



## Report of Management Actions

### Why OCA did this project:

The Office of the City Auditor annually follows up with managers responsible for acting on our recommendations. This process accomplishes our charter duty to report audit results to the Mayor and City Council.

### Project Scope:

This report presents the status of open findings as of June 30, 2022.

### How OCA did this project:

The follow-up process involves identifying all open action items and either emailing a status request or meeting with the responsible party.

For reporting purposes, we use the following categories for action status:

- Open – Management has agreed to corrective action, but it is either pending or partially complete.
- Completed – Management completed corrective action.
- Declined - Declined recommendations are categorized as follows:
  - ▶ Management does not agree with the recommendation and is not planning any action. When management elects this option, we advise them of the type and level of risk associated with not acting.
  - ▶ Implementation is declined due to budget and/or staffing limitations or other factors beyond the control of management.
  - ▶ The recommendation is no longer relevant due to changes in conditions after the audit was completed.
- Response Pending – Management response was not obtained during the audit. Due date to follow-up on corrective action is set for one year following the audit report date.

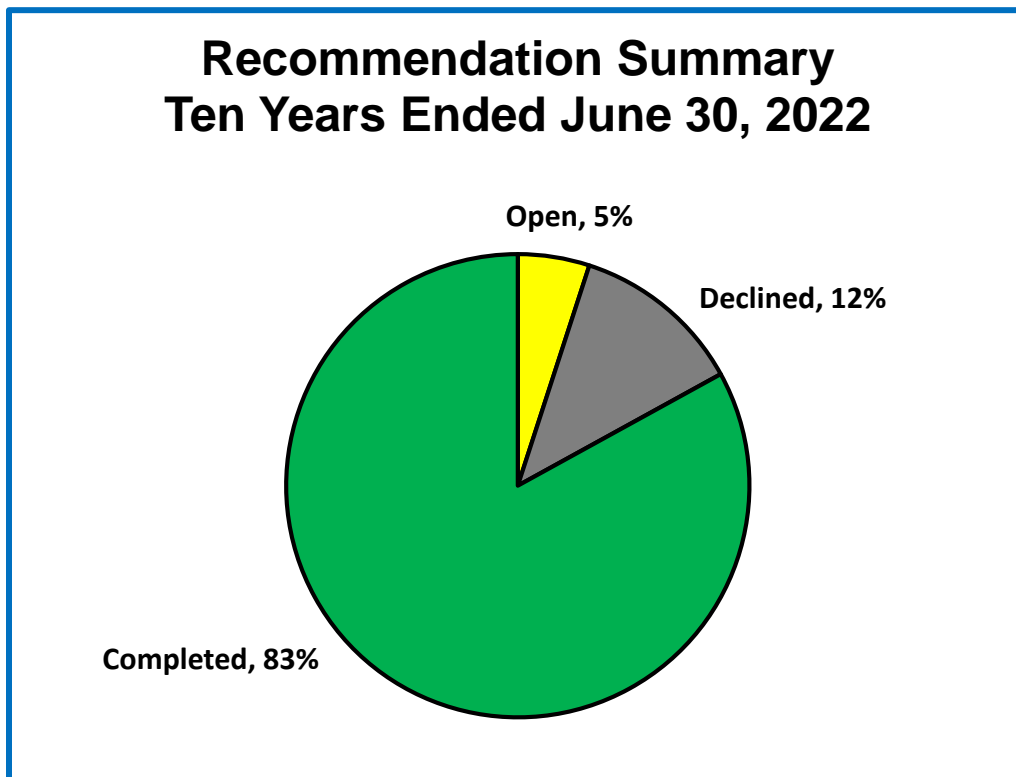
After status information is obtained, we summarize the 10-year history by department and calculate the percentage of recommendations that have been accepted for corrective action.

## Summary of Audit Recommendations by Department Ten Years ended June 30, 2022

Department	Findings	Open	Complete	Declined
City-wide	2			2
Engineering Services	2		2	
Finance	30	3	24	3
Human Resources	14	1	11	2
Information Technology	36		31	5
Mayor	3		3	
Police	5		5	
Streets and Stormwater	3		3	
Water and Sewer	4	1	3	
Working in Neighborhoods	7		6	1
	<b><u>106</u></b>	<b><u>5</u></b>	<b><u>88</u></b>	<b><u>13</u></b>

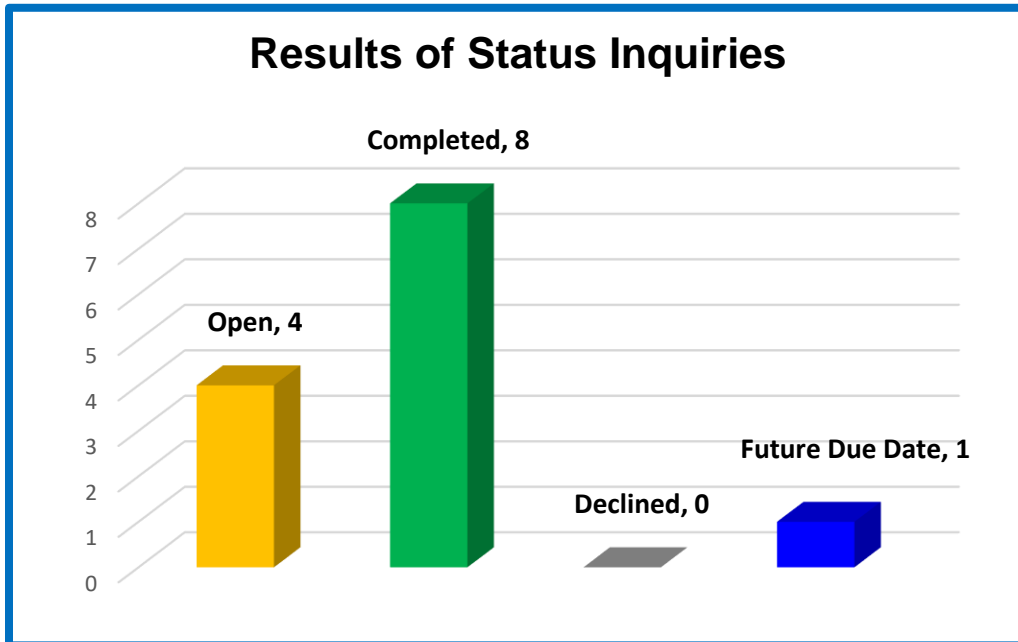
### Acceptance Rate

Over the last 10 years, city managers have accepted 88% of Internal Auditing's recommendations. Our goal for management acceptance is 90%.



## Implementation Status

As of June 30, 2022, there were 13 open action items in our database. Our status inquiries indicated the following.



## Summary Table

The table below summarizes the information we received about the status of open findings.

<b>2012 - Information Technology Infrastructure</b> <b>Information Technology Department</b> <b>1 - Complete</b>		
<b>Finding</b>	<b>Recommendation</b>	<b>Status</b>
<p>The City has not defined role-based system access requirements. User access is defined on a case-by-case basis. Also, access control for many applications is administered by an application development group. Terminating access upon employee termination or transfer is labor intensive, has inherent delays and potential incompleteness. Policies, and possibly processes, do not address employee transfers and access provisioning and termination for contractors.</p>	<ol style="list-style-type: none"> <li>1) Develop policy and process for defining and managing access to these systems.</li> <li>2) With the primary business owner(s), define who should have access, and at what level (admin, edit, view-only) to each of these systems. Compare these required levels of access with actual system access. Change access to address any discrepancies</li> <li>3) Manage access provisioning and termination to reflect employee and contractor hiring, transfers and terminations to departments using or supporting these systems that contain sensitive data.</li> </ol>	<p>The Information Technology Department completed the following:</p> <ul style="list-style-type: none"> <li>➔ Worked with HR to establish a process for new hires, transfers, and termination.</li> <li>➔ Established a standard, where possible, to implement applications using Active Directory Authentication, including Multi-Factor Authentication. There are remaining legacy systems that do not use this authentication method. All these systems will be upgraded or replaced to utilize this authentication method.</li> <li>➔ Implemented change management quality assurance to ensure documentation is adequate prior to presentation to the Change Board.</li> </ul>

<b>2017 - Special Project Pay &amp; Staffing</b> <b>Human Resources</b> <b>1 Action Pending</b>		
<b>Finding</b>	<b>Recommendation</b>	<b>Status</b>
<p>10% of our core programs have lower staffing than comparison cities.</p>	<p>Consider conducting analysis of vacancy rates per non-sworn departments. This should include the amount of time budgeted positions are held open before filling and the amount of time exited positions are held vacant prior to hiring replacements.</p>	<p>Although we regularly review turnover data, we lost access to much of the information due to the Cyber Attack in May 2021 and have not yet seen all data access restored.</p>

**2018 - Results-Driven Contracting  
Engineering Services  
2 Complete**

<b>Finding</b>	<b>Recommendation</b>	<b>Status</b>
<p>Finding 1 - Results from the three sample contracts provided as evidence included:</p> <ul style="list-style-type: none"> <li>• One did not include evidence of a requirement for vendor performance review.</li> <li>• None included evidence of a method to compare performance to similar contractors that have been identified as most effective.</li> <li>• None included evidence of proactive sharing of data, documents and information to encourage competitiveness and strengthen transparency and accountability.</li> </ul> <p>Finding 2 - No evidence was provided to show active management of contracts through performance discussions with contractors at least monthly.</p>	<ol style="list-style-type: none"> <li>1) Implement contractor performance evaluations, such as scorecards or dashboards, that would compare contractors across a consistent set of metrics on an ongoing and periodic basis.</li> <li>2) A database should be maintained to track contractor information and performance data. This data should be shared city-wide to support decisions on contractor retention and selection.</li> <li>3) Create an electronic means to capture contractor performance notes, which are currently handwritten.</li> <li>4) Identify a method to gather data related to subcontractor credentials and performance history.</li> </ol>	<p>Tracking systems are part of contractors being prequalified. Contractors must provide information regarding failure to complete contracts or agreements, refusal to enter an awarded contract, and/or failure to qualify as part of the initial prequalification application. These same questions will be added to the annual renewal application for prequalification.</p> <p>The revised renewal application was presented to the Contractor Prequalification Committee in their July 2023 meeting</p>

**2019 Purchasing  
Finance/Purchasing  
1 Complete/1 In Process**

Finding	Recommendation	Status
<p>A blanket purchase order (BPO) is used when multiple purchases will be made from a single supplier. Using BPOs reduces staff time for making purchases.</p> <p>The financial system deducts all purchases that are invoiced and paid by accounts payable staff from the BPO balance; however, the financial system is not programmed to deduct purchases made using a p-card. Department personnel are keeping records outside the financial system to track available BPO balance. Using a manual process increases risk of employee error and overspending.</p>	<p>Create a report that each department can use to track BPO transactions and balances whether the payment is through invoice or p-card.</p>	<p>Purchasing worked with Information Technology Department staff to build a report that employees can use to track blanket purchase order transactions and balances.</p>
<p>MUNIS system users must manually select three-way matching when entering requisitions. This is an internal control to prevent overspending or paying for something that was not received.</p> <p>In our sample of requisitions, there were 58 instances where three-way match was applicable, but the user did not select this option.</p>	<p>Evaluate whether the system can be modified for three-way match to be the default, and only requiring a manual change if three-way match is not required.</p>	<p>The recommended corrective action is in process.</p>

**2020 - Quarterly Risk Report  
Finance/Purchasing Department  
1 In Process**

Finding	Recommendation	Status
<p>No errors or improper transactions were noted in our review of 182 risk flags in the Vendor Maintenance module. A control improvement was recommended.</p>	<p>Periodically review the vendor list to ensure duplicate vendors are not maintained in the system. Duplicate vendors increase the risk of improper transactions.</p>	<p>The recommended corrective action is in process.</p>

**2020 Accounts Payable**  
**Finance/Accounts Payable Department**  
**1 Complete/1 In Process**

<b>Finding</b>	<b>Recommendation</b>	
<p>The City's financial system cannot directly communicate payments to the bank; therefore, a manual process has been adopted. The manual information is not reconciled to system information.</p>	<p>A reconciliation should be performed to ensure accounting records and bank records match. A reconciliation helps ensure any differences between accounting and bank records can be detected and corrections made.</p>	<p>Treasury and Utility Billing staff worked together to develop an automated process that eliminated the need for a manual reconciliation.</p>
<p>An audit test compared employee bank accounts to vendor bank accounts. This test detected purchases that had been made from an employee-owned business. Policy does not allow City p-card holders to purchase from a city employee.</p> <p>None of the purchases were made by the employee who owns the business. It appears employees who made the purchases were not aware this was an employee-owned business.</p>	<p>Purchasing should adopt a data analytic designed to identify when employee bank accounts match a vendor bank account and review transactions with the employee-owned business.</p>	<p>The recommended corrective action is in process.</p>

**2022 – Review of Annual Water Quality Report**

**Water and Sewer**

**3 Complete/1 Future Due Date**

<b>Finding</b>	<b>Recommendation</b>	<b>Status</b>
There is no reconciliation between the EPA's 88 contaminants, and the raw water data monitored and reported in the Water Quality Report	<ol style="list-style-type: none"><li>1) Develop and maintain a master list of the 88 EPA regulated contaminants.</li><li>2) Ensure laboratory management staff are included in maintaining the master list.</li></ol>	A master list has been completed and shared with the laboratory.
There were differences between the Oklahoma Consumer Confidence Report and the City's Annual Water Quality Report.	Compare the Oklahoma Consumer Confidence Report and the City's Annual Water Quality Report. Investigate. Resolve any differences before issuing a report.	The Environmental Compliance Supervisor and WQA Manager will compare ODEQ generated CCR to WQA's compilation.
Readability suggestions were offered for the Water Quality Report.	Readability suggestions were offered for the Water Quality Report.	Suggestions were accepted and included in Water Quality Report.
There are no policies and procedures for the Water Quality Report.	Thoroughly document the process, including exhibits.	We are developing a standard operating procedure for the Water Quality Report that will be included in our Asset Management Roadmap Action Plan.