

# **Audit Follow Up**

**As of September 30, 2000**



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City Auditor

## **“City Non-Pension Investments”**

**(Report #0013, Issued June 12, 2000)**

**Report #0113**

**January 25, 2001**

### **Summary**

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

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

As of September 30, 2000, the quarterly investment report had been prepared as required by City policy, and the report had been made more “user friendly.” An annual report supplementing the quarterly reports was not due as of that date.

investment reports were not always being prepared and timely submitted to the Investment Advisory Committee (IAC).

### **Report #0113**

The purpose of this audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due as of September 30, 2000. To obtain information, we conducted interviews with key department staff and reviewed and examined supporting documentation. This audit was conducted in accordance with Generally Accepted Government Auditing Standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

### **Background**

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

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

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

### **Scope, Objectives, and Methodology**

#### **Report #0013**

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

In general, the audit identified opportunities to improve the readability of the investment reports. It was also noted that the quarterly

**Previous Conditions and Current Status**

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

The status of tasks due to date is as follows:

Tasks Due and Completed by Department			
Responsible Department	# of Tasks Due by 9/30/00	# of Tasks Completed	Percent Completed
Office of the Treasurer-Clerk	3	3	100.00%

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

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

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

**Table Legend:**

- Issue addressed in the original audit
- ⇒ Issue sub-components
- ✓ Issue addressed and resolved
- ✗ Issue not resolved

## **Significant Outstanding Issues**

The annual investment report is not due to be completed until November 30, 2000, and will be evaluated for the follow-up reporting period ending March 31, 2001.

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

## **Appointed Official Response**

### **City Treasurer–Clerk Response:**

Per the recommendation made in the June 12, 2000, "City Non-Pension Investments" audit, the City Treasurer-Clerk's Office has developed an annual investment report to supplement our quarterly reports. The report has been distributed to the City's Investment Advisory Committee (IAB) members. We will continue to prepare this report annually and distribute copies to the IAB members within 60 days of the end of the fiscal year.

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

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