Audit Project #14-03A:

Remedial Action Update
Audit Item Status as of January 31, 2014

Executive Summary Report

Office of the City Auditor and Clerk
Internal Audit

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EXECUTIVE SUMMARY
REMEDIAL ACTION UPDATE: JAUARY 31, 2014

PROJECT SCOPE

Internal Audit performed a follow-up of the status of prior open audit observations as of January 31, 2014.

REPORT CONTENT AND LIMITATION OF USE

This executive summary report is limited in detail. In order to obtain the full background on a particular item, please contact Internal Audit prior to drawing conclusions based on the limited information contained in this report. Objective ratings indicate the levels at which the objectives were met; rating definitions are included in the **appendix**.

OVERALL CONCLUSIONS

The results of our review indicate (management referenced to in the report refers to the Charter Officials):

- Management implemented 81 of the 115 recommendations (70%);
- 25 items are open (22%);
- 9 items are open pending re-audit (8%); and

Of the 25 open audit items that require management action:

- 4 have original management action dates that occur after 1/31/14;
- 14 have original action dates that are considered past-due as of 1/31/14; and
- 7 did not have original action dates as they were originally "do not concur" items or were recommendations from follow-up audits.

Since the time of the last remedial actions update issued to the City Commission in March 2011, management has taken action to close 20 audit items.

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 eight "do not concur" audit items 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.

This follow-up audit project focused on the following objective:

Audit Objective	Objective Rating		
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.		X	

Significant remaining open audit observations are listed below. For a complete list of audit items and their statuses, refer to the detailed version of this report.

Significant Remaining Open Issues	
Observation	**Original Priority**
Audit 09-08: #3- A finalized and fully tested plan for IT-specific business continuity has not been in place for the previous 24 months.	**High**
Audit 09-09: #1- The City has not yet determined its state of readiness for a real disaster, as it has not yet performed a comprehensive disaster recovery drill.	**High**
Audit 11-06: #5- Administrative Regulation No. 024-A015.0707 does not reflect the current purchasing threshold tiers.	**Medium**

The tables below (separated by Charter Official) outlines 115 report recommendations from 20 prior audits (78 recommendations from audits prior to 3/31/11 and 37 new recommendations since 3/31/11).

Audits highlighted in green have had all audit items addressed by management.

		CITY MANAGER					
Department(s) Responsible	**Report Date**	**Audit Number/Title**	**Total Report Items**	**C**	**OPR**	**O**	**D**
Reports with open items that appeared on March 31, 2011 status report (and current status):							
City Manager	July 2009	09-02: Citywide Risk Assessment	**3**	1	0	2	0
City Manager/Public Works	August 2009	09-09: Public Works COOP Drill Observation	**3**	1	2	0	0
Sports Facilities: Ed Smith Stadium	September 2009	09-11: Ed Smith Stadium 2009 AAU Tournament Follow-up	**8**	8	0	0	0
Neighborhood and Development Services	October 2009	09-12: Local Business Tax Receipts Internal Controls Review	**10**	9	0	1	0
City Manager/ Sarasota Police Department	October 2009	09-10: Parking Internal Controls Review	**13**	9	0	4	0
Public Works/Sarasota Police Department	January 2010	10-01: Fiscal 2009 Physical Inventory Observation	**3**	3	0	0	0
Risk Management	February 2010	EX 10-01: Risk Management Liability Claims Administration	**3**	2	0	1	0
Sarasota Police Department	June 2010	EX 10-03: Property and Evidence*	**4**	4	0	0	0
City Manager	December 2010	EX 10-04: Construction Contract Oversight- SPD Headquarters Building	**10**	8	0	2	0
City Manager/Financial Administration	February 2011	FY 2010 Management Letter-External Auditors	**1**	1	0	0	0
Reports added since previous status report:							
Financial Administration	April 2011	11-06: City Purchasing Cards	**7**	4	0	3	0
Sarasota Police Department	May 2011	EX 11-01: SPD Property and Evidence	**2**	2	0	0	0
City Manager/ Neighborhood and Development Services	September 2011	11-12: Summer Youth Programs	**8**	6	2	0	0
City Manager	March 2012	FY 2011 Management Letter-External Auditors	**2**	1	0	1	0
Various Departments	April 2012	12-01: Fiscal Year-End 2011 Citywide Inventory	**10****	10	0	0	0
City Manager/Financial Administration	February 2013	FY 2012 Management Letter – External Auditors	1	0	0	1	0
Various Departments	March 2014	14-01: Fiscal Year-End 2013 Citywide Inventory	**7*****	1	1	5	0
TOTAL RECOMMENDATIONS			**95**	**70**	**5**	**20**	**0**

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 January 31, 2014.

CITY AUDITOR AND CLERK

Department(s) Responsible	Report Date	Audit Number/Title	Total Report Items	C	OPR	O	D
Reports with open items that appeared on March 31, 2011 status report (and current status):							
Information Technology*	December 2002	FY 2002 Management Letter- External Auditors	5	4	1	0	0
Information Technology*	April 2008	IN 08-02: Internal Investigation of Alleged Fraud Involving IT	5	4	1	0	0
City Auditor and Clerk	July 2009	09-02: Citywide Risk Assessment	3	0	2	1	0
Information Technology*	July 2009	09-08: IT General Controls	5	2	0	3	0
Reports added since previous status report:							
City Auditor and Clerk	February 2013	FY 2012 Management Letter – External Auditors	1	1	0	0	0
Information Technology	February 2013	FY 2012 Management Letter – External Auditors	1	0	0	1	0
TOTAL RECOMMENDATIONS			**20**	**11**	**4**	**5**	**0**

Notes:

*Information Technology audit recommendations have been transferred to the City Auditor and Clerk for action as of October 1, 2011 as a result of changes to the City's Table of Organization.

APPENDIX
AUDIT RATING SYSTEM

The audit ratings listed below are based on the auditor's assessment of whether the audit objectives were met.

Red- A red control rating denotes significant business risk or exposure to the City that requires immediate attention and remediation efforts. The controls reviewed do not appear to provide reasonable assurance that the control objectives are being met. The City is being exposed to a high level of business risk and exposure. Management is advised to immediately review the design and effectiveness of existing controls or consider implementing new or additional controls.

Yellow- A yellow control rating denotes opportunities for improvement exist relating to the controls reviewed. If this state of control is not improved, it could lead to a higher than acceptable level of business risk or exposure to the City. The controls reviewed provide some, but not sufficient assurance that control objectives are being met. Management is advised to review the design and effectiveness of existing controls or consider implementing new or additional controls on a priority basis.

Green- A green control rating indicates that the controls reviewed at the time of the audit indicated a satisfactory or acceptable state of control, where risk appears to be minimized and appropriately managed. Controls reviewed appear to provide a high degree of assurance that control objectives are being met. To maintain this rating management is advised to continue to assess the control systems and monitor existing controls for efficiency and effectiveness as business and organizational changes occur.