procedures necessary to verify that adequate corrective actions were

taken by management for outstanding recommendations as time permitted prior to issuance of this report.

For descriptions of audit status definitions, please refer to **Exhibit A**.

OPEN AUDIT OBSERVATIONS BY CHARTER OFFICIAL

The table below outlines 95 report recommendations from 16 prior audits (57 recommendations from audits prior to 9/30/09 and 38 new recommendations.

The results of our review indicate:

- Management has implemented 47 of the 95 recommendations (49%);
- 33 items are open (1 of which is partially implemented) (35%);
- 14 items are open pending re-audit (15%); and
- 1 will be elevated (1%) to the Charter Officials (through a separate communication).

Since the time of the last remedial actions update issued to the City Commission in September 2009, management has taken action to close 29 audit items.

Of the 33 open audit items that require management action:

- 19 have management action dates that occur after 3/31/10; and
- 14 have original action dates that are considered past-due as of 3/31/10.

For a detailed listing of prior audit recommendations and management responses that remain open, please refer to **Exhibit B**. **Exhibit C** contains audit items that are considered open pending re-audit confirmation that action has been taken to address outstanding risks.

Management's response to the FY 2008 Management Letter indicates that disagreements with audit observations will be resolved through a consensus of the Charter Officials. Based on that response, Internal Audit will elevate the one "do not concur" audit item **(Exhibit D)** to the Charter Officials for a decision to either take action on the observation or accept the level of residual risk associated with taking no action.

NOTEWORTHY ACCOMPLISHMENTS

Internal Audit wishes to acknowledge the efforts taken by the Purchasing Division of the Financial Administration Department, which led to the successful and prompt resolution of all six audit items from the recently issued audit, #10-06 Sole Source Purchases. These items are highlighted in green in the following table.

A summary of the progress in implementing recommendations by Charter Official is as follows:

City Manager

Department(s) Responsible	Report Date	Audit Number/Title	Total Report Items	C	OPR	O	D
Reports with open items on September 30, 2009 status report (and current status):							
Information Technology/ City Manager	December 2002	FY 2002 Management Letter- External Auditors	5	4	0	1 (partially implemented)	0
Financial Administration: Purchasing	March 2008	08-01: Lessee Insurance Compliance	7	6	1 (partially implemented)	0	0
Information Technology/ City Manager	April 2008	IN 08-02: Internal Investigation of Alleged Fraud Involving IT	5	1	3	1	0
Van Wezel Performing Arts Hall	November 2008	08-09: Van Wezel Performing Arts Hall Sponsorships Follow-up	9	7	2	0	0
City Manager/Information Technology	February 2009	FY 2008 Management Letter- External Auditors	2	0	1	1	0
Bobby Jones Golf Club/Information Technology	June 2009	09-04: Follow-up to BJGC Comprehensive Audit & Theft Investigation	9	5	1	3	0
Information Technology	July 2009	09-08: IT General Controls	5	0	0	5	0
City Manager	July 2009	09-02: Citywide Risk Assessment	4	0	0	4	0
City Manager/Public Works	August 2009	09-09: Public Works COOP Drill Observation	3	0	2	1	0
Sports Facilities: Ed Smith Stadium	September 2009	09-11: Ed Smith Stadium 2009 AAU Tournament Follow-up	8	5	1	1	1 (partial disagree)
Reports added since previous status report:							
Neighborhood and Development Services	October 2009	09-12: Local Business Tax Receipts Internal Controls Review	10	9	0	1	0
Neighborhood and Development Services (Now at Sarasota Police Department)	October 2009	09-10: Parking Internal Controls Review	13	4	3	6	0
Public Works/Sarasota Police Department	January 2010	10-01: Fiscal 2009 Physical Inventory Observation	3	0	0	3	0
Financial Administration: Purchasing	January 2010	10-06: Sole Source Purchases	6	6	0	0	0
Risk Management	February 2010	EX 10-01: Risk Management Liability Claims Administration	3	0	0	3	0
Van Wezel Performing Arts Hall/Public Works/Information Technology	February 2010	FY 2009 Management Letter-External Auditors	3	0	0	3	0
TOTAL RECOMMENDATIONS			95	47	14	33	1

Notes:
- Column headings in the above table refer to the status of audit items as follows: C= Closed; OPR= Open Pending Re-audit; O= Open; D= Do not Concur (this item will be elevated to the Charter Officials). See Exhibit A for definitions of audit statuses.

City Attorney

The City Attorney's Office does not have any open items as of March 31, 2010.

City Auditor and Clerk

Department(s) Responsible	Report Date	Audit Number/Title	Total Report Items	C	OPR	O	D
Reports with open items on September 30, 2009 status report (and current status):							
City Auditor and Clerk*	July 2009	09-02: Citywide Risk Assessment	2	0	0	2	0
TOTAL RECOMMENDATIONS			**2**	**0**	**0**	**2**	**0**

OPEN AUDIT ITEMS DUE TO COMPETING PRIORITIES OR RESOURCE SHORTAGES

The City Manager's update on the status of open audit items indicated the following four audit recommendations that could not be implemented due to competing priorities or insufficient resources:

Audit #	Audit Name	Item #	Audit Summary Recommendation	Resource Needed per Department	Resource to be requested?
2008 EXT	2008 External Management Letter	2	Centralize user access controls and monitor controls over user access.	A new full-time Information Security Manager position.	Yes-in the 2011/2012 budget.
09-02	Citywide Risk Assessment	3	Enable critical security item logging and perform periodic monitoring.	See comment above.	See comment above.
09-10	Parking Controls Review	5	Cross-train staff other than Enforcement staff to cover Collections staff absences.	Additional Staffing (type and amount unspecified).	No.
EX 10-01	Risk Management Liability Claims Administration Review	3	Consider purchasing a Risk Management Information System (RMIS).	RMIS Software.	Yes-in the 2011/2012 budget.

Exhibit A

Audit Item Status Definitions

Internal Audit classifies observations as follows:

- **Open (O)-** Management has not adequately addressed the audit observation to reduce risk to an acceptable level. Remedial action(s) may have been proposed with a future target date of completion (to be tested later) or parts of the recommendation have been addressed with some remaining areas still open.

- **Open pending re-audit (OPR)**- Management has indicated that action has been taken to address the audit observation. The item is considered open until Internal Audit has had the opportunity to confirm through follow-up testing that the stated actions have fully addressed prior recommendations.

- **Closed (C)**- Management actions in response to audit observations have been effectively implemented. Items are closed upon successful verification by Internal Audit (based on sufficient evidence or positive retesting of controls) that the item has been addressed. Internal Audit may also close an item if it is no longer relevant given organizational or other changes.

- **Do not Concur (D)-** This is a new classification to be used when management does not agree with Internal Audit's observation in the audit report. Per the March 23, 2009 response to the external auditor's 2008 governance letter, as part of each semi-annual report Internal Audit will elevate items where management provided a response of "Do not concur" to the Charter Officials for resolution in the form of written memo signed by the three Charter Officials indicating a consensus of whether they believe the item should remain on the semi-annual remedial action report.

It should be noted that each time Internal Audit begins a new audit engagement the preliminary survey includes a review of the current status of all previous audit recommendations in the audited area. Items that were previously considered closed may be re-opened if Internal Audit observes that the controls are not functioning as intended.

Exhibit B

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
Ext- 2002 FY 2002 Management Letter								
3	3a IT Steering Committee	Establish IT steering committee	High	Concur. We believe the Information Technology Steering Committee can be most effective if it is composed of a small number of internal & external members, such as Information Technology executives in local government and other industries, other entities with which we engage in information sharing and dissemination, and other strategic partners in our electronic government initiative. We are extremely thankful to the Sarasota Memorial Hospital CIO who has already agreed to serve on the committee.	12/31/08	5/15/10	4/21/10 Mgmt Update: An I.T. Steering Committee will be formed by May 15, 2010. 3/31/10 Mgmt Update: Management's proposed actions have changed. Based on CobiT 4.1 standards, an IT Strategic Committee will be formed to develop an IT Strategic Plan. An IT Steering Committee will be formed to implement IT strategies.	
2008 IN 08-02 Internal Investigation of Alleged Fraud Involving IT								
5	Equipment Policy	Signed equipment use forms should be signed by all employees and retained in HR files to ensure equipment is returned during exit interviews.	Routine	Concur. The memorandum referred to is limited to computer equipment and software. A more comprehensive memorandum concerning the use of all City-owned equipment is needed.	6/14/08	3/31/10	3/31/10 Mgmt Update: Management's proposed actions have changed. The IT Department will utilize signature forms for all loaner equipment. FMS will be used to track all appropriate City-owned equipment.	
Ext- 2008 FY 2008 Management Letter								
2	Information Technology- User Access Controls Action Plan	In some cases, user access controls to computerized applications, i.e., the billing and financial accounting applications, have been decentralized and are under the control of the user department. Best practices would centralize user access controls in the Information Technology Department. User access profiles can be designed by the user departments, but the initiation, termination and management of access should ideally be centralized. Similar to the preceding observation, monitoring controls over user access to computerized applications are also decentralized. We recommend that the City review their policies and procedures in this area.	High	We concur with the findings and recommendation. User access for all major software applications will transition from the user departments to the Information Technology Department (IT). The IT Department will become responsible for assigning, terminating and monitoring access to all software applications at the City. User access profiles will be designed by the departments for their software applications. The IT staff will then be trained on user security access for each software application and will assume the role of controlling and monitoring user access.	5/1/10	12/1/11	4/21/10 Mgmt Update: Please change Revised Expected Action Date to 12/01/11 to reflect the needed time for the Commission to decide on the creation of a new position during Budget Workshops/Approvals and for the resulting hiring processes to take place, and, ultimately, for the recommendation to be satisfied.	The original management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2009 09-02 Citywide Risk Assessment								
1	City Manager Action Plan- Internal Control Framework Issue	To assist employees in achieving the City's objectives and to ensure the existence of basic and consistent business controls throughout the City, management formally adopt an enterprise risk management framework (such as COSO),and provide both reference materials and training on specific methods to be used by departmental management and staff responsible for designing, monitoring and reporting on the effectiveness of internal controls.	High	City Manager Response: 12/4/09: Management changed response to "Concur". Management will develop standards for internal controls and will update risk assessment on an annual basis. Do not concur. This would require a new strategic organizational direction to centralize that would include, at a minimum, one staff person at an additional budget cost which is impractical in this environment.	NP	3/1/11	3/31/10 Mgmt Update: Management will assume responsibility for performing the annual risk assessment City wide and provide auditors with evidence of the annual update as well as provide to Commission by March 2011.	
1	CAC Action Plan- Internal Control Framework Issue	To assist employees in achieving the City's objectives and to ensure the existence of basic and consistent business controls throughout the City, management formally adopt an enterprise risk management framework (such as COSO),and provide both reference materials and training on specific methods to be used by departmental management and staff responsible for designing, monitoring and reporting on the effectiveness of internal controls.	High	CAC Response: Concur.	NP	TBD	3/31/10 CAC Update: The City Auditor and Clerk will work with the two other Charter Officials to develop a consistent process for the respective areas.	
2	City Manager Action Plan- Overlooked Business Processes/ Functional Areas Issue	In order to ensure that all risks have been sufficiently reviewed, Internal Audit recommends that the City Manager encourage the respective Department Directors to review these areas and consider updating their risk matrices to incorporate risks and controls for the areas listed on page 7 of this report.	High	City Manager Response: 12/4/09: Management changed response to "Concur". Areas excluded will be included in this year's update to the risk assessment. Do not concur. Those areas have been reviewed by departments responsible for management oversight of those functions. Portions of those areas have already been audited by Internal Audit.	NP	3/1/11	3/31/10 Mgmt Update: As part of the above effort City Management will encourage departments to update their respective matrices to identify additional risks.	
3	City Manager Action Plan- IT Event Logging/ Monitoring Issue	Due to the critical nature of information security, Internal Audit recommends management prioritize establishing proper identification of events to be logged, and assure adequate resources (software and personnel) are available to perform timely log reviews for each system so that follow-up action is taken promptly on suspicious activity. Due to the constantly changing nature of threats to information security, ongoing security training and certification for IT personnel is critical.	High	City Manager Response: 12/4/09: Management changed response to "Concur". Management will review this as part of the 2010-2011 budget process to see about adding a Security Officer and log review tool. Departments will determine which events to log and will review activity quarterly. Do not concur. Items to be logged are the responsibility of the process owner and they are reviewed in accordance with records requirements, regulatory requirements, laws and ordinances.	NP	12/1/11	4/21/10 Mgmt Update: Revised Expected Action Date changed to 12/01/11 to reflect the needed time for the Commission to decide on the creation of a new position during Budget Workshops/Approvals and for the resulting hiring processes to take place, and, ultimately, for the recommendation to be satisfied.	The management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
4	City Manager Action Plan- Compliance Issue	Internal Audit believes that the City administration would benefit greatly from establishing a compliance committee to include representatives from all departments under the City Manager and City Auditor and Clerk to document compliance requirements by department as well as track their accomplishments. Management should consider inviting a representative from the City Attorney's Office to help ensure that legal requirements are brought to the committee as well as given proper review by members. Centralized tracking and discussion of requirements would help ensure that institutional knowledge is not lost due to staffing changes and is also shared across departments. This type of committee requires significant work to initially implement, but should save both time and resources in the long-run.	Medium	City Manager Response: 12/4/09: Management changed response to "Concur". Management will convene a compliance committee and review issues on a quarterly basis. Do not concur. To have an effectively functioning compliance committee would include a compliance officer for regulatory, risk, internal audit issues, emergency management, security issues, etc.	NP	12/1/11	3/31/10 Mgmt Update: Staff will be creating a compliance committee to initially record all areas of compliance and eventually, to track and review compliance.	The management action date has not yet occurred.
4	CAC Action Plan- Compliance Issue	Internal Audit believes that the City administration would benefit greatly from establishing a compliance committee to include representatives from all departments under the City Manager and City Auditor and Clerk to document compliance requirements by department as well as track their accomplishments. Management should consider inviting a representative from the City Attorney's Office to help ensure that legal requirements are brought to the committee as well as given proper review by members. Centralized tracking and discussion of requirements would help ensure that institutional knowledge is not lost due to staffing changes and is also shared across departments. This type of committee requires significant work to initially implement, but should save both time and resources in the long-run.	Medium	CAC Response: Concur. While the City Auditor and Clerk's Office faces similar resource shortages as those of the City Manager, the repercussions of not proactively addressing compliance issues cannot be ignored. In light of the recent compliance incidents that required extensive use of resources to investigate, the City Auditor and Clerk believes that a multidisciplinary city-wide committee is essential to sharing compliance knowledge across departments as well as keeping the City Commission apprised of management's efforts in complying with laws and regulations. It is believed that a full-time compliance officer would not be required to accomplish this. Completion date to be determined.	NP	TBD	3/31/10 CAC Update: The City Auditor and Clerk will discuss the concept of a Compliance Committee with the other two charter officials to determine the level of interest and resource availability.	

2009 09-04 Follow up to BJGC Comprehensive Audit and Theft Investigation

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
22	Unredeemed Gift Certificate Balances	To prevent misuse, old unclaimed certificate balances should be escheated under Chapter 716, Florida Statutes, and the associated Jonas account closed (if possible). Any such future programs be properly structured in consultation with Finance and Accounting to avoid such unanticipated financial consequences.	Medium	12/4/09: Management changed response to "Concur". Management will work to close Jonas account. Auditor note: Issue of escheating is closed. Do not concur with follow-up observation. Management response, as defined by FL Statute 717.1045 Escheat Provision, was submitted via e-mail on Sept. 12, 2009. Management considers this item not applicable.	NP	6/1/10	3/31/10 Mgmt Update: General Manager Martin to work with Finance Staff to develop a procedure/protocol for closing old gift certificates.	The management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
27	Parameter Settings	a) IT assume full system administration duties and establish the proper security by determining user access need and reviewing set up with Jonas to ensure that security best practices are in place. IT notify Jonas in writing to send patches and upgrades to IT and change PIN and assign to IT. b) Baseline system settings and their rationale should be documented. IT Support staff should be advised of the documentation location and provided training on the Jonas system. c) In order to ensure that an audit trail of system changes made is retained, future changes to the baseline settings should go through the IT help desk during open hours, or the Jonas help desk which is open until 8 p.m. on weekdays. Jonas does have a 24 hour help line that is available for emergencies only, such as system unavailability or program crashes. If it is necessary to have on-site support to change passwords, recommend that it only happen during the hours the 2 help lines are closed.	High	Concur with follow-up observation. IT Director shall establish general controls; BJ General Manager shall establish role-based application controls. One approach to assuring auditor's recommended level of control in the future is to create a Chief Security Office whose duties are to establish, monitor (i.e. log reviews) & enforce general security controls throughout the organization. On Aug. 18, 2008, IT Customer Svc. & Tech. Support Manager e-mailed confirmation to BJ General Manager the following: "The administrative account was removed from Jonas (PATSYS)." It was discovered in the follow-up audit that this was the incorrect account. On May 1, 2009, Jonas reassigned primary contact/administrator to IT.	5/1/09	NP	3/31/10 Mgmt Update: Available for review by Audit Staff.	Progress on this item is noted, this item will be moved to open pending re-audit when the final portion, which is responsibility for log reviews has been transferred to IT.
35	Security System- Cameras	To ensure the proper capturing, storage and retention of surveillance data, the Information Technology Department should review camera storage capacity and ensure that it is being saved to a secure network location for the appropriate period of time.	High	12/4/09: Management changed response to "Concur". Management will provide proof of recordings and will work to purchase new system that provides for appropriate data redundancy. IT Response: Do not concur with follow-up observation. Per Florida Record Retention Schedule GS1-SL #302, Surveillance Recordings, adequate history of 30 days for video surveillance per is being met. Management considers this item not applicable. AUDITOR COMMENT: Management has been unable to provide proof that the surveillance recordings exist for the appropriate record retention time. This item remains open until such a time that evidence is provided to auditors.	NP	4/30/10	3/31/10 Mgmt Update: A copy of 30 days of recordings will be available in May for Audit review. Management stated a new surveillance system would be included in the construction of a new clubhouse for BJGC. The existing system will be retained until that point.	The management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2009 09-08 IT General Controls
1	1a Action Plan- PO 9 Assess and Manage IT Risks	To ensure appropriate consideration of all key potential IT risks (technical, security, compliance, legal, contractual, etc), especially due to the continuously changing nature of security risks, IT management consider:

a) Establishing an internal department process for identifying and assessing risks outside of the annual City-wide Risk Assessment in which all staff members are solicited for input; and | Medium | a) Concur. An internal IT risk matrix, policy, and action plan will be established based on COBIT. (IT is control owner) | 12/31/09 | NP | 3/31/10 Mgmt Update: Available for review by Audit Staff. | |
| 1 | 1b Action Plan- PO 9 Assess and Manage IT Risks | To ensure appropriate consideration of all key potential IT risks (technical, security, compliance, legal, contractual, etc), especially due to the continuously changing nature of security risks, IT management consider:

b) Developing a risk action plan to aid in effectively mitigating and addressing identified risks. | Medium | b) Concur. An internal IT risk matrix, policy, and action plan will be established based on COBIT. (IT is control owner) | 12/31/09 | NP | 3/31/10 Mgmt Update: Available for review by Audit Staff. | Internal Audit will review this item once action plans have been established for risks noted during 2009 Risk Assessment process as well as those not listed on the matrix but discussed with Information Technology. |
| 2 | 2a Action Plan- AI 1 Identify automated solutions-(also includes AI 2-5, 7; PO 10) | For the City to achieve the benefits of proper project management (resource planning, standardization of hardware and software, reduced maintenance issues and version conflicts), management should consider:
a) Adopting full project management framework for large projects | Medium | a) Concur. The CM will draft an IT Project Management Policy based on PMI framework. (City Manager is control owner) | 10/1/09 | 5/16/10 | 4/21/10 Mgmt Update: IT is working diligently to prepare all the necessary documents that will need to be in place to support a transition to mandatory Program Manager Framework by May 2010. Administration will ultimately provide policy approval and communicate to all Departments the new requirements for compliance. I.e., the new policy is intended to be in place by the Revised Expected Action Date. | |
| 2 | 2b Action Plan- AI 1 Identify automated solutions-(also includes AI 2-5, 7; PO 10) | For the City to achieve the benefits of proper project management (resource planning, standardization of hardware and software, reduced maintenance issues and version conflicts), management should consider:

b) Formalize and communicate the project management framework all affected departments, and | Medium | b) Concur. The CM will draft an IT Project Management Policy based on PMI framework. (City Manager is control owner). | 10/1/09 | 10/1/10 | 4/21/10 Mgmt Update: IT is working diligently to prepare all the necessary documents that will need to be in place to support a transition to mandatory Program Manager Framework by May 2010. Administration will ultimately provide policy approval and communicate to all Departments the new requirements for compliance. I.e., the new policy is intended to be in place by the Revised Expected Action Date. | |
| 2 | 2c Action Plan- AI 1 Identify automated solutions-(also includes AI 2-5, 7; PO 10) | For the City to achieve the benefits of proper project management (resource planning, standardization of hardware and software, reduced maintenance issues and version conflicts), management should consider:

c) Involve IT during the needs assessment phase. | Medium | c) Concur. The CM will draft an IT Project Management Policy based on PMI framework. (City Manager is control owner) | 10/1/09 | 5/16/10 | 4/21/10 Mgmt Update: IT is working diligently to prepare all the necessary documents that will need to be in place to support a transition to mandatory Program Manager Framework by May 2010. Administration will ultimately provide policy approval and communicate to all Departments the new requirements for compliance. I.e., the new policy is intended to be in place by the Revised Expected Action Date. | |

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
3	3 Action Plan- DS 4 Ensure Continuous Service	To reduce the probability and impact of a major IT service interruption on key business functions, develop, maintain and test an IT-specific continuity plan. To ensure that IT employees are adequately prepared for their roles, provide periodic continuity plan training.	High	Concur. An IT-specific COOP will be developed based on COBIT. (IT is control owner)	10/1/09	10/1/10	3/31/10 Mgmt Update: This is an active project and is dependant on the completion of the new SPD headquarters. The expected exercise date is late June (again, based on construction schedule).	Internal Audit has not been provided a copy of a comprehensive, IT-Specific COOP plan. The exercise planned in June, 2010 is limited in nature.
4	4 Action Plan- ME 1 Monitor and Evaluate IT Performance	To ensure effective IT performance management, develop, implement and monitor performance measures for critical IT processes. Ongoing performance management permits early identification and provides an opportunity to take action on deviations from performance targets.	High	Concur. Performance measures will be developed in accordance with COBIT recommendations. (IT is control owner)	10/1/09	6/1/10	3/31/10 Mgmt Update: This is an active project and is dependent on the completion of the new SPD headquarters. The expected exercise date is late June (again, based on construction schedule).	Internal Audit will review this area once specific performance measures have been developed and are in place for a period of time.
5	5a Action Plan- ME 4 Provide IT Governance	In order for an information technology strategic plan to ensure that the City's IT investment is appropriately aligned with key city objectives it must: a) Be based on the input and support of all key affected parties (i.e.. Charter Officials, Department Directors, etc) and organizational units;	High	a) Concur. The IT strategic plan will be based on the framework established by COBIT. (IT is the control owner)	10/1/09	10/1/10	4/21/10 Mgmt Update: Please note progress on effort and plan for completion includes: January 2010: IT met with each department to identify their future technology needs and goals. February 2010: IT met with each department to identify their current and future FY operational technology costs. March 2010: IT presented the identified departmental needs to the Senior Management Team along with the estimated manpower requirements and solicited prioritization input on programs and efforts. April 2010: IT to solicit City Manager approval of prioritized strategic plan. June/July 2010: IT to complete FY 2011 Strategic Plan based on activities above and adopt for FY 2011 following Commission Budget Workshops decision making. August 2010: Create Tactical Plan for each Strategic Plan item.	

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
5	5b Action Plan- ME 4 Provide IT Governance	In order for an information technology strategic plan to ensure that the City's IT investment is appropriately aligned with key city objectives it must: b) Be reviewed and revised on a frequent basis (such as annually) based on the input of an Information Technology Steering Committee comprised of key decision-makers; and	High	b) Concur. The strategic plan will be updated annually to be aligned with each fiscal year budget. (IT is the control owner)	10/1/09	10/1/10	4/21/10 Mgmt Update: Please note progress on effort and plan for completion includes: January 2010: IT met with each department to identify their future technology needs and goals. February 2010: IT met with each department to identify their current and future FY operational technology costs. March 2010: IT presented the identified departmental needs to the Senior Management Team along with the estimated manpower requirements and solicited prioritization input on programs and efforts. April 2010: IT to solicit City Manager approval of prioritized strategic plan. June/July 2010: IT to complete FY 2011 Strategic Plan based on activities above and adopt for FY 2011 following Commission Budget Workshops decision making. August 2010: Create Tactical Plan for each Strategic Plan item.	
5	5c Action Plan- ME 4 Provide IT Governance	In order for an information technology strategic plan to ensure that the City's IT investment is appropriately aligned with key city objectives it must: c) Be supported by an approved, detailed, and up-to-date tactical plan outlining the resource needs, prioritization and scheduling of projects.	High	c) Concur. A tactical plan will be developed with each years strategic plan. The tactical plan will be a base document for all project plans (recommendation #2) stemming from the strategic plan. (IT is the control owner)	10/1/09	10/1/10	4/21/10 Mgmt Update: Please note progress on effort and plan for completion includes: January 2010: IT met with each department to identify their future technology needs and goals. February 2010: IT met with each department to identify their current and future FY operational technology costs. March 2010: IT presented the identified departmental needs to the Senior Management Team along with the estimated manpower requirements and solicited prioritization input on programs and efforts. April 2010: IT to solicit City Manager approval of prioritized strategic plan. June/July 2010: IT to complete FY 2011 Strategic Plan based on activities above and adopt for FY 2011 following Commission Budget Workshops decision making. August 2010: Create Tactical Plan for each Strategic Plan item.	

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2009 09-09 2009 COOP Drill Observation								
1	Drill Performance	Due to the City's geographical risk, Internal Audit recommends developing an action plan to perform a more comprehensive city-wide disaster recovery drill covering key functions. Internal Audit believes that a target goal of performing a comprehensive test within the next three to five years is both achievable and realistic. Senior management should pursue additional resources to support preparing for this effort, such as possible funding from the Department of Homeland Security.	High	Concur. Staff will develop an action plan to perform a more comprehensive city-wide disaster recovery drill covering key functions with a target goal of performing a comprehensive test within the next three to five years (Complete by October 1). Staff will also pursue resource and grant opportunities to support this effort (On-Going).	10/1/14		3/31/10 Mgmt Update: Timeline still reasonable; Staff looking into grant opportunities for Disaster Recovery Drills.	The original management action date has not yet occurred.
2009 09-10 Parking Controls Review								
1	1a Fund Status Issue Action Plan	a) Investigate and implement opportunities for immediate fund balance improvement.	High	a) Concur. Three new ordinances were passed increasing revenue opportunities on October 5, 2009. One remaining ordinance should be passed increasing revenue opportunities on October 19, 2009. Ordinances allow for increased revenues from new fees and fines as well as increased existing fees and fines.	10/1/10	6/1/10	3/31/10 Mgmt Update: Staff is bringing a 'Position Paper' to the City Commission at their request. The paper poses the question of how to resolve the City's current parking deficit; Ad Valorem Tax Subsidization or implementation of expanded user fees. The item is intended to be placed on the agenda for decision May 17, 2010.	The original management action date has not yet occurred.
1	1b Fund Status Issue Action Plan	b) Recommend that City parking space assets be categorized and inventoried on a schedule to allow for multi-year analysis and statistical trending.	High	b) Concur. Commitment to continue to collect inventory information for on street within the CRA area and process through existing database.	10/1/10	1/1/11	3/31/10 Mgmt Update: Staff is in complete agreement and is looking for opportunities to collect data including summer interns and volunteers. The GIS database for City parking has been established, however no additional field data has been accumulated since the first 900 +- parking spaces in the Downtown core were inserted into the GIS database in late Fall 2009.	The original management action date has not yet occurred.
2	Collection Issue Action Plan	Consider changes that could have an immediate positive effect on the receivables balance, such as turning uncollected balances over to a collection agency as soon as possible, and/or instituting additional late fines.	High	Concur. A recent development in the year-long process of coordinating two collection efforts simultaneously (NRA and Complies) has recently halted due to the inability of one agency (Complies) to transmit restricted data to a second agency (NRA) for continued collection efforts based on privacy agreements associated with the respective agreements held between Complies and the DHSMVs. Staff is working to resolve issue and pursue additional collections options. Please note, per aforementioned action 1a, late fees have been increased $5 per violation. Auditor comment: Prior semi-annual updates on this item have not disclosed issues in implementing a collection agency.	High	10/1/10		3/31/10 Mgmt Update: Staff has met and communicated multiple times with a local Collections agency, however, there continue to be challenges to implementing collections of our outstanding balances including disinclination to 'close' accounts on the City's database and transfer for collections as that disables the City from using the open outstanding balances to either boot a vehicle, or restrict re-registration of a vehicle. Staff will endeavor to create an RFI for Collections companies that will reveal opportunities for private supplemental collections without negatively impacting existing City collections efforts.	The original management action date has not yet occurred.
4	Access Reviews Issue Action Plan	Conducting quarterly user access reviews may help management identify any operational or security issues relating to both access and use of the Complies system.	High	Concur. SPD will perform quarterly reviews of User Access levels beginning 2009/ 2010 2nd quarter.	3/31/10	6/30/10	3/31/10 Mgmt Update: The Quarterly Access Review will begin in June, the end of the second quarter for 2010.	

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
5	Cash Office Issue Action Plan	Train backup staff (consider staff outside of Parking Division) to cover unexpected absences and create a list of temporary system access backup staff would need. Due to segregation of duties concerns when Enforcement staff or outside staff perform collection activities, promptly perform additional log review of the activity performed by these employees.	High	Concur. Currently the Police Department staff are located in another building from Parking Collections. In the spring of 2010 the Parking Collections function will join the Police Department in the new facility. This will allow for cross training and coverage opportunities for the Collections office from available SPD team members. User access log reviews will take place on an as-needed basis for employees who fill-in on a temporary basis.	6/1/10	1/1/11	3/31/10 Mgmt Update: At this time, we do not have staff available for training, nor taking on any additional duties.	The original management action date has not yet occurred. Management did not indicate whether the resource limitations would be addressed during the budget request or whether another method to resolve this item was under consideration.
8	Management Oversight Issue Action Plan	Management review its program financial oversight and recordkeeping controls. Ensure that management regularly assesses controls to provide reasonable assurance that risks are appropriately minimized. Recordkeeping controls should be reviewed and monitored to ensure records are available for internal performance analysis as well as for ensuring compliance with state recordkeeping statutes.	High	Concur. Once the FMS/Complies reconciliation is designed Management will perform monthly review with biannual testing.\n\nManagement will review statistical reports listed below. Recordkeeping, while adjusted for the recent restructuring, is continually improving with well identified roles and responsibilities.\n\nAuditor comment: The Parking Function was recently transferred to the Sarasota Police Department. The FY 09/10 budget has a partial Manager position (a .31) full-time equivalent in the City Manager's Office.	3/31/10	6/30/10	3/31/10 Mgmt Update: The Fiscal Office at SPD now receives the monthly reports from Compplus to be able to reconcile FMS with the Compplus reports and copies of the daily deposits that Parking Collections submits to FMS.\nThe FMS daily deposits from Parking Collections is reviewed by the SPD Budget Coordinator and by the Support Services Division Administrative Manager.\nThe Budget Coordinator prepares a monthly FMS/Compplus reconciliation. Starting in January of 2010, each monthly reconciliation is balanced and a copy forwarded to Captain Holloway and to David Flatt for final review and approval. After review and approval, a copy of the reconciliation will be filed in the SPD Fiscal Office.\nEvery six months Captain Holloway will complete a review of the filed reconciliations.	Internal Audit notes good progress and will review this when the final portion of this control (Management's review of the reconciliation) has been performed.
12	Reconciliation Issue Action Plan	Develop written reconciliation procedures, reconcile the Complies system to FMS monthly to ensure that proper financial reporting is in place, and ensure that management reviews and approves the reconciliation.	Medium	Concur. Parking must still work with Finance to design reconciliation procedures to address this finding. Goal completion date of 3/31/10.\n\nAuditor Comment: Internal Audit is concerned by the delay in meeting Finance's requirement of having a written reconciliation procedure in place by September 2009 to allow for internal control testing in the first two quarters of 2010.	3/31/10	6/30/10	3/31/10 Mgmt Update: The Fiscal Office at SPD now receives the monthly reports from Compplus to be able to reconcile FMS with the Compplus reports and copies of the daily deposits that Parking Collections submits to FMS.\nThe FMS daily deposits from Parking Collections is reviewed by the SPD Budget Coordinator and by the Support Services Division Administrative Manager.\nThe Budget Coordinator prepares a monthly FMS/Compplus reconciliation. Starting in January of 2010, each monthly reconciliation is balanced and a copy forwarded to Captain Holloway and to David Flatt for final review and approval. After review and approval, a copy of the reconciliation will be filed in the SPD Fiscal Office.\nEvery six months Captain Holloway will complete a review of the filed reconciliations.	Management indicates that the first reconciliation review will take place at the end of June, 2010. Internal Audit will move this item to open pending re-audit when this review has taken place.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2009 09-11 Follow up to Ed Smith Stadium AAU Tournaments								
3	3a Purchasing	To ensure required procurement practices are followed and City disbursements are made in a fair, equitable and responsible manner, update Administrative Regulation No. 024.A007.0195 to reflect the current tiers of City purchasing limits. This Administrative Regulation should be updated on a timely basis for any future changes.	High	Concur. Management agrees with finding. Regulation has been referred to the City Attorney for review	6/30/09	9/30/10	3/31/10 Update from Mgt: City Attorney's Office has completed their review of the proposed administrative regulation. The Purchasing Division is drafting additional sections for inclusion. Once completed the Administrative Regulation will be processed for the appropriate approvals.	
2009 09-12 LBTR Internal Controls Review								
1	LBTR Database Action Plan	To increase efficiency of the LBTR process and reduce the risk of theft or fraud, either a new computer application for LBTR should be implemented or deficiencies in the current application should be addressed. Additions or modifications to the application should include: -Acceptance of electronic payments and applications, - Work flow processing (requiring electronic management approval of documents rather than allowing the manager's name to print on the receipt automatically), - Utilization of electronic mail and submission capabilities for electronic processing and record-keeping, - A method to prevent tax receipts from being printed until full payment is received, - Controls over input entry into record fields (validation controls), and - Reports for use in monitoring revenues and user activity in the application.	High	Concur. NDS management is aware that the current Lotus based computer system is inadequate and action has already been taken to address these issues. The process of developing a new computer system has started with the IT department taking the lead. The new system will be designed to incorporate the suggested activities. This process to purchase and implement the new computer system will be in connection with the replacement of the building division computer program, and may take up to 24 months to implement.	10/1/11		3/31/10 Mgmt Update: Progress made: Two presentations by Computer System representatives took place in Dec, 2009 and Jan 2010, with a third company scheduled to present in April 2010. NDS Staff visited the City of Cape Coral in Jan 2010 to review their computer system.	The original management action date has not yet occurred. Management did indicate that they are in the process of reviewing various computer systems and reviewing an application in use by another city.
2010 10-01 Fiscal 2009 Physical Inventory Observation								
1	Sarasota Police Department Action Plan	Ensure the user list only contains current users and access is limited to role. Segregate duties of Quartermaster to stock keeping (remove ability to add/modify prices). Reassign receiving and pricing function to someone other than the Quartermaster. Bring system administration function under IT, document baseline settings and perform quarterly review of access logs to ensure that system security is monitored.	High	Concur. A compensating control will be put in place with respect to the Quartermaster's duties which will segregated to extent currently feasible another employee or the Support Services Manager will check in and sign when receiving inventory. Dependence on the outside vendor is being addressed. The MIS unit will begin performing a quarterly review of access logs and baseline settings will be documented along with any changes.	6/30/10		3/31/10 Mgmt Update: 1) Developed Specs for the new inventory system to implement "role-based security" limiting to Quartermaster's access and segregating duties and 2) Developed specs for access logs. 3) A P.O. is awaiting approval by the Chief for the Stockroom and Asset Inventory system.	The original management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2	Public Works Action Plan	Establish global inventory costing parameters in the Cartography system and ensure that only one costing method is used for all inventory classes. Limit access in the administrative user group and remove the Storekeeper's ability to enter or modify prices. Perform quarterly reviews of user access logs to ensure that system security is monitored.	Medium	Concur. All inventory items will be under one costing method which will be first in/first out. Access will be limited. The storekeeper will still have access to enter and modify prices: however, supervisor approval will be required for adjustments. A user access log report has been created for Fleet Maintenance and will run quarterly and be reviewed and signed off by the Public Works Finance and Administrative Manager. The reports will be retained.	6/30/10		3/31/10 Mgmt Update: Upon launch of Cartegraph on June 1, 2010 all inventory costing methods will be uniform throughout Public Works. Supervisor approval for inventory adjustments and user access logs will be consistent throughout Public Works after Cartegraph is launched at Utility Stores on June 1, 2010. On June 1, 2010 both of the above items will be effectively closed as Public Works will be utilizing Cartegraph at Utility Stores and the Fleet Maintenance Division. Both locations will be consistent in their costing methods, inventory adjustments and user access logs.	The original management action date has not yet occurred.
3	Public Works Action Plan	Prioritize the upgrade to the Cartegraph system (after the issues noted in item #1 above have been corrected), so that security and segregation of duties issues encountered in the Venice system can be resolved. Perform quarterly reviews of user access logs to ensure that system security is monitored.	Medium	Concur. The Utility Stores division is converting from the Venice system to Cartegraph during the month of January 2010, which will be consistent with the rest of the Public Works Department. All inventory items will be under one costing method which will be first in/first out. All inventory adjustments effective immediately will require supervisor approval. A user access log has been created for Utility Stores and will run quarterly, be reviewed and signed off by the Public Works Finance and Administration Manager. The reports will be retained.	6/30/10		3/31/10 Mgmt Update: "A Cartegraph representative was on site during the week of March 8th thru March 12th and worked with the Utility Stores staff on finalizing the reporting needs for the department. Public Works will run both Cartegraph and Venice simultaneously during the months of April and May to ensure the system is functioning properly and go live with Cartegraph on June 1, 2010. On June 1, 2010 both of the above items will be effectively closed as Public Works will be utilizing Cartegraph at Utility Stores and the Fleet Maintenance Division. Both locations will be consistent in their costing methods, inventory adjustments and user access logs."	The original management action date has not yet occurred.
2010 EX 10-01 Risk Management								
1	Policies and Procedures Action Plan	Develop policies and procedures for claim administration.	High	Risk Management has developed a written policy draft and is currently reviewing and making comprehensive enhancements to the draft for claims administration as well as subrogation steps.	6/1/10		3/31/10 Mgmt Update: Risk Management has expanded the policies and procedures draft to include intake procedures, investigative procedures as well as subrogation procedures. Additionally, Risk Management is currently reviewing the Risk Management Operations Manual, which is complementary to the policies and procedures.	The original management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2	Electronic Claims Submission Action Plan	Offer the public the opportunity to file claims through City Website electronically. This method should be accompanied by a FAQ page (perhaps in English and Spanish) and on the website explaining the most common types of claims (e.g. slips and falls, potholes, water/sewer damage, etc.) and how they are handled. A properly developed informational intake page may serve to reduce staff time on verbal claims intake, reduce the number of nuisance claims and standardize claim information required as well as provide written evidence in the event of claimant fraud.	Medium	Risk Management will continue to explore other public entities for best-in-class online liability claims reporting capability. Security/exemption standards are being reviewed to ensure that confidential information is protected pursuant to Federal and State law.	5/1/10		3/31/10 Mgmt Update: Risk Management has surveyed 5 surrounding Cities/Counties to date and none of the five entities offer, or have plans to offer, website based claims intake. None of the five entities reported they had a Risk Management webpage or FAQ on their website. The Manatee County City Attorney's Office stated that they "did not know of any counties that do that" (offer website claim intake), and further opined that they would not consider that type of offering a good strategy. The Sarasota County School Board answer of not offering website claims intake was also somewhat emphatic.	The original management action date has not yet occurred.
3	Automated System Action Plan	Evaluate and acquire a RMIS if financially viable.	High	If funds can be secured in the FY 2011 budget, Risk will issue an RFP to purchase a web-based system. System implementation will be phased throughout 2010 and 2011. In the interim, Risk is exploring the possibility of temporarily utilizing a Windows-based data management system.	4/15/10	9/30/11	3/31/10 Mgmt Update: Risk Management has collected information and viewed demonstrations of four software programs, three web based programs and one server based program. Risk Management has another demonstration set for next week and will be scheduling two additional demonstrations for a total of six web based software programs for our comparison analysis. As Risk management has gone forward in exploring claims management software it has become apparent that a software program would additionally benefit Risk in terms of setting reserves, managing MMSEA qualified claims (Medicare Reporting) and also in future OSHA reporting if current State pending legislation adopts OSHA standards for Public Entities.	The original management action date has not yet occurred.

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
	Ext-2009 FY 2009 Management Letter							
1	2009.1- Utilities Revenue Reconciliations Action Plan	We recommend that such reconciliation be prepared for these major subsidiary systems on a monthly basis.	High	Concur. For the current fiscal year, the Utility Billing operation and Van Wezel began performing monthly revenue reconciliations between their subsidiary systems and the City's Financial Management System. Any significant differences are investigated and the necessary adjustments made.	9/30/10		Update not requested as report was just recently issued.	The original management action date has not yet occurred.
2	2009.1- VW Revenue Reconciliations Action Plan	We recommend that such reconciliation be prepared for these major subsidiary systems on a monthly basis.	High	Concur. For the current fiscal year, the Utility Billing operation and Van Wezel began performing monthly revenue reconciliations between their subsidiary systems and the City's Financial Management System. Any significant differences are investigated and the necessary adjustments made.	9/30/10		Update not requested as report was just recently issued.	The original management action date has not yet occurred.
3	2009.2 IT-User Access Controls Action Plan	While the City has had some discussions concerning this recommendation, we recommend further discussions involving the Information Technology Department, the Financial Administration Department, and the Internal Auditor to further review the city's policies and procedures in this area.	High	In order to implement this recommended Best Practice, the Director of Information Technology recommends the funding of a new full time position titled Information Security Manager. This position would focus on information and data security, and would have five key roles: *Information Security Governance-establish and maintain framework *Information Risk Management-identify and manage security risks *Information Security Program Development-create and maintain program to implement security strategy *Informatiion Security Program Management-oversee and direct information security activities *Incident Management & Response-plan, develop, and manage capability to detect and mitigate security incidents. The funding of this position will be considered with other requests during the budget process for the 2010-2011 fiscal year. *Incident Management and Response-plan, develop, and manage capability to detect and mitigate security incidents.	9/30/10		Update not requested as report was just recently issued.	The original management action date has not yet occurred.

Exhibit C

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2008 08-01 Lessee Insurance Compliance								
7	7a Task Force	Form a task force to strengthen insurance requirements.	Medium	Concur. The Administration will form a task force that will meet every 5 years starting in 2008.	12/31/08	12/31/13		
7	7b Review Work of Task Force	Insurance Expert should review work of task force.	Medium	Concur. Review of task force report.	12/31/08	6/30/09	This item is closed per the memo sent to Auditing August 6, 2009 detailing the insurance review.	This item is being reviewed as part of the current Contract and Lease Insurance Audit.
2008 IN 08-02 Internal Investigation of Alleged Fraud Involving IT								
2	Equipment Use Guidelines and Forms	Formalize equipment use guidelines and have employees sign forms.	Routine	Concur. The Computer Equipment Issuance and Use Guidelines form is eight years old and should be reviewed for updating. Further changes may be required after undertaking a more thorough review. The form should be reviewed on a periodic basis for any modifications that may be required.	6/14/08	5/1/09		
3	Inventory	Strengthen inventory practices in IT, segregate duties and account for all items even small or obsolete ones.	Medium	Concur. IT will work with relevant parties to review existing processes in place and implement changes which more appropriately protect taxpayer investments in information technology assets.	6/14/08	6/30/09		
4	SCRAP System	Finance and Accounting periodically follow up on open SCRAP requests.	Routine	Concur. The SCRAP system involves multiple departments including the requesting department, the receiving department, General Services and Finance. A team review of the system will be scheduled.	6/14/08	6/30/09		

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
Ext- 2008 FY 2008 Management Letter								
1	Monitoring of Internal Controls Action Plan	The City appears to have established a reasonable system of standard checks and balances citywide, but the responsibility for implementing and monitoring these controls has been left to the individual departments. As such, the risk that the controls have not been implemented or are not operating effectively increases. The past and recent control deficiencies uncovered at the performing arts center and golf course highlight this issue. We recommend the City centralize the monitoring of controls in significant transaction classes to assure key controls are operating effectively.	High	We concur with the finding and recommendation. The City's Internal Audit Department has been performing departmental risk assessments to identify high risk areas. With these high risk areas identified, managers at the department level will be responsible to ensure that an effective internal control structure is functioning and monitored. Ongoing monitoring activities will include various management and supervisory activities that evaluate and improve the design, execution and effectiveness of the internal controls. Monthly reviews and reconciliation of subsidiary systems to the City's financial management system will be required. Documentation of all internal control procedures and monitoring will be retained by department management so that it can be provided to both the internal and external auditors.	9/30/09	3/31/10	3/31/10 Mgmt Update: The Finance Department implemented a system documenting Management's Responsibilities regarding the implementation, maintenance and testing of internal controls. STEP 1, involving the documentation and review of the current internal control structure was completed in the fall of 2009. STEP 2 was the implementation of monitoring procedures to be completed by management on a semi-annual basis and is critical to the continued effectiveness of the internal control system. Managers at the department level are responsible to ensure that actions that impact internal controls are carried out properly and in a timely manner. As part of these on-going monitoring activities, Department Management are required to perform tests of the internal controls to determine that they are working as described in their cash receipts procedures manual at least semi-annually. This process was completed early this calendar year. Additionally in the current fiscal year, the Utility Billing operation and Van Wezel began performing monthly revenue reconciliations between their subsidiary systems and the City's Financial Management System. Any significant differences are investigated and the necessary adjustments are made.	
2008 08-09 Van Wezel Sponsorships Follow up								
4	Sponsorship Valuation	A dollar value of all in-kind items/benefits received from and given to sponsors be documented in sponsorship agreements and the values be sent to Finance/Accounting Departments for inclusion in financial statements. Sponsors are responsible for providing the values of in-kind items/benefits offered to the Van Wezel. An example of a valuation form for in-kind contributions is included in (Exhibit E).	High	12/4/09: Management changed response to "Concur". Finance Director indicated that this is in the Sponsorship Policy and that VWPAH should include in-kind values and exchange of benefits on the sponsorship template. Do not concur. Sponsorships cannot be valued on a consistent basis because of their differing nature. Ultimately, the value of the sponsorship is what the donor is willing to contribute. Sponsorship agreements will be used, however values will only be used when they can be reasonably determined.	NP	NP	12/4/09 meeting with management update: Change to "concur". Status changed to "Open pending re-audit". The Finance Administration Director indicated that this is in the Sponsorship Policy and that VWPAH should do this.	

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
7	7a Safeguarding Items of Value	a) Continue to design and implement internal controls and exercise management oversight to account for items of value given and received through sponsorship agreements (tickets, hotel rooms, catering services, etc.). Proper execution of controls and oversight can prevent disappearance or misuse of items of value and ensure they are properly used for City business.	Medium	a) Concur. Will continue to be managed and overseen.	NP	NP		
7	7b Safeguarding Items of Value Action Plan	b) Utilize pre-numbered Complimentary Ticket Request forms to track and account for these requests. For reconciliation purposes, this number should be referenced on the ticket receipt/pick-up form.	Medium	b) Do not concur. The current system of issuing comp tickets in triplicate lists the ticket seat number in two places. There are multiple existing controls in the system, and further controls are not needed.	NP	NP		

2009 09-04 Follow up to BJGC Comprehensive Audit and Theft Investigation

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
40	Inventory Receiving	Create record of orders placed by the initiator. A separate person should sign for the goods when delivered. Segregate duties or develop compensating controls. Perform three-way match of order form, receiving report and invoice prior to payment.	Medium	Concur with follow-up observation. Original recommendations were implemented on Sept. 12, 2008; Management will follow additional recommendation of three-way match whenever feasible. AUDITOR COMMENT: This was not in place at the time of the follow-up audit.	9/12/08		10/21/09 Mgmt Update: Proshop Inventory procedures manual identifies segregated duties for receipt of goods as recommended in Audit Findings.	

2009 09-09 2009 COOP Drill Observation

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2	Remote Connectivity	City IT staff should work with the County to resolve connectivity issues and fully test remote connectivity. It is also recommended that IT work with Public Works to test remote connection to the County periodically during the year (especially during hurricane season) to ensure it remains functional.	High	Concur. The IT Department will resolve connectivity issues and fully test the connection periodically. (IT control owner)	9/1/09		10/21/09 Mgmt Update: The EM software is only available during actual incidents. Access to the test environment should have been granted by the County at this time. The County and City utilize two different and incompatible software applications for VPN (remote access) connectivity. This has impacted testing. Various configurations for access via a wireless solution are still being tested.	
3	Re-testing Prior Year Drill Issues	Re-test known deficiencies from previous drills to ensure they are fully resolved, preferably as soon as possible after drill exercise day.	High	Concur. The Duty Managers laptop has been periodically updated and presently serves as a good tool for managing incidents. After last year's drill, Public Works identified some issues resulting from not having access to the Emergency Operations work order software. Since then, the Public Works department has successfully accessed and received training on the use of this software, thus enabling Public Works to have uncorrupted information transmitted to the field crews for mitigation. Additionally, Public Works will work with IT on certain connectivity issues related to the use of air-cards.	9/1/09	12/1/09	10/21/09 Mgmt Update: PW is continuing to work with IT on connectivity issues related to the use of air cards. An IT service request was issued at the end of July, 2009 to address this issue. Currently Public Works has in place other forms of communication to relay information to field crews such as hand held radios, vehicle radios and cellular and satellite phones.	

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2009 09-10 Parking Controls Review								
9	Statistical Review Issue Action Plan	Compare actual performance against appropriate parking industry benchmarks monthly. Examples of useful monthly efficiency and effectiveness ratios to be monitored include: 1) Percent of tickets collected by age outstanding; 2) Tickets written per enforcement hour; 3) Collection dollars per collection employee hour; 4) Percentages of appeals upheld and dismissed (voided) as a percentage of total tickets per month; and 5) Percentage of tickets voided by reason code as a percentage of total tickets.	High	Concur. Appropriate benchmarks will be developed and put in place for monthly analysis.	3/31/10		3/31/10 Mgmt Update: Complies met with SPD Staff in March of 2010 and one of the issues discussed was the development of benchmarks suggested by the City Auditors. A report was prepared and approved by City Auditor Ann Moore on March 30, 2010. The report will be prepared on a quarterly basis using the benchmarks suggested by Auditing.	
10	Contract Financial Oversight Issue Action Plan	Require adequate invoice support so that charges based on volume can be verified. Compare Complies invoices with activity and ensure delinquent notices are mailed timely and credit received for mail discounts.	Medium	Concur. Additional record keeping is now taking place to review invoices: a spreadsheet of invoice data is maintained and updated monthly, allowing for additional oversight as to postage and other invoice details.	11/1/09		3/31/10 Mgmt Update: Process available for Audit review.	

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
13	Web Payments Issue Action Plan	Due to the financial importance of this control in increasing payments for parking fines that might otherwise become uncollectible, Internal Audit recommends that management put the vendor on written notice of the time requirement for notifying DMV of tag holds (as required by contract), as well as the date sent. Management should obtain monthly confirmation from the vendor that DMV notifications have been made on a timely basis.	High	Concur. Complies will electronically submit monthly reports to City identifying all license data transmitted to the Department of Highway Safety and Motor Vehicles for the previous month's scofflaws. Complies has been tasked with preparing a notarized letter for the City confirming that all monthly data has been transmitted to the DHSMV per contractual agreement since contract commencement.	12/31/09		3/31/10 Mgmt Update: Complus started flagging all scofflaw related tickets on the 17th of each month and has resolved all past tickets in question. Uncollected tickets due to owner being able to renew their tag between the time the ticket is being processed and flagged cannot be avoided under current statutory guidelines for scofflaw reporting. Complies provided the following information: "The standard practice for flagging which was set up when we began working with Sarasota was that the plate had to have 3 open tickets, be 30 days old, and the plate was identified by DMV and a delinquent notice was mailed. Per Sarasota's request in November we changed the program so now any FL plate can be flagged once there are three open tickets. On November 12, 2009 the issue of vehicles that had just one handicapped ticket not being flagged was resolved. We ran a report from April 2007 when we started working with Sarasota to November 2009 when this was corrected and found the following; there are 108 open handicap tickets with a FL plate. Out of the 108, 10 are on Hold, so they are not flagged. There were also 2 handicap tickets that did not have a plate entered, so could not be flagged. Therefore there are 96 open FL Handicap tickets. The plates are now scofflawed so the people will need to pay for the tickets before registering their vehicle. Also, please keep in mind that the city's collection rate for parking tickets is 90+% which certainly indicates the processes are working.	Internal Audit will review monthly evidence from vendor that they have notified DMV of license holds when provided.

2009 09-11 Follow up to Ed Smith Stadium AAU Tournaments

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
5	Merchandise-for-Resale Inventory	Internal Audit recommends that, in order to adequately safeguard City assets, management develop inventory control procedures (city-wide or by individual department) for each department responsible for managing and maintaining an inventory.	Medium	Concur. The Financial Administration Department has inventory procedures that are distributed annually to those departments that have inventory. Those procedures provide guidance in the preparation, counting and reporting of inventory. Since the AAU event has concluded and this was a unique agreement with a third party vendor, no specific inventory procedures have been written. Custom written procedures for the specific event will be developed in advance, when the need arises.	2/17/09	6/30/09	10/21/09 Mgmt Update: Ed Smith Stadium is no longer City maintained and operated and will not require the creation of customized inventory control procedures associated with AAU events.	Internal Audit will revisit this item in the future as special events associated with any City department occur.

Exhibit D

#	Subject	Recommendation	Priority	Original Management Response	Expected Completion Date	Revised Expected Completion Date	Management Update	Internal Audit Comments
2009 09-11 Follow up to Ed Smith Stadium AAU Tournaments								
2	2b Additional Expenses	b) Due to the volume and extent of additional tournament expenses, the City Manager pursue return of funds for payments made.	High	b) Do not concur; no action. Excess payments were justifiable and approved tournament expenses.			12/4/09 meeting with management update: Item is at stalemate. Auditor to review work papers and revisit this item with management.	Awaiting Charter Official decision on item.