

Report #1905
Audit Follow-Up:
Blueprint Intergovernmental Agency's
Revenue and Expenditure Controls
(Report #1514, Issued August 7, 2015)



April 16, 2019

City of Tallahassee
Office of the City Auditor

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Interim City Auditor



Report #1514 - Audit of Blueprint Intergovernmental Agency's Revenue and Expenditure Controls

Issued August 7, 2015

Summary from Original Report #1514: The objective of our original audit was to determine the extent to which the Blueprint Intergovernmental Agency's (Agency's) internal controls reasonably ensured that collections were safeguarded from loss and revenue and expenditure transactions were authorized, accurately and completely recorded, and documented. The scope of the audit included the Agency's internal controls in effect during the period October 1, 2012, through December 31, 2014.

Overall, we found that, with respect to the processing of revenue and expenditure transactions, the Agency's internal controls were adequate, considering the nature of the Agency's organization and the complexity of its operations. Our audit identified both control strengths and opportunities for improvements.

Control strengths were evident in many areas including:

- The Agency had adopted a statement of mission and vision, policies and procedures for several major areas of operation, and a plan of organization.
- Management and staff followed the City's policies and procedures governing ethical behavior.
- Appropriate accounting and human resource system provisions were made available through the City.
- An annual audit of the Agency's financial statements was conducted.
- Competitive procurement processes had been established.
- Controls over the authorization of and the payment for goods and services had been established.

In addition to the strengths summarized above, our audit identified opportunities for improvement in the Agency's controls. Those improvements are related in many instances to the need to (1) update or establish policies and procedures and guidelines, (2) better safeguard and account for the revenues and donations collected and processed by the Agency, and (3) enhance the Agency's administration of certain cost-control related aspects of its contract with the general engineering consultant (GEC).

FOLLOW-UP SUMMARY

This is the third and final follow-up for this audit. The purpose of this follow-up was to provide an update as to management's progress in addressing the final eight of the 26 action plan steps established in response to our initial audit recommendations. As detailed in Exhibit 1, as of March 31, 2019, those eight action plan steps (steps A.2, A.6, C.1, C.2, C.3, C.4, D.2, and D.4) have now been completed. As summarized in the graph below, all 26 of the established action plan steps had been completed or otherwise resolved as of March 31, 2019.

Blueprint Follow-Up
26 of 26 Corrective Actions Completed or
Otherwise Resolved
As of March 31, 2019



Exhibit 1 begins on page 4 and shows the status of completion for each action plan step identified in audit report #1514. The following legend defines the symbols used in Exhibit 1.

Legend of Symbols	
Symbol	Description
	<u>Completed</u> : The action plan step was successfully completed as planned in this or a prior follow-up period.
	<u>Resolved</u> : The risk(s) intended to be addressed by the action plan step was successfully mitigated through alternative management actions in this or a prior follow-up period; or management has reevaluated the risk(s) associated with the action plan step and elected to accept the risk(s).

EXHIBIT 1: Audit Follow-Up – Blueprint Intergovernmental Agency’s Revenue and Expenditure Controls (#1514)

Action Plan Steps	Status as of March 31, 2019	
<i>Responsible Agency: Blueprint Intergovernmental Agency</i>		
A: Objective: Update or establish policies and guidelines.		
1. The Agency will consider developing its own internal control policy, or formally adopt the City’s internal control policy.	Completed. This step was completed in a prior period. As noted in report #1621, the Agency adopted its own internal control policy.	
2. The Agency will determine those City or County policies and procedures which are to apply to the Agency’s operations and communicate that information to all employees and consultant and subconsultant staff.	Completed. Agency staff indicated that a consideration of City and County policies has been completed and, as a result, staff identified the need to create for the Agency its own human resources standard operating procedure. The draft human resources standard operating procedure has been submitted for review and approval.	
3. The Agency will update its existing policies and procedures to reflect the Agency’s current organizational structure. The Agency will also update the policies and procedures as needed to address the results of a current assessment of financial and operational risks.	Completed. This step was completed in a prior period; see report #1711.	
4. The Blueprint Ethics Policy will be provided to management, staff, and Citizens Advisory Committee (CAC) members and be posted on the Agency’s website. Agency in-house, General Engineering Consultant (GEC), and subconsultant staff and CAC members will also be provided the opportunity for training in the application of the policy.	Completed. This step was completed in a prior period; see report #1621.	
5. The Agency will consider adopting updated information technology security policies and procedures.	Completed. This step was completed in a prior period; see report #1711.	

<p>6. The Agency will adopt procedures addressing, among other matters, the roles and responsibilities for verifying for GEC invoices, that the receipt of conforming goods and services is documented, the charges are allowable and authorized, the account codes are appropriate, and the invoice footings, extensions, and discounts are mathematically correct.</p>	<p>Completed. The Agency has adopted for consultant contracts a Consultant Compliance Review Procedure, which includes provisions specifying the steps to be taken to verify that conforming goods and services are received and that invoiced amounts are correct.</p>	
<p>7. The Agency will consider adopting procedures requiring periodic reconciliations of Primavera Expedition data and related PeopleSoft Financials accounts.</p>	<p>Completed. This step was completed in a prior period; see report #1621.</p>	
<p>B: Objective: Enhance the safeguarding of and the accounting for the revenues and donations collected and processed by the Agency.</p>		
<p>1. The Agency will consider authorizing state grantors to make grant payments electronically.</p>	<p>Completed. This step was completed in a prior period. As noted in report #1621, after consideration and research, the Agency elected not to authorize electronic grant payments.</p>	
<p>2. Policies and procedures governing the collection of revenues by staff at the Agency's administrative offices will be developed and communicated in writing to applicable managers and staff.</p>	<p>Completed. This step was completed in a prior period; see report #1621.</p>	
<p>3. A daily listing containing each of the amounts received through the mail will be prepared by the person opening the mail. The listing will then be compared to the day's (week's) deposit details by a person not involved in the collection and deposit of collections.</p>	<p>Completed. This step was completed in a prior period; see report #1621.</p>	
<p>4. Checks will be restrictively endorsed.</p>	<p>Completed. This step was completed in a prior period; see report #1621.</p>	
<p>5. Prenumbered receipts will be issued for all amounts received from those delivering payments to the Agency's administrative offices. Also, for all voided receipts and</p>	<p>Completed. This step was completed in a prior period; see report #1711.</p>	

<p>receipts not issued, the original receipts will be retained in the Agency's records. A periodic reconciliation of the prenumbered receipt forms available for use during the period, to those used and unused as of the end of the period, will also be prepared by staff not involved in the processing of collections.</p>	
<p>6. Transfer receipts will be executed upon the transfer of collections.</p>	<p>Completed. This step was completed in a prior period; see report #1621. </p>
<p>7. The Agency will consult with the City Parks, Recreation and Neighborhood Affairs department in an effort to determine the disposition of the \$1,500 in donations that could not be traced to the Friends of Our Parks (FOOP) records provided to the auditors. (FOOP is a support organization of the City's Parks, Recreation, and Neighborhood Affairs department.)</p>	<p>Completed. This step was completed in a prior period. In report #1621, we noted that efforts had been made by the Agency to determine the reason for the differences between the FOOP records and the Agency's records; however, according to Agency staff, explanations for the differences could not be determined from a review of the available records. </p>
<p>8. Collections will be secured in a locked cabinet or other secured location and access thereto will be restricted to authorized staff.</p>	<p>Completed. This step was completed in a prior period; see report #1621. </p>
<p>9. Donations will be transferred to FOOP no less frequently than on a weekly basis.</p>	<p>Completed. This step was completed in a prior period; see report #1621. </p>
<p>10. To the extent possible, duties will be appropriately segregated. Absent the ability to appropriately segregate duties, the Agency will consider implementing compensating controls.</p>	<p>Completed. This step was completed in a prior period. In report #1621, we noted the Agency had adopted a compensating control in an effort to more reasonably ensure the safeguarding of revenues and the accuracy and completeness of related records. </p>
<p>11. Periodically, to assess the effectiveness of controls, the amounts shown as collected will be traced through to-be-established control points (listings of collections, transfer receipts, and CORE receipts).</p>	<p>Completed. This step was completed in a prior period; see report #1621. </p>

C: Objective: Enhance the administration of certain cost-control related aspects of its contract with the GEC.		
1. The Agency will adopt policies and procedures to guide the review, negotiation, and approval of annual letters of authorization (LOAs). To assist with the review of the proposals, consideration will be given to creating a committee chaired by the Blueprint Director and consisting of the Blueprint Manager and staff from the Leon County and City public works departments.	Completed. As noted above in action plan step A.6, the Agency has adopted a Consultant Compliance Review Procedure. Sections 1.03 A. and 1.03 B. of the Procedure describe the processes for the review and approval of consultant proposals, contracts, and rates.	
2. The Agency Director will review and approve in advance the rates paid to all subconsultants. The review and approval will be documented and include the evidence relied upon that demonstrates the rates approved are competitive.	Completed. The Agency's Director indicated that the Agency's Consultant Compliance Review Procedure will be used in connection with the review and approval of the rates paid to subconsultants.	
3. The Agency will consider obtaining an independent audit of applicable GEC cost records.	Resolved. The Agency Director indicated that the Agency had considered obtaining an audit and had concluded that an independent audit of the GEC was not necessary because the Agency efforts applied in reviewing and approving GEC LOAs and related invoices sufficiently address risks relating to GEC cost records. We have concluded that this action plan step is resolved.	
4. The Agency will resume the completion of the semi-annual performance evaluations of the GEC.	Completed. The Agency's Consultant Compliance Review Procedure now includes provisions requiring that an evaluation of the general engineering consultant's performance be performed at the end of each project.	
D: Objective: Enhance accountability and oversight for Agency operations and assets.		
1. The Agency will consider adopting formal goals, objectives, and performance measures and related reporting requirements.	Completed. This step was completed in a prior period; see report #1711.	

<p>2. Management will develop a financial and operational risk assessment of the Agency. The risk assessment will be used in considering areas of operation that may benefit from the conduct of a performance audit.</p>	<p><u>Completed.</u> Agency management indicated that risk assessments have been made and continue and that several actions have been taken in response, including the drafting of a human resources standard operating procedure. Also, as reflected in action plan steps A.1, A.3, A.4, A.5, and A.6, the Agency has taken several other actions to establish, update, or clarify Agency policy and procedures in response to changes in Agency operations and organization and consideration of risks. Staff also indicated that additional risk assessment measures are planned for the fall of 2019.</p>	
<p>3. Agency management will submit for approval of the IMC all proposed lease agreements.</p>	<p><u>Completed.</u> This step was completed in a prior period; see report #1621.</p>	
<p>4. Annual reviews of real estate will be performed as required by Blueprint Policy No. 107. Person/persons to perform this task will be designated in the Real Estate Policy.</p>	<p><u>Completed.</u> This step is complete. Blueprint Policy No. 107 has been updated and Section 107.12 A. provides that the Director of PLACE or his/her designee, with the input from the Blueprint Attorney and/or Real Estate Manager, shall annually review all real estate owned by Blueprint and shall determine whether any parcels might be considered surplus property. Blueprint's Director advised us that this directive is being accomplished on a continual basis resulting in the designation of several parcels of Blueprint property being designated as surplus.</p>	

MANAGEMENT'S RESPONSE

The Management of Blueprint Intergovernmental Agency appreciates the opportunity to have participated in the audit of the Agency's revenue and expenditure controls. The audit was requested by Management as a component of our desire to seek continuous improvement in re-evaluating current internal controls and establishing new internal controls to safeguard the Agency's assets and provide for increased efficiencies in executing the Agency's financial and operational activities.

We are pleased to accept the Office of the City Auditor's findings. As noted in the report, each of the twenty-six recommended Corrective Actions have been resolved or completed, including the development of several policies and procedures, enhancing the safeguards in place for miscellaneous revenues and donations, enhancing the administration of contracts with the Agency's vendors, and enhancing accountability and oversight for Agency operations and assets.

Blueprint Intergovernmental Agency's Management welcomes the opportunity to address any questions regarding the Audit's findings or questions regarding the implementation of internal controls related to those findings. Citizens are encouraged to contact the agency with any inquiries in person or by mail at 315 South Calhoun Street Suite 450, Tallahassee, FL 32301 or by calling (850) 219-1060.

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ACKNOWLEDGMENTS

We would like to express our appreciation to the management and staff of the Agency for their cooperation and assistance during this follow-up audit.

PROJECT TEAM

Engagement was conducted by:

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STATEMENT OF ACCORDANCE

The Office of the City Auditor's mission is to provide the City Commission an independent, objective, and comprehensive auditing program of City operations; to advance accountability through the provision of assurance and advisory services; and to actively work with Appointed Officials in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, and effective delivery of City services.

The purpose of this follow-up was to provide an update as to management's progress in addressing the action plan steps established in response to our initial audit recommendations. To determine that progress, we interviewed applicable staff and obtained and reviewed relevant records and reports.

We conducted this follow-up audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the follow-up audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our follow-up audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Office of City Auditor at (850) 891-8397 or auditors@talgov.com.

<http://www.talgov.com/transparency/auditor.aspx>