Richmond City Council

The Voice of the People. Richmond, Virginia

OFFICE OF THE CITY AUDITOR

REPORT # 2012-09
AUDIT
Of the

City of Richmond, VA
Annual Follow-up Progress Report
Open Recommendations Through 12/31/11

June 2012

OFFICIAL GOVERNMENT REPORT

Committed to increasing government efficiency, effectiveness,
and accountability on behalf of the Citizens of Richmond.

City of Richmond
 City Auditor

June 26, 2012

The Honorable Members of City Council
City of Richmond, Virginia

**Subject: Annual Follow-Up Progress Report**

The City Auditor's Office has completed the Annual Follow-Up Review in accordance with Generally Accepted Government Auditing Standards. The objective of this review was to determine the status of the audit recommendations due to be implemented on or before December 31, 2011. The review evaluated the appropriateness and timeliness of corrective actions to mitigate risks identified in past audits.

Implementation Status of Open Recommendations:

The auditors reviewed 309 outstanding recommendations in the City and RPS. The City Administration has implemented 105 out of 252 outstanding recommendations leaving about 58% of recommendations yet to be implemented. RPS has yet to implement 77% (44 of 57) of the outstanding recommendations as of December 31, 2011 as depicted in the following pie-charts:

2011 RPS Implementation Rate

2011 City Implementation Rate
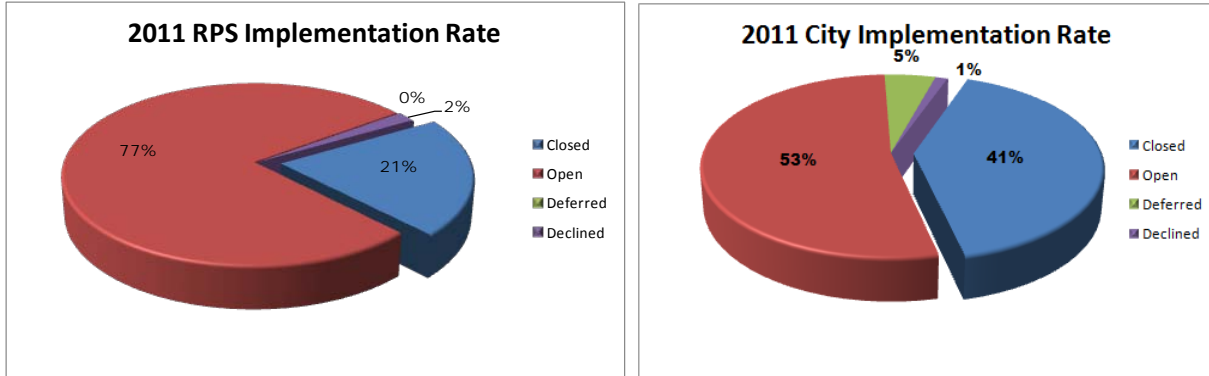
The chart below depicts the implementation history from FY2007 through FY2011:

% of Recommendations Implemented

	2007	2008	2009	2010	2011
City	47%	57%	31%	55%	42%
RPS	36%	76%	39%	27%	23%
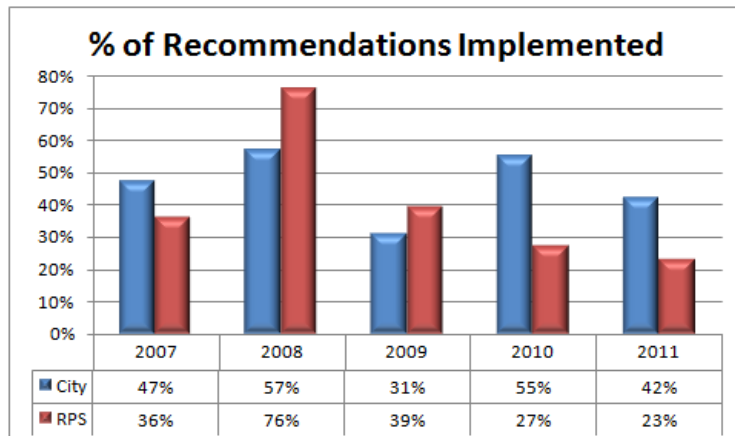
The age of the outstanding recommendations is as follows:

Age	City	RPS
More than 3 Years Old	35	44
Three Years Old	4	0
Two Years Old	43	N/A
One Year Old	65	N/A
Total	**147**	**44**

Audits identify operational and procedural deficiencies, which adversely affects efficiencies and effectiveness of the City and RPS operations. In addition, issues related to the accountability of public resources, and transparency in government are brought to light. The above table shows that about 24% of the City's recommendations and 100% of the RPS' recommendations have not been implemented for more than three years. Not implementing recommendations results in known deficiencies being ignored. For example, a recent audit on the Revenues Administration Division

identified several operational deficiencies that results in a loss of several million dollars in uncollected revenues. However, recommendations made in this area dating as far back as 2004 have not been implemented. This situation may compound the risk of financial losses, fraud, waste, and abuse of public resources.   Overall, the City and RPS management need to improve their efforts to implement the outstanding audit recommendations contained in the various reports.

Umesh Dalal

Umesh Dalal, CPA, CIA, CIG
City Auditor

SUMMARY OF RESULTS

Department/Agency	Report Number	Total	Open	Deferred	Closed	Declined
Finance:						
Tax Audit Unit	2004-03	1	1			
BPOL & Parking Tickets	2006-13	3	3			
Accounts Payable & Procurement	2008-04	18	15	2	1	
Payroll	2010-04	14	12		2	
MUNIS	2010-09	5	5			
ICVerify	2011-13	2	1		1	
Procurement:						
Vendor File	2004-02	1	1			
Public Works:						
Fleet Services	2007-10	20	11	2	7	
Urban Forestry	2010-07	11	2		9	
Roadway Maintenance	2012-04	1			1	
Facilities Management	2011-08	5	5			
Public Utilities:						
Banner System	2010-06	3			3	
Facilities Maintenance	2010-02	1			1	
Information Technology:						
Help Desk	2007-08	1			1	
Network Vulnerability Assessment	2010-12	22	5		17	
Community Development:						
Permits and Inspections	2010-03	8	2	6		
Code Enforcement	2010-08	9	4	2	3	
Citywide Audits:						
Grounds Maintenance	2009-06	8	3		5	
Grants Process	2010-05	10	4		6	
Citywide Towing	2011-04	4	4			
Computer Purchases and Maintenance	2011-14	3	3			

Department / Item		Total				
City and RPS: Accounts Payable and Procurement Consolidation	2009-07	1		1		
Richmond Sheriff Department Medical Services	2010-13	2	1		1	
Richmond Police Department Property and Evidence	2011-01	4	2		2	
Operational Analysis	2011-02	10	5		2	3
Department of Social Services Harmony	2011-03	11	5		6	
CSA Foster Care	2011-11	23	8		15	
Parks and Recreation Capital Improvement Projects	2011-12	2	2			
Facilities and Maintenance	2011-07	23	15		8	
Fire Department Records Management System	2011-05	24	15		9	
Retirement Payroll and Actuary Systems	2012-03	2			2	
Total City		**252**	**134**	**13**	**102**	**3**
Richmond Public Schools: General Operational Audit	2007-06	11	11			
Accounts Payable & Procurement	2008-05	12	10		1	1
Fleet Review	2009-04	1	1			
Information Technology	2009-05	31	22		9	
Grants Management	2010-01	2			2	
Total RPS	**RPS**	**57**	**44**		**12**	**1**

Summary of Open Recommendations by Department/Agency:

Police Department:

Property and Evidence: 2011-01

Auditors found that the Police Department has implemented two of the four recommendations due to be implemented during the review period. The remaining two open recommendations are as follows:

- o The Police Department has established a policy detailing the proper handling and review of the security footage. However, they have not conducted such reviews, which may leave some of the vulnerable areas not being monitored where confiscated narcotics and valuable items are stored.

- o The Police Department expects to address the audit recommendation for relocating the fleet officer to a civilian position in the 4th quarter of FY 2012.

Operational Analysis: 2011-02

Auditors followed up on 10 outstanding recommendations. Management declined to implement three of these recommendations. Of the remaining seven recommendations, two were closed and five remain open as follows:

- o The audit recommended implementing differential response techniques for non-emergency, low-priority calls for service. The Police Department has purchased the software to handle citizens making a report online, but has not implemented it yet.

- o The auditor suggested the Police Department consider implementing a civilian field responder program to respond to low priority calls for service. The Police Department currently utilizes a Differential Police Response (DPR's) at the precincts to take non-emergency reports from citizens over the telephone or from citizens who walk in. According to the Department, having civilians respond to non-emergency calls has the potential to become a public safety issue, as often times calls are more serious than they first appear. The Police Department is looking at other options to respond outside of the civilian responder program.

- o The audit recommended the City and the Police Department to pursue opportunities to regionalize emergency communications. According to management, the Police Department

is reviewing the recommendation to determine the feasibility of implementing the recommendation. According to the Police Department management, the City is currently working with Henrico and Chesterfield on a regional 800 MHz radio replacement.

o Auditors recommended evaluating the impact of the citywide enterprise resource system implementation on the staffing level. Although the system implementation is not complete, the Police Department has completed the necessary workload assessment for Patrol personnel in partnership with VCU.

o The Police Department has not developed a plan to receive input from the departmental leadership team in their communications and marketing plan as recommended.

Department of Finance:

Tax Audit Unit: 2004-03

One recommendation from a 2004 audit remains open. The City allows a new business to estimate its first and second year's gross receipts. The business is expected to report adjustments to the estimates to match actual gross receipts in the first two years. The Tax Audit Unit is not auditing them. The Department has not taken any other action to implement this recommendation. A recent audit identified inadequacies in this Unit's operations that may be resulting in non-collection of substantial revenues for the City.

BPOL and Parking Tickets: 2006-13

Three recommendations originating from a 2006 audit have not been implemented yet. The Unit did not have performance measures and did not have detailed procedures for the collection of delinquent taxes. The adverse impact of ignoring these recommendations has been documented in the recent audit of the Revenue Administration Division.

Procurement/Accounts Payable: 2008-04

The auditor followed up on 18 open recommendations, of which 17 remain open as follows:

The Procurement Department indicated that they have deferred implementing most of the open recommendations until the ERP system is implemented and policies and procedures are revised and/or developed. However, the auditors found that 15 of the 17 recommendations did not depend

upon implementation of the ERP system. Therefore, their justification for not implementing the recommendations does not appear to be supported. This audit was conducted in 2008. This means that the Department has not implemented these recommendations for four years without a valid reason. Not implementing these recommendations will result in serious deficiencies in the City's procurement process not being addressed. These recommendations will be followed up again in the current, ongoing audit. The following are some of the open recommendations:

- o Require procurement staff to ensure that: Goods and services are ordered only after approval of purchase orders, as required by City policies; Departments and agencies have three written quotes for purchases between $5,000 and $50,000.

- o Continue to work towards an automated system in order to implement a process for identifying vendors that owe the City delinquent taxes.

- o Continue with the focus group efforts to develop an enhanced vendor performance process. The auditor did not receive any information regarding this open recommendation.

- o Segregate duties between the buyers, the employee making vendor database changes and the employees reviewing them.

- o Centralize the function of vendor database update and maintenance in Procurement Services. Procurement Services proposed a new policy, dated May 8, 2009, which states that vendor registration and maintenance of the vendor database is the sole responsibility of Procurement Services. However, the City Administration has not adopted this policy.

- o Procurement Services has not established appropriate practices to verify various vendor attributes such as authenticity, good standing, liquidity, etc. using third party services.

- o Procurement Services did not review the vendor database to eliminate duplicates, errors and incorrect entries.

- o According to management, Procurement Services has drafted policies and procedures for the Citywide Surplus Program and is in the final stage of the review by the Director and Legal.

- o The current financial system does not have electronic approval capabilities in the three-way match process. As per Procurement Services, this will be addressed with the implementation of the new ERP system.

- o Procurement Services did not pursue early payment discounts during the procurement negotiation process. Also, 45 day payment terms are not negotiated when awarding contracts for vendors not participating in early payment discounts.

o   Audit trail is not enabled in the current financial system as it is not feasible due to space constraints. Management will research if this feature can be enabled in the ERP system.

Citywide Payroll Process: 2010-04

The auditor followed up on 14 open recommendations. Two of the recommendations related to the TEMS System is no longer relevant due to the ERP System implementation and were closed. The open recommendations are as follows:

o   Implement electronic approval procedures to eliminate the use of redundant data entry in the leave process, hiring process, termination process and/or employee record changes.

o   Implement an electronic termination procedure that streamlines the process and informs all necessary parties.

o   Implement a checklist or other control to ensure that all City equipment or assets are returned as part of the termination process.

o   Implement procedures to ensure that all City employees and all constitutional employees who are paid through the City's payroll system are issued an ID badge whose image is filed centrally within Human Resources.

o   Periodically compare the electronic payroll files against the ID badge files to ensure that all City employees have been issued ID badges and that all badges issued to terminated employees have been collected and deactivated.

o   Develop formal policies and procedures for monitoring compliance with the Federal Labor Standards Act for all City and constitutional agencies.

o   Hold constitutional agencies paid by the City's payroll to the same standards as all other City departments.

o   Develop guidelines for a periodic review and update of payroll policies and procedures.

o   Establish formal policies and procedures as well as "desktop procedures" for all payroll control activities, including review of audit logs, processing controls, etc.

o   Develop appropriate policies and procedures that will ensure compliance with IRS guidelines and accurate social security records.

o   Evaluate the feasibility of mandating all City employees to use direct deposit or the direct pay card service.

- o Assign review of payroll audit logs to someone who does not have super-user responsibilities.

MUNIS Project Management Review: 2010-09

The auditor followed up on five recommendations and all of them remain open. The open recommendations address implementing policies and procedures, finalizing and testing BCP and developing tools and measures to manage the Division.

ICVerify Audit: 2011-13

The auditor followed up on two recommendations. Management implemented one recommendation and the other remains open. DIT finalized the backup policy as recommended. However, DIT is not backing up the IC Verify server on a daily basis.

Department of Procurement Services:

Vendor File Audit: 2004-02

One recommendation originating from a 2004 audit remains open. Procurement Services has not developed policies and procedures to address vendors who have defaulted. According to Procurement Services staff, policies and procedures regarding this matter are included in the Department's policy and procedures manual, which is currently being updated.

Department of Public Works:

Fleet Management Services Audit: 2007-10

The Auditor followed up on 20 recommendations. Out of the 20 recommendations, 13 remain open. Two of the 13 open recommendations are related to the ERP implementation.

The breakdown of some of the open recommendations is as follows:
- o Consider interfacing other systems referred to in the report to MCMS. This recommendation cannot be implemented until the ERP system has been implemented.
- o Follow up on deliverables and services included in the annual maintenance agreements, such as system activities; and ensure the system properly works after system upgrades. The auditors did not find any evidence to verify proper achievement of the milestones.

o Work with Finance to review options for the most logical way to accumulate and track the City's fixed assets in the Fixed Asset module. Fleet indicated that this recommendation is tied to whether the incipient ERP can interface with M5.

o An analysis needs to be performed on the City's fleet to identify actual need, ideal specifications and identify instances where vehicle specifications exceed the actual need. Fleet management indicated that no analysis has been conducted yet. Fleet is requesting funds in the upcoming budget for a utilization study on the City's fleet operation.

o Periodically review underutilized vehicles and submit the results to the Chief Administrative Officer. A vehicle usage list is being generated to identify the underutilized vehicles, but the report shows some negative mileage. The data needs further validation prior to distribution to the CAO's Office for review.

o Reduce Fleet Services' budget by expected maintenance cost savings. The audit recommendation called for a budget reduction of $900,000 for savings from a fleet reduction; however, subsequent budgets didn't show any reduction. This means that the savings resulted from the repairs and maintenance costs saved from the disposal of 500 vehicles during the previous Administration has not resulted in any benefit for the City.

o Use a comparison between actual time and established standards to evaluate mechanics. Fleet has purchased vehicle maintenance standards guides and is starting to enter the standards information into the M5 database. It is anticipated that this will be completed within the next year.

o Require Fleet Services to submit monthly performance reports to DPW management. Auditors found no evidence of reporting pertaining to the ongoing efficiency of the fleet vehicles, such as maintenance costs per mile, inventory parts turn, parts demand fill rate etc.

o Any future outsourcing contract must include performance measures and an incentive to obtain best part prices. Fleet took the initiative to piggyback onto a contract between the City of Chesapeake and Tidewater. The incentive piece in this recommendation has an implied element of monitoring to ensure that prices remain low. According to management, Fleet will start getting monthly reports to independently check parts costs on a periodic basis.

o Outsource Fleet Services operations after conducting a thorough research and inviting all major companies providing Fleet Management Services to local governments. This process is underway.

Urban Forestry Division: 2010-07

The auditor followed up on 11 recommendations. Out of the 11 recommendations, management implemented nine recommendations and two remain open.

The outstanding recommendations address developing a management plan to protect the City's urban forest and conducting a study to consider whether the urban forestry operation should be outsourced.

Roadway Maintenance: 2012-04

The Auditor followed up on one recommendation, which was implemented. The recommendation was to request adequate funding to address the preventive maintenance, rehabilitation and reconstruction backlog during the budget process. The City Administration allocated only $5.5 million for this purpose, whereas the Department identified a need for approximately $11 million for the next five years.

Facilities Management: 2011-08

The auditor followed up on five recommendations. All five of these recommendations remain open. The open recommendations are:

o Establishing performance measures to gauge employee performance and productivity;
o Updating policies and procedures to reflect current practices;
o Providing training to staff on revised policies and procedures;
o Implementing controls over vendor payments; and
o Ensuring a vendor pays the City $4,278 due to overpayments.

According to the Department of Public Works management there is a plan to hire a facilities management consultant to study and evaluate services provided and develop a comprehensive Facilities Management Operations Plan to establish optimal operating efficiency.

Department of Information Technology:

Network Vulnerability Assessment: 2010-12

The auditor followed up on 22 recommendations. Out of the 22 recommendations, management implemented 17 recommendations and five remain open.

Department of Community Development:

Permits and Inspections: 2010-03

Auditors followed up on eight recommendations and all of them remain open. Management will implement the open recommendations once the new permit and inspections system is implemented. The open recommendations are as follows:

- o Develop measures of efficiency and effectiveness in order to provide valuable information on the progress toward achieving the program's mission
- o Modify the process to account separately for permits with status changes (active to pending to active) to prevent them from being counted multiple times. This is deferred until the implementation of the Land Management System.
- o Define the performance measure activities that qualify as "inspection."
- o Report the "Number of Inspections Conducted" performance measure using the new definition of "inspection". This is deferred until the implementation of the Land Management System.
- o Report the "non-inspection" activities separately. This is deferred until the implementation of the Land Management System.
- o In the new system, provide for the electronic submission, tracking, retrieval, and storage of permit applications, related documentation, and construction plans. This is deferred until the implementation of the Land Management System.
- o Obtain relevant, accurate data and monitor productivity and efficiency of activities for all employees using appropriate performance standards and/or benchmarks. This is deferred until the implementation of the Land Management System.

o   With the replacement of the current permit and inspections processing system, consider including a cashiering system. This is deferred until the implementation of the Land Management System.

Code Enforcement: 2010-08

Auditors followed up on nine recommendations. Three recommendations were implemented and six remain open. The open recommendations are as follows:

o   Report only the actual number of code violations to the CAO. This is deferred until the implementation of the Land Management System.

o   Adopt measures of effectiveness to include the measures recommended by Richmond Works

o   Maintain source documentation to support management reports provided to the City Administration. This is deferred until the implementation of the Land Management System.

o   Increase inspection effectiveness by enhancing current proactive inspection procedures.

o   Utilize available technology to enhance the ability to identify code violations, monitor inspection zones, and provide greater proactive enforcement.

o   Implement a pilot rental inspection program. Expand this program if the results from the pilot program are positive.

Citywide

Grounds Maintenance Limited Review: 2009-06

Auditors followed up on eight recommendations. Five recommendations were closed and three remain open. The open recommendations address grounds maintenance inefficiencies, establishing performance measures, and implementing a work order system.

Consolidation of A/P and Procurement – RPS and City: 2009-07

The City Auditor's Office was asked to evaluate the feasibility of consolidating the Richmond Public Schools' and the City's accounts payable and procurement functions. Auditors recommended that management establish a task force to begin resolving the challenges to consolidation, including:

o   Differences in procurement policies

- o Differences in technology standards
- o Cultural issues
- o Standardization of processes

Discussions regarding consolidation have been halted pending implementation of the ERP. As per the Schools Chief Operating Officer, RPS will be part of ERP and the conversion will occur by July 1, 2013.

Citywide Grants Process: 2010-05

The auditor followed up on 10 recommendations. Six recommendations were closed and four remain open. The open recommendations are as follows:
- o Implement a centralized Grants Office by consolidating the Grants Office and the Special Revenue Unit under one reporting structure.
- o Work with DIT to expediently implement Share Point and InfoBuilders.
- o Develop a process for holding departments and agencies accountable for non-compliance .with policies and grant conditions.
- o Develop an indirect cost recovery where allowable and maintain documentation as to how the rate was derived.

Citywide Towing Contract: 2011-04

Auditors followed up on four recommendations and all of them remain open. One of the open recommendations addresses developing a City internet website to enable citizens and visitors to find and recover their towed vehicles with greater ease and promoting a more efficient and effective use of RPD personnel. A meeting with DEC, DIT, and RPD's IT was conducted in December 2011 to discuss the development of this website. It was determined that a second meeting needed to be convened to determine if an automated reconciliation and identification system could be established in a cost effective manner. The remaining recommendations address:
- o Training the contract administrator to ensure contract compliance. The City is currently working with the Towing Board to determine qualifications for the towing contract and to have an internal Towing Contract Administrator properly trained.
- o RPD is currently working on the process for proper reconciliation of the public towing tickets written by RPD that are coded "424".

     o Developing an automated reconciliation between the vendor's records and Revenue Administration's records.

According to the Police Department, the City of Richmond will build a Tow Lot in 2013 and will handle all tows for the City.

Computer Purchases and Maintenance: 2011-14

Auditors followed up on three open recommendations and all of them remain open. The open recommendations are as follows:

- o Require Procurement Services to conduct and document periodic compliance reviews of the computer purchase process.
- o Develop formal policies and procedures to:
  - o monitor and approve lease payments for computers; and
  - o outline lease vs. buy IT equipment purchasing decisions
- o Require Procurement and DIT to develop contract administration procedures to:
  - o monitor prices to ensure that RSS contract prices remain competitive pursuant to Procurement Policy No. 44 (Revision 1) §44-6.5, and document the monitoring results.
  - o develop a checklist that identifies all contract deliverables and responsibilities (e.g., quarterly sales reports from vendors and City approval of price increases) to gain assurance of compliance and proper performance.

Department of Social Services:

Harmony: 2011-03

Auditors followed up on 11 recommendations. Six of the 11 recommendations were closed and five remain open. One of the open recommendations is to upgrade the Harmony system. DSS is using an outdated version of Harmony, which requires some manual work. The manual work introduces the potential of human errors, and increases the risk that application functionality will not execute in accordance with management's expectations. Management is currently in the process of upgrading the Harmony system. Also, the other four open recommendations are as follows:

- Users having all three levels of purchase order approval rights (Case Worker, Supervisor and Finance)
- SQL database version is SQL 2000 and passwords cannot be configured on this version of the database
- Create a formal process of recording all successful and unsuccessful backups to document the validity and reliability of the backup process.
- Automate the import and processing of the void transactions originating from Advantage.

CSA Foster Care: 2011-11

Auditors followed up on 23 recommendations. 15 of the 23 recommendations were closed and eight remain open. The open recommendations are as follows:

- Conduct functionality testing to assess the feasibility of performing the below tasks in Harmony. Based upon testing results, proceed accordingly:

    a. Recording child welfare expenditures and receipts in Harmony

    b. Tracking vendor refunds, duplicate and overpayments

    c. Keying vendor invoice numbers

- Follow up with identified vendors to recoup duplicate payments and overpayments.
- Process prior period adjustments for identified vendor refunds and voided checks for CSA and Title IV-E.
- Contact Social Security Administration (SSA) and determine how best to resolve the SSI overpayments and proceed accordingly.
- Incorporate language regarding prorated payments for placement changes in the foster home placement agreement.
- Research and resolve the outstanding checks from the old bank account. Submit outstanding vendor payments to the State as unclaimed property.
- Develop and implement policies and procedures regarding the use of generic social security numbers. The procedures should address when generic numbers should be used and establish a timeframe for updating Harmony with the valid social security numbers.
- Continue with efforts to move to electronic records.

Department of Parks, Recreation and Community Facilities:

Facilities and Maintenance: 2011-07

Auditors followed up on 23 recommendations. Eight of the 23 recommendations were closed and 15 remain open. The open recommendations are as follows:

- o Require detailed documentation of labor hours incurred by each employee and reconcile it to total labor hours paid for by the department
- o Establish a detailed plan for preventive/routine maintenance tasks to be accomplished by each crew/employee
- o Require documentation of costs incurred in accomplishing each task/work order such as labor, materials and supplies cost
- o Implement a standardized daily timesheet for all employees that supports all work hours for employees, including hours spent on administrative time, leave, assigned tasks, travel and other activities
- o Develop a long-term strategic plan that addresses the individual replacement needs of infrastructure and amenities at the various park locations
- o Periodically analyze spending trends of common supplies used by employees to complete their maintenance activities. Use this information to manage supplies costs
- o Analyze the cost effectiveness of winter projects
- o Utilize the work order system currently used by Facilities Management
- o Create a policy that requires all invoices to include the name of the employee that requested/picked up the item and the work order number/project related to the purchase
- o Require Division managers to verify appropriateness of each purchase
- o Implement and conduct periodic safety training for all staff. Maintain a training log to keep track of those employees who have attended the training and those who still need to attend
- o Perform periodic reviews of all applicable employees' personnel files to ensure that their licenses and certifications are kept current
- o Prohibit the employee who has an expired CDL to work on tasks that require a CDL. Require him to obtain a current CDL within an established timeframe
- o Place signs or notices in park amenities that are inactive to ensure this is communicated to citizens

- Develop a vision of ideal appearance of parks facilities and establish procedures to accomplish the vision

Capital Improvement Projects: 2011-12

Auditors followed up on two recommendations and both remain open. The open recommendations are as follows:

- Create a list of all major assets and perform formal, periodic risk assessments to help determine what CIP are necessary
- Establish and implement a formal documentation process to accurately record periodic inspections of CIP

Richmond Fire Department:

Records Management System: 2011- 05

Auditors followed up on 24 recommendations. Eight of the 24 recommendations were closed, one was declined and 15 remain open. The open recommendations are as follows:

- Hold the Fire Department and DIT Management accountable to complete the implementation of the remaining FRMS modules and interfaces by the deadline
- Ensure that the program is properly staffed in order to complete the project within a reasonable time period
- Develop performance measures to demonstrate how the efficient and effective use of the FRMS helps the Fire Department achieve its business goals
- Conduct testing and document the results of testing to examine the effectiveness of the COOP
- Provide all staff with regular COOP training sessions regarding the procedures and their roles and responsibilities in case of an incident or disaster. Verify and enhance training according to the test results
- Backup the FRMS data and servers on a daily basis
- Create a formal process of recording all successful and unsuccessful backups to document the validity of the backup process
- Work with the vendor to activate the password settings on FRMS

- Establish a formal written security policy outlining the approval requirements for granting, modifying and removing access to FRMS. This policy should promote the principle of least privilege whereby access to information and system resources is assigned

- Develop policies and procedures requiring the use of logical access authentication controls through the assignment of unique user IDs and strong passwords for all FRMS application users

- Develop policies and procedures for managing changes including minor application changes, major application changes and software releases. This should include procedures for testing and receiving proper authorization and are supported by a change request

- Periodically review the user access to FRMS and the database

- Document the review results and their resolution

- Document the data interfaces with the outbound (i.e. submitting) and inbound (i.e. receiving) systems

- Implement change management procedures to ensure that all application changes and upgrades are approved, tested and documented prior to implementation

Richmond Public Schools

General Operational Audit: 2007-06

Auditors followed up on 11 open recommendations and all of them remain open. The recommendations for this audit covered many areas within the Division as follows:

Information Technology:

Instructional Technology Resource Teachers:

At the time of the audit, RPS had one teacher for every 1,245 students. However, the Department of Education requires one teacher for every 1,000 students. The additional positions required approximately $336,000 annually. As per the School management, due to current budget constraints, limited financial resources will not allow the hiring of additional resource teachers at this time.

Interfacing FAMIS with CIMS:

The FAMIS (maintenance) system does not interface with CIMS (financial). Currently, School's DIT is working with the City on the ERP project. According to management, this recommendation will be addressed once the ERP project is implemented.

Plant Services:

At the time of the audit, RPS did not have a formal preventive maintenance program. Their work was done monthly on a reactive basis, which is more costly and disruptive to daily workflow since repairs were often done in response to emergencies. Also, RPS had not established any means by which the users can rate the service provided by the Maintenance Division.

Furthermore, RPS has not adopted the process of using their work order response times to evaluate each unit's performance. Auditors noticed that the work orders had inconsistent completion and cost information. This posed a problem for management when using this data to determine employee productivity and the unit costs expended to complete work orders. As per management, a work order system is in the implementation stage and is expected to be completed in December, 2012.

Security Office:

In a survey sent to 95 teachers, 43% did not feel that the security in the school provided a safe learning environment. Several weaknesses were identified which ranged from:

- o Using a manual system to track phone calls;
- o Some volunteers did not have background checks;
- o Outdated crisis management plan;
- o Training for security staff was optional and only 400 pre-K to 5th graders received training on school bus safety.

Auditors did not receive responses from RPS and could not conclude whether the recommendation has been implemented.

Accounts Payable/Procurement Audit: 2008-05

Auditors followed up on 12 recommendations. 10 of the recommendations remain open. Management declined to implement one recommendation and one recommendation was closed. Most of the recommendations that remain open are related to internal controls, establishing commodity codes, policies and procedures, implementing eVA, and negotiating payment terms.

Fleet Review: 2009-04

Auditors followed up on one recommendation, which remains open. The recommendation addresses the lack of formal procedures for contract monitoring and administration.

Information Technology Audit: 2009-05

Auditors followed up on 31 open recommendations. Nine of the 31 recommendations were closed and 22 remain open. A summary of the open recommendations is as follows:

- Test the Disaster Recovery and Business Continuity plans on a regular basis.
- Provide all staff with regular continuity planning training sessions regarding the procedures and their roles and responsibilities in case of an incident or disaster. Modify the training as necessary based on the test results.
- Require the Change Advisory Board or similar group to review and approve all change requests and related metrics based on established change management policies, standards, processes and procedures.
- Educate users and IT professionals about processes and procedures related to requesting and implementing system changes.
- Create network security policies and procedures based on a risk analysis, best practices, and management's revised mission and vision. The new policies and procedures must include version control, training and a communication plan.
- Update policies and procedures addressing overall IT control environment security concerns.
- Create AS/400 systems operations and applications policies and procedures based on industry best practices. To ensure adherence to the new policies, a communication and training plan must be implemented.

- Create policies and procedures for the DB2 databases security and operational settings of the AS/400.
- Establish a system security baseline for the AS/400
- Require the system control values of the AS/400 to comply with industry (IBM and ISACA) benchmark settings.
- If essential application software requirements prevent benchmark settings from being used, establish compensating controls.
- Create a formal process of recording all successful and unsuccessful backups to document the validity and reliability of the backup process.
- Implement a comprehensive and effective System Development Life Cycle methodology that clearly defines the roles and expectations of the IT staff responsible for implementing, changing, testing and maintaining systems and applications.
- Create formal policies and procedures to secure the wireless access points to ensure that all of the security settings are adhered to.
- Create organization-wide Windows Active Directory policies and procedures based on industry best practices. Include revision and review dates in the updated policies and procedures.
- Implement recommendations from PlanIT Technology Group Inc.
- Use performance measures to evaluate vendor and consultant services.
- Centralize RPS wide acquisition, installation, and upgrades of software. (RPS DIT is in the best position to accomplish the centralization of software management)
- Finish populating the centralized library for all software and licenses documentation into the SLAM (Software License Asset Management) system so that RPS can readily and accurately determine the software licenses that they have purchased.
- Once the SLAM database is fully populated and the LANDesk Asset Manager Module is being fully utilized, conduct a software license audit.
- Resolve the hardware asset inventory issues from February 2008 so that RPS can create an accurate baseline of their computer assets.
- RPS DIT must develop a formal documented plan to implement VoIP technology for other school district locations.

Sheriff's Office:

Medical Services: 2010-13

Auditors followed up on two recommendations. One recommendation remains open. The open recommendation is for enhancing procedures to ensure compliance with the Records Retention Act.