



AUDIT OF HOUSING DEPARTMENT

FISCAL RESPONSIBILITIES

Exit Conference Date: December 14, 2004

Release Date: December 16, 2004

Report No. 05-11

CITY OF ORLANDO

OFFICE OF AUDIT AND EVALUATION

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CITY OF ORLANDO

MEMORANDUM

To: Lelia Allen, Housing Department Director

From: Beryl H. Davis, CPA, CGFM, Audit and Evaluation Director

Date: Exit Conference: December 14, 2004; Release: December 16, 2004

Subject: Audit of Housing Department Fiscal Responsibilities
(Report No. 05-11)

The Office of Audit and Evaluation has performed an audit of the Housing Department's fiscal responsibilities. The objectives of the audit were to: (1) review the Housing Manager's fiscal management function; (2) determine if some necessary fiscal duties are not being performed with a resultant negative impact upon internal control and/or compliance with requirements; and (3) formulate some alternative solutions for management regarding fiscal tasks, efficiency and effectiveness.

Our examination was conducted in accordance with generally accepted government auditing standards and included a review of relevant City and Housing Department policies, procedures, and organizational structure, interviews of Housing Department management and other staff with fiscal responsibilities, comparison of job descriptions for City positions similar to that of the Housing Manager, and such other procedures as we considered necessary in the circumstances.

Conclusions:

This report contains six schedules that summarize pertinent information about Housing Department fiscal responsibilities and staffing. To help ensure effective administration and accounting for the department's activities and funds, and to further enhance its future endeavors, we present several recommendations to improve controls, effectiveness and efficiency for the current processes.

We identified in Schedule 1 four substantial fiscal responsibilities that are not being performed and two that are being performed but need enhancements. These responsibilities represent broad categories that touch virtually all the activities and funds administered by the department. Performance of these responsibilities would provide important controls over funds, increase productivity, comply more closely with Federal and State funding requirements, and improve cash flow.

We believe that these responsibilities are not being fully performed in part because the Housing Manager has extensive duties and does not have an assistant. **Therefore, we recommend that the Housing Director establish an Accounting/Financial staff position to serve as assistant to the Housing Manager.** If an assistant position were established for the Housing Manager, the previously referenced responsibilities could be better carried out. Further, the Housing Manager could delegate certain responsibilities currently performed to the new assistant, and it is possible that

some financial responsibilities could be appropriately transferred to the new assistant from other staff. The responsibilities that could be performed by a new accounting/fiscal assistant are identified in Schedule 2.

The Housing Department management estimates that the cost of full-time salary and benefits for an entry-level Accounting Clerk (grade 20) or Financial Specialist (grade 18) position would be approximately \$32,600 to \$37,300. Management is considering whether it would be appropriate to first create a half-time position and possibly increase this to a full-time position. Funding for the salary and benefits of an assistant can be provided utilizing grant funds, by allocating the cost among the funds. This allocation, although reducing the funds available for program expenditures, would likely result in a minimal impact upon program service delivery. It would, however, provide substantial supporting benefits and better enable the achievement of certain grantor administrative and compliance objectives. We support management's plan to add an accounting/financial position to report to the Housing Manager in order to accomplish necessary tasks.

We also recommend that the Housing Department Director request a Human Resources determination, through its review process, for a possible grade and salary increase regarding the Housing Manager position.

Supporting this possibility, Schedule 3 presents a chart of similar City positions. The Housing Manager performs three primary roles: Fiscal Manager, with responsibilities outlined in Schedule 4; Assistant to Director; and manager of special projects and events. In the latter role, the Housing Manager was assigned seven special projects or events during FY 2004, and the Housing Director expects this pace to increase for FY 2005 and beyond. The Housing Director has determined that the Housing Manager has been successful in carrying out these special projects and events to assist in accomplishing the department's mission, and that it would be beneficial to utilize the Housing Manager increasingly for this purpose. The self-estimated allocation of the Housing Manager's time among these duties is shown in Schedule 5.

The above conclusions and recommendations are summarized in Schedule 6. In addition, Schedule 6 outlines several fiscal procedure improvements we identified for management consideration, which may alleviate some pressures on current Housing Department staff. However, we do not anticipate that they will eliminate the need to add an accounting assistant for the Housing Manager. ***We recommend the Housing Department Director consider implementing these suggested enhancements.***

We encourage the implementation of the recommendations as soon as possible.

Mona Mellon, Audit Program Manager, performed this work.

We would like to express our appreciation to the Housing Department officials and employees for their courtesy and cooperation during this audit.

BHD/am

- c: Honorable Buddy Dyer, Mayor
- Jose I. Fernandez, Jr., Chief of Staff
- Joseph Robinson, Deputy Chief of Staff
- Richard L. Levey, AICP, Chief Administrative Officer