



Office of the City Auditor and Clerk

Remedial Action Update

Audit Item Status as of September 30, 2010

Audit Project # 11-03A

Executive Summary Report

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EXECUTIVE SUMMARY

Remedial Action Update: September 30, 2010

AUDIT SCOPE

Internal Audit performed a follow-up of the status of prior open audit observations as of September 30, 2010.

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 (page 5).

OVERALL CONCLUSIONS

The results of our review indicate:

- Management has implemented 64 of the 96 recommendations (67%);
- 23 items are open (1 of which is partially implemented) (24%); and
- 9 items are open pending re-audit (9%).

Of the 23 open audit items that require management action:

- 4 have original management action dates that occur after 9/30/10;
- 15 have original action dates that are considered past-due as of 9/30/10; and
- 4 did not have original action dates as they were originally “do not concur” items.

Internal Audit noted that management has taken action to close 23 audit items since the time of the last remedial actions update to the City Commission dated March 31, 2010.

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
<i>Ext 2008 and Ext 2009 Management Letters-</i> User access controls for computer applications city-wide are not centrally controlled.	High
<i>Audit 09-11: #3a-</i> Administrative Regulation No. 024.A007.0195 does not reflect the current purchasing threshold tiers.	High
<i>Audit 09-08: #3-</i> A finalized and fully tested plan for IT-specific business continuity has not been in place for the previous 24 months.	High
<i>Audit 09-09: #1-</i> 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

The table below outlines 96 report recommendations from 17 prior audits (89 recommendations from audits prior to 3/31/10 and 7 new recommendations since 3/31/10).

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
<i>Reports with open items on March 31, 2010 status report (and current status):</i>							
Information Technology/ City Manager	December 2002	FY 2002 Management Letter- External Auditors	5	4	1 (partially implemented)	0	0
Financial Administration: Purchasing	March 2008	08-01: Lessee Insurance Compliance	7	7	0	0	0
Information Technology/ City Manager	April 2008	IN 08-02: Internal Investigation of Alleged Fraud Involving IT	5	3	1	1	0
Van Wezel Performing Arts Hall	November 2008	08-09: Van Wezel Performing Arts Hall Sponsorships Follow-up	9	8	1	0	0
City Manager/Information Technology	February 2009	FY 2008 Management Letter- External Auditors	2	1	0	1	0
Bobby Jones Golf Club/Information Technology	June 2009	09-04: Follow-up to BJGC Comprehensive Audit & Theft Investigation	9	9	0	0	0
Information Technology	July 2009	09-08: IT General Controls	5	2	0	3	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	7	0	1	0
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	7	0	6	0
Public Works/Sarasota Police Department	January 2010	10-01: Fiscal 2009 Physical Inventory Observation	3	2	0	1	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	1	1	1	0
<i>Reports added since previous status report:</i>							
Financial Administration	April 2010	10-07: FMS Administration	3	3	0	0	0
Sarasota Police Department	June 2010	EX 10-03: Property and Evidence	4	1	3	0	0
TOTAL RECOMMENDATIONS			96	64	9	23	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 (these are elevated to the Charter Officials). See Exhibit B for definitions of audit statuses.

*All items in audit report EX 08-03: 2005, 2006, 2007 Ed Smith AAU Tournaments Review were closed and re-opened under follow-up audit 09-11.

**All items in audit report EX 08-02: BJGC Comprehensive audit were closed and re-opened under follow-up audit 09-04.

City Attorney

The City Attorney's Office does not have any open items as of September 30, 2010.

City Auditor and Clerk

Department(s) Responsible	Report Date	Audit Number/Title	<i>Total Report Items</i>	C	OPR	O	D
<i>Reports with open items on March 31, 2010 status report (and current status):</i>							
City Auditor and Clerk*	July 2009	09-02: Citywide Risk Assessment	2	0	0	2	0
TOTAL RECOMMENDATIONS			2	0	0	2	0

**Recommendations from this audit rely on the joint action of the City Auditor and Clerk and the City Manager. Until action is taken by the City Manager, the City Auditor and Clerk's items remain open.*

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.