



PAT FRANK
Clerk of the Circuit Court
13th Judicial Circuit

COUNTY AUDIT

HILLSBOROUGH COUNTY, FLORIDA

FISCAL & SUPPORT SERVICES DEPARTMENT

PUBLIC SAFETY AND COMMUNITY SERVICES

REPORT # 237

SEPTEMBER 13, 2012

September 13, 2012

The Honorable Ken Hagan, Chairman
The Honorable Kevin Beckner
The Honorable Victor D. Crist
The Honorable Al Higginbotham
The Honorable Lesley "Les" Miller, Jr.
The Honorable Sandra L. Murman
The Honorable Mark Sharpe

Dear Chairman Hagan and Commissioners:

We have performed an audit of the Public Safety and Community Services Fiscal and Support Services Department, Audit Report #237, dated September 13, 2012. Responses to our recommendations were received from the Director of Fiscal and Support Services and have been included in the report after each finding and recommendation.

We appreciate the cooperation extended to our auditors by the Director and personnel of Fiscal and Support Services during this audit.

Sincerely,

Daniel A. Pohto, CPA, CIA
Director, County Audit

cc: Mike Merrill, County Administrator
Bonnie Wise, Chief Financial Administrator
Sharon Subadan, Deputy County Administrator, Public Safety & Community Services
Debbie Benavidez, Department Director, Fiscal & Support Services
Bruce Dangremond, Manager, Performance Mgmt, Business and Support Services

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION:

In 2010, the County Administrator began a reorganization of the County in an effort to “re-balance” its internal structure. The reorganization objective was to make the County more efficient, more customer-focused, and to reduce duplication of services. The Administrator proposed four main areas where vision, goals, and objectives should be developed. They were:

- Community building
- Defining essential (core) services
- Customer service
- Organizational structure

As part of the re-organization, the County Administrator sought process improvements, process re-engineering, and implemented functional/departmental consolidations, organizing along the lines of the types of services provided. This reorganization led to the creation of the Public Safety and Community Services Fiscal and Support Services Department (FSS). FSS was charged with the responsibility to provide financial services, fiscal controls, compliance and audit coordination, fiscal and system integration, process management and improvements, and contract development and management to the following departments:

- Fleet Services
- Extension Service
- Family and Aging Services (Aging Services, Children Services, Health Care Services, Social Services).
- Fire Rescue (combining Fire Rescue, Emergency Dispatch Communication and Emergency Management)
- 9-1-1 Agency
- Animal Services
- Library Services
- Medical Examiner
- Parks, Recreation, and Conservation Services.

FSS was created by reviewing, consolidating, and redefining 120 similar positions that originally reported to the department directors for the above departments. This was done during calendar year 2011, resulting in only 90 new funded positions completely within FSS. The adopted FY 2012 budget was \$8,279,475.

OBJECTIVE:

The primary objective of the audit was to review and evaluate the adequacy and effectiveness of the FSS department’s functions, processes, general controls, and compliance with policies and standards.

SCOPE:

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. The audit period covered by this review was from October 1, 2011 through March 31, 2012. Audit procedures included interviewing key personnel from FSS, as well as key personnel from the supported departments, conducting fraud risk questionnaires in FSS and supported departments, and reviewing the FSS written procedures that had been completed at the time. It should be noted that interviews could reflect the bias and/or opinion of the interviewee. Part of the purpose of the interviews was to get a “feel for where we are and where we are going” in order to aid in the understanding of FSS issues and supported department issues.

As we conducted our audit planning, we noted that sufficient written and implemented procedures were not available that documented the functions required of FSS. We also could not obtain a business plan. Mapping of departmental processes that could assist in our planning was limited. Additionally, FSS had not conducted a risk assessment of their supported department’s business objectives. The purpose of a risk assessment is to identify the inherent risks to the department’s objectives and pinpoint their mitigating controls. The assessment would have provided FSS with some needed information as to the internal control structure of the supported departments.

OVERALL EVALUATION:

The FSS staff is dedicated and knowledgeable in the functional areas of their responsibilities. They assisted Fire Rescue in their effort to resolve a vendor issue and with the Procurement Department to secure the contract for a new library computer system. In an effort to streamline the functions currently performed by their supported departments, FSS has assisted in the creation and implementation of new and revised departmental procedures. One of the supported departments stated that "the offer of assistance is always there from FSS."

The absence of three important management tools (a reorganizational business plan; mapping of departmental processes; risk assessment of supported departments) has delayed the integration process between FSS and the departments they support. It appears the organization change management process needs more development in order to improve communications with the departments they support.

We were able to identify several opportunities to strengthen and improve FSS’s existing and missing controls. These include:

- FSS should complete the development and implementation of written procedures.
- FSS should revisit the duties and purpose of their IT functions to ensure that the activities are not out of compliance with established BOCC Policy, Administrative Directives, and ITS Policies and Standards.
- FSS should review workflows to improving monitoring controls over their business processes.

- FSS should develop and implement performance metrics in an effort to gauge their performance and identify opportunities for improvements. In developing performance metrics, FSS should involve the people who are responsible for the work to be measured because they are the most knowledgeable about the work.
- FSS should develop performance measurements and goals for their employees.
- FSS should pursue completion of their Business Continuity Plan.
- FSS should develop a more dynamic communication plan and an enhanced dialogue with the departments they support.
- FSS should develop more frequent team based communications with the supported departments in the areas of procurement and budgeting.

Due to the items addressed above, we feel it was best if the audit was suspended and resumed when FSS has had an opportunity to address these items.

The following table summarizes the Findings and Observations contained within this report. For each Finding and Observation, a cross-reference to the page number where the details of the Finding and Observations have been included.

FINDING	DESCRIPTION	PAGE REFERENCE
1	FSS needs to perform a risk assessment for the departments they support.	See page 5 of this report.
2	Performance metrics need to be developed by FSS for all of their areas.	See page 7 of this report.
3	Specific Civil Service-based employee performance evaluation measurements and goals have not been developed for all FSS employees.	See page 9 of this report.
4	Plans for disaster recovery and business continuity need to be finalized.	See page 11 of this report.
5	Written procedures are needed for most processes reviewed.	See page 13 of this report.
OBSERVATION	DESCRIPTION	PAGE REFERENCE
1	A business plan needs to be developed for the core services functions created within FSS.	See page 14 of this report.
2	Process mapping was limited on positions transferred to FSS.	See page 16 of this report.
3	Auditor's Independence and Objectivity may be in conflict with audit standards.	See page 18 of this report.
4	Improved communication between FSS and the supported departments would enhance decision making capabilities.	See page 20 of this report.
5	Possible accounting (and compliance) issues exist regarding the use of specially designated funds for more than their intended purposes.	See page 22 of this report.

OBSERVATION	DESCRIPTION	PAGE REFERENCE
6	Identified duties of FSS Programmers/Analysts and Coordinators are not compatible with BOCC Policy 06.01.00.00 and Administrative Directive #IT-01.	See page 24 of this report.
7	Departments supported by FSS are not in compliance with the Information and Technology Services Department's (ITS) Information Security Policy and Standard.	See page 26 of this report.
8	Employees may be working outside of their current Civil Service classification.	See page 27 of this report.

OPINION:

Since we did not complete testing of procedures and controls, we do not opine on their adequacy and effectiveness.

Our overall recommendation is to establish as quickly as possible a periodic team meeting(s) between FSS and the supported departments to identify and discuss any real or perceived issues.

The audit was suspended on June 1, 2012.

The exit conference was held on August 3, 2012.

AUDIT BY:

Daniel A. Pohto, Director, County Audit
Steve A. Hooper, Audit Manager
Margaret M. Brown, Senior Auditor

FINDINGS & RECOMMENDATIONS

Control Activities: Listed below are findings that represent opportunities for FSS to strengthen the internal controls surrounding their functions, processes, and compliance with policies and standards. For each finding, a recommendation has been included.

FINDING 1

FSS needs to perform a risk assessment for the departments they support.

A risk assessment identifies the possible weaknesses associated with the organization's business objectives, along with the controls, if any, that were established to prevent, detect, or mitigate the weakness to an acceptable level. The controls identified are reviewed and tested to ascertain that they are working as intended.

A SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis was conducted in early 2011 by *Alliance for Innovation*, an outside consultant, for departments within Public Safety and Community Services. The analysis identified the following:

- 100 strengths
- 68 weaknesses
- 54 opportunities
- 37 threats

Although we did not verify the SWOT Analysis, FSS may want to consider using the results as a “starting point” for performing a risk assessment.

RECOMMENDATION:

FSS should perform and document a risk assessment for any weaknesses associated with the supported departments and for the FSS Department. Once the risk assessment is completed (in other words, risks and associated controls are identified), FSS should review and test the controls identified to ensure that they are effective in removing or minimizing the weaknesses.

CLIENT RESPONSE:

Partially Concur

CORRECTIVE ACTION PLAN:

As part of the comprehensive reorganization implementation, a detailed Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis was completed by a contracted third-party. Weaknesses associated with processes now controlled by FSS are identified and continue to be addressed. Risk assessment is and will continue to be an ongoing process.

However, assessing and addressing all risks inherent with supported Departments is not a function of FSS, and should be performed by those departments.

TARGET COMPLETION DATE:

12/30/2013

FINDING 2

Performance metrics need to be developed by FSS for all of their areas.

A performance metric is a measure of an organization's activities and performance. Performance metrics allow for the collection of meaningful data for trending and for analyzing changes over a period of time. Performance measurements provide the ability to identify and track progress towards goals and identify opportunities for improvement. Since governments are "not-for-profit" in nature, the key metric for government performance is not financial but rather "mission effectiveness." Performance metrics should be specific, measurable, attainable, realistic, and timely.

1. FSS had not developed performance metrics for their functions. We asked FSS Management whether performance metrics had been developed for their functional areas. We were successful in identifying performance metrics for the Family and Aging Services function. We were not successful in identifying performance metrics for the following FSS functions:

- Contract Development and Management
- Systems and Applications Project Development, Implementation and Management
- Financial Services (Parks, Library, Animal Services, Extension Services, Fleet, Fire Rescue, Medical Examiner)
- Fiscal Processes and Analyses/Controls and Compliance.

2. Established performance metrics allow management to monitor output levels by reviewing employee performance on a regular basis. Decreasing output levels could indicate a bottleneck in the process that could lead to a backlog. We asked six FSS managers the question "How do you know when there is a backlog?" Five of the six managers stated they relied on staff to inform them of the backlog. Relying on staff may come too late to efficiently address the situation which could lead to payments not being made in accordance with the State's *Prompt Payment Act* (Florida Statutes Chapter 218.70 – 281.80).

RECOMMENDATION:

FSS should ensure performance metrics are developed and implemented for each function in an effort to measure their performance, identify opportunities for improvements, and track progress toward goals. FSS should include the people that are most knowledgeable about the work when establishing performance metrics.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

Prior to commencement of the audit and shortly after startup of operations, FSS developed and implemented performance metrics for each functional area. FSS will continue to include staff most knowledgeable about the work processes when developing performance metrics.

TARGET COMPLETION DATE:

11/4/2011 – Completed

FINDING 3

Specific Civil Service-based employee performance evaluation measurements and goals have not been developed for all FSS employees.

A performance management process sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization's mission and objectives and making everyone understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations, employees understand what exactly is expected out of their jobs.

Civil Services' Performance Management Process Rater Handbook states "the performance management process is based on the principle that people can only do their best when they know what they are expected to do and receive accurate and frequent information on how well they are doing. The performance management process is a continuous process of communicating expectations and providing constructive feedback (coaching) to improve job performance." Through regular feedback and coaching, the performance management process provides an advantage of diagnosing problems at an early stage and the opportunity to take corrective action. As part of this process, a job definition is developed linking the job duties to the performance dimensions.

FSS needs to develop performance measurements and goals for all their employees. They have relied on the Job Content Questionnaire as their guide rather than developing specific job definitions, unique to each employee.

Not all employee performance evaluations were completed timely as outlined in Rule 12 of the Hillsborough County Civil Service Board Rules.

We pulled the performance evaluation reviews of eight FSS employees from the Civil Service Office (CSO) for review. The eight employees selected consisted of five new hires and three that were hired from existing County employment. Of the eight reviewed, the following discrepancies were identified:

- Seven of the eight evaluations reviewed were not conducted in accordance with Civil Service Rule 12 regarding the timing of the performance management process for probationary status. For example, the required performance review meetings (initial planning, mid-term, and end-of-term) occurred on the same day and within the same month, or the end-of-term occurred within one month of the initial planning and the mid-term meetings.
- Two of the eight evaluations reviewed did not have a mid-term performance evaluation completed.

RECOMMENDATION:

FSS should develop performance measurements and goals for their employees. These performance measurements should be developed using the Civil Service Board Rules.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

FSS fully complies with the Civil Service-based employee performance evaluation measurements and goals. FSS raters will continue to review individual performance measurements and goals with staff. The performance measurements will continue to comply with Civil Service Board Rules.

TARGET COMPLETION DATE:

10/1/2012

FINDING 4

Plans for disaster recovery and business continuity need to be finalized.

A disaster recovery plan (DRP) is often Information Technology (IT)-focused and limited to major disruptions with long-term effects. A business continuity plan (BCP) addresses business processes. A BCP is sometimes referred to as a “Business Impact Analysis,” or BIA. It answers the question, “what processes are integral to keeping the business unit functioning in a disaster?”

IT issues addressed in a BCP (or BIA) are based only on the plan’s support for business processes. The BCP does not detail the hardware and software configurations needed to get management information systems up and running. The purpose of such plans is to ensure the continuity of operations.

During our audit planning, we requested to see FSS’ written DRP and BCP. With the exception of the DR-17 Department Assessment document, no other information was provided. In the event of a disaster, the absence of a BCP could lead to a disruption of business, including possible revenue loss, non-compliance to rules, laws, regulations, and the lack of expenditure monitoring. Additionally, employees may not be aware of their role during a disaster or business interruption situation.

RECOMMENDATION:

1. FSS should continue to complete the BCP.
2. Once the BCP is completed, FSS should test the plan's effectiveness and analyze the results.
3. FSS should conduct inquiries of their employees to assess their awareness of different issues outlined in the plan.
4. The BCP should be reviewed and tested periodically to ensure that procedures mentioned in the BCP are still relevant and workable. The plan should then be updated accordingly, if needed.
5. At least annually, employees should validate their understanding of their individual duties during a disaster or business interruption situation. This could be performed during the employees’ annual validation of their Know Your Role form in the Human Resource Information System (HRIS).

CLIENT RESPONSE:

1. *Concur*
2. *Concur*

3. *Concur*
4. *Concur*
5. *Concur*

CORRECTIVE ACTION PLAN:

1. *FSS completed the Business Continuity Plan (BCP) and it was approved by the Deputy County Administrator. It is currently under review by the Office of Emergency Management.*
2. *The staff relocation to accommodate the Republican National Convention (RNC) allows FSS to test part of the BCP's effectiveness. Results will be analyzed upon completion of the RNC and return to normal operations.*
3. *FSS will conduct BCP training and surveys of staff to create and assess their awareness of different issues outlined in the plan. FSS will participate with all planned county-wide disaster training events.*
4. *As required by Administrative Directive, FSS will annually review and update the BCP to ensure it is relevant and workable.*
5. *As required, FSS will ensure employees review and understand their individual duties during a disaster or business interruption situation. This will be done during the employees' annual validation of their Know Your Role form in the Human Resource Information System (HRIS). This will be a part of the annual performance evaluation process.*

TARGET COMPLETION DATE:

1. *4/30/2013*
2. *4/30/2013*
3. *4/30/2013*
4. *4/30/2013*
5. *4/30/2013*

FINDING 5

Written procedures are needed for most processes reviewed.

Written procedures are essential to the successful operation of any department. They are important in establishing and enforcing work standards and help to ensure consistency in job performance. Written procedures provide management and employees with information related to the adequacy of internal controls and to perform duties correctly. Written procedures should include sufficient information to permit an individual who is unfamiliar with the operation to perform the necessary activity.

Procedures have not been written and finalized for most processes incorporated into FSS. The lack of complete procedures increases the risk of loss of funds and disruption of operations.

RECOMMENDATION:

1. FSS should complete the development and implementation of written procedures.
2. Implementation of the written procedures should include the training of employees on establishing and enforcing work standards to ensure consistency in job performance.

CLIENT RESPONSE:

1. *Concur*
2. *Concur*

CORRECTIVE ACTION PLAN:

1. *FSS has and will continue to develop and implement written procedures as needed. During the first few months of commencement of operations, FSS mapped more than 200 processes that had been transferred from the 12 departments and divisions supported. Seventeen written procedures governing revenue collection and payment processing were developed.*

The completion of the County's Enterprise Resource Planning (ERP) project will require FSS to review and revise most existing procedures as well as develop and implement procedures for processes not currently conducted.

2. *FSS will continue training staff on implemented written procedures.*

TARGET COMPLETION DATE:

1. *12/31/2013*
2. *12/31/2013*

OBSERVATIONS

Control Activities: Listed below are items we observed during the audit which we felt were either outside the scope of our audit or not directly within the control of the FSS Department but worthy of being brought to the attention of management.

OBSERVATION 1

A business plan needs to be developed for the core service functions created within FSS.

A business plan is a document that looks ahead, allocates resources, focuses on key points, and prepares for problems and opportunities. There is no single formula for developing a business plan, but some elements are consistent throughout all business plans.

At a minimum, a business plan should include:

- an executive summary (explaining who you are, what you do, and why);
- a description of the business (mission statement, goals, and objectives);
- a plan for how you will market and manage your business (describing who your customers are and what the demand is for your products and/or services, how your business is organized, identifying any necessary skills/licenses your business operates with); and
- financial information (how are you funded, what are the projected revenues and expenditures).

If the formation of the "business" involves a restructuring of the existing organization (in other words, you are not only creating a new "business" but you are also changing the existing structure), the business plan should also include an organizational change management plan.

An organizational change management plan is a systematic approach for managing the effect of changes in organizational structure or organizational culture. This systematic approach is beneficial when change requires people throughout an organization to learn new behaviors and skills. By formally setting expectations, employing tools to improve communications and proactively seeking ways to reduce misinformation, stakeholders are more likely to buy into a change initially and remain committed to the change.

FSS has 90 funded positions. During our review, we asked what type of plan was used to staff the new FSS Department. FSS management stated that the organizational charts for each of the supported departments were reviewed. Approximately 120 core service positions within those departments were identified. Employees in these positions were told that some of these positions were being absorbed into the FSS Department while the remainder was to be eliminated. Staff members were given the opportunity to apply for the all new positions in the FSS department. Approximately 67 employees were hired into FSS, while approximately 53 ended their current employment through retirement, transfer, or the reduction in force process. Approximately 23 new employees were hired by FSS through an open recruitment.

During our interviews with FSS management, staff, and supported departments, we noted that the absence of a business plan for the creation of FSS appears to have created organizational change management issues within the FSS Department and their supported departments.

RECOMMENDATION:

Executive management should develop and implement a formalized business plan that addresses organizational change management and focuses on the effective assignment of roles for the supported departments and FSS.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

Executive management developed and implemented a plan approved by the Board of County Commissioners that addressed organizational change management and focused on the effective assignment of roles for supported departments and FSS. Executive management will determine if a more thorough business plan is needed.

TARGET COMPLETION DATE:

March 01, 2013

OBSERVATION 2

Process mapping was limited on positions transferred to FSS.

Organization charts and Job Content Questionnaires (JCQ) were used by FSS to establish their current positions. Limited process mapping documents were available to us.

Process mapping is a workflow diagram that provides a clearer understanding of a process or a series of parallel processes. Its purpose is to use diagramming to understand the process currently in use, ask what is expected of the process, and to identify what should be done to improve the efficiency and effectiveness of the process. It is also a critical tool for management to help them generate ideas for process improvement, stimulate discussion, build stronger communication with those involved, and to document the process.

Ideally, whenever a consolidation or reorganization occurs, the processes affected by such events are mapped prior to the change occurring. This allows an organization to visually see the processes and identify opportunities for improvement ahead of the change. In a reorganization process, such as the establishment of FSS, the process mapping would have identified the duties and responsibilities of the position being reassigned to FSS and their relationship to the supported departments. The key information gained from the mapping could have been used by supported department directors to identify some duties and responsibilities that would have to be reinvented within each department.

During our audit planning, we requested copies of all process maps performed. We were informed that mapping of the processes, prior to their transfer to FSS, had not been performed. Due to the lack of process mapping, control issues to the organization may not have been identified. These control issues include (but are not limited to):

- Supported department processes may not be completely understood.
- Potential problems, such as bottlenecks or delays, may go undetected.
- Written procedures may not accurately reflect the actual process.
- Efficiencies in the work flow may not be realized.

RECOMMENDATION:

1. We recommend that all processes currently performed by FSS be mapped. Once completed, the mapped processes should be used as opportunities to identify any bottlenecks, duplications, delays, and/or gaps. Department directors should use the information gained from this exercise to determine if additional resources are needed within their department to satisfy their operational objectives.

2. Departments and FSS should ensure that written procedures mirror the results of the process mapping.

CLIENT RESPONSE:

1. Concur

2. Concur

CORRECTIVE ACTION PLAN:

- 1. Material processes were mapped prior to 2012. The corrective action in Finding 5 discusses process review and development. FSS has and will continue to map processes to identify any bottlenecks, duplications, delays, and/or gaps and lack in segregation of duties or proper authorizations for functions transferred to FSS. FSS will ask senior management to request that department directors determine if additional resources are needed within their department to satisfy gaps, lack in segregation of duties and/or proper authorization requirements.*
- 2. Supported Departments and FSS have and will continue to ensure written procedures mirror the results of the processes.*

TARGET COMPLETION DATE:

1. 12/31/2013

2. 12/31/2013

OBSERVATION 3

Auditor's Independence and Objectivity may be in conflict with audit standards.

One of the areas established within the FSS department was compliance and audit coordination. These services were consolidated under the Fiscal Controls & Compliance Section. To assist with fulfilling these core services, a Certified Internal Auditor (CIA) was hired into FSS's Inter-Departmental Auditor position. CIA's are required to follow the standards and ethical requirements of the Institute of Internal Auditors (IIA). According to the Job Content Questionnaire (JCQ) approved for this position, fifty percent of the auditor's role within the department would be to plan, oversee, and conduct regular systematic and special audits concerning fiscal and operational issues of multiple departments, divisions, and programs within Public Safety & Community Safety (PSCS). Another fifty percent of the role would be in audit related functions. The JCQ requires a CPA or CIA for this position.

Management stated that the position was developed to staff a compliance individual to assist in the Fiscal Controls and Compliance section.

According to the *International Standards for the Professional Practice of Internal Auditing*, published by The Institute of Internal Auditors, Standard 1100 – 1130 states:

Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels.

Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

The CIA reports to the Manager of Fiscal Controls & Compliance who, in turn, reports to the FSS Director. Because of the reporting lines, the independence of this position and the objectivity of the CIA have the appearance of not being in compliance with the IIA standards. Objective and independent audits concerning fiscal and operational issues within PSCS may jeopardize the CIA's adherence to the IIA Standards.

RECOMMENDATION:

The knowledge and skill sets of a CIA should be aligned functionally within the organization where the appearance of independence and objectively meets the IIA standards. FSS should consider changing this position classification.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

The Inter-Departmental Auditor position responsibilities will be revised to prevent conflict with Institute of Internal Auditors (IIA) standards.

TARGET COMPLETION DATE:

12/31/2012

OBSERVATION 4

Improved communication between FSS and the supported departments would enhance decision making capabilities.

Making decisions is the job duty of department management and decision making is one of the defining characteristics of leadership. Management focuses on the effective use of their resources and activities that produce or deliver the end products. These resources are people, materials, equipment, and information. Communication is a critical resource in the operation and management of any organization. The timely availability of relevant information is necessary for effective decision making.

Communication is also vital because it connects members within a specific department and it connects them to members of other departments. Communication creates a mutual understanding environment of those involved and helps to increase employee productivity. Effective communication helps to:

- motivate employees; it helps them feel to be part of the business.
- make it easier to control and coordinate activities and processes; prevent different parts of the organization from going in opposite directions.
- make successful decision-making easier; decisions are based on more complete and accurate information.
- ensure that everyone is working towards the same goals.

During interviews with directors and staff of the supported departments, we were told that there have been difficulties in obtaining various accounting and financial reports, as well as other required information from FSS. An underlying sentiment appears that there is not enough two-way, interactive communication between the departments and FSS. In order for department management to be leaders of the County, they must be provided with decision making information.

Without valid, timely reports, and needed information, there could be an organizational risk that department management is making ineffective decisions. The lack of enough two-way communication between FSS and the supported departments contributes to this risk. Poor decisions can hinder performance.

RECOMMENDATION:

Operational decisions should be the responsibility of department management. Open and effective two-way communication needs to be the norm for both FSS and the departments they serve. FSS management should open more dialogues with the supported departments and develop a communication plan in an effort to mutually identify the specific needs of the departments.

CLIENT RESPONSE:

Partially Concur

CORRECTIVE ACTION PLAN:

Management agrees that open and effective communication improves decision-making capabilities. FSS does not make operational decisions for supported departments. Further, management agrees that operational decisions belong to department management.

However, management does not believe that written procedures for communication are necessary to ensure information needed by departments is provided.

TARGET COMPLETION DATE:

10/1/2011

Non-Compliance: Compliance with agreements, contracts, laws, rules, regulation, policies, and procedures is expected.

OBSERVATION 5 (Non-Compliance)

Possible accounting (and compliance) issues exist regarding the use of specially designated funds for more than their intended purposes.

In governmental accounting, separate "accounts," or funds, are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. The purpose behind special revenue fund accounting is to separate these delegated revenues and expenditures from the general fund and other funds. This ensures that the special revenue funds are expended solely on their intended purpose. Not all of the departments supported by FSS are funded by general revenues. Some receive their funding by specifically designated sources and, as such, may only be used for their designated purposes. For example:

1. Library Services is funded by a special tax that can be used only for the libraries and are required to be kept separate from all other funds of the County. {Laws of Florida, Chapter 84-443, Sections 3 and 12}.
2. The Hillsborough County (Indigent) Healthcare Plan special tax funding can only be used to provide health related services to low-income, uninsured residents of the County as defined in Florida Statutes, Section 212.055(4).
3. 9-1-1 Administration special tax funding can only be used for the operation of the County's 9-1-1 emergency telephone service. {Hillsborough County Ordinance 87-25}.

As a support department, FSS plans to "bill" the departments they support in the future after the cost allocation study by Maximus, Inc. is completed. In government, this is normally accomplished by transferring funds to/from general ledger accounts. The transfer will result in "revenue" for FSS and an expense for the supported department, usually appearing as "indirect administrative costs."

Therefore, FSS needs to ensure that special purpose funding only be used for allowable costs.

RECOMMENDATION:

FSS should seek legal and/or professional advice as to the charge back limitations for services provided to:

1. Library,
2. Indigent, and
3. 9-1-1 Admin.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

Management prospectively engaged Maximus, the contractor responsible for the County's Indirect Cost Allocation Plan to prepare an FSS charge back plan. All accounting activity regarding the use of specially designated funds will be aligned with the FSS charge back plan.

TARGET COMPLETION DATE:

10/01/2012

OBSERVATION 6 (Non-Compliance)

Identified duties of FSS Programmers/Analysts and Coordinators are not compatible with BOCC Policy 06.01.00.00 and Administrative Directive (AD) #IT-01.

BOCC Policy 06.01.00.00, titled *Automation and Telecommunications*, states that "It is the policy of the Board of County Commissioners that the Information and Technology Services Department (ITS) manage automation and telecommunications related resources for the benefit of the departments under the Board of County Commissioners. This policy is to be implemented by Administrative Directives."

The Administrative Directive (AD) referenced is AD #IT-01 which is also titled *Automation and Telecommunications*. Paragraph 2 states:

"ITS is charged with providing management control of decentralized automation-related resources. ITS is responsible for the proper dissemination of automation resources (hardware, software, and labor) with the focus on maximizing the use of resources across the departments. To ensure that this mission is carried out, ITS will assist departments with defining their requirements related to these functions. All data processing and telecommunications-type positions within the County Administrator's organization will be reviewed by ITS. It is the intent of Administration that these positions remain under the management of ITS, limiting the number of these positions within other departments.

All classification requests for data processing and telecommunications-type positions will be reviewed by ITS as part of the personnel process. Approval of establishment of this class of positions within other departments will be kept to a minimum and will be approved only in extenuating circumstances."

During audit planning, we reviewed the Job Content Questionnaire (JCQ) submitted to the Civil Service Office (CSO) by FSS for the creation of four Programmer/Analyst positions. AD #IT-01, paragraph 2, requires the CSO to provide the JCQs to the Director of ITS, for review if the JCQ involves data processing and telecommunications-type positions. Based upon the ITS Director's review, the proposed positions were recommended to be classified as Business Analyst II (pay grade AP) rather than Programmer/Analyst (pay grade AQ). The ITS Director felt that some of the duties expected of the Programmer/Analyst position could only be done within ITS in order to maintain the integrity of the network, and to comply with security policies, as well as previous audit findings. The ITS Director provided Civil Service a side-by-side comparisons of the two positions which documented the rationale for recommending the Business Analyst II position over the Programmer/Analyst position.

The four Programmer/Analyst positions were approved by the CSO over the recommendations of the ITS Director. We spoke to CSO management in the Classification and Compensation Division and were told that they send the JCQs to the ITS Director as a courtesy, but they are not required to follow the Director's recommendations. They rely upon the requesting department to make the final decision based on the ITS recommendations. According to CSO, it was FSS who

approved the higher positions. As a result of approving these positions over the recommendation of the ITS Director, neither BOCC Policy 06.01.00.00 nor AD #IT-01 were complied with by FSS.

RECOMMENDATION:

1. Comply with the BOCC Policy 06.01.00.00 and AD #IT- 01.
2. Better coordination and communication among the various departments, ITS, and the CSO is needed when IT-related positions are requested by a department. Creation of IT-related positions in departments other than ITS should not violate BOCC Policies and Administrative Directives.
3. FSS should consider reclassifying the four positions to appropriate classification as recommended by the ITS Director.

CLIENT RESPONSE:

1. Concur

2. Concur

3. Concur

CORRECTIVE ACTION PLAN:

1. *FSS will ask the Executive Team to review BOCC Policy 06.01.00.00 and AD #IT-01 as these functions have evolved since the inception of these policies.*
2. *See 1. above.*
3. *The positions may be (re)classified based on the review above.*

TARGET COMPLETION DATE:

1. 10/31/2012

2. 10/31/2012

3. 10/31/2013

OBSERVATION 7 (Non-compliance)

Departments supported by FSS are not in compliance with the Information and Technology Services Department's (ITS) Information Security Policy and Standard.

Departments supported by FSS are not in compliance with the ITS' *Information Security Policy Number 6.1* and with the ITS *Information Security Standard 6.1.2*.

ITS Policy Number 6.1, titled *Information Security Organization*, states that "Departments that create, use or maintain information systems for the County must establish an internal information security liaison function that helps ensure the confidentiality, integrity and availability of the County's information assets."

ITS Standard Number 6.1.2, titled *Information Security Coordination/Allocation of Information Security Responsibilities*, requires:

- the ITS Director to be the focal point for all IT security related matters;
- departments to designate a security liaison to serve as the point of contact to the ITS Director;
- departments to implement additional procedures as needed to meet County security requirements, and
- the department's liaison to be responsible for ensuring their department's implementation of the Information Security Policies and Standards approved by the County.

PSCS internal department liaisons have either been hired by FSS or have left County employment as a result of the Voluntary Separation Incentive Program (VSIP) or the Reduction-in-force (RIF) process. PSCS departments no longer have personnel to fulfill this internal role as outlined in the ITS Information Security Policy.

RECOMMENDATION:

Departments supported by FSS should designate an internal ITS liaison as outlined in the ITS Information Security Policy.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

FSS will ask senior administration to consider having departments designate an internal ITS liaison as outlined in the ITS Information Security Policy. Senior administration may adjust policy documents as necessary.

TARGET COMPLETION DATE:

10/31/2012

OBSERVATION 8 (Non-compliance)

Employees may be working outside of their current Civil Service classification.

Employees that remained in the supported departments may be working out of their respective Civil Service classification as a result of the reorganization. For example:

- In Aging Services, there are secretaries and homemaker leaders performing purchasing, payroll, billing reconciliations, and data entry functions.
- In Animal Services, some tasks previously performed by the Fiscal and Budget Manager have been assumed by the Animal Care Supervisor.
- In Extension Services, some tasks previously performed by the Accountant have been assumed by a Senior Secretary position.

Civil Service Board Rule 5.2, *Administration of the Classification Plan*, states:

"Each agency or department is responsible for maintaining the integrity of the Classification Plan by assuring that employees are performing the duties and responsibilities at the level consistent with their assigned classification. If duties and responsibilities of a position change due to any circumstance, the agency or department shall immediately notify the Civil Service Board Director, using the prescribed forms, so that the position may be evaluated for proper classification."

The reorganization consolidated functions of numerous departments under FSS. Staff "leaving" the supported department and joining the FSS, left "other related duties" behind. These duties were absorbed by the remaining staff which resulted in many of them possibly working out of their job classification. These departments may not be complying with the Civil Service Board Rules.

RECOMMENDATION:

Departments that have current staff performing "other related duties" left behind by the personnel who moved to FSS should seek Civil Service's review of these duties for proper compliance with Civil Service Rules.

CLIENT RESPONSE:

Concur

CORRECTIVE ACTION PLAN:

FSS will ask senior administration to consider requiring departments with staff performing "other related duties" to seek Civil Service's review of these duties for proper compliance with Civil Service Rules.

TARGET COMPLETION DATE:

10/31/2012

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