

Final Audit Follow Up

As of March 31, 2001



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City Auditor

“City Non-Pension Investments”

(Report #0013, Issued June 12, 2000)

Report #0125

June 5, 2001

Summary

The Office of the City Treasurer-Clerk has completed all action plan steps as identified in our previously issued audit report, City Non-Pension Investments (#0013).

In that audit report, issued June 12, 2000, we identified areas where improvements should be made. Those areas relate to the quarterly and annual reporting of investment returns and to compliance of the investment portfolio with City policy.

As of March 31, 2001, all the action plan tasks identified in audit report #0013 had been completed. Those tasks include the development and preparation of an annual investment report and the refinement and continued preparation of the quarterly non-pension investment report.

Scope, Objectives, and Methodology

Report #0013

The scope of report #0013 included an evaluation of the non-pension investment function for compliance with established policies, internal controls, and sound business practices. The effectiveness of the investment function, as it relates to the return on investments, was also evaluated.

In general, the audit identified opportunities to improve the readability of the investment reports. It was also noted that the quarterly investment reports were not always being prepared and

timely submitted to the Investment Advisory Committee (IAC).

Report #0125

The purpose of this audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due as of March 31, 2001. To obtain information, we conducted interviews with key department staff and reviewed and examined supporting documentation. This audit was conducted in accordance with Generally Accepted Government Auditing Standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

Background

The City Treasurer-Clerk is responsible for the investment of City funds. Those investments have been divided into two categories, the pension fund and the non-pension fund. Audit report #0013 addressed only the non-pension investments.

The policy for non-pension investments is incorporated into the City's Policy and Procedure Manual as Chapter 610. That policy requires the preparation of an investment report on a quarterly basis. The quarterly report is for internal management use and presentation to the IAC, an oversight committee.

As of September 30, 1999, (the date of testing for the non-pension investment audit) the non-pension investments totaled \$435 million, of which approximately \$292 million was comprised of operating funds.

Previous Conditions and Current Status

Report #0013 identified areas where the reporting of non-pension investment information should be improved. Specifically, we recommended improvements in the quarterly report to increase its usefulness. We also recommended the quarterly report be consistently prepared and timely submitted to the IAC. Furthermore, we recommended that an annual report be developed to supplement the quarterly report.

The status of tasks due to date is as follows:

Tasks Due and Completed by Department			
Responsible Department	# of Tasks Due by 3/31/01	# of Tasks Completed	Percent Completed
Office of the Treasurer-Clerk	5	5	100.00%

The status and conditions identified in report #0013, for which corrective actions were required, are shown in Table 1, as follows:

**Table 1
Previous Conditions Identified in Report #0013 and their Status**

Previous Conditions	Current Status
Quarterly Reporting	
<ul style="list-style-type: none"> • Improve the quarterly investment report ⇒ Continue to prepare the quarterly report and submit the report to the IAC within 45 days of the end of the quarter. ⇒ Critically evaluate the current report format to identify changes to improve the report's usefulness. ⇒ Develop and implement changes in the quarterly report. 	<ul style="list-style-type: none"> ✓ The quarterly investment report was prepared and submitted as required by policy. ✓ The report was evaluated and modified to make it more readable while not diluting the content such that it was not useful to the intended users.
Annual Reporting	
<ul style="list-style-type: none"> • Develop an annual investment report to supplement the quarterly reports. ⇒ Identify items to be included in an annual investment report. ⇒ Develop and submit an annual investment report to the IAC within 60 days of the end of the fiscal year. 	<ul style="list-style-type: none"> ✓ The items to be included in a non-pension annual investment report were evaluated and identified. ✓ An annual non-pension investment report was prepared and submitted.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components
- ✓ Issue addressed and resolved

Significant Outstanding Issues

The Asset/Liability Division of the Office of the City Treasurer-Clerk has been successful in completing the tasks that were identified in report #0013.

We would like to take this opportunity to express our appreciation to the Office of the City Treasurer-Clerk for their assistance and cooperation.

Appointed Official Response

Interim City Treasurer-Clerk Response:

The Office of the City Treasurer-Clerk has implemented all action plan tasks recommended in the "City Non-Pension Investments" audit report #0013. The tasks included enhancements to the quarterly investment report and development of an annual investment report to supplement the quarterly report. I would like to thank the City's Internal Audit staff for their thorough review of the non-pension investment function and the Office of the Treasurer-Clerk, Asset Liability Division, for their timely implementation of the recommendations.

Copies of this Final Audit Follow Up or audit report #0013 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@talgov.com).

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