



CITY AUDITOR

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Honorable Patty Lent Mayor
Members of the City Council

Periodically the City Auditor publishes a list of audits performed and the implementation status of findings, recommendations or observations of completed reports. Attached is a summary report of audits conducted from 2008 through 2012. Reports with findings are listed first, followed by reports with observations and recommendations. As this is a summary of the reports, the findings and recommendations are often abbreviated. Complete audit report detail is available on the City Auditor's web page.

The Audit Committee would appreciate a response from the responsible department of any changes in the status of the implementation of findings or recommendations.

Sincerely,

Gary W. Nystul

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Status of Audits Conducted from 2008 to 2012 for the City of Bremerton

REVISED July 29, 2013

Audit Report and Date	Reports With Findings and Recommendations	Status	Department
Parking Citation Processing April 29, 2011	<p><u>Finding 1</u> "Some Instances of procedural problems were noted in the parking system that, when considered in total, could cause some concern about the system on internal control."</p>		
	<p><u>Recommendations</u></p>		
	<p>1 Develop procedures to review credit balances and processing oversights on a monthly or annual basis</p>	Implemented	Municipal Court
	<p>2 Establish a procedure to write off cases older than 10 years</p>	Implemented	Municipal Court
	<p><u>Finding 2</u> "A number of processing problems have gone undetected in the red light system because overall monitoring and management of the red light parking ticket program has not been assigned."</p>		
	<p><u>Recommendations</u></p>		
	<p>3 Ensure that overall responsibility for red light program has been assigned</p>	In Process	Finance
	<p>4 Contact Redflex to ensure the deficiencies are corrected</p>	Implemented	Municipal Court & Police
Equipment Rental Reserve Fund 510 September 10, 2010	<p><u>Finding 1</u> "The hardware and software used to account for the vehicles and equipment in ERR and their depreciation, reserve targets and accumulated reserves is old and will likely fail in the near future with no backup having been identified."</p>		
	<p><u>Recommendation</u></p>		
	<p>5 Move the ERR vehicle/equipment data to a reliable computer</p>	In Process	Finance
	<p><u>Finding 2</u> "The policies for management and operation of the ERR fund adopted by the City Council and Mayor are not current and should be improved."</p>		
	<p><u>Recommendations</u></p>		
	<p>6 Amend BMC Section 3.68 "Equipment Rental Reserve Fund" to establish council's desired level of policy regarding value and type of items that may be included in ERR (Ordinance No. 5120 passed 9/2/10)</p>	Implemented	Public Works
	<p>7 Update "Equipment Rental" Policy 1-20-02 in the Policy and Procedures Manual to include sufficient guidance for the consistent and effective operation of the fleet (last revision 8/96)</p>	In Process	Public Works

Finding 3 "A Fleet Policies and Procedures Manual does not exist for the uniform operation and maintenance of the vehicle and equipment fleet."

8 **Recommendation**
Adopt a Fleet Policy and Procedures Manual; and post on CobWeb In Process Public Works

Harborside Project
April 26, 2010

Finding 1 "There was no follow up on construction after the project was completed. As a result, warranty items have yet to be addressed."

9 **Recommendation**
Project manager should follow-up on construction issues
A final review should be done near the end of the warranty period N/A Project Administrator

Finding 2 "City policies and procedures for contracts, sole source contracts, and change orders, were not followed in some instances."

10 **Recommendation**
Project manager should follow policies and procedures regarding sole source materials and for approval of change orders N/A Project Administrator

Finding 3 "Some tasks required to complete these construction projects have yet to be completed although the projects were substantially completed many months ago."

11 **Recommendation**
Support should be provided to the Parks department to complete unfinished items Implemented Mayor

Finding 4 "The language of the Building 50 lease with the Navy could be improved."

12 **Recommendation**
The responsible department for the Building 50 lease should clarify the terms In process Mayor

Human Resources Division
December 11, 2009

Finding 1 "A significant number of employee evaluations are past due."

13 **Recommendations**
Tone must be set that timely personnel evaluations by management are performed Implemented Mayor

14 Appropriate forms should be developed to evaluate Public Safety positions In Process Human Resources, BPD

15 There should be periodic inquiry regarding status of evaluations Implemented Human Resources

Finding 2 "HR Policies have not been kept current."

	<u>Recommendations</u>		
16	There should be a periodic view of HR Policies	Implemented	Human Resources
17	Ensure that all current policies are on CobWeb	Implemented	Human Resources

Bremerton
Government Center
October 22, 2009

	City Issues		
	<u>Finding 1</u> ... "No recorded interest of the city's ownership interest"		
	<u>Recommendation</u>		
18	Attorney should obtain the proper legal documents to exhibit the city's purchaser interest in its condominium units and then ensure they are properly recorded with the county	Implemented	Legal
	<u>Finding 2</u> ... "Record of Loan Payments"		
	<u>Recommendation</u>		
19	Ensure that the loan payment records of the trustee, KCCHA and city agree at year end	N/A	Finance
	<u>Finding 3</u> ... "Appointment of city representative"		
	<u>Recommendation</u>		
20	Mayor should designate the city's representative as required by Section 1.4 and 3.1 of the By-Laws	N/A	Finance
	<u>Finding 4</u> ... "Encroachment on Right-of-Way"		
	<u>Recommendation</u>		
21	The city should request that the Association correct the encroachment by requesting a right-of-way permit under Chapter 11.02 BMC	In Process	Mayor
	Tenant Association Issues		
22-31	10 Recommendations were made for the City to convey to the Tenant Association	N/A	Finance

Police Headquarters
Building Remodel
August 29, 2008

	<u>Finding 1</u> "The project manager approved change orders in excess of the amount permitted by the Bremerton Municipal Code without City Council approval."		
	<u>Recommendations</u>		
32	Project manager should follow BMC when approving change orders	N/A	Project Administrator

Finding 2 "The Police Department purchased equipment for the building without following city procurement regulations."

Recommendations

- | | | | |
|----|---|-------------|--------|
| 33 | The Police Department should follow the procurement regulations found in BMC 2.76 | Implemented | Police |
|----|---|-------------|--------|

Take Home Vehicles
May 8, 2008

Finding 1 "The City lacks sufficient policies and procedures to properly manage take home vehicles. City expenses could be reduced by requiring all take home vehicles to be justified by a sufficient business purpose."

Recommendations

- | | | | |
|----|---|-------------|-------|
| 34 | The Mayor should institute a review of all take home vehicles and their policies and uses | Implemented | Mayor |
| 35 | A complete set of policies outlining appropriate use and conditions for use should be adopted | In Process | Mayor |

Finding 2 " Internal Revenue Service regulations regarding taxable fringe benefits for use of employer's vehicles have not been addressed."

Recommendations

- | | | | |
|----|--|-------------|---------|
| 36 | Administration should ensure that the city is in compliance with the IRS regulations | Implemented | Finance |
|----|--|-------------|---------|

Photo Copiers
March 13, 2008

Finding 1 "The Department of Public Works & Utilities did not follow procurement policy in the Bremerton Municipal Code when it entered into two leases costing over \$25,000 each."

Recommendations

- | | | | |
|----|---|-------------|--------------|
| 37 | Departments should follow BMC regarding contract procurement approval | Implemented | Public Works |
|----|---|-------------|--------------|

Finding 2 "The city could save money by having someone manage or coordinate the copier procurement."

Recommendations

- | | | | |
|----|--|-------------|-------|
| 38 | The Mayor could direct a central division, such as IT, to coordinate procurement to reduce costs | Implemented | Mayor |
|----|--|-------------|-------|

Status of Audits Conducted from 2008 to 2012 for the City of Bremerton

Audit Report	Reports With Observations & Recommendations	Status	Department	
Public Works Fleet November 28, 2012	<u>Observations</u>			
	<p>40 Consider surplussing tailgate conveyor, purchased in 2008 for \$11,768 but never used</p> <p>41 Consider paying mileage to engineering employees and evaluate need for additional City vehicles</p>	Implemented Disagreed	Public Works Public Works	
Overhead Cost Allocation June 15, 2012	<u>Recommendations</u>			
	<p>42 Prepare a written overhead cost allocation plan</p> <p>43 Review the allocations and costs of operation of ESD including overhead and work order hours</p> <p>44 Review and make necessary corrections to the insurance statement of values</p> <p>45 Review methods used to allocate some of the overhead costs</p>	Disagreed Under Review Implemented In Process	Finance Finance Risk Management Finance	
	Fuel Purchases June 15, 2012	<u>Recommendations</u>		
		<p>46 All departments should have a system in place to monitor their fuel purchases</p> <p>47 Managers need data such as odometer readings and miles/gallon computed to perform the monitoring on the COBWEB fuel page</p> <p>48 Management should establish an overall policy and procedure to ensure adequate monitoring; Assign responsibility to one person for the overall fuel operation</p> <p>49 Fire Department data should be downloaded automatically to the fuel system</p>	Partially Implemented Implemented In Process Implemented	Mayor Mayor, Public Works, IT Mayor, Public Works Fire
Unpaid Parking Infractions October 28, 2011		<u>Recommendations</u>		
<p>50 Review the unpaid parking infraction process; and assign one employee to coordinate and oversee the entire process and improve the collection process</p>		Implemented	Finance	

51	The software system used to manage the parking system should include a routine to identify vehicles with multiple unpaid infractions	In Process	Finance & Municipal Court
52	Consider utilizing BMC 10.11.050 to declare multiple offenders' vehicles a nuisance and impound vehicles (Ordinance No. 5206 passed 3/20/13)	Implemented	Police
53	The option of using the Police Department's license plate reading device should be explored to locate vehicles with many unpaid tickets	Declined	Police

Public Safety Bond
July 21, 2011

Information Only

Gold Mountain Golf Course
Agreements
June 30, 2011

54-70 17 Recommendations were superseded by newly adopted agreements with *Columbia Hospitality*

Parking Citation Processing
April 29, 2011

71 Other Item
Correct BMC 10.11.050 entitled "Parking Enforcement" to allow the City Attorney discretion (rather than require) when to provide notice to offenders (Ordinance No. 5206 passed 3/20/13)

Implemented Legal & Finance

Fixed Asset Records
March 10, 2011

72 Recommendations
Update the "Capitalization Threshold" Policy 1-20-01 (last revision 9/9/97)

Not Implemented Finance

73 Improve fixed asset records to enable users to better identify assets to be capitalized

Implemented Finance

74 Establish written procedures for disposal of old and obsolete items not suitable for resale

In Process Mayor

75 An annual asset inventory should be provided to departments and an explanation should be required for any missing items

Partially Implemented Finance

Equipment Rental Reserve
Fund 510
September 10, 2010

76 Other Issues
Improve the Fuel Page on CobWeb by separating out Water, Wastewater, and Stormwater vehicles

Implemented Public Works

77 Review and make recommendations regarding maintenance costs as part of budget preparation

Implemented Public Works

Harborside Project April 26, 2010	<u>Other Items</u>			
	78	Administration should finalize the lease for Memorial Plaza	Implemented	Mayor/Legal
	79	Parties providing input to agenda bills should ensure documentation is provided for each contract change requested	N/A	N/A
Cell Phones and Pagers May 21, 2010	<u>Recommendations</u>			
	80	Assign responsibility to coordinate or oversee purchases/rentals and management of cell phones and pagers	Implemented	Mayor
	81	Update "City Telephone" Policy 3-10-12 (last revision 11/5/05)	In Process	Finance
	82	Periodically review the cell phone stipends program	In Process	Finance
	83	Review compliance with IRS regulations	Implemented	Finance
Human Resources Division December 11, 2009	<u>Other Recommendations & Policy Issues</u>			
	84	BMC Chapter 2.28 "Equal Employment Opportunity Program should be reviewed to ensure compliance with state law (last revision Ordinance No. 4165, passed 7/20/88)	In Process	Human Resources/Legal
	85	Clarify BMC Chapter 2.46 "Employee Award Program" (last revision Ordinance No. 4995) (...passed 1/17/07)	In Process	Human Resources/Legal
	86	Repeal HR Policy 3-40-09 (duplicates BMC 2.46)	Implemented	Human Resources
	87	Coordinate the issuance and documentation of receipt of IT acknowledgement forms	Implemented	Human Resources
	88	Ensure that current employees receive and acknowledge receipt of new policies	Implemented	Human Resources
	89	Move "Workers Compensation" Policy 3-10-10 from Human Resources to Risk Management within the Policy and Procedures Manual	Implemented	Finance
	90	Ensure that all current policies are on CobWeb	Implemented	Human Resources
	91	The building association should keep accurate records of master keys	Implemented	Building Association

Parks and Recreation
 Receipting Procedures
 June 26, 2009

<u>Recommendations</u>			
92	A cash register, together with some small changes in procedure, would improve efficiency and accountability at the Sheridan Park office	Implemented	Parks
93	The Jarstad Aquatics Center should make two changes in procedure to improve accountability	Implemented	Parks
94	The procedure for receipting donations needs to followed	Implemented	Parks
95	Update "Cashiers Change Fund" Policy 1-10-03 (last revision 8/96)	Not Implemented	Finance

Fire Department
 EMS Revenue Procedures
 June 26, 2009

<u>Recommendations</u>			
96	The correct legal name of the service bureau should be determined and any assignment approvals should be executed by the city and the contractor	Implemented	Fire
97	<i>Systems Design</i> should be requested to provide the required Certificate of Insurance as soon as possible	Implemented	Fire
98	Determine if there is risk regarding data storage, then enter into an agreement or contract if needed	Implemented	Fire
99	Inquire about City's decision to not turn over unpaid ambulance accounts to collections	Declined	Fire
100	BMC Chapter 18.06 "Ambulance Services" should be considered for revision	Implemented	Fire

City Telephone System
 April 9, 2009

<u>Recommendations</u>			
101	"City Owned Phones" Policy 3-10-12 should be revised to provide guidelines for use and reimbursement for other than de minimis costs	In Process	Finance
102	Remove unnecessary committees & reports from the policy	In Process	Finance
103	Assign responsibility for overall management of telephones	Implemented	Mayor
104	Change cost allocation procedures so each department pays for actual long distance costs	Implemented	Finance
105	Departments should review monthly invoices to verify appropriateness of expenditures	N/A	N/A
<u>Financial & Management Issues</u>			
106	The rate structure to the various departments could be constructed to recover all telephonic maintenance costs	Implemented	Finance

107	Verify the ability of the standby generator at Police HQ to operate on battery power	Implemented	Public Works
108	Equipment and line charges could be provided to departments annually as part of the budget process which would improve accountability and provide for better transparency	N/A	Finance

2008 Audit Report Follow-Up
December 12, 2008

For 2004, 16 of 19 recommendations were implemented

For 2005, 12 of 22 recommendations were implemented

For 2006, 18 of 25 recommendations were implemented

For 2007, 36 of 68 recommendations were implemented

Police Headquarters
Building Remodel
August 29, 2008

Other Matters

109	There was no evidence that an inspection was done prior to the expiration of the warranty period	N/A	Project Administrator
110	Stand-by power for the evidence annex was not included in the project	Implemented	Police

Code Enforcement
June 21, 2008

No Findings or Recommendations