



# AUDITOR GENERAL

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## TOWN OF CEDAR GROVE, FLORIDA FOLLOW-UP ON OPERATIONAL AUDIT REPORT NO. 2007-048

### SUMMARY

This report provides the results of our follow-up procedures for each of the findings included in our report No. 2007-048 and the Mayor’s response thereto. Our follow-up procedures to determine the Town of Cedar Grove’s (Town) progress in addressing the findings and recommendations contained in report No. 2007-048 disclosed that the Town, as of the completion of our follow-up procedures in April 2008, had adequately addressed 18 of the 46 findings included in that report. The Town had partially addressed 16 findings, had taken no action regarding 9 findings, and had no opportunity to address 3 findings.

### BACKGROUND

The Auditor General is authorized by State law to perform audits of governmental entities in Florida. As directed by the Legislative Auditing Committee, we conducted an operational audit of the Town of Cedar Grove, Florida, for the period October 1, 2004, through December 31, 2005, and selected actions taken prior and subsequent thereto. Pursuant to Section 11.45(2)(1), Florida Statutes, the Auditor General, no later than 18 months after the release of report No. 2007-048, must perform such appropriate follow-up procedures as deemed necessary to determine the Town of Cedar Grove’s progress in addressing the findings and recommendations contained within that report.

### STATUS OF REPORT NO. 2007-048 FINDINGS

#### General Management Controls

#### Finding No. 1: Employee Turnover

##### Previously reported

The Town experienced a high turnover rate of key administrative employees, including the Clerk, Deputy Clerk, Finance Officer, Water and Sewer Department Clerk, and Administrative Assistant, in a short period of time, reducing its ability to provide consistent application of its policies and procedures.

We recommended that the Town strive to provide a stable and effective working environment for employees in key positions to promote consistent application of its policies and procedures.

##### Results of follow-up procedures

***The Town has adequately addressed this finding.***

The Town has stabilized the turnover of key administrative employees since the prior audit. The Finance Officer, Clerk, and Deputy Clerk had been employed with the Town for 22 months as of April 2008. The Town now has three utility clerks. Although the three utility clerks and the Administrative Assistant had only been with the Town from 8 to 11 months as of April 2008, the Town has taken steps to promote stability in the work force, such as participating in the Florida Retirement System;

increasing the starting salaries; and adopting a uniform pay scale.

**Finding No. 2: Staffing and Training**

**Previously reported**

The Town’s population had been increasing due to Town annexations, while at the same time, the staff of the Public Works and Police Departments had been decreasing. Additionally, the administrative personnel appeared to be understaffed, had difficulties in using the accounting software, and had inadequate training which, in many instances, contributed toward improper account balances being reported in the accounting records.

We recommended that the Town evaluate its staffing of the Police and Public Works Departments, as well as the administrative staff, to keep pace with rising population and increases in workload, and ensure that Town services are being provided as needed and Town records are maintained on a current basis. We also recommended that the Town consider adding a Town Manager or Administrator position that would be responsible for managing the day-to-day operations of the Town. Additionally, we recommended that training be provided to those employees responsible for recording transactions in the Town’s accounting system.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

Our review of the staffing levels of the Police and Public Works Departments disclosed that the Town increased staff in both departments, and the Town’s estimated 2007 population decreased 7 percent from its 2005 population estimate (from 6,156 to 5,723 according to the Office of Economic and Demographic Research), resulting in a higher ratio of employees to total population.

While the Town has not added a Town Manager or Administrator position, as recommended in our previous audit, it did realign its organization so that the Clerk effectively functions as a manager, reporting to the Mayor and Board of Commissioners, with all

department heads reporting to the Clerk. Most of the Clerk’s day-to-day duties, as set by the Town’s Charter, were delegated to the Deputy Clerk.

Additionally, our review disclosed that training was provided to the Deputy Clerk, Finance Officer, and utility clerks, which included governmental finance and specific training on the Town’s accounting and utility billing software.

**Finding No. 3: Written Policies and Procedures**

**Previously reported**

Written policies and procedures necessary to assure the efficient and consistent conduct of accounting and business-related functions were not established in some instances. Additionally, the limited policies and procedures that the Town did have were never formally adopted.

We recommended that the Town adopt comprehensive written policies and procedures that are consistent with applicable laws, ordinances, and other guidelines. In doing so, we recommended that the Town ensure that the written policies and procedures address the instances of noncompliance and control deficiencies discussed in report No. 2007-048.

**Results of follow-up procedures**

***The Town has partially addressed this finding.***

The Town drafted a comprehensive personnel policy manual, as well as procedures for accounts receivable, accounts payable, purchasing, and cash management. However, these policies and procedures were in draft form and had not been officially adopted by the Town Commission as of April 2008.

**General Accounting Controls**

**Finding No. 4: Separation of Duties**

**Previously reported**

The Town did not adequately separate duties regarding disbursement processing, cash controls, payroll and

personnel processing, water and sewer fee collections, mail receipts, and other collections.

We recommended that the Town, to the extent practical, separate duties so that one employee does not have control of all aspects of a transaction (i.e., both recording responsibility and custody of assets). In circumstances in which adequate separation of duties is not practical, we recommended that the Town ensure that adequate compensating controls are implemented to mitigate the risk of errors or fraud.

#### **Results of follow-up procedures**

#### ***The Town has partially addressed this finding.***

Our review of the Town's controls disclosed the following:

- ***Disbursement Processing and Cash Controls.*** The Finance Officer still prepared bank deposits, took deposits to the bank, recorded the information in the accounting system, and prepared and posted journal entries.
- ***Payroll and Personnel Processing.*** The Finance Officer added new employees to the payroll system, had the ability to change pay rates for employees, set up employees for direct deposit, authorized the bank to make each payroll's direct deposits, and reconciled the payroll bank statements to the accounting records without documented independent review. Also, the Finance Officer distributed payroll checks for those employees who were not paid by direct deposit. Additionally, there was no independent reconciliation of direct deposits made by the bank to authorized payroll records.
- ***Water and Sewer Fee Collections.*** The Town now has the three utility clerks working out of separate cash drawers. Only the utility clerks collected fees, and each utility clerk was responsible for closing and balancing his or her own cash drawer.

➤ ***Mail Receipts.*** Water and Sewer fee collections received through the mail were not recorded by the mail opener at the initial point of collection through the use of a mail log or other means prior to recording payments in the cash receipting system. Recording receipts at the initial point of collection establishes accountability and can be used to provide an independent verification that payments received in the mail were subsequently deposited to the Town's bank account.

➤ ***Transfer Documents.*** Utility clerks counted their cash drawers and gave the collections and batch sheets to the Finance Officer, who subsequently prepared the deposits. However, no transfer documents were used to evidence the transfer of responsibility from one employee to another.

Failure to adequately separate duties increases the possibility that errors or fraud could occur and not be promptly detected.

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#### **Finding No. 5: Unrecorded Transactions**

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#### **Previously reported**

The Town did not record all transactions in its accounting records in a timely manner.

We recommended that the Town ensure that all transactions are recorded in the accounting records, and the transactions are recorded timely.

#### **Results of follow-up procedures**

#### ***The Town has adequately addressed this finding.***

Our review disclosed that transactions tested were recorded in the appropriate accounting records in a timely manner.

**Budgetary Controls**

**Finding No. 6: Budget Preparation and Adoption**

Previously reported

The Town did not formally adopt its 2004-05 budget and did not consider the effects of beginning fund balances and net asset balances during the 2004-05 and 2005-06 budget process, contrary to Section 166.241, Florida Statutes.

We recommended that the Town ensure that its annual budget is adopted by ordinance as required by Section 166.241(2), Florida Statutes. Additionally, we recommended that the Town consider all amounts carried over from prior fiscal years in the preparation of the budget, as required by Section 166.241(2), Florida Statutes.

Results of follow-up procedures

*The Town has partially addressed this finding.*

The Town formally adopted its 2007-08 fiscal-year budgets by ordinance on September 25, 2007. However, the budgets did not consider the fund balances and net assets from the prior fiscal year, and the budgets had not been amended, as of March 11, 2008, to include this information.

**Cash in Bank**

**Finding No. 7: Bank Reconciliations**

Previously reported

The Town did not perform bank reconciliations for any of its 20 bank accounts during the entire 2004-05 fiscal year, and had not done so for the months subsequent to November 2005, as of August 3, 2006.

We recommended that the Town enhance controls to provide for timely and accurate bank reconciliations. Additionally, we recommended that the Town ensure that all journal entries relating thereto are promptly

prepared, reviewed, approved, and recorded in the accounting records.

Results of follow-up procedures

*The Town has partially addressed this finding.*

Our review of the October 2007 and January 2008 bank reconciliations for each of the Town’s 14 bank accounts (28 bank reconciliations in total) disclosed the following:

- All bank accounts, but one, were reconciled to the accounting records. The one bank account not reconciled to the accounting records, the general operating account, represented the largest and most significant bank account. The lowest daily balance in that account during the period October 2007 through February 2008 was \$1,733,919. Town staff attempted to reconcile the bank statements for that account; however, the book balances according to the bank reconciliations we reviewed were \$60,358 and \$65,734 higher, respectively, than the balances reported in the general ledger.
- None of the bank reconciliations were signed or dated by the preparer. As a result, we could not determine whether the reconciliations were timely prepared.
- All of the bank reconciliations lacked evidence of review or approval by someone other than the person who performed the reconciliations. Such reviews and approvals are important to ensure that reconciling items are appropriate and timely resolved.
- Interest earnings totaling \$12,483 for the two months tested had not been recorded in the accounting records as of March 10, 2008. Subsequent to our inquiry, the Town recorded the interest in the accounting records.

**Finding No. 8: Check Writing Process****Previously reported**

Checks recorded in the Town's accounting records did not always reflect the correct check number, were sometimes issued out of sequence and, in several instances, were postdated.

We recommended that the Town establish procedures to ensure that all checks are issued in both numerical and chronological order and are not postdated. We also recommended that the Town ensure that the check numbers are accurately recorded in the accounting records.

**Results of follow-up procedures*****The Town has adequately addressed this finding.***

Our review of the 14 bank accounts, check registers, and general ledger for October 2007 and January 2008 did not disclose post-dated checks or checks not accurately recorded in the accounting records. There was one instance where two checks were issued out of sequence, but the Town was able to provide appropriate explanations.

**Finding No. 9: Stale-Dated Checks****Previously reported**

Contrary to the requirements of Chapter 717, Florida Statutes, the Town had not reported stale-dated checks, or remitted the appropriate money, to the Florida Department of Financial Services (FDFS) for the past three years.

We recommended that the Town take appropriate action to file the required reports and deliver any unclaimed property to FDFS. Additionally, we recommended that the Town enhance controls to ensure that stale-dated checks are timely reported and delivered to FDFS in future years.

**Results of follow-up procedures**

***The Town has not addressed this finding.*** On April 9, 2008, the Finance Officer stated that she was in the process of obtaining the needed information to file a 5-year cumulative report with FDFS.

**Finding No. 10: Transfer of Funds****Previously reported**

The Town did not have on file the agreements with the banks with which it conducts business that addressed transfers to and from Town bank accounts.

We recommended that the Town enter into written agreements with all financial institutions with which it conducts business. We also recommended that such agreements specify the responsibilities of the Town and the banks, the locations and accounts where funds can be transferred, limits on amounts that can be transferred, and persons authorized to make transfers and changes in locations and accounts to which funds can be transferred.

**Results of follow-up procedures*****The Town has partially addressed this finding.***

Our review of the Town's written agreements with its financial institutions disclosed that two authorized signors were required to electronically transfer funds. However, the agreements did not specify the locations and accounts where funds can be transferred, limits on amounts that can be transferred, or persons authorized to make transfers and changes in locations and accounts to which funds can be transferred.

**Finding No. 11: Bank Accounts Signature Cards****Previously reported**

The Town had not updated its signature cards with the various financial institutions to remove former employees from check signing, or other authority.

We recommended that the Town Commission consider revising its check signing policy such that each check is signed by the Mayor or other Commissioner and one additional person. In addition, we recommended that the Town update signature cards for changes in approved signors in a timely manner.

**Results of follow-up procedures*****The Town has adequately addressed this finding.***

Our review of all bank account signature cards

disclosed that only the current Mayor, Commissioners, and Clerk were authorized to sign checks, and all checks required two signatures.

**Investments**

**Finding No. 12: Investment on Earnings on Surplus Funds**

**Previously reported**

The Town could have earned additional interest on investments of surplus funds.

We recommended that the Town, to maximize interest earnings on surplus Town funds, when appropriate, invest in authorized investments offering competitive returns consistent with safety and liquidity requirements.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

Our review of the Town’s operating account, which contains the majority of the Town’s money, disclosed that the Town periodically performed analyses to determine if it would be prudent to invest the excess funds elsewhere at a higher yield, and determined the interest rate earned at its current bank to be competitive.

**Fixed Assets**

**Finding No. 13: Tangible Personal Property Records and Controls**

**Previously reported**

The Town had not established general ledger control accounts or subsidiary records for all tangible personal property; did not mark all property as property of the Town; had not performed a physical inventory since prior to September 2003; and did not have titles to all vehicles it owned.

We recommended that the Town establish general ledger control accounts and detailed subsidiary records

to ensure the proper recording of all tangible personal property, including property classifications and descriptions, physical location, manufacturer’s serial numbers, custodian, and acquisition and disposal information on each individual property item. We also recommended that the Town annually perform a complete physical inventory of all tangible personal property and, once subsidiary property records are established, reconcile the results to the Town’s property records. Finally, we recommended that titles for all Town-owned vehicles be located, or duplicates obtained, and filed in a secure centralized location.

**Results of follow-up procedures**

***The Town has partially addressed this finding.***

Our review disclosed that although the Town did mark its property as property of the Town, it did not establish general ledger control accounts in all instances, or subsidiary records for its tangible personal property. Additionally, the Town did not perform a physical inventory of its tangible personal property since the issuance of our report No. 2007-048 in November 2006. Finally, the Town did not have titles on file for all vehicles it owns. Of the 22 Town-owned vehicles, the Town did not have titles on file for 4 vehicles (18 percent).

**Long-Term Debt**

**Finding No. 14: Loan Approval**

**Previously reported**

The Town Commission authorized the borrowing of \$1,261,000 without enacting an ordinance or resolution, as required by law.

We recommended that the Town Commission, in order to comply with Section 166.121, Florida Statutes, approve the borrowing of funds, or “bonds” as defined in Section 166.101, Florida Statutes, through the enactment of an ordinance or adoption of a resolution.

**Results of follow-up procedures**

*The Town had no opportunity to address this finding.* The Town paid off the \$1,261,000 loan and had not borrowed additional moneys since November 30, 2006.

**Finding No. 15: Debt Management**

**Previously reported**

The Town did not appropriately manage its long-term debt by seeking to obtain more favorable terms.

We recommended that, for future borrowings, the Town prepare analyses to determine the amount of needed financing, the timing of the needed funds, and the available financing options. The Town should strive to obtain the most favorable financing terms available. We also recommended that the Town consider utilizing the moneys invested in money market accounts and certificates of deposit, and any other available moneys, to reduce the principal amount owed on the loan and seek to obtain more favorable terms for the loan.

**Results of follow-up procedures**

*The Town has adequately addressed this finding.* The Town paid off the \$1,261,000 loan and had not borrowed additional moneys since November 30, 2006.

**Finding No. 16: Interest Payments**

**Previously reported**

The Town advance-paid interest on a \$1,261,000 loan, and did not strictly adhere to the payment terms set forth in the loan document.

We recommended that the Town ensure that required interest payments be made on time, but not in advance. We also recommended that the Town ensure that future payments are made according to the loan agreement and that the Town refrain from advance payment of debt unless there is a benefit to be gained.

**Results of follow-up procedures**

*The Town has adequately addressed this finding.* The Town paid off the \$1,261,000 loan on October 1, 2007. No advance-paid interest was noted on the loan subsequent to our previous audit, and the Town had no additional borrowings since November 30, 2006.

**Restricted Resources**

**Finding No. 17: Accountability for Restricted Resources**

**Previously reported**

The Town could not demonstrate that it expended moneys received for local option and municipal fuel taxes in accordance with specific provisions in law. Approximately one-half of these moneys were expended for salaries and benefits of Public Works Department employees; however, the Town did not maintain documentation of employee time and effort to sufficiently establish that the employees' activities were attributable to activities specified by law.

We recommended that the Town establish procedures to document the employee time worked, such as work logs or other time records, on activities for which funds received pursuant to Sections 336.025(1)(b)3. and 206.605(2), Florida Statutes, may be used.

**Results of follow-up procedures**

*The Town has not addressed this finding.* The Town had not established procedures to document employee time worked, such as work logs or other time records, on activities for which funds were received pursuant to Sections 336.025(1)(b)3. and 206.605(2), Florida Statutes, may be used.

<b>Revenues and Cash Receipts</b>
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<b>Finding No. 18: Cash Collections</b>
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**Previously reported**

The Town lacked adequate controls over receipting, recording, securing, and timely processing cash collections.

We recommended that, since the Town has an automated receipting system, the elimination of manual receipts should be considered. If it is not practicable to eliminate manual receipts, we recommended that the Town use prenumbered receipts, in duplicate, to document cash collections and ensure that proper amounts are recorded to the accounting records and deposited. We also recommended that management document its review of voided transactions and determine the reason for the voids. We recommended that the Town assign new user names and passwords to access the Town's accounting system, and such user names and the passwords be adequately safeguarded. We further recommended that the Town limit the employees who can access cash collections awaiting deposit, change the vault combination and keys to the collection storage area when employees with access leave the Town's employment, and lock the vault at all times. Finally, we recommended that the Town ensure that batches are closed on a daily basis and receipts are promptly deposited thereafter.

**Results of follow-up procedures*****The Town has partially addressed this finding.***

Our review of the Town's controls over receipting, recording, securing, and timely processing cash collections disclosed the following:

- ***Manual Receipts.*** The Town implemented procedures in March 2008, including the use of prenumbered receipts, in duplicate, to ensure that proper amounts were recorded to the accounting records and deposited. However, our review disclosed one of eight receipts tested in which the receipt and its

duplicate copy were missing. The Finance Officer stated that a utility billing clerk made an error on the receipt and discarded the receipt and the duplicate copy rather than voiding the receipt and retaining both copies. Failure to retain duplicate copies of pre-numbered receipts compromises the controls afforded by their use.

- ***Accounting System Access.*** In February 2008, the Town enhanced password security to its accounting system. Each user was assigned a unique user identification, which restricted access to appropriate modules in the accounting system.
- ***Voided Receipts.*** In February 2008, the Town began documenting its review of voided transactions to ensure that cashiers were not voiding receipts and keeping the cash.
- ***Security.*** The Town limited the number of employees who had access to collections awaiting deposit. On April 14, 2008, subsequent to our inquiry, the Town changed the vault combination. Also, we noted that the Town had changed the keys to the collection storage area at various times since 2006. Additionally, we noted on various occasions that the vault was kept secured during the business day.
- ***Receipt Processing.*** Cash receipts were recorded in the accounting system in batches, which were opened in the afternoon and closed the following afternoon. We noted that no batch was open for more than two business days. However, we did note that 57 of 63 batches tested were not deposited timely, with deposits being made from 3 to 18 days after the batch was closed.



**Finding No. 19: Utility Receivables Reconciliations and Collections**

**Previously reported**

The Town did not reconcile the accounts receivable accounts in its general ledger to its subsidiary records, or enforce its collection procedures for past due accounts.

We recommended that the Town periodically reconcile the general ledger accounts receivable accounts to its subsidiary records to ensure that account balances are adequately supported and accurately reported. We also recommended that the Town enforce its procedures for following up on past due balances.

**Results of follow-up procedures**

***The Town has partially addressed this finding.***

Although the Finance Officer indicated that reconciliations of the general ledger accounts receivable accounts to the subsidiary records are performed annually, we were not provided with documentation evidencing this reconciliation for the 2006-07 fiscal year. Additionally, subsequent to our inquiry, the Town referred 30-day past due outstanding accounts totaling \$32,093 to its contracted collection agency.

**Finding No. 20: Water Usage Rates**

**Previously reported**

The Town did not amend Resolution No. 2003-9 to officially set water rates at amounts currently being charged pursuant to the bond agreement.

We recommended that the Town amend Resolution No. 2003-9 to officially set water rates at the amounts being charged pursuant to the bond agreement.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

On March 11, 2008, the Town passed Ordinance No. 441, which established the water rates at the amounts being charged by the Town pursuant to the bond agreement.

**Finding No. 21: Water Service Discontinuance and Reconnection**

**Previously reported**

The Town charged residential customers twice the amount allowed under Ordinance No. 267 for water reconnection fees, and did not charge reconnection fees, or did not discontinue service, to business customers.

We recommended that the Town charge the established reconnection fees and enforce service discontinuance after the 20-day period for all customers, or amend the provisions of Ordinance No. 267.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

On March 11, 2008, the Town Commission passed Ordinance No. 441, which amended Ordinance No. 267, establishing the \$20 reconnection fee that the Town was assessing. Also, we noted that business accounts were being assessed reconnect fees, as appropriate, and the Town was discontinuing service after 20 days for all accounts that were unpaid.

**Finding No. 22: Water and Sewer Deposits**

**Previously reported**

The Town did not reconcile its water and sewer deposit liability accounts to the water and sewer deposit bank accounts, or maintain subsidiary records of customer deposits.

We recommended that the Town reconcile the water and sewer deposit liability accounts to the water and sewer deposit bank accounts on a regular basis. Additionally, we recommended that the Town establish subsidiary records to support its deposit accounts and periodically reconcile these records to the customer deposit liability accounts to ensure that the liability is adequately supported.

**Results of follow-up procedures**

***The Town has not addressed this finding.*** The water and sewer customer deposit liability accounts

were not reconciled to the customer deposit detail listing and the Town had not established subsidiary records to support its deposit accounts. We were provided with a customer deposit listing as of September 30, 2007, which was \$51,995 greater than the customer deposit liability account. Additionally, the Town had not been depositing the water and sewer deposits into the water and sewer deposit bank accounts, but was depositing them into the general operating bank account. As of April 2008, the Town had not transferred the deposits from the general operating bank account to the water and sewer deposit bank accounts.

**Finding No. 23: Garbage Franchise Fees**

**Previously reported**

The Town did not implement or enforce all requirements of Ordinance No. 317, which establishes the conduct of business in the Town regarding trash and garbage removal.

We recommended that the Town implement and enforce all provisions of Ordinance No. 317.

**Results of follow-up procedures**

*The Town has not addressed this finding.* Our review of the Town's records relating to the five garbage collection providers within the Town disclosed that the Town had not implemented or enforced the provisions of Ordinance No. 317, as follows:

- No permits and no rates were approved by the Town Commission for the garbage collection providers that paid franchise fees to the Town.
- For three providers, the Town's records did not contain proof of liability insurance coverage.
- For two providers, the Town's records did not contain schedules of the gross revenues collected.

- The Town's records indicated that two providers did not pay the two percent fee by the 10<sup>th</sup> of the month following the month of collection for 17 months (December 2006 through April 2008).
- For two providers, the Town's records did not contain listings of the providers' customers.
- For three providers, the Town's records did not contain listings of the customers' addresses, schedules of days of service, or schedules of rates charged.
- For all five providers, the Town's records did not contain copies of the proposed schedules of collections, manner of collection, rates, descriptions of equipment to be used, dispositions to be made of the garbage and refuse collected, or statements of what garbage or refuse would not be collected.
- The Town had not audited the records of any of the garbage collection providers.

**Finding No. 24: Occupational License Fees**

**Previously reported**

The Town was inconsistent in its methodology used to record occupational licenses issued, did not use prenumbered license forms, and did not ensure that fictitious name registrations were on file for all licensees.

We recommended that the Town resolve the issues with the Business License module, and use the module to process occupational licenses. We also recommended that the Town review its accounting records and correct any misclassifications. We further recommended that the Town use prenumbered occupational license forms so that accountability for issued licenses can be established, and reconcile licenses issued to amounts collected, recorded, and deposited. Finally, we recommended that the Town implement procedures to ensure that new applicants

have complied with Fictitious Name Act requirements prior to issuing local occupational licenses.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

Our review disclosed that the Town used the Business License module to process occupational licenses, and that amounts collected for occupational licenses were being recorded to the correct account classification in the general ledger. Although the occupational license forms were not prenumbered, the Business License module assigned a unique sequential number to each business, and the number was printed on the occupational license forms. Also, the Town implemented procedures to ensure that new applicants complied with the Fictitious Name Act requirements, and that renewal notices were timely generated and mailed.

**Finding No. 25: Permit and Plat Review Fees**

**Previously reported**

The Town did not use prenumbered forms for permits or plat review applications and, therefore, had limited assurance that all permit and review activity was accounted for.

We recommended that the Town use prenumbered forms for plat review applications and permits so that accountability may be established and reconciliations may be performed between plat review applications and permits to amounts collected, recorded, and deposited. In addition, we recommended that the Town ensure that an accounting for prenumbered forms is performed by individuals who are not responsible for application approval, and who do not have access to fees collected.

**Results of follow-up procedures**

***The Town has not addressed this finding.*** The Town was not using prenumbered forms for permits or plat review applications and, therefore, was not able to demonstrate that all permit and review activity was accounted for.

**Personnel and Payroll**

**Finding No. 26: Hiring Practices**

**Previously reported**

The Town had no officially adopted position descriptions, minimum requirements or pay grade or range for its staff; and did not adequately document, verify, or maintain information about applicants or new hires.

We recommended that the Town adopt position descriptions and minimum requirements for all positions and set a standard pay grade or range for each position. Additionally, we recommended that the Town implement procedures to ensure that all prospective employees submit an employment application, to properly verify and document employee qualification for the positions, and to document employee appointment and starting salary.

**Results of follow-up procedures**

***The Town has partially addressed this finding.***

The Town Commission approved a starting pay scale at its regular meeting on March 18, 2008, and approved job descriptions, except for the administrative assistant, at its regular meeting on April 8, 2008.

However, our review of personnel files for the 16 new hires since January 1, 2007, disclosed the following:

- Nine files (56 percent) lacked documentation of the approved starting salary. However, the actual starting salary was consistent with the approved pay scale.
- Five files (31 percent) lacked documentation of the hire date.
- Two files (13 percent) lacked documentation that Town staff verified the employment history indicated on the employment application.

**Finding No. 27: State Directory of New Hires**

**Previously reported**

Contrary to Section 409.2576, Florida Statutes, the Town did not report each new or rehired employee to the State Directory of New Hires.

We recommended that the Town ensure that all new hires are reported to the State Directory of New Hires within the reporting timeframe set by law.

**Results of follow-up procedures**

*The Town has adequately addressed this finding.*

The Town now reports new hires to the State Directory of New Hires.

**Finding No. 28: Commission Compensation**

**Previously reported**

The Town did not pay the Mayor and Commissioners as employees, pursuant to Section 3401 of the Internal Revenue Code, and Chapter 4 of Internal Revenue Service Publication 963.

We recommended that the Town pay the Mayor and other Commissioners as employees rather than independent contractors. Additionally, we recommended that the Town contact the Internal Revenue Service (IRS) to determine what corrective action, if any, should be taken regarding unpaid employment taxes.

**Results of follow-up procedures**

*The Town has partially addressed this finding.*

The Town began paying the Mayor and Town Commissioners as employees during calendar year 2006. Our review of payroll tax documentation for the Town Commissioners for the 2006 and 2007 calendar years disclosed that the Town Commissioners were being paid as an employee, and the Town withheld applicable taxes and remitted and reported them to the IRS.

The IRS conducted an employment tax compliance check on June 25, 2007, for the 2005 tax year. However, although requested, no correspondence or

related documentation was provided by the Town to document the outcome of the tax compliance check, or future actions that may be taken by the IRS.

**Finding No. 29: Payroll Reporting**

**Previously reported**

It appears that the Town did not submit wage reporting Forms W-2 and W-3 for the 2004 calendar year to the Social Security Administration and could not locate copies of such forms.

We recommended that the Town ensure that all payroll reporting forms are timely and accurately reported to both the Internal Revenue Service (IRS) and the Social Security Administration (SSA), and appropriate copies maintained in the Town's records.

**Results of follow-up procedures**

*The Town has adequately addressed this finding.*

The Town timely submitted Forms W-2 and W-3 to both the IRS and the SSA and have maintained copies in the Town's files.

**Procurement of Goods and Services**

**Finding No. 30: Disbursement Processing**

**Previously reported**

The Town had incomplete purchase orders, invoices that predated the purchase orders, and paid numerous expenditures that lacked adequate supporting documentation or authorization. In addition, the Town did not solicit bids for one purchase in excess of \$1,000, contrary to Ordinance No. 90.

We recommended that the Town ensure that purchase orders are properly authorized, completed, and issued prior to incurring obligations for payment. Subsequent to receipt of the goods or services, we recommended that the receiving portion of the purchase order be signed and dated to indicate that the goods or services were received and acceptable. In addition, we recommended that the Town require that

each purchase be supported by a vendor invoice, that the invoices be reviewed prior to payment and initialed and dated by the approving individual, and that all invoices be canceled (i.e., stamped as paid) after payment and properly maintained in the vendor files. Finally, we recommended that the Town ensure that purchases are competitively selected in accordance with good business practices and Ordinance No. 90.

#### **Results of follow-up procedures**

***The Town has partially addressed this finding.*** In October 2006, the Town adopted Ordinance No. 394, which repealed Ordinance No. 90, increased the bid threshold to \$10,000, and required a majority vote by the Town Commission to incur any obligation on behalf of the Town.

Our review of two expenditures that exceeded \$10,000 disclosed that they were properly bid in accordance with Ordinance No. 394. However, our review of 16 other expenditures that did not meet the bid threshold requirement disclosed the following:

- Six expenditures, totaling \$782 (ranging from \$43 to \$440), were not supported by a purchase order.
- Four requisitions were dated after the invoice.
- Eleven expenditures lacked evidence that the goods were received.
- Six expenditures were not recorded to the appropriate general ledger accounts.

#### **Finding No. 31: Unauthorized Expenditures**

##### **Previously reported**

The Town paid for employee Christmas bonuses for which it did not clearly document that a public purpose was served or that the expenditures were legally authorized or benefited the Town.

We recommended that the Town clearly document in its public records the specific legal authority for the expenditures, and that the expenditures are reasonable, serve an authorized public purpose, and necessarily benefit the Town.

#### **Results of follow-up procedures**

##### ***The Town has adequately addressed this finding.***

Our review disclosed no instances of expenditures for which the Town's records did not demonstrate the authorized public purpose served.

#### **Finding No. 32: Cellular Telephone Policy**

##### **Previously reported**

The Town had not included the value of cellular telephone services that were not substantiated as business use in income reported for employees with cellular telephones to the Internal Revenue Service (IRS). In addition, the Town did not have policies and procedures for cellular telephone usage by employees; did not ensure that all telecommunication charges paid were authorized or served a public purpose; and did not require employees to reimburse the Town for personal calls.

We recommended that the Town Commission either establish a policy to treat all cellular telephone charges as employee fringe benefits, or establish and implement policies and procedures to document the business use of cellular telephones and require reviews of cellular telephone bills. In the absence of implementation of these policies and procedures, we recommended that the Town report appropriate amounts as income to the IRS in accordance with Federal requirements. In connection with the development of policies and procedures, and any corrective actions, we recommended that the Town confer with the IRS.

##### **Results of follow-up procedures**

##### ***The Town has not addressed this finding.***

Although the Town provided us with a draft cellular telephone usage policy based upon consultation with the IRS, the Town had not formally established and implemented policies and procedures regarding cellular telephone charges. Additionally, the Town did not report appropriate amounts as income to the IRS in accordance with Federal requirements for the 2007 calendar year.

**Finding No. 33: Telecommunication Taxes**

**Previously reported**

The Town paid taxes on telephone billings from which it was exempt.

We recommended that the Town notify its telecommunications providers of the Town’s tax exempt status to ensure that future taxes are not billed to the Town, and seek credit for any taxes previously paid on invoices.

**Results of follow-up procedures**

*The Town has not addressed this finding.* The Town stated that the telecommunications providers had been contacted regarding the Town’s tax exempt status and billing adjustments were pending. However, as of April 2008, billing adjustments had not been reflected on the telephone billings and taxes continued to be charged and paid by the Town.

**Finding No. 34: Contracts with Cellular Telephone Service Provider**

**Previously reported**

The Town did not maintain copies of six of its eight cellular telephone agreements and, thus, did not ensure billing amounts were in accordance with the terms of the agreements.

We recommended that the Town maintain copies of all agreements for the life of the agreement and, accordingly, should obtain copies of the missing six cellular telephone agreements. We also recommended that the Town review cellular telephone invoices to ensure that amounts billed are consistent with terms of the agreements.

**Results of follow-up procedures**

*The Town has not addressed this finding.* The Town had seven cellular telephone plans, one two-way radio plan, and one data connection card plan currently under contract. Two of the cellular telephone contracts and the data connection card contract were available for our review, and the charges agreed with the terms of the agreements. However,

although requested, contracts for five of the cellular telephone plans and the one two-way radio plan were not provided.

**Finding No. 35: Postage Meter Usage**

**Previously reported**

The Town did not restrict access to the postage meter, and did not reconcile the usage logged to the amount remaining in the meter and the amount of postage drafted from the Town’s bank account.

We recommended that the Town restrict access to the postage meter such that one individual is responsible for applying postage and preparing the usage log. We also recommended that an individual independent of the individual responsible for applying the postage reconcile the usage log to the postage balances in the postage machine and amounts drafted from the Town’s bank account.

**Results of follow-up procedures**

*The Town has partially addressed this finding.* Subsequent to our inquiry, on March 31, 2008, the Town restricted access to the postage meter to one individual who was responsible for metering all mail. However, a usage log for reconciling postage balances in the postage machine and amounts drafted from the Town’s bank account was not maintained.

**Travel Expenses**

**Finding No. 36: Travel Reimbursements – Travel Vouchers**

**Previously reported**

The Town did not have an adopted travel policy, did not require sufficient documentation in support of travel expenditures, and did not always adhere to the requirements of Chapter 112.061, Florida Statutes.

We recommended that each traveler be required to prepare and sign a travel expense voucher form certifying that the travel expenses were actually incurred for official Town business. We also

recommended that the travel voucher include explanations evidencing the necessary and authorized public purpose served by the travel, as well as sufficient details to determine that reimbursements were made in accordance with applicable laws. We further recommended that the Town’s travel vouchers include all costs directly related to the trip being reimbursed, times of departure and return to support payment of meal allowances, and reductions in meal allowances when meals are included in registration fees.

**Results of follow-up procedures**

***The Town has not addressed this finding.*** Our test of five travel-related expenditures, totaling \$2,498 (or 97 percent of travel-related expenditures), during the six-month period September 2007 through February 2008, disclosed the following:

- None of the travel reimbursement requests was supported by a travel expense voucher form containing a certification by the traveler that the expenses were actually incurred by the traveler, necessary in the performance of official duties, and materially true and correct.
- Four of the travel reimbursement requests were not approved by a Town official or other authorized department head.
- One traveler was overpaid \$121 for meal allowances and per diem for two additional days at a conference that did not appear necessary according to the conference agenda. The traveler also claimed a higher mileage reimbursement rate than allowed by Town policy, resulting in an overpayment of \$14.
- One traveler was overpaid \$12 for meal allowances and was also reimbursed \$85 for restaurant charges. Another traveler was underpaid \$24 for meal allowances.
- Four travelers did not attach the conference agenda to the reimbursement request. Although the agendas were subsequently provided upon request, absent the agendas

being provided at the time that the travel expenditures were approved for payment, it was not apparent how the Town documented compliance with the requirements of Section 112.061, Florida Statutes, prior to payment.

- Four travelers did not indicate the time of departure or the time of return on their travel reimbursement requests.
- The Town paid \$46 for taxes on lodging, from which the Town is exempt.

**Contractual Services**

**Finding No. 37: Awarding of Contracts for Services**

**Previously reported**

The Town did not comply with Section 218.391, Florida Statutes, and Ordinance No. 90 when acquiring certain professional services, did not always enter into written contracts for services, and did not properly monitor contracts for services to ensure contractors performed in accordance with terms of the contract.

We recommended that the Town comply with the auditor selection procedures of Section 218.391, Florida Statutes, and competitive bid requirements of Ordinance No. 90, when acquiring professional services. We also recommended that the Town ensure that written contracts are utilized and executed, describing the services to be performed and rates to be charged, prior to the performance of the services. Prior to making future payments for contractual services, we recommended that the Town ensure that deliverables are received. Finally, we recommended that the Town recover an appropriate amount from the consultant for bank account reconciliations that were not completed.

**Results of follow-up procedures**

*The Town has partially addressed this finding.*

**Auditing Services**

Our review of the Town’s compliance with Section 218.391, Florida Statutes, in the selection of its auditor for the 2005-06 and 2006-07 fiscal years disclosed the following:

- The engagement letter (contract) for the 2005-06 fiscal year audit stated, “This engagement may be renewed annually at the option of both parties. Any renewal will be evidenced by an engagement letter.” The contract did not specify the contract period, including renewals and conditions under which the contract may be terminated or renewed, contrary to Section 218.391, Florida Statutes.
- The contract for the 2005-06 fiscal year audit stated “our charges for this work will be on an hourly basis . . . [and] our charge for this work will not exceed \$30,000 to \$34,000 for the audit.” However, the contract did not specify the hourly rate(s) to be charged. On February 6, 2007, the Town signed an agreement to pay the audit firm for additional time and staff, estimated to be three to four days, ranging from \$12,000 to \$15,000 inclusive of travel costs. This agreement also did not specify the hourly rate(s). Similar issues were noted in our review of the contract for the 2006-07 fiscal year audit.
- Neither contract contained a provision requiring that invoices for fees or other compensation be submitted in sufficient detail to demonstrate compliance with the terms of the contract, contrary to Section 218.391, Florida Statutes. Invoices for the 2005-06 fiscal year audit were for lump sum amounts that totaled \$49,000 (the maximum not to exceed amount of \$34,000 plus the maximum range of \$15,000) and did not indicate the hours or hourly rates. Insofar as the number of hours worked by staff and their hourly

rates were excluded from the billings, it is not apparent how the Town verified that it was billed according to contract terms and conditions before making payment.

- A number of additional invoices from the audit firm, totaling \$4,446, did not clearly indicate whether the invoices were for work on the 2005-06 fiscal year audit or for the other services provided. Our request for an explanation of the charges was forwarded to the Town’s audit firm; however, the audit firm’s response did not specify to which audit year the additional charges related, except for a charge of \$543 which was for initial planning for the 2006-07 fiscal year audit.
- On October 22, 2007, the Clerk signed an engagement letter (renewal agreement) for the 2006-07 fiscal year audit. However, although requested, the Town did not provide us with the meeting minutes that included the approval of this action by the Town Commission.

**Management Assistance and Bank Reconciliations**

As indicated in our previous audit, the Town paid a consultant \$1,520 to perform bank reconciliations; however, these bank reconciliations were not performed. Although requested, we were not provided with documentation that such reimbursement had been requested or received from the consultant.

**Utilization of Resources**

**Finding No. 38: Vehicle Maintenance**

**Previously reported**

The Town did not require the use of vehicle maintenance logs.

We recommended that the Town implement procedures requiring preparation of vehicle



maintenance logs for Town vehicles and periodic supervisory review of those logs.

**Results of follow-up procedures**

***The Town has partially addressed this finding.***

Although the Town required department heads to keep vehicle maintenance records on all vehicles, the Town had not adopted formal written procedures. Consequently, vehicle maintenance records, which are necessary to minimize vehicle repair or replacement costs, were inconsistently used as follows:

- The Public Works Department required each employee to prepare monthly Vehicle Safety Inspection Sheets, which documented the results of periodic vehicle inspections, and repairs and maintenance. However, no supervisory reviews were noted on these Vehicle Safety Inspection Sheets.
- The Police Department maintained folders for each vehicle that contained copies of invoices related to repairs or maintenance; however, there was no documentation of periodic vehicle inspections or supervisory reviews in the folders.

**Finding No. 39: Vehicle Taxable Fringe Benefit**

**Previously reported**

The Town had no written policies and procedures for the assignment of vehicles on a 24-hour basis, and did not report personal usage to the Internal Revenue Service (IRS).

We recommended that the Town adopt written policies and procedures regarding the assignment of vehicles on a 24-hour basis, maintain vehicle usage logs documenting personal use mileage, and begin reporting the value of such usage to the IRS. In addition, we recommended that the Town contact the IRS to determine what corrective actions, if any, should be taken regarding the unreported value of personal use of vehicles assigned on a full-time basis.

**Results of follow-up procedures**

***The Town has partially addressed this finding.***

The Town did not adopt written policies and procedures for the assignment of vehicles on a 24-hour basis. Only one vehicle outside of the Police Department was assigned on a 24-hour basis, and that was to the Public Works Director.

The Public Works Director did not keep a daily vehicle log. However, his only personal use was commuting to and from home. For the 2007 calendar year, it appeared that his personal use was accurately documented, correctly valued, and properly reported as income to the IRS. The Town assigned six police vehicles on a 24-hour basis, but did not have a policy for police officers to follow, did not maintain usage logs to document personal use mileage, and did not include the value of the personal use of these vehicles in employees' reported gross income.

The IRS conducted an employment tax compliance check on June 25, 2007, for the 2005 tax year. However, although requested, other than the initial letter from the IRS scheduling the compliance check, we were not provided correspondence documenting the outcome of that compliance check.

**Other Matters**

**Finding No. 40: Appointment of Mayor**

**Previously reported**

The Town did not comply with Section 100.361, Florida Statutes, governing the appointment of commission members during recall proceedings in 2002.

We recommended that, in the future, the Town comply with Section 100.361, Florida Statutes, governing the appointment of commission members in the event of a recall election in process for any sitting member(s) of the Town Commission.

**Results of follow-up procedures**

*The Town had no opportunity to address this finding.* The Town has not had any recall proceedings since the release of our report No. 2007-048 in November 2006.

**Finding No. 41: Conflict of Interest****Previously reported**

Contrary to the Town's personnel policy and Section 112.313(3), Florida Statutes, the Town contracted with an employee to provide cleaning services to the Town.

We recommended that, in the future, the Town refrain from contracting for services with its employees as required by the Town's Personnel Policy. In addition, we recommended that the Town provide training for Commissioners on ethics laws to avoid future situations that could result in conflicts of interest.

**Results of follow-up procedures**

*The Town has adequately addressed this finding.* Our review disclosed no instances in which the Town paid employees for services outside their normal duties as an employee of the Town. The Town's attorney regularly provided Town officials with various materials on ethics laws.

**Finding No. 42: Commission Minutes****Previously reported**

The Town did not timely transcribe, review, or approve all commission meeting minutes. Additionally, some minutes were not signed by the appropriate Town official and the Town was unable to provide proof of notice for some meetings.

We recommended that all meeting minutes be promptly transcribed and presented to the Commission for review, corrections noted if necessary, and timely approved. We also recommended that all approved minutes be signed by the Mayor or Mayor Pro Tem and attested to by the Clerk. We further recommended that all minutes be promptly placed in the official books of minutes, and all related Town records should be retained and

maintained in such a manner as to be easily located by the Town Commission and Town staff.

**Results of follow-up procedures**

*The Town has partially addressed this finding.* Our review of the minutes for meetings held subsequent to November 2006 disclosed that the minutes were retained and maintained in such a manner as to be easily located by the Town Commission and Town staff. During the period January 2007 through February 2008, the Town held a total of 47 meetings. Although the minutes were adequately noticed and timely transcribed, our review of the meeting notices, agenda packets, and minutes disclosed the following:

- For 9 (19 percent) meetings consisting of 5 regular meetings, 3 special meetings, and 1 workshop meeting occurring between December 11, 2007, and February 29, 2008, minutes had not been approved as of April 18, 2008. Additionally, minutes for two of these meetings had not been signed by the Mayor.
- Of the 38 remaining meetings that were approved, the approval was not timely for 16 (42 percent), ranging from 40 to 91 days after the date on which the meeting was held. We considered meetings to be timely approved if approved within 35 days of the meeting date.

**Finding No. 43: Emergency Meeting****Previously reported**

The Town held an emergency meeting but did not adhere to the provisions of Section 120.525, Florida Statutes, regarding emergency meetings.

We recommended that the Town adhere to provisions of the Florida Statutes, as referenced above, with respect to calling and conducting emergency meetings.

**Results of follow-up procedures**

*The Town had no opportunity to address this finding.* The Town did not schedule any emergency meetings from December 2006 through April 2008.

**Finding No. 44: Resolutions and Ordinances**

**Previously reported**

The Town did not properly maintain, preserve, or account for all of its resolutions and ordinances.

We recommended that the Town ensure that numbers assigned to resolutions and ordinances are done in a consistent and logical manner to provide an adequate method of tracking and accounting for all Town records. We also recommended that the Town ensure that public records are maintained and preserved in their original form and available for public inspection as required by Chapter 119, Florida Statutes.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

Our review of the ordinances and resolutions issued subsequent to November 30, 2006, disclosed that they were numbered in a consistent and logical manner, were maintained and preserved in their original form, and were available for public inspection.

**Finding No. 45: Commissioner Abstaining from Voting**

**Previously reported**

One commission member refrained from voting at a commission meeting, apparently contrary to Section 286.012, Florida Statutes.

We recommended that the Town’s Commissioners comply with Section 286.012, Florida Statutes, voting requirements, and no Commissioner should abstain from voting unless it is clearly demonstrated that he or she is required to abstain due to a conflict of interest as outlined under the provisions of Sections 112.311, 112.313, or 112.3143, Florida Statutes.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

Our review of Town Commission meeting minutes disclosed instances where Town Commissioners abstained from voting; however, appropriate conflict of interest statements had been filed prior to the meetings.

**Finding No. 46: Comprehensive Plan Amendments**

**Previously reported**

The Town did not timely adopt or submit all of its comprehensive or small scale plan amendments, contrary to Section 163.3184(7)(a), Florida Statutes, and Department of Community Affairs (DCA) Rule 9J-11.011(3), Florida Administrative Code.

We recommended that the Town adopt all comprehensive plan amendments within 60 days, as required by Section 163.3184(7)(a), Florida Statutes, and DCA Rule 9J-11.011(3), Florida Administrative Code, and submit them to DCA. Additionally, we recommended that the Town submit all adopted small-scale comprehensive plan amendments to DCA within 10 working days, as required by DCA Rule 9J-11.

**Results of follow-up procedures**

***The Town has adequately addressed this finding.***

Our review of Town Commission meeting minutes and ordinances disclosed that, as of April 2008, the Town had not adopted any large-scale comprehensive plan amendments subsequent to November 30, 2006. The Town adopted nine small-scale amendments, and all were properly submitted to DCA within ten days as required.

**SCOPE AND OBJECTIVES**

The scope of this project included selected actions and transactions taken subsequent to November 2006 to determine the extent to which the Town has corrected, or is in the process of correcting, deficiencies disclosed in our report No. 2007-048.

**METHODOLOGY**

The methodology used to develop the findings in this report included the examination of pertinent Town records, inquiry of Town personnel, and observation of procedures in practice. This follow-up review was conducted in accordance with applicable Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the follow-up review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**AUTHORITY**

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our follow-up procedures regarding findings and recommendations included in our report No. 2007-048, operational audit of the Town of Cedar Grove, Florida, for the period October 1, 2004, through December 31, 2005, and selected actions taken prior and subsequent thereto.

David W. Martin, CPA  
Auditor General

**MANAGEMENT RESPONSE**

The Mayor's responses to our findings are included in this report as Appendix A.

This follow-up review was coordinated by Anita Marlowe, CPA, and supervised by Michael J. Gomez, CPA. Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, via e-mail at [marilynrosetti@aud.state.fl.us](mailto:marilynrosetti@aud.state.fl.us) or by telephone at (850) 487-9031.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.myflorida.com/audgen>); by telephone (850 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

**APPENDIX A**  
**MANAGEMENT RESPONSE**

**TOWN OF CEDAR GROVE**

Bay County, Florida

David W. Martin  
Office of the Auditor General  
State of Florida  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

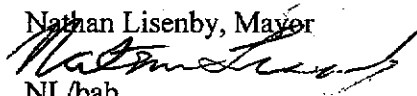
Dear Mr. Martin:

Attached are our comments to your follow-up procedures to determine the Town's progress in addressing the findings and recommendations to your report No. 2007-048, Operational Audit of the Town of Cedar Grove.

Per your request, the following has been converted to PDF and submitted electronically. Please confirm receipt of this response.

Should you require further discussion, or if any additional documentation is needed, please feel free to contact Mr. Jim Anderson, Town Clerk, at 850-763-2911.

Cordially,

Nathan Lisenby, Mayor  
  
NL/bab  
Attachments

**Finding No. 3: Written Policies and Procedures**

Partially addressed – Agree

**Finding No. 4: Separation of Duties**

Partially Addressed – Agree

**Finding No. 6: Budget Preparation and Adoption**

Partially Addressed – Agree

**Finding No. 7: Bank Reconciliations**

Partially Addressed – Agree

**Finding No. 9: Stale-Dated Checks**

Not Addressed – Agree

**Finding No. 10: Transfer of Funds**

Partially Addressed – Agree

**Finding No. 13: Tangible Personal Property Records and Controls**

Partially Addressed – Agree

**Finding No. 17: Accountability for Restricted Resources**

Not Addressed – Agree

**Finding No. 18: Cash Collections**

Partially Addressed – Agree

**Finding No. 19: Utility Receivables Reconciliations and Collections**

Partially Addressed – Agree

**Finding No. 22: Water and Sewer Deposits**

Not Addressed – Agree

**Finding No. 23: Garbage Franchise Fees**

Not Addressed – Agree

**Finding No. 25: Permit and Plat Review Fees**

Not Addressed – Agree

**Finding No. 26: Hiring Practices**

Partially Addressed – Agree

**Finding No. 28: Commission Compensation**

Partially Addressed – Agree

**Finding No. 30: Disbursement Processing**

Partially Addressed – Agree

**Finding No. 32: Cellular Telephone Policy**

Not Addressed – Agree

**Finding No. 33: Telecommunication Taxes**

Not Addressed – Agree

**Finding No. 34: Contracts with Cellular Telephone Service Provider**

Not Addressed – Agree

**Finding No. 35: Postage Meter Usage**

Partially Addressed – Agree

**Finding No. 36: Travel Reimbursements – Travel Vouchers**

Not Addressed – Agree

**Finding No. 37: Awarding of Contracts for Services**

Partially Addressed – Agree

**Finding No. 38: Vehicle Maintenance**

Partially Addressed – Agree

**Finding No. 39: Vehicle Taxable Fringe Benefit**

Partially Addressed – Agree

**Finding No. 42: Commission Minutes**

Partially Addressed – Agree

