Report of Management Actions on Internal Audit Recommendations
As of June 30, 2018

City of Tulsa
Internal Auditing

Introduction

Internal Auditing annually follows up with the manager responsible for taking action on our recommendations. This process accomplishes our charter duty to report on recommendation status. The follow-up process involves identifying all open recommendations and either emailing a status request form or meeting with the responsible party. We update our records to reflect the status information provided.
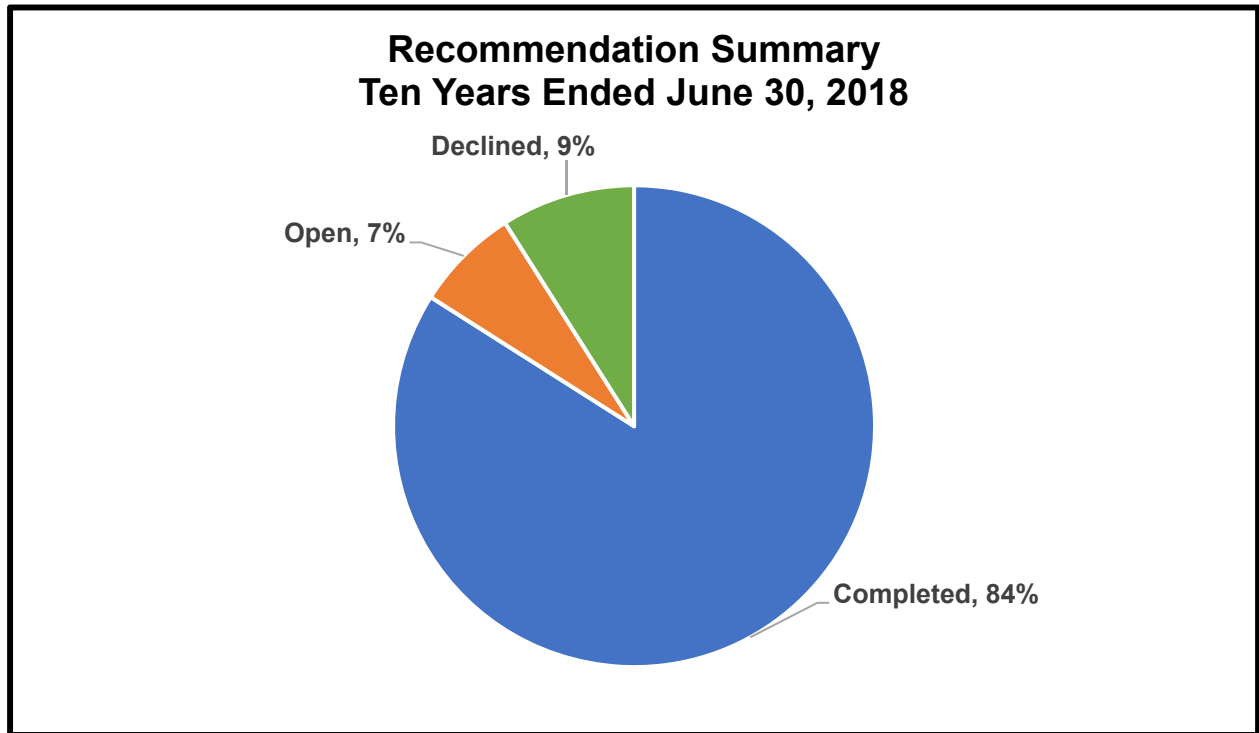
For reporting purposes, we use the following categories for action status:
- Open – Management has agreed to take corrective action, but it is either pending or partially complete.
- Completed – Management completed corrective action.
- Declined – Declined recommendations are categorized as follows:
  ‣ Management does not agree with the recommendation and is not planning any action. When management elects this option, we advise them of the type and level of risk associated with not acting.
  ‣ Implementation is declined due to budget and/or staffing limitations or other factors beyond the control of management.
  ‣ The recommendation is no longer relevant due to changes in conditions after the audit was completed.

Summary of Audit Recommendations by Department
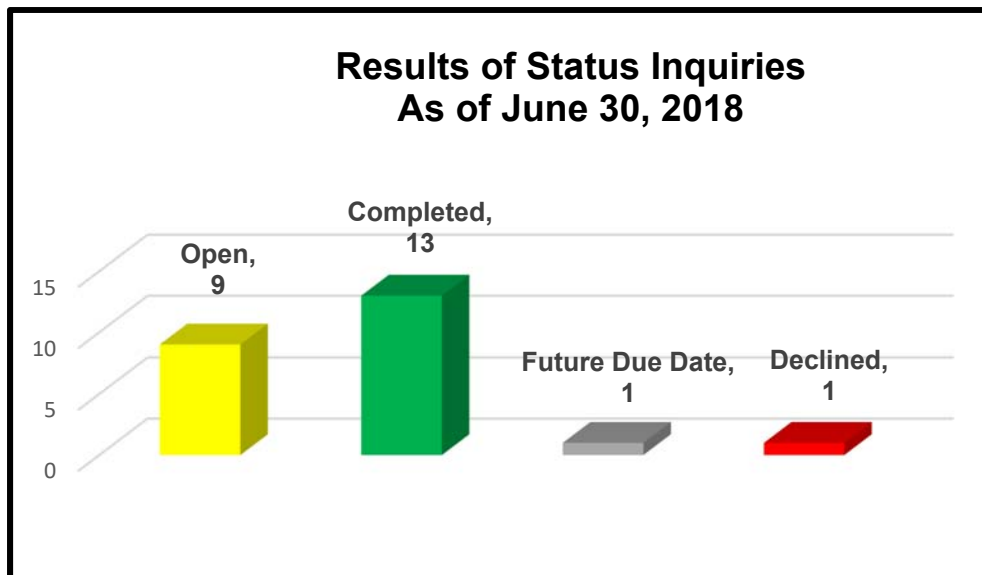## Ten Years ended June 30, 2018

Department	Findings	Open	Completed	Declined
City-wide	11	7	3	1
Finance	26	2	22	2
Fire	5		5	
Human Resources	8		8	
Human Rights	7		7	
Information Technology	36	1	30	5
Mayor	3		3	
Parks & Recreation	7		6	1
Police	21		19	2
Streets and Stormwater	3		3	
Working in Neighborhoods	9		8	1
	136	**10**	**114**	**12**

Over the last 10 years, city managers have accepted 91% of Internal Auditing's recommendations. Our goal for management acceptance is 90%.

Recommendation Summary
Ten Years Ended June 30, 2018

Declined, 9%

Open, 7%

Completed, 84%

Implementation Status

As of June 30, 2018, there were 24 open corrective actions in our database. 23 of these were due to be completed. Our inquiry responses indicated the following status of the open findings.

Results of Status Inquiries
As of June 30, 2018

Completed, 13

Open, 9

Future Due Date, 1

Declined, 1

15

10

5

0

The table below summarizes the information we received from inquiries related to the 24 open corrective actions.

2009 Expenditure Analysis – City-Wide 6 open findings		
Finding	**Recommendation**	**Response**
Access all spend data sources	Automated extraction routines should be established to aggregate and update spend data from multiple sources on a regular basis.	The Enterprise Resource Planning (ERP) system went live in December 2017. Management has steadily increased and plans to continue increasing efforts to acquire data for managing expenditures.
Establish efficient and repeatable data cleansing	Management should decide whether to cleanse data going forward or to also cleanse historical data going back for a specified period.	
Provide information to empower buyers to become commodity managers	City buyers should be further developed into commodity managers who are responsible for all spend in their commodity category. These buyers should monitor spend behavior and ensure classification accuracy.	
Classify spending at a detailed level	Management should set goals each year to increase the percentage of spend classified at a detailed level. A high percentage of spend classified at a detailed level will enable the City to establish optimal purchasing strategies based on timely and accurate intelligence.	
Enhance core spend data with management information	Management should consider initiating a spend data management program that will summarize spending trends and allow drill down from high-level summaries into individual transaction detail.	
Adopt a common transaction coding classification method citywide	All spend transactions should be coded using a consistent and useful classification method.	

2012 Information Technology Infrastructure Information Technology Department 1 open finding – 3 complete findings		
Finding	**Recommendation**	**Status**
The City has not defined role-based system access requirements.	Develop policy and process for defining and managing access. With the primary business owner, define who should have access, and at what level.	In 2016, ITD began working with Human Resources and Security on a process to ensure revocation of access rights was completed in an automated fashion, but the effort was interrupted by the implementation of the new ERP system. Upon completion of the current Active Directory upgrade, ITD will begin this work again.
A formal Business Continuity Plan (BRP) does not exist	Business and IT Management should perform a business impact analysis and develop a disaster recovery plan and a business continuity plan.	ITD has created and published a Disaster Recovery Plan which is updated on a monthly basis to ensure the data contained is the most current possible.
Some policies and procedures do not accurately reflect current practices. Many policies do not have supporting implementing procedures.	Develop and implement policies and procedures.	As a part of the recent Customer Service Plan, ITD has completed a comprehensive SOP manual that is available to all IT personnel and is in the process of reviewing and updating so they can be published in a location available to all personnel.
Segregation of duties outside of the finance systems is not defined, and not documented.	Management should identify additional segregation of duty requirements and develop procedures to support defined segregation of duties requirements.	The new financial system has been implemented and segregation of duties has been implemented. This same model has been or is being adopted for various other systems such as Lucity, CAD, Police RMS, and Court CMS systems.

2012 – Franchise Tax – Finance Department 2 open findings		
Finding	**Recommendations**	**Status**
Roles and responsibilities for monitoring and evaluating franchise ordinance provisions have not been fully developed and assigned.	Establish/define roles & responsibilities for periodic assessment of franchise fee levels. Revenue ordinance monitoring & implementation responsibilities be evaluated and more formally documented.	Discussions regarding definition of roles and responsibilities are continuing.

2015 – Vendor to Employee Data Comparison - Finance Department 1 complete finding		
Finding	**Recommendations**	**Status**
Within the vendor master file there is no way to differentiate between employee reimbursements and employees acting as vendors.	Management should consider establishing unique identifiers for employee reimbursements as it has for employee travel.	The new financial system has separate coding for payments made to vendors and those made to employees.

2015 – Surplus Property - Finance Department 1 complete finding – 1 declined finding		
Finding	**Recommendation**	**Status**
Key control for surplus property storage needs improvement	Management is encouraged to develop improved control of keys	Key control has been improved.
Pre-numbered and Controlled Receiving Documents are not used for Surplus Property Received at the Surplus Yard.	In developing the new financial system, the Finance Department should consider pre-numbering the forms used to surplus property and accounting for the numerical sequence of the forms issued by the departments delivering property to the surplus yard.	The financial system does not generate surplus forms. Department staff complete a form and send three copies with the surplus property. Surplus property staff use the forms to track property.

2016 – MERP Processes and Controls - Human Resources Department 2 complete findings		
The Plan lacks clearly documented staff roles and responsibilities which led to administrative, internal control and compliance weaknesses for MERP.	The audit report included 14 recommendations related to roles and responsibilities.	A Plan Administrator position has been created and an employee hired. This position has taken on MERP roles and responsibilities.
Needed Plan controls and processes are not fully developed or documented.	The audit report included 12 recommendations related to controls and processes.	MERP bylaws have been revised, which will provide documentation and guidance on MERP controls and processes.

2016 – Recruiting and Retaining Millennials Human Resources Department 3 complete findings		
Finding	**Recommendation**	**Status**
Millennials commented on inadequate pay and benefits; starting pay too low for hiring requirements.	Improve starting pay and benefits.	Mayor Bynum has made pay increases a priority. Management has established an insurance working group to address benefit levels.
Millennials commented on lack of pay raises.	Provide raises in a more consistent manner.	Budget for raises has been provided three years in a row and will continue for the upcoming year.
Millennials expressed a desire for better customer service from Human Resources.	Human Resources (HR) should become more transparent with employees regarding its efforts to recruit, retain and support employees. Suggest improvement through publicized reports regarding achievement toward customer service goals.	Human Resources has implemented a customer survey to improve its service levels. The City rolled out a city-wide customer service initiative designed to improve service to both external and internal customers. HR is participating with this initiative. HR started with City Medical and will continue the effort through all other HR divisions.

2017 – Employee Training – City-wide 1 open finding – Future due date		
Less than half of employee survey respondents were satisfied with training	A training task force identified 8 corrective action steps to be taken to improve employee training.	Follow-up on this finding is deferred until 6-30-20.

2017 Cash Handling Controls Working in Neighborhoods – Animal Welfare Center 3 complete findings		
Finding	**Recommendation**	**Status**
Multiple employees are using a single cash drawer, making individual accountability for cash difficult.	Cash drawers for each staff member is recommended.	Staff has identified an option which will allow use of multiple draws at the front and provide a method to hold each employee accountable for their transaction.
Scheduled cash deposit pickup was not consistently occurring.	Deposits should be consistently made as soon as possible.	Deposits are made daily to help minimize error. WIN is training back-up staff.
Documents indicate continuing out of balance situations. Management indicated this was due to a system issue.	Management should address and correct the system issue.	The Chameleon report has been fixed and now balances correctly each day.