



Audit Recommendations Status Report as of June 30, 2017





LCPA Audit Recommendations Status Report As of June 30, 2017



To: The Honorable Linda Doggett, Lee County Clerk of the Circuit Court & Comptroller

From: Tim Parks, Chief Internal Audit Officer/Inspector General
Internal Audit/Inspector General Department

Date: July 11, 2017

Re: Lee County Port Authority (LCPA)
Audit Recommendations Status Report as of 6/30/17

Dear Ms. Doggett,

The Internal Audit/Inspector General Department (IA/IG) has completed its *LCPA Audit Recommendations Status Report as of 6/30/2017*, which reflects the implementation status of outstanding audit report recommendations for the Lee County Port Authority as of June 30, 2017. The report fulfills the IA/IG Department's accountability for reporting on issues through their resolution.

This audit activity conforms to the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Red Book)* and the Association of Inspectors General (AIG) *Principles and Standards for Offices of Inspector General*.

The follow-up covered the audit of LCPA Law Enforcement Operations for which a report was issued in April 2017. A summary of the recommendation status is presented in the heading of the attached report.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Parks".

Tim Parks, Chief Internal Audit Officer/Inspector General
Internal Audit/Inspector General Department
TJP/GK



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LCPA Law Enforcement Operations (Project 2016.09, Issued April 2017) Recommendations are estimated for implementation by 9/30/2017		
Risk Assessment		
Observation	Recommendation	Original Management Response
<p>The APD worked with Internal Audit to complete a risk assessment based on objectives derived from the APD's General Orders. As described in the Methodology, the risk assessment and controls identified in that process provided the basis for the audit objectives.</p> <p>We noted that the relationship between control activities (such as programs and training) and risks is not readily apparent to all personnel involved in those activities. The importance of identifying, measuring, treating, and monitoring significant risks was not effectively communicated to all personnel.</p>	<p>We recommend the PSB consider including the risk assessment process in a General Order with sufficient detail to ensure that it includes the methodology for risk identification, risk rating and prioritization, and risk treatment. Risk assessment is a continuous process that should be updated as new risks emerge and as responses are modified. A regularly scheduled review of the risk and control matrix will help ensure its currency and usefulness.</p> <p>We recommend that the risk assessment process include an objective frequency factor.</p> <p>We recommend that the risk assessment process and the resulting risk and control matrix be disseminated to all personnel to educate and reinforce the importance of each of the categories of controls: policies, training, programs, and resources.</p>	<p>We concur with the findings of the review and recommended actions, including the risk assessment process whereby all personnel in APD will be better educated on the process through more effective communication methods and procedures.</p>
Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes



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Training Budget Adjustments		
Observation	Recommendation	Original Management Response
<p>Because resources constituted one of the four categories of controls, and sufficient budget was cited as a control for eleven of the highest-rated risks, we analyzed the budget for trends by comparing fiscal years 2015, 2016, and 2017. We noted that budget transfers for fiscal years 2015 and 2016 caused significant variances between the original and final amended budgets for those years. Budget transfers resulted in large decreases in budget from the original to the final versions in Seminars/Training Registration Fees and Out of County Travel, and large increases in Clothing & Wearing Apparel, Minor Equipment, Other Supplies, and other line items (see Exhibit A).</p> <p>We also studied the trend in actual expenditures for training-related expenses over a longer period of time: fiscal year 2013 through 2016 (see Exhibit B). The trend shows declining expenditures on training and related line items.</p> <p>Command staff for the APD and for the PSB provided a couple of explanations for the trend. The PSB has been successful in accessing training at no- or reduced-cost through cooperation with law enforcement and other agencies that require similar training. PSB has also ramped up the in-house training that is provided. These measures have allowed the LEO to meet required training for officer recertification by FDLE, and to provide effective training for risk mitigation.</p>	<p>We recommend the APD and Aviation executive management address the budget trends to ensure all required training is assessable and completed. Consider annual or multi-year training plan discussions with individual officers to ensure mutual satisfaction, and less budget variance.</p>	<p>As explained in our outbriefing meeting, and pointed out in the audit report, the Professional Standard's Bureau (PSB) has been successful in finding certain training programs for APD personnel at little to no cost. When they do, funds previously budgeted for those specific training programs are transferred to pay for other needs, including uniforms which have escalated in cost over the last few years. In the recently submitted 2018 budget, anticipated uniform cost escalation has been addressed. We feel an adequate budget is in place to meet the needs of the department for the next fiscal year. In addition, officer training requirements will be examined bi-annually to ensure all required training is being met.</p>



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Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes
<i>The written policy is not consistent with LCPA Finance's instructions to use a zero-based budgeting methodology.</i>		
Observation	Recommendation	Original Management Response
<p><i>General Order 1/5 Fiscal & Property Management</i> lists procedures for developing the annual budget. The steps include language that suggests the budget process should begin by considering the previous year's needs. Discussion with command staff further supported that methodology is followed, and that the prior year total budget allotment guides the budget request. The solid lines (Original Budget) on Exhibit A also indicate a consistent trend from year to year, whereas the actual expenditures show a greater variance.</p> <p>However, the Port Authority's Finance Department instructs departments to use a zerobased budget methodology, with an emphasis on maintaining prior year service levels. We discussed the potential discrepancy with executive management and understand the difficulty in estimating budget needs, specifically for training opportunities that may be unknown at the advanced date at which the budget request must be submitted.</p>	<p>We recommend a collaborative effort between Aviation executive management, APD LEO and PSB, and Finance be undertaken to refine the budget process to meet the objectives and requirements of all parties.</p> <p>We further recommend that General Order 1/5 be reviewed and updated as needed to ensure it reflects a zero-based budgeting methodology, and the process as enhanced through the above collaborative effort.</p>	<p>We agree that General Order 1/5 Fiscal & Property Management should be updated to be consistent with the LCPA's Finance objective of zero-based methodology.</p>
Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		In Progress
Last Status Update	Current Recommendation Action	IA Follow-up Notes
Additional Observations		
Observation	Recommendation	Original Management Response



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<p>We discussed additional improvements to processes with command staff and executive management during the audit. These items did not indicate significant deficiencies, but may provide tighter control.</p>	<p>We recommend the following actions be considered:</p> <ul style="list-style-type: none"> • Restructure the TargetSolutions folders in a more intuitive fashion. • Explore keyword search capability for complete update of the General Orders. • Require that each General Order be reviewed on an annual basis to ensure policies in place reflect the current practice. • Institute a manual oversight control for TargetSolutions assignment completions. • Create and maintain a database for mutual aid agreements, to include expiration dates. • Develop a departmental policy for record destruction that adheres to Florida Administrative Code record retention rules (“GS2”). 	<p>Regarding your <i>Additional Observations</i>, we agree that these are not significant deficiencies but will be reviewed to ensure tighter control.</p>
Estimated Implementation Date	Revised Implementation Date	Status
9/30/17		In Progress
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