

**CITY OF OPA-LOCKA
AND
OPA-LOCKA COMMUNITY
REDEVELOPMENT AGENCY**

Prior Audit Follow Up



Sherrill F. Norman, CPA
Auditor General

City of Opa-locka Mayor, Vice-Mayor, Commissioners, and City Manager

During the period October 2019 through February 2021, the following individuals served as City of Opa-locka Mayor, Vice-Mayor, Commissioner, or City Manager:

Matthew A. Pigatt, Mayor
Veronica Williams, Vice Mayor from November 19, 2020
Chris Davis, Vice Mayor to November 18, 2020
Alvin E. Burke, Commissioner
John Taylor Jr., Commissioner from November 19, 2020
Chris Davis, Commissioner from November 19, 2020
Joseph L Kelley, Commissioner to November 18, 2020
John E. Pate, City Manager from October 15, 2019
Newall Daughtrey, Interim City Manager to October 11, 2019

Opa-locka Community Redevelopment Agency Executive Directors and Board of Commissioners

Two Executive Directors served during the period October 2019 through February 2021:

John E. Pate from October 15, 2019
Newall Daughtrey through October 11, 2019

The City of Opa-locka Community Redevelopment Agency Board of Directors is composed of seven board members: the five members of the Opa-locka City Commission, including the City of Opa-locka Mayor and Vice-Mayor, and two appointees from the Board of County Commissioners of Miami Dade County, one appointee each from District 1 and District 2. Board member terms for the Opa-locka City officers align with their terms in office and the terms for appointees to the Board are based on their appointment or reappointment by a County Commissioner and subject to the Commissioner's term in office. The County Commissioners of Miami Dade County appointees who served on the board during the period October 2019 through February 2021 were Jannie Russell, CRA Board Chair, District 1, and Rose Tydus, CRA Board Member, District 2.

The team leader was Javier Alfonso and the audit was supervised by Jacqueline Bell, CPA.

Please address inquiries regarding this report to Derek H. Noonan, CPA, Audit Manager, by e-mail at dereknoonan@aud.state.fl.us or by telephone at (850) 412-2864.

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CITY OF OPA-LOCKA AND OPA-LOCKA COMMUNITY REDEVELOPMENT AGENCY

Prior Audit Follow Up

SUMMARY

In our operational audit report No. 2019-221 of the City of Opa-locka (City) and Opa-locka Community Redevelopment Agency (CRA), we noted a total of 99 findings, 84 related to various City functions and activities and 15 related to CRA functions and activities. This operational audit focused on the progress that the City and CRA had made, or were in the process of making, in addressing the findings and recommendations in report No. 2019-221.

Our audit disclosed that, at the time of our applicable fieldwork, the City had:

- Corrected 18 findings (Findings 1, 9, 21, 24, 25, 26, 35, 36, 46, 48, 53, 54, 56, 59, 61, 64, 72, and 74).
- Partially corrected 44 findings (Findings 2, 3, 4, 11, 13, 17, 19, 20, 22, 23, 27, 28, 29, 30, 31, 32, 33, 39, 40, 41, 47, 49, 50, 51, 55, 57, 58, 60, 62, 63, 67, 68, 69, 70, 71, 73, 75, 76, 77, 78, 80, 81, 83, and 84).
- Not corrected 12 findings (Findings 5, 6, 7, 8, 10, 16, 18, 37, 42, 52, 79, and 82).
- No occasion to correct 10 findings (Findings 12, 14, 15, 34, 38, 43, 44, 45, 65, and 66).

In addition, our audit disclosed that the CRA had:

- Corrected 1 finding (Finding 85).
- Partially corrected 10 findings (Findings 87, 88, 89, 90, 91, 92, 93, 94, 96, and 99).
- Not corrected 3 findings (Findings 86, 95, and 98).
- No occasion to correct 1 finding (Finding 97).

BACKGROUND

In 1926, the City of Opa-locka (City) was incorporated as a municipality. The City is located in the northern portion of Miami-Dade County, comprises 4.5 square miles of land, and has a population of approximately 17,000 residents.¹ The City is governed by the City Commission composed of three elected Commissioners, a Vice Mayor, and an elected Mayor and operates under a Commission-Manager form of government. The City Commission is responsible for enacting ordinances, resolutions, and policies governing the City, as well as appointing the City Manager, City Attorney, and City Clerk. The City Manager is the Chief Administrative Officer and, as such, is responsible for the administration of all City affairs and carrying out policies adopted by the Commission, and the appointment and supervision of the City's department heads.

¹ *Florida Population Estimates for Counties and Municipalities, April 2022*, Florida Office of Economics and Demographic Research.

Pursuant to State law,² on June 8, 2011, the City Commission adopted a resolution³ creating the Opa-locka Community Redevelopment Agency (CRA). CRA funding is accomplished through tax financing provided by applicable taxing authorities and expenditures from such funding must be in accordance with an approved plan. In addition, the CRA revenues and expenditures must be accounted for in a separate trust fund. The area served by the Opa-locka CRA encompasses 18 percent of the City's total area and generally borders Northwest 151st Street, Opa-Locka Executive Airport, Tri-Rail corridor, and a constructed stormwater lake managed by the South Florida Water Management District. Although the CRA is a separate legal entity, the City Planning and Community Development Department is responsible for CRA operations and reports to the City Manager and the duties of certain Department positions include CRA-related activities.

On June 1, 2016, based on conditions reported to the Governor by City officials, the Governor signed an executive order⁴ declaring that the City was in a state of financial emergency and that the City needed State assistance to resolve the state of financial emergency. To resolve the financial emergency and provide assistance to the City, the executive order provided that the City execute and fully comply with a State and Local Agreement of Cooperation, which was executed on June 8, 2016. The executive order also provided that the Chief Inspector General of the State of Florida would be the Governor's designee for purposes of the executive order and the Agreement. Pursuant to State law,⁵ the Governor established a Financial Emergency Board to oversee City activities and to recommend actions to assist the City in resolving the financial emergency. The Financial Emergency Board has held numerous meetings since its initial meeting on June 22, 2016, and at several of these meetings, the Board recommended that the City take certain actions to improve the City's financial condition and help resolve the financial emergency.

Pursuant to State law,⁶ the Legislative Auditing Committee, at its February 23, 2017, meeting, directed us to conduct an operational audit of the City of Opa-locka. Our operational audit disclosed a pervasive lack of adequate controls necessary to promote and encourage compliance with applicable State laws, City ordinances and regulations, contracts, grant agreements, and other applicable guidelines; economic and efficient operations; reliability of records and reports; and the safeguarding of assets. Our audit also disclosed numerous instances of potential fraud, waste, and abuse. In June 2019, we issued audit report No. 2019-221 with the results of our audit. The audit report included 99 findings and recommendations. Eighty-four of the findings related to City functions and activities and 15 findings related to the CRA.

Pursuant to State law,⁷ we performed appropriate follow-up procedures to determine the City and CRA's progress in addressing the findings and recommendations contained within report No. 2019-221. This report presents the results of our follow-up procedures.

² Chapter 163, Part III, Florida Statutes, also known as the Community Redevelopment Act of 1969.

³ City of Opa-locka Resolution No. 11-8238.

⁴ Office of the Governor Executive Order No. 16-135

⁵ Section 218.503(3)(g)1., Florida Statutes.

⁶ Section 11.45(3)(a), Florida Statutes.

⁷ Section 11.45(2)(j), Florida Statutes.

CITY OF OPA-LOCKA

FINDINGS AND RECOMMENDATIONS

FINANCIAL CONDITION

Finding 1: State of Financial Emergency

Previously Reported

Although the City generally complied with the provisions of the State and Local Agreement of Cooperation (Agreement) executed pursuant to the Office of the Governor Executive Order No. 16-135 and the Financial Emergency Board recommendations, the City did not comply with the Agreement provisions pertaining to the 5-year financial recovery plan and budget or the Financial Emergency Board recommendations pertaining to motor vehicle use and tangible personal property accountability.

We recommended that, to improve the City's financial condition, the City ensure timely compliance with Agreement provisions and Financial Emergency Board recommendations.

Results of Follow-Up Procedures

The City corrected this finding. Our follow-up procedures disclosed that the City addressed the issues identified in the finding. Specifically:

- The City's plan, covering fiscal years 2021 through 2025 and submitted to the Chief Inspector General within the Executive Office of the Governor on August 31, 2020, contained the underlying assumptions for City revenue and expenditure estimates. The plan also addressed issues that resulted in the City's previous financial emergency and deteriorated financial condition. For example, the plan addressed payment of current and future obligations, expected increases in expenditures, millage rates, reductions in the number of employees to become more cost efficient while maintaining City services at appropriate levels, debt restructuring, reserves, utility operations, and infrastructure plans.
- The City prepared, and the City Commission timely approved, an annual budget for the 2021-22 fiscal year on July 28, 2021. That budget, for \$54.2 million, was reviewed and approved by the Chief Inspector General within the Executive Office of the Governor on August 20, 2021.
- City elected officials are no longer assigned or allowed take-home vehicles.
- As discussed in Finding 30, on behalf of the City, a consultant completed a physical inventory of the City's tangible personal property, and the City generally implemented appropriate controls for the tangible personal property.

Finding 2: Financial Condition Assessment

Previously Reported

Our financial condition assessment procedures disclosed deteriorating City financial conditions. Of 16 key financial indicators, 13 indicated an unfavorable rating.

We recommended that the City take appropriate and timely actions to address the various control deficiencies discussed in our audit report that affect the City's financial condition and implement the 5-year financial recovery plan as required by the State and Local Agreement of Cooperation.

Results of Follow-Up Procedures

The City partially corrected this finding. As part of our follow-up procedures, we determined and reviewed applicable financial indicators based on the City's audited financial statements for the 5-year period, 2015-16 through 2019-20. Those indicators showed that the City improved its financial status in several categories. Specifically, our analysis of the 16 key financial indicators for the 5-year period showed:

- A favorable status for 10 areas. For example:
 - For the City's General Fund, unassigned and assigned fund balances expressed as a percentage of total expenditures increased 342 percent over the 5-year period. Increases in fund balance in relation to expenditures may indicate improved liquidity and ability to pay current obligations.
 - For the City's proprietary funds, operating income expressed as a percentage of total revenues increased 268 percent over the 5-year period. Increases in income in relation to revenues may indicate more efficient operations and improved financial viability.
- An unfavorable status for 4 areas. For example:
 - For the City's governmental funds, debt service expenditures expressed as a percentage of total expenditures increased by 140 percent over the 5-year period. Increases in debt service expenditures in relation to operating revenues may limit the City's ability to incur additional debt to fund needed projects.
 - For the City's governmental funds, current liabilities expressed as a percentage of total revenues increased by 26 percent over the 5-year period. Increases in liabilities in relation to revenues may indicate concerns with liquidity and financial viability.

Although the City made some improvements in the 4 areas, the City still did not meet benchmarks established based on our analysis of financial indicators for peer municipalities. For example:

- For the City's General Fund, cash and investments expressed as a percentage of current liabilities increased 669 percent over the 5-year period. Increases in that ratio may indicate improved liquidity and ability to pay current obligations. However, the City's percentage (149 percent) as of September 30, 2020, is significantly below the averages (909 percent) at that date for other municipalities used as benchmarks.
- For the City's proprietary funds, current liabilities expressed as a percentage of operating revenues decreased 50 percent over the 5-year period. Decreases in liabilities in relation to revenues may indicate improved liquidity and financial viability. However, the City's percentage (44 percent) as of September 30, 2020, is significantly above the averages (24 percent) at that date for other municipalities used as benchmarks.
- For the 2 remaining areas, our analysis showed both improvement and weakening. For example, for the City's proprietary funds, unrestricted net position expressed as a percentage of total operating revenues decreased by 38 percent over the 5-year period. Such decreases may indicate less efficient operations within the applicable activities. Conversely, for the City's governmental funds, unassigned fund balances expressed as a percentage of total revenues increased by 243 percent over the 5-year period. Such increases may indicate more efficient operations for the activities accounted for in those funds.

Our overall analysis indicates improvements were made by the City, with additional improvements still needed. The improvements and remaining needed improvements are corroborated by the reported status of other findings in this follow-up report.

Recommendation: We recommend that the City continue efforts to improve its financial condition through ongoing implementation of the financial recovery plan and further actions to address the remaining uncorrected control deficiencies discussed in applicable parts of this follow-up report.

Finding 3: General Fund Reserve Requirement

Previously Reported

The City did not comply with its General Fund reserve policy and did not establish reserve requirements consistent with Government Finance Officers Association (GFOA) recommendations.

We recommended that the City ensure that the General Fund reserve amount is maintained in accordance with the City’s General Fund reserve policy and document consideration as to whether the policy should be revised to be consistent with GFOA best practices.

Results of Follow-Up Procedures

The City partially corrected this finding. As shown in Table 1, our follow-up procedures disclosed that the City did not maintain General Fund reserves in amounts prescribed by its existing General Fund reserve policy⁸ or the amounts recommended by the GFOA⁹ for the 2016-17 through 2018-19 fiscal years. However, as of February 2023, the most recently audited financial statements (for the 2019-20 fiscal year) showed that the City did maintain adequate and appropriate General Fund reserves.

**Table 1
General Fund Revenues, Expenditures, and
Unrestricted Fund Balance
For the 2016-17, 2017-18, 2018-19, and 2019-20 Fiscal Years
(in Thousands)**

General Fund	2016-17	2017-18	2018-19	2019-20
Revenues	\$12,910	\$11,101	\$12,422	\$18,242
Expenditures	12,129	13,138	13,693	13,116
Unrestricted Fund Balance – Reserve	(1,710)	(3,987)	(2,219)	7,098
Reserves required by existing City ordinance	1,200	1,200	1,200	1,200
60 days of Revenues (GFOA best practices)	2,122	1,825	2,042	2,999
60 days of Expenditures (GFOA best practices)	1,994	2,160	2,251	2,156

Source: City’s audited financial statements and auditor analysis.

The City prepared a draft ordinance establishing a reserve in an amount equal to 2 months of the General Fund’s operating expenditures, consistent with the GFOA recommendation. However, as of April 2021, the draft ordinance had not been presented to the City Commission for approval. In response to our inquiry, City personnel stated their intent was to submit the draft ordinance containing the recommended policy to the City Commission for approval, and that the policy contained in the draft ordinance was

⁸ Sections 19.6-1, 19.6-3, and 2-651, City of Opa-locka Code of Ordinances, collectively require a General Fund reserve of \$1.2 million.

⁹ GFOA Best Practice: *Fund Balance Guidelines for the General Fund*, September 2015, recommends at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than 2 months of the regular general fund operating revenues or regular general fund operating expenses.

considered when developing the City's 2020-21 fiscal year budget and would continue to be used in developing subsequent City budgets. As of February 2023, the draft ordinance had not been finalized.

Recommendation: We recommend that the City present the draft ordinance for the City Commission's review and approval. We also recommend that the City continue efforts to maintain adequate and appropriate reserves.

Finding 4: Enterprise Fund Working Capital Reserve Requirement

Previously Reported

The City Commission had not established target amounts of working capital that should be maintained for the City's three enterprise funds.

We recommended that the City Commission adopt a policy establishing minimum target amounts of working capital funds that should be maintained for the City's three enterprise funds.

Results of Follow-Up Procedures

The City partially corrected this finding. The City prepared a draft ordinance establishing target amounts of working capital to be maintained in its enterprise funds, consistent with GFOA best practices.¹⁰ The draft ordinance provides for the City to maintain, in each of the two active enterprise funds,¹¹ working capital in an amount equal to 2 months of the respective fund's operating expenditures. However, as of February 2023, the draft ordinance had not been presented to the City Commission for approval.

In response to our inquiry, City personnel stated their intent was to submit the draft ordinance containing the recommended policy to the City Commission for approval and that the policy contained in the draft ordinance was considered when developing the City's 2020-21 fiscal year budget. City personnel also stated the intent to obtain compliance with the target working capital amounts for each enterprise fund by the 2024-25 fiscal year, as demonstrated in the City's 5-year financial recovery plan.

As shown in Table 2, our follow-up procedures disclosed that, since our report No. 2019-221 was issued, the City maintained appropriate amounts of working capital in its Stormwater Fund.

¹⁰ GFOA Best Practice: *Working Capital Targets for Enterprise Funds*, recommends that governments develop a minimum 45-day target amount of working capital. The GFOA defines working capital as current assets less current liabilities.

¹¹ The City's active enterprise funds include the Water and Sewer Fund and the Stormwater Fund. The Solid Waste Fund is no longer active as the City contracted the services out to a third party.

Table 2
Stormwater Fund Working Capital Amounts
For the 2016-17, 2017-18, 2018-19, and 2019-20 Fiscal Years
(in Thousands)

Stormwater Fund	2016-17	2017-18	2018-19	2019-20
Operating Expenses	\$422	\$683	\$1,396	\$553
Required Working Capital per draft ordinance ^a	69	112	229	91
Working Capital at year end	1,053	1,336	1,587	1,775

^a The draft City ordinance provides for a targeted working capital equal to 2 months (60 days) of annual operating expenses which is in accordance with GFOA best practices.

Source: City's audited financial statements and auditor analysis.

In contrast, as shown in Table 3, the City still had not maintained adequate and appropriate amounts of working capital in its Water and Sewer Fund.

Table 3
Water and Sewer Fund Working Capital Amounts
For the 2016-17, 2017-18, 2018-19, and 2019-20 Fiscal Years
(in Thousands)

Water and Sewer Fund	2016-17	2017-18	2018-19	2019-20
Operating Expenses	\$10,250	\$9,181	\$15,209	\$10,831
Required Working Capital per draft ordinance ^a	1,685	1,509	2,500	1,780
Required Working Capital per existing ordinance ^b	179 - 448	166 - 414	290 - 726	190 - 474
Working Capital at year end	(1,747)	14	(1,229)	(1,446)

^a The draft City ordinance provides for a targeted working capital equal to 2 months (60 days) of annual operating expenses which is in accordance with GFOA best practices.

^b Section 2-651, City of Opa-locka Code of Ordinances requires the Water and Sewer Fund to maintain a fund balance reserve between 2 and 5 percent. According to the City, the percentages are of annual fund expenses excluding depreciation.

Source: City's audited financial statements and auditor analysis.

Establishing and maintaining targeted working capital amounts for enterprise funds would help ensure that the City has sufficient funds necessary to operate the respective utilities.

Recommendation: We recommend that the City present the draft ordinance for the City Commission's review and approval. We also recommend that the City continue efforts to establish and maintain the recommended working capital amounts for the Water and Sewer Fund.

ADMINISTRATION AND MANAGEMENT

Finding 5: Untimely Financial Reports and Annual Audits

Previously Reported

The City did not timely provide for and submit required annual financial audits and annual financial reports. Consequently, through July 2018, State agencies had withheld from the City approximately \$1.2 million.

We recommended that the City enhance efforts to ensure, in accordance with applicable State law and City ordinances, that annual financial audits are completed and timely presented to the City Commission and timely filed with the Auditor General and that audit reports and annual financial reports (AFRs) are timely submitted to the Florida Department of Financial Services (FDFS).

Results of Follow-Up Procedures

The City had not corrected this finding. As shown in Table 4, our examination of City records and discussions with City personnel disclosed that the City did not timely obtain and submit required 2016-17 through 2019-20 fiscal year annual financial audit reports.¹²

**Table 4
Annual Audit Report Due Dates and Days Late**

Audit Report	Due to Auditor General	Filed with Auditor General (Upon Completion of Audit)	Days Late
2016-17 Fiscal Year	June 30, 2018	September 30, 2019	457
2017-18 Fiscal Year	June 30, 2019	May 18, 2020	323
2018-19 Fiscal Year	June 30, 2020	July 12, 2021	377
2019-20 Fiscal Year	June 30, 2021	October 21, 2022	478

Source: Auditor General records.

In addition, because the 2016-17 through 2019-20 fiscal year audit reports were not timely completed, the reports were not presented to the Mayor and City Commission within 180 days of fiscal year end, contrary to City ordinances.¹³

Similarly, as shown in Table 5, our discussions with FDFS personnel disclosed that the City did not timely submit its AFRs to the FDFS.¹⁴

**Table 5
Annual Financial Report Due Dates and Days Late**

AFR	Due to the FDFS	Submitted to the FDFS	Days Late
2016-17 Fiscal Year	June 30, 2018	October 2, 2019	459
2017-18 Fiscal Year	June 30, 2019	May 15, 2020	320
2018-19 Fiscal Year	June 30, 2020	July 7, 2021	372
2019-20 Fiscal Year	June 30, 2021	October 27, 2022	481

Source: FDFS records.

Failure to timely file financial reports subjected the City to significant monetary sanctions. For example, in June 2022, the Legislative Auditing Committee directed the Florida Department of Revenue (FDOR)

¹² Section 218.39, Florida Statutes, requires the City to obtain an annual financial audit of its accounts and records by an independent certified public accountant and file the audit report with the Auditor General within 45 days after audit report delivery to the City Commission, but no later than 9 months after the end of the City’s fiscal year.

¹³ Section 2-651, City of Opa-locka Code of Ordinances require the annual audit to be presented to the Mayor and City Commission within 180 days after the close of the fiscal year.

¹⁴ Section 218.32(1)(d), Florida Statutes, requires the City to submit a copy of its audit report and AFR to the FDFS within 45 days of completion of the audit report but no later than 9 months after the end of the fiscal year.

and the FDFS to withhold half-cent sales tax revenues due to the City until the City filed its 2019-20 fiscal year audit report and, as of October 2022, the FDOR and FDFS had withheld \$282,757.

According to City personnel, staffing shortages within the Finance department impacted the City's ability to timely complete the City financial reports. In October 2022, the City contracted with a CPA firm to assist in preparation of the 2020-21 and 2021-22 fiscal year financial reports.

Timely audits are necessary to ensure that management and those charged with governance are promptly informed of control deficiencies and financial-related noncompliance, and provide for timely review by appropriate Federal, State, and County oversight agencies. Additionally, the FDFS uses the information provided on AFRs to prepare a verified report pursuant to State law,¹⁵ and failure to timely file AFRs with the FDFS may result in unavailable financial information for users of FDFS online data.

Recommendation: The City should enhance efforts to ensure, in accordance with applicable State law and City ordinances, that annual financial audits are completed and timely presented to the City Commission and timely filed with the Auditor General and that audit reports and AFRs are timely submitted to the FDFS.

Finding 6: Strategic Planning

Previously Reported

As of February 2019, the City's strategic plan had not been updated since September 2014 to reflect changing circumstances, impacting management's ability to implement the plan and effectively prioritize the use of City resources.

We recommended that, to enhance the efficiency and effectiveness of City operations, the City strategic plan be monitored and periodically reassessed and updated to address changes in City circumstances.

Results of Follow-Up Procedures

The City had not corrected this finding. Our January 2023 discussions with City personnel disclosed that the City's strategic plan still had not been updated since September 2014. City personnel indicated that they plan to engage a facilitator to ensure a quality strategic plan.

The lack of periodic reassessments and strategic plan updates to address changing circumstances impacts management's ability to implement the plan and effectively use City resources for the City's most important priorities. Also, absent effective monitoring to evaluate whether plan goals and performance measures should be reassessed and updated, there is an increased risk that the plan will not be effectively implemented.

Recommendation: We continue to recommend that the City strategic plan be monitored and periodically reassessed and updated to address changes in City circumstances.

¹⁵ Section 218.32(2), Florida Statutes.

Finding 7: Management Turnover

Previously Reported

During the period September 2014 through April 2018, the City experienced significant turnover in certain key management positions, which may have contributed to the numerous control deficiencies and instances of noncompliance disclosed in report No. 2019-221.

We recommended that the City, to promote efficient operations, high quality services, and the consistent application of City policies and procedures, strive to provide stability in key management positions. Such efforts should include documented consideration of any City actions that may increase turnover in key management positions and strategies to limit the negative effects of such actions.

Results of Follow-Up Procedures

The City had not corrected this finding. As shown in Table 6, our examination of City records and discussions with City personnel disclosed that the City continued to experience significant turnover in certain key management positions during the period October 2018 through December 2022.

Table 6
Summary of Turnover in Certain Key Management Positions
During the Period October 2018 through December 2022

Position	Start Date	End Date	Position	Start Date	End Date
City Manager			Budget Administrator		
City Manager – 1 (Acting)	4/11/2018	10/11/2019	Budget Administrator – 1	5/02/2017	8/27/2018
Vacant	10/12/2019	10/14/2019	Vacant	8/28/2018	1/05/2022
City Manager – 2	10/15/2019	01/31/2022	Budget Administrator – 2	1/06/2020	Not Applicable
City Manager – 2 (Interim)	2/01/2022	04/05/2022	Chief of Police		
City Manager – 4 (Interim)	4/05/2022	Not Applicable	Chief of Police – 1	2/13/2019	8/14/2020
Assistant City Manager^a			Vacant	8/15/2020	4/04/2021
Assistant City Manager – 1	10/01/2017	6/27/2018	Chief of Police – 2	4/05/2021	10/21/2021
Vacant	6/27/2018	10/14/2018	Vacant	10/22/2021	12/04/2021
Assistant City Manager – 2	10/15/2018	3/29/2019	Chief of Police – 3	12/05/2021	2/11/2022
Vacant	3/30/2019	7/29/2019	Vacant	2/12/2022	2/13/2022
Assistant City Manager – 3	7/30/2019	3/11/2022	Chief of Police – 4 (Interim)	2/14/2022	5/05/2022
Vacant	3/12/2022	4/05/2022	Vacant	5/06/2022	5/08/2022
Assistant City Manager – 4	4/06/2022	Not Applicable	Chief of Police – 5	5/09/2022	Not Applicable
Assistant City Manager – 5	4/18/2022	Not Applicable	Finance Director		
Finance Director			Finance Director – 1 ^b	8/28/2017	2/21/2019
Finance Director – 1 ^b	8/28/2017	2/21/2019	Finance Director – 2 ^b	2/11/2019	7/17/2022
Finance Director – 2 ^b	2/11/2019	7/17/2022	Finance Director – 3	7/18/2022	Not Applicable
Finance Director – 3	7/18/2022	Not Applicable			

^a According to City personnel, a second Assistant City Manager position was created on April 18, 2022.

^b City personnel did not provide a reason for the brief overlap in position.

Source: City records, inquiries, and news articles.

Significant turnover in key management positions results in the loss of institutional knowledge and impacts the oversight and consistent application of established policies and procedures and may lead to inefficient operations and reduced service quality. Accordingly, any actions that may increase management turnover require careful consideration, including documented assessments of the effects of such actions and strategies to limit any negative effects.

The significant turnover in key management positions may have contributed to the numerous control deficiencies and instances of noncompliance disclosed in this report. Although we inquired, City personnel did not explain why the turnover occurred but indicated that, since employees in many of the management positions are appointed by and report to the City Manager, the turnover in the City Manager position may have contributed to the turnover in other management positions.

Recommendation: To promote efficient operations, high quality services, and the consistent application of City policies and procedures, we continue to recommend that the City strive to provide stability in key management positions. Such efforts should include documented consideration of any City actions that may increase turnover in key management positions and strategies to limit negative effects of such actions.

Finding 8: Internal Audit Function

Previously Reported

The City had not established an internal audit function or otherwise provided for internal audit activities to assist management in maintaining a comprehensive framework of internal controls.

We recommended that the City establish an internal audit function to assist management in maintaining a comprehensive framework of internal controls. If it is not feasible to establish a separate internal audit function, the City should consider either assigning internal audit responsibilities to City employees or obtaining the services of an accounting firm.

Results of Follow-Up Procedures

The City had not corrected this finding. Our discussions with City personnel disclosed that the City had not, as of January 2023, established an internal audit function or assigned internal audit responsibilities to City employees. City personnel indicated that the City's budget provides for an internal audit function, but the job had not been posted as of January 2023. In addition, according to City personnel, the City hired a CPA firm to provide internal audit services to assist the City in preparing for the 2020-21 fiscal year financial audit; however, our review of the contract noted that the CPA firm was hired for professional accounting services to assist in drafting the annual financial reports for the 2020-21 and 2021-22 fiscal years, as discussed in Finding 5, rather than for internal audit services.

The number and significance of the findings disclosed in this report illustrates the City's need for an internal audit function. An established internal audit function would assist City management in the maintenance of a comprehensive framework of internal controls by providing additional assurance that controls are designed properly, operating effectively, and promoting compliance with applicable laws, contracts, grant agreements, and City ordinances, policies, and procedures.

Recommendation: We continue to recommend that the City establish an internal audit function to assist management in maintaining a comprehensive framework of internal controls. If it is not feasible to establish a separate internal audit function, the City should consider either assigning internal audit responsibilities to City employees or obtaining internal audit services from an accounting firm.

Finding 9: Anti-Fraud Policies and Procedures

Previously Reported

The City needed to establish policies and procedures for communicating, investigating, and reporting known or suspected fraud. In addition, the City Honor Code needed revising to ensure the provisions specifically pertain to City employees and officials.

We recommended that the City establish policies and procedures for communicating, investigating, and reporting known or suspected fraud. Such anti-fraud policies and procedures should:

- Define fraud and provide examples of acts constituting fraud.
- Require individuals to communicate and report known or suspected fraud.
- Provide for anonymous reporting of Whistle Blower Act or Honor Code violations or known or suspected fraud.
- Require officials to keep accurate records of known or suspected fraud reported.
- Assign responsibility for investigating potential incidents of fraud and for taking appropriate action.
- Provide guidance for investigating potential and actual incidents of fraud, reporting evidence obtained by the investigation to the appropriate authorities, and protecting the reputations of persons suspected but determined not guilty of fraud.

We also recommended that the City revise the Honor Code to ensure that the provisions specifically pertain to City employees and officials.

Results of Follow-Up Procedures

The City corrected this finding. In March 2021, the City developed policies and procedures¹⁶ that included information and requirements in accordance with our recommendations and also revised the Honor Code in March 2021 to clarify that the provisions specifically pertain to City employees and officials.

Finding 10: Risk Assessment

Previously Reported

The City did not perform documented periodic risk assessments to help ensure that adequate internal controls were in place to minimize fraud risks and control deficiencies that could adversely affect City operations.

We recommended that the City document the performance of periodic risk assessments that identify and analyze fraud risks and control deficiencies and prescribe appropriate responses.

Results of Follow-Up Procedures

The City had not corrected this finding. According to City management, as of January 2023, the City had not performed documented periodic risk assessments or updated its risk assessment, originally completed in 2014, due to the City focusing its resources on completion of the 2019-20 fiscal year financial audit. Absent periodic documented risk assessments, fraud risks and control deficiencies may

¹⁶ City of Opa-locka Policies and Procedures, *Fraud, Whistle Blower*.

exist and not be identified, assessed as to likelihood and significance, and mitigated by an appropriate response, such as the design and implementation of effective internal controls.

Recommendation: We continue to recommend that the City document the performance of periodic risk assessments that identify and analyze fraud risks and control deficiencies and prescribe appropriate responses.

Finding 11: Budgetary Process

Previously Reported

City controls over the budgetary process needed enhancement.

We recommended that the City enhance controls over the budgetary process to ensure that:

- Budget hearings are advertised and held in accordance with State law.
- Commission-approved budgeted expenditures are properly recorded in City accounting records.
- Actual expenditures are limited to budgeted amounts as required by State law.
- City Managers prepare and make public quarterly reports comparing actual to budgeted expenditures.
- The Finance Department prepares and distributes monthly budget-to-actual reports as required by City ordinances.
- Budgets are periodically amended to reflect changes in City expectations for revenues and expenditures.

Results of Follow-Up Procedures

The City partially corrected this finding. Our follow-up procedures disclosed that the City advertised and held budget hearings in accordance with State law for the 2019-20 and 2020-21 fiscal years, and periodically amended its budgets to reflect changes in City expectations during the 2018-19 and 2019-20 fiscal years. However, other needed corrective actions were not taken. Specifically:

- Commission-approved budgeted expenditures for the 2019-2020 fiscal year were not properly recorded in City accounting records for three funds as shown in Table 7.

**Table 7
Differences Between Budgeted Expenditure Amounts Adopted by the City Commission
and Budgeted Expenditure Amounts in City Accounting Records
2019-20 Fiscal Year**

Fund – Department	Budgeted Expenditure Amounts		Difference Accounting Records (Under)
	Adopted by City Commission	City Accounting Records	
General Fund – City Commission	\$ 212,652	\$ 209,152	\$ (3,500)
Proprietary Fund – Water and Sewer Fund – All Departments Combined	17,350,384	15,615,384	(1,735,000)
Proprietary Fund – Stormwater Fund – Public Works	1,602,312	1,127,498	(474,814)

Source: City records.

City personnel indicated that these differences occurred because new accounts were not timely created in the accounting system to allow the recording of certain budget amendments. Absent

the proper recording of Commission-approved budgeted expenditures in the accounting records, there is an increased risk that actual expenditures will not be consistent with approved budgeted expenditures.

- An accurate comparison of City Commission-approved expenditures and revenues to actual expenditures and revenues for the 2018-19 and 2019-20 fiscal years was not possible because City accounting records were not updated to include all accounting and budgetary activity. City personnel attributed these circumstances to a lack of sufficient staffing and ongoing efforts to correct and finalize accounting records for multiple years. As of April 2022, the City prepared monthly budget-to-actual reports to monitor progress against the current budget; however, as of February 2023, the City still had not prepared quarterly reports comparing budget to actual amounts for public presentation as required by City policies. The lack of records allowing accurate and periodic comparisons of budgeted expenditures and revenues, as approved by the City Commission, to actual expenditures and revenues significantly limits City management's ability to properly and adequately manage financial activities and status, as well as, to ensure that actual expenditures are limited to budgeted expenditures as required by State law.
- State law¹⁷ requires that municipal budget amendments be posted to a municipality's Web site no later than 5 days after adoption by the governing body of the municipality. Although the City amended its budgets to reflect changes in City expectations during the 2018-19 and 2019-20 fiscal years, the six amendments for the 2018-19 fiscal year were not posted to the City's Web site until after our audit inquiry in September 2021. The delays in posting the amendments ranged from 299 to 518 days after City Commission approval. Timely posting of budget amendments to the City's Web site is necessary to provide transparency to citizens and other stakeholders in City government.

Recommendation: We recommend that the City continue efforts to enhance its budgetary process by preparing and maintaining updated budgetary and accounting records that can be used and relied on to generate meaningful periodic reports that allow City management to effectively manage the City. In addition, future budget amendments should be timely posted to the City's Web site.

Finding 12: Administrative Costs

Previously Reported

City records did not support the equitable allocation of General Fund administrative costs to City enterprise funds.

We recommended that the City utilize a documented cost allocation methodology to equitably allocate administrative costs to City enterprise funds.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. Our examination of City records and discussions with City personnel disclosed that, as of January 2023, the City did not allocate any General Fund administrative costs to the enterprise funds for the 2017-18, 2018-19, and 2019-20 fiscal years.

¹⁷ Section 164.241(8), Florida Statutes.

Finding 13: Law Enforcement Revenue Sharing**Previously Reported**

Accountability over resources received by the City for participation in a law enforcement revenue sharing program needed enhancement.

We recommended that the City:

- Provide separate accountability in the City accounting records for Federal Equitable Sharing Program (Federal Sharing Program)¹⁸ proceeds.
- Timely record Federal Sharing Program activity in the City accounting records.
- Obtain missing bank statements for the accounts that receive Federal Sharing Program wire transfers and document the reconciliation of those statements to the City accounting records.
- Establish procedures to periodically reconcile the forfeiture logs, Application for Transfer of Federally Forfeited Property (DAG-71 Forms), Annual Agreement and Certification Form (Annual Form), and City accounting records to each other and make necessary adjustments to the applicable records based on the results of the reconciliations.
- After a seizure, or the Federal adoption of a State or local seizure, timely submit a DAG-71 Form to the United States Department of Justice (USDOJ).
- Timely file Annual Forms with the USDOJ within 60 days after the City's fiscal year end.
- Investigate and resolve the differences in amounts reported on 2015 and 2016 Annual Forms and complete and file corrected Annual Forms.
- Ensure completion of annual Federal single audits within 9 months after the City's fiscal year end.

Results of Follow-Up Procedures

The City partially corrected this finding. The City established two new accounts in the City accounting records to properly provide separate accountability for Federal Sharing Program proceeds. City personnel indicated that, because the City no longer had any police officers assigned to a Federal task force, the City did not receive any Federal Sharing Program proceeds during the period October 2019 through February 2021.

The City updated its policy¹⁹ in February 2021 to require the Chief of Police, or their designee, to annually reconcile the forfeiture logs, DAG-71 Forms,²⁰ and the Annual Form. The Division Commander, or Squad Supervisor, is responsible for the timely submission of the required DAG-71 Forms to the USDOJ.

To determine whether the City timely and accurately filed DAG-71 Forms and the Annual Form, we compared Federal Sharing Program receipt activity listed on the City's forfeiture log and bank statements

¹⁸ Title 21, Section 881(e)(3)(A), United States Code, provides that property civilly or criminally forfeited may be transferred by the USDOJ to any state or local law enforcement agency that participated directly in the seizure or forfeiture of the property. The USDOJ shares proceeds from Federally forfeited property with participating state and local law enforcement agencies through the Federal Equitable Sharing Program.

¹⁹ City of Opa-locka Police Department Directive 300.

²⁰ The USDOJ's *Guide to Equitable Sharing for State and Local Law Enforcement Agencies (Guide)*, updated July 2018, requires a DAG-71 Form be submitted to the USDOJ within 45 days after the Federal adoption of a state or local seizure of property.

with the City's accounting records for the period October 2019 through February 2021. Our comparison and discussion with City personnel disclosed that:

- The 2019 and 2020 Annual Forms were not electronically submitted within 60 days after the City's September 30 fiscal year end (i.e., by November 29). The Annual Forms were filed 308 and 502 days, respectively, after the November 29 due dates. City personnel indicated the delays in Annual Form submissions were due to City personnel reconciling forfeiture amounts reported on the Annual Forms to amounts reported in City records.
- The City had no occasion to record any Federal Sharing Program revenues; consequently, the City was not required to submit DAG-71 Forms to the USDOJ.

To evaluate the adequacy of City efforts to investigate and resolve the differences in amounts reported on 2015 and 2016 Annual Forms noted in our report No. 2019-221 and complete and file corrected Annual Forms, we examined City records and made inquiries of City personnel and noted that:

- In April 2022, the City provided to us documentation evidencing reconciliations of the Annual Forms²¹ to City accounting records for fiscal years 2008 to 2021. The reconciliations demonstrated City efforts to investigate and resolve differences noted in the Annual Forms.
- The City amended and filed with the USDOJ the Annual Forms from the 2008 through 2016 fiscal years.

To determine whether the City ensured the completion of annual Federal single audits within 9 months after the City's fiscal year end, we obtained the City's 2017-18, 2018-19 and 2019-20 Federal single audit reports, included as part of the City's 2017-18, 2018-19 and 2019-20 fiscal year financial statement audit reports, and noted that the Federal single audits were completed approximately 11, 12, and 16 months late, respectively. Additionally, the City's 2020-21 fiscal year Federal single audit, due June 30, 2022, had not been completed as of February 2023.

According to City personnel, Finance Department employee turnover contributed to the Federal Sharing Program deficiencies and untimely completion of Federal single audits. Noncompliance with the Federal single audit requirements could jeopardize future opportunities for the City to participate in the Federal Sharing Program.

Recommendation: We continue to recommend that the City timely file Annual Forms with the USDOJ within 60 days after the City's fiscal year end and ensure completion of annual Federal single audits within 9 months after the City's fiscal year end.

Finding 14: State Grant Compliance

Previously Reported

The City's management of State grants was ineffective as the City did not always ensure that grant expenditures were allowable, records were retained to support the allowability of grant expenditures, reimbursement requests were filed for allowable grant expenditures as soon as practicable, grant moneys

²¹ Although the City was not receiving new Federal forfeitures, the City continued to expend Federal Sharing Program moneys received in prior fiscal years, and Annual Forms are required to be filed with the USDOJ for any fiscal year in which forfeiture funds are expended.

were expended during the grant award period, or required grant reports were prepared and timely filed with the grantor.

We recommended that the City establish grant management policies and procedures to ensure that:

- Grant expenditures are allowable, and records are retained to support the allowability of all expenditures for which reimbursement is requested.
- Reimbursement requests are filed for allowable grant expenditures as soon as practicable.
- Grant moneys are expended during the grant award period.
- Required grant reports are prepared and timely filed with the grantor.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. In July 2020, the City developed a policy²² that adequately addressed all our recommendations. However, our review of City records and discussions with City personnel disclosed that there were no State grant expenditures during the period October 2019 through February 2021, and accordingly, the City had no occasion to implement the policy.

Finding 15: Florida Department of Environmental Protection Grants and Loans

Previously Reported

The City did not always provide the accountability required by Florida Department of Environmental Protection (FDEP) grant award and loan agreements. In addition, the City did not always promptly record grant and loan receipts in the City accounting records. During the period October 2015 through April 2017, the City received from the FDEP grant and loan proceeds of \$2.1 million.

We recommended that the City enhance procedures to provide separate accountability for grants and loans in accordance with the respective agreements and to ensure and document that all restricted moneys were used for authorized purposes. Additionally, the City should ensure that all grant and loan receipts are promptly posted to the accounting records.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. Our review of City records and discussions with City personnel disclosed that the City enhanced procedures to provide separate accountability for grants and loans. However, during the period October 2019 through February 2021, the City did not receive any FDEP grant and loan proceeds or incur any expenditures related to FDEP grants; therefore, the City had no occasion to implement the remaining audit recommendations.

Finding 16: Fuel Taxes

Previously Reported

Contrary to FDFS guidance, the City had not established special revenue funds to maintain separate accountability for fuel tax revenues.

²² City of Opa-locka Administrative Policy 2020.001/F08, *Grants Administrative Policies and Procedures*.

We recommended that the City establish separate accountability for fuel tax revenues and expenditures by using separate special revenue funds in accordance with the *Uniform Accounting System Manual (FDFS Manual)*.

Results of Follow-Up Procedures

The City had not corrected this finding. Our review of City records disclosed that, during the 2019-20 fiscal year, the City received local option and municipal fuel taxes of \$227,928 and \$85,842, respectively. However, contrary to the *FDFS Manual*, the City recorded the fuel taxes in the Safe Neighborhood Capital Improvement Fund along with other moneys totaling \$974. In response to our inquiries, City personnel indicated that, due to the limited amount of other funding sources and projects accounted for within the Safe Neighborhood Capital Improvement Fund, the fuel tax revenue and resultant roadway expenditures are easily identifiable.

Notwithstanding, the City's accounting of the fuel tax revenues was contrary to the *FDFS Manual*, and the City's ability to control the use of restricted moneys and demonstrate in its public records that such moneys are used only for authorized purposes is limited.

Recommendation: We continue to recommend that the City establish separate accountability for fuel tax revenues and expenditures by using separate special revenue funds in accordance with the *FDFS Manual*.

Finding 17: Discretionary Sales Surtax Proceeds

Previously Reported

The City did not comply with the requirements included in an interlocal agreement between the City and Miami-Dade County (County) regarding administration and use of discretionary sales surtax proceeds. As a result, the County suspended surtax distributions to the City effective November 2015 and, as of February 2019, the surtax distributions remained suspended due to the City's continued noncompliance.

We recommended that the City implement policies and procedures to ensure compliance with the interlocal agreement surtax requirements and take prompt action to fully resolve the issues noted in the County Audit Division's surtax review report.

Results of Follow-Up Procedures

The City partially corrected this finding. During the period October 2019 through February 2021, pursuant to the interlocal agreement, the City received discretionary sales surtax proceeds of \$193,588 from Miami-Dade County on a reimbursement basis for transit/circulator expenditures.

As part of our audit, we examined reviews of the City's use of sales surtax moneys and any correspondence regarding sales surtax, including correspondence related to the November 2015 County Audit Division's surtax review report and found that, although the City had taken actions to resolve some issues noted in the review report, some issues remained unresolved. For example:

- The County Audit Division notified the City that the City should have \$1.7 million in unexpended surtax proceeds on-hand as of September 30, 2014, and that \$1.4 million was subject to recapture because the City did not furnish documentation to support use of surtax distributions for the 3 years ended September 30, 2010. In their follow-up report dated January 24, 2020, the County

Audit Division noted that the City furnished appropriate documentation in March 2018 which eliminated the need for recapture of the \$1.4 million.

- The County Audit Division’s January 24, 2020, report of the City’s use of sales surtax money for the 3 fiscal years ended September 30, 2017, also noted that the City incorrectly reported surtax-related transactions in the General Fund rather than the People’s Transportation Tax Fund, the fund used to account for receipt and use of surtax proceeds. In addition, the County Audit Division issued a report on December 28, 2020, which included a review of the City’s surtax-related activities for the 2017-18 fiscal year and a follow-up review of the City’s efforts to resolve findings in the January 24, 2020, report, and noted that the issues identified in the January 24, 2020, report were partially corrected.

The interlocal agreement requires the City to periodically submit to the Citizen’s Independent Transportation Trust (CITT) quarterly reports, annual audited financial statements, yearly Maintenance of Effort certification letters, a yearly 5-year municipal transportation plan, a yearly adopted budget, and a fiscal year-end transportation expenditure report. Our examination of City records and discussions with City personnel disclosed that, generally, the City complied with the submittal of documents required by the interlocal agreement; however, the City submitted the 2018-19 fiscal year audited financial statements to the CITT 433 days late. Employee turnover continues to contribute to submittal delays.

Failure to implement recommendations in the County Audit Division’s surtax review report and lack of appropriate City actions to comply with the interlocal agreement may limit future County surtax distributions and may further delay the City’s resolution of its financial emergency.

Recommendation: The City should continue efforts to implement policies and procedures to ensure compliance with the interlocal agreement surtax requirements and take prompt action to fully resolve the issues noted in the County Audit Division’s surtax review report.

Finding 18: Interfund Borrowing and Transfers

Previously Reported

City procedures needed enhancement to ensure that interfund borrowings and transfers are properly accounted for and comply with City ordinances.

We recommended that City procedures be enhanced to ensure that future interfund borrowings and transfers are properly accounted for and comply with City ordinances.²³ Specifically, the procedures should require:

- The Finance Director to document a determination that any borrowed funds will not be needed during the lending period and that the funds for repayment will be available within a 2-year period.
- Only surplus moneys be transferred from the Water and Sewer Fund.
- The City Commission to take official action to approve all interfund borrowings and transfers.

Results of Follow-Up Procedures

The City had not corrected this finding. Our review of City records and discussions with City personnel disclosed that there were no interfund borrowings or transfers recorded in City accounting records during

²³ Section 2-651, City of Opa-locka Code of Ordinances requires City Commission approval to borrow or use internal fund transfers to obtain cash from one fund type to fund the activities of another fund type.

the period October 2019 through February 2021. However, the audit report for the City's 2019-20 fiscal year financial statements, issued in October 2022, contained a modified opinion and a material weakness finding related to the number of audit adjustments (86 adjustments totaling approximately \$78.9 million) required to correct the City's working trial balance. Our review of the adjusting entries noted interfund borrowings and transfers related to incorrect fund recording. Notwithstanding that the interfund borrowings and transfers were not recorded in City accounting records, insofar as resources of one fund type were used to fund activities of another fund type, City ordinances required City Commission approval for the interfund borrowings and transfers and City personnel did not obtain such approval.

Recommendation: We continue to recommend that City procedures be enhanced to ensure that future interfund borrowings and transfers are properly accounted for and comply with City ordinances.

Finding 19: Special Events

Previously Reported

The City had not established controls to provide adequate accountability for special events, including the donations and expenditures for such events.

We recommended that the City establish policies and procedures to require, for each special event, City Commission approval; periodic evaluations of the economic viability of the event, including determinations of the amount of public funds needed to subsidize the event; specific guidelines for soliciting donations and providing receipts to donors; and separate accountability for donations and expenditures.

Results of Follow-Up Procedures

The City partially corrected this finding. During the period October 2019 through February 2021, the City spent \$12,387 to sponsor eight special events, including a toy giveaway, haunted house, and Valentine's Day event. As part of our audit, we examined City records associated with the eight special events to determine whether the City Commission approved the events and whether City personnel evaluated the events for economic viability, solicited donations to subsidize the event, and established separate accountability for each event's donations and expenditures. We noted that, although the City had established separate accountability for special event expenditures, City records did not evidence that City Commission approval was requested and received for each individual special event, that donations were solicited for each event, or that the economic viability of each event was evaluated of record.

Effective April 2021, the City established a special events policy and procedures through resolution.²⁴ The special events policy addresses the need for periodic evaluations of the economic viability of each event by requiring the City's Parks and Recreation Department to conduct an evaluation of the cost of each event, the estimated number of attendees, and "other considerations to be identified" to evaluate whether the event is an appropriate expenditure of City resources. Additionally, the policy requires the Parks and Recreation Department to establish a program to encourage public donations to, in part, offset the expense of special events, and also requires the City Commission to approve special events as part

²⁴ City of Opa-locka Resolution No. 21-9859 established the *Special Events Policy and Procedures*.

of the City's budget. As of July 2021, the City had not fully implemented the policy because the City had not established a program to encourage public donations to help fund special events.

In response to our inquiries in September 2021, City personnel indicated that the budget process is used for periodic evaluation of economic viability of special events and that the City did not receive any donations to defray costs through donors or sponsors. Notwithstanding this response, because the City's adopted budget for the 2018-19 and 2019-20 fiscal years included all special events as a single line item and did not specify the particular events the City would host, and the 2018-19, 2019-20, and 2020-21 fiscal year adopted budgets did not include any estimated donations or an attendance estimate, it is not apparent how the City Commission evaluated the feasibility of each event.

Recommendation: The City should document the evaluation and City Commission approval of each special event and, if the City intends the budget to evidence City Commission approval of the special events, the City should prepare the budget in sufficient detail to show the projected costs and estimated donation amounts for each event. In addition, pursuant to its policies, the City should establish a program to encourage public donations to help fund special events.

Finding 20: Fund Accounting and Expenditure Coding

Previously Reported

City procedures were not effective to ensure that payments were made from the appropriate bank accounts or that financial transactions were properly accounted for in the City accounting records.

We recommended that the City enhance procedures to ensure that payments are made from the appropriate bank account and financial transactions are properly accounted for in City accounting records. The enhanced procedures should address training for applicable City employees regarding the use of funds and account codes as prescribed in the *FDFS Manual*.

Results of Follow-Up Procedures

The City partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that, as of March 2021, the City had enhanced procedures to ensure that payments are from appropriate bank accounts and financial transactions are properly recorded in the City's records by providing accounting literature, such as the *FDFS Manual* and the *GFOA Governmental Accounting, Auditing, and Financial Reporting (GAAFR)*, and training.

We requested documentation to support employee training and were informed that training is ongoing and occurs routinely with Finance Department personnel in staff meetings and on a one-on-one basis. However, although we requested, no records evidencing such training were provided. Absent training records, there is limited assurance that all Finance Department personnel were provided appropriate and adequate training to ensure that payments are properly recorded and from appropriate bank accounts.

To determine whether transactions were appropriately coded, we examined City records supporting 25 selected expenditures totaling \$1.4 million from the population of 835 expenditures totaling \$14.2 million for the period October 2019 through February 2021. Our examination disclosed that the expenditures were substantially coded correctly.

However, as noted in the City's 2019-20 fiscal year annual audit report,²⁵ the CPA firm drafted 86 adjustments totaling approximately \$78.9 million to correct City accounting errors, some related to incorrect fund recording. The CPA firm also noted that Finance Department staff resources needed strengthening and recommended a complete assessment of the skillset and knowledge of the City's team to address required daily tasks. Improper accounting for financial transactions results in incorrect reporting of account balances and activity in financial records and reports.

Recommendation: We recommend that the City continue efforts to ensure financial transactions are properly accounted for in City accounting records and enhance procedures to address training for applicable City employees regarding the use of funds and account codes as prescribed in the *FDFS Manual* and guidance included in the *GAAFR*.

Finding 21: Journal Entries

Previously Reported

Journal entries to adjust account balances and transactions in the City accounting records were not always adequately supported or reviewed and approved.

We recommended that the City ensure that journal entries are properly supported by journal entry forms and additional documentation as necessary to support the purpose for and propriety of the amount of the journal entries and that evidence of supervisory review and approval of all journal entries is documented.

Results of Follow-Up Procedures

The City corrected this finding. To determine whether journal entries were appropriately prepared and supported by adequate documentation evidencing the purpose for, propriety of the amount, and review and approval, we examined City records supporting 10 selected journal entries totaling \$12.8 million from the population of 12,780 journal entries totaling \$101.1 million for the period October 2019 through June 2021. Our examination disclosed that the selected journal entries, which were for various purposes such as cost allocations and tax receipts, were properly prepared and supported.

CASH CONTROLS

Finding 22: Bank Account Reconciliations

Previously reported

City controls over bank account reconciliations needed improvement to ensure documented timely performance and review by individuals not assigned cash handling and journal entry duties: reconciling items are accurately identified, promptly and thoroughly investigated, explained, and documented; required adjustments to the general ledger cash account balances, as a result of the reconciliations, are timely made; and online access to electronic bank account statements is granted to appropriate employees.

²⁵ Finding No. MW2017-02.

We recommended that the City establish effective bank account reconciliation policies and procedures to require and ensure that:

- Timely bank account reconciliations are accurately performed, appropriately documented, and reviewed and approved by individuals not assigned cash handling and journal entry responsibilities.
- Reconciling items are accurately identified, promptly and thoroughly investigated, explained, and documented.
- Required adjustments to the general ledger cash account balances, as a result of the bank account reconciliations, are timely made to avoid overdraft fees.
- Online access to bank account statements is granted to appropriate employees.

Results of Follow-Up Procedures

The City partially corrected this finding. Effective June 2020, the City developed policies²⁶ that included information and requirements in accordance with all our recommendations. As of February 28, 2021, the City had 35 open bank accounts and primarily conducted business using the General Fund Operating and the Water and Sewer Fund Operating bank accounts.

To determine whether the City had prepared bank account reconciliations during the period October 2019 through February 2021, we requested for examination City records supporting the performance of the 595 bank account reconciliations that should have been prepared for the 35 bank accounts. In response to our inquiries, the City provided 280 bank statements and related bank reconciliation documentation with evidence of appropriate review and approval. Our examination of the provided bank statements disclosed that the City had not incurred overdraft fees or penalties and through other procedures we ascertained that appropriate City personnel had online access to the bank account statements.

In response to our inquiries regarding the remaining 315 bank statements and account reconciliations, City personnel:

- Indicated that 15 accounts had no balances and no activity during the period October 2019 through February 2021 and were authorized to close by resolution²⁷ in October 2019; however, the accounts remained open as of February 2021. Because the 255 applicable bank statements were not provided to us, we were unable to verify the City's assertion that there was no account activity for the 15 accounts for the period October 2019 through February 2021 and no cash balances as of February 28, 2021. Subsequent to our audit inquiries, in October 2021, the City provided records evidencing the closure of the 15 bank accounts.
- Provided 38 bank statements for 3 bank accounts but no related bank reconciliation documentation. Our examination of the bank statements disclosed minimal activity²⁸ for the period October 2019 through February 2021, and in January 2023 City personnel indicated that the reconciliations were not performed due to staffing shortages.
- Provided 22 bank statements and bank reconciliation documentation; however, the bank reconciliations were not approved, and necessary adjustments were not made to the general

²⁶ City of Opa-locka Administrative Policy 2020.001/F05, *Bank Reconciliations*.

²⁷ City of Opa-locka Resolution No. 19-9712 authorized the closure of 18 bank accounts at one bank. Three of those accounts held balances as of October 2021 totaling \$153,658, \$120,197, and \$541,682, respectively.

²⁸ One account only had three transactions ranging from \$2,305 to \$5,663; the second account's only activity consisted of monthly recurring debits of approximately \$200 for scheduled lease payments, and the third account's only activity consisted of monthly account interest credits ranging from \$7 to \$112.

ledger cash account balances. City personnel indicated that the 2019-20 fiscal year adjustments may be included in a worksheet the City maintained to capture general ledger adjustments from the 2019-20 fiscal year financial statement audit and that the adjustments would be recorded to the general ledger at the conclusion of the audit.

Additionally, we selected for examination documentation for 9 bank reconciliations to determine whether the reconciliations were performed timely²⁹ and reconciling items were accurately identified. We found that:

- Documentation for 8 bank reconciliations did not include the date the reconciliation was completed; consequently, City records did not demonstrate that the bank reconciliation was timely prepared. City personnel indicated the reconciliations had not been dated due to employee oversight.
- 3 bank reconciliations identified unreconciled differences totaling \$11,489. Subsequent to our inquiries, City personnel thoroughly researched these unreconciled differences and, as of June 2022, had posted appropriate adjustments to the accounting records.

Untimely adjustments to the general ledger reduce the reliability of cash account balances in the City accounting records. Absent effective procedures for the proper and timely preparation, review, and approval of bank account reconciliations and adjustments to the general ledger cash account balances as a result of the reconciliations, there is an elevated risk that the reconciliations may contain errors or intentionally misrepresent facts to conceal theft.

Recommendation: The City should continue efforts to ensure that timely bank account reconciliations are accurately performed, appropriately documented, and reviewed and approved and that reconciling items are accurately identified, promptly and thoroughly investigated, explained, and documented.

Finding 23: Electronic Funds Transfers

Previously reported

Contrary to State law, the City had not established policies and procedures to ensure adequate integrity, security, confidentiality, and auditability of business transactions conducted using electronic funds transfers (EFTs). In addition, City controls needed enhancement to ensure and document that EFTs are only made by authorized personnel and for authorized purposes.

We recommended that the City establish EFT policies and procedures and enhance controls to ensure that:

- The duties of initiating, reviewing, and approving EFTs are appropriately separated from the duties of preparing bank reconciliations and journal entries.
- The identities of persons initiating, reviewing, and approving EFTs and the authorized purpose for the EFTs are documented in City records.
- Banking agreements for all financial institutions conducting business with the City identify, by name, the employees authorized to initiate EFTs and those authorized to review and approve EFTs, and establish employee EFT dollar limits.

²⁹ City of Opa-locka Administrative Policy 2020.001/F05, *Bank Reconciliations*, requires bank reconciliations be performed no later than 30 days after month-end.

- Banking agreements are timely updated for City personnel changes and EFT authorization privileges of employees who separate from City employment are promptly revoked.

Results of Follow-Up Procedures

The City partially corrected this finding. In May 2020, the City developed policies³⁰ that require City Commission approval in the selection of financial institutions and written agreements with such financial institutions from which EFTs will be made. The policies also require the City Commission to designate authorized signors to include the City Manager, and the City Manager has authority to designate City personnel to perform and conduct business on behalf of the City, including initiation and approval of EFTs. The policies further require that the duties of initiating, reviewing, and approving EFTs be separated from the duties of preparing bank reconciliations and journal entries and that the City maintain documentation signed by the EFT initiator and the authorizer to confirm the EFT authenticity.

Our examination of City records and discussions with City personnel disclosed that the City made a total of 302 EFT disbursements totaling \$17.5 million during the period October 2019 through February 2021. To determine whether EFT disbursements were appropriately documented in City records and complied with City policy, we requested for examination City records supporting 10 selected EFT disbursements totaling \$849,634.

We noted that City records for the 9 of the 10 EFT disbursements demonstrated that the EFTs were within the dollar limits established by the banking agreement³¹ and identified the initiating and authorizing individuals, who did not prepare bank reconciliations or EFT journal entries. However, City records for the other EFT, totaling \$5,074, did not identify the initiator nor the authorizer. City personnel indicated that the EFT was made to a valid City vendor and was initiated by an employee, who subsequently separated from City employment. We examined City accounting records and verified that the EFT recipient was a valid City vendor, however, absent documentation supporting EFT transactions, including evidence of the EFT initiator and supervisory review and approval, the risk of errors or fraud without timely detection and resolution is increased.

We requested banking agreements for all financial institutions conducting business with the City to determine whether the agreements identified, by name, the employees authorized to initiate EFTs and those authorized to review and approve EFTs, and established employee EFT dollar limits. However, although we requested, City personnel did not provide an updated banking agreement with established employee EFT dollar limits for a financial institution at which the City maintained 18 bank accounts, 2 of which were used to make EFTs, including 3 of the 10 EFTs we tested. City personnel indicated that, due to significant changes in personnel, the banking agreement, which identified former City employees, was not updated; however, City personnel provided a list of employees with online access to City bank accounts. City personnel also indicated that, contrary to City policies, the City Commission did not designate these employees to have online banking access. Instead, City management assigned access to select staff for reporting and certain operational needs. Notwithstanding this explanation, failure to maintain appropriate banking agreements with updates for changes in personnel, with City Commission approval, increases the risk that funds could be misappropriated without being timely detected.

³⁰ City of Opa-locka Administrative Policy 2020.001/F01, *Electronic Funds Transfers*.

³¹ The City's Electronic Services Agreement dated March 2014.

Recommendation: The City should continue to enhance controls to ensure that:

- City records document the individuals who initiate, review, and approve EFTs, to establish responsibility for the EFT and evidence that the individuals were appropriately separated from the duties of preparing bank reconciliations and journal entries.
- Banking agreements for all financial institutions conducting business with the City identify, by name, the employees authorized to initiate EFTs and those authorized to review and approve EFTs, and establish employee EFT dollar limits.

Finding 24: Stale-Dated Checks

Previously reported

The City did not timely notify apparent owners of unclaimed property or annually report and remit unclaimed property to the FDFS, contrary to State law.

We recommended that the City establish policies and procedures to require and ensure timely notification to owners of unclaimed property and that unclaimed property is annually reported and remitted to the FDFS. Such policies and procedures should assign responsibility to a specific position for such notification and reporting. Additionally, the City should file all past due reports and deliver the applicable unclaimed property to the FDFS as soon as possible.

Results of Follow-Up Procedures

The City corrected this finding. Effective July 2020, the City established policies³² that required the Accounts Payable Clerk to:

- Annually generate an outstanding check report that identifies all checks outstanding for more than 1 year.
- Investigate each outstanding check to verify that the check had not been cashed and has been outstanding for more than 1 year.
- Mail an abandoned property notice letter to each individual or vendor related to the outstanding check with a requested response in 30 days or less.
- Reconcile the outstanding check report to the letter responses.
- Report and remit unclaimed property to the FDFS.

As of October 2021, the City had filed reports for calendar years 2015 through 2020 and had remitted unclaimed property from those years to the FDFS.

Finding 25: Public Deposit Accounts

Previously reported

The City did not timely submit to the State's Chief Financial Officer (CFO) the statutorily required annual reports of the City's public deposit accounts.

³² City of Opa-locka Administrative Policy 2020.001/F07, *Unclaimed Property*. The policy document was unsigned as of June 2021.

We recommended that the City establish policies and procedures designating to an employee responsibility for annually preparing and submitting the required report of public deposit accounts to the CFO. Additionally, the City should establish procedures to require supervisory personnel to ensure that the report is accurate and timely submitted pursuant to State law.

Results of Follow-Up Procedures

The City corrected this finding. In June 2020, the City established policies,³³ which require the Accountant to annually prepare the required report of public deposit accounts and the Finance Director to review the report for accuracy and timely submit it to the State's CFO.

Our discussions with City personnel and examination of City records disclosed that the City accurately prepared the September 30, 2020, public depositor annual report and submitted it to the State's CFO in January 2021.

Finding 26: Petty Cash Fund

Previously reported

City controls over petty cash funds needed enhancement to ensure that petty cash disbursements are supported by dated receipts and documentation evidencing the authorized public purpose and that petty cash funds are timely counted and reconciled to receipts.

We recommended that the City revise petty cash policies to prescribe specific purposes for using the petty cash fund. Also, the City should enhance controls over petty cash to ensure that:

- City records are maintained in sufficient detail to document the authorized public purpose for all petty cash disbursements.
- All petty cash fund disbursements are supported by dated receipts and receipts do not exceed \$50.
- Petty cash funds are counted and reconciled to receipts weekly.

Results of Follow-Up Procedures

The City corrected this finding. In July 2020, the City established policies³⁴ outlining the specific purpose of petty cash funds as to provide immediate access to funds for making emergency or immediate purchases of incidental items. All petty cash fund disbursements are limited to \$50, must have an authorized public purpose, and must be supported by a dated receipt.

Our discussions with City personnel and examination of City records disclosed that the City closed all but one petty cash fund prior to October 2019. The remaining petty cash fund had a balance of approximately \$26 at October 2019 and was closed in October 2020. Our discussions with City personnel and examination of City records disclosed no petty cash disbursements during the period October 2019 through February 2021.

³³ City of Opa-locka Administrative Policy 2020.001/F02, *Public Deposit Accounts*.

³⁴ City of Opa-locka Administrative Policy 2020.001/F06, *Public Deposit Accounts*.

Finding 27: Administrative Building Purchase**Previously Reported**

City records did not evidence that the City exercised due diligence in determining the fiscal viability of purchasing a \$7.9 million building, referred to as “Town Center I,” to house its administrative offices and other tenants. Specifically, the City did not ensure the accuracy of reported renter lease information and building operating costs prior to purchasing the building and did not maintain records to support significant assumptions regarding the rental income anticipated to be generated from other tenants.

We recommended that the City:

- Establish policies and procedures that set forth guidelines and procedures to require, prior to the purchase of real property, that due diligence is performed in researching the property by obtaining one or more independent appraisals and inspections, verifying occupancy, obtaining copies of active lease agreements, and evaluating and considering the seller’s operating information for the property. Such policies and procedures should clearly assign responsibility for obtaining and retaining records to support the performance of such procedures.
- Maintain records to support significant assumptions regarding the rental income anticipated to be generated by any City-owned real properties.
- Take prompt and appropriate action to lease vacant Town Center I office space to maximize rental revenue.

Results of Follow-Up Procedures

The City partially corrected this finding. Our review of City records as of March 2021 and discussions with City personnel disclosed that the City developed a policy that addressed our recommendation. However, because the City had not purchased any real or rental property since April 2017, it had no occasion to implement the policy.

Although the City had taken some action to lease Town Center I, such as posting a notice advertising office space for rent on the City Web site and in various municipal buildings in January 2018, the City’s attempts to lease vacant Town Center I office space to maximize rental revenue continued to be inadequate. As shown in Table 8, as of October 2021, the City had three active rent-paying tenants leasing 22,869 square feet, approximately 47 percent, of the 48,625 square feet of space available for rent.³⁵

³⁵ The 48,625 square feet represents 79,217 total square feet less 30,592 square feet used for City administrative purposes.

Table 8
City-Provided Tenant Rent Roll Information
October 2021

Tenant	Suite Number	Square Feet	Price per Square Foot
1	110	1,691	\$23.19
2	210	5,466	\$ 8.00
3	250, 328, 334, and 335	15,712	\$14.50
Total Square Feet		<u>22,869</u>	

Source: City records.

The remaining 25,756 square feet of rentable space was not leased as of October 2021. As disclosed in our report No. 2019-221, the City intended Town Center I rental receipts to assist the City in making debt service payments on revenue notes and defray operating costs, such as utilities. As of August 2021, the lease agreements for the three tenants established annual rent totaling \$310,764. In comparison, the annual debt service costs on the revenue notes issued by the City to purchase Town Center I totaled \$523,213.

Review of the December 2020 City Commission meeting minutes disclosed that the City Commission decided to defer all leasing decisions for Town Center I until a property manager is hired to ensure that the property is managed to its highest and best use. However, per our discussion with City personnel in January 2023, the proposed cost of the property manager was too expensive, and the City's use of the building had expanded, limiting the available rentable space. Notwithstanding, when rentable space remains vacant, the City is not maximizing rental revenue to help offset annual debt service costs and operating costs of the building.

Recommendation: The City should enhance efforts to take prompt and appropriate action to lease vacant Town Center I office space to maximize rental revenue.

Finding 28: Construction Administration

Previously Reported

The City needed to enhance construction administrative policies and procedures to ensure that construction contractors are competitively selected in accordance with State law and City ordinances, construction services and related costs are not duplicated, contract addenda do not provide compensation for work already performed, City Commission approval is obtained for change orders exceeding \$25,000, contractors are timely paid to avoid work stoppages, and contractors obtain payment bonds.

We recommended that the City enhance policies and procedures for construction administration to ensure compliance with applicable laws and City ordinances and that adequate documentation is obtained and maintained to support all phases of construction projects. Specifically, we recommended that the City ensure that:

- Construction contractors are competitively selected in accordance with State law and City ordinances.

- Construction services and related costs are not duplicated, and contract addenda do not provide compensation for work already performed pursuant to original contracts.
- Change orders exceeding \$25,000 are not processed without City Commission approval.
- Contractors are timely paid to avoid work stoppages.
- Contractors obtain payment bonds to provide assurance that subcontractors and materials suppliers will be paid for construction projects.

Results of Follow-Up Procedures

The City partially corrected this finding. In April 2020, the City enhanced its ordinances³⁶ to require formal bidding procedures for purchases of supplies and contractual services exceeding \$25,000. According to City personnel, as of March 2021, Public Works Department staff review all construction project invoices for accuracy of the amounts billed, and all change orders exceeding \$25,000 are submitted to the City Commission for approval.

During the period April 2017 through February 2021, the City expended \$1.9 million for 17 construction projects with contract amounts totaling \$3.9 million. We examined City records for 4 construction projects with expenditures totaling \$884,150, and our examination disclosed that:

- Construction and construction services contractors were competitively selected in accordance with State law and City ordinances.
- Construction services and related costs were not duplicated, and contract addenda did not provide compensation for work already performed pursuant to original contracts.
- The City Commission approved all change orders exceeding \$25,000.
- The City timely paid contractors to avoid work stoppages.
- Contractors obtained payment bonds to provide assurance that subcontractors and materials suppliers will be paid for construction projects.

In addition to the four construction projects, we reviewed City records and discussed with City personnel the status of the Historic City Hall Phase 2 Project (HCH 2 Project) and the Cairo Lane/NW 127th Street Project (Cairo Project). As noted in our report No. 2019-221, contractors had ceased work on those projects due to lack of payment. Our follow-up procedures disclosed that the two projects were still not complete as of January 2023. Specifically:

- The HCH 2 Project contractor stopped work on the project in June 2016 because the City did not timely pay the contractor. To protect the City Hall facility, the City Commission approved an emergency roofing repair and termite treatment, which was completed in April 2021. In addition, the contractor for the Cairo Project stopped working on the project in August 2019 due to various issues, including lack of payment and road maintenance issues. In response to our inquiries in January 2023, City personnel indicated that they anticipate the Cairo Project will be completed in June 2023.
- City personnel indicated Cairo Project delays occurred, in part, from obtaining the easements for utility pole relocations, which conflicted with underground stormwater lines and proposed scope of work. In addition, the underground stormwater infrastructure could not be accessed due to illegal dumping on the right-of-way area and, in July 2021, the City Commission amended the project scope to include debris removal. Finally, due to safety concerns associated with the

³⁶ Section 2-316, City of Opa-locka Code of Ordinances.

project delays, the City installed a temporary roadway on Cairo Lane to facilitate regular business operations and traffic until the permanent street can be completed, which City personnel estimate will occur by April 2023.

Delays in completing construction projects result in inconvenience to residents, increases in project costs, and may impact the ability to obtain expected future grant funds for construction projects.

Recommendation: The City should continue efforts to timely pay contractors to avoid construction project delays.

Finding 29: Land Disposals

Previously Reported

The City had not established surplus land disposal procedures. Absent such procedures, the City did not always timely collect and deposit land sale proceeds, timely record land sales in City accounting records, or timely correct deed errors.

We recommended that the City establish and implement policies and procedures that delineate the responsibilities of employees involved in surplus land declarations and the related collection of land sale proceeds. Such policies and procedures should also ensure that land sale proceeds are promptly collected and deposited in the bank and timely recorded in City accounting records. In addition, we recommended that the City take appropriate action to address the deed error related to the Parcel 4 sale.

Results of Follow-Up Procedures

The City partially corrected this finding. In March 2021, the City established policies and procedures³⁷ for disposal of City-owned surplus property. Such policies and procedures require:

- The City Manager to recommend real property disposals to the City Commission in writing, and the written communication shall include the reason for declaring the real property as surplus and the proposed method of disposal.
- Advertisement in a local newspaper and other channels of communication, as appropriate, that surplus real property will be sold to the highest bidder through a process described in the advertisement and an evaluation of any bids received pursuant to such communications.
- The City Attorney to prepare resolutions declaring real property to be surplus, oversee the closing process, and ensure the proper recording of the sale with the County.
- The Finance Officer to ensure that proceeds are timely deposited and recorded in the City's accounting records.

In addition, in March 2021 the City addressed the deed error recorded in the County property records related to the Parcel 4 sale by executing a quit claim deed that included the remaining required legal description conveying the entirety of Parcel 4 to the buyer.

Our examination of City records and discussions with City personnel disclosed that there were no land sales during the period October 2019 through February 2021. Although no land sales occurred during that period, in October 2019, the City Commission declared a land parcel as surplus and, in June 2021, the City sold the land for \$57,000 to an adjacent property owner. While the City obtained an appraisal of

³⁷ City of Opa-locka policy, *Land Disposal*.

the property in August 2019, which yielded an appraised value of \$52,000, the City did not advertise the sale or solicit competitive bids. In response to our inquiries, City personnel indicated that they believed the property had no value except to the adjacent property owner; consequently, the City accepted the adjacent property owner's offer, which exceeded the appraised value by \$5,000. Notwithstanding this response, without publicly advertising the sale of the property the City cannot demonstrate compliance with City policy or that the sale terms were the most advantageous to the City.

Our examination of City accounting records, banking records, and the property deed disclosed that the land sale proceeds of \$57,000 were promptly collected, deposited in the bank, and properly recorded.

Recommendation: The City should follow its established land disposal policies and procedures.

Finding 30: Property Records

Previously Reported

The City had not established appropriate accountability for its tangible personal property (TPP) with acquisition values totaling \$11.5 million.

To establish and maintain appropriate accountability for City TPP, we recommended that the City:

- Update the *Finance Department Policies and Procedures Manual (Manual)* to establish TPP accountability and capitalization thresholds and include comprehensive policies and procedures for the acquisition, management, and disposal of TPP items and for maintaining control over attractive and sensitive items with costs below the TPP capitalization threshold. The *Manual* should also require that employees receive the training necessary to understand and correctly record purchased capital assets consistent with the capitalization threshold.
- Ensure that all applicable fields for each property item are properly completed in the City's property management system.
- Affix property tags, or otherwise mark, each TPP item with a unique property number.
- Document compliance with the *Manual* by physically inventorying all TPP on an annual basis, comparing the inventory to the TPP records, and reconciling any noted discrepancies. Any property items located during the inventory process that meet the established capitalization threshold should be included in the inventory records, and items not located should be promptly reported to the property custodian to cause a thorough investigation to be made. In addition, based on the results of the investigation, the City should file a report with the appropriate law enforcement agency for items not located.

Results of Follow-Up Procedures

The City partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that the City updated its *Manual* in April 2022 to generally include information and requirements in accordance with our recommendations. However, the *Manual* does not address maintaining control over attractive and sensitive items with costs below the TPP capitalization threshold. Providing for adequate internal controls over attractive and sensitive items would decrease the risk of such property items being lost, stolen, or inappropriately used.

In addition, in February 2021, the City engaged an asset management company to conduct a complete asset valuation study, including the development of insurance valuations. In September 2021, the asset management company performed a physical inventory of TPP, identified property items that were not

included in the City's property records and property items that should be deleted from the records, and provided an appraisal report that included 2,511 TPP items valued at \$17.6 million. In April 2022, the City investigated and reconciled the results of the asset management company's physical inventory to the property records. However, in response to our January 2023 inquiries as to whether missing items were reported to an appropriate law enforcement agency and to the City's property insurance carrier, City personnel indicated that, due to staff turnover, they did not know whether the missing items were reported.

In October 2021, we examined TPP records for 10 TPP items valued at \$383,658 and noted that all applicable fields for each property item were properly completed in the City's records. We also visually inspected the 10 TPP items and noted that they were all affixed with a uniquely numbered property tag identifying the TPP item as City property.

Recommendation: The City should further enhance the *Manual* to address maintaining control over attractive and sensitive items with costs below the TPP capitalization threshold. In addition, the City should thoroughly investigate items that could not be located during the September 2021 TPP inventory and report the missing items to the appropriate law enforcement agency and the City's property insurance carrier.

Finding 31: Property Insurance

Previously Reported

The City had not established policies and procedures to ensure that City property was adequately insured and had not developed a formal contingency plan in the event that uninsured losses are incurred in a catastrophic event.

We recommended that the City:

- Establish policies and procedures that address the level of insurance coverage to be maintained and the method to be used to determine insurable values.
- Enhance procedures to require periodic analyses of the adequacy of property insurance coverages, including a comparison of City-owned property and estimated replacement values to insured property and coverage amounts.
- Develop a formal contingency plan that identifies financing resources that can be used to cover uninsured losses resulting from a catastrophic event.

Results of Follow-Up Procedures

The City partially corrected this finding. The City obtains insurance for its buildings and other property through the Florida Municipal Insurance Trust (FMIT).³⁸ In February 2021, the City engaged an asset management company to conduct a complete asset valuation study, including the determination of insurable values to be updated annually. However, according to City personnel, as of January 2023, policies or procedures for insurance had not been established due to current staff workload. City personnel also indicated that the City's fund balance and FMIT insurance coverage protect the City

³⁸ The FMIT is a nonprofit, tax-exempt risk-sharing pool that provides coverage for public entities within the State of Florida.

against loss and are believed to be adequate for the continuation of City operations in other than the most catastrophic circumstances.

Notwithstanding, absent such policies and procedures and documented analyses of the sufficiency of insurance coverage, there is an increased risk that any potential losses will not be sufficiently mitigated. In addition, without a contingency plan that identifies financing resources for property loss replacement or repairs and given the City’s state of financial emergency, the City could potentially experience additional financial strain while trying to meet current obligations and providing essential services to its residents should the City experience a catastrophic loss.

As shown in Table 9, our comparison of amounts reported in the asset management company’s September 2021 asset valuation study for buildings and improvements and personal property (furniture, equipment, and motor vehicles) to the insured value amounts effective October 1, 2021, disclosed that the asset valuation study amounts for buildings and improvements were significantly more than the insured amounts.

**Table 9
Comparison of Asset Valuation Values to Insured Values**

Description	Replacement Cost Per 2020-21 Asset Valuation Study	Insured	Difference
		Replacement Value Per 2020-21 Fiscal Year FMIT Insurance Policy	
Real Property – Buildings and Improvements	\$39,115,400	\$18,088,423	\$21,026,977
Personal Property	1,025,600	2,008,000	(982,400)

Source: City’s audited financial statements.

In June 2022, subsequent to our inquiries, the City increased its insured real property limit to \$31.4 million for buildings and improvements and decreased its personal property limit to \$1.8 million. As such, the City continued to insure its buildings and improvements for \$7.7 million less than the full replacement cost. In response to our inquiries in January 2023, the City’s Risk Manager indicated that he discussed coverage adjustments for buildings and improvements with the FMIT and indicated that he thought the coverage amounts had been further increased; however, he later indicated that the FMIT did not increase the insurance coverages because the FMIT was waiting for written direction from the City. The Risk Manager indicated that he provided written direction to the FMIT in January 2023 and was investigating the over-insurance of personal property as of the same date.

In addition, as of January 2023 the City had not developed a formal contingency plan that identifies financing resources, such as an emergency line of credit, to be used to cover uninsured losses resulting from a catastrophic event. In response to our inquiries, City personnel indicated the City had not attempted to obtain an emergency line of credit due the City’s continued financial emergency status.

Recommendation: The City should continue efforts to:

- **Establish policies and procedures that address the level of insurance coverage to be maintained and the method to be used to determine insurable values.**
- **Develop a formal contingency plan that identifies financing resources that can be used to cover uninsured losses resulting from a catastrophic event.**

Finding 32: Motor Vehicle Use**Previously Reported**

City records did not evidence City Manager approval and justification for employee take-home motor vehicle assignments. In addition, neither the City *Employee Handbook* nor any other City-established policies or manuals addressed elected official's use of City motor vehicles or the preparation and maintenance of motor vehicle usage logs.

We recommended that the City enhance controls governing the assignment, use, and maintenance of motor vehicles by:

- Ensuring that the City Manager documents approval and justification for each employee take-home motor vehicle assignment.
- Addressing the legal authority for elected officials' use of City motor vehicles in City policies and procedures and specifying the authorization documentation and monitoring requirements for such use.
- Enhancing City policies and procedures to require motor vehicle usage logs that document, for example, the vehicle driver, vehicle usage mileage (beginning and ending odometer readings), and purpose for each use. To evidence the reasonableness and propriety of City motor vehicle use, the vehicle usage logs should be reviewed and approved by appropriate supervisory personnel and retained.

Results of Follow-Up Procedures

The City partially corrected this finding. Our review of City records and discussions with City personnel disclosed that, as of February 2021, 54 take-home vehicles were assigned to 43 Police Department employees and 11 other City employees and that:

- As of March 2021, the City had developed policies and procedures that adequately addressed our recommendations.³⁹ However, although the policies require effective May 2021 that motor vehicle usage logs be maintained, as of November 2022, the City had not implemented vehicle usage logs. In response to our inquiries, City personnel indicated that the City purchased global positioning system (GPS) devices to track motor vehicle usage instead. GPS devices had been installed in the City's police vehicles as of April 2021; however, as of January 2023, GPS devices had not been installed in the City's other motor vehicles. Further, City personnel indicated that the Police Department does not routinely review the GPS device data for the police vehicles. Absent required vehicle usage logs, review of GPS device records, or an alternate motor vehicle tracking methodology, there is an increased risk that City motor vehicles will be used for unauthorized purposes.
- Contrary to City policies and procedures, 40 of the 43 Police Department motor vehicle assignments lacked evidence of City Manager approval or justification for the take-home assignments. While 34 of the 40 take-home vehicles were approved by the Police Chief, 6 lacked the required Take-home Vehicle Authorization Form and, consequently, there was no authorization of record for the assignment of the 6 take-home vehicles. City personnel indicated that, with the City Manager's approval, the City restored the Police Department take-home vehicle

³⁹ City of Opa-locka Policies and Procedures, *Motor Vehicle Usage (F32, F33)*. The policy document was unsigned as of March 2021.

program (program) during a December 2018 meeting. Following the meeting, the Police Department Corporal sent a memorandum to staff indicating that take-home assignments were restored; however, contrary to City policies and procedures, City records did not evidence the City Manager's approval. Absent City Manager approval and justification for take-home vehicle assignments, there is an increased risk that City motor vehicles will be used for unauthorized purposes.

- In response to our inquiries, City personnel indicated that the City did not provide City motor vehicles to elected officials for take-home use during the period October 2019 through February 2021. Our review of City Commission meetings from October 2019 to February 2021 and review of motor vehicles take-home use assignments documentation did not disclose any instances of City elected officials using motor vehicles on a take-home basis.

Recommendation: We again recommend that the City enhance controls governing the assignment, use, and maintenance of motor vehicles by:

- **Ensuring that the City Manager documents approval and justification for each employee take-home motor vehicle assignment in accordance with City policies and procedures.**
- **Requiring the use of motor vehicle usage logs in accordance with City policies. If City management elects to use GPS devices, or another alternate method for tracking motor vehicle usage, City policies and procedures should be updated accordingly. To evidence the reasonableness and propriety of City motor vehicle use, vehicle usage logs or GPS device reports should be reviewed and approved by appropriate supervisory personnel and retained.**

Finding 33: Vehicle Taxable Fringe Benefits

Previously Reported

The City did not include the value of personal use of City motor vehicles in the gross income reported to the Internal Revenue Service (IRS) for applicable City officials and employees.

We recommended that City policies and procedures be enhanced to ensure that the value of personal usage of City-provided motor vehicles is included in the applicable individuals' gross income reported to the IRS.

Results of Follow-Up Procedures

The City partially corrected this finding. Our inquiry of City personnel and examination of City payroll records disclosed that, as of February 2021, 43 Police Department employees, including 9 who were assigned unmarked motor vehicles, and 11 other City employees were assigned vehicles on a take-home basis. We also noted that:

- City records demonstrated that Police Department motor vehicle assignments met the United States Treasury regulation⁴⁰ and Internal Revenue Code⁴¹ criteria to qualify as a working condition fringe benefit. However, although the Police Collective Bargaining Agreement provides for unlimited personal use of assigned vehicles within City limits (except for transportation to bars and lounges), the *Employee Handbook* and other policies and procedures did not explicitly restrict personal use of unmarked vehicles to ensure that such use would be incidental to

⁴⁰ Title 26, Sections 1.61-21(a), 1.132-5(h)(1), and 1.274-5(k), Code of Federal Regulations.

⁴¹ Title 26, Section 1.132(a)(3), United States Code.

law-enforcement functions, in accordance with United States Treasury regulations.⁴² The lack of motor vehicle usage logs, as discussed in Finding 32, precluded a determination of the extent to which motor vehicles were used for the incidental personal benefit of Police Department employees and the value of personal usage, if any, that should have been included in gross income reported to the IRS.

- For the 2020 calendar year, the City included personal use of City-provided motor vehicles in the gross income reported to the IRS for the 11 non-police City employees. The City calculated the personal usage using the IRS commuting rule,⁴³ which provides that gross income be computed by multiplying each one-way commute to work by \$1.50 (\$3.00 per day for a round-trip commute).

Recommendation: We recommend that the City continue to enhance its policies and procedures to ensure that the value of any non-incidental personal usage of City-provided Police Department motor vehicles is included in the applicable individuals' gross income reported to the IRS.

Finding 34: Motor Vehicle Fuel Inventory

Previously Reported

The City had not established policies and procedures regarding the use of its fuel pumping station. In addition, the City's fuel management system did not provide for adequate accountability of fuel pumping station inventory and fuel distributions to City officials and employees.

We recommended that, if the City elects to re-open the fuel pumping station, the City establish policies and procedures regarding use of the fuel pumping station. Such policies and procedures should provide enhanced measures to ensure that fuel is only pumped into City motor vehicles, provide for accurate tracking of fuel pumped for each City vehicle, and require comparisons of fuel usage with actual vehicle mileage (documented by vehicle usage logs) for reasonableness.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. Our inquiry of City personnel and examination of City records disclosed that the City did not operate a fuel pumping station during the October 2019 through February 2021 audit period. Instead, the City obtained fuel through a fuel card program, as discussed in Finding 71.

Finding 35: Motor Vehicle Maintenance

Previously Reported

The City had not established policies and procedures for motor vehicle repairs and maintenance. In addition, the City had not implemented a comprehensive motor vehicle preventative maintenance plan or a system for tracking each motor vehicle's repair and maintenance costs and documenting periodic motor vehicle cost-benefit analyses for vehicle disposition and replacement decisions.

We recommended that the City:

- Establish effective policies and procedures for motor vehicle repairs and maintenance.

⁴² Title 26, Section 1.274-5(k)(6), Code of Federal Regulations.

⁴³ IRS Publication No. 15 (Circular E), *Employer's Tax Guide*.

- Implement a system for tracking each motor vehicle's repair and maintenance costs.
- Continue efforts to develop a comprehensive motor vehicle preventative maintenance plan.
- Perform periodic documented assessments of motor vehicles to identify inoperable vehicles and determine whether such vehicles should be repaired, used for spare parts, or otherwise disposed of and replaced.

Results of Follow-Up Procedures

The City corrected this finding. As of March 2021, the City had established policies and procedures⁴⁴ for use and maintenance of the City's fleet equipment, and the policies and procedures adequately addressed our recommendations. In July 2021, City personnel provided us manual worksheets evidencing the City's repair and maintenance tracking.

In addition, in March 2022, the City created a manual worksheet to track its motor vehicle inventory. Our examination of the worksheet disclosed that it included the current conditions of each vehicle, identified all inoperable fleet vehicles, and for surplus vehicles, the reason for surplus, date of surplus, and department supervisor name and approval date. Vehicles identified as obsolete by City staff are presented to the City Commission prior to be declared as surplus and authorized for disposition.

Finding 36: Motor Vehicle Parts Inventory

Previously Reported

City controls and records did not provide for adequate accountability over the purchase and use of the City's motor vehicle parts inventory.

We recommended that the City:

- Establish policies and procedures regarding the purchase, control, and use of repair and maintenance parts.
- Maintain a record of repair and maintenance parts purchased, used, and on-hand.
- Implement a work order system or other methodology for documenting the use of repair and maintenance parts for City motor vehicles to associate parts costs with specific motor vehicles. Such information is useful in determining whether to repair or replace a vehicle and provides additional accountability for the use of purchased parts.

Results of Follow-Up Procedures

The City corrected this finding. As of March 2021, the City had established policies⁴⁵ addressing the purchase, control, and use of repair and maintenance parts for motor vehicles that adequately addressed our recommendation. Beginning in May 2020, the Public Works Department began maintaining a record of repair and maintenance parts purchased, used, and on-hand using a manual worksheet, which include parts requisition numbers, parts requests, quotes, invoices, and work orders.

⁴⁴ City of Opa-locka Policies and Procedures, *Fleet Equipment Usage & Maintenance*. The policy and procedure document was not dated.

⁴⁵ City of Opa-locka Policy, *Motor Vehicles Parts Inventory Policy*. The policy document was not dated.

Finding 37: Debt Management Policy**Previously Reported**

Contrary to City ordinances, the City had not established debt management policies and procedures.

We recommended that the City establish debt management policies and procedures that are consistent with GFOA best practices.

Results of Follow-Up Procedures

The City had not corrected this finding. Our review of the City records disclosed that the City did not have written policies and procedures in place for its debt management function as of April 2021, contrary to City ordinances.⁴⁶

In response to our inquiries in April 2021, City personnel acknowledged that debt management policies and procedures had not been developed and indicated that they were in the process of reviewing best practices for debt management in order to customize policies and procedures to accommodate City needs. Notwithstanding, absent such policies and procedures, the City's ability to properly issue, manage, and monitor debt is limited and cannot demonstrate compliance with City Code of Ordinances.

Recommendation: We again recommend that the City establish debt management policies and procedures that are consistent with GFOA best practices and City ordinances.

Finding 38: Selection of Bond Professionals**Previously Reported**

Contrary to GFOA best practices, the City contracted with its bond counsel in April 2015 without using a competitive selection process and paid the bond counsel \$40,000 for services associated with issuance of the Series 2015A Tax-Exempt Capital Improvement Revenue and Refunding Note and Series 2015B Taxable Capital Improvement Revenue Note.

We recommended that the City select professionals, such as bond counsel, by employing a competitive selection process whereby proposals or quotations are solicited from a reasonable number of professionals.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. Our examination of City records and discussions with City personnel disclosed that the City did not issue any debt during the period October 2019 through February 2021.

⁴⁶ Section 2-651 (7)(i), City of Opa-locka Code of Ordinances.

Finding 39: Cash Collections**Previously Reported**

The City did not always timely record and deposit cash collections or consecutively use prenumbered receipts for non-utility cash collections.

We recommended that the City enhance controls over cash collections to ensure that:

- Prenumbered receipts are used in consecutive order for all non-utility cash collections at all City cash collection points.
- A control record is maintained for prenumbered receipts.
- Cash collections are promptly recorded and deposited.

Results of Follow-Up Procedures

The City partially corrected this finding. For the period October 2019 through February 2021, City records disclosed a total of 11,284 cash collections totaling \$7.5 million. To document receipt of cash collections, City departments used prenumbered receipts, except for the Utility Department, for which the utility billing system generates sequentially numbered receipts. Our examination of City records and discussions with City personnel disclosed that the Finance Department provided blank prenumbered receipts to other departments and maintained a control record of the prenumbered receipts provided to each department. We examined City records to determine whether prenumbered receipts were used in numerical order and noted that:

- The Parks and Recreation Department did not use prenumbered receipts in consecutive order and simultaneously used more than one sequence of receipt numbers during the period October 2019 through February 2021.
- The Police Department did not use prenumbered receipts in consecutive order during this same period.

City personnel indicated that prenumbered receipts were not used in consecutive order as required by City policies⁴⁷ due to staff turnover and, as of September 2021, Finance Department personnel had reviewed this policy with each City department that handles or may potentially handle cash to make City personnel aware of the requirement to use prenumbered receipts in sequential order.

City policies⁴⁸ require cash collections be deposited within 48 hours of collection, with exceptions for emergencies, such as hurricanes or flooding. Although City policies do not specify the frequency for recording cash collections in the accounting records, City personnel indicated that, in practice, cash collections are recorded concurrently with bank deposit preparation. To determine whether collections were timely recorded and deposited, we examined City records supporting 10 selected receipts totaling \$1,377 collected by various City departments during the period October 2019 through February 2021. Our examination disclosed that 6 cash collections totaling \$407 were recorded in the accounting records

⁴⁷ City of Opa-locka Administrative Policy No. 2020.001/F13, *Cash Collections*.

⁴⁸ City of Opa-locka Administrative Policy No. 2020.001/F13, *Cash Collections*.

6 to 126 days, an average of 44 days, after the collection date and deposited in the bank 8 to 128 days after the collection date. According to City personnel, the cash collections were not timely recorded and deposited due to staff turnover.

The lack of accountability for prenumbered receipts and untimely recording and deposit of cash collections increases the risk that errors, fraud, or theft may occur without timely detection.

Recommendation: We continue to recommend that the City enhance controls over cash collections to ensure that prenumbered receipts are used in consecutive order for all non-utility cash collections at all City cash collection points and that cash collections are promptly recorded and deposited.

Finding 40: Permit Fees

Previously Reported

The City had not established policies and procedures for properly and consistently calculating, approving, and recording permit fees or for maintaining permit applications and other documentation supporting the permits issued.

We recommended that the City establish policies and procedures to ensure, among other things, that permit fees are properly and consistently calculated and approved and that permit applications and other documentation supporting the permit issuance are retained in City records. In addition, the City should refund to applicants the \$132 overassessed permit fees and seek to collect from applicants the \$492 underassessed permit fees.

Results of Follow-Up Procedures

The City partially corrected this finding. The City established policies⁴⁹ to require the use of a computer program to consistently calculate permit fees and to assign the Building Official with the responsibility of ensuring that fee amounts entered into the computer program are consistent with amounts established by City ordinances.

During the period October 2019 through February 2021, the City issued 1,961 permits and collected permit fees totaling \$1.9 million. To determine whether City personnel properly assessed and approved permit fee amounts in accordance with City ordinances, we examined available documentation supporting 10 selected permits with associated fees totaling \$491,214. We determined that fee amounts for 3 permits were overassessed by \$1,738, \$32,504, and \$37,585, respectively, and noted that documentation was not available to support the entire calculated fee amount for 1 of the 3 permits. City personnel indicated that the errors totaling \$71,827 occurred when the permit fees were manually calculated because, as of June 2021, the City had not purchased and implemented the computer program required by its policy. City personnel also indicated that they implemented an automated permit fee calculation process in January 2023. Improperly calculated permit fees result in the City not collecting all fees due or applicants paying unnecessary fees.

⁴⁹ City of Opa-locka Building Department Policy, *Permit Fees and Record Storage*. The City Manager signed but did not date the policy.

Our discussions with City personnel disclosed that, as of March 2021, the City had not made an effort to refund the \$132 in overassessed permit fees or sought to collect from applicants the \$492 in underassessed permit fees noted in report No. 2019-221 due to the low dollar amounts and the amount of time that had passed.

Recommendation: The City should continue efforts to ensure that permit fees are properly and consistently calculated and approved and that permit applications and other documentation supporting the permit issuance are retained in City records. In addition, the City should refund to applicants the \$71,827 overassessed permit fees.

Finding 41: Traffic Signal Safety Program

Previously Reported

Contrary to State law, as of August 2018, the City had failed to remit to the FDOR approximately \$3 million in collected traffic signal penalties for red-light violations.

We recommended that the City weekly remit to the FDOR the traffic signal penalties collected as required by State law.⁵⁰ Additionally, the City should continue to transfer to the FDOR the past due amounts and contact the FDOR about establishing a structured payment plan.

Results of Follow-Up Procedures

The City partially corrected this finding. City records showed that during the period October 2019 through February 2021, the City's contracted vendor⁵¹ remitted to the City \$3.3 million in collected traffic signal penalties for red-light violations. According to State law,⁵² the City was required to remit \$1.4 million of that amount to the FDOR. However, as of February 2021, the City had not yet remitted collected traffic signal penalties totaling \$147,137 for the months of January and February 2021. In response to our inquiries, City personnel indicated that City staff are unable to weekly remit collected traffic signal penalties to the FDOR due to staffing shortages and because, although State law requires weekly remittances, the City's contract with the vendor only requires monthly reports of penalties collected.

As of January 2023, the City had not remitted to the FDOR the past due amounts of approximately \$3 million disclosed in our report No. 2019-221. On March 18, 2021, the City Manager sent a letter to FDOR's Executive Director requesting a calculation of the City's past due amount with a plan for debt forgiveness and repayment options. On May 3, 2021, the City received the FDOR response detailing the City's remittances to the FDOR and requesting that the City identify its past due amount by reconciling the amounts the City received from the vendor to the amounts remitted to the FDOR. The FDOR response further indicated that the FDOR does not have statutory authority to forgive debt owed to the State. However, as of January 2023, the City had not identified or remitted the amounts owed to the

⁵⁰ Section 316.0083(1)(b)3., Florida Statutes, sets the penalty for each traffic signal violation at \$158, of which \$75 may be retained by the City and \$83 is required to be electronically transferred to the FDOR on a weekly basis for deposit into the State's General Fund (\$70), Emergency Medical Services Trust Fund (\$10), and Brain and Spinal Cord Injury Trust Fund (\$3).

⁵¹ As noted in our audit report No. 2019-221, in March 2009 the City contracted with a vendor to install and monitor cameras at several City intersections, issue notices of infraction to red-light violators, and process and remit payments from those violators to the City.

⁵² Section 316.0083(1)(b)3., Florida Statutes.

FDOR because, according to City personnel, the Financial Emergency Board told them that such identification and remittance is a lower priority item due to the City's financial emergency status. Without prompt remittance of traffic signal penalty proceeds to the FDOR, the associated State funds are deprived of these revenues and the proceeds cannot be used for their intended purposes.

Recommendation: We continue to recommend that the City weekly remit to the FDOR the traffic signal penalties collected as required by State law. To that end, the City should seek to amend the vendor's contract to require weekly, rather than monthly, reports of collected penalties. Additionally, pursuant to FDOR instructions, the City should identify and remit to the FDOR the past due amounts disclosed in our report No. 2019-221.

Finding 42: Utility Services Customer Deposits

Previously Reported

The City needed to revise City ordinances to specify how to account for utility services customer deposits and the time frame for refunding deposits to customers. In addition, City controls needed enhancement to require that the customer deposits payable account balance be periodically reconciled to the customer deposits subsidiary ledger balance and to ensure that customer deposits are timely refunded.

We recommended that the City revise the City ordinances to specify how to account for utility services customer deposits and the time frame for refunding deposits to customers. The City should also enhance controls to require and ensure that:

- The customer deposits payable account balance is periodically reconciled to the customer deposits subsidiary ledger balance and the customer deposits bank account balance and that any differences are promptly resolved.
- Customer utility services deposits are promptly refunded after utilities are disconnected.

Results of Follow-Up Procedures

The City had not corrected this finding. Our examination of City records and discussions with City personnel disclosed that, as of December 2022, pursuant to an agreement with Miami-Dade County (County),⁵³ the County assumed billing and collection responsibility for substantially all City utility customers.⁵⁴ Consequently, the City is no longer collecting utility customer deposits. However, although customers who begin receiving utility services with the County make deposits to the County, the City is responsible for maintaining and refunding deposits attributable to utility customers who had deposited amounts with the City prior to the County assuming billing responsibilities and as of April 2021 the City had not revised ordinances to specify how to account for utility customer deposits or to specify a time frame for refunding deposits to customers.

During the period October 2019 through February 2021, the City issued 43 utility services customer deposit refunds totaling \$28,859. Although neither City ordinances nor City policies and procedures

⁵³ At its July 12, 2017, meeting, the Commission approved City Resolution No. 17-9392 and an agreement with the County to administer City utility services, including meter reading; customer billing; and collection of water, sanitary sewage, and stormwater utility service charges. Under the agreement, the City retained responsibility for the proper usage of or return to customers of security deposits existing prior to the transition of utility services to the County.

⁵⁴ City personnel indicated that 26 accounts for customers living on Cairo Lane had not transitioned to the County because Cairo Lane, and the associated utilities infrastructure, was inaccessible to traffic due to illegal dumping on the right of way area.

specify a time frame for refunding customer deposits, utility bills included information specifying that “any refund will be mailed within 4 to 6 weeks of the date of disconnection.” To determine whether the City issued refunds within 6 weeks of the date of disconnection, we examined City records associated with 9 refunds totaling \$1,894 and noted that the refunds were issued from 100 to 589 days, an average of 372 days (approximately 53 weeks), after the utility account was closed. City personnel indicated that refunds were not timely issued because City personnel must complete a consumption review to confirm the accuracy of water consumption bills from prior years. Staff turnover delayed consumption reviews and refund issuance. Failure to promptly return customer deposits unfairly deprives customers of money to which they are entitled.

According to the City’s 2019-20 fiscal year audited financial statements, as of September 2020, customer deposits totaled \$3.5 million. Per City personnel, utility customer deposits are held in the Enterprise Fund Water and Sewer bank account; however, the September 30, 2020, Water and Sewer bank statement disclosed a balance of \$3.1 million, which was approximately \$400,000 less than the amount reported in the audited financial statements as of that date. In response to our inquiries in December 2022, as to why the customer deposits payable account balance in the accounting records had not been reconciled to the applicable bank account balance, City personnel indicated that limitations in the City’s existing financial system precluded personnel from performing the reconciliation. Absent periodic reconciliations of the customer deposits payable account balance to the customer deposits bank account balance, the City has limited assurance that utility services customer deposits are properly accounted for and reported, and the City Commission may not have a clear understanding of the amount of the City’s customer deposit liability and cash needed to refund customer deposits.

Recommendation: We continue to recommend that the City revise City ordinances to specify how to account for utility services customer deposits and the time frame for refunding deposits to customers. The City should also enhance controls to require and ensure that:

- **The customer deposits payable account balance is periodically reconciled to the customer deposits bank account balance and that any differences are promptly resolved.**
- **Customer utility services deposits are promptly refunded after utilities are disconnected.**

Finding 43: Utility Services Billing and Collection Processes

Previously Reported

The City needed to establish policies and procedures to provide for the prompt billing of utility services customers, progressive strengthening of collection efforts for delinquent accounts, and reconciliation of the amount of water purchased from the County to the amount of water billed to City utility service customers to identify water loss so that timely actions can be taken to prevent such loss.

We recommended that the City establish policies and procedures and enhance controls to provide for:

- The prompt billing of utility services until the County takes over responsibility for billing all City utility services customers.
- Progressive strengthening of collection efforts for delinquent accounts.
- Reconciliation of the amount of water purchased from the County to the water billed to City utility services customers to assist customers to assist with identifying and remedying water loss.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. In January 2021, the City established a policy⁵⁵ for progressively strengthening collection efforts for delinquent accounts, including instructions for the initial delinquency notice and filing of liens for unpaid water and sewer service charges. However, as discussed in Finding 42, as of December 2022, the City transitioned substantially all its water and sewer service customer accounts to the County. Consequently, the City had no occasion to correct this finding.

Finding 44: Utility Account Adjustments

Previously Reported

The City needed to establish policies and procedures for the calculation, review, and approval of utility account adjustments.

We recommended that the City continue efforts to establish policies and procedures addressing utility account adjustments. Such policies and procedures should include a standardized methodology for determining adjustment amounts and specific guidelines for documenting the calculation, review, and appropriate approval of utility account adjustments.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. As discussed in Finding 42, as of December 2022, the City transitioned substantially all its water and sewer service customer accounts to the County. Consequently, the City had no occasion to correct this finding.

Finding 45: Utility Water and Sewer Service Charges

Previously Reported

During the period October 2015 through April 2017, water and sewer service charges were not always assessed in accordance with rates prescribed by City ordinances and, consequently, the City underassessed a significant amount of water and sewer service charges.

We recommended that the City enhance controls to ensure that water and sewer service charges are assessed in accordance with rates prescribed by City ordinances. In addition, we recommended that the City, to the extent practical, take appropriate actions to collect the underassessed water and sewer service charges.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. As discussed in Finding 42, as of December 2022, the City transitioned substantially all its water and sewer service customer accounts to the County. Consequently, the City had no occasion to correct this finding.

⁵⁵ City of Opa-locka Finance Department Policy, *Delinquent Utility Accounts*.

Finding 46: Hiring Practices**Previously Reported**

City personnel administrative regulations and procedures were not always followed when hiring City employees and City hiring practices needed improvement.

We recommended that the City establish policies and procedures to ensure that:

- Prospective employees submit a completed employment application.
- Prior to offering employment, City personnel document verification that prospective employees met the minimum education and work experience requirements established for the positions for which they are being hired.
- Prospective employees receive drug tests near the anticipated start of employment and City personnel document acceptable test results in the applicable personnel files prior to offering employment.
- The City provide each prospective employee a conditional job offer letter that includes the conditions and terms of employment. A copy of the conditional job offer letter should be maintained in City personnel files.

Results of Follow-Up Procedures

The City corrected this finding. The City revised its policies and procedures,⁵⁶ effective March 2020, to specify the requirements for completed applications, documented verification of minimum work and employment history for applicable positions, prospective employees to receive drug tests near the anticipated start of employment prior to the offer of employment with test results retained in personnel files, and conditional job offer letters to include the conditions and terms of employment and for the letters to be retained in personnel files.

We examined City records for 10 of the 29 employees hired by the City during the period October 2019 through February 2021 and found that City personnel:

- Maintained completed applications.
- Verified applicable minimum work and employment history for the positions.
- Verified that a drug test was conducted near the anticipated date of employment and properly retained the test results.
- Ensured that conditional job offer letters included the conditions and terms of employment and were retained in the personnel files.

⁵⁶ City of Opa-locka Policies and Procedures, *Hiring Process*, dated 2020.

Finding 47: Background Screenings

Previously Reported

City controls over background screenings for employees and certain volunteers and vendor employees needed enhancement.

We recommended that the City ensure that background screenings are timely obtained and continue efforts to enhance established regulations to:

- Clarify the type of background screening required for the various City departments and activities.
- Define what constitutes an acceptable background screening result, including identification of the types of offenses that would be considered disqualifiers or potential disqualifiers for employment.
- Describe the process for evaluating, and documenting in the personnel records consideration of, any offenses disclosed by a background screening.
- Require background screenings to be initially and periodically obtained for City employees in executive-level positions and positions of special trust, as well as employees, volunteers, and vendor employees who work with vulnerable populations.

Results of Follow-Up Procedures

The City partially corrected this finding. The City revised its regulations,⁵⁷ effective January 2020, to indicate that all prospective hires, interns, volunteers, contractors, and contractual temporary personnel shall go through a pre-screening Florida Department of Law Enforcement (FDLE) criminal background check (Level 1 or Level 2).⁵⁸

We examined City background screening records for 10 of the 29 City employees hired during the period October 2019 through February 2021 and for 10 of the 30 volunteers and vendor employees providing services to the City during the same period. Although our examination disclosed that the 10 newly hired City employees were appropriately screened, City records did not demonstrate that the 10 volunteers and vendor employees received appropriate background screenings. In response to our inquiries, City personnel agreed that the volunteers and vendor employees had not been screened in accordance with City policies and that the Human Resources (HR) Department is now required to be notified of any vendor or individuals who would like to volunteer so that the department can coordinate a background screening for the potential vendor or volunteer.

Recommendation: We continue to recommend that the City ensure that background screenings are performed for volunteers and vendor employees who work with vulnerable populations.

⁵⁷ City of Opa-locka Personnel Administrative Regulations and Procedures: *Hiring 2-211(6) and (7)*.

⁵⁸ Level 1 screenings (without fingerprints) apply to most prospective hires, interns, volunteers, contractors, and contracted temporary personnel. Level 2 screening (with fingerprints) is applicable to individuals required by Federal or Florida law and grant funding requirements to have a background screening and for individuals that maintain continuous contact with vulnerable individuals, such as children, the disabled, and the elderly. The City requires Level 2 background screenings for Police and Parks and Recreation Department employees and for the City Manager.

Finding 48: City Manager Selection and Compensation

Previously Reported

Contrary to City ordinances, the City did not establish a search committee to conduct a local and nationwide search for candidates for the City Manager position. In addition, the City provided a City Manager with a rental car without documented City Commission approval.

We recommended that, for future City Manager selections, the City comply with City ordinances and establish a search committee to conduct a thorough local and nationwide search for candidates, evaluate candidate qualifications, and recommend candidates for City Commission consideration. In addition, the City should limit City Manager compensation to that established by the City Commission.

Results of Follow-Up Procedures

The City corrected this finding. The City Commission appointed a new City Manager in August 2019.⁵⁹ In selecting the City Manager, the City Commission appointed itself as the search committee as authorized by City ordinance⁶⁰ and hired an outside contractor to conduct a national search for candidates. The City Commission considered the qualifications and interviewed the five candidates recommended by the contractor before appointing the new City Manager. Our follow-up procedures did not disclose any compensation or consideration (for example, vehicles or other perks) paid to or on behalf of the City Manager other than that included in the employment agreement with an effective start date of October 15, 2019.

Finding 49: Extra Compensation

Previously Reported

Severance pay provisions in City employment agreements were not consistent with State law,⁶¹ and the City paid post-employment extra compensation to a City Manager contrary to State law.

We recommended that the City ensure that severance pay provisions in employment agreements prohibit severance pay when the employee has been fired for misconduct and that extra compensation is not paid after the service has been rendered or the contract made. In addition, the City should take appropriate action to recover from the former City Manager the extra salary compensation and applicable automobile costs.

Results of Follow-Up Procedures

The City partially corrected this finding. The City Manager hired in August 2019 was the only employee hired subsequent to the issuance of our audit report No. 2019-221 for which an employment agreement was executed. In accordance with State law, the employment agreement provided for

⁵⁹ City of Opa-locka Resolutions Nos. 19-9691 and 19-9692.

⁶⁰ Section 2.8.4(b), City of Opa-locka Code of Ordinances.

⁶¹ Section 215.425, Florida Statutes, provides that no City employee may be paid extra compensation after service has been rendered or the contract made and that employment agreements entered on or after July 1, 2011, that contain a provision for severance pay must include a provision requiring that such pay not exceed an amount greater than 20 weeks of compensation and prohibit severance pay when the employee has been fired for misconduct as defined by State law.

severance pay equal to 20 weeks of the City Manager's base pay and contained a provision prohibiting severance pay in the event the City Manager is terminated for cause. However, the City did not amend the October 2012 employment agreement⁶² with the City Clerk to prohibit severance pay in the event of termination for cause. Although we requested, as of February 17, 2023, the City had not provided a reason for why the City Clerk's employment agreement remained unchanged.

Regarding recovery of the extra salary compensation (\$23,077) and applicable automobile costs incurred (\$4,485) for a former City Manager in violation of State law, City management and the City Attorney indicated that there could be substantial legal costs involved in trying to recover those amounts and that efforts to locate all necessary documentation for purposes of prosecution had proven to be unfruitful in the past and a drain on City resources. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: We continue to recommend that the City amend the City Clerk's existing employment agreement to preclude severance pay in the event of termination with cause. We also recommend that City management submit to the City Commission for official approval of record the determination that recovery of funds for inappropriate salary payments and related costs would not be cost effective.

Finding 50: Mayor and City Commissioner Compensation and Expense Reimbursements

Previously Reported

The City, with no apparent legal authority, provided automobiles for the Mayor and City Commissioners' use. Also, contrary to City ordinances, which provide that the Mayor and City Commissioners may be reimbursed up to \$200 per month for documented expenses associated with their official duties, the City made monthly \$200 payments to the Mayor and City Commissioners without documentation of any expenses incurred. In addition, although the City treated the payments like expense allowances, the City did not include the payments in the Mayor and City Commissioners' earnings reported to the Internal Revenue Service (IRS) and did not document a determination that the payments were exempt from such reporting.

We recommended that the City:

- Discontinue providing automobiles to the Mayor and City Commissioners.
- For any future reimbursement payments to the Mayor and City Commissioners, require the Mayor and City Commissioners to provide, prior to payment, documentation detailing the nature and purpose for the expenses for which they are seeking reimbursement.
- Consult with the IRS to determine the extent to which the value of any personal usage of automobiles and payments made to the Mayor and City Commissioners should have been reported as earnings to the IRS.

Results of Follow-Up Procedures

The City partially corrected this finding. The City discontinued providing automobiles to the Mayor and City Commissioners and we identified only five expense reimbursements totaling \$217 paid to two Commissioners during the period April 2020 through January 2021. Our review of City records supporting

⁶² City of Opa-locka Resolution No. 12-8465.

those reimbursements disclosed that the amounts were related to the conduct of official City business and were supported by appropriate receipts and other expense voucher documentation.

In response to our March 2021 inquiries, City management indicated that they would ensure that the value of any future personal use of City vehicles would be reflected in applicable employees' gross income for IRS reporting purposes; however, due to the time that had elapsed, City management decided not to contact and consult with the IRS to determine the extent the past personal usage of City vehicles should be reported as earnings. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: We continue to recommend that the City contact and consult with the IRS regarding reporting the value of the past personal usage of City vehicles as earnings for the Mayor and respective commissioners. If a determination is made to not contact and consult with the IRS, that determination should be presented to the City Commission for official approval of record.

Finding 51: Employee and Independent Contractor Classifications

Previously Reported

The City had not established policies and procedures for determining whether workers should be classified as employees or independent contractors, and we noted instances in which the City did not consistently classify workers.

We recommended that the City establish policies and procedures for determining whether workers should be classified as employees or independent contractors. In addition, the City should contact the IRS to officially determine the appropriate classification for two workers.

Results of Follow-Up Procedures

The City partially corrected this finding. In 2019 the City established a policy⁶³ and procedure that provides appropriate guidance in determining whether workers should be classified as City employees or independent contractors. However, the City did not contact the IRS for an official determination as to how the two workers addressed in our report No. 2019-221 should be classified. City personnel stated that the IRS would not be contacted because the circumstances are no longer considered a current issue. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: We recommend that City management reconsider the decision not to contact and consult with the IRS regarding the appropriate treatment of the two workers addressed in our report No. 2019-221. If a determination is made to not contact and consult with the IRS, that determination should be presented to the City Commission for official approval of record.

⁶³ City of Opa-locka Policies and Procedures, *Employee v. Independent Contractor*, dated 2019.

Finding 52: City Pay Plan

Previously Reported

The City pay plan had not been updated to include certain employee positions. In addition, our examination of selected pay increases disclosed several increases that resulted in annual salaries that were not consistent with the pay plan.

We recommended that the City:

- Ensure that the City pay plan includes all City positions with the associated pay ranges and timely update the pay plan when new positions are created.
- Enhance controls to require the Human Resources Department to verify that salary increases are consistent with the pay plan.

Results of Follow-Up Procedures

The City had not corrected this finding. City personnel indicated that an updated pay plan had been developed based on information subsequently determined to be obsolete and that a consultant would be engaged to prepare the updated pay plan based on current information. Insofar as the updated pay plan was not based upon current information, it was not practicable for us to verify that City employee position titles and salary amounts were consistent with the plan. Maintaining pay plans that include all positions with the associated pay ranges and ensuring that salaries are consistent with the specified pay ranges help control payroll costs and ensure pay equity to employees in similar positions.

Recommendation: We continue to recommend that the City update its pay plan and require the HR Department to ensure that position titles and salary amounts are consistent with that plan.

Finding 53: Salary Payments

Previously Reported

The City had not established policies and procedures requiring all employee timecards to be reviewed and approved by supervisory personnel and did not always pay employees in accordance with its pay plan.

We recommended that the City establish policies and procedures regarding approval of employee time worked and ensure documented supervisory review and approval of employee time worked and payment of employees in accordance with the established City pay plan.

Results of Follow-Up Procedures

The City corrected this finding. As of April 2020, the City established policies and procedures⁶⁴ requiring the review and approval of employees' time worked as recorded by the employees in the City's time and attendance system. Our testing of 20 biweekly timecards for 20 employees who reported time worked during the period October 2019 through February 2021 disclosed that the employees' supervisors or designees reviewed and approved the timecards.

⁶⁴ City of Opa-locka Policies and Procedures, *Timekeeping*. The policy and procedure document was not dated.

Finding 54: Personnel Action Form Approval

Previously Reported

The City's personnel action forms (PAFs) used to document personnel actions, such as appointments, salary changes, and promotions, were not always retained or signed by the required individuals prior to the effective date of the personnel action.

We recommended that the City establish policies and procedures regarding the preparation and approval of PAFs and ensure that PAFs are timely prepared and signed by the required individuals.

Results of Follow-Up Procedures

The City corrected this finding. As of June 2020, the City had established policies and procedures⁶⁵ requiring PAFs to be completed and signed by appropriate individuals (hiring department director, HR Department Director, and City Manager, or their respective designees) prior to the effective date of the payroll action (hiring, pay rate change, promotion, etc.). The policies further provide that the HR Department is responsible for ensuring that all PAFs contain all required signatures prior to the effective date of the applicable personnel action.

Our examination of records for 10 of the 29 employees hired during the period October 2019 through February 2021 and for 10 additional employees paid during the same period disclosed that PAFs were properly completed and approved by the appropriate authorities prior to the effective dates of the respective hires. In addition, our examination of records for 10 other employees disclosed that the employees' rates of pay and positions were properly supported by PAFs approved by the appropriate authorities.

Finding 55: Employee Performance Reviews

Previously Reported

The City did not always timely perform employee performance reviews required by City regulations.

We recommended that the City timely perform employee reviews as required by City regulations.

Results of Follow-Up Procedures

The City partially corrected this finding. As noted in our report No. 2019-221, City regulations⁶⁶ require that newly hired employees generally receive a written progress review during their first 90 days of employment and that all employees generally receive an annual performance review. To better ensure that employees are properly and timely evaluated, the City established policies and procedures,⁶⁷ as of January 2021, that require, among other things, the HR Department to quarterly remind department directors of evaluation due dates for their employees and department directors to communicate

⁶⁵ City of Opa-locka Policies and Procedures, *Personnel Actions*. The policy and procedure document was not dated.

⁶⁶ City of Opa-locka Personnel Administrative Regulations and Procedures: *Job Expectations and Performance Reviews 1-112* and *Performance Evaluations 2-216*.

⁶⁷ City of Opa-locka Policies and Procedures, *Employee Performance Evaluation*. The policy and procedure document was not dated.

evaluation due dates to appropriate supervisors with an appropriate timeline for conducting the reviews. In addition, the City Manager's employment agreement provides that the City Commission shall review and evaluate the City Manager's performance at least once every fiscal year between March 1st and the immediately following April 30th.

Our examination of City records related to 20 individuals employed during the period October 2019 through February 2021, including 10 new hires during that period, selected from 37 payroll registers totaling \$6.9 million, disclosed that annual performance reviews were not conducted as required for one employee (the City Manager) and a written progress review was not conducted during the first 90 days of employment for another employee.

Although requested, as of February 2023, the City had not provided a reason why the annual performance review and a written progress review were not performed. Timely conducted performance reviews are an important management tool to inform employees of their accomplishments, training needs, and areas for improvement, and to assist management in making and supporting personnel decisions.

Recommendation: We recommend that the City continue efforts to conduct timely employee performance evaluations in accordance with City regulations, policies and procedures, and applicable employment agreements.

Finding 56: Pay Increases

Previously Reported

The City needed to enhance its policies and procedures to ensure that all pay increases are appropriately supported.

We recommended that the City enhance policies and procedures to ensure that all pay increases are supported by records evidencing the reason and basis for the pay increases. For promotions, a determination that the employee met the education and work experience requirements for the position to which they are being promoted should also be documented.

Results of Follow-Up Procedures

The City corrected this finding. As of May 2020, the City had revised its policies⁶⁸ and procedures to specify the requirements for all types of pay increases (merit, promotions, transfers, etc.) and to require the preparation and retention of appropriate forms documenting the justification and reasons for such increases. The revised policies and procedures also require the retention of records showing that employees met the minimum education and work experience requirements for positions to which they are promoted.

According to City records, during the period October 2019 through February 2021, 64 employees received 90 pay increases, totaling \$332,931, for various reasons, including merit, promotions, transfers, and step progressions pursuant to union agreements. As part of our follow-up procedures, we examined City records for 10 pay increases totaling \$65,836 for 10 employees. Our examination disclosed that pay

⁶⁸ City of Opa-locka Policy and Procedures, *Pay Increases*. The policy and procedure document was not dated.

increases were supported by City records and that, for promoted employees, City personnel verified applicable education and work experience requirements.

Finding 57: Florida Retirement System Contributions and Reporting

Previously Reported

The City incurred penalties totaling \$12,887 for incorrectly reporting and not timely remitting employee and employer Florida Retirement System (FRS) contributions to the Florida Department of Management Services, Division of Retirement (Division).

To ensure that employer and employee retirement contributions and the accompanying payroll data are accurately prepared and timely submitted to the Division as required by State law,⁶⁹ we recommended that the City establish policies and procedures for the preparation, review, and submittal of FRS contributions and the associated data.

Results of Follow-Up Procedures

The City partially corrected this finding. As of August 2021, the City had established policies⁷⁰ and procedures that adequately addressed our recommendations. However, our examination of City FRS contribution payments and correspondence for the period October 2019 through February 2021 disclosed deficiencies similar to those noted in our report No. 2019-221. Specifically:

- The City did not timely remit FRS contributions for December 2019 and January 2020. The remittances were 1 and 3 days late, respectively, and, consequently, the Division assessed, and the City paid, penalties totaling \$2,068.
- For 1 month the Division assessed, and the City paid, \$81 for market losses caused by late contributions on behalf of one employee in the FRS Investment Plan during the month of October 2019.
- FRS contribution amounts vary by employee membership class (regular, senior management, special risk, etc.), and our examination of Division records and correspondence disclosed that in October 2019 City personnel incorrectly reported an employee as a member of the regular membership class instead of the senior management class. Consequently, in October 2020 the Division assessed and the City paid a delinquent fee of \$147 for the reporting error.

In addition, our review of City records for the period October 2019 through February 2021 disclosed that the City paid delinquent fees, totaling \$21,576, assessed by the Division for City FRS reporting errors pertaining to misclassification of employee membership classes prior to October 2019 and subsequently identified by the Division.

In response to our inquiries, City personnel stated that procedures would be implemented to reconcile payroll data to the data entered for FRS contributions and to publish a calendar for the Finance Department to ensure applicable City staff are aware of their responsibilities.

⁶⁹ Section 121.78(1), Florida Statutes.

⁷⁰ City of Opa-locka Policies and Procedures, *FRS Contribution Reporting*. The policy and procedure document was not dated; however, according to City personnel, the policy and procedure was implemented in Spring 2020.

Recommendation: We recommend that the City continue to enhance its policies, procedures, and oversight activities to ensure that FRS contributions and the accompanying payroll data are accurately prepared and timely submitted to the Division as required by State law.

Finding 58: Authorization of Overtime

Previously Reported

Contrary to City regulations, overtime was not always authorized in advance. In addition, the City paid \$1,177 for overtime to employees not entitled to overtime pay.

We recommended that the City comply with City regulations and ensure that all overtime is authorized in writing before the overtime is worked, overtime payments are supported by Overtime Authorization Forms, and only eligible nonexempt employees receive payments for overtime.

Results of Follow-Up Procedures

The City partially corrected this finding. The City revised its overtime policies and procedures,⁷¹ as of April 2020, to better ensure that overtime is paid only to authorized employees and is properly authorized in advance. The revised policies and procedures provide that only nonexempt employees are eligible for overtime pay and such employees must complete overtime requests that must be approved in advance by the employee's department director and the City Manager.

During the period October 2019 through February 2021, the City paid employees a total of \$234,314 for overtime worked. In connection with our follow-up procedures, we examined City records supporting 10 overtime payments totaling \$7,081 paid to 10 City employees during the period October 2019 through February 2021. Although City records demonstrated that overtime was paid only to eligible nonexempt employees, we found that:

- In one instance, although the employee, the employee's supervisor, Assistant Police Chief, and Police Chief signed the Overtime Authorization form (Form), the City Manager did not sign the Form, contrary to City policies and procedures.
- In 5 instances and 4 instances, respectively, the City Manager or department director did not date the Form to evidence that the overtime was approved in advance of the time worked.
- The date of approval by either the department director (or designee) or by the City Manager was after the overtime occurred in 6 instances. The dates of approval ranged from 1 to 13 days after the overtime was worked.

In response to our inquiries, City personnel acknowledged that signatures documenting approval for overtime often were not dated and indicated that City personnel only require verbal pre-approval by the employee's supervisor, contrary to City policies and procedures. Notwithstanding, absent documented overtime authorizations in accordance with City policies and procedures, there is an increased risk that overtime costs may be incurred contrary to City management's intent, resulting in costs that exceed budgeted salary amounts and causing City records to be insufficient in the event of a salary or leave dispute.

⁷¹ City of Opa-locka Policies and Procedures, *Timekeeping*. The policy and procedure document was not dated.

Recommendation: We recommend that the City continue to enhance its policies and procedures to ensure overtime is properly authorized in advance and adequate documentation is maintained demonstrating the need for and appropriateness of overtime paid.

Finding 59: Health Insurance Plan Dependent Eligibility

Previously Reported

The City had not established policies and procedures requiring, at the time of enrollment, verification of dependent eligibility to participate in the City’s health insurance plan or periodic verifications that participating dependents continued to be eligible for plan services.

We recommended that the City require, upon enrollment of a dependent into the City health insurance plan, employees to provide applicable documentation, such as birth or marriage certificates, evidencing the dependent’s eligibility. In addition, the City should establish policies and procedures requiring documented verifications of the documentation supporting each dependent’s eligibility at the time of enrollment, and periodically thereafter, to ensure participating dependents continue to be eligible for plan services.

Results of Follow-Up Procedures

The City corrected this finding. The City established policies⁷² and procedures, as of February 2021, that require newly hired employees to timely submit appropriate evidence (e.g., marriage and birth certificates) of the eligibility of dependents for whom they request coverage in the City’s health insurance plan. Those policies and procedures also require the City to periodically verify the continued eligibility of participating dependents.

To determine whether the new policies and procedures were properly implemented, we examined records for 4 newly hired employees and 5 existing employees, selected from 37 payroll registers totaling \$6.9 million from the period October 2019 through February 2021, and noted that City personnel obtained appropriate evidence to demonstrate the initial and continued eligibility of the applicable employees’ dependents.

Finding 60: Medical Insurance Premium Payments

Previously Reported

Contrary to State law, the City did not always timely pay group insurance premiums. As a result, coverage was temporarily suspended for certain individuals.

We recommended that the City take appropriate measures to ensure that insurance providers are promptly paid within 45 days of the date the invoice is received in accordance with State law.

⁷² City of Opa-locka Policies and Procedures, *Insurance*. The policy and procedure document was not dated.

Results of Follow-Up Procedures

The City partially corrected this finding. The City is required by State law⁷³ to process and pay insurance provider invoices within 45 days of the date the invoice is received. Payments not made within this period are subject to interest at the rate of 1 percent per month on the unpaid balance.

During the period November 6, 2019, through October 14, 2021, the City made 180 payments totaling \$2.3 million to 7 providers. Our examination of 13 payments, totaling \$216,314, for group insurance premiums disclosed that:

- The City documented the dates of receipt for only 2 invoices, both of which were paid 11 days after the invoice due date but within 45 days of receipt.
- Alternate City records were sufficient to demonstrate that 8 other invoices were timely paid based on State law; however, 3 of the invoices were paid 5 to 10 days after the invoice due date.
- City records were not sufficient to demonstrate that 3 invoices, totaling \$21,282, were timely paid in accordance with State law. Additionally, 1 of 3 invoices was paid 33 days after the invoice due date.

Although City personnel indicated that there were no health insurance coverage lapses for City personnel during the period October 2019 through February 2021, untimely payments to insurance providers may result in suspended coverage for insured individuals, subject the City to litigation for failing to provide required insurance coverages, and result in increased costs for interest payments and late charges.

Recommendation: To properly demonstrate and ensure compliance with State law, we continue to recommend that the City document dates vendor invoices are received. In addition, the City should continue efforts to ensure that insurance providers are timely paid.

Finding 61: Accumulated Annual Leave Limits

Previously Reported

City employees accumulated annual leave balances in excess of limits established in City regulations⁷⁴ and the collective bargaining agreement.

We recommended that the City enhance procedures to appropriately limit accumulated annual leave balances maintained in employee leave accounts to the amounts established in City regulations and the collective bargaining agreement.

Results of Follow-Up Procedures

The City corrected this finding. As of January 2020, the City had established policies and procedures⁷⁵ requiring the HR Department to monitor employees' accrued leave to ensure that leave balances do not exceed maximum amounts established by City regulations and applicable collective bargaining agreements.

⁷³ Section 218.74(2) and (4), Florida Statutes.

⁷⁴ City of Opa-locka Personnel Administrative Regulations and Procedures, *Annual Leave 3-301*.

⁷⁵ City of Opa-locka Policies and Procedures, *Leave Accrual Limits*. The policy and procedure document was not dated.

Our examination of annual leave balances for all City employees as of February 28, 2021, disclosed that no employee annual leave balance exceeded the maximum amounts established by City regulations and applicable collective bargaining agreements.

Finding 62: Employee Leave Payments

Previously Reported

City leave payments to six City employees exceeded by \$42,261 the amounts allowed by City regulations⁷⁶ and leave payments were not always supported by City records evidencing authorization for the payments.

We recommended that the City ensure that annual leave payments to employees are in accordance with City regulations. In addition, the City should take action to recover the leave overpayments totaling \$42,261.

Results of Follow-Up Procedures

The City partially corrected this finding. To determine whether the City made employee leave payments as prescribed by City regulations, we examined City records supporting leave payments totaling \$40,052 made to 13 employees during the period October 2019 through February 2021. Our follow-up procedures disclosed that all annual leave payouts to individuals still employed with the City were properly supported by written requests from the applicable employees. In addition, no inappropriate payouts were made for accrued sick or personal leave.

However, our follow-up procedures also disclosed that 13 payouts totaling \$39,283 to 12 employees for annual leave during the period October 2019 through February 2021 exceeded the maximum 50 percent of employee-accrued hours in a given fiscal year, contrary to City regulations. Excess hours paid per employee ranged from 8 to 128 hours and totaled 704 hours, and the associated overpayments ranged from \$200 to \$5,230 and totaled \$18,461. In response to our inquiries, City personnel acknowledged that the overpayments occurred because they were unaware of the City regulations that limited the payments to 50 percent of employee accrued hours in a fiscal year.

Regarding recovering the overpayments totaling \$42,261 identified in our report No. 2019-221, City management and the City Attorney indicated that, because of various factors, efforts to recover would likely be unproductive and otherwise not cost efficient for the City. Notwithstanding that determination, City management did not present that determination to the City Commission for official approval of record.

Recommendation: We recommend that the City establish policies and procedures to ensure payouts to employees for annual leave hours are made in accordance with City regulations. We also recommend that the determination to not pursue recovery of the overpayments identified in our report No. 2019-221 be presented to the City Commission for official approval of record.

⁷⁶ City of Opa-locka Personnel Administrative Regulations and Procedures, *Annual Leave 3-301*, allows employees with 1 or more years of continuous service the option to be paid for up to 50 percent of annual leave hours earned in any given year provided that the employee submits a written request to the HR Department requesting an annual leave payment.

Finding 63: Terminal Leave Payouts

Previously Reported

City terminal leave payouts made to City employees upon separation from City employment exceeded by \$72,466 the amounts provided by City regulations or the applicable union contracts.

We recommended that the City ensure that terminal leave payouts are made in accordance with City regulations or the applicable union contract. In addition, the City should, as appropriate, seek to recover the net overpayments totaling \$72,466 from the applicable individuals.

Results of Follow-Up Procedures

The City partially corrected this finding. During the period October 2019 through February 2021, the City paid terminal leave of \$309,851 to 21 employees who separated from City employment during that period. Our test of 13 payments, totaling \$293,916, showed that amounts paid for accumulated sick and personal leave were correct and that the terminating employees were qualified to receive the payments.

However, we also noted that 6 employees were paid for annual leave hours in excess of the limits allowed by City regulations or the applicable City collective bargaining agreement. Specifically, the 6 employees were paid a total of \$61,671 for 2,533 hours in excess of the maximum allowable hours. The City paid the employees for excess hours ranging from 8 hours to 1,016 hours with excess payments ranging from \$167 to \$34,326.

City management acknowledged that the terminal leave payments were in excess of allowed limits and stated that the City Manager authorized payments for amounts inappropriately accrued prior to the issue of our report No. 2019-221. City management further stated that the HR Department will track future accruals to prevent further overpayments.

Regarding recovering the overpayments totaling \$72,466 identified in our report No. 2019-221, City management and the City Attorney indicated that, because of various factors, efforts to recover would likely be unproductive and otherwise not cost efficient for the City. Notwithstanding that determination, City management did not present that determination to the City Commission for official approval of record.

Recommendation: We continue to recommend that the City ensure that future terminal leave payments are made in accordance with City regulations and applicable collective bargaining agreements. We also recommend that the City seek to recover the overpayments of \$61,671 identified in this report and that the determination not to pursue recovery of the overpayments of \$72,466 identified in our report No. 2019-221 be presented to the City Commission for official approval of record.

Finding 64: Consultant Agreements with Former Employees

Previously Reported

Contrary to City ordinances, the City contracted with two former employees within 2 years of their separation from City employment.

We recommended City personnel comply with established ordinances and not contract or transact business with former City officers, officials, or employees within 2 years of their separation from City employment.

Results of Follow-Up Procedures

The City corrected this finding. Based upon our review of City records and inquiry of City personnel, the City contracted with only one former employee during the period October 2019 through February 2021. Because the contract was executed more than 2 years after the former employee’s separation from City employment, there was no violation of City conflict of interest ordinances.⁷⁷

Finding 65: Employee Necessity Study

Previously Reported

Contrary to a City Commission resolution in January 2016, the City Manager did not perform an employee necessity study and report the study results to the City Commission. Absent a completed necessity study, the City Commission had limited assurance that staff reductions and position revisions enacted by the City Manager promoted better functionality of the City.

We recommended that, for future considerations of staff reductions, the City Manager follow City Commission directives or otherwise collaborate with the City Commission. In addition, we recommended that future staff reductions be supported by documented consideration of the potential negative effects of such reductions on the delivery of City services and City functionality and strategies to mitigate such effects.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. Our examination of City records for the period October 2019 through February 2021 and discussions with City personnel indicated that the City did not reduce staffing during that period and had no plans to reduce staffing. Consequently, the City Commission had not required any further employee necessity studies.

TRAVEL

Finding 66: Travel Expenditures

Previously Reported

City controls did not ensure that City records evidenced that all travel served a public purpose, travelers were reimbursed in accordance with City ordinances and State law, and travel advances did not exceed actual expenses.

⁷⁷ City of Opa-locka Ordinance Nos. 2.09(a) and (c), *Applicability and Definitions*, and 2.10(a), *Transacting business with City; appearing before City Commission, agencies and/or boards* prohibit the City from contracting or transacting business with former employees for a period of 2 years after the employee’s separation from City employment.

We recommended that the City establish policies and procedures that provide for the effective administration of travel advances, travel reimbursements, and other travel-related expenditures. We also recommended that the City enhance controls over travel expenditures to ensure that:

- Travel vouchers and other supporting documentation clearly evidence the actual travel expenses incurred and the public purpose served for all travel expenditures.
- All travelers sign travel vouchers certifying that the expenses were actually incurred by the traveler as necessary travel expenses in the performance of official City duties.
- All travel vouchers indicate the traveler’s time of departure and return, and travelers are paid per diem or subsistence allowances based on time of departure and return in accordance with State law and City ordinances.
- Copies of conference or convention agenda or programs are retained for such travel, and per diem or subsistence allowances paid to the traveler are reduced for any meals included in the conference or convention registration fee.
- Travel advance payments are compared to the actual travel expenses shown on travel vouchers prepared after the traveler’s return date to verify that the advance payments did not exceed the actual travel expenses. If travel advance payments exceed the actual travel expenses incurred, the City should seek to recover the excess amount from the traveler.

Results of Follow-Up Procedures

The City had no occasion to correct this finding. In May 2021, the City established policies and procedures⁷⁸ that adequately addressed our recommendations. However, according to City accounting records, during the audit period October 2019 through February 2021, the only travel expenditures totaled \$2,784 and were associated with the October 17, 2019, Florida Legislative Audit Committee meeting, which occurred prior to the May 2021 establishment of the City’s travel policies and procedures. Consequently, the City had no occasion to correct this finding.

PROCUREMENT – GENERAL

Finding 67: Procurement Ordinances

Previously Reported

Requirements established in City ordinances regarding the procurement of commodities and contractual services needed improvement to clarify the City Commission intent for and promote compliance with the requirements.

We recommended that City ordinances be amended to clarify the City Commission intent for the ordinance requirements and to help City personnel and others understand and comply with requirements in the City ordinances. Specifically:

- City ordinances⁷⁹ be amended to require that the City Commission employ, except in specified circumstances such as emergency purchases or sole source procurements, a competitive

⁷⁸ City of Opa-locka Policies and Procedures, *Travel and Reimbursement Finding 66*. The policy and procedure document was undated, but we were verbally informed that it was signed by the City Manager in January 2021, and the policy and procedure was established in May 2021.

⁷⁹ Section 2-319(a)(2), City of Opa-locka Code of Ordinances.

process for purchases of commodities that exceed \$5,000 and for procurements of contractual services of \$3,500 or more.

- City ordinances⁸⁰ be amended to:
 - Explicitly require City Commission approval for purchases exceeding \$25,000.
 - Specify how the City Manager is to use negotiations and informal bids for purchases not exceeding \$25,000. For example, specific procedures should address:
 - The manner in which the informal bids may be solicited and the minimum number of informal bids to be obtained.
 - Whether the informal bids should be used as the basis for the negotiations, specifically, whether the informal bids should be ranked, and negotiations started with the highest-ranked firm.
 - Appropriate documentation of the negotiation and informal bid activities. Explicitly identify and explain the basis for exceptions to the required competitive bid process.
- City ordinances⁸¹ be amended to correctly reference where the qualifications for the City Manager, City Attorney, and City Clerk positions are described. Alternatively, Articles I, III, and V, respectively, of the City Charter could be amended to prescribe the qualifications for those positions.
- City ordinances⁸² be amended to require the City to comply with State law when procuring health insurance by advertising and soliciting competitive bids for insurance company and professional administrator services and awarding contracts based on such bids.
- City ordinances⁸³ be amended to reference the State law requiring the annual financial audit and to require the establishment and use of an audit committee for selecting the financial auditor as prescribed by State law.

Results of Follow-Up Procedures

The City partially corrected this finding. In April 2020, the City amended its ordinances⁸⁴ to:

- Require, except in specified circumstances such as emergency purchases or sole-source procurements:
 - Quotes be obtained for commodities and contractual services that exceed \$1,000 with progressively more rigorous quote requirements⁸⁵ for commodities and contractual services with estimated costs exceeding \$1,000 but not more than \$25,000.
 - Formal competitive selection and City Commission approval for purchases when the estimated value is over \$25,000.
- Comply with State law by using competitive purchasing for contractual services, including insurance,⁸⁶ and entering into contracts for such services.

⁸⁰ Section 2-316(8), City of Opa-locka Code of Ordinances.

⁸¹ Section 2-8.4(d), City of Opa-locka Code of Ordinances.

⁸² Section 2-319(a)(4), City of Opa-locka Code of Ordinances.

⁸³ Section 4.10, City of Opa-locka Code of Ordinances.

⁸⁴ Section 2-316(9), City of Opa-locka Code of Ordinances.

⁸⁵ Purchases between \$1,000 and \$2,500 require two documented telephone quotes, purchases greater than \$2,500 and up to \$7,500 require three documented telephone quotes, purchases greater than \$7,500 and up to \$25,000 require three written quotes.

⁸⁶ Section 2-316(9), City of Opa-locka Code of Ordinances. While insurance is not specifically mentioned, according to City personnel, the Ordinance is interpreted to apply to all types of services, including insurance.

In addition, the ordinances removed the City Manager’s authority to purchase goods and services using negotiations and informal bids for purchases of \$25,000 and less and, in July 2020, the City Commission adopted a resolution⁸⁷ to establish an audit committee⁸⁸ for selecting the financial statement auditor as prescribed by State law.⁸⁹

However, the City did not amend its ordinances to correctly reference where the qualifications for the City Manager, City Attorney, and City Clerk positions are described or amend Articles I, III, and V of the City Charter, respectively, to prescribe the qualifications for those positions. City personnel indicated that no action will be taken to correct the references because all three positions require a nationwide search, normally conducted by a national search firm, which ensures a vetted list of highly qualified candidates with qualifications far in excess of any documented minimum requirements. Notwithstanding this response, specifying minimum qualifications for these positions would assist a search committee in selecting a candidate with sufficient knowledge and experience.

Recommendation: We recommend that the City continue efforts to amend its ordinances to correctly reference where the qualifications for the City Manager, City Attorney, and City Clerk positions are described. Alternatively, the City Commission could amend Articles I, III, and V of the City Charter to prescribe the qualifications for those positions.

Finding 68: Disbursement Processing

Previously Reported

City disbursement processing procedures were not up-to-date or sufficient to ensure the validity and completeness of vendor file information, preapproval of all purchases by appropriate City personnel, adequate supporting documentation for all expenditures, or proper distribution of checks to vendors. In addition, City procedures did not prevent the use of duplicate check numbers.

We recommended that the City update the *Finance Department Policies and Procedures Manual (Manual)* to reflect current processes and enhance its disbursement processing procedures by:

- Ensuring the validity and completeness of vendor file information by removing inaccurate, duplicative, or obsolete information; ensuring future vendor entries include pertinent, complete, and nonduplicative information; and providing for periodic supervisory reviews of the vendors included in the vendor file.
- Requiring documented preapprovals and adequate supporting documentation for all expenditures.
- Modifying the City accounting system or taking other measures to prevent the use of duplicate check numbers.
- Requiring that checks be mailed directly to vendors.

⁸⁷ Resolution No. 20-9778, City of Opa-locka.

⁸⁸ Chapter 2019-15, Laws of Florida, amended Section 218.391, Florida Statutes, to change the “audit committee” term to “auditor selection committee.”

⁸⁹ Section 218.391, Florida Statutes.

Results of Follow-Up Procedures

The City partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that, as of March 2021, the City had not updated the *Manual* to reflect current processes and enhance its disbursement processing procedures.

To determine whether the City vendor file had been appropriately maintained, we analyzed the vendor file containing 9,677 entries as of April 15, 2021, and noted that:

- 501 vendor names were listed in the vendor file more than once with each duplicate listing assigned a different vendor number; including 1 vendor listed 41 times and 15 other vendors listed at least 10 times each.
- The address fields for 301 of the 9,677 vendor numbers included in the vendor file were either blank or incomplete, and the only address listed for another 746 vendor numbers was a post office box.

City personnel indicated that, due to staffing issues, the City did not remove inaccurate, duplicative, or obsolete information; however, the City hired a Procurement Specialist in January 2023, who will update the vendor file. Limiting unnecessary vendor listings, ensuring vendor files have complete and accurate vendor mailing addresses, and requiring vendors to provide a physical address unless there is a demonstrated need to use a post office box reduces the risk of unauthorized disbursements, including disbursements to fictitious vendors.

As discussed in Finding 67, in April 2020, the City amended its ordinances⁹⁰ to require quotes be obtained for commodities and contractual services that exceed \$1,000 with progressively more rigorous quote requirements for commodities and contractual services with estimated costs exceeding \$1,000 but not more than \$25,000 and to require City Commission approval for purchases when the estimated value is over \$25,000.

To determine whether City expenditures included documented preapprovals and adequate supporting documentation, we tested competitive procurements for the period April 2020 through February 2021 for 5 commodities expenditures, 5 services expenditures, and 13 construction expenditures (associated with 4 construction projects) totaling \$216,355, \$310,712, and \$884,150, respectively. Our examination of City records supporting the 23 expenditures disclosed that all required preapprovals were obtained and supporting documentation was adequate.

To determine whether the City issued duplicate check numbers, we analyzed the entire population of 2,508 checks totaling \$25.5 million issued during the period October 1, 2019, through February 28, 2021. Our analysis disclosed two instances in which the same check number was used twice, although the payees and amounts were different, as shown in Table 10 below.

⁹⁰ Section 2-316(9), City of Opa-locka Code of Ordinances.

**Table 10
Duplicate Check Numbers Dates and Amounts**

Instance	First Check		Second Check	
	Amount	Date	Amount	Date
1	\$194,141.42	January 31, 2020	\$5,121.60	February 5, 2020
2	6,482.00	April 7, 2020	13.50	April 8, 2020

Source: City records.

According to City personnel, these errors occurred due to incorrect check numbers being recorded in the check log, which allowed the duplicate checks to be processed. Use of duplicate check numbers can frustrate the ability to account for cash disbursements during the bank account reconciliation process.

To determine whether checks were directly mailed to vendors, we examined supporting documentation for the 14 checks associated with the 5 commodities, 5 services, and 13 construction expenditures and noted that 13 of the 14 checks were mailed directly to the vendors. The other check for \$96,186 was given to the vendor’s representative, and City personnel obtained a copy of the representative’s driver’s license to verify his identity, consistent with City procedures.

Recommendation: We continue to recommend that the City update its *Manual* to reflect current processes and enhance its disbursement processing procedures by:

- Ensuring the validity and completeness of vendor file information by removing inaccurate, duplicative, or obsolete information; ensuring future vendor entries include pertinent, complete, and nonduplicative information; and providing for periodic supervisory reviews of the vendors included in the vendor file.
- Modifying the City accounting system or taking other measures to prevent the use of duplicate check numbers.

Finding 69: Untimely Payments

Previously Reported

The City had not established procedures to promote compliance with the Local Government Prompt Payment Act⁹¹ (Act) and did not always timely pay vendors, resulting in late fees of \$5,007. In addition, as of March 15, 2017, the City owed the County approximately \$7 million for delinquent fees and charges.

We recommended the City establish procedures that require and ensure invoice receipt dates are documented and invoices are promptly paid in accordance with the Act.

Results of Follow-Up Procedures

The City partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that, as of February 2023, the City had not established written procedures that require and ensure that invoice receipt dates are documented, and invoices are promptly paid in

⁹¹ Chapter 218, Part VII, Florida Statutes, requires that invoices for the purchase of goods or services other than construction services must be paid within 45 days of the date the invoice is received, construction service payment requests or invoices requiring an agent’s approval must be paid within 25 business days of the date the payment request or invoice is received by the agent, and construction service payment requests or invoices not requiring an agent’s approval must be paid within 20 business days of the date the invoice is received by the City.

accordance with the Act. The lack of written procedures requiring documentation of the invoice receipt date and prompt payment of invoices may have contributed to the late payments noted below.

To determine whether the City promptly paid vendors during the period October 2019 through February 2021, we examined City records supporting 14 checks associated with the 5 commodities, 5 services, and 13 construction expenditures discussed in Finding 68. Our examination disclosed that 2 of the checks, totaling \$65,964, were dated 47 to 56 days after the invoice receipt date. Insofar as the 2 checks were for non-construction goods and services invoices, the checks were required to be issued no later than 45 days from the invoice receipt date. Additionally, because the receipt date of the invoice was not recorded in City records, City records were not sufficient to demonstrate that 2 other checks, totaling \$167,407, were timely paid in accordance with the Act.

According to City personnel, the payment delays resulted from employee turnover in the Finance Department, resulting in the use of temporary accounts payable clerks; vendors being instructed to send invoices to the ordering department instead of directly to the Finance Department; and invoices requiring Financial Emergency Board approval.

Without prompt payment of invoices and payment requests, the City is in noncompliance with the Act and is subject to making interest payments. In addition, failure to pay vendors timely could result in work stoppages and potential litigation costs to settle unpaid obligations.

In addition, the City entered into a payment agreement with the County and, as of October 2022, owed the County approximately \$2 million for delinquent fees and charges, a \$5 million decrease from the \$7 million disclosed in our report No. 2019-221.

Recommendation: We continue to recommend that the City enhance procedures to require and ensure that all invoice receipt dates are documented, and invoices are timely paid in accordance with the Act.

Finding 70: Expenditures Without a Documented Public Purpose

Previously Reported

City records did not clearly evidence the authorized public purpose served for expenditures totaling \$51,405. These expenditures included, for example, the purchase of items for giveaway events, food and beverage items, bowling, movies, and gift cards.

We recommended that the City document in its public records the authorized public purpose for the questioned costs totaling \$51,405. We also recommended that the City establish appropriate monitoring and preaudit procedures to require and ensure that the public purpose for anticipated expenditures is appropriately documented before the expenditures are made.

Results of Follow-Up Procedures

The City partially corrected this finding. In March 2020, we inquired of City management and the City Attorney about any actions taken to document in the City's public records the authorized public purpose for the questioned costs totaling \$51,405 noted in our report No. 2019-221. The City Attorney, after discussion with City management, indicated that recovery of any such questioned costs is unlikely due

to the time that has elapsed, the unlikelihood of locating all necessary documents, and concerns about the “drain on city resources” in locating such documents when the outcome would be “unfruitful.”

Our examination of City records and discussions with City personnel disclosed that, as of February 2023, the City had not established appropriate written monitoring and preaudit procedures to require and ensure that the public purpose for anticipated expenditures is appropriately documented before the expenditures are made. The lack of written procedures requiring appropriate monitoring and preaudit procedures to ensure that the public purpose for anticipated expenditures is appropriately documented before expenditures are made may have contributed to the deficiencies noted below.

According to City records, during the period October 2019 through February 2021, the City expended \$23.9 million. To determine whether City records supporting expenditures established the authorized public purpose for the expenditures, we examined City expenditure records for:

- 5 commodities expenditures totaling \$216,355 and 5 services expenditures totaling \$310,712 selected from the population of 759 general expenditures⁹² totaling \$10.9 million.
- 13 construction expenditures totaling \$884,150 from the population of construction expenditures totaling \$1.9 million.
- 10 fuel card charge expenditures totaling \$400 selected from the population of 9,446 fuel card charge expenditures totaling \$307,400.

Our examination disclosed that 2 selected fuel card expenditures, totaling \$63 were for non-fuel purchases without documentation of a valid public purpose, and our additional analysis of fuel card expenditures, as further discussed in Finding 71, disclosed \$2,821 in additional non-fuel purchases. The non-fuel items included purchases described as “general grocery,” “general merchandise,” and “car wash.” As further discussed in Finding 71, subsequent to our inquiries in May 2021, the City referred charges made by one City employee to the State Attorney’s Office for investigation and recovered \$1,919 of the \$2,884 total non-fuel purchases we identified, leaving unrecovered questioned costs of \$965.

When expenditures, including those resulting from fuel card charges, are approved without adequate documentation supporting the public purpose, there is an increased risk that City funds may be expended for unauthorized purposes. In addition, use of City funds for inappropriate purposes reduces the amount of City funds available to provide needed public services.

Recommendation: The City should document in its public records the authorized public purpose for the unrecovered fuel card questioned costs totaling \$965 or take appropriate actions to recover those costs. We also continue to recommend that the City document in its public records the authorized public purpose for the questioned costs totaling \$51,405 noted in report No. 2019-221 or, alternatively, present to the City Commission for official approval of record the City Attorney and City management’s determination not to document the public purpose for those costs.

⁹² General expenditures include all non-payroll check disbursements excluding payments to the fuel card vendor.

Finding 71: Credit Cards

Previously Reported

Controls over City-assigned credit cards needed improving to ensure that credit card assignments are properly approved, user agreements are signed and maintained, credit limits do not exceed those established in City policies, all credit card charges are verified and approved, the City's sales tax exemption is properly utilized, credit card receipts are retained as required by the State records retention policy, and evidence of canceled credit cards is maintained.

We recommended that, as City personnel are still utilizing store credit cards, and the City Commission may decide to utilize bank credit cards in the future, City policies be revised to:

- Specify who is responsible for approving credit card assignments, maintaining a record of credit card assignments, and retaining signed user agreements.
- Require the retention of credit card receipts, signed user agreements, and other documentation pertaining to credit card usage for the period specified by the State records retention schedule.
- Require cardholders be provided a copy of the City's sales tax exemption certificate and ensure that cardholders present the certificate copy to vendors, so sales tax is not collected on purchases for the City.

We also recommended that the City enhance controls over credit cards to ensure that:

- Cardholder credit limits are consistent with City policies.
- Documentation is retained to evidence the assignment, including signed user agreements, and cancellation of credit cards and verification and approval of credit card charges by the cardholder and supervisory personnel.
- Credit card receipts are obtained and retained.

Results of Follow-Up Procedures

The City partially corrected this finding. As indicated in our report No. 2019-221, the City discontinued its bank credit card program around August 2016. According to the City's current administration, the two store credit cards cited in our report No. 2019-221 were disposed of by the prior administration. Our examination of City records for the period October 2019 through February 2021 confirmed that no bank or store credit card activity occurred during that period.

However, in June 2018, the City began using fuel cards to purchase fuel for City vehicles. The City implemented fuel card program policies and procedures⁹³ that require:

- Fuel cardholders be assigned a personal identification number (PIN).
- Mileage and cardholder PIN be input to make a purchase.
- Monthly fuel card vendor invoices, showing all cardholder activity and fuel consumption, be submitted to the City Manager's office and Public Works Director on a monthly basis.
- The Assistant to the City Manager review the invoice for any inconsistencies in fuel consumption.

⁹³ City of Opa-locka Policies and Procedures, *Fuel Usage Verification*. The policy and procedure document was not dated. According to City personnel, there were no plans to reopen the City's fuel pumping station and the City established a fuel card program to fuel City-owned vehicles instead.

- The Public Works Director also review the invoice and then forward the invoice to the Accounts Payable clerk for payment processing.

During the period October 2019 through February 2021, 76 City employees were assigned 92 fuel cards,⁹⁴ and made 9,446 charges totaling \$307,400.

Our examination of City records and discussions with City personnel disclosed that controls over City-assigned fuel cards and fuel card use could be improved. Specifically, the City's fuel card program policies and procedures did not:

- Require that individuals assigned fuel cards sign a user agreement or assign a responsible individual to approve fuel card assignments, maintain a record of the assignments, and retain the user agreements. However, according to City personnel, it was the City's practice to require fuel cardholders to complete a user agreement. In response to our request for user agreements for the 92 fuel cards assigned to City employees, the City provided 84 agreements but could not locate 8 agreements. Absent signed user agreements evidencing the cardholders' concurrence with assigned fuel card responsibilities, including potential disciplinary action or personal liability for unapproved charges, there is an increased risk that unauthorized fuel card charges could occur.
- Establish a monthly credit limit for fuel cards. Subsequent to our request in May 2021, City personnel indicated that in July 2021 the Assistant to the City Manager, who was designated as the City's fuel card coordinator, was assigned responsibility for establishing fuel card limits for all cardholders.⁹⁵ Reasonable credit limits decrease the risk of fuel card misuse and that purchases may exceed budget constraints.
- Require both cardholders and their supervisors be provided monthly summaries of fuel card charges, with fuel card receipts, for review and documented approval affirming that the charges were incurred for City business. Absent documented review and approval of fuel card charges by cardholders and supervisory personnel, there is an increased risk that fuel cards may be used for unauthorized purposes, and absent supporting itemized receipts for charges incurred and paid using City fuel cards, City records do not demonstrate that such charges are reasonable and serve a public purpose.
- Limit fuel card usage exclusively to purchase fuel. Consequently, City policies and procedures did not expressly prohibit the purchase of non-fuel items using fuel cards or describe any disciplinary action for the misuse of fuel cards.

The lack of these requirements and established limits in the City fuel card program policies and procedures may have contributed to the control deficiencies and fraud discussed below.

To test the City's controls over the fuel card program, we examined City records supporting ten selected expenditures totaling \$400 incurred during the period October 2019 through February 2021. We noted that none of the ten items tested was supported by a fuel card transaction summary signed by the cardholder or a documented supervisory review. In addition, as discussed in Finding 70, two charges totaling \$63 were for non-fuel purchases without documentation of a valid public purpose.

As a result of these exceptions, we scanned the summary level and individual expenditure records provided by the fuel vendor to the City for all the fuel card activity during the period October 2019 through

⁹⁴ City department heads are assigned multiple fuel cards so that the cards can be temporarily loaned out to City employees who require only periodic use of City vehicles.

⁹⁵ According to City personnel, the Assistant to the City Manager could approve up to \$100 of purchases per day for each fuel cardholder.

February 2021. The activity consisted of 9,446 fuel card charges totaling \$307,400. Our procedures disclosed that:

- 52 fuel cards were used by multiple employees and 2 of the cards had no associated user agreement. Because the City's policies and procedures do not prohibit the sharing of fuel cards, it is possible for multiple individuals to use the same fuel card, frustrating the City's ability to identify the individual responsible for any inappropriate fuel card usage.
- 34 fuel credit cards were used to purchase non-fuel items totaling \$2,884. For example, the vendor reports included such items described as "general grocery," "general merchandise," and "car wash." The non-fuel items were likely not detected because, although the City's policies and procedures required review of fuel card vendor reports for unreasonable fuel usage, the policies and procedures did not require supervisory personnel to review cardholder activity, including itemized receipts.

Subsequent to our inquiries in May 2021, the Police Department referred one employee's potential misuse of fuel cards to the State Attorney's Office. City and State Attorney records indicated this employee purchased personal items totaling \$4,428 during the period June 2019 through July 2021, including \$1,919 of the \$2,884 of non-fuel charges discussed above. As a result of the investigation, the State Attorney agreed to defer prosecution of a grand theft charge in exchange for the employee's resignation from City employment and the surrender of his criminal justice certifications. For restitution, the City withheld \$4,428 from the employee's terminal leave payment. With respect to other employees who purchased non-fuel items using the fuel cards, the Interim City Manager stated in March 2023 that he did not know why the predecessor City Manager elected to forego disciplinary actions.

In May 2021, the Chief of Police sent a memorandum to City employees reminding them that fuel cards were to be used only to purchase fuel for City business and that misuse of the cards could result in disciplinary action, including termination, repayment of inappropriate charges, and criminal prosecution and, in July 2021, the City instructed the fuel card vendor to prohibit the purchase of non-fuel items with fuel cards. In addition, the City created a fuel card acknowledgement form, including detailed transaction data for each cardholder, for each department director to review and sign before approving monthly fuel card invoices for payment.

Recommendation: We recommend that the City enhance its fuel card program policies and procedures to:

- **Specify who is responsible for approving credit card assignments, maintaining a record of fuel credit card assignments, and retaining signed user agreements.**
- **Require the retention of fuel card receipts, signed user agreements, and other documentation pertaining to fuel card usage.**
- **Require supervisory review of all fuel cardholder activity for unauthorized charges.**
- **Emphasize that fuel cards can only be used to purchase fuel for City business and to establish the consequences for fuel card misuse.**
- **Prohibit the sharing of fuel cards and associated PINs.**

Finding 72: Commodity Purchases

Previously Reported

When purchasing commodities, the City did not always competitively select vendors in accordance with City ordinances.

We recommended that City policies and procedures be enhanced to ensure commodities are competitively procured in accordance with City ordinances.

Results of Follow-Up Procedures

The City corrected this finding. As noted in Finding 67, the City updated its procurement ordinances in April 2020. During the period May 2020 through February 2021, the City incurred 759 commodities and services expenditures totaling \$10.9 million and each exceeding \$1,000, the City's minimum competitive procurement threshold. We examined City records supporting 5 selected commodities expenditures totaling \$216,355 and noted that the City competitively purchased the commodities in accordance with the City's competitive selection requirements.

PROCUREMENT – CONTRACTUAL SERVICES

Finding 73: Competitive Procurement of Services

Previously Reported

Contrary to City ordinances, the City did not always use a competitive selection process to procure vendor services and City controls over the competitive procurement of services needed enhancement. In addition, City records did not always demonstrate that the City Commission selected the vendor whose proposal was most advantageous to the City or that the City Commission approved purchased services costing over \$25,000.

We recommended that the City enhance policies and procedures to ensure:

- Competitive procurement of services in accordance with City ordinances.
- Maintenance of records evidencing procurements of services, including quotes or proposals submitted in response to requests for proposals (RFPs) and evaluations of such proposals.
- Use of detailed descriptions of evaluation criteria and written evaluation committee instructions for reviewing and scoring RFP responses using those criteria.
- Documented explanations when individual evaluator scores vary significantly for a specific criterion.
- Maintenance of records justifying procurement decisions that deviate from evaluation committee recommendations.
- Documented City Commission approval for purchased services costing over \$25,000.

Results of Follow-Up Procedures

The City partially corrected this finding. As noted in Finding 67, the City updated its procurement ordinances in April 2020. During the period April 2020 through February 2021, the City incurred

807 commodities and services expenditures totaling \$12.3 million and each exceeding \$1,000, the City's minimum competitive procurement threshold. Our examination of City records supporting 5 selected purchased services expenditures totaling \$310,712 noted that the City generally competitively purchased the services in accordance with the City's competitive selection requirements.

However, we noted that one tested expenditure for \$150,582 was for general liability, motor vehicle, property, and workers' compensation insurance coverages, and the insurance coverages were not competitively selected, as further discussed in Finding 79. According to City personnel in December 2022, the City was preparing an RFP solicitation for insurance services, in accordance with City ordinances.⁹⁶

Recommendation: We continue to recommend that the City enhance policies and procedures to ensure the competitive selection of services in accordance with City ordinances.

Finding 74: Contract Documents

Previously Reported

City contractual services procurements were not always supported by a written contract that included the provisions and conditions required by City ordinances.

We recommended that the City enhance policies and procedures to ensure that every contractual services procurement is evidenced by a written contract that includes the provisions and conditions required by City ordinances, including specified deliverables and a requirement for the vendor to provide sufficiently detailed invoices evidencing services performed at agreed-upon rates.

Results of Follow-Up Procedures

The City corrected this finding. Our examination of City records and discussions with City personnel disclosed that, in April 2020, the City enhanced its policies and procedures to require every contractual services procurement be evidenced by a written contract that includes the provisions and conditions required by City ordinances,⁹⁷ including specified deliverables and a requirement for the vendor to provide sufficiently detailed invoices evidencing services performed at agreed-upon rates.

To determine whether the City executed contracts that contained the provisions specified in City ordinance, we examined City records supporting 13 construction payments totaling \$884,150 associated with 4 construction projects and examined City records supporting 5 services payments totaling \$310,712. Our examination disclosed that the City procured the construction and non-construction services pursuant to written contracts that specified deliverables and required the vendor to provide sufficiently detailed invoices documenting that services were rendered prior to payment. In addition, our examination of the invoices disclosed that the invoices were sufficiently detailed to document services performed at contract rates.

⁹⁶ Section 2-316(9), City of Opa-locka Code of Ordinances.

⁹⁷ Section 2-321, City of Opa-locka Code of Ordinances.

Finding 75: Monitoring of Purchased Services

Previously Reported

City controls for monitoring purchased services and franchise fee collections needed enhancement.

We recommended that the City enhance policies and procedures to ensure that:

- Prior to payment for contractual services, City personnel document verification that services were satisfactorily received in accordance with the contract or other agreed-upon terms.
- Franchise fees are collected from vendors providing commercial solid waste collection and disposal services.

In addition, we recommended that the City, in consultation with the City Attorney, take appropriate actions to collect unpaid franchise fees.

Results of Follow-Up Procedures

The City partially corrected this finding. To determine whether the City ensured that, prior to payment for contractual services, City personnel documented verification that services were satisfactorily received in accordance with the contract or other agreed-upon terms, we examined City records supporting 13 construction payments totaling \$884,150 associated with 4 construction projects and examined City records supporting 5 services payments totaling \$310,712. Our examination disclosed that the payments were supported by records sufficiently documenting that services were rendered prior to payment.

In response to our April 2021 inquiries, the City indicated that the commercial solid waste collection and disposal services provider, was no longer under contract with the City. In July 2017, the City contracted with two new commercial solid waste collection and disposal services vendors. Our examination of the contracts for both vendors disclosed that both contracts required the vendors to pay the City an annual franchise fee of \$4,167 and monthly franchise fees equal to 28 percent of gross revenue received. In addition, our examination of City accounting records disclosed that during the period October 2019 through February 2021 the two new vendors paid to the City franchise fees of \$682,421 and \$291,236, respectively. Notwithstanding the collection of these franchise fees, the City was unable to provide records demonstrating that the vendors provided the contractually required reporting to support the calculation of 28 percent of the gross revenue billed by the vendors on a monthly basis or that the amounts paid were correctly calculated. City personnel cited staffing issues as the reason for not verifying that the monthly franchise fees equaled 28 percent of the vendors' monthly gross revenue.

In response to our inquiries about City efforts to collect the \$115,823 of unpaid franchise fees from the City's former solid waste collection and disposal services vendor disclosed in our report No. 2019-221, City personnel indicated that, after consultation with the City Attorney, too much time had passed and records at that time were not sufficiently accurate to justify the dedication of resources to determine whether an underpayment of franchise fees occurred. Consequently, City management chose not to pursue collecting unpaid franchise fees. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: The City should continue to enhance policies and procedures to ensure that City personnel obtain the contractually required vendor reports and verify that the franchise fees

remitted to the City were calculated based upon 28 percent of the vendor's gross revenue as specified in the vendor contracts. In addition, we recommend that the City present to the City Commission for official approval of record the City Attorney and City management's determination not to pursue collection of any unpaid franchise fees from the prior solid waste collection and disposal vendor.

Finding 76: 5-Year Financial Recovery Plan Consultants

Previously Reported

The City did not follow City ordinances when selecting four consultants to assist with preparing a 5-year financial recovery plan and did not execute contracts with two of the consultants prior to payment for services. In addition, the City executed a contract with one consultant that included compensation terms differing from those approved by the City Commission and, based on the contract and submitted invoices, the City overpaid the consultant \$14,500.

We recommended that the City ensure that:

- City personnel adhere to ordinances when procuring contractual services, including consultant services.
- RFPs provide sufficient time for respondents to provide proposals.
- The terms of executed contracts are consistent with the related RFP terms.
- Monitoring procedures are effective to ensure that, prior to payment, billings are adequately supported and comply with the contract terms.

We also recommended that the City request the consultant overpaid \$14,500 to provide explanations or additional documentation regarding the invoice discrepancies and take appropriate action to recover any overpayment.

Results of Follow-Up Procedures

The City partially corrected this finding. Our review of City records and discussions with City personnel disclosed that the City did not hire or pay any consultants related to the 5-year financial recovery plan during the period October 2019 through February 2021. Consequently, the City had no occasion to implement our recommendations regarding the selection of consultants.

In response to our inquiries as to whether the City had requested the consultant overpaid \$14,500 to provide explanations or additional documentation regarding the invoice discrepancies and take appropriate action to recover any overpayment, as we recommended in our report No. 2019-221, City personnel indicated that, after consultation with the City Attorney, "with the time that has passed now approaching three years [as of April 2021], City has focused on developing the organization, policies and procedures for going forward and minimized the distractions of attempting to rectify prior possible errors" and had chosen not to pursue collecting any potential overpayments. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: We recommend that City management's determination not to pursue collection of any amounts overpaid to the 5-year financial recovery plan consultant be presented to the City Commission for official approval of record.

Finding 77: Auditor Selection and Audit Services Contract

Previously Reported

Contrary to State law,⁹⁸ the City did not establish an audit committee to select auditors to conduct its 2014-15 and 2015-16 fiscal year financial audits. In addition, although the City utilized an evaluation committee to score proposals received pursuant to a request for proposals for the 2014-15 fiscal year financial audit and rank the respondents, the City Commission did not select, and did not document justification for not selecting, the highest-ranked respondent.

We recommended that the City establish policies and procedures, consistent with State law, requiring:

- The establishment and use of an audit committee to select auditors.
- Use of detailed descriptions of evaluation criteria and written evaluation committee instructions for reviewing and scoring RFP responses using those criteria.
- Documented explanations when individual evaluator scores vary significantly for a specific criterion.
- Maintenance of records justifying procurement decisions that deviate from audit committee rankings and management recommendations.

In addition, we recommended that the City ensure that contracts for audit services include provisions required by State law and that, prior to payment, City personnel verify that invoices for audit services provide sufficient detail to demonstrate compliance with the terms of the audit services contract.

Results of Follow-Up Procedures

The City partially corrected this finding. We reviewed the audit services contracts for the fiscal years ended September 30, 2018, and 2019, and noted that the audit services agreements were amended to include the provisions required by State law.

In July 2020, the City established an Audit Committee by resolution,⁹⁹ which appointed Audit Committee members in accordance with State law¹⁰⁰ and, in October 2021, the City published an RFP soliciting independent audit services for the 2019-20 fiscal year. However, contrary to State law and the resolution, the Audit Committee did not perform the auditor selection process. Instead, the City established an Evaluation Committee, which rated the 3 RFP responses received by the City. The Evaluation Committee then provided the rated audit firm responses to the Audit Committee, which recommended contracting with the top-rated firm, and the City Commission selected the highest rated firm in December 2021.

To determine whether City personnel verified that invoices for audit services complied with the terms of the audit services contract during the period October 2019 through February 2021, we examined City records supporting all ten payments, totaling \$65,000, for audit services for the 2018-19 fiscal year audit.

⁹⁸ Section 218.391, Florida Statutes (2018).

⁹⁹ Resolution No. 20-9778 – *Establishing an Audit Committee*.

¹⁰⁰ Chapter 2019-15, Laws of Florida, effective July 1, 2019, amended Section 218.391, Florida Statutes, to replace the “audit committee” with an “auditor selection committee.” State law provides that the auditor selection committee for a municipality, must consist of at least three members, one of which must be a member of the governing body, who shall serve as the chair of the committee. Further, an employee, a chief executive officer, or a chief financial officer of the municipality may not serve as a member of an auditor selection committee; however, an employee, a chief executive officer, or a chief financial officer of the municipality may serve in an advisory capacity.

Our examination disclosed that the invoices for audit services were in sufficient detail to demonstrate compliance with the terms of the audit services contract and also noted that City personnel initialed and dated the invoices prior to payment to evidence their review of the invoices for compliance with the contract terms and conditions.

Recommendation: The City Audit Committee should select auditors in accordance with State law and City resolution.

Finding 78: Legal Services

Previously Reported

The City did not follow City ordinances when selecting a law firm to act as City Attorney and the contract executed with the selected firm contained several deficiencies. In addition, City controls for monitoring payments to the City Attorney were inadequate.

We recommended that for future selections of a law firm to serve as City Attorney, the City:

- Ensure compliance with City ordinances is documented.
- Execute a contract with the selected firm only after the proposed contract has been approved by the City Commission.
- Ensure that contract provisions are consistent with State law and good business practices.

In addition, we recommended that the City amend the City Attorney contract to address the deficiencies we noted and those noted by the Executive Office of the Governor, Office of the Chief Inspector General (CIG), and enhance controls over contract monitoring to ensure payments to the City Attorney are made in accordance with the contract.

Results of Follow-Up Procedures

The City partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that the City selected a new City Attorney as follows:

- In February 2019, the City solicited an RFP through advertisement in a local newspaper and the City's Web site.
- On April 4, 2019, the City's established search committee evaluated the five respondents using the five RFP criteria.
- In May 2019, the City Commission approved the top-ranked law firm, and the City contracted with law firm the same month.

Although the selection process generally complied with City ordinances,¹⁰¹ the City did not conduct a nationwide search for candidates for the City Attorney position.¹⁰² In response to our inquiries, City personnel indicated that "only a local firm would be interested since City requirements weren't sufficient for a more distant firm to either commute to or open an office in Opa-locka." Consequently, City records

¹⁰¹ Section 2.8., City of Opa-locka Code of Ordinances.

¹⁰² Section 2-8.4(c), City of Opa-locka Code of Ordinances, requires the search committee to "make every effort to conduct a thorough local and nationwide search for candidates."

did not evidence compliance with the City ordinance requirement to conduct a nationwide search for candidates for the City Attorney position.

Our examination of the provisions in the City Attorney contract disclosed that they were consistent with State law¹⁰³ and good business practices, and our examination of City records associated with all 21 payments totaling \$429,152 for legal services during the period October 2019 through February 2021 disclosed that the payments were made in accordance with the contract.

Recommendation: We continue to recommend that, for future selections of a law firm to serve as City Attorney, the City conduct a nationwide search in accordance with its ordinances. Alternatively, if the City Commission prefers to engage only local law firms to serve as City Attorney, it should amend its ordinances to remove the requirement to conduct a nationwide search.

Finding 79: Insurance Procurement

Previously Reported

Contrary to City ordinances, the City did not use a competitive process to procure insurance.

We recommended the City periodically procure insurance pursuant to competitive bids or through negotiations with potential insurance providers.

Results of Follow-Up Procedures

The City had not corrected this finding. As of April 2022, the City was still obtaining insurance coverages for general liability, motor vehicle, property, and workers' compensation through the Florida Municipal Insurance Trust (FMIT),¹⁰⁴ the same insurance provider noted in our report No. 2019-221. Our examination of City records disclosed that FMIT annual premium assessments for general liability, motor vehicle, property, and workers' compensation coverages had increased by 68 percent, from \$2 million for the 2019-20 fiscal year to \$2.7 million for the 2020-21 fiscal year.

Periodically seeking competitive bids for insurance would provide the City additional assurance that insurance coverages are obtained at the lowest cost consistent with acceptable quality. As discussed in Finding 73, as of December 2022, the City was preparing an RFP, in accordance with City ordinances;¹⁰⁵ however, City personnel also indicated that the RFP was a major project and would take time to complete.

Recommendation: We continue to recommend that the City periodically procure insurance pursuant to competitive bids or through negotiations with potential insurance providers.

¹⁰³ Sections 215.425(4)(a)1. and 2. and 443.036(29), Florida Statutes.

¹⁰⁴ FMIT is a nonprofit tax-exempt risk-sharing pool that provides coverage for public entities within the State of Florida.

¹⁰⁵ Section 2-316(9), City of Opa-locka Code of Ordinances.

Finding 80: Wireless Communication Devices and Services

Previously Reported

The City did not procure wireless communication devices and related services in accordance with City ordinances. In addition, the City needed to enhance controls over the acquisition, assignment, and use of wireless communication devices.

We recommended that the City establish policies and procedures regarding the acquisition, assignment, and use of wireless devices. Such policies and procedures should require:

- In accordance with City ordinances, City personnel to periodically use a competitive selection process for acquiring wireless devices and the associated communication services.
- That a master list of all devices assigned to City officials and employees be maintained.
- The performance of a documented comparison of devices per the master list to devices shown on billing statements.
- City officials and employees assigned devices, or their supervisors, to evaluate device activity detailed on monthly billing statements and report any non-business use.

Results of Follow-Up Procedures

The City partially corrected this finding. Our review of City records and discussions with City personnel disclosed that, in May 2019, the City established an *Information Technology Policy Manual (IT Manual)*. The *IT Manual* requires the City to periodically use a competitive selection process for acquiring wireless devices and the associated communication services and also requires the Information Technology Department to:

- Maintain a detailed master list of all City-owned mobile devices and the individuals they are assigned to.
- Perform a documented comparison of devices per the master list to devices shown on billing statements.
- Monitor call usage and report non-business use and high use of data or talk time to the applicable department head or their designee.

In March 2019, the City “piggybacked”¹⁰⁶ on a State of Florida wireless service contract. In addition, the City began maintaining a master list of all devices assigned to City officials and employees and performing a documented comparison of devices per the master list to devices shown on the monthly billing statements. Although City personnel maintained a reconciliation worksheet, because the worksheet was continually updated and older versions not saved, City records did not evidence review procedures performed or actions taken prior to June 2021, the date the worksheet was provided to us.

To determine whether the City incurred charges for unused devices and non-business use of wireless devices during the period October 2019 through February 2021, we examined City records supporting 3 monthly billings totaling \$20,829 selected from the population of 22 monthly billings totaling \$122,551.

¹⁰⁶ To “piggyback” is to use another entity’s contract to acquire similar commodities or services at the same or lower price without following prescribed procurement requirements. Section 2-316(10), City of Opa-locka Code of Ordinances, authorized the City Manager to use competitive bids of other public entities within the State of Florida for purchasing purposes when it was determined to be in the City’s best interest.

Our examination disclosed that City personnel evaluated device activity and had a methodology in place to report any non-business use identified on the monthly billing statements. Specifically, the IT Director monthly performs an inspection during which he looks for unusual data consumption, third-party purchases, and any billed charges that should fall under the unlimited plan and notes any identified anomalies, such as calls outside of known area codes, outside of normal business hours, and an excessive volume of calls or messages to one telephone number or person, on a worksheet for consideration of further investigation and resolution.

Recommendation: We recommend that the City maintain sufficient documentation to evidence the results of the monthly comparison of devices on the master list to devices shown on billing statements.

PUBLIC RECORDS

Finding 81: Public Records Retention

Previously Reported

The City had not established policies and procedures regarding the retention of public records, including records created or maintained in electronic format such as e-mails and text messages. In addition, the City did not always comply with State records retention requirements and did not archive text messages sent or received using wireless communication devices.

We recommended that the City establish public records retention policies and procedures and ensure that all City officials and employees are aware of the policy. The policy should be consistent with the Florida Department of State, Division of Library and Information Services, records retention schedule and address retention requirements for records created or maintained in electronic format.

Results of Follow-Up Procedures

The City partially corrected this finding. Our examination of City records and discussion with City personnel disclosed that, as of December 2022, the City had developed policies and procedures¹⁰⁷ regarding the retention of public records, including records created or maintained in electronic format such as e-mails and text messages; however, as of March 2021, the policies and procedures had not been adopted and made available to all City officials and employees.

Although City records were generally available during the course of our audit, absent dissemination of public records retention policies and procedures to City personnel, the City has limited assurance that City personnel understand and will comply with the statutory retention requirements by appropriately maintaining public records.

Recommendation: The City should adopt the public records retention policies and procedures and ensure that all City officials and employees are aware of the policies and procedures.

¹⁰⁷ City of Opa-locka Policies and Procedures, *Public Records, Record Retention & Disposition*. The policy and procedure document was signed but was not adopted and was undated as of March 2021.

Finding 82: City Commission Minutes

Previously Reported

City Commission meeting minutes were not always timely recorded, approved, and maintained on the City Web site, contrary to State law and the City Charter.¹⁰⁸

We recommended that the City ensure that minutes for all City Commission meetings are timely approved and posted to the City Web site.

Results of Follow-Up Procedures

The City had not corrected this finding. During the period October 2019 through February 2021, the City Commission held 61 meetings, including 46 regular bi-monthly meetings and periodic budget and special meetings. Our review of City Commission meetings held during this 17-month period disclosed that:

- Contrary to State law and the Miami-Dade County Charter, as of May 27, 2021, City Commission meeting minutes for two special meetings held on November 8, 2019, and April 30, 2020, and a workshop held on April 30, 2020, had not been posted on the City Web site. Subsequent to our audit inquiry, the meeting minutes were posted to the City's Web site on June 3, 2021.
- The City Commission did not promptly approve meeting minutes for 26 of the 61 City Commission meetings for which meeting minutes were prepared. The 26 meetings consisted of 6 regular meetings, 7 special meetings, and 13 workshop and budget meetings, and the meeting minutes were approved 33 to 300 days after the meetings occurred. Consequently, the meeting minutes were not available for public inspection until 3 to 270 days (an average of 107 days) after the 30-day deadline established by the City Charter.¹⁰⁹

According to City personnel, the untimely approval of the minutes was due to an increased number of meetings and workshops during the COVID-19 pandemic and employee absences. When minutes are not timely approved and made available for public inspection on the City Web site, public access to and awareness of official City Commission actions may be limited.

Recommendation: We continue to recommend that the City ensure that minutes for all City Commission meetings are timely approved and posted to the City Web site.

Finding 83: Financial Disclosures

Previously Reported

The City had not established policies and procedures to ensure compliance with financial disclosure filings required by State law, Miami-Dade County ordinances, and the City Charter. In addition, neither Finance Department personnel nor other City employees responsible for approving purchases routinely reviewed and considered those disclosures.

¹⁰⁸ Section 286.011(2), Florida Statutes, requires that City Commission meeting minutes be promptly recorded and open to public inspection but does not establish a specific timeline. Section 3.6(3), City of Opa-locka Charter, requires that City Commission meeting minutes be recorded and available for inspection no longer than 30 days after conclusion of the meeting.

¹⁰⁹ Section 3.6(3), City of Opa-locka Charter.

We recommended that the City establish policies and procedures to ensure that the designated officers and employees make the required financial disclosures. Such policies and procedures should require the City Clerk to monitor and verify that the required financial disclosures are timely completed and documented in the City records. In addition, Finance Department or other City personnel responsible for approving purchases should routinely review and consider financial disclosures to avoid potential conflicts of interest when procuring goods and services.

Results of Follow-Up Procedures

The City partially corrected this finding. In February 2021, the City established policies¹¹⁰ that addressed our recommendation.

To determine whether financial disclosure forms for the 2019 calendar year, which were due to be filed by July 1, 2020, were timely completed and filed,¹¹¹ we requested for examination all financial disclosure forms required to be filed for that year. Our examination of City records and discussions with City personnel disclosed that:

- As of July 2021, three officials (two members of the Historic Environmental Preservation Board and one member of the Planning and Zoning Appeals Board) had not filed an annual financial disclosure form for the 2019 calendar year.
- Six officials and employees (Parks and Recreation Director, City Planner, member of the Civil Service Board, a member of the Planning and Zoning Appeals Board, Housing and Nuisance Abatement employee, and the Human Resources Director) did not timely file their financial disclosure forms. These individuals filed the 2019 calendar year forms in September 2021, subsequent to our July 2021 inquiries, approximately 14 months after the July 1, 2020, deadline.

In addition, in response to our inquiries as to whether Finance Department personnel or other City employees responsible for approving purchases routinely reviewed and considered the completed financial disclosure forms, City personnel responded that, beginning June 2021, the City Clerk provided the financial disclosure forms to the Assistant City Manager for Finance Department personnel or other City employees responsible for approving purchases to review.

Financial disclosures are essential to provide a public record that discloses the financial interests, activities, and associations of local officers, as well as potential conflicts of interest. Absent the required financial disclosures, and the routine review and consideration of those disclosures by the Finance Department or other City personnel responsible for approving purchases, there is an increased risk that City personnel may be unaware of potential conflicts of interest when procuring goods or services.

Recommendation: The City should make efforts to ensure that designated officers and employees timely complete and file the required financial disclosures and document the completed and filed forms in the City records. In addition, Finance Department or other City personnel responsible for approving purchases should routinely review and consider financial disclosures to avoid potential conflicts of interest when procuring goods and services.

¹¹⁰ City of Opa-locka Policies, *Financial Disclosure Filing Requirements Policy*, February 2021.

¹¹¹ Per Commission on Ethics Rule 34-8.202, Florida Administrative Code, an individual who is a public official or specified employee on December 31 of a calendar year must file the financial disclosure form by July 1 of the following calendar year. As such, the 2019 calendar year forms were required to be filed no later than July 1, 2020.

Finding 84: Lobbyist Registration

Previously Reported

Contrary to City ordinances,¹¹² the City did not separately account for lobbyist registration fees or ensure that required annual statements of lobbying expenditures were filed with the City Clerk and required logs of filed lobbyist registrations were provided to the City Commission.

We recommended that the City establish policies and procedures that require and ensure that:

- City personnel establish a separate account or otherwise separately identify lobbyist registration fees and expenditure of those fees so that the fee revenue is only expended to administer lobbyist registration provisions.
- Lobbyists annually file statements of lobbying expenditures from the prior calendar year as required.
- City personnel publish and provide the required quarterly and annually filed lobbyist registration logs to the City Commission.

Results of Follow-Up Procedures

The City partially corrected this finding. As of May 2021, the City had developed policies¹¹³ that addressed our recommendations. In response to our request, in June 2021 the City Clerk provided a listing of seven lobbyists who registered in the 2020 calendar year. Our audit procedures found that, as of June 2021, the City separately accounted for lobbyist registration fees, all seven lobbyists filed statements of lobbying expenditures for the 2020 calendar year, and the City Clerk posted to the City's Web site the required 2020 calendar year quarterly and annual logs of filed lobbyist registrations.

However, due to lack of separate accountability in the accounting records, City records were insufficient to demonstrate that the registration fees were expended only to cover costs incurred in administering lobbyist registration provisions. City personnel indicated that the costs incurred in administering lobbyist registration related to the City Clerk's time spent on those activities, and although the City had considered creating a payroll code in the accounting records specific to lobbyist registration administration activities, the City did not establish the payroll code because it was determined that the amount of time the City Clerk spent on the activities was minimal.

Absent separate accounting of lobbyist registration expenses, the City Commission's assurance that the fees collected are expended solely to administer the provisions of the ordinances is limited.

Recommendation: City personnel should establish a payroll code or otherwise separately identify registration expenditures to ensure that lobbyist registration fee revenue is only expended to administer the applicable provisions.

¹¹² Section 2-18, City of Opa-locka Code of Ordinances, requires lobbyists to pay a registration fee of \$300 and requires the City Clerk to deposit into a separate account the registration fee to be expended only to cover the costs incurred to administer the provisions of the ordinance.

¹¹³ City of Opa-locka Policies, *Lobbyist Registration*. The policy document was signed but was not dated as of March 2021 and included an adoption date of "TBD."

OPA-LOCKA COMMUNITY REDEVELOPMENT AGENCY FINDINGS AND RECOMMENDATIONS

COMPLIANCE WITH THE COMMUNITY REDEVELOPMENT ACT AND INTERLOCAL COOPERATION AGREEMENT

Finding 85: CRA Creation

Previously Reported

Contrary to State law, the City Commission adopted a resolution creating the Opa-locka Community Redevelopment Agency (CRA) nearly 18 months before the Miami-Dade County Board of County Commissioners (County BCC) granted the City Commission authority to create the CRA. In addition, City records did not evidence the necessity for creating the CRA and incurring CRA expenditures of approximately \$86,000 before the County BCC authorized creation of the CRA.

We recommended that the City document of record the public purpose served by the CRA expenditures totaling \$86,000 incurred prior to the County BCC's authorization to create the CRA or reimburse the \$86,000 to the CRA. Additionally, we recommended that the CRA seek clarification from the County BCC regarding the legality of CRA Board actions taken, and the related costs incurred, prior to the County BCC authorizing the CRA's creation on December 4, 2012. For any future CRAs, we also recommended that the City ensure that the County BCC authorizes the CRA before the City adopts the CRA resolution.

Results of Follow-Up Procedures

The CRA corrected this finding. In October 2020, County personnel sent an e-mail to the CRA regarding the legality of CRA Board actions taken, and related costs incurred, prior to the County BCC authorizing the CRA's creation. The e-mail indicated that CRA creation expenditures are usually charged back to the respective CRA and, because the interlocal agreement creating the CRA does not prohibit these charges, the County concluded that the expenditures were allowable. According to City personnel in February 2022, no additional CRAs had been created, and as of that date, the City had no plans to create additional CRAs.

Finding 86: CRA Plan Adoption

Previously Reported

City records did not evidence that the City Commission published the State-required notice of intent to consider adopting a CRA Plan, and the adopted CRA Plan did not always comply with State law¹¹⁴ or include accurate information.¹¹⁵

We recommended that the CRA ensure that future modifications of the CRA Plan are publicly noticed and include all required information. Additionally, we recommended that the CRA amend the CRA Plan

¹¹⁴ Section 163.362, Florida Statutes. Specifically, the Plan lacked detailed descriptions of proposed redevelopment projects, estimated project costs, time frames for completing projects, and a date certain for completing all redevelopment projects.

¹¹⁵ The CRA Plan indicated that the CRA had been established for a 40-year period; however, the interlocal agreement stated that the CRA was created for a 20-year period.

to include detailed descriptions of proposed redevelopment projects, estimated project costs, time frames for completing projects, and a certain date for completing all redevelopment projects and to correctly specify the CRA's 20-year existence period.

Results of Follow-Up Procedures

The CRA had not corrected this finding. Our examination of CRA records and discussions with City personnel disclosed that, as of January 2023, the CRA Board had not amended the CRA Plan to include detailed descriptions of proposed redevelopment projects, estimated project costs, time frames for completing projects, and a certain date for completing all redevelopment projects. In addition, the CRA Board had not amended the CRA Plan to correctly specify the CRA's 20-year existence period. In response to our inquiries in January 2023, City personnel indicated that they intend to amend the CRA Plan during the 2022-23 fiscal year.

Including the required information in the CRA Plan provides information to the taxing authorities required to contribute to the CRA and the public as to the intentions of the CRA and how it will accomplish its redevelopment objectives.

Recommendation: We continue to recommend that the CRA amend the CRA Plan to include detailed descriptions of proposed redevelopment projects, estimated project costs, time frames for completing projects, and a certain date for completing all redevelopment projects and to correctly specify the CRA's 20-year existence period. Additionally, the CRA should ensure that future modifications of the CRA Plan are publicly noticed and include all required information.

Finding 87: CRA Annual Report of Activities

Previously Reported

The CRA did not prepare annual reports of activities for the City and the County BCC for the 2011-12, 2013-14, and 2014-15 fiscal years, contrary to State law¹¹⁶ and the City and CRA interlocal agreement¹¹⁷ with the County.

We recommended that the CRA ensure that the required annual reports of activities are timely completed and submitted to the City and the County.

Results of Follow-Up Procedures

The CRA partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that the CRA Board approved the 2018-19 annual report of activities in May 2020, subsequent to the March 31, 2020, deadline. However, although requested, the City did not provide records evidencing that it submitted the CRA's 2018-19 annual report of activities to the County. Further, due to staffing constraints, the CRA submitted the 2019-20 annual report to the County on May 11, 2021, 41 days after the March 31, 2021, deadline. Also, while no records were provided to demonstrate that the CRA submitted the 2018-19 and 2019-20 fiscal year annual reports of activities to the City, City

¹¹⁶ Section 163.356(3)(c), Florida Statutes (2018). Chapter 2019-163, Laws of Florida amended this section replacing the annual report of activities reporting requirement with an annual report requirement pursuant to Section 163.371(2), Florida Statutes.

¹¹⁷ Interlocal Agreement, Section VI.C.

officials were familiar with the reports as the Mayor and all 4 members of the City Commission sit on the CRA Board, and City personnel prepared the reports.

The required annual reports provide useful information disclosing CRA activities and how the CRA is accomplishing its redevelopment objectives to taxing authorities and other interested parties.

Recommendation: The City should continue efforts to ensure that the required annual reports of activities are timely completed and submitted to the City and County, and the CRA should retain records evidencing the submittal of the reports.

Finding 88: CRA Annual Audit

Previously Reported

The City and the CRA did not always provide for audits required by State law¹¹⁸ and the interlocal agreement.¹¹⁹

We recommended that the CRA ensure that timely annual audits of the CRA, including the CRA trust fund, are conducted in accordance with State law and the interlocal agreement.

Results of Follow-Up Procedures

The CRA partially corrected this finding. The CRA obtained a financial statement audit for the 2019-20 fiscal year and submitted the audit report to the Auditor General on September 20, 2022, which was 447 days after the June 30, 2021, due date established by State law.¹²⁰ In response to our inquiries in January 2023, City personnel indicated that the audit was not timely completed and submitted due to staffing shortages.

In addition, although we requested, City personnel did not provide records to evidence that City personnel submitted the 2019-20 CRA audit report to the County. In February 2023, County personnel confirmed that they received the 2019-20 fiscal year audit in September 2022.

Further, as of February 2023, the 2020-21 fiscal year audit had not been completed and submitted to the Auditor General and the County, in accordance with State law and the interlocal agreement, respectively. According to City personnel, staffing shortages within the Finance department impacted the City's ability to timely complete the City financial reports. In October 2022, the City contracted with a CPA firm to assist in preparation of the 2020-21 and 2021-22 fiscal year financial reports.

Timely completed financial records are necessary for the conduct of timely audits. Timely audits that appropriately focus on the CRA are necessary for the County, other taxing authorities that contribute tax increment funding to the CRA, and the general public to monitor the CRA's compliance with applicable laws and the interlocal agreement. Had CRA audits been timely conducted in accordance with State law and the interlocal agreement, taxing authorities required to contribute to the CRA and the general public may have been more timely informed of the control deficiencies and instances of noncompliance discussed in the 2019-20 CRA audit report.

¹¹⁸ Sections 163.387(8)(a) and 218.39(1)(h), Florida Statutes.

¹¹⁹ Interlocal Agreement, Section VI.B.

¹²⁰ Section 218.39, Florida Statutes.

Recommendation: We continue to recommend that the City ensure that timely annual audits of the CRA are conducted in accordance with State law and the interlocal agreement. In addition, the CRA should retain records evidencing the submittal of the audit reports.

Finding 89: CRA Tax Increment Financing

Previously Reported

As of July 1, 2018, the City had not made required annual contributions of tax increment revenues to the CRA totaling \$484,000, including late fees and interest.

We recommended that the City, in accordance with State law, immediately pay the CRA the required tax increment financing (TIF) contributions and, unless waived by the CRA, the related late fees and interest as adjusted for any authorized payments by the City to, or on behalf of, the CRA.

Results of Follow-Up Procedures

The CRA partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that, beginning in December 2020, the City began depositing TIF revenues into the CRA’s bank account. Also, on July 27, 2021, the CRA Board passed a resolution effectively waiving all penalties and interest for past due TIF revenue deposits. However, as of December 2020 and shown in Table 11, the City owed the CRA \$63,820 for past due TIF revenue deposits adjusted for CRA-waived late fees and interest, and expenditures paid by the City on behalf of the CRA.

**Table 11
Net Amount of Annual TIF Contributions
Owed by the City to the CRA
as of December 31, 2020**

Fiscal Year	Total Amount Owed by the City	City Payments Made to the CRA	Waived Late Fees and Interest ^a	Expenditures Paid by the City on Behalf of the CRA	Total Net Amount Owed by the City
2016 – 2018	\$ 526,644	\$ 344,972	\$ 80,043	\$759,203	\$(657,574)
2019	492,003	-	110,605	66,660	314,738
2020	587,136	-	85,310	66,090	435,736
2021	748,183	712,555	35,628	29,080	(29,081)
Totals	<u>\$2,353,966</u>	<u>\$1,057,527</u>	<u>\$311,586</u>	<u>\$921,033</u>	<u>\$ 63,820</u>

^a Waived Late Fees and Interest based on CRA Resolution No. 2021-08.

Source: City and CRA records and auditor analysis.

Timely receipt of TIF moneys from taxing authorities is necessary to ensure that the CRA has the resources necessary to carry out its activities. Although we requested, City personnel did not indicate when the remaining TIF moneys owed by the City to the CRA would be remitted to the CRA.

Recommendation: We continue to recommend that the City immediately pay the CRA the past due required TIF contributions. In addition, the City should ensure, in accordance with State law, that future required annual contributions of TIF revenues are promptly made to the CRA.

Finding 90: CRA Financial Transaction Accountability

Previously Reported

City accounting records did not always provide for adequate accountability of CRA financial transactions.

We recommended that the CRA and the City continue efforts to establish a separate bank account or otherwise establish accountability for CRA financial transactions and ensure that CRA financial transactions are properly recorded and reported.

Results of Follow-Up Procedures

The CRA partially corrected this finding. Our examination of City and CRA records and discussions with City personnel disclosed that, as of July 2017, the CRA established a separate bank account for CRA transactions. However, the City did not begin depositing the required TIF revenues into the CRA bank account until December 2020. Further, our examination of CRA records and discussions with CRA personnel indicated that, as of February 2023, the CRA had not provided for adequate accountability for CRA financial transactions. Specifically:

- Although we requested, City personnel did not provide records evidencing City Commission approval of the \$344,971 transfer from the CRA to the City's Water and Sewer Fund. City ordinances,¹²¹ require City Commission approval for the use of internal fund transfers to obtain cash from one fund type to fund the activities of another fund type. According to the CRA's 2019-20 fiscal year audited financial statements, the most recent statements available, the CRA transferred \$344,971 to the City's Water and Sewer Fund in November 2020 to reimburse that Fund for multiple fiscal years of CRA expenditures paid by the Fund on the CRA's behalf.
- The CRA Board had not, of record, authorized the City to pay expenditures on the CRA's behalf or agreed to repay the City for such expenditures. As indicated in Finding 89, rather than transfer TIF moneys to the CRA as required by State law, from the CRA's inception to December 2020 the City paid expenditures totaling \$921,033 from its General Fund on behalf of the CRA. Because the CRA has no employees, City personnel carry out the day-to-day operations of the CRA, and the Mayor and four City Commissioners are members of the CRA Board; consequently, City personnel indicated that it is unnecessary for the City Commission and the CRA Board to formally agree to pay for expenditures on behalf of the CRA or to authorize transfers and borrowings between the City and the CRA. Notwithstanding this response, insofar as the CRA is a legally separate entity, the City Commission has no legal authority over CRA financial activities.

When CRA financial transactions are not properly accounted for and reported, the CRA Board and members of the public may draw incorrect conclusions about the availability of CRA resources for funding CRA operations and projects, and the Board's ability to make informed decisions is diminished. Also, the CRA's ability to ensure compliance with State law, City ordinances, and the interlocal agreement is limited.

Recommendation: We continue to recommend that the CRA and the City ensure that proper accountability is established for CRA financial transactions. In addition, CRA financial transactions should be properly authorized by the CRA Board, recorded, and reported.

¹²¹ Section 2-651, City of Opa-locka Code of Ordinances.

Finding 91: CRA Administrative Expenses and Fees

Previously Reported

Through September 2017, the CRA exceeded the interlocal agreement administrative expense limitation of \$200,000 by at least \$311,754 and had not paid the administrative fees to the County required by the interlocal agreement.

We recommended that the CRA ensure that administrative expenses do not exceed the \$200,000 limit specified in the interlocal agreement. In addition, we recommended that the CRA seek and follow guidance from the County to remedy the excessive CRA administrative expenses totaling \$311,754. Also, we recommended that the CRA pay the County the administrative fees of \$1,891 billed to the CRA in accordance with the interlocal agreement.

Results of Follow-Up Procedures

The CRA partially corrected this finding. In October 2020, the City obtained clarification from the County that the \$200,000 administrative expense limitation was an annual rather than cumulative limit for the first 7 years of the interlocal agreement. Based upon the County's determination, our reexamination of the CRA administrative expenses incurred for the 2010-11 through 2016-17 fiscal years disclosed that the \$200,000 annual limit was not exceeded for any of those fiscal years.

According to the interlocal agreement,¹²² for years subsequent to the first 7 years of the CRA's existence, CRA administrative expenditures (expenses)¹²³ may not exceed 20 percent of the TIF deposited annually into the CRA Fund. Our reexamination of the CRA administrative expenses incurred for the 2017-18 fiscal year disclosed that the CRA reported expenditures of \$125,165, all of which were administrative in nature, and exceeded the 20 percent limit by \$53,810.

In addition, our examination of CRA records disclosed that the CRA paid the County the administrative fees of \$1,891 as recommended in our report No. 2019-221. In October 2021, we contacted the County to determine the status of administrative fees charged to CRA for the 2018-19 and 2019-20 fiscal years. County personnel disclosed that, for those fiscal years, the County billed the CRA \$2,751 and \$5,100, respectively, and the CRA timely paid both amounts.

Recommendation: We recommend that the CRA seek and follow guidance from the County to remedy the excessive CRA administrative costs of \$53,810 from the 2017-18 fiscal year.

Finding 92: Compliance with the Uniform Special District Accountability Act FDEO Filing and Annual Fee Requirements

Previously Reported

The CRA did not timely provide to the Florida Department of Economic Opportunity (FDEO) a copy of the document that created the CRA and had not paid the FDEO the annual fee required by State law.

¹²² Interlocal Agreement, Section III.B.

¹²³ Administrative expenses typically include those associated with the general operation of an organization, such as salaries and other expenses attributable to management and legal services.

We recommended that the CRA ensure that any future amendments, modifications, or updates to the resolution creating the CRA are timely provided to the FDEO. In addition, we recommended that the CRA ensure that the annual fee is timely paid to the FDEO.

Results of Follow-Up Procedures

The CRA partially corrected this finding. Our examination of City records and discussions with City personnel disclosed that, as of January 2023, the CRA had not made any changes to the resolution creating the CRA. Consequently, the City had no occasion to correct that part of the finding.

Our examination of City and FDEO records disclosed that, for the 4 fiscal years 2017-18 through 2020-21, the CRA had paid the annual fees of \$700 and associated late penalties of \$175. The late penalties for those fiscal years were incurred because the CRA paid the FDEO 85 to 862 days after the due dates.

In response to our inquiries, City personnel indicated that the late payments occurred because the CRA did not receive the FDEO annual fee notices due to “mail issues.” Failure to timely pay the FDEO annual fee results in the CRA incurring financial penalties.

Recommendation: To avoid further late payment penalties, we continue to recommend that the CRA timely pay annual fees to the FDEO.

Finding 93: CRA Budgets

Previously Reported

Contrary to State law, the CRA did not adopt budgets for the 2012-13 or 2013-14 fiscal years; CRA Board-adopted budgets for the 2011-12, 2014-15, 2015-16, and 2016-17 fiscal years did not include budgeted revenues and transfers or prior fiscal year ending fund equity balances; and the CRA did not limit actual CRA expenditures to budgeted amounts for the 2014-15 fiscal year. Also, CRA Board-approved budgeted expenditures were not properly recorded in the accounting records for the 2016-17 fiscal year.

We recommended that the CRA Board:

- Adopt a budget for each fiscal year.
- Ensure that such budgets include all relevant information including revenues and transfers in and prior fiscal year ending fund equity balances.
- Enhance controls to limit actual CRA expenditures to budgeted amounts as required by State law and ensure that CRA Board-approved budgeted expenditures are properly recorded in the accounting records.

Results of Follow-Up Procedures

The CRA partially corrected this finding. At its September 18, 2019, meeting, the CRA Board approved the CRA’s 2019-20 fiscal year budget, and the budget included anticipated revenues, expenditures, and an estimate of beginning fund balance of \$745,033. The estimated beginning fund balance appeared reasonable as the actual audited ending fund balance for the 2018-19 fiscal year was \$779,900.

Our comparison of the budgeted expenditures to the actual expenditures reported in the 2019-20 fiscal year accounting records disclosed that the actual CRA expenditures were limited to budgeted amounts as required by State law and that CRA Board-approved budgeted expenditures were properly recorded in the accounting records.

However, our examination of the budgetary comparison schedule in the CRA's 2019-20 fiscal year audit report disclosed that the original and final budget amounts¹²⁴ differed from the legally adopted budget. Specifically:

- Revenues per the legally adopted budget totaled \$531,000, which was \$281,347 less than the total revenues of \$812,347 reported in the audit report.
- Although the legally adopted budget included a beginning fund balance of \$745,033, no budgeted beginning fund balance was reported in the audit report schedule.
- Similarly, although the legally adopted budget included an ending fund balance of \$773,261, the schedule in the audit report reported no ending budgeted fund balance.

In response to our inquiries in February 2023 as to why the CRA budgetary comparison schedule amounts did not agree with the legally adopted budgeted amounts, City personnel indicated that the budgetary comparison schedule and final budget were created by a Budget Administrator no longer employed by the City, and the City restructured its budget format causing unforeseen differences between the budget and the schedule in the audit report.

Notwithstanding this explanation, it is not apparent why the CRA did not properly report its legally adopted budget in the budgetary comparison schedule presented with the CRA's 2019-20 audited financial statements. Improper reporting of CRA budget amounts in required supplemental information presented with the audited financial statements impairs the ability of financial statement users to compare CRA budgeted and actual amounts and evaluate the variances.

Recommendation: We continue to recommend that the CRA ensure that CRA Board-approved budgeted amounts are properly reported in the budgetary comparison schedule presented with the CRA audited financial statements.

Finding 94: CRA Web Site Transparency

Previously Reported

The City Web site did not prominently display the CRA and include certain CRA information required to be included on the Web site, contrary to State law.

We recommended that, to comply with State law and provide essential information to interested parties, either the CRA establish a Web site that includes all required CRA information, or the City include the CRA information on the City Web site. In addition, we recommended that the CRA be prominently displayed on the City Web site home page.

¹²⁴ The CRA Board did not amend the 2019-20 fiscal year budget; consequently, the original and final budget amounts were the same.

Results of Follow-Up Procedures

The CRA partially corrected this finding. At the time of our review in March 2021, the City Web site included a Web page dedicated to the CRA. The Web page prominently featured a map with the boundaries and acreage of the CRA and included links to the three most recent CRA budgets and meeting minutes for the period March 2018 through October 2020, the most recently transcribed minutes available as of March 2021. In addition, the CRA board member names were prominently displayed on the CRA Web page. However, contrary to State law,¹²⁵ as of February 2023, neither the CRA Web page nor any other City Web page included the following information required to be posted on the Web site:

- The CRA audit report for the most recent completed fiscal year and audit reports required by law or authorized by the CRA Board.¹²⁶
- A link to the FDFS Web site.¹²⁷

Including the required information on the City's Web site provides information to the taxing authorities required to contribute to the CRA and the public regarding CRA activities and how the CRA is accomplishing its redevelopment objectives.

Recommendation: The CRA should continue efforts to ensure that the CRA Web page on the City's Web site includes all the information required by State law.

CRA BOARD OF COMMISSIONERS

Finding 95: CRA Board Member Terms

Previously Reported

The CRA had not clearly established the terms of County BCC-appointed CRA Board members.

We recommended that the CRA Board, in consultation with the County BCC, amend its bylaws to clarify terms of County BCC-appointed CRA Board members.

Results of Follow-Up Procedures

The CRA had not corrected this finding. Our review of CRA records and discussions with CRA personnel disclosed that, as of December 2022, the CRA Board had not amended its bylaws to clarify the terms of the Board members nominated by the County BCC.

In response to our inquiries, City personnel indicated that no modification of the bylaws was necessary because the CRA Board members appointed by the respective County Commissioners have terms consistent with the terms of the Commissioners who appointed them. Notwithstanding, insofar as the CRA is a legally separate entity, distinct from both the City Commission and the County BCC, revising the bylaws to clarify terms of County BCC-appointed CRA Board members would help prevent confusion by Board members or the citizens they serve as to how long such Board members are to serve on the Board, and would provide specificity regarding terms for all CRA Board members.

¹²⁵ Section 189.069(1)(b), Florida Statutes.

¹²⁶ Section 189.069(2)(a)12., Florida Statutes.

¹²⁷ Section 189.069(2)(a)14., Florida Statutes.

Recommendation: We continue to recommend the CRA Board, in consultation with the County BCC, amend its bylaws to clarify terms of County BCC-appointed CRA Board members.

Finding 96: Sunshine Law

Previously Reported

CRA records did not evidence that decisions made in adopting the CRA bylaws were made in accordance with State law requirements that official decisions be made in public only after full and open discussion by board members. In addition, CRA Board meeting minutes were not always timely recorded, approved, and maintained on the City Web site, contrary to State law.

To avoid violations of the Sunshine Law, promote CRA transparency, and encourage public interest, we recommended that the CRA Board ensure that:

- All significant topics impacting CRA operations are openly discussed at public CRA Board meetings.
- Minutes for all CRA Board meetings are timely recorded, approved, and maintained on the City Web site.

Results of Follow-Up Procedures

The CRA partially corrected this finding. In May 2021, we reviewed the minutes and associated records for the ten CRA Board meetings held during the period October 2019 through February 2021 and noted that all meeting minutes were promptly signed and available for public inspection on the City’s Web site as of that date. Additionally, our review of those minutes did not disclose any CRA Board actions on significant topics impacting CRA operations that were not previously openly discussed at public CRA Board meetings.

However, the minutes for three CRA Board meetings were not promptly approved by the Board. Although CRA policies and procedures do not establish a specific time frame for approval of meeting minutes, to promote transparency and public interest, ideally, the CRA Board should approve minutes at the next scheduled Board meeting. We noted that the minutes for the December 11, 2019, January 22, 2020, and February 26, 2020, meetings were approved 35, 56, and 35 days, respectively, after the next Board meetings, or 77 to 91 days after the occurrence of the meetings.

According to City personnel, meeting minutes were not always timely approved because the City’s Planning and Community Development Department staff is responsible for transcribing the minutes, and they only work part-time on CRA activities. Notwithstanding this response, prompt preparation and approval of CRA Board meeting minutes would enhance public access to records of official actions taken at the meetings.

Recommendation: The CRA should continue efforts to ensure that minutes for all CRA Board meetings are promptly approved and made available for public inspection.

Finding 97: Employment Process

Previously Reported

The CRA had not established a position description for the Executive Director position, did not advertise an Executive Director position vacancy, and did not document consideration of applicant qualifications prior to hiring an Executive Director.

We recommended that the CRA Board:

- Establish position descriptions that include minimum training and experience requirements for the Executive Director and any future CRA positions.
- Ensure position vacancies are properly advertised.
- Use a documented process for considering applicant qualifications.

Results of Follow-Up Procedures

The CRA had no occasion to correct this finding. Our examination of CRA records and discussions with City personnel disclosed that, during the period October 2019 through February 2022, the CRA did not hire an Executive Director or directly employ anyone. Rather, the CRA relied upon City staff to provide CRA support services.

Finding 98: Severance Pay

Previously Reported

The CRA did not always comply with requirements applicable to severance pay for two former CRA Executive Directors. Consequently, these former Executive Directors received excess compensation of \$25,754 and \$3,610, respectively, after their last day of employment.

We recommended that the CRA ensure that future employment agreements contain severance pay provisions that are consistent with State law and that severance payments do not exceed the limits established by employment or separation agreements. In addition, we recommended that the CRA Board consider taking action to recover the \$25,754 and \$3,610 of severance compensation received by the former Executive Directors, respectively, in excess of what was specified in their employment or separation agreements.

Results of Follow-Up Procedures

The CRA had not corrected this finding. As previously discussed, during the period October 2019 through February 2022 the CRA did not employ anyone; consequently, the CRA had no occasion to correct the portion of the finding regarding CRA employment agreement severance provisions. However, the CRA Board did not take any action of record regarding the severance compensation of \$25,754 and \$3,610 received by the former Executive Directors. After consultation with the City Attorney, who also provides services to the CRA, City management decided it would not be cost effective to pursue collection

of the overpayments from the former CRA Executive Directors. Notwithstanding, City management did not present this determination to the CRA Board for official approval of record.

Recommendation: We continue to recommend that the CRA Board consider taking action to recover the severance compensation received by the former Executive Directors in excess of amounts specified in their employment or separation agreements. We also recommend that City management’s determination not to pursue recovery be presented to the CRA Board for consideration and, if deemed appropriate, official approval of record.

LEGAL SERVICES

Finding 99: Legal Services Procurement and Contract Monitoring

Previously Reported

CRA policies and procedures for selecting firms to provide legal services and developing and monitoring legal services contracts could be improved.

We recommended that the CRA Board revise the bylaws to require:

- The use of a documented competitive selection process for procuring legal and other contractual services.
- The use of written contracts for the procurement of legal and other contractual services and ensure that such contracts include severance pay and other provisions that are consistent with good business practices and State law.

In addition, we recommended that the City and CRA enhance controls over contract monitoring to ensure that services are received before payments are made and either document that the second firm provided legal services for the period March 5 through March 24, 2015, or request a \$1,613 refund from the firm for the overpayment.

Results of Follow-Up Procedures

The CRA partially corrected this finding. Our review of the CRA bylaws and discussions with City personnel disclosed that the CRA did not amend its bylaws to require competitive selection of legal and other contractual services and the use of written contracts. However, according to City personnel, as of June 2021, the CRA was using the City’s procurement processes, including competitive selection for goods and services and the use of written contracts. As indicated in Finding 67, the City amended its ordinances to establish a documented competitive selection process for procuring legal and other contractual services, and as indicated in Finding 78, the City enhanced controls over contractual monitoring.

Notwithstanding the CRA’s use of City procurement policies and procedures, absent formal adoption of such, there is an increased risk that future CRA services will not be competitively selected and that the terms and conditions of such services will not be pursuant to written contracts.

During the period October 2019 through February 2021, the City paid 13 legal services invoices totaling \$22,000 on behalf of the CRA. We examined 6 of the invoices totaling \$11,000 and noted that City personnel paid the invoices in accordance with the legal services contract.

In addition, City management, after consultation with the City Attorney, decided not to request a refund for any overpayments for legal services because it was deemed not cost effective and the expiration of the statute of limitations may hinder collection efforts. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: We continue to recommend that the CRA Board revise the bylaws to require:

- **The use of a documented competitive selection process for procuring legal and other contractual services.**
- **The use of written contracts for the procurement of legal and other contractual services and ensure that such contracts include severance pay and other provisions that are consistent with good business practices and State law.**

In addition, we recommend that City management’s decision not to pursue a refund for the overcharges for legal services noted in our report No. 2019-221 be presented to the CRA Board for official approval of record.

OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Section 11.45(3)(a), Florida Statutes, and at the direction of the Legislative Auditing Committee, we conducted an operational audit of the City of Opa-locka (City) and Opa-locka Community Redevelopment Agency (CRA) and issued our report No. 2019-221 in June 2019. Pursuant to Section 11.45(2)(j), Florida Statutes, the objective of this audit was to perform, no later than 18 months after the release of that report, appropriate follow-up procedures to determine the City and CRA’s progress in addressing the findings and recommendations contained within report No. 2019-221.

We conducted this follow-up audit from March 2021 through March 2023 in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the follow-up audit 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.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the follow-up audit, weaknesses in management’s internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The overall objective of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our follow-up audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining

reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period October 2019 through February 2021, and selected City and CRA actions taken prior and subsequent thereto. Our audit included the examination of pertinent City and CRA records and transactions, inquiry of City and CRA personnel, observation of procedures in practice, and additional follow-up procedures as appropriate. Unless otherwise indicated in this report, records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning the relevant population value or size and quantifications relative to the items selected from examination.

In conducting our audit, we:

- Reviewed applicable laws, contracts, and City and CRA ordinances, administrative regulations, policies, and procedures, and interviewed City and CRA personnel to obtain an understanding of applicable processes to determine whether the City and CRA had established effective policies and procedures for major City functions, such as procurement, finance, and human resource management.
- Examined minutes of City Commission and CRA Board meetings held during the audit period and selected meetings held prior and subsequent to the audit period to determine the propriety and sufficiency of actions taken.
- Examined Financial Emergency Board meeting minutes, memoranda, and other correspondence with the City to evaluate the City's progress in complying with Financial Emergency Board recommendations.
- Assessed the changes in the City's financial condition during the 5-year period of the 2015-16 through 2019-20 fiscal years and evaluated City efforts in remediating its state of financial emergency.
- Determined whether the City maintained a General Fund reserve amount in accordance with the City's General Fund reserve policy and Government Finance Officers Association (GFOA) best practices and developed a target amount of working capital to maintain for each enterprise fund.
- Examined City records and inquired of City personnel to determine whether the City continued to experience significant turnover in key positions.
- Determined whether the City established and maintained a comprehensive framework for internal controls that included an internal audit function and adequate policies and procedures for monitoring financial reporting, strategic planning, budgetary planning and oversight, administrative costs, and other managerial functions; for communicating, investigating, and reporting known or suspected fraud; and for ensuring compliance with applicable State laws and GFOA best practices.
- Determined whether the City implemented control procedures and processes that effectively ensured compliance with accountability and other requirements associated with the receipt and use of Federal, State, and local resources, including fuel tax and discretionary sales surtax proceeds.
- Determined whether the City had established effective revenue and cash collection controls to:
 - Provide reasonable assurance that cash assets agree with recorded amounts.

- Promptly detect and correct unrecorded and improperly recorded cash transactions or bank errors.
- Ensure adequate integrity, security, confidentiality, and auditability of business transactions conducted using electronic commerce, including electronic funds transfers.
- Timely notify owners of unclaimed property and annually report unclaimed property to the Florida Department of Financial Services (FDfs).
- Ensure compliance with State law regarding public deposits.
- Appropriately monitor petty cash funds.
- Determined whether the City had established adequate controls over the acquisition, construction, disposition, accountability, and safeguarding of capital assets.
- Determined whether the City had established procedures for effectively monitoring City-owned motor vehicle maintenance and use and reporting the value of personal use to the Internal Revenue Service, and for appropriately managing parts and fuel inventories.
- Determined whether the City had established adequate debt management policies and procedures to minimize borrowing costs and to ensure compliance with applicable Federal, State, and local laws and GFOA best practices. Also, we determined whether the City issued any debt during the audit period.
- Determined whether the City had established effective revenue and cash collection controls over assessments, collections, deposits, and related records. We also determined whether the City appropriately remitted to the Florida Department of Revenue applicable amounts collected for traffic signal penalties for red-light violations.
- Determined whether the City had established effective payroll and personnel administration policies and procedures to:
 - Ensure payroll transactions, including overtime and leave payments, are processed accurately and consistently in accordance with applicable laws and the directives of the City Commission and City management.
 - Communicate management's expectations, employment guidelines, and benefits information to employees and promote the consistent administration of City personnel practices.
 - Ensure that the City's contributions to the Florida Retirement System and payments to the group health insurance carrier were timely and appropriately made.
- Evaluated the adequacy of the design of City employee travel policies and procedures.
- Determined whether the City had established appropriate procurement controls and controls for the effective and efficient use of resources in accordance with applicable laws, contracts, grant agreements, and City policies and procedures and whether the controls ensured documentation supporting that public funds were properly utilized in fulfilling the City's legally established responsibilities. We also evaluated the City's compliance with the Local Government Prompt Payment Act.
- Determined whether the City had established controls for effectively and efficiently procuring and monitoring contractual services and related payments. Our audit procedures included, but were not limited to, an examination of documentation related to the procurement of consultant, audit, legal, and insurance services, as well as, wireless communication devices and services.
- Determined whether the City had established policies and procedures designed to effectively promote compliance with the statutory and ordinance requirements requiring the maintenance of public records, including electronic records, Commission meeting minutes, financial disclosure filings, and annual statements of lobbying expenditures.

- Determined whether the City and CRA established adequate controls and processes to ensure:
 - Compliance with applicable Federal, State, and local laws and the interlocal cooperation agreement between the CRA, City, and Miami-Dade County.
 - Proper accountability for CRA transactions.
 - CRA Board member terms are clearly established.
 - The hiring and compensation of CRA Executive Directors is appropriate.
 - The effective and efficient procurement of legal services.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Prepared and submitted for management response the findings and recommendations that are included in this report, and which describe the matters requiring corrective actions. Management's response is included in this report under the heading MANAGEMENT'S RESPONSE.

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 operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial "S" and "N".

Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



**Office of the City Manager
780 Fisherman Street, 4th Floor
Opa-locka, FL 33054**

**Darvin E. Williams, JD, MBA, MPH
Interim City Manager**

**Telephone: 305-953-2868 Ext 1202
Email: dwilliams@opalockafl.gov**

April 7, 2023

Sherrill F. Norman, CPA
Auditor General, State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

On behalf of the City of Opa-locka and the Opa-locka CRA Chair, I submit our responses to the 99 preliminary and tentative audit findings provided by your report of March 8, 2023. Responses have been provided for all findings other than the 19 findings determined to have already been corrected by your auditors.

The professionalism, knowledge and helpfulness of the audit team conducting the current audit has been a tremendous benefit and is greatly appreciated. Their efforts to provide us guidance with addressing lesser known requirements and appropriate procedures for ensuring efficient and effective operations have resulted in substantially improving how we conduct our business. Implementing the recommendations provided has laid the foundation upon which we shall continue to build significant improvements. The City and the CRA of Opa-locka today bear no resemblance to the entities described in the May 2019 Audit Report. Both organizations are well on their way to becoming optimally functioning and greater respected entities among municipalities and CRAs within the State of Florida. Our continued success is of great benefit of the community we serve. None of this would have occurred without the guidance provided by these two audits. We are grateful that you lent your hands to helping us achieve this pivotal milestone in our story and in our success.

This assistance has been invaluable.

Sincerely,

A handwritten signature in blue ink that reads "Darwin E. Williams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Darvin E. Williams
Interim City Manager

cc: Mr. John H. Taylor, Jr, Mayor, City of Opa-locka
Mrs. Natasha Irvin, Vice Mayor, City of Opa-locka
Dr. Sherelean Bass, Commissioner, City of Opa-locka
Mr. Joseph Kelley, Commissioner, City of Opa-locka
Ms. Veronica Williams, Commissioner, City of Opa-locka
Mrs. Jannie Russell, Board Chair, Opa-locka CRA
Ms. Melinda Miguel, State of Florida Chief Inspector General
Mr. Brian Hunter, Special Counsel, Office of the Chief Inspector General

CITY OF OPA-LOCKA



OPERATIONAL AUDIT RESPONSE

APRIL 7TH, 2023

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #2 – Financial Condition Assessment

Status (Audit): Partially Corrected

Issues: (1) Governmental Funds - Debt Service as percentage of total expenditure increased 140% over five years.

(2) Governmental Funds - Current Liabilities as percentage as a percentage of total revenue increased by 26% over five years.

(3) General Fund – Cash and investments as percentage of current liabilities improved to 149% as of September 30, 2020, but under benchmark of 909%.

(4) Proprietary Funds – Unrestricted Net Position ass percentage of total operating revenue decreased by 38% over five-year period.

Recommendation: Continue efforts to improve financial condition through the Financial Recovery Plan and correction of control deficiencies.

Response:

Status (Response): Partially Corrected

Issue #1 – The City concurs with the observation that debt service increased 140% over five years, but the following circumstances pertain. The City has not issued new Governmental Funds debt since 2016. This debt has pledged revenue supporting the debt, with pledged revenue in excess of debt service to be refunded regularly to the City. When the City declared a Financial Emergency, the bank began to retain the surplus pledged revenue, building up to approximately \$5.5 million by FY 20. At that time, the City entered into negotiations with the bank to release the retained surplus pledged revenue. Under the resultant agreement, the bank used one-half of the retained funds, approximately \$2.6 million, to reduce the outstanding debt balance and released the other half to the City for City use. Consequently, in FY 19 the City’s debt service payments for Governmental Funds was \$1.3 million, jumping to \$3.9 million in FY 20, and then, as will be demonstrated in the forthcoming FY 21 audit, returning to \$1.3 million. If the bank hadn’t retained surplus pledged revenue, the City’s debt service payments would have been flat since 2016.

Issue #2 – The growth in Governmental Funds Current Liabilities will be reviewed. However, the following information obtained from the FY 16 and FY 20 AFRs suggest that, the issue noted notwithstanding, the City’s Governmental Funds liquidity has vastly improved.

Governmental Funds	FY 20	FY 16
Current Assets	\$33,439,992	\$17,733,557
Current Liabilities	\$23,249,426	\$16,365,453
Over / (Under)	\$12,190,566	\$1,368,124

City of Opa-locka
Operational Audit Response
April 7, 2023

Issue #3 – To further improve this measurement, the City will continue those activities which have resulted in the improvements made so far.

Issue #4 – The proprietary funds have continued to operate with FY 16 utility rates although expenses have risen significantly since then. The Commission has accepted Staff's recommendation to conduct a rate study to bring utility rates into line with current expenditure levels to address this issue.

Recommendation – The above-noted issues have been addressed and are being rectified. Work continues to bring all financial indicators up to or beyond benchmark levels.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #3 – General Fund Reserve Requirement

Status (Audit): Partially Corrected

Issues: (1) Through FY 19 the City didn't maintain General Fund reserves (Unrestricted Fund Balance) as required by the City Code, although significantly exceeded this requirement in FY 20

Recommendation: The City has implemented new Fund Balance policies as of FY 21 consistent with Governmental Finance Officer Association (GFOA) best practices standards but hasn't amended the Code to reflect these updated policies. The City should amend the Code to reflect these policies.

Response:

Status (Response): Corrected

Issue #1 – As noted, the appropriate policies have been utilized starting with the FY 21 budget.

Recommendation – Legislation is being prepared to update the City Code of Ordinances to reflect the recognized best practices policies the City has implemented. On this basis, this finding is considered to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #4 – Enterprise Working Capital Reserve Requirement

Status (Audit): Partially Corrected

Issues: (1) The Stormwater Fund reflected Working Capital Reserves (Available Fund Balance) consistent with Code requirements over the audit period while the Water-Sewer Fund didn't reflect sufficient reserves.

Recommendation: The City has implemented new Working Capital Reserve policies as of FY 21 consistent with Governmental Finance Officer Association (GFOA) best practices standards but hasn't amended the Code to reflect these updated policies. The City should amend the Code to reflect these policies. Additionally, the City should take the necessary action to bring Water-Sewer Working Capital Reserves (Fund Balance) up to the appropriate minimum target.

Response:

Status (Response): Corrected

Issue #1 – As noted, the appropriate policies have been utilized starting with the FY 21 budget.

Recommendation – The City is preparing legislation to update the City Code of Ordinances to reflect the recognized best practices policies the City has implemented. Additionally, the Commission authorized staff to issue an RFP for a utility rate study that will restore the Water-Sewer Fund Working Capital Reserves to acceptable levels. Staff previously moved the Stormwater fees to the property tax bill, ensuring that all properties paid their fair share, which brought the Stormwater Fund Working Capital Reserves up to an acceptable level. With the imminent updating of the Code of Ordinances and the City's commitment to update its utility rate structure to restore the fiscal health of the Water-Sewer Fund, this finding is deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #5 – Untimely Financial Reports and Annual Audits

Status (Audit): Not Corrected

Recommendation: The City should enhance efforts to ensure, in accordance with applicable State law and City ordinances, that annual financial audits are completed and timely presented to the City Commission and timely filed with the Auditor General and that audit reports and AFRs are timely submitted to the FDFS.

Response:

Status (Response): Partially Corrected

City hired a team of accounting consultants who have been working on the financials of FY2021 since late November 2022. We anticipate their work to conclude with Management's receipt of an issued Audit Report of FY 21 by June 30, 2023. FY 22's financials will be immediately prepared for external audit and an issued Audit Report is anticipated by December 31, 2023, at which time the City will no longer be delinquent in the submission of its annual audits. The City will be on track to submit the FY 23 Audit Report, on time, by June 30, 2024. This will be the first timely submission in a decade. In view of the progress the City has made from the time that it was nearly three years delinquent in the submission to annual audits to the present where it is realistically targeted that the City will be current in the next nine months, the City deems this progress to be a partial correction of this finding.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #6 – Strategic Planning

Status (Audit): Not Corrected

Issues: (1) City hasn't updated its strategic plan since 2014

Recommendation: The City strategic plan be monitored and periodically reassessed and updated to address changes in City circumstances.

Response:

Status (Response): Not Corrected

Recommendation – The City will be having a workshop in the next two months to begin discussion on development of a strategic plan. The FY 23 Budget includes \$50,000 for facilitator services to move this project forward. As part of advancing this project, the City will conduct a charrette for all stakeholders to ensure that the broadest possible range of views are considered in envisioning the City's future and embodying this vision in the City's updated strategic plan.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #7 – Management Turnover

Status (Audit): Not Corrected

Issues:

- (1) The City had not corrected this finding. City records and discussions with City personnel disclosed that the City continued to experience significant turnover in certain key management positions during the period October 2018 through December 2022.

Recommendation: To promote efficient operations, high quality services, and the consistent application of City policies and procedures, we continue to recommend that the City strive to provide stability in key management positions. Such efforts should include documented consideration of any City actions that may increase turnover in key management positions and strategies to limit negative effects of such actions.

Response:

Status (Response): Partially Corrected

Issue #1 – The following steps have been implemented to enhance retention, resulting in improved stabilization of senior management, other than City Manager turnover.

- A new pay plan is being introduced and salaries have been increased to lessen the influence of low compensation being a significant factor in staff departures.
- Facilities are beginning to be improved, providing a more attractive place to work.
- The administration has begun to make significant progress in a wide range of citywide activities, significantly improving job satisfaction in being a part of the team creating this progress.
- Significant emphasis has been focused on morale improvement and team building, further increasing job satisfaction.
- In addition to the City program of exit interviews for departing staff, staff will propose legislation that would have the City Commission conduct exit interviews for departing Charter Officers to provide additional insight as to where further improvement is needed.

Recommendation – Staff is preparing legislation recommending that the City Commission implement the policy of the Commission conducting exit interviews with departing charter officers to develop a better understanding of further actions required to stabilize the retention of senior management. In view of the improved stabilization of senior management and the steps taken so far to create the conditions for further improvement, staff believes this finding has been partially corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #8 – Internal Audit Function

Status (Audit): Not Corrected

Issues: (1) City hasn't established an Internal Audit Function,

Recommendation: The City should establish an internal audit function. If not feasible to establish a separate Internal Audit function, the City should assign these responsibilities to a current City position or obtain these services from an accounting firm.

Response:

Status (Response): Not Corrected

Recommendation – There is an Internal Auditor position in the FY 23 budget, and the City is in the process of advertising this position.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #10 – Risk Assessment

Status (Audit): Not Corrected

Issues: (1) City hasn't performed a documented risk assessment to ensure adequate internal controls are in place to minimize fraud risks and control deficiencies adversely affecting City operations.

Recommendation: Perform periodic risk assessments that identify, analyze, document and rectify fraud risks and control deficiencies.

Response:

Status (Response): Not Corrected

Recommendation – The City is seeking to fill an Internal Auditor position included in the FY 23 adopted budget. A risk assessment will be a primary responsibility when this position is filled.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #11 – Budgetary Process

Status (Audit): Partially Corrected

Issues: (1) Discrepancies between the Commission-approved FY 20 budget and the budget reflected in the City Finance system

(2) Comparison between Commission-approved budget and FY 19 and FY results wasn't feasible since City accounting records weren't up-to-date.

(3) City had begun to provide monthly results in April, 2022 but hasn't provided public quarterly review of financial results.

(4) Budget amendments weren't posted on the website within five days of being adopted by the Commission.

Recommendation: The City should continue efforts to enhance its budgetary process by preparing and maintaining updated budgetary and accounting records to generate periodic reports that allow City management to effectively manage the City, including timely posting of budget amendments on the City website.

Response:

Status (Response): Corrected

Issue #1 – Current practice is to update the City finance system once a budget amendment has been approved by the State and then review the budgets in the finance system to ensure consistency with the approved budget amendment.

Issue #2 – City continues to catch up on its accounting as reflected by the target to complete the FY 22 audit by December, 2023, at which time the City will no longer be delinquent in the submission of annual audits.

Issue #3 – City upgraded its monthly financial reporting in January 2023 for internal use and to be provided to the State. The first quarterly reporting of financial results will begin with the March, 2023 results.

Issue #4 – Budget amendments are now posted on the City website within 24 hours of receipt of a budget amendment being approved by the State.

Recommendation – The State now receives monthly financial statements within ten days after the end of each month. The first quarterly review will be presented at the end of April or the beginning of May. In light of these activities, the recommendations associated with this finding are deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #12 – Administrative Costs

Status (Audit): No Occasion To Correct

Issues: (1) City didn't allocate Administrative Costs to the Enterprise Funds through FY 20

Recommendation: City should allocate Administrative Costs to the Enterprise Funds

Response:

Status (Response): Corrected

Issue #1 – The City will allocate Administrative Costs starting with the FY 21 audit, consistent with the allocation methodology embedded within the budgeting software.

Recommendation – Although not done in recent years, Finance will incorporate this step into the FY 21 audit, which is underway. Since this is now being done, this finding is deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #13 – Law Enforcement Revenue Sharing

Status (Audit): Partially Corrected

Issues: (1) DOJ Annual Forms not filed timely.

(2) Single Audit requirements not completed timely

Recommendation: The City should timely file Annual Forms with the USDOJ within 60 days after the City's fiscal year-end and ensure completion of annual Federal single audits within 9 months after the City's fiscal year-end.

Response:

Status (Response): Corrected

Issue #1 – The FY 22 DOJ Annual Form was filed on January 3, 2023, 34 days late. This was attributable to the turnover of personnel and lack of familiarity with the requirement. With the arrival of a City Finance Director for the first time in several years and with the staffing and operations of the Finance Department beginning to stabilize with documented policies, procedures and schedules, this won't be a problem in the future.

Issue #2 – As stated elsewhere, when the City entered into Financial Emergency, it stopped doing Annual Financial Audits for nearly three years, and has aggressively been catching up ever since. The City's FY 22 audit is targeted for completion in December, 2023, and at that time the City will no longer be delinquent in its audits, including the Federal Single Audits.

Recommendation – With the submission of the FY 22 annual audit, including the Federal Single Audit, in December, 2023, the City will be in compliance with the recommendations of this finding. Since the City now has a history of completing the DOJ Annual Form and Federal Single Audit as part of the audit process, the Policy and Procedures associated with this finding are deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #14 – State Grant Compliance

Status (Audit): No Occasion To Correct

Recommendation: The City had no occasion to correct this finding. In July 2020, the City developed a policy that adequately addressed all our recommendations. However, our review of City records and discussions with City personnel disclosed that there were no State grant expenditures during the period October 2019 through February 2021, and accordingly, the City had no occasion to implement the policy.

Response:

Status (Response): No Occasion To Correct

Recommendation – The City remains in a position where there have been no additional incidents relative to this item. However, the City will adhere to its Administrative Policy for Grant Administration which will demonstrate that issues noted in the 2019 audit have been corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #15 – Florida Department of Environmental Protection Grants and Loans

Status (Audit): No Occasion To Correct

Recommendation: The City had no occasion to correct this finding. Our review of City records and discussions with City personnel disclosed that the City enhanced procedures to provide separate accountability for grants and loans. However, during the period October 2019 through February 2021, the City did not receive any FDEP grant and loan proceeds or incur any expenditures related to FDEP grants; therefore, the City had no occasion to implement the remaining audit recommendations.

Response:

Status (Response): No Occasion To Correct

The City is recruiting a Grants Administrator and will enhance its procedures to provide separate accountability for all grants and loans per respective regulations on an ongoing basis. The City will ensure proper and complete documentation exists for expenditures of all restricted funds in a tangible file and on the general ledger which will correct issues noted in the 2019 audit.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #16 – Fuel Taxes

Status (Audit): Not Corrected

Recommendation: We continue to recommend that the City establish separate accountability for fuel tax revenues and expenditures by using separate special revenue funds in accordance with the FDFS Manual

Response:

Status (Response): Corrected

Revenue and expenditure appropriations are supported with a Special Revenue Fund in accordance with the FDFS Manual. Restricted fund reconciliation is a task to be assigned to accounting staff person who can maintain the activity of these dollars on an ongoing basis. This will help demonstrate to the public that such funds are used only for authorized purposes. In view of the imminent implementation of the above and the ease of doing so, this finding is deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #17 – Discretionary Sales Surtax Proceeds

Status (Audit): Partially Corrected

Recommendation: The City should continue efforts to implement policies and procedures to ensure compliance with the interlocal agreement surtax requirements and take prompt action to fully resolve the issues noted in the County Audit Division’s surtax review report.

Response:

Status (Response): Partially Corrected

Reconciliation of the County Surtax distribution has been designated to an accounting staff person who will maintain the reporting requirements on an ongoing basis. With the issuance of timely Audit Reports, the City will be in full compliance with the recommended actions for these proceeds.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #18 – Interfund Borrowing and Transfers

Status (Audit): Not Corrected

Recommendation: We continue to recommend that City procedures be enhanced to ensure that future interfund borrowings and transfers are properly accounted for and comply with City ordinances.

Response:

Status (Response): Partially Corrected

The Finance Policy and Procedure Manual will include language that Finance will work with Budget to determine and document any funds required for repayment will be available within 2 years. The Finance Director will document when any borrowed funds are not needed during a lending period. Future transfers of Water and Sewer funds may only occur when there is a surplus. The City Commission, in adopting its annual budget and amendments, will approve all interfund borrowings and transfers. With these actions, it is deemed that this finding is partially corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #19 – Special Events

Status (Audit): Partially Corrected

Issues: (1) Economic viability of individual special events indicated as being done as part of the annual budget process but no supporting data.
(2) A policy of encouraging public donations to help fund special events hasn't been instituted.

Recommendation: The City should document the evaluation and City Commission approval of each special event, and if the City intends the budget to evidence City Commission approval of the special events, the City should prepare the budget in sufficient detail to show the projected costs and estimated donation amounts for each event. In addition, pursuant to its policies, the City should establish a program to encourage public donations to help fund special events.

Response:

Status (Response): Partially Corrected

Issue #1 – The City will initiate a policy of conducting a post-event assessment of each special event, including attendance, costs, an assessment as to how the event was received by the community and identification of goods and services provided as donations.

Issue #2 – For many special events, the City has received contributions of goods and services, but not monetary donations. This has never been tracked or quantified, but this will be done in the future as noted in the response to Issue #1.

Recommendation – In the development of the annual budget for the past three years, each department expense budget is followed by a page indicating the underlying details for each account in the department budget. This includes the special events account where there is a list of all recommended special events intended to be provided in the coming year including cost, but not the amount of anticipated public donations. Even though each event doesn't have an individual account code, there is a requirement that each requisition entered for a special event is required to indicate the special event for which it is being submitted, allowing tracking of budgeted vs. actual expenditures. In reviewing and approving the Parks & Recreation budget, the City Commission reviews the details behind each account, including the details for the recommended special events. Consequently, in approving the City's budget, the City Commission is approving the special events schedule and costs that were reviewed in reviewing the Parks & Recreation budget.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #20 – Fund Accounting and Expenditure Coding

Status (Audit): Partially Corrected

Recommendation: We recommend that the City continue efforts to ensure financial transactions are properly accounted for in City accounting records and enhance procedures to address training for applicable City employees regarding the use of funds and account codes as prescribed in the FDFS Manual and guidance included in the GAAFR

Response:

Status (Response): Corrected

Finance developed an Administrative Policy for management of Journal Entries and conducted a training session with staff to review. Implementation of this policy is currently in full effect with continual training as staff changes and opportunities for improvement are available. Finance staff will refer to the Florida Department of Financial Services and Governmental Accounting, Auditing and Financial Reporting Blue Book for guidance. With these actions this finding is deemed to be corrected.

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Finding: #22 – Bank Account Reconciliations

Status (Audit): Partially Corrected

Recommendation: The City should continue efforts to ensure that timely bank account reconciliations are accurately performed, appropriately documented, and reviewed and approved and that reconciling items are accurately identified, promptly and thoroughly investigated, explained, and documented

Response:

Status (Response): Corrected

Finance has strengthened its Bank Reconciliation Policy and currently bank reconciliations are performed by an Accountant and then reviewed and approved by the Finance Director. Both the preparer and approver must date and sign the reconciliation as a matter of record for that account. This policy will reflect that in times of staff shortages, Finance must at least annually prepare a reconciliation of all funds with proper supporting documentation and signatures of the preparer and approver .With these actions this finding is now deemed to be corrected.

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Finding: #23 – Electronic Funds Transfers

Status (Audit): Partially Corrected

Recommendation: The City should continue to enhance controls to ensure that:

- City records document the individuals who initiate, review, and approve EFTs, to establish responsibility for the EFT and evidence that the individuals were appropriately separated from the duties of preparing bank reconciliations and journal entries.
- Banking agreements for all financial institutions conducting business with the City identify, by name, the employees authorized to initiate EFTs and those authorized to review and approve EFTs, and establish employee EFT dollar limits.

Response:

Status (Response): Corrected

The City has a documented record of all electronic funds transfer (wires and internal transactions). This dated form provides justification of the Fund transfer with supporting documentation as well as identifies applicable account code, amount and signature of preparer of the request and approver. These executed forms are provided to the City Manager's office monthly for review. In view of these actions, this finding is deemed to be corrected.

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Finding: #27 – Administrative Building Purchase

Status (Audit): Partially Corrected

Recommendation: The City should enhance efforts to take prompt and appropriate action to lease vacant Town Center I office space to maximize rental revenue.

Response:

Status (Response): Corrected

The City has expanded its use of the building and concurrently has rented all available rentable space at Town Center I. Due to this, the decision was made to not hire a property manager. However, the City will make every effort to maximize rental revenue at such time that rentable space becomes available. In view of there being no rentable space now and in the foreseeable future, this finding is deemed to be corrected.

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Finding: #28 – Construction Administration

Status (Audit): Partially Corrected

Recommendation: The City should continue efforts to timely pay contractors to avoid construction project delays.

Response:

Status (Response): Corrected

With the current payment process, including the delay resulting from the State review of invoices due to the City still being under State oversight, the City can release a check in less than 30 days from receipt of the invoice. The City has implemented new policies and procedures to address the problem with timely payments to our contractors. The Standard Operating Procedure for Invoice Processing aims to enhance visibility and streamline the process from the requisition phase to the invoice payment phase. In view of the City's ability to make payment in less time than is authorized under the State's Prompt Payment Statute, this finding is deemed to be corrected.

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Finding: #29 – Land Disposals

Status (Audit): Partially Corrected

Recommendation: The City should follow its established land disposal policies and procedures.

Response:

Status (Response): Corrected

The City is following its established land disposal policies and procedures in a land sale transaction currently under way. Declared surplus land parcels for sale shall always be advertised to the public to establish an appropriate market valuation. In view of the City currently being in compliance with the recommendation for this finding, this finding is deemed to be corrected.

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Finding: #30 – Property Records

Status (Audit): Partially Corrected

Recommendation: The City should further enhance the Manual to address maintaining control of attractive and sensitive items with costs below the TPP capitalization threshold. In addition, the City should thoroughly investigate items that could not be located during the September 2021 TPP inventory and report the missing items to the appropriate law enforcement agency and the City's property insurance carrier.

Response:

Status (Response) Partially Corrected

The City will incorporate language in the Manual to advise of the appropriate management of items at cost below the tangible personal property capitalization threshold. As of FY2021, the capitalization threshold recognized by the City is \$5,000. All TPP items, regardless of value, will be properly cataloged, distributed and maintained as applicable across each department. The City will review the potential causes of items not being located during the recent asset study, and depending on the circumstances that can be determined, will contact the City's insurance or law enforcement as appropriate.

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Finding: #31 – Property Insurance

Status (Audit): Partially Corrected

- Issues: (1) No policies and procedures to ensure City property adequately insured, including
- a. Maintenance of appropriate level of insurance and method to determine insurable values.
 - b. Periodic analyses of adequacy of insurance through comparison to City asset accounting records and estimates of replacement values
 - c. Contingency plans to finance uninsured losses resulting from catastrophic events.

Recommendation:

1. Establish policies and procedures that address the level of insurance coverage to be maintained and the methodology to determine insurable values.
2. Develop a formal contingency plan that identifies financing resourcing that can be used to cover uninsured losses resulting from a catastrophic event.

Response:

Status (Response): Partially Corrected

Issue #1 – Staff is working with the Florida Municipal Insurance Trust to accomplish the following:

- a. Increase property insurance to be consistent with the FY 21 Asset Study.
- b. Resolve the differences between the tangible personal property assets identified in the FY 21 Asset Study and the current insured valuation of these assets.
- c. Options for setting up contingency financial plans to be available in the event of a catastrophic event. It should be noted that due to the significant improvement in the City's financial status in recent years, the City has strong reserves which allow it to deal with some level of a catastrophic occurrence.
- d. Identification of best practices in regard to maintaining appropriate levels of insurance, including establishment of replacement valuations to be incorporated into a policy and procedure. In regard to this, it is staff's intention to engage Asset Study consultants on a tri-annual basis to update the valuation and replacement valuation of the City's assets.

Other than updating the Asset Study, the above actions are targeted for completion by September, 2023.

Recommendation – As indicated, staff concurs with the Status of Partially Corrected.

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Finding: #32 – Vehicle Usage

Status (Audit): Partially Corrected

Issues:

- (2) The City had not implemented vehicle usage logs.

- (3) Police Department motor vehicle assignments lacked evidence of City Manager approval or justification for the take-home assignments.

Recommendation: We again recommend that the City enhance controls governing the assignment, use, and maintenance of motor vehicles by:

- Ensuring that the City Manager documents approval and justification for each employee take-home motor vehicle assignment in accordance with City policies and procedures.

- Requiring the use of motor vehicle usage logs in accordance with City policies. If City management elects to use GPS devices, or another alternate method for tracking motor vehicle usage, City policies and procedures should be updated accordingly. To evidence the reasonableness and propriety of City motor vehicle use, vehicle usage logs or GPS device reports should be reviewed and approved by appropriate supervisory personnel and retained.

Response:

Status (Response): Partially Corrected

Issue #1 – The City is in discussion with two vendors to obtain GPS equipment for all City vehicles. Either system provides excellent reports to facilitate supervisor monitoring. The City's Police vehicles currently are equipped with GPS although this equipment may be replaced by a new vendor. The target is to have all City vehicles equipped with GPS by July, 2023. In conjunction with this, completion of a Vehicle Take-Home Authorization form will be included in the onboarding process for each new sworn Police officer.

Issue #2 – Staff is adhering to the City's Vehicle Take-Home policy to ensure proper approval is documented and kept current for all staff with take-home vehicles. The Human Resources Department will circulate a list of employees authorized for take-home vehicles to department directors for review every six months to ensure that the authorizations are current.

Recommendation – The actions identified in the above Issue responses fully respond to the audit recommendation. This finding is deemed to be partially corrected until GPS units are installed on all City vehicles.

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Finding: #33 – Vehicle Taxable Fringe Benefit

Status (Audit): Partially Corrected

Issues:

- (1) Although the Police Collective Bargaining Agreement provides for unlimited personal use of assigned vehicles within City limits (except for transportation to bars and lounges), the *Employee Handbook* and other policies and procedures did not explicitly restrict personal use of unmarked vehicles to ensure that such use would be incidental to law-enforcement functions, in accordance with United States Treasury regulations.

- (2) For the 2020 calendar year, the City included personal use of City-provided motor vehicles in the gross income reported to the IRS for the 11 non-police City employees. The City calculated the personal usage using the IRS commuting rule, which provides that gross income be computed by multiplying each one-way commute to work by \$1.50 (\$3.00 per day for a round-trip commute).

Recommendation: We recommend that the City continues to enhance its policies and procedures to ensure that the value of any non-incidental personal usage of City-provided Police Department motor vehicles is included in the applicable individual's gross income reported to the IRS.

Response:

Status (Response): Partially Corrected

Issue #1 – The citywide handbook is currently being revised and will incorporate restrictions for personal use of City vehicles.

Issue #2 – The Finance Department currently calculates vehicle taxable fringe benefits annually for all City employees with take-home vehicles as appropriate.

Recommendation – All City vehicle usage will be monitored through the installation of GPS units on all City vehicles. Usage of Police vehicles for non-law enforcement purposes will be tracked and provided to Finance for purposes of being reported on the annual W-2.

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Finding: #34 – Motor Vehicle Fuel Inventory

Status (Audit): No Occasion To Correct

Issues: (1) The City had not established policies and procedures regarding the use of its fuel pumping station.

(2) The City’s fuel management system did not provide for adequate accountability of fuel pumping station inventory and fuel distributions to City officials and employees.

(3) The City had no occasion to correct this finding since City records disclosed that the City did not operate a fuel pumping station during the October 2019 through February 2021 audit period. Instead, the City obtained fuel through a fuel card program, as discussed in Finding 71.

Recommendation - We recommend that, if the City elects to re-open the fuel pumping station, the City establish policies and procedures regarding use of the fuel pumping station. Such policies and procedures should provide enhanced measures to ensure that fuel is only pumped into City motor vehicles, provide for accurate tracking of fuel pumped for each City vehicle, and require comparisons of fuel usage with actual vehicle mileage (documented by vehicle usage logs) for reasonableness.

Response:

Status (Response): Corrected

Recommendation – The City concurs with the audit recommendations. Since the City has no intention of re-opening a City fuel pumping station this issue is deemed to be corrected.

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Finding: #37 – Debt Management Policy

Status (Audit): Not Corrected

Recommendation: We again recommend that the City establish debt management policies and procedures that are consistent with GFOA best practices and City ordinances

Response:

Status (Response): Corrected

The City developed a policy for Debt Management. The noted procedures are consistent with GFOA best practices. This policy applies to all debt obligations of the City, whether for the purpose of acquisition or construction of City assets, the refunding of existing debt and for all interest rate hedging products and derivatives. In view of this policy now existing, this finding is deemed to be corrected.

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Finding: #38 – Selection of Bond Professionals

Status (Audit): No Occasion To Correct

Recommendation: The City had no occasion to correct this finding. Our examination of City records and discussions with City personnel disclosed that the City did not issue any debt during the period October 2019 through February 2021

Response:

Status (Response): Corrected

Going forward, in preparation to possibly issuing new debt, a policy and procedure was developed indicating the City will select professionals, such as bond counsel, by employing a competitive selection process whereby proposals or quotations are solicited from a reasonable number of professionals. Although the City has had no need for bond professionals in recent years, the revised procurement code and the policy and procedures developed in response to this finding in FY 21 fully comply with the recommendation. On this basis, this finding is deemed to be corrected.

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Finding: #39 – Cash Collections

Status (Audit): Partially Corrected

Recommendation: We continue to recommend that the City enhance controls over cash collections to ensure that prenumbered receipts are used in consecutive order for all non-utility cash collections at all City cash collection points and that cash collections are promptly recorded and deposited

Response:

Status (Response): Corrected

Finance has identified one staff person to be responsible for management of all City issued pre-numbered receipts. There is a signed log capturing which department was issued a set of receipts, at what number sequence and when this occurred. Receipt numbers provided are recorded and the recipient must date and sign the log as having received the receipts. The City developed a policy for Cash Collections. The noted procedures are consistent with GFOA best practices. With these actions, this finding is deemed to be corrected.

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Finding: #40 – Permit Fees

Status (Audit): Partially Corrected

Issues: (1) Manual computation of permit fees is resulting in inconsistent and erroneous permit fees.

(2) The City hasn't made an effort to refund the overcharge of \$132 and collect the \$492 of undercharges noted in the May, 2019 audit.

(3) The current audit identified recent overcharges \$1,738, \$32,504 and \$37,585, total of \$71,827, associated with permits 20060073, 20060054 and 20110156.

(4) Supporting documentation to validate the fee computation for one of the permits couldn't be located.

Recommendation: Continue efforts to ensure permit fees are properly and consistently calculated and approved and that permit applications and other documentation supporting permit issuance are retained in City records. Additionally, the overcharge of \$71,827 should be refunded.

Response:

Status (Response): Partially Corrected

Issue #1 – The City concurs that permit fee accuracy is paramount. The computer program to ensure accuracy in computing these fees is still under development and hasn't been implemented yet.

Issue #2 – In regard to the over and undercharges identified in the FY 19 audit, the City determined it wouldn't be productive to make an effort to rectify the problem since the amounts were quite small and appear to have occurred in the period of April, 2016 to April, 2017.

Issue #3 – The City is reviewing the recently identified overcharges to determine the cause of the erroneous computations to reduce the likelihood of this problem being repeated and will issue refunds after validating the amounts of the overcharges. In regard to the indicated overcharge of \$32,504, this was the amount charged for up to ten permits, but only four permits totaling \$20,587 were identified. Before refunding the indicated amount, staff is seeking to identify the additional permits that constitute the difference. A refund will be issued based on the amount of additional permits located as part of this transactions. In regard to the roofing overcharge, this was a special type of roof for which a previous City Manager authorized a modification to the methodology reflected in the Code based on an exception identified in the Code. Consequently, even though the computation had been based on this authority, it wasn't documented and the indicated refund for this permit will be refunded.

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In regard to the final identified overcharge, the auditors have provided their calculations, and staff is reviewing the differences. Refunds will be issued no later than June, 2023 after these reviews have been completed.

Issue #4 – Permits are filed electronically and named with the permit number (Date & Sequence Number), followed by the address. A hard copy version of the package is filed in the same sequence. It is believed this is an effective way to store and retrieve this information.

Recommendation – At such time that automated permit fee software is implemented, the City will have corrected this finding.

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Finding: #41 – Traffic Signal Safety Program

Status (Audit): Partially Corrected

Recommendation: We continue to recommend that the City weekly remit to the FDOR the traffic signal penalties collected as required by State law. To that end, the City should seek to amend the vendor’s contract to require weekly, rather than monthly, reports of collected penalties. Additionally, pursuant to FDOR instructions, the City should identify and remit to the FDOR the past due amounts disclosed in our report No. 2019-221

Response:

Status (Response): Partially Corrected

The City accesses the Red Light Camera service provider, Verra Mobility, website monthly to get reports in support of the electronic transfer of funds being performed. The City remits receipts of Red Light Camera (RLC) funds per the reporting specifications via the RLC portal. The City will investigate having the Red Light Camera service provider forward proceeds on a weekly basis, but since the current format for their customers nationwide is monthly, it will be unlikely. The City has entered into discussion with the State in regard to payments not made to the State prior to October 1, 2019. The State has directed the City to determine exactly what is owed but has left it to the City to determine the schedule for further discussion.

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Finding: #42 – Utility Services Customer Deposits

Status (Audit): Not Corrected

Recommendation: We recommend that:

- The City revise City ordinances to specify how to account for utility services customer deposits and the time frame for refunding deposits to customers.
- The City should also enhance controls to require and ensure that:
 - The customer deposits payable account balance is periodically reconciled to the customer deposits bank account balance and that any differences are promptly resolved.
 - Customer utility services deposits are promptly refunded after utilities are disconnected

Response

Status (Response): Partially Corrected

Finance drafted an Administrative Policy for management of Customer Deposits. The policy states that deposits are returned to a customer, upon closure of an account and after a calculation of final bill status; within four (4) to six (6) weeks of all satisfied items. Accounts Payable will process the refund and prepare for mail to forwarding address of customer unless other arrangements are made. The policy states that Finance will at least annually reconcile the customer deposits subsidiary ledger against the payables account balance. With these actions, this finding is now deemed to be partially corrected.

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Finding: #43 – Utility Services Billing and Collection Processes

Status (Audit): No Occasion To Correct

Recommendation: The City had no occasion to correct this finding. In January 2021, the City established a policy for progressively strengthening collection efforts for delinquent accounts, including instructions for the initial delinquency notice and filing of liens for unpaid water and sewer service charges. However, as discussed in Finding 42, as of December 2022, the City transitioned substantially all its water and sewer service customer accounts to the County. Consequently, the City had no occasion to correct this finding.

Response:

Status (Response): No Occasion To Correct

The City will maintain its established MOU with the County for servicing its water, sewer and stormwater accounts while the County provides this service on behalf of the City.

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Finding: #44 – Utility Account Adjustments

Status (Audit): No Occasion To Correct

Recommendation: The City had no occasion to correct this finding. As discussed in Finding 42, as of December 2022, the City transitioned substantially all its water and sewer service customer accounts to the County. Consequently, the City had no occasion to correct this finding.

Response:

Status (Response): No Occasion To Correct

The City will maintain its established MOU with the County for servicing its water, sewer and stormwater accounts while the County continues to provide these services on behalf of the City.

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Finding: #45 – Utility Water and Sewer Service Charges

Status (Audit): No Occasion To Correct

Recommendation: The City had no occasion to correct this finding. As discussed in Finding 42, as of December 2022, the City transitioned substantially all its water and sewer service customer accounts to the County. Consequently, the City had no occasion to correct this finding.

Response:

Status (Response): No Occasion To Correct

The City will maintain its established MOU with the County for servicing its water, sewer and stormwater accounts. The City hasn't changed its utility rates since October 1, 2015. As indicated elsewhere, the City intends to increase utility rates in FY 24, which will be fully coordinated with the County.

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Finding: #47 – Background Screening

Status (Audit): Partially Corrected

Issues:

- (1) City records did not demonstrate that the ten volunteers and vendor employees received appropriate background screenings.

Recommendation: We continue to recommend that the City ensure that background screenings are performed for volunteers and vendor employees who work with vulnerable populations.

Response:

Status (Response): Corrected

Issue #1 – The City has established effective coordination between the Human Resources Department and the Parks and Recreation Department to ensure that all vendor employees and volunteers receive appropriate screening.

Recommendation – City records demonstrate that the City has conducted background screenings for all volunteers and potential employees who have applied to the City since 2021. On this basis, this finding is deemed to be corrected.

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Finding: #49 – Extra Compensation

Status (Audit): Partially Corrected

Issues: (1) City Clerk’s contract hasn’t been amended to prohibit severance pay in the event of termination with cause.

(2) No effort has been made to recover extra compensation (\$23,077) and automobile costs (\$4,485) for a former City Manager in violation of State Law.

Recommendation: The City should amend the City Clerk’s existing employment agreement to preclude severance pay in the event of termination with cause. Additionally, City management should submit to the City Commission of official approval of record the determination that recovery of funds for inappropriate salary payments and related costs would not be cost-effective.

Response:

Status (Response): Partially Corrected

Issue #1 – The resolution constituting the City Clerk’s contract indicates “In the event of termination of her employment by the City, the City Clerk will be entitled to five months severance pay, in accordance with the provisions of FS 215.425.”

FS 215.425 further indicates “A prohibition of provision of severance pay when the officer, agent, employee or contractor has been fired for misconduct, as defined in FS 443.036 (29)” which includes, but not limited to, conduct demonstrating conscious disregard of an employer’s interest, significant carelessness or negligence, chronic absenteeism or tardiness, a willful and deliberate violation of a standard or regulation, etc.

Issue #2 – As indicated, staff’s position has been that there could be substantial legal costs in involved in trying to recover those amounts and that efforts to locate all necessary documentation for purposes of prosecution had proven to be unfruitful in the past and a drain on City resources. Staff continues to believe this is correct.

Recommendation – Two pieces of legislation will be prepared:

(1) Legislation to be presented to the City Commission recommending that the City Clerk’s contract be amended to make explicit that there is no severance pay if termination is due to misconduct.

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- (2) Legislation to establish an official record of approval of the decision to not seek reimbursement for overpayment of compensation and vehicle costs associated with the employment of a former City Manager.

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Finding: #50 – Mayor and City Commissioner Compensation and Expense Reimbursements

Status (Audit): Partially Corrected

Recommendation: We continue to recommend that the City contact and consult with the IRS regarding reporting the value of the past personal usage of City vehicles as earnings for the Mayor and respective commissioners. If a determination is made to not contact and consult with the IRS, that determination should be presented to the City Commission for official approval of record.

Response:

Status (Response): Corrected

It is the policy of the City that the Mayor and City Commissioners are no longer provided with vehicles. Supporting documentation detailing the nature and purpose of expenditures must be provided for review and approval prior to any reimbursements to the Mayor and City Commissioners. The City will present to the Mayor and Commissioners legislation in regard to a determination that the City will not consult with the IRS regarding reporting past personal usage of City vehicles as earnings of the Mayor and City Commissioners due to the length of time that has passed. With these actions, this finding is now deemed to be corrected.

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Finding: #51 – Employee and Independent Contractor Classification

Status (Audit): Partially Corrected

Issues:

- (1) In 2019 the City established a policy and procedure that provides appropriate guidance in determining whether workers should be classified as City employees or independent contractors. However, the City did not contact the IRS for an official determination as to how the two workers addressed in our report No. 2019-221 should be classified. City personnel stated that the IRS would not be contacted because the circumstances are no longer considered a current issue. Notwithstanding, City management did not present this determination to the City Commission for official approval of record.

Recommendation: We recommend that City management reconsider the decision not to contact and consult with the IRS regarding the appropriate treatment of the two workers addressed in our report No. 2019-221. If a determination is made to not contact and consult with the IRS, that determination should be presented to the City Commission for official approval of record.

Response:

Status (Response): Partially Corrected

Issue #1 – Since these two incidents occurred six and seven years ago respectively, the City continues to believe it would no longer be productive to discuss this with the IRS.

Recommendation – Legislation will be submitted to the City Commission for approval of this action.

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Finding: #52 – City Pay Plan

Status (Audit): Not Corrected

Issues:

- (1) City personnel indicated that an updated pay plan had been developed based on information subsequently determined to be obsolete and that a consultant would be engaged to prepare the updated pay plan based on current information. Insofar as the updated pay plan was not based upon current information, it was not practicable for us to verify that City employee position titles and salary amounts were consistent with the plan. Maintaining pay plans that include all positions with the associated pay ranges and ensuring that salaries are consistent with the specified pay ranges help control payroll costs and ensure pay equity to employees in similar positions.

Recommendation: We continue to recommend that the City update its pay plan and require the HR Department to ensure that position titles and salary amounts are consistent with that plan.

Response:

Status (Response): Corrected

Issue #1 – The City engaged with a company to conduct a Compensation Study for the City. The plan has been completed.

Recommendation – The plan will be monitored by the Human Resources Department to ensure that all personnel actions are consistent with the plan. The plan will be submitted to the City Commission for approval at the Regular Commission Meeting at the end of April or early May. With City Commission approval of the plan, the City will be in full compliance with the recommendations for this finding and are deemed to have been corrected.

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Finding: #55 – Employee Performance Reviews

Status (Audit): Partially Corrected

Issues:

- (1) City regulations require that newly hired employees generally receive a written progress review during their first 90 days of employment and that all employees generally receive an annual performance review.

- (2) Timely conducted performance review and written progress review were not performed. Timely conducted performance reviews are an important management tool to inform employees of their accomplishments, training needs, and areas for improvement, and to assist management in making and supporting personnel decisions.

Recommendation: We recommend that the City continue efforts to conduct timely employee performance evaluations in accordance with City regulations, policies and procedures, and applicable employment agreements.

Response:

Status (Response): Corrected

Issue #1 – The Human Resources Department has policies and procedures established to ensure all employees receive an evaluation at the appropriate time.

Issue #2 – As of June 2022, all City employees had received a recent Performance Evaluation.

The City will continue to conduct employee performance evaluations, but the policy will be revised to reflect evaluations every four months.

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Finding: #57 – Florida Retirement System Contributions and Reporting

Status (Audit): Partially Corrected

Issues:

- (1) The City did not timely remit FRS contributions.

- (2) FRS contribution amounts vary by employee membership class. City personnel incorrectly reported an employee as a member of the regular membership class instead of the senior management class.

Recommendation: We recommend that the City continue to enhance its policies, procedures, and oversight activities to ensure that FRS contributions and the accompanying payroll data are accurately prepared and timely submitted to the Division as required by State law.

Response:

Status (Response): Partially Corrected

Issue #1 – FRS Contributions are date stamped upon receipt and immediately processed for remittance of payment.

Issue #2 – The City uses three retirement categories and strictly enforces them. All City employees are in the Regular category with the exception of the City Manager, who is in the Senior Management category and sworn Police Officers, who are in the Special category.

Recommendation – The City will continue to enhance its policies, procedures and oversight activities ensuring that the FRS contributions and payroll data are accurately prepared and submitted in a timely manner.

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Finding: #58 – Authorization of Overtime

Status (Audit): Partially Corrected

Issues:

- (1) In one instance, although the employee, the employee’s supervisor, Assistant Police Chief, and Police Chief signed the Overtime Authorization form (Form), the City Manager did not sign the form, contrary to City policies and procedures.
- (2) In five instances and four instances, respectively, the City Manager or department director did not date the Form to evidence that the overtime was approved in advance of the time worked.
- (3) The date of approval by either the department director (or designee) or by the City Manager was after the overtime occurred in six instances. The dates of approval ranged from 1 to 13 days after the overtime was worked.

Recommendation: We recommend that the City continue to enhance its policies and procedures to ensure overtime is properly authorized in advance and adequate documentation is maintained demonstrating the need for and appropriateness of overtime paid.

Response:

Status (Audit): Corrected

Issue #1 – All overtime forms are being submitted to the payroll clerk. Upon receipt the information printed on the forms are reviewed for accuracy and approval by the Department, then subsequently forwarded to the City Manager for approval.

Issue #2 – The payroll clerk is not authorized to pay overtime if the forms are not fully approved.

Issue #3 – The City will continue to ensure overtime is properly authorized in advance and adequate documentation is maintained.

Recommendation – The above procedures are designed to ensure that the necessary pre-approvals are received for overtime work deemed to be necessary by department directors and that overtime payment is made properly in accordance with union contracts and other governing documents. On the basis of the above actions, this finding is deemed to be corrected,

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Finding: #60 – Medical Insurance Premium Payments

Status (Audit): Partially Corrected

Issues:

- (1) Process and pay insurance provider invoices within 45 days of the date the invoice was received.

Recommendation: To properly demonstrate and ensure compliance with State law, we continue to recommend that the City document dates vendor invoices are received. In addition, the City should continue efforts to ensure that insurance providers are timely paid.

Response:

Status (Response): Corrected

Issue #1 – Insurance invoices don't require State approval to be paid, enabling the City to meet the 45-day target for payment.

Recommendation – The City currently utilizes this process, ensuring the City remains in compliance by date stamping invoices upon receipt and processing payment expeditiously to ensure all insurance providers are paid timely. In recent years there have been no instances of threatened termination of health care coverage due to late payments. On the basis of the above actions, this finding is deemed to now be corrected.

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Finding: #62 – Employee Leave Payments

Status (Audit): Partially Corrected

Issues:

- (1) Records disclosed that 13 payouts totaling \$39,283 to 12 employees for annual leave during the period October 2019 through February 2021 exceeded the maximum 50 percent of employee-accrued hours in a given fiscal year, contrary to City regulations. Excess hours paid per employee ranged from 8 to 128 hours and totaled 704 hours, and the associated overpayments ranged from \$200 to \$5,230 and totaled \$18,461.

- (2) City Management and the City Attorney indicated that, because of various factors, efforts to recover would likely be unproductive and otherwise not cost efficient for the City.

Recommendation: We recommend that the City establish policies and procedures to ensure payouts to employees for annual leave hours are made in accordance with City regulations. We also recommend that the determination to not pursue recovery of the overpayments identified in our report No. 2019-221 be presented to the City Commission for official approval of record.

Response:

Status (Response): Corrected

Issue #1 – The recently approved bargaining agreements currently address accrued vacation and sick leave hours with a cap. In addition, the citywide handbook is currently being revised. Additionally, although an administrative error, this annual leave had been legitimately earned and the premature payment of this earned leave resulted in the reduction in the number of days could be absent from work on leave and/or a reduction in the leave payout received by the employee on termination of employment with the City.

Recommendation – Legislation is being submitted to the City Commission for approval to not pursue recovery of the overpayments of annual leave to employees. Additionally, all leave payouts are prepared by the Human Resources Department and then submitted to the Budget Administrator for review and approval to ensure compliance with City policies. Based on the above actions, this finding is now deemed to be corrected.

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Finding: #63 – Terminal Leave Payouts

Status (Audit): Partially Corrected

Issues:

- (1) The City paid terminal leave of \$309,851 to 21 employees who separated from City employment during that period. Our test of 13 payments, totaling \$293,916, showed that amounts paid for accumulated sick and personal leave were correct and that the terminating employees were qualified to receive the payments.

- (2) Six employees were paid for annual leave hours in excess of the limits allowed by City regulations or the applicable City collective bargaining agreement. Specifically, the 6 employees were paid a total of \$61,671 for 2,533 hours in excess of the maximum allowable hours.

Recommendation: We continue to recommend that the City ensure that future terminal leave payments are made in accordance with City regulations and applicable collective bargaining agreements. We also recommend that the City seek to recover the overpayments of \$61,671 identified in this report and that the determination not to pursue recovery of the overpayments of \$72,466 identified in our report No. 2019-221 be presented to the City Commission for official approval of record.

Response:

Status (Response): Corrected

Issue #1 – To ensure continued compliance with terminal leave payouts, all payouts are prepared by the Human Resources Department and then submitted to the Budget Administrator for review and approval.

Issue #2 – Procedures are currently in place to address this issue. In addition, the citywide handbook is currently being revised. Additionally, no employee is authorized to be paid for accumulated annual leave prior to terminating employment with the City unless through a special request is submitted to the City Manager related to a personal financial emergency.

Recommendation – Legislation is being prepared to be submitted to the City Commission for approval not to pursue recovery of the overpayments of terminal leave to former employees. Based on these actions, this finding is deemed to be corrected.

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Finding: #65 – Employee Necessity Study

Status (Audit): No Occasion To Correct

Recommendation: Examination of City records for the audit period indicated no reduction in staffing and there were no plans to do so.

Response:

Status (Response): No Occasion To Correct

The proposal to do this study arose at the time that the City entered into financial emergency and no longer has any relevance. Staff concurs with this status.

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Finding: #66 – Travel

Status (Audit): No Occasion To Correct

Recommendation: In May 2021, the City established policies and procedures that adequately address the recommendation of the FY 19 audit. However, during the audit period there was essentially no travel to demonstrate compliance with these policies.

Response:

Status (Response): Corrected

Recommendation: As noted in the March 8th report, the appropriate travel policies and procedures have been established. On this basis, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #67 - Procurement Ordinances

Status (Audit): Partially Corrected

Recommendation: We recommend that the City continue efforts to amend its ordinances to correctly reference where the qualifications for the City Manager, City Attorney, and City Clerk positions are described. Alternatively, the City Commission could amend Articles I, III, and V of the City Charter to prescribe the qualifications for those positions.

Response:

Status (Response): Partially Corrected

The City shall amend its ordinances in regard to the qualifications for the City Manager, City Attorney, and City Clerk positions.

City of Opa-locka
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Finding: #68 – Disbursement Processing

Status (Audit): Partially Corrected

Recommendation: We continue to recommend that the City update its Manual to reflect current processes and enhance its disbursement processing procedures by:

- Ensuring the validity and completeness of vendor file information by removing inaccurate, duplicative, or obsolete information; ensuring future vendor entries include pertinent, complete, and nonduplicative information; and providing for periodic supervisory reviews of the vendors included in the vendor file.
- Modifying the City accounting system or taking other measures to prevent the use of duplicate check numbers

Response:

Status (Response): Partially Corrected

The City has hired a Procurement Officer who continually performs vendor management actions. The Procurement Officer is preparing to present a manual with updates to the Policy and Procedures. Ensuring contact information including current mailing address is accurate, inactivating duplicate vendor listings and verifying that a current W-9 is on file, are examples of these actions regularly performed. A Finance Manual is being revised to include these pertinent steps.

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Finding: #69 – Untimely Payments

Status (Audit): Partially Corrected

Recommendation: We continue to recommend that the City enhance procedures to require and ensure that all invoice receipt dates are documented, and invoices are timely paid in accordance with the Act.

Response:

Status (Response): Corrected

The City has implemented a system to document the receipt of all invoices (date stamp with initials) and has proceeded with processes leading to payment. It is the intent of the City make payments consistent with the Prompt Payment Act. On this basis, this finding is deemed to be corrected.

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Finding: #70 – Expenditures Without a Documented Public Purpose

Status (Audit): Partially Corrected

Recommendation: The City should document in its public records the authorized public purpose for the unrecovered fuel card questioned costs totaling \$965 or take appropriate actions to recover those costs. We also continue to recommend that the City document in its public records the authorized public purpose for the questioned costs totaling \$51,405 noted in report No. 2019-221 or, alternatively, present to the City Commission for official approval of record the City Attorney and City management’s determination not to document the public purpose for those costs.

Response:

Status (Response): Corrected

The City has implemented the mandate of all expenditure requests be initiated with one or more quotes as required by the City’s procurement policy. For payment, it is required that an approved invoice, along with the underlying requisition and purchase order be provide before disbursement. A further measure to avoid circumvention of this practice is that no employee shall be reimbursed for acquisitions on behalf of the City.

As noted in the audit, the \$965 remained uncollected after an employee who had improperly charged \$2,884 to a City fuel card had been referred to the State Attorney’s Office. Since the employee has been terminated, no further action has been taken to collect the remainder of this theft in the belief that it would not be a productive use of City resources.

Staff is preparing legislation to be presented to the City Commission to establish an official approval of record in regard to the determination to not attempt to document the public purpose of questioned costs identified in the May, 2019 audit. Based on these actions, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #71 – Credit Cards

Status (Audit): Partially Corrected

Issues:

- (1) Require that individuals assigned fuel cards sign a user agreement or assign a responsible individual to approve fuel card assignments, maintain a record of the assignments, and retain the user agreements.
- (2) Establish a monthly credit card limit for fuel cards.
- (3) Require both cardholders and their supervisors be provided monthly summaries of fuel card charges, with fuel card receipts, for review and documented approval affirming that the charges were incurred for City business.
- (4) Limit fuel card usage exclusively to purchase fuel. Consequently, City policies and procedures did not expressly prohibit the purchase of non-fuel items using fuel cards or describe any disciplinary action for the misuse of fuel cards.

Recommendation: We recommend that the City enhance its fuel card program policies and procedures to:

- Specify who is responsible for approving credit card assignments, maintaining a record of fuel credit card assignments and retaining signed user agreements.
- Require the retention of fuel card receipts, signed user agreements, and other documentation pertaining to fuel card usage.
- Require supervisory review of all fuel cardholder activity for unauthorized charges.
- Emphasize that fuel cards can only be used to purchase fuel for City business and to establish the consequences for fuel card misuse.
- Prohibit the sharing of fuel cards and associated PINs.
- Daily spending limits were also established to control the spending limits.

Response:

Status (Response): Corrected

Issue #1 – WEX Fuel Card assignments, records, and signed user agreement forms are handled by the Assistant City Manager.

Issue #2 – July 2021 daily spending limits were established for all WEX card holders.

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Issue #3 – August 2021 an Acknowledgement Form was created for submission to each Department Director along with cardholder activity for review and approval. Fuel card receipts will be retained by the Department Director.

Issue #4 – July 2021 restrictions were put in place for cards to be used only at the pump. In addition, February 2023 the City received new WEX Fuel Cards that has “Fuel Only” embossed on all cards. The Card User Agreement Form is signed by each card holder and it clearly states the following:

- VEHICLE Fuel Cards are to always remain in your possession and be used to re-fuel your assigned vehicle ONLY and are NOT for use with personal vehicles.
- You are to keep your security PIN number secure and DO NOT share your card with anyone else.

Recommendation – With the above-noted actions, the City is in compliance with the recommendations for this finding, and this finding is deemed to be corrected.

City of Opa-locka
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Finding: #73 – Competitive Procurement of Services

Status (Audit): Partially Corrected

Issue: (1) City insurance services haven't been competitively bid in many years.

Recommendation: We continue to recommend that the City enhance policies and procedures to ensure the competitive selection of services in accordance with City ordinances.

Response:

Status (Response): Corrected

Issue #1 – A request for proposals has already been issued to solicit competitive proposals from vendors to provide insurance services, in accordance with City ordinances.

Recommendation: – The City has hired a Procurement Officer in January of 2023 who created a shared Procurement Drive to capture all communications about all bids released to the public by the City. It will house all bid forms, preparation documents, evaluation instructions, and scoring outcomes. Based on these actions, this finding is deemed to be corrected.

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Finding: #75 – Monitoring of Purchased Services

Status (Audit): Partially Corrected

Recommendation: The City should continue to enhance policies and procedures to ensure that City personnel obtain the contractually required vendor reports and verify that the franchise fees remitted to the City were calculated based on 28 percent of the vendor's gross revenue as specified in the vendor contracts. In addition, we recommend that the City present to the City Commission for official approval of record the City Attorney and City Management's determination not to pursue collection of any unpaid franchise fees from the prior solid waste collection and disposal vendor.

Response:

Status (Response): Partially Corrected

The City will enhance its policies and procedures for receiving Franchise fees. The City will monitor the assessment of franchise fees received and will require supporting documents for values provided. The City Manager's Office will prepare legislation for the City Commission's consideration to not pursue unpaid franchise fees.

City of Opa-locka
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Finding: #76 – Five-Year Financial Recovery Plan Consultants

Status (Audit): Partially Corrected

Issue #1 – The City has taken no action to seek repayment of, or obtain additional documentation to justify, what was indicated as a \$14,500 overpayment to a consultant developing a five-year financial recovery plan.

Recommendation: City management’s determination to not pursue collection of any amounts overpaid to the Five-Year Financial Recovery Plan consultant be presented to the City Commission for official approval of record.

Response:

Status (Response): Corrected

Issue #1 – The City’s response to the FY 19 audit was “with the time that has passed now approaching three years (as of April, 2021), the City has focused on developing the organization, policies and procedures for going forward and minimized the distractions of attempting to rectify prior possible errors” and had chosen not to pursue collecting any potential overpayments. With limited resources and significant, if not existential, issues to be addressed, staff believed that to be the appropriate course of action at that time. With five years now having elapsed, staff believes that too much time has elapsed to investigate and possibly seek repayment.

Recommendation – Staff will prepare legislation regarding this matter to present to the City Commission for official approval of record. Based on these actions, this finding is deemed to be corrected.

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Finding #77 – Auditor Selection and Audit Services Contract

Status (Audit): Partially Corrected

Recommendation: The City Audit Committee should select auditors in accordance with State law and City resolution.

Response:

Status (Response): Corrected

The City believes that it fully complies with State laws with Resolution No. 20-9778 – Establishing an Audit Committee. However, it will replace the “audit committee” with an “auditor selection committee.” The City currently utilizes an audit committee that met to select the audit firm. Other than incorrectly using a separate evaluation committee, now corrected, this finding is now deemed to be corrected.

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Finding #78 – Legal Services

Status (Audit): Partially Corrected

Recommendation: We continue to recommend, that, for future selections of a law firm to serve as City Attorney, the City conducts a nationwide search in accordance with its ordinances. Alternatively, if the City Commission prefers to engage only local law firms to serve as City Attorneys, it should amend its ordinances to remove the requirement to conduct a nationwide search.

Response:

Status (Response): Partially Corrected

It is staff's intention to prepare legislation for the City Commission's consideration to waive the requirement for a national search when the Commission determines that this is in the best interests of the City.

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Finding: #79 – Insurance Procurement

Status (Audit): Not Corrected

Recommendation: We continue to recommend that the City periodically procure insurance pursuant to competitive bids or through negotiations with potential insurance providers.

Response:

Status (Response): Not Corrected

The City has put out an RFP for an Agent of Record to seek and evaluate bids from various insurance providers and subsequently provide recommendations to the City. (RFP 23-0418100 For Agent Of Record For General Liability, Cyber Liability, Automobile Liability And Physical Damage, Property And Workers Compensation, And Employer Liability Coverages.)

City of Opa-locka
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Finding: #80 – Wireless Communication Devices and Services

Status (Audit): Partially Corrected

Issues: (1) Maintain a detailed master list of all City-owned mobile devices and the individuals to whom they are assigned.

(2) Perform a documented comparison of devices per the master list to devices shown on billing statements.

(3) Monitor call usage and report non-business use and high use of data or talk time to the applicable department head or designee.

Recommendation: We recommend that the City maintain sufficient documentation to evidence the results of the monthly comparison of devices on the master list to devices shown on billing statements.

Response:

Status (Response): Corrected

Issue #1 – The City maintains a master list of the assignment of all City mobile devices.

Issue #2 – The City’s mobile communication service provider provides the ability to run reports on services and devices from any point in time. Available reports include billed analytics, unbilled usage summary and inventory. Detailed reports of usage are being run monthly and compared to hardware inventory master list.

Issue #3 – The City’s mobile communication service provider also provides the ability to monitor high usage. Monthly reports are run to address this issue.

Recommendation: The reports noted above are maintained to demonstrate ongoing monitoring. Based on the above actions, this finding is deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #81 – Public Records Retention

Status (Audit): Partially Corrected

Issues: (1) The City had not established policies and procedures regarding the retention of public records, including records created or maintained in electronic format such as e-mails and text messages.

(2) The City did not always comply with State records retention requirements and did not archive text messages sent or received using wireless communication devices.

Recommendation: The City should adopt the public records retention policies and procedures and ensure that all City officials and employees are aware of the policies and procedures.

Response:

Status (Response): Partially Corrected

Issue #1 – The City Clerk’s Office organized a mandatory Public Records Request training for all City of Opa-locka Staff on October 12, 2021 which included information on the adopted Public Records, Record Retention & Disposition Policy, which has been made available in digital format to all City officials and employees. Additionally, the City Clerk’s Office will present the Public Records, Record Retention & Disposition Policy for Commission approval by the end of April 2023.

Issue #2 – The City Clerk’s Office is working with City Procurement staff on an RFP for Record Retention & Disposition services.

Recommendation – The City Clerk’s Office continues to work diligently to fully establish policies and procedures, including for public records, record retention and disposition. The City Clerk’s Office is ensuring that all City officials and employees are properly trained on those policies and procedures.

City of Opa-locka
Operational Audit Response
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Finding: #82 – City Commission Minutes

Status (Audit): Not Corrected

Issues: (1) City Commission meeting minutes were not always timely recorded, approved, and maintained on the City website, contrary to State law and the City Charter.

Recommendation: We continue to recommend that the City ensure that minutes for all City Commission meetings are timely approved and posted to the City website.

Response:

Status (Response): Corrected

Issue #1 – The City Clerk’s Office now ensures that all minutes are approved by the City Commission and posted on the City’s website within the time stipulated by the City Charter. To ensure this is occurring promptly, the City Clerk has engaged the services of a transcription service to prepare minutes when City staff isn’t available to meet the posting requirements.

Additionally, on June 8, 2022, the City Clerk’s Office instituted a new portal for Commission Meetings that tracks Commission votes, so that the public can be informed of the actions taken by the Commission prior to meeting minutes being approved.

Recommendation – Access to and awareness of official City Commission actions is a top priority of the City Clerk’s Office and we are working diligently to complete, approve and post Commission meeting minutes as prescribed by the City Charter. With the implementation of the above-noted actions, the City is now in full compliance with the recommendation for this finding, and the finding is deemed to be corrected.

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Finding: #83 – Financial Disclosures

Status (Audit): Partially Corrected

Issues:

- (1) The City had not established policies and procedures to ensure compliance with financial disclosure filings required by State law, Miami-Dade County ordinances, and the City Charter.
- (2) Neither Finance Department personnel nor other City employees responsible for approving purchases routinely reviewed and considered those disclosures.

Recommendation: The City should make efforts to ensure that designated officers and employees timely complete and file the required financial disclosures and document the completed and filed forms in the City records. In addition, Finance Department or other City personnel responsible for approving purchases should routinely review and consider financial disclosures to avoid potential conflicts of interest when procuring goods and services.

Response:

Status (Response): Corrected

Issue #1 – Since February 2021 when the policy to address this finding was established, the City Clerk’s Office has worked diligently to remind all designated officers and employees who are required to file a financial disclosure form, of the deadlines and procedures for filing. Those reminders have been provided in the form of emails and phone calls to the officers and employees.

Issue #2 – The City Clerk’s Office will work with the City Manager’s Office to ensure that the Finance Department and Procurement Officer are provided with all completed financial disclosure forms on an annual basis as received.

Recommendation – Understanding the risk created by City personnel being unaware of potential conflicts of interest when procuring good or services, the City Clerk’s Office will take all possible enforcement actions to ensure that designated officers and employees required to file a financial disclosure form, do so prior to the deadline and that those forms are provided to our Finance Department and Procurement Officer through the City Manager’s Office. Additionally, the City Manager will review the submission of Financial Disclosures as part of the performance evaluation process. Failure to timely submit a required Financial Disclosure Form will result in progressive discipline measures. Based on these actions, this finding is now deemed to be corrected.

City of Opa-locka
Operational Audit Response
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Finding: #84 – Lobbyist Registration

Status (Audit): Partially Corrected

Issues: (1) City personnel establish a separate account or otherwise separately identify lobbyist registration fees and expenditure of those fees so that the fee revenue is only expended to administer lobbyist registration provisions.

Recommendation: City personnel should establish a payroll code or otherwise separately identify registration expenditures to ensure that lobbyist registration fee revenue is only expended to administer the applicable provisions.

Response:

Status (Response): Corrected

Issue #1 – Finance has established an accounting of received lobbyist registration fees and will, at least annually, remedy those receipts against the City Clerk’s administrative costs. These costs will not be tracked via payroll codes. However, a subsidiary ledger will be developed to support a journal entry which will capture applicable costs in administering these registrations. The ledger will be date-signed by the City Clerk acknowledging the journal entry.

Recommendation – The above indicated accounting procedure will identify registration expenditures to ensure that lobbyist registration fee revenue is only expended to administer the applicable provisions. Based on these actions, this finding is now deemed to be corrected.

City of Opa-locka
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Finding: #86 – CRA Plan Adoption

Status (Audit): Not Corrected

Recommendation: The CRA should amend the CRA Plan to include detailed descriptions of proposed redevelopment projects, estimated project costs, time frames for completing projects, and a certain date for completing all redevelopment projects and to correctly modify the CRA's 20-year existence period. Additionally, the CRA should ensure that future modifications of the CRA Plan are publicly noticed and include all required information.

Response:

Status (Response): Corrected

The CRA voted to approve a budget allocation of \$100,000 in FY 23 for the update of the CRA Plan. The CRA will conduct a Strategic Planning Workshop by June 2023 to review the current CRA Plan and provide updates such as proposed project budgets and timelines to ensure timely completion of projects and responsible spending of TIF funds. Based on these actions, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #87 – Annual Report of Activities

Status (Audit): Partially Corrected

Recommendation: The CRA should continue efforts to ensure that the required Annual Reports of Activities are timely completed and submitted to the City and the County, and the CRA should retain records evidencing the submittal of the reports.

Response:

Status (Response): Corrected

The FY 22 Annual Report of Activities was submitted to the City and the County within the prescribed period. Records of submittal of these reports are now being maintained. The CRA is now in compliance with the recommendation for this finding. Based on these actions, this finding is now deemed to be corrected.

City of Opa-locka
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Finding: #88 – CRA Annual Audit

Status (Audit): Partially Corrected

Recommendation: The CRA should ensure that timely annual audits of the CRA are conducted in accordance with State law and the interlocal agreement. In addition, the CRA should retain records evidencing the submittal of the audit reports.

Response:

Status (Response): Corrected

The CRA is currently contracted with Marcum, LLP to complete the FY 21 Annual Audit by June 2023. The FY 22 audit is targeted for completion by December 2023, after which the CRA will no longer be delinquent in the completion of its audits. The CRA will forward a copy of each Annual Audit directly to the Office of the Auditor General once reviewed and adopted by the CRA Board and the City Commission. At that time the CRA will be in full compliance with the recommendation for this finding. With the appropriate procedures in place, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #89 – CRA Tax Increment Financing

Status (Audit): Partially Corrected

Recommendation: The City should immediately pay the CRA the past due required TIF contributions. In addition, the City should ensure, in accordance with State law, that future required annual contributions of TIF revenues are promptly made to the CRA.

Response:

Status (Response): Corrected

CRA staff will review the Memorandum of Understanding with the City and the Bylaws to determine if a clause will need to be added to address timely payments from the City to the CRA. Review to be performed by Summer 2023. Additionally, CRA staff will issue an invoice to the City every October for the City TIF proceeds to ensure the City makes the required TIF payment within the prescribed period. At that time the CRA will be in full compliance with the recommendation for this finding.

The City is now current with all funds due to the CRA with no unpaid balance outstanding. With the appropriate procedures in place, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #90 – CRA Financial Transaction Accountability

Status (Audit): Partially Corrected

Recommendation: The CRA and the City should ensure that proper accountability is established for CRA financial transactions. In addition, CRA financial transactions should be properly authorized by the CRA Board, recorded and reported.

Response:

Status (Response): Corrected

The City hired a Finance Director in June 2022 who has worked with the CRA in assisting in the reorganization of our finances. As more CRA staffing has been hired, the agency has been able to process its own transactions through the Administrative Assistant, hired in January 2023. The Administrative Assistant coordinates directly with the Finance Department and Manager's Office for timely processing of payments and record keeping of CRA finances through an invoice tracking system implemented in conjunction with the Finance Department.

As per the CRA Bylaws Section 4.3 Purchasing Goods and Services, all financial transactions in excess of \$5,000 must be approved by the CRA Board by resolution, ensuring they are properly authorized, recorded and reported. The CRA Board voted during the September 2022 CRA meeting to approve an RFP for Bookkeeping services. The selection of this service is anticipated to be completed by July 2023. By following these procedures, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #91 – CRA Administrative Expenses and Fees

Status (Audit): Partially Corrected

Recommendation: The CRA should seek and follow guidance from the County to remedy the excessive CRA administrative costs of \$53,810 for FY 18.

Response:

Status (Response): Corrected

CRA Staff is working with the Miami-Dade County Office of Management and Budget, which oversees the Opa-locka CRA, in regard to the FY 18 potential overage of \$53,810 of administrative expense to verify that the definition of administrative expense identified by the State Auditors is consistent with the definition of administrative expense intended by the County in establishing the CRA. Staff will be submitting documentation of correspondence with the County to close out this item. By taking this action, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #92 – Compliance with the Uniform Special District Accountability Act Florida Department of Economic Opportunity (FDEO) Filing and Annual Fee Requirement

Status (Audit): Partially Corrected.

Recommendation: To avoid further late payment penalties, it is recommended that the CRA timely pay annual fees to the FDEO.

Response:

Status (Response): Corrected

This annual bill was being sent to another department within the City and was never forwarded to staff in time to pay this invoice within the prescribed period. CRA Staff has corrected the contact person information with the Executive Director now being the recipient of all correspondence from FDEO. A separate CRA mailbox has been established since previous CRA correspondence has been misrouted through Planning and Community Development Department or the CRA Attorney's office. By implementing these processes, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #93 – CRA Budgets

Status (Audit): Partially Corrected

Recommendation: The CRA should ensure that CRA Board-approved budgeted amounts are properly reported in the budgetary comparison schedule presented with the CRA audited financial statements.

Response:

Status (Response): Corrected

The CRA currently utilizes the services of the City's Finance Department. The City hired a Finance Director as of June 2022 who has worked with the CRA in assisting in the reorganization of the CRA finances. Through an Interlocal Agreement, the CRA is working with the City's Finance Department and Budget Administrator to ensure proper financial practices are in place. Additionally, CRA staff will work closely with its auditors to ensure that no information is omitted before the annual audit is finalized. The CRA shall also implement a policy to present the CRA Board with actual and budgeted results on a quarterly basis at minimum. With these actions in place, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #94 – Website Transparency

Status (Audit): Partially Corrected

Recommendation: The CRA should continue efforts to ensure that the CRA webpage on the City's website includes all information required by State law.

Response:

Status (Response): Corrected

The CRA is currently updating the CRA webpage on the City website to provide the requested information. Also, CRA is creating a new separate website to provide clear and direct access to all information required by the State. With these actions, the CRA is now in compliance with the recommendation for this finding.

City of Opa-locka
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Finding: #95 – CRA Board Member Terms

Status (Audit): Not Corrected

Recommendation: The CRA Board, in consultation with the Miami-Dade County Board of County Commissioners (BCC), should amend its bylaws to clarify terms of County BCC-appointed CRA Board members.

Response:

Status (Response): Corrected

The CRA is meeting with the Miami-Dade County Board of County Commissioners to amend bylaws for terms of BCC-appointed CRA Board Members. Currently, BCC-appointed board members are to serve consist with the terms of the Commissioners who have appointed them. Upon the election of a new Commissioner, the appointed member would no longer be a CRA Board member unless reappointed by the new Commissioner. An update is to be provided by May 2023. By implementing these policies, this finding is now deemed to be corrected.

City of Opa-locka
Operational Audit Response
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Finding: #96 – Sunshine Law

Status (Audit): Partially Corrected

Recommendation: The CRA should continue efforts to ensure that minutes for all CRA Board meetings are promptly approved and made available for public inspection

Response:

Status (Response): Corrected

CRA staff are currently utilizing a transcription service to provide updated minutes from previous meetings that were missing. Staff expects to be caught up with all previous meeting minutes by August 2023, and have all minutes posted on the CRA website. The utilization of the transcription service also ensures that the minutes from current meetings are also completed and posted promptly. When caught up, the CRA will be in full compliance with the recommendation for this finding. By taking these actions, this finding is deemed to be corrected.

City of Opa-locka
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Finding: #97 – Employment Process

Status (Audit): No Occasion To Correct

Recommendation: CRA records for the period October, 2019 through February, 2022 indicate that the CRA did not directly employ any staff.

Response:

Status (Response): Corrected

CRA is currently implementing a hiring process for a full-time Executive Director. A draft job description for the Executive Director has been created and will be revised and implemented in the hiring process. The position is to be advertised by August 2023. The CRA has also hired two other employees using the recommended process in the 2019 audit, including establishing position descriptions with minimum training and experience qualifications, proper advertising, and a documented evaluation process for selection of employees. At this time the CRA is in full compliance with the recommendations provided in the FY 19 audit and this finding is deemed to be corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #98 – Severance Pay

Status (Audit): Not Corrected

Recommendation: The CRA Board should consider taking action to recover the severance compensation received by former Executive Directors in excess of amounts specified in their employment or separation agreements. It is further recommended that the City's prior determination to not pursue recovery be presented to the CRA Board for consideration and, if deemed appropriate, official approval of record.

Response:

Status (Response): Partially Corrected

The CRA Executive Director will present options to the CRA Board as to how best to respond to recover overpayments to former CRA Executive Directors. This is targeted to be completed by July 2023. By taking these actions, this finding is considered to be partially corrected.

City of Opa-locka
Operational Audit Response
April 7, 2023

Finding: #99 – Legal Services Procurement and Contract Monitoring

Status (Audit): Partially Corrected

Recommendation: It is recommended that the CRA Board revise the bylaws to require:

- The use of a documented competitive selection process for procuring legal and other contractual services.
- The use of written contracts for the of legal and other contractual services and ensure that such contracts include severance pay and other provisions that are consistent with good business practices and State law.

In addition, it is recommended that the City management's decision not to pursue a refund for the overcharges for legal services noted in the prior audit report, No. 2019-221 be presented to the CRA Board for official approval of record.

Response:

Status (Response): Corrected

During the September 2022 CRA Meeting, staff presented an RFP process for the selection of CRA Legal Services to implement a process for selection which is consistent with the CRA-adopted City of Opa-locka Code of Ordinances Article IV Division I, Purchasing. The CRA, from its creation, adopted the City's procurement process to streamline the procurement of goods and services. At this time, CRA staff is drafting standalone Policies and Procedures for the CRA which will govern the policies and processes of the CRA moving forward. The Policies and Procedures guidebook will be presented to the CRA Board for review by July 2023.

Additionally, Staff will prepare legislation to be presented to the CRA Board for consideration to approve the decision to not seek the return of overpayment in regard to prior legal services. By taking these actions, this finding is deemed to be corrected.