Performance Audit: Implementation of Audit Recommendations

February 2010

City Auditor's Office

City of Atlanta

File #09.05

CITY OF ATLANTA
City Auditor's Office
Leslie Ward, City Auditor
404.330.6452

Performance Audit:

Implementation of Audit Recommendations

Why We Did This Audit

We undertook this audit to assess the extent to which city officials have taken timely, appropriate corrective action in response to audit findings and recommendations. The city charter requires my office to report on completed audits, major findings, management's corrective actions, and significant findings that have not been fully addressed.

Management agreed with 87% of the 545 audit recommendations we have made since 2002. We have closed 333 (61%) of the recommendations, including 202 that have been at least partially implemented or addressed in a different way, 94 that are no longer relevant because of changes in circumstances at the department or other reasons, and 37 that have since been replaced by another recommendation.

What We Recommended

We make no new recommendations in this report. We encourage departments and the City Council to promptly implement recommendations or identify alternative ways to fix the problems the recommendations were intended to address.

For more information regarding this report, please contact Stephanie Jackson at 404.330.6678 or sjackson@atlantaga.gov.

What We Found

The city has at least partially implemented 78% of the 54 recommendations we assessed in this report; 27 recommendations were fully implemented and another 15 were partially implemented. Department managers told us that they intend to complete implementation of these recommendations in fiscal year 2010.

Despite the city's progress, some risks remain. Three of the 12 recommendations that have not yet been implemented address compliance with federal regulations. These include practices for hiring temporary labor, proper classification of workers, and accurate reporting of employees' taxable benefits. Failure to address these issues could pose risk to the city.

The remaining recommendations not yet implemented were intended to improve planning and budgeting, monitoring and reporting, and cost recovery. The majority were addressed to the City Council in the March 2009 *Council Expenditures* audit. The Council President and seven council members who provided written responses to the audit agreed with the recommendations.

We assessed the implementation status of 54 audit recommendations from 17 audit reports issued from September 2004 through March 2009. About 30% of the recommendations were addressed to the Atlanta Police Department followed by about 17% each to the Department of Procurement and City Council, and 15% to the Department of Public Works. The recommendations range in age from nine months to more than five years. The median age is about a year and a half.

We plan to follow up on the remaining open recommendations later this year and annually report on implementation status of recommendations going forward.

LESLIE WARD
City Auditor
lward1@atlantaga.gov

AMANDA NOBLE
Deputy City Auditor
anoble@atlantaga.gov

CITY OF ATLANTA

CITY AUDITOR'S OFFICE
68 MITCHELL STREET SW, SUITE 12100
ATLANTA, GEORGIA 30303-0312
(404) 330-6452
FAX: (404) 658-6077

AUDIT COMMITTEE
Fred Williams, CPA, Chair
Donald T. Penovi, CPA, Vice Chair
Ex-Officio Members:
Council President Ceasar Mitchell,
Mayor Kasim Reed

February 15, 2010

Honorable Mayor and Members of the City Council:

We undertook this audit to assess the extent to which city officials have taken timely, appropriate corrective action in response to audit findings and recommendations. The city charter requires my office to report on completed audits, major findings, management's corrective actions, and significant findings that which have not been fully addressed. This report focuses on 54 audit recommendations from 17 audit reports issued from September 2004 through March 2009. We have deferred review of 135 recommendations made mostly to the departments of Watershed Management, Finance and Aviation due to timing, and plan to report on implementation of these recommendations in 2010. We are evaluating implementation of an additional 23 recommendations related to the Department of Information Technology in an audit of information technology general controls that is underway.

The city has made progress implementing audit recommendations. Management has implemented 27 recommendations and partially implemented 15 of the 54 recommendations we reviewed. Of the 12 recommendations not implemented, seven were addressed to the City Council in our *Council Expenditures* audit, issued in March 2009.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Dawn Williams and Stephanie Jackson.

Leslie Ward
City Auditor

Fred Williams
Audit Committee Chair

Implementation of Audit Recommendations

Table of Contents

List of Exhibits

Introduction

We conducted this performance audit of the city's progress in implementing audit recommendations pursuant to Chapter 6 of the Atlanta City Charter, which establishes the City of Atlanta Audit Committee and the City Auditor's Office and outlines their primary duties.

A performance audit is an objective analysis of sufficient, appropriate evidence to assess the performance of an organization, program, activity, or function. Performance audits provide assurance or conclusions to help management and those charged with governance improve program performance and operations, reduce costs, facilitate decision-making, and contribute to public accountability. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal controls; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information.[1]

We undertook this audit to determine whether city officials have taken timely, appropriate corrective action in response to audit findings and recommendations, in accordance with our charter provisions and government auditing standards. We focused our review on 54 audit recommendations from 17 audit reports issued from September 2004 through March 2009. We deferred review of 135 recommendations made mostly to the departments of Watershed Management, Finance and Aviation due to timing, and plan to report on implementation of these recommendations in 2010. We are evaluating implementation of an additional 23 recommendations related to the Department of Information Technology in an audit of information technology general controls that is underway.

We have reported separately on the implementation of recommendations made by the city's financial auditor in the management letter accompanying the city's fiscal year 2008 audited financial statements. The City Council requested in Resolution 08-R-0827 that the city auditor provide updates on the city's progress

---

[1]Comptroller General of the United States, *Government Auditing Standards,* Washington, DC: U.S. Government Accountability Office, 2007, p. 17-18.

addressing the financial auditor's recommendations. We issued memos in February and November 2009 describing the city's progress in implementing the recommendations. The city's financial auditor plans to release the fiscal year 2009 management letter in January 2010, which will assess internal controls and progress toward implementing prior year recommendations.

Background

The city charter requires the city auditor's office to report on management's corrective actions to respond to audit recommendations and significant findings that management has not addressed.

City Charter Requires Follow up on Corrective Action

The city auditor's office is responsible for assessing the implementation of prior audit recommendations issued to city departments. The city charter requires our office to submit an annual report to the Mayor and City Council indicating audits completed, along with major findings, corrective actions taken by management, and significant findings which have not been fully addressed by management.[2] Government auditing standards require auditors to evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous audits that are significant to current audit objectives.[3]

City Auditor Has Made 545 Recommendations since 2002; Management Agreed with 87%

The city auditor's office made 545 recommendations between May 2002 and April 2009. Management agreed or partially agreed with 87% of the recommendations, disagreed with 2.6% and did not respond to 10.6%. The largest number of recommendations was addressed to the Oracle ERP Steering Committee, followed by the Department of Watershed Management.

We have closed 333 (61%) of the recommendations. These include 202 recommendations that have been at least partially implemented

---

[2] Atlanta City Charter, Sec. 2-603(3)

[3]Comptroller General of the United States, *Government Auditing Standards,* Washington, DC: U.S. Government Accountability Office, 2007, p. 140.

or addressed in a different way, 94 recommendations that are no longer relevant because of changes in circumstances at the department or other reasons, and 37 recommendations that have since been replaced by another recommendation. For example, our recommendation to the ERP Steering Committee to develop a plan to ensure that all city employees had e-mail access before the system went live is no longer relevant. About one-third of the 212 recommendations that remain open are addressed to the Department of Watershed Management followed by 14% to the Department of Finance, 13% to the Departments of Aviation, and 9% each to the Oracle ERP Steering Committee and Atlanta Police Department (see Exhibit 1).

Exhibit 1
Number of Open and Closed Internal Audit Recommendations by Department

Recommendation Addressed to:	Open as of July 2009	Closed	Total Number of Recommendations
Department of Watershed Management	77	48	125
Department of Finance	29	16	45
Department of Aviation	28	2	30
Oracle Enterprise Resource Planning Steering Committee	19	163	182
Atlanta Police Department	19	7	26
City Council	10	0	10
Department of Procurement	9	14	23
Department of Public Works	8	0	8
Atlanta Municipal Court	5	22	27
Department of Information Technology	4	5	9
Department of Corrections	2	3	5
Department of Law	1	2	3
Office of the Mayor	1	1	2
Department of Parks, Recreation & Cultural Affairs	0	19	19
Department of Human Resources	0	18	18
Atlanta Workforce Development Agency	0	8	8
United Water Services Unlimited Atlanta, LLC	0	4	4
Atlanta Development Authority	0	1	1
TOTAL	**212**	**333**	**545**

Source: City Auditor's Office Recommendation Database as of July 2009

About 28% of our recommendations dealt primarily with process improvements. Another 17% were intended to improve management controls to safeguard city assets (see Exhibit 2). We recognize the value of evaluating activities in each of the risk areas and consider performance risks when selecting and planning audits.

Exhibit 2
Audit Recommendations by Risk Category

Risk Category	Definition	Number of Recommendations
Process Improvement	Improving the effectiveness and efficiency of city processes	150
Safeguard Assets	Safeguarding or securing the city's physical, financial or information assets	94
Monitoring and Reporting	Monitoring, measuring, and reporting performance, as well as data integrity	61
Compliance with External Regulations	Compliance with external laws, codes, and regulations, and contracts	56
Contract Management	Procurement policies, procedures, and processes	51
Revenue Collection and Cost Recovery	Revenue collection and cost recovery efforts	44
Human Resource Management	Human Resource functions, training, and employee benefits	35
Planning & Budgeting	Planning and budgeting practices, policies and procedures	29
Cost Control	Efforts to control or reduce city costs	25
	TOTAL	545

Source: City Auditor's Office Recommendation Database as of July 2009

Audit Objectives

This report addresses the following objective:

- To what extent has the city implemented internal audit recommendations?

Scope and Methodology

Our scope included detailed assessment of 54 open audit recommendations from 17 audit reports issued from September 2004 through March 2009. Exhibit 3 lists the number of recommendations we followed up on from each audit. Exhibit 4 lists the number of

recommendations we followed up from each department. About 30% of the recommendations were addressed to the Atlanta Police Department followed by about 17% each to the Department of Procurement and City Council and 15% to the Department of Public Works.

Exhibit 3
Number of Recommendations Evaluated by Audit Report

Report Title	Release Date	Number of Recommendations
Department of Corrections	March 2009	2
Council Expenditures	March 2009	8
Traffic Tickets	December 2008	6
Office of Fleet Services	December 2008	7
Police Department Sworn Staffing	July 2008	3
General Fund Budget Review	April 2008	1
Police Computer Aided Dispatch Data Reliability	April 2008	2
Airport Retail Concession Procurement	April 2008	2
Hartsfield-Jackson Atlanta International Airport - Landing Fee Billing and Collections	July 2007	3
Department of Aviation Hartsfield-Jackson Development Program	June 2007	1
Aviation Fixed Base Operator Solicitation	February 2007	1
HRMS, Financial and Procurement Applications Round 3	July 2006	2
Payroll Tax Compliance	April 2006	2
Procurement Solicitation and Evaluation	March 2006	2
*Atlanta Police Department, Property, Evidence and Cash Funds (*Banks, Finley, White & Co)	December 2005	10
Oracle ERP Target Process Blueprint	September 2005	1
Revenue Management in the City Court of Atlanta and Atlanta Municipal Court	September 2004	1
	TOTAL	**54**

Source: City Auditor's Office Recommendation Database as of July 2009

We deferred review of 135 recommendations made mostly to the departments of Watershed Management, Finance and Aviation due to timing and demands on staff time. We plan to release a separate report assessing implementation of these recommendations in 2010. We are evaluating implementation of an additional 23

recommendations related to the Department of Information Technology in an audit of information technology general controls that is underway.

Exhibit 4
Number of Recommendations Evaluated by Department

Entity	Number of Recommendations
Police	16
Procurement	9
City Council	9
Public Works	8
Municipal Court	5
Aviation	3
Corrections	2
Law	1
Mayor's Office	1
TOTAL	**54**

Source: City Auditor's Office Recommendation Database
as of July 2009

The median age of the 54 recommendations we assessed in this report is approximately a year and a half. Exhibit 5 shows the number of recommendations grouped by age. The most recent reported recommendations are nine months old, while the oldest is more than five years old.

Exhibit 5
Age of Recommendations

Age	Frequency	Cumulative Percent
9 months	10	18.5%
12 months	13	42.6%
17 months	3	48.1%
20 months	**5**	**57.4%**
2+ years	5	66.7%
3+ years	6	77.8%
4+ years	11	98.1%
5+ years	1	100.0%
AVERAGE 2 years 10 months	**TOTAL** 54	

Source: City Auditor's Office Recommendation Database as of July 2009

Implementation of Audit Recommendations

About one-quarter of the recommendations we assessed in this report dealt primarily with planning and budgeting, followed by 17% that dealt primarily with monitoring and reporting and 15% with safeguarding assets (see Exhibit 6).

Exhibit 6
Number of Recommendations Evaluated by Risk Category

Risk Category	Definition	Number of Recommendations
Planning & Budgeting	Planning and budgeting practices, policies and procedures	13
Monitoring and Reporting	Monitoring, measuring, and reporting performance, as well as data integrity	9
Safeguard Assets	Safeguarding or securing the city's physical, financial or information assets	8
Contract Management	Procurement policies, procedures, and processes	7
Process Improvement	Improving the effectiveness and efficiency of city processes	6
Revenue Collection and Cost Recovery	Revenue collection and cost recovery efforts	5
Compliance with External Regulations	Compliance with external laws, codes, and regulations, and contracts	3
Human Resource Management	Human Resource functions, training, and employee benefits	2
Cost Control	Efforts to control or reduce city costs	1
	TOTAL	**54**

Source: City Auditor's Office Recommendation Database as of July 2009

We conducted this audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the 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.

We reviewed the corrective actions taken by the responsible entities and determined whether the recommendations were fully, partially, or not implemented.

Our audit methods included:

- Compiling and analyzing open audit recommendations to identify those that are suitable for follow-up.

- Obtaining management's assessment of whether each recommendation has been fully implemented, partially implemented, or not implemented.

- Reviewing departments' responses and data submissions to understand how management addressed each audit recommendation.

- Interviewing management to understand department responses and obtain further clarification as needed.

- Testing and analyzing data to confirm management's assessment of the implementation status of the recommendations, including:

  o Calculating average processing times for a sample of traffic tickets, including the time that it took for police to file tickets with the court and the time that it took the court to enter tickets into the case management system;

  o Reviewing a sample of disbursement requests to assess whether City Council used the updated form and filled out the public purpose of the expense;

  o Analyzing the basis for the labor rate and the fuel and parts mark-up through review of the Public Works Department's calculations;

  o Reviewing city code provisions, final action legislation and department policies and procedures, and observing department systems and processes to identify how changes address each audit recommendation.
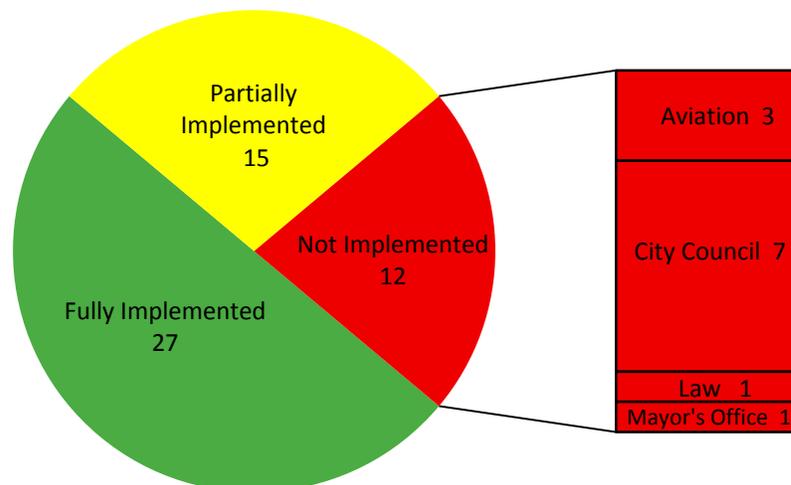
We examined each recommendation and the department's response, and then performed additional test work to evaluate whether we agreed with management's assessment of whether the recommendations were fully, partially or not implemented. The results of our analyses are shown on pages 11 through 19. A list of the implementation status of all recommendations we assessed is included in Appendix A.

Findings and Analysis

City Is Making Progress toward Implementing Recommendations, but Risks Remain

The city has implemented 27 of the 54 recommendations we evaluated, as shown in Exhibit 7. Another 15 of the recommendations have been partially implemented. Management has indicated that they plan to fully implement these recommendations by the end of fiscal year 2010. Finally, 12 of the 54 recommendations were not implemented. We issued seven of these recommendations to the City Council in our *Council Expenditures* audit, issued in March 2009. Three of the recommendations not yet implemented — one to the Mayor's Office, one to the City Council and one to the Department of Law — are of particular concern because they address compliance risks with federal laws. The city should work to ensure that all of the outstanding recommendations are implemented promptly.

Exhibit 7
Implementation Status of 54 Recommendations Evaluated

Source: Assessment of Implementation Status of Recommendations

City Has Fully Implemented 50% of the Recommendations We Assessed

The city has implemented 27 of the 54 recommendations issued in 10 different audit reports. We addressed these 27 recommendations to five departments: Atlanta Municipal Court, the Atlanta Police Department, the Department of Corrections, Department of Procurement, and the Department of Public Works (see Exhibit 8).

Exhibit 8
Recommendations Fully Implemented by Department

Department	Fully Implemented
Atlanta Police Department	9
Department of Procurement	6
Atlanta Municipal Court	5
Department of Public Works	5
Department of Corrections	2
Total Recommendations	**27**

The Atlanta Police Department has fully implemented nine of 16 recommendations we assessed. For example, in the *Traffic Tickets* audit, we recommended the chief of police enforce departmental policies and file tickets with the Municipal Court within one business day of issuance. According to police staff, the department has reissued the policy to file tickets to the court within one business day. A review of 26 tickets written by Zone 5 officers on October 30, 2009, showed that 23 of the 26 tickets (88%) were filed November 2, the next business day. Two were filed November 3rd, and one was filed November 5th. In the original audit, officers filed only 45% of traffic tickets within their self-imposed deadline of one business day after writing the ticket. We agree with management's assessment of full implementation.

The Department of Procurement fully implemented six of nine recommendations we assessed. For example, in the *Aviation Fixed-Base Operator Solicitation* review, we recommended the chief procurement officer implement controls over solicitation files. Procurement lost the original support files in August 2006, which included correspondence, original evaluation forms, and the results of financial capability assessments. Although procurement tried to reconstruct its files from documents stored on computers or copies

in other departments, some information could not be recovered. In response to our recommendation, the chief procurement officer said that the department has implemented a new checklist as part of its overall file maintenance system, which helps to ensure that contract files are maintained appropriately. The department also issued a new standard operating procedure stating that employees cannot remove files from the office without written consent. We reviewed department files to confirm that the department uses a checkout card when staff from other departments reviews files. Department staff also uses a project file checklist to make sure that each applicable part of the process is completed and relevant documents are included in the files.

The Atlanta Municipal Court has fully implemented all five recommendations we assessed. For example, in the *Revenue Management in the City Court of Atlanta and Atlanta Municipal Court* audit, we recommended municipal court staff ensures that fees charged by vendors for accepting payments over the phone, online, by credit or debit card, or for accepting electronic checks, are passed to the customers. According to municipal court staff, the department implemented this recommendation in May 2009. A review of the department's website confirmed that the court implemented a $2.50 convenience fee on all web and IVR payments. In addition, the city's information technology staff posted a notice online to inform customers of the charge.

The Department of Public Works fully implemented five of eight recommendations we assessed. For example, in the *Office of Fleet Services* audit, we recommended the director of fleet services set a standard labor charge for technicians' time that reflects the full cost of employment. We reported in the audit that the department used a variable rate from $54-$102 depending on the technician who worked on a vehicle. The top of the range was the highest hourly labor charge among the governments we surveyed. The director of fleet services said the department established a flat, fully-burdened labor rate at $80 per hour. This rate includes all direct and indirect labor and operational costs associated with vehicle maintenance and repairs. The new billing rate was effective beginning FY 2010. Our review of the labor rate calculation showed the department calculated the labor rate by dividing the total labor costs by the department's billable hours. The result of this calculation is a labor rate of $77.30, which is consistent with the recommendation.

The Department of Corrections has fully implemented both of the recommendations we assessed. For example, in the *Department of*

Corrections audit, we recommended the department adjust its staffing plan to allow for fluctuations in the inmate population. According to management, the department reviewed its staffing plans prior to the beginning of the new fiscal year as required by policy. Based on agency restructuring and a city workforce reduction for the department, staffing levels and posts have been reduced to reflect current operations. A review of the department's inmate population showed a sharp decline from an average daily population of 1,008 in fiscal year 2009 to less than 600 in the first quarter of fiscal year 2010. The department's staffing levels have decreased correspondingly from a sworn staff of 390 in fiscal year 2009 to 250 in fiscal year 2010, a 36% decrease.

Another 28% of the Recommendations Are Partially Implemented

The city has partially implemented 15 of the recommendations we assessed (see Exhibit 9). Three departments partially implemented 13 of the 54 recommendations, while City Council has partially implemented two recommendations. In most instances, management indicated that they intended to take further action to fully implement the recommendations. Five of the partially implemented recommendations are described below.

Exhibit 9
Recommendations Partially Implemented by Department

Department	Partially Implemented
Atlanta Police Department	7
Department of Procurement	3
Department of Public Works	3
Atlanta City Council	2
Total Recommendations	**15**

The Atlanta Police Department partially implemented seven of 16 recommendations we assessed. For example, in the *Police Computer Aided Dispatch Data Reliability* audit, we recommended the chief of police and chief information officer work together to strengthen in-house expertise on their systems. According to APD staff, the department has met with its contractor and provided a list of information needed to transition the system to city staff. The department has renewed its contract with the vendor for an additional year in order to train in-house personnel to assume control of that function. To obtain that expertise, APD personnel

said that the department intended to hire five new information technology employees in January 2010 to be located in the E911 center.

The Department of Procurement partially implemented three of nine recommendations we assessed. For example, in the *Department of Aviation Hartsfield-Jackson Development Program* audit, we recommended the chief procurement officer and law department work together to propose code revisions if necessary and to provide guidelines to user agencies on the appropriate use, documentation, and reporting of contingency expenditures. According to the chief procurement officer, this recommendation is challenging to implement because it requires multiple departments to agree on a policy. His goal was to fully implement this recommendation by December 2009.

The Department of Public Works has partially implemented three of eight recommendations we assessed. For example, in the *Office of Fleet Services* audit, we recommended the director of fleet services enter into formal service level agreements with each department it serves to promote service accountability. The director of fleet services has prepared a draft service level agreement for the Fire Department that incorporates some, but not all of the components outlined in our recommendation. The draft agreement does not stipulate that user departments receive receipts of work performed and have an opportunity to review charges before being posted to their accounts. However, Public Works staff said they plan to incorporate these elements in the final agreements. The department intended to have all service level agreements implemented by February 2010.

The Atlanta City Council has partially implemented two of nine recommendations we assessed. We recommended in the *Council Expenditures* audit that the City Council encourage their staff to attend ethics training for employees. Council staff intended to hold ethics training at the beginning of the council term in January 2010. We also recommended that the City Council establish, by ordinance, separate project accounts to fund programs or projects for the public good. After the audit was released in March 2009, the City Council passed six ordinances transferring a total of $183,314 from council expense accounts for various projects. The City Council passed three ordinances transferring $66,842 from council expense accounts for projects in 2008. We conclude that the recommendation is at least partially implemented.

Unimplemented Recommendations Pose Risk

Twelve of the 54 recommendations we assessed have not yet been implemented (see Exhibit 10). These recommendations range in age from nine months (from the *Council Expenditures* audit, issued in March 2009) to almost four years (from the *Payroll Tax Compliance* audit, issued in April 2006). Three of the recommendations were addressed to the Department of Aviation, and one each to the Mayor's Office and Law Department. Management at least partially agreed with each of these recommendations. The majority of the recommendations not yet implemented were addressed to the City Council in the *Council Expenditures* audit. The Council President and all seven council members who provided written responses to the audit agreed with the recommendations.
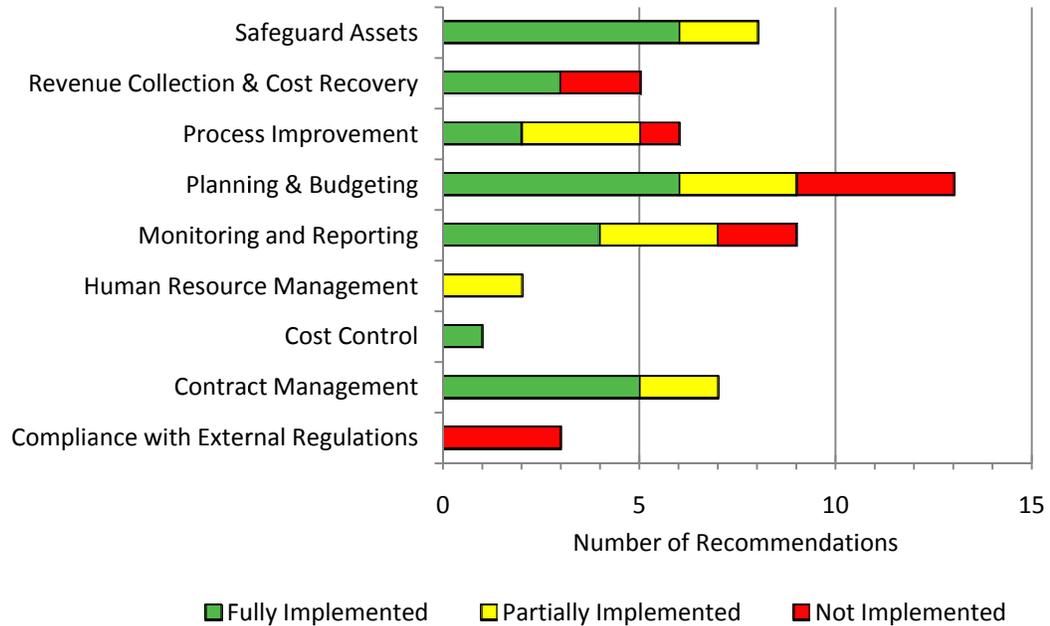
Three of the recommendations that have not yet been implemented address compliance risks with federal laws. To limit the city's risk exposure, the responsible departments and City Council should work to implement these 12 recommendations or identify alternative ways to fix the problems the recommendations were intended to address.

Exhibit 10
Recommendations Not Yet Implemented by Department

Department	Not Implemented
City Council	7
Department of Aviation	3
Mayor's Office	1
Department of Law	1
Total Recommendations	**12**

Exhibit 11 shows the implementation status of all 54 recommendations by risk category. The unimplemented recommendations are shown in red. The city made most progress implementing recommendations to safeguard assets, improve contract management, and control costs. The city also made progress implementing recommendations to strengthen planning and budgeting and monitoring and reporting. The city only partially implemented the two recommendations related to human resource management and did not implement any of the three recommendations dealing with compliance with external regulations.

Exhibit 11
Implementation Status by Risk Area

Atlanta City Council and the Mayor's Office should work with departments to implement the three compliance recommendations. In the *Council Expenditures* audit, we recommended the City Council seek advice from the Law Department on hiring temporary labor. While hiring temporary labor benefits both the laborer and the community, the practice could pose liability to the city. Similarly, in the Payroll Tax Compliance audit, we recommended the chief procurement officer and city attorney create a policy to departments on the proper classification of workers and include this policy in the city's procurement manual. We also recommended the chief operating officer revise Administrative Order 2004-3 to make cell phone allowances the primary mechanism for funding business use of cell phones and other mobile devices. The city's cell phone policy allows for more than a minimal amount of individual personal use, and the amount of personal use benefits given to employees in aggregate could be substantial. Not reporting the taxable benefit of personal use of city cell phones appears to violate IRS regulations and could pose risk to the city.

The Department of Aviation should implement the two revenue collection and cost recovery recommendations. In the *Hartsfield-*

Jackson Atlanta International Airport Landing Fee Billing and Collections audit, we recommended the department propose a change in the City Code to establish a penalty for late payment of non-signatory landing fees. This provision would improve the timeliness of collections and could increase the amount collected. We also recommended the department renegotiate the airport use agreements to charge signatory carriers based on actual landings rather than scheduled landings; provide for assessing a fee for late payments; increase the signatory landing fee rate to cover the cost of airfield operations and maintenance; and structure fees such that the basic landing fee can vary based on changes in cost. Despite the fact that the department has already renegotiated an extension to the lease agreement, the department should reconsider addressing these provisions when negotiating new lease agreements.

Atlanta City Council should amend city code and charter and work with the finance department to assist the city with its planning and budgeting. In the *Council Expenditures* audit, we recommended two changes in city code to disallow overspending of individual council account budgets within a year, and to disallow carryover of unspent funds in individual council accounts. We also recommended the City Council direct the chief financial officer to assist council staff in developing council operating budgets similar to those of other city departments. Given the city's budget constraints in recent years, prohibiting overspending and carryover of unspent funds and improving council budgeting could mitigate the need for cuts to city services in the future.

Atlanta City Council and Department of Aviation should implement two monitoring and reporting recommendations. In the *Review of the FY 2008 General Fund Budget*, we recommended two changes to the City Charter: removing the requirement to anticipate revenue as a percentage of prior year revenue to provide for forecasting expected revenues, and eliminating Budget Commissioners' personal liability for overestimated revenues. While the requirements are intended to promote fiscally conservative budgets, revenue estimates were artificially low, which can create mistrust among departments and discourage decision-makers from considering the figure as a serious constraint. Further, the artificially low budget anticipations encouraged the city to rely on carryover from the previous year to balance the following year budget. The city miscalculated carryover funds that would be available, triggering a general fund shortfall. Better forecasting of anticipated revenue and removal of personal liability would help the city as it moves toward financial solvency.

In the *Council Expenditures* audit, we recommended City Council direct the chief financial officer to revise the disbursement request form for council member expenditures to capture the public purpose of the expense. Providing more specificity in required supporting documents would help council members and reviewers ensure that expenses are allowable under the code and applicable rules were followed. The City Council's staff director created a disbursement request form for Council members to use which added a line to include a description of the public purpose. We reviewed council members' most recent disbursement requests; only three used the revised form and none had completed the description of public purpose.

In the *Department of Aviation Hartsfield-Jackson Landing Fee Billing and Collections* audit, we recommended the Department of Aviation include performance provisions and late payment penalties in the new fixed-base operator contract. This solicitation is still in the bid process. However, aviation staff said that these provisions would be included in the new contract when a proponent is selected.

Atlanta City Council should adopt an internal policy on council expenses. In the *Council Expenditures* audit, we recommended City Council adopt an internal policy to more clearly specify the types of expenses that are allowed and not allowed from council expense accounts. We recommended the policy address grants, gifts, flowers, donated goods, advertisements, mailing lists, and when and how to establish separate accounts to fund events or projects. Adopting a policy would increase transparency and guide council decision-making as money is spent.

Appendices

Implementation of Audit Recommendations

Appendix A
Implementation of Audit Recommendations by Category

Planning and Budgeting – Planning and budgeting practices, policies and procedures

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Traffic Tickets December 2008	Post fine payments in a timely manner to avoid understating city revenue. Municipal Court should resolve its interface issues between CourtView and Sentinel Offender Services' case management system to reduce the number of exceptions and assign appropriate personnel to manually process probation payments.	Atlanta Municipal Court	Fully Implemented
Traffic Tickets December 2008	Consistently post court revenue to specific accounts to ensure historical revenue data is accurate. Municipal Court and the Department of Finance should continue to post court revenue in the newly created and recently used accounts to better track individual revenue sources. Finance should remove unneeded or duplicative accounts. Consistent use of the accounts would allow the city to record historical revenue data more accurately.	Atlanta Municipal Court	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the APD and the City of Atlanta Finance Department determine the appropriate disposition of interest earned.	Atlanta Police Department	Fully Implemented
Department of Corrections March 2009	Adjust the staffing plan to allow for fluctuations in the inmate population. The department should modify its staffing plan so that staff coverage can be reduced proportionate to the average number of inmates housed. This would eliminate the need to staff the facility for maximum capacity on each shift.	Department of Corrections	Fully Implemented
Office of Fleet Services December 2008	The Director of Fleet Services should set a standard labor charge for technicians' time that reflects the full cost of employment.	Department of Public Works	Fully Implemented
Office of Fleet Services December 2008	The Director of Fleet Services should review markups for parts and fuel annually to ensure that they accurately reflect department overhead.	Department of Public Works	Fully Implemented

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Police Department Sworn Staffing July 2008	The Chief of Police should link budgeted cost centers to actual activities to identify where vacancies are and what areas may be underserved.	Atlanta Police Department	Partially Implemented
Office of Fleet Services December 2008	The Director of Fleet Services should enter into an agreement with DIT to support its data system to help ensure accurate billing.	Department of Public Works	Partially Implemented
Council Expenditures March 2009	The City Council should establish, by ordinance, separate project accounts to fund programs or projects for the public good.	City Council	Partially Implemented
Council Expenditures March 2009	The City Council should amend the code to disallow carryover of unspent funds in individual council accounts.	City Council	Not Implemented
Council Expenditures March 2009	The City Council should amend the code to disallow overspending of individual council account budgets within a year.	City Council	Not Implemented
Council Expenditures March 2009	The City Council should direct the chief financial officer to assist council staff in developing council operating budgets similar to other city departments. The operating budgets should include a limited contingency account for expenses not covered in line items.	City Council	Not Implemented
General Fund Budget Review April 2008	City Council should amend the City Charter to remove the requirement to anticipate revenue as a percentage of prior year (provide for forecasting expected revenues) and eliminate Budget Commissioners' personal liability for overestimated revenues.	City Council	Not Implemented

Monitoring and Reporting – Monitoring, measuring, and reporting performance, as well as data integrity

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Traffic Tickets December 2008	Ensure that the file dates entered in CourtView are correct. Municipal Court should make sure that data entry clerks enter the correct file dates into the system for all tickets. Court staff should also perform periodic quality assurance checks of the data entered into the system. Doing so would offer accountability and provide a means for the court staff to monitor whether they are meeting their goal of entering the tickets into CourtView within three business days of filing.	Atlanta Municipal Court	Fully Implemented
Police Computer Aided Dispatch Data Reliability April 2008	The chief of police should communicate to officers and dispatchers the importance of recording officer arrival times on 911 calls for service and monitor when and why officer arrival times are not recorded.	Atlanta Police Department	Fully Implemented
Office of Fleet Services December 2008	The Director of Fleet Services should measure and report turnaround time consistently with the industry standard as recommended by the National Association of Fleet Administrators.	Department of Public Works	Fully Implemented
Office of Fleet Services December 2008	The Director of Fleet Services should establish a quality control process to review work orders to ensure that data are accurate before closing.	Department of Public Works	Fully Implemented
Office of Fleet Services December 2008	The Director of Fleet Services should set up its billing system to capture detailed job coded tasks so Fleet Services can evaluate its cost effectiveness compared to available industry benchmarks.	Department of Public Works	Partially Implemented
Police Department Sworn Staffing July 2008	The Chief of Police should update the personnel database on a regular basis to reflect actual officer locations, including officers on temporary assignments.	Atlanta Police Department	Partially Implemented
Police Computer Aided Dispatch Data Reliability April 2008	The chief of police and chief information officer should work together to strengthen in-house expertise on their systems.	Atlanta Police Department	Partially Implemented

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Hartsfield-Jackson Atlanta International Airport Landing Fee Billing and Collections July 2007	The Department of Aviation should ensure the new contract for the fixed base operator includes performance provisions and assesses a penalty for late payments. The Department should also establish a mechanism for monitoring the operator's performance and compliance with contract provisions.	Department of Aviation	Not Implemented
Council Expenditures March 2009	The City Council should direct the chief financial officer to revise the disbursement request form for council member expenditures to capture the public purpose of the expense.	City Council	Not Implemented

Safeguard Assets – Safeguarding or securing the city's physical, financial or information assets

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend the department establish and enforce a formal policy on handling and depositing cash amounts of $10,000 or more from an individual arrest or case.	Atlanta Police Department	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the APD Property Control Unit obtain and implement the use of better counterfeit bill detection devices including counterfeit detection pens, ultraviolet scanners and/or money counters with detection features.	Atlanta Police Department	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that a policy be implemented and enforced to limit disbursements from the evidence and property fund accounts to trust obligations. Emergency procurements should be made from other checking accounts maintained by the APD.	Atlanta Police Department	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the APD advise Finance of all cash accounts under APD's control to facilitate Finance in recording all City cash accounts in the City's general ledger.	Atlanta Police Department	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the checking accounts be operated as trust accounts, with documentation of the ownership and the related liability on the amounts held. Funds should be deposited into the proper account or if for practical purposes it is more efficient to count and deposit all funds into one account, transfers of funds into the proper account should be done in a timely manner after the one deposit is made.	Atlanta Police Department	Fully Implemented
HRMS, Financial and Procurement Applications Round 3 July 2006	Departmental buyers should be restricted from adding lines in the sourcing application that are not related to any requisition because they must specify the charge account for the line a function that should be limited to centralized buyers.	Department of Procurement	Fully Implemented

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the Fiscal Investigations Unit be requested to review and release holds on all property cash entries in the Evidence 2000 system in cases where the cash was received prior to 2005. Because of the large volume of individual transactions, we further recommend that this review be limited to amounts over a certain dollar amount to be targeted for disposition.	Atlanta Police Department	Partially Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the APD Property Control Unit determine when funds should be released to the general fund and make the appropriate disbursements on a regular basis. We recommend that the APD Property Control Unit work with the FIU to get holds released, where appropriate, on cash entered into the Evidence 2000 system prior to 2005 so that these funds can be released to the owner or to the City's general fund.	Atlanta Police Department	Partially Implemented

Contract Management – Procurement policies, procedures, and processes

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Aviation Fixed Base Operator Solicitation February 2007	The chief procurement officer should implement appropriate controls over solicitation files. During the review, the Department of Procurement stated that steps have been taken to secure all solicitation files. We recommend the chief procurement officer document and immediately implement these new procedures in order to prevent files from being lost in the future.	Department of Procurement	Fully Implemented
Procurement Solicitation and Evaluation March 2006	The Department of Procurement should restructure its scoring methodology. In order to reduce unnecessary subjectivity, the department should use a limited and consistent number of possible scores for all of the criteria and create a rubric that defines what each possible score means. Scores could then be weighted during compilation by multiplying each criterion's score by its percent weight.	Department of Procurement	Fully Implemented
Procurement Solicitation and Evaluation March 2006	DOP should develop procedures for ensuring the following: • Evaluation criteria are clearly defined and understood by the evaluators. • Evaluation criteria are clearly linked to the solicitation response requirements. • Evaluators understand which criteria they will evaluate and are adequately instructed on evaluation protocol, procedures, and scoring systems. Following these recommendations should reduce potential misunderstandings between vendors, evaluators, and the city about what is expected to be included in the responses and how they will be evaluated.	Department of Procurement	Fully Implemented
Airport Retail Concession Procurement April 2008	The Department of Procurement should consider including all changes to the RFP requirements in the revisions portion of the addendum instead of covering them in the question and answer section. Although the entire addendum is provided to all planholders, putting RFP changes in the revisions section would make them apparent to the planholders and enhance the transparency of the procurement process.	Department of Procurement	Fully Implemented

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Airport Retail Concession Procurement April 2008	We commend DOP for screening the proposals prior to sending them to the evaluators; identifying non-responsive proposals allows for better use of the evaluators' time. However, to increase transparency and accountability, when a proposal is deemed non-responsive, the DOP should document the non-responsiveness review, including the person conducting the review and the reason why the proposal was deemed non-responsive.	Department of Procurement	Fully Implemented
Department of Aviation Hartsfield-Jackson Development Program June 2007	The chief procurement officer and Law department should work together to propose code revisions if necessary and to provide guidelines to user agencies on the appropriate use, documentation, and reporting of contingency expenditures.	Department of Procurement	Partially Implemented
HRMS, Financial and Procurement Applications Round 3 July 2006	The city should establish a policy for formal procurement contracts requiring suppliers to submit an electronic copy of their proposal along with the paper copy. Having an electronic copy would save the city time by not having to scan hard copies into Oracle.	Department of Procurement	Partially Implemented

Process Improvement – Improving the effectiveness and efficiency of city processes

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Traffic Tickets December 2008	File traffic tickets promptly. To ensure traffic tickets are processed prior to their due dates and court dates, the Chief of Police should enforce departmental policies and file tickets with the Municipal Court within one business day of issuance.	Atlanta Police Department	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the APD Property Control Unit work with the City of Atlanta's IT department to research, identify and assess adequate software and hardware to meet their current and future property control needs for both cash and noncash property. The system selected should, at a minimum, provide secure, monitored and controlled access and document the manner in which each item came into possession of the APD, a description of the property, all efforts to locate the owner, any case or docket number, dates of correspondence or publication of newspaper notices, and the date on which the property was retained by the APD, sold or discarded.	Atlanta Police Department	Fully Implemented
Atlanta Police Department, Property and Evidence Cash Funds Banks, Finley, White & Co. December 2005	We recommend that the APD Property Control Unit exercise online banking options for the Evidence and Property Checking accounts. Internal transfer between the two accounts and transfers to other City accounts could be made electronically. Payments to the U.S. Marshall and to the local court systems could be made electronically through an online bill pay service, which would eliminate the need for securing cashier's check and for hand delivery of remittances to others.	Atlanta Police Department	Partially Implemented
Oracle ERP Target Process Blueprint September 2005	Milestone Functionality (Procurement). The process of notifying users of events and milestones (e.g. insurance premium dates, lease renewal dates, etc.) should be automated outside of Oracle (since it cannot be done in Oracle) to ensure due dates and deadlines are not inadvertently missed.	Department of Procurement	Partially Implemented

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Office of Fleet Services December 2008	The Director of Fleet Services should enter into formal service level agreements with each department it serves to promote service accountability. The agreements should outline the responsibilities of each party, cost and service expectations, and how performance will be measured. The agreements should stipulate that the department receive receipts of work performed, and have an opportunity to review charges before being posted to their accounts. The agreements should be understood and acknowledged by the appropriate personnel in order to be effective.	Department of Public Works	Partially Implemented
Council Expenditures March 2009	The City Council should adopt an internal policy to more clearly specify the types of expenses that are allowed and not allowed from Council expense accounts. The policy should address grants, gifts, flowers, donated goods, advertisements, mailing lists, and when and how to establish separate accounts to fund events or projects.	City Council	Not Implemented

Revenue Collection and Cost Recovery – Revenue collection and cost recovery efforts

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Revenue Management in the City Court of Atlanta and Atlanta Municipal Court September 2004	Ensure that fees charged by vendors for accepting payments over the phone, online, by credit or debit card, or for accepting electronic checks, are passed to the customers.	Atlanta Municipal Court	Fully Implemented
Traffic Tickets December 2008	Improve collection rates for parking and red light camera fines. Municipal Court should solicit assistance from the Law Department to define procedures necessary to collect on unpaid red light fines, including proper notification to violators. If the court does not use its authority to enforce collection of red light penalties, the city will continue to lose revenue.	Atlanta Municipal Court	Fully Implemented
Traffic Tickets December 2008	Put a contract in place for parking enforcement. The city should continue its efforts to execute a contract for parking enforcement activities so that the city does not continue to lose parking revenue.	Department of Public Works	Fully Implemented
Hartsfield-Jackson Atlanta International Airport Landing Fee Billing and Collections July 2007	The Department of Aviation should propose a change in the city code to establish a penalty for late payment of non-signatory landing fees.	Department of Aviation	Not Implemented
Hartsfield-Jackson Atlanta International Airport Landing Fee Billing and Collections July 2007	The Department of Aviation should renegotiate the airport use agreements to: • Charge signatory carriers based on actual landings rather than scheduled landings; • Provide for assessing a fee for late payments; • Increase the signatory landing fee rate to cover the cost of airfield operations and maintenance; and • Structure fees such that the basic landing fee can vary based on changes in cost.	Department of Aviation	Not Implemented

Compliance with External Regulations – Compliance with external laws, codes, and regulations and contracts

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Payroll Tax Compliance April 2006	The chief procurement officer and city attorney should create a policy to provide guidance to departments on the proper classification of workers and include this policy in the city's procurement manual.	Department of Law	Not Implemented
Payroll Tax Compliance April 2006	The chief operating officer should revise Administrative Order 2004-3 to make cell phone allowances the primary mechanism for funding business use of cell phones and PDAs. We recommend that the city create a cell phone allowance for employees, as we did in a memorandum dated October 5, 2004 to the task force charged with revising the previous policy, to eliminate the need for further reporting to the IRS. If the city continues to issue city cell phones and PDAs to employees, the chief operating officer should revise Administrative Order 2004-3 to make personal use of this equipment easier to track and report to the IRS. We provided several examples of other cities' practices in the October 5, 2004 memorandum (Appendix 2).	Mayor's Office	Not Implemented
Council Expenditures March 2009	The City Council should seek advice from the Law Department on hiring temporary labor.	Department of Law	Not Implemented

Human Resources Management – Human Resource functions, training and employee benefits

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Police Department Sworn Staffing July 2008	The Chief of Police should focus retention efforts on personnel with 5 years or less experience through the use of information collected from restructured exit interviews.	Atlanta Police Department	Partially Implemented
Council Expenditures March 2009	The City Council should encourage their staff to attend ethics training for employees.	City Council	Partially Implemented

Cost Control – Efforts to control or reduce city costs

Report Title and Date	Recommendation	Responsible Entity	Implementation Status
Department of Corrections March 2009	Reduce leave usage and departmental overtime. The department should take steps to better manage and reduce staff absences. These actions should reduce overtime and staff coverage requirements. The department should then reevaluate its staffing needs.	Department of Corrections	Fully Implemented