



Agenda Item No. 1(H)1
June 4, 2013

**BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR**

MEMORANDUM

TO: Honorable Chairwoman Rebeca Sosa,
and Members, Board of County Commissioners

FROM: Charles Anderson, CPA
Commission Auditor

A handwritten signature in black ink, appearing to read "Charles Anderson", written over the printed name.

DATE: May 14, 2013

SUBJECT: Commission Auditor's Work Plan: Calendar Year 2013

The Commission Auditor's Calendar Year (CY) 2013 Work Plan is submitted in accordance with Sec. 2-478 of the Code. Brief status updates are included for on-going audit projects. Additional details of prior fiscal year accomplishments, for all sections, were separately published in the Commission Auditor's FY 2011-12 Annual Report, dated February 13, 2013, which is available online at <http://www.miamidade.gov/auditor/library/2013-02-13-annual-report.pdf>.

New audit projects recommended for approval:

1. *Audit of Internal Controls for expenditures in compliance with approved budgets of selected Community Redevelopment Agencies (CRAs).* Previous audits of Homestead CRA and North Miami CRA by the Audit and Management Services Department disclosed that certain expenditures were not adequately supported. This audit will review if expenditures were properly authorized in accordance to the approved budget. In addition, the audits will review supporting documentations, contracts, or other information to determine if tax increment funds were utilized according to the Interlocal Agreement, CRA Plan or Florida Statutes.
2. *Audit of Debt Collection Processes (Phase II).* The current audit (Phase I) revealed that some departments do not send all delinquent accounts receivable to the Finance Department's Credit and Collections Section (FDCCS), as required by Implementing Order (IO) 3-9. Miami-Dade County's total accounts receivable as of September 30, 2011 was \$1,089,924,000, including the Public Health Trust (PHT) amount of \$889,710,000, and the Miami-Dade Fire Rescue Department (MDFR) uncollected transport fees in the amount of \$116,654,290. This audit will provide assurance of the efficiency and effectiveness of the debt collection processes within selected departments of the County and also address any concerns not fully covered in Phase 1 of the audit.

3. *Audit of Information Technology Department (ITD) Software Development Process.* Audits of Internal Controls for the Protection of Electronically Stored Personal and Health Information (at the former Department of Human Services and former Public Housing Agency) by the OCA disclosed certain software security weaknesses that could compromise citizens' sensitive and confidential information. The Enterprise Applications Division of ITD (budgeted at \$8,854,000 for FY12-13) is responsible for developing and/or supporting many of the systems used for County operations, including parks and recreation systems, regulatory and economic resources systems, tax collection systems, court-related and criminal justice systems. This audit will provide reasonable assurance that ITD systems have adequate and effective processes and controls for developing quality and secure software to prevent waste, project failure and that citizens' information is not compromised.

Projects included pursuant to legislative requirements (Non-Audit):

1. *Oversight of the Performing Arts Center Trust (PACT)* - Required by Ordinance No. 0783, adopted June 26, 2007. Project continues until otherwise directed by the BCC.
2. *Review of the Manager/Mayor's Exercise of Delegated Authority Pursuant to Section 2-8.1 of the Code of Miami-Dade County* - Required by Ord. No. 09-12, adopted March 3, 2009. Project continues until otherwise directed by the BCC.
3. *Review Agenda Items with Fiscal Impact* – Required by Resolution No. R-530-10, adopted May 4, 2010. Project continues until otherwise directed by the BCC.
4. *Beacon Council* – Required by Resolution No. R-552-09, adopted May 5, 2009. Project continues until otherwise directed by the BCC.
5. *Tourism Impact Statement* – Required by Resolution R-581-11, adopted July 7, 2011. Project continues until otherwise directed by the BCC.

Audit projects recommended for modification or termination:

1. Audit of property exempt from taxation per Florida Statutes.
Status: Audit cancelled. Per Florida Statutes, OCA does not have the authority to access the relevant records.
2. Review of Procurement Processes, including Change Orders, Sole Source Contracts, Debarment and Suspension Procedures, and Selection Committees.
Status: Audit closed. Enhancements to the processes initiated by the Procurement Services Division have addressed the audit issues.

Attachment



MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS

OFFICE OF THE COMMISSION AUDITOR

**COMMISSION AUDITOR'S CALENDAR YEAR
(CY) 2013 WORK PLAN**

May 14, 2013

**Charles Anderson, CPA
Commission Auditor**

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**Miami-Dade Board of County Commissioners
Commission Auditor’s CY 2013 Work Plan**

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COMMISSION AUDITOR'S CY 2013 WORKPLAN

Introduction

Mission Statement: Provide high quality, independent audits, budgetary, legislative and other analyses and assessments to assist the Board of County Commissioners' decision-making by helping to ensure governmental accountability and the best use of public resources.

Miami-Dade County Home Rule Charter Amendment, adopted by the voters on September 10, 2002, created the Office of the Commission Auditor (OCA). The Charter Amendment: (a) empowered the Board of County Commissioners (BCC) to provide by ordinance for the Commission Auditor's specific functions and responsibilities; and (b) indicated that the Commission Auditor's functions and responsibilities shall include, but not limited to, providing the BCC with independent budgetary, audit, management, revenue forecasting, and fiscal analyses of BCC policies, and County services and contracts,

During the year, the OCA continued to provide the highest quality professional services by:

- Successfully undergoing its second External Quality Control Review (Peer Review) for the period covering 2008 through 2011, verifying compliance with Government Auditing Standards, thereby becoming eligible to use an unmodified Government Auditing Standards compliance statement in OCA's audit and attestation engagement reports;
- Completing five (5) audit and non-audit service projects, following-up on previously unresolved findings from prior audits, providing audit technical assistance for various projects and inquiries, and continuing work on ongoing audit and non-audit service projects;
- Reviewing approximately 160 Board of County Commissioners (BCC) and Committee agendas;
- Providing analytical budgetary reports and approximately 28 responses during the FY 12-13 budget cycle;
- Providing detailed financial costs and budgetary impacts analyses for items with a fiscal impact as per Resolution R-530-10;
- Providing professional staff support to the Compensation and Benefits Review Ad Hoc Committee, chaired by Commissioner Barbara Jordan;
- Providing Tourism Impact Statements on certain legislative matters before the BCC as per Resolution R-581-11; and
- Responding to formal and informal requests from the BCC on important County matters.

OCA's planned areas of emphasis for CY 2013 are:

- Auditing: Complete ongoing projects to further demonstrate our commitment to provision of value-added services;
- Budgeting: Provide proactive, prospective budgeting information and analyses to the BCC.
- Research: Provide an enhanced targeted research and special project support to best assist the BCC.

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AUDIT WORK PLAN

Proposed Audit Projects

1. *Audit of Internal Controls for expenditures in compliance with approved budgets for selected Community Redevelopment Agencies (CRAs)*
 - Determine whether expenditures were properly authorized in accordance to the approved budget; and
 - Examine supporting documentation, contracts and other information to determine if tax increment funds were utilized according to the Interlocal Agreement, CRA Plan or Florida Statutes.
2. *Audit of Debt Collection Processes (Phase II)*
 - Provide reasonable assurance of the efficiency and effectiveness of the debt collection processes within selected departments of the County;
 - Review the status of all Phase 1 audit findings; and
 - Address any concerns not fully covered in Phase I of the previous audit.
3. *Audit of Information Technology Department (ITD) Software Development Process*
 - Determine if current processes for developing systems are adequate for securing confidential and protected information; and
 - Examine the software development process to determine effectiveness and efficiency and the ability to prevent waste and project failure.

Audit Projects in Progress from Previous Work Plan

1. *Review of Miami-Dade County Public Health Trust's (PHT) indigent health care costs funded by Surtax and Maintenance of Effort revenues.*
 - Review and verify indigent health care costs of PHT/Jackson Health Systems as provided by external auditor KPMG. Resolution No. R-1020-11, dated November 5, 2011, states that the “governing body of the PHT shall be required to ensure that the external auditor for the PHT annually provides certification and explanation to both the governing body of the PHT and to the Commission that all ad valorem/general fund support and surtax revenues that are received are used for the purpose for which they were intended.”
Status: Not Started.
2. *Audit of Miami-Dade Transit (MDT) Warranty Bus Parts.*
 - Review the department's internal controls and processes to determine compliance with stipulated warranty provisions to maximize recovery of warranties and to minimize out-of-pocket repair and maintenance costs.
Status: 25% completed. Field work phase.
3. *Audit of MDT Advertisement Revenue Collection Program.*
 - Review the department's internal controls for advertising revenue.
Status: 10% completed. Planning phase.

4. *Review of General Services Administration (merged with ISD) Pricing Best Practices.*
 - Conduct a best practices review of pricing policies for products and services of similar governmental organizations and compare with the policies and practices of GSA (currently ISD).
Status: The scope of the project was updated to include the 1st quarter of FY 2012-13. Additional field work has been completed to include the revised scope. The project is now in the report writing phase.
5. *Audit of Community Small Business Enterprise (CSBE) Participation and Utilization in a Sample of County Contracts.*
 - Determine CSBE participation and utilization in compliance with the Code of Miami-Dade County.
Status: 50% completed. Project has been modified to include three separate reports: The CSBE participation and utilization on the Marlins' contract, minority and local business participation and CSBE participation and utilization on other contracts. Delays due to field visits being postponed, as requested by the project manager at the Marlins Stadium. Field Work phase; anticipate audit report on the Marlins Stadium contract in the 3rd quarter FY 2012-13.
6. *Audit the County's Community Based Organizations (CBO) grant management process.*
 - Review the County's CBO grants management process for efficiency, effectiveness, and coordination of grant proposals.
Status: Report writing phase.
7. *Audit of Debt Collection Process. Project modified into two phases. Phase II will be included in the CY 2013 work plan.*
 - Provide reasonable assurance of the efficiency and effectiveness of the debt collection processes within the County.
Status: Draft report completed; exit conference to be scheduled.
8. *Audit of Accountability for Computer Equipment Purchased During FY 2008-09 through FY 2010-11.*
 - Test accountability for computers purchased during FY 2008-09 through FY 2010-11 and determine disposition of the equipment that were replaced.
Status: 99% completed. Reporting phase: Draft report sent to ISD and ITD for final response. Anticipate audit report during 3rd quarter of FY 2012-13.
9. *Audit of User Access Program (UAP) Exemptions.*
 - Examine the User Access Program to provide reasonable assurance of compliance with exemption requirements, including Federal funding exemptions.
Status: Draft report completed; exit conference to be scheduled.
10. *Audit of Non-Governmental Entities' Compliance with Lease Agreements for Use of County-owned Properties.*
 - Review a sample of County leases with non-governmental entities and provide reasonable assurance that the properties are being used in accordance with lease agreements.

Status: Field work phase. Project reassigned internally due to reorganization and staff adjustments.

Non-Audit Services

1. Oversight of the Performing Arts Center Trust (PACT) - (BCC - Ordinance No. 0783)
 - Grant of \$4.1 million in operational subsidies and any prospective funding was conditioned upon the PACT's agreement to County Manager/Mayor and Commission Auditor oversight.
Status: Project continues until otherwise directed by the BCC.

2. Review of the Manager/Mayor's Exercise of Delegated Authority Pursuant to Section 2-8.1 of the Code of Miami-Dade County.
 - Required by Ord. No. 09-12, adopted March 3, 2009.
Status: Project continues until otherwise directed by the BCC.

3. Beacon Council
 - Resolution No. R-552-09, adopted May 5, 2009, directed OCA to prepare quarterly reports to the Board of County Commissioners on The Beacon Council's use of the eight percent (8%) of the business tax previously utilized by the Metro-Miami Action Plan (MMAP) Trust.
Status: At the April, 2012 IMFR Committee meeting, the members asked the Administration to meet with the Commission Auditor to better understand the issue and facilitate discussions with The Beacon Council. Subsequently, the Administration met with the Commission Auditor and a meeting was then held with the interim management team at The Beacon Council. The Beacon Council agreed to work on a prototype report to supplement their quarterly key performance indicators.

4. Report/Audit of Various County Departments/Offices/Agencies
 - These are audits of various County department/offices/agencies with an initial focus on entities funded by the General Fund. The goal is to provide objective analyses so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making and contribute to public accountability.
Status: As needed.

5. Tourism Impact Statements (TIS)
 - Resolution R-581-11, adopted July 7, 2011, directed the Commission Auditor to provide a Tourism Impact Statement on certain legislative matters before the County Commission; and the Office of Intergovernmental Affairs shall track bills in the Florida Legislature for potential impact on Miami-Dade County tourism.
Status: Project continues until otherwise directed by the BCC.

Audit Projects Closed During Prior Year

1. Second External Quality Control Review (Peer Review).
– *Report issued on November 1, 2012*
2. Audit of Internal Controls for the Protection of Electronically Stored Personal and Health Information (CAHSD)
– *Report issued on October 11, 2012*
3. Audit of Internal Controls for the Protection of Electronically Stored Personal and Health Information (PHCD)
– *Report issued on October 11, 2012*
4. Closure Memo –Vendor Payment Process.
– *Report issued on September 25, 2012*
5. Report of Unpaid Toll Violations Miami-Dade County Fleet
– *Report issued on July 31, 2012*
6. Report/Audit of Various County Department/Offices/Agencies: Office of Emergency Management
– *Report issued on February 15, 2012*

Projects Recommended for Modification or Termination:

1. Audit of property exempt from taxation per Florida Statutes.
Status: Audit cancelled. According to the County Attorney's Office, Section 193.074 Florida Statutes, lists specific offices that are required to maintain the confidentiality of records in their possession. The OCA is not a listed agency and therefore is required to obtain a court order as a condition to review the requested records.
2. Review of Procurement Processes, including Change Orders, Sole Source Contracts, Debarment and Suspension Procedures, and Selection Committees.
Status: Audit closed. Resolution R-696-11 on September 1, 2011 was issued directing the County Mayor to review all County laws, rules, and processes for procuring goods, services, and leases, and provide recommendations for obtaining more favorable pricing for the County. Accordingly, the Procurement Services Division of the Internal Services Department initiated enhancements to the procurement processes that addressed the audit issues.

Various parts have been addressed by separate reports. [Completed: Review of User Access Program (UAP); Audit of Purchasing Card Program; Bid Selection, Selection Committee Process Report, and three reviews of the Expedited Purchasing Pilot Project.]

BUDGET WORK PLAN

- 1. Review the reasonableness of all revenue estimates included in the Mayor's proposed budget**
 - Review information on economic and revenue conferences sponsored by the State of Florida Economic Demographic Research Department, the Florida Senate and the Florida House of Representatives for the latest revenue updates (*October-December*) and (*June-August*).
 - Analyze monthly State of Florida revenue distributed to the counties for local trends and the potential of future adjustments to revenue streams (*Monthly*).
 - Develop revenue assumptions and analyze historical data for utilization at the County Revenue Estimating Conferences (*as necessary between December-July*).
 - Attend and participate in the Social and Economic Development Council meetings (*Quarterly*).
 - Conduct an in-depth review and analysis on the proposed budget revenue (*July-September*).

- 2. Assist the BCC in compiling its Budget Priorities**
 - If requested, assist BCC Committee Chairs in developing Committee priorities (*March-May*).
 - Correlate BCC priorities with the Mayor's budget priorities (*March-May*).

- 3. Offer input throughout the budgetary process**
 - Meet with department personnel to obtain an understanding of major issues (*Quarterly*).
 - Review State of Florida budgetary issues and their impact on the County budget.
 - Review departmental business plans and performance indicators for future goals and objectives from County administration to analyze their alignment with BCC goals and objectives (*February-April*).
 - Review departmental budget submission drafts, attend Committee meetings and discuss issues of concern as required (*February-May*).

- 4. Analyze the Mayor's proposed budget and make recommendations to the BCC regarding adjustments to the proposed budgets**
 - Conduct in-depth review and analysis of the proposed budget giving full consideration to the BCC's priorities (*July-September*).
 - Develop budgetary reports, by Committee and by Department on: activities cost, staffing changes, overall revenue and expenditure direction, reorganizations, selected line item review, and capital programs (*July-August*).
 - Develop first and second budget hearing recommendations for BCC (*September*).

5. **Provide periodic reports to the BCC which shall include, but not limited to, the following:**
 - Create written correspondence, as necessary and/or requested, for various budgetary issues during the year.
 - Review BCC Committee agendas for budgetary concerns within legislative items and coordinate with the OCA Research staff (*Monthly*)
 - Provide assistance to the Audit and Research staff as requested.

6. **Monitor budget performance**
 - Review, analyze and make recommendations to the BCC regarding all proposed budget amendments.
 - Monitor the County's budget as necessary and take exception to improper specific expenditures incurred by any County department, agency or entity.
 - Review intradepartmental budget amendments for compliance with Ordinance No. 07-45 and report to the BCC.
 - Review interdepartmental budget transfers for compliance with Ordinance No. 07-168 and report to the BCC.
 - Evaluate the County Administration quarterly budget report, comparing the report to existing County budget and financial systems.
 - Examine the County's five-year financial plan for accuracy in budgetary assumptions utilizing historical data and future funding trends (*December-January*).

7. **Perform special budgetary, financial and taxation analyses and provide policy assistance to the BCC as required**
 - Arrange for site visits to each Department to enhance understanding of its mission, business plan, strategic initiatives, and performance measures (*Quarterly*).
 - Select, analyze, and report on County departmental activities (*January-May*).
 - Provide special reports as requested.

8. **Review Agenda Items with Fiscal Impact**
 - Required by Resolution No. R-530-10, adopted May 4, 2010, directed the Commission Auditor to track all agenda items with a fiscal impact for the required financial budgetary impact analysis and to identify for the BCC those items which do not include the required information (*Monthly*).

RESEARCH WORK PLAN

Pursuant to Ordinance 03-2 and Article XLVII of the Code of Miami-Dade County, the Commission Auditor is charged with the following responsibilities on behalf of the Commission:

- To determine the extent to which legislative policies are being faithfully, efficiently and effectively implemented by the County Mayor and County personnel;
- To give information to the Commission whenever required regarding any subject relating to the affairs of the County;
- To inform about pending legislation, issues and proposals coming before the Commission and provide independent assessments including, but not limited to, a fiscal impact analysis of all ordinances and resolutions on the Commission agenda;
- To determine whether County programs are achieving their desired objectives; and
- To review both administrative control and executive control systems as established by the County Mayor and departmental personnel, and to determine whether such control systems are adequate and effective in accomplishing their objectives.

In accordance with the above ordinance, the Research Section performs the following:

1. Provide legislative research and analyses to support regular BCC meetings. In addition, research and analyses for Committee, Sub-committee, workshops or special meetings of the BCC are provided as needed.
2. Review each agenda to evaluate the reasonableness and completeness of the information presented, as well as to evaluate the merits and impacts of the proposed transactions and/or legislation.
3. Determine the extent to which legislative policies are being faithfully, efficiently and effectively implemented by the Mayor and County personnel and provide periodic reports to the BCC as needed.
4. Pursuant to BCC directive or Commissioners' request, OCA will conduct research and provide reports which shall include (where appropriate) best practices and comparative analysis.
5. Conduct research and provide reports upon the request of the BCC or a Commissioner.
6. Prepare and conduct briefings related to legislative agendas upon the request of a Commissioner.
7. Determine the extent to which proposed legislation is consistent with current policy and the proposed legislation's implications relative to future policy.

New Assignment

Ordinance No. 13-29 (adopted April 2, 2013), relating to Rules of Procedure of the BCC; amending Section 2-1 of the Code of Miami-Dade County, Florida; requesting that the Commission Auditor complete background research on the person, organization, place or thing that is the subject of a naming, renaming or co-designation item and prepare a report detailing the findings.

MISCELLANEOUS REQUESTS FOR ASSISTANCE

Respond to oral requests from individual members of the BCC, provided the response requires a relatively minor effort that can be accomplished without disruption of the approved work plan.

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