

City of
Gainesville

Inter-Office Communication

August 29, 2013

TO: Audit, Finance and Legislative Committee
Mayor Ed Braddy, Chair
Mayor-Commissioner Pro Temp Randy Wells, Member

FROM: Brent Godshalk, City Auditor

SUBJECT: Review of Combined Communications Center Expenses

Recommendation

The Audit, Finance and Legislative Committee recommend that the City Commission accept the City Auditor's report and the written response to our report from Sheriff Sadie Darnell.

Explanation

In accordance with our Annual Audit Plan, the City Auditor's Office completed a Review of Combined Communications Center (CCC) Expenses. The primary objective of this audit was to provide the City Commission with reasonable assurance the City's share of expenditures is calculated in accordance with the terms of the ongoing CCC interlocal agreement between the City of Gainesville, Alachua County and the Alachua County Sheriff. Our procedures included reviewing the interlocal agreement for the CCC, reviewing relevant documents and data, interviewing General Government, Alachua County and Alachua County Sheriff staff members knowledgeable of or responsible for administering the interlocal agreement and drawing conclusions from the information reviewed.

The attached report provides a detailed background regarding the administration of the interlocal agreement for the CCC, an analysis of historical CCC expenses, a summary of our review process and our overall audit conclusions. Based on the results of our review, we believe that the City's share of expenditures for Fiscal Year 2011 was calculated in accordance with the terms of the ongoing CCC interlocal agreement. We have provided two issues for the City, County and the Sheriff to consider for the next interlocal agreement, which we believe will help to provide greater transparency in the annual budget process and clarify the City of Gainesville's ability to access CCC financial and operational records.

City of
Gainesville

Office of the City Auditor

May 23, 2013

Sheriff Sadie Darnell
Alachua County Sheriff's Office
2621 Southeast Hawthorne Road
Gainesville, FL 32641

Dear Sheriff Darnell,

I would like to thank you and your staff for the courtesy and cooperation extended to us during our Review of Combined Communications Center (CCC) Expenses, which was a part of our City Commission approved Annual Audit Plan.

The primary objective of this audit was to provide the City Commission with reasonable assurance the City's share of expenditures is calculated in accordance with the terms of the ongoing CCC interlocal agreement between the City of Gainesville, Alachua County and the Alachua County Sheriff. Our procedures included reviewing the interlocal agreement for the CCC, reviewing relevant documents and data, interviewing General Government, Alachua County and Alachua County Sheriff staff members knowledgeable of or responsible for administering the interlocal agreement and drawing conclusions from the information reviewed.

The attached report provides a detailed background regarding the administration of the interlocal agreement for the CCC, an analysis of historical CCC expenses, a summary of our review process and our overall audit conclusions. Based on the results of our review, we believe that the City's share of expenditures for Fiscal Year 2011 was calculated in accordance with the terms of the ongoing CCC interlocal agreement. We have provided two issues for the City, County and the Sheriff to consider for the next interlocal agreement, which we believe will help to provide greater transparency in the annual budget process and clarify the City of Gainesville's ability to access CCC financial and operational records.

Our report will need to be presented to the City Commission's Audit, Finance and Legislative Committee and subsequently transmitted to the City Commission for acceptance. I will work with your staff to coordinate an acceptable date and time for that meeting, should you wish to attend.

Please let me know if you have any comments or questions and thanks again for working with us on this review.

Sincerely,

Brent Godshalk
City Auditor

OBJECTIVES, SCOPE AND METHODOLOGY

In accordance with our Annual Audit Plan, the City Auditor's Office completed a Review of Combined Communications Center (CCC) Expenses. The primary objective of this audit was to provide the City Commission with reasonable assurance the City's share of expenditures is calculated in accordance with the terms of the ongoing CCC interlocal agreement between the City of Gainesville, Alachua County and the Alachua County Sheriff. Our procedures included reviewing the interlocal agreement for the CCC, reviewing relevant documents and data, interviewing General Government, Alachua County and Alachua County Sheriff staff members knowledgeable of or responsible for administering the interlocal agreement and drawing conclusions from the information reviewed. The scope of our review was generally for Fiscal Year 2011 calls for service and financial transactions.

As for all of our audits, we conducted this performance audit in accordance with generally accepted government auditing standards. Those 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.

Based on the results of our review, we believe that the City's share of expenditures for Fiscal Year 2011 was calculated in accordance with the terms of the ongoing CCC interlocal agreement. Based on our review procedures, we have provided two considerations for the City, County and the Sheriff to consider for the next interlocal agreement, which we believe will help to provide greater transparency in the annual budget process and clarify the City of Gainesville's ability to access CCC financial and operational records.

BACKGROUND INFORMATION

Prior to Fiscal Year 2000, the City funded and operated an independent emergency communications center. In November 1999, the City of Gainesville, Alachua County and the Alachua County Sheriff entered into an interlocal agreement for a Combined Communications Center. The interlocal agreement establishing the CCC included the following organization objectives:

- Promoting the health, safety and general welfare of the citizens throughout Alachua County.
- Improving efficiency and technical capabilities of emergency call taking, law enforcement, fire and emergency medical services dispatch and communications at a reasonable cost to the general public.
- Effectively receiving calls for emergency assistance.
- Efficiently coordinating response resources to emergencies.
- Efficiently and effectively coordinating public safety/emergency services radio communications.

The CCC was designed and sized to provide all participating emergency agencies with a single point for the receipt of emergency assistance requests and to eliminate duplicate facilities and systems while improving the delivery of emergency services.

The interlocal agreement has had three amendments since it was initially signed. The 2003, 2009 and 2011 interlocal agreement amendments generally enhanced the apportionment of costs and debt service sections. The apportionment of cost section specifically modified the language for calculating monthly invoices, due dates and defining small users.

Executive and Administrative Boards

The interlocal agreement includes the establishment of two boards. The Executive Board, which consists of the Sheriff, the Mayor of the City of Gainesville and a designated member of the Alachua County Board of County Commissioners, is responsible for strategic long-term policy recommendations on planning and funding issues affecting the CCC, for dispute resolution, and as liaison to the City and County Commissions on planning and funding issues. The Administrative Board, which consists of the City Manager, the County Manager and the Sheriff's designee, is responsible for recommending amendments to operational policies and implementation/work plan items to the Sheriff, for making recommendations to the Executive Board on planning and funding issues affecting the CCC as well as matters pertaining to the delivery of services and standards of performance, and on dispute resolution procedures.

Agencies Served by the Combined Communications Center

The CCC provides call servicing for Gainesville Fire Rescue, the Gainesville Police Department, the Alachua County Sheriff's Office, Alachua County Fire Rescue, the City of Waldo, the City of High Springs and the University of Florida Police Department. Waldo and High Springs reimburse the CCC using a formula established in the CCC interlocal agreement for small users, defined as a municipality with a population of less than 6,000. The University of Florida does not reimburse the CCC for expenses.

Duties of the Combined Communications Center

The CCC is primarily responsible for receiving and processing all calls for public safety assistance or information. Operators answer all calls received through the emergency 911 and administrative lines. The calls are assessed to determine the level of service required. The operators use a variety of tools to determine the most effective level of assistance required to properly respond to the call. The calls are then entered into a Computer Aided Dispatch System and sent to radio operators who dispatch the law enforcement or fire personnel needed.

Annual Budget Process and Cost Components

The annual budget for the CCC is prepared by the Sheriff and presented to the County Commission, with a copy to be sent to the City Commission. If any corrections or adjustments are made to the Sheriff's requested budget, the County is to provide the City with a copy of the revised budget approved. If the Sheriff's requested CCC budget reflects an increase of more than 3% or the annual Consumer Price Index change, whichever is higher, the budget must receive approval from the City Commission, as well.

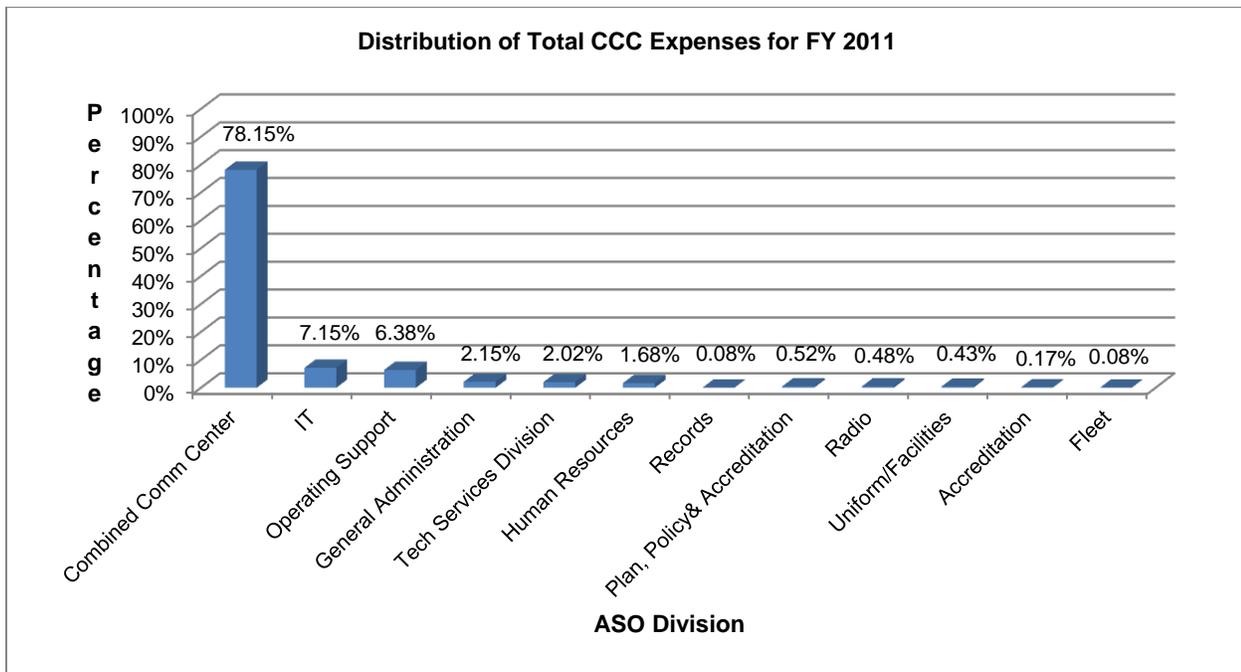
Components that make up the total CCC expenses during the year include:

- Personal services expenses of CCC staff, as well as support staff from Human Resources, Operations, General Administration, Technical Services, Information Technology, Records and Planning, Policy and Accreditation.
- Radio Maintenance Unit - Responsible for the operational readiness of communications devices that include mobile and portable two-way radios, repeaters, base stations, dispatch consoles, and other specialized systems. The Radio Maintenance Unit is responsible for the repair and maintenance of equipment that utilizes VHF, UHF and 800 megahertz frequency bands to communicate with first responders in the field and to provide mutual aid communications with adjoining jurisdictions.
- Mobile Communications Vehicle (MCV) – This specialized vehicle, which is part of the Fleet component of the CCC, may be deployed to provide communications and command support during major incidents, sporting events, special teams operations or mutual aid request. The MCV is activated at least annually for Gatornationals races.

- Accreditation - In 2002, the CCC became one of the first Public Safety Communications Centers in Florida to achieve accredited status, which signifies professionalism, excellence and competence. In 2008, the CCC was awarded by the Commission on Accreditation for Law Enforcement Agencies their prestigious flagship designation, distinguishing it as the best of the best. The accreditation process provides several management benefits including better trained public safety personnel, which limits an agency's liability and risk exposure, as well as promoting greater accountability and excellence.

Chart A illustrates the distribution of total CCC expenses by Alachua County Sheriff's Office (ASO) division for Fiscal Year 2011.

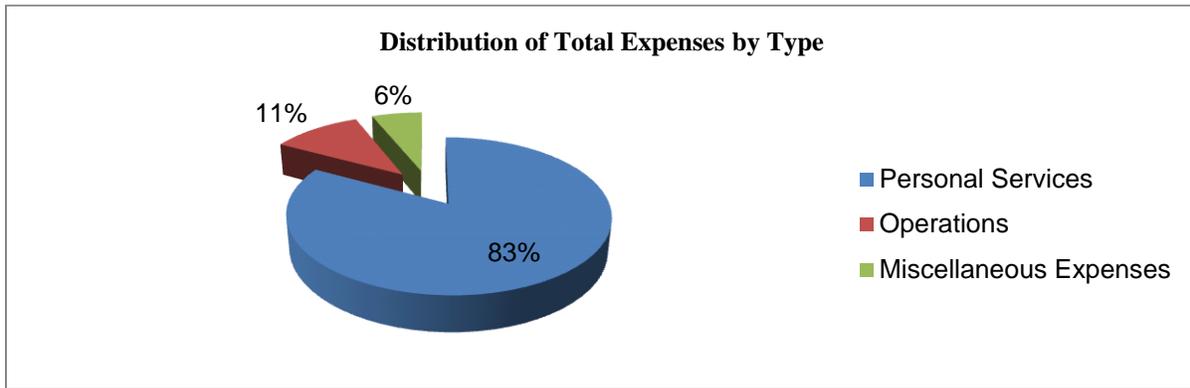
Chart A



In FY 2011, approximately 78% of the total expenses were directly related to the CCC bureau. The remaining 22% of expenses incurred were for additional positions and services that provide direct support to the CCC. Expenses also include typical miscellaneous maintenance expenses the County assigns to the CCC, such as janitorial services, which are additional expenses not included in the budget submitted by the ASO to Alachua County.

For categories of expenses, personal services (salaries and benefits) comprise the most significant portion of total CCC expenses. Chart B illustrates the distribution of expenses by type. Personal services account for approximately 83% of total expenses, with operational expenses comprising 11% of the total and miscellaneous expenses such as janitorial comprising 6%.

Chart B



Analysis of Personal Services Costs

Eighty-seven percent of personal services costs, consisting of 98 full time equivalent (FTE) positions are assigned directly to the CCC Division. The positions include operators, dispatchers, shift supervisors, commanders and bureau chiefs. The remaining 13% of personal services costs comes from personnel working within other ASO divisions performing duties specific to the operations of the CCC. For instance, staff assigned to ASO’s Records Division work on CCC record keeping materials and do not perform other record keeping duties within ASO. Other FTE positions are assigned based on the volume of activity for those bureaus performing functions related to CCC. Specific positions may be added or deleted, or assigned to other divisions, each year. However these are based on resources used by CCC. In 2012, an additional Human Resource position was added to CCC because of the continued resources needed to advertise, test, select and train CCC applicants necessary due to typically higher turnover rates for emergency operators. The FTE equivalents for bureaus outside CCC are represented in the table below.

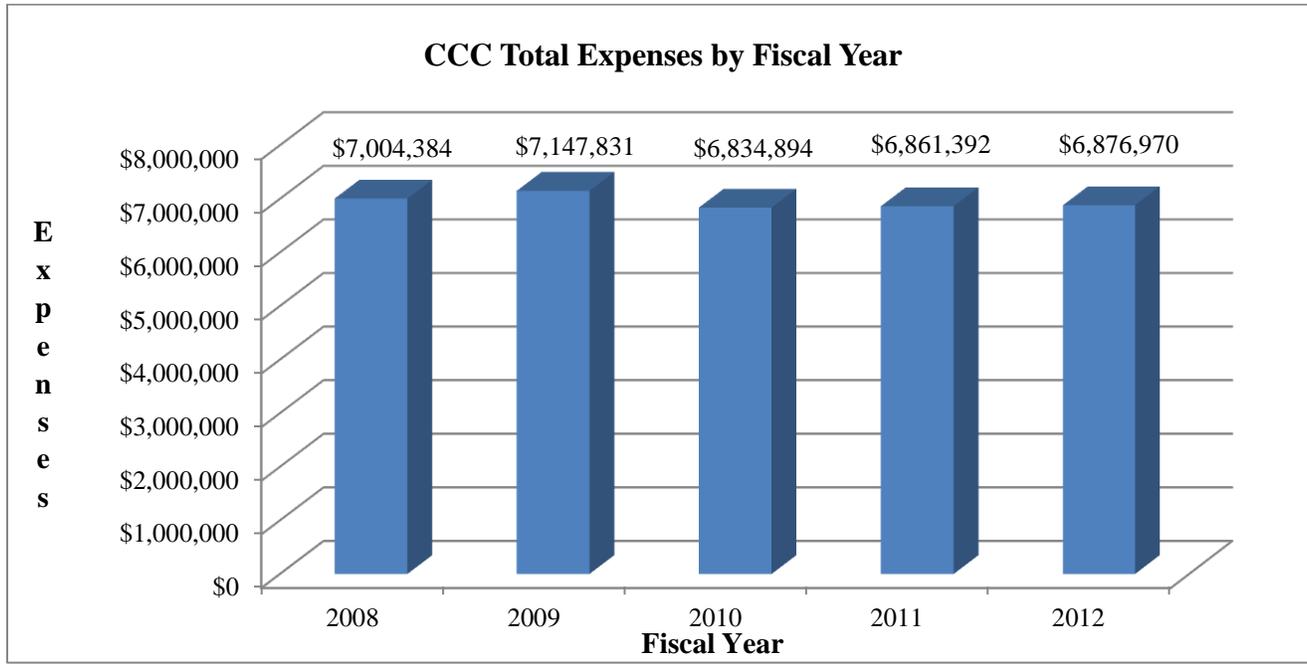
Bureau	FY 11 FTE’s	FY 12 FTE’s
Accreditation	1.0	1.0
Human Resources	1.0	2.0
Records	1.5	1.5
Technical Services	1.0	1.0
Operating Support	7.0	7.0
Tech Support Bureau	0.50	0.50
Radio	0.50	0.50
Information Technology	1.50	1.50
Total	14.0	15.0

Although ASO does not have a formalized process in place to specifically measure total hours spent by staff in areas outside the CCC divisions, management prepares the annual CCC budget using the best knowledge available regarding the functions and duties performed by staff outside of the CCC. ASO has also been proactive in controlling personal service that would increase total expenses. Overtime is a significant expense in most Communications Centers because of 12 hours shifts, which traditionally results in mandatory overtime each bi-weekly pay period. However, ASO uses a methodology in which the 12 hour shift is allocated into the second week which reduces overtime paid. Additionally, the use of fill-in operator or dispatcher pay is based on the minimum hourly rate for the position, which further helps to control personal services costs. When the City operated its own Communications Center, mandatory overtime was paid bi-weekly for operators and dispatchers. Also, fill-in staff often included higher compensated employees who would receive compensation, including overtime pay, based on the employee’s higher hourly rate.

CCC Historical Cost Trends

Chart C below illustrates total CCC expenses over the past five fiscal years, showing that total CCC costs have actually decreased slightly, remaining relatively flat.

Chart C



Apportionment of Total CCC Expenses to the City

Annual operating costs of the CCC are apportioned among the users based on the number of calls for service assigned to each agency. Each month the ASO provides the City with a monthly report of “calls for service” broken out by the City and County based on the current percentage of calls and the current year’s budget. The City is also invoiced by the County monthly based on the annual operating budget and the City’s percentage of calls. At the end of each fiscal year, ASO provides a final accounting of the CCC actual expenditures and the total calls for service by user agency to the County’s Office of Management and Budget (OMB), who then calculates the final amount due from/to the City for the prior year based on the information received. The final invoice is then submitted or reimbursement is forwarded to the City for any amount overpaid based on the calculation furnished by the County’s OMB.

The City’s cost allocation is based on two components. The first is total costs allocated through the CCC. The second is the number of calls for City services as a percentage of total CCC calls received. The interlocal agreement indicates the CCC Standard Operating Procedures (SOP) Manual includes a definition of calls for service to be utilized as the basis for apportionment of costs. The CCC has identified all billable and non-billable incident calls. When calls are received by the CCC, the calls are coded based on the type of call it is. The incident type codes are maintained at CCC and are part of the SOP used each time a call is received. Examples of calls for service which are identified as billable calls include:

- Armed suspect
- Burglary
- Traffic problems
- Hazmat incident

The CCC also receives calls that are not included as billable “calls for service”. Generally these are informational calls and not related to an emergency call received. Examples of non-billable “calls for service” include:

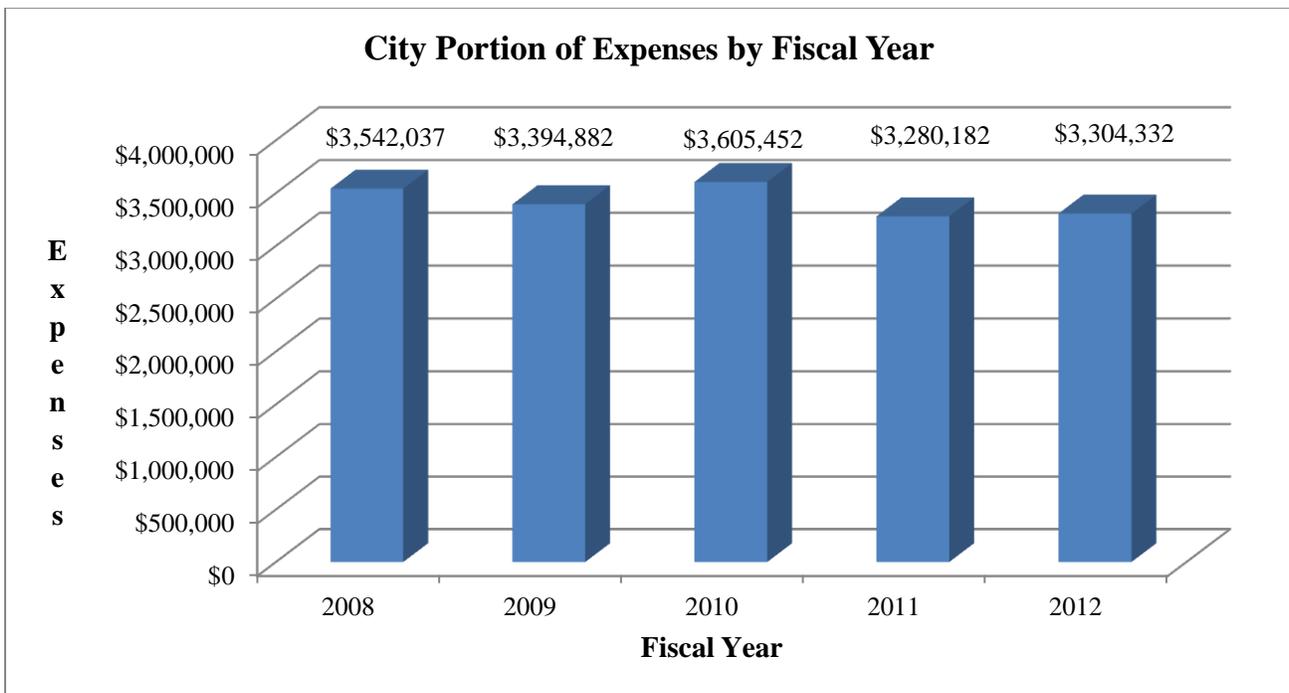
- Transporting Prisoner
- Drivers license check
- Paperwork
- Meal Break
- Personal Break
- Shift Change

Each month the City receives the total billable “calls for service” made the previous month, but it is not broken down by incident type. The invoice is received and approved by the Budget and Finance Department. While GPD and GFR do not receive a detailed invoice indicating how each call was distributed, the incident type/signal list code data is available to IT analysts in GFR and GPD to download and distribute to management. At the time of our review, this analysis was being completed within GFR but not within GPD.

All billable incident type coded calls are included when calculating the portion of expenses each agency is responsible for paying. In Fiscal Year 2010, the City accounted for 50.77% of total calls processed through the CCC, requiring reimbursement of 50.77% of total CCC expenses. In Fiscal Year 2011, the City portion of billable calls decreased to 47.81% and in Fiscal Year 2012, the City’s portion of total billable calls was 46.18%. The proportion of CCC expenses paid by the City is based only on the proportionate number of calls for service made within the City, which varies annually depending on the total activity or incident calls made during the year.

Chart D below represents the City of Gainesville’s portion of CCC expenses over the past five fiscal years, again indicating a drop in total costs to the City, attributable to decreased percentage of calls processed and decreased overall CCC costs during the time frame.

Chart D



AUDIT RESULTS

The past several years have been financially challenging for local governments and agencies including the City of Gainesville, Alachua County and the Alachua County Sheriff's Office (ASO). As part of this challenge, City departmental managers have aggressively reviewed expenses within their departments for additional cost savings. Early in our review, we requested from City management any concerns they might have concerning the interlocal agreement specific to the allocation of costs to the City. As a result, we interviewed several members of City staff familiar with the current CCC interlocal agreement or the operations of the City's previous communications center. Staff expressed concerns related to ASO's method of allocating costs related to personal services, vehicles and radio equipment, as well as a perceived lack of transparency in providing information regarding call load data.

We then met with management staff from Alachua County and ASO, explaining the purposes of our audit and the specific areas we needed to review to provide reasonable assurance that CCC expenses were properly accumulated and allocated, based on the criteria set forth in the interlocal agreement.

Review of Financial Records

Operating Costs

Early in our review, we obtained information regarding previous years' budgets, invoices and reports for the CCC from Alachua County's Office of Management and Budget. We then discussed with ASO management specific areas, such as payroll and disbursement records, which we desired access to in order to conduct detailed audit testing. The Sheriff indicated that she felt our request was outside the scope of the interlocal agreement and preferred that an outside auditor, independent from the City, the County and the Sheriff, be utilized to conduct any review deemed necessary by the CCC oversight boards. In trying to find a workable solution, we ultimately came to an agreement that the City Auditor's Office would review the work of ASO's external auditors, Carr, Riggs and Ingram (CRI), who had just completed their annual financial statement audit, rather than utilizing additional resources to access and review new audit test samples.

CRI provided access to the documentation of all work they conducted relevant to our review, specifically internal accounting control testing of payroll and accounts payable disbursement transactions. CRI also provided us their narratives of the control processes utilized within ASO to properly record, allocate and accumulate such transactions into the ASO financial records. Based on their test results, which included some CCC transactions, they concluded that they found no evidence of controls not functioning properly. Their testing also included work to ensure that disbursements were properly approved and recorded to the correct accounts. Although the focus of CRI's disbursement testing was not specific to CCC operations, it provided a reasonable level of assurance that CCC expenses for Fiscal Year 2011 were valid and properly categorized.

City staff also expressed concerns with expenses for specific positions that they felt were not either completely or directly related to CCC operations. One specific concern was the 100% inclusion of personal services for the Technical Services Division Manager, who is responsible for overseeing the operations of the CCC along with several other bureaus. Although this position is responsible for other bureaus, ASO management provided information during our review indicating that a significant portion of the Manager's duties are attributable to the CCC and that any percentage of their time not spent on CCC duties are easily offset by other positions that provide services to the CCC, whose costs are not allocated to the CCC. For instance, supervisors and managers from the Records Bureau, as well as from the Information Technology and Human Resources functions of ASO, oversee staff assigned to CCC and their personal services are not allocated within total CCC expenses. Additionally, other bureaus such as accounting and executive management also interact and perform functions with CCC and these costs are not included in total expenses. Based on our review, we believe ASO's allocation of operating costs to the CCC for Fiscal Year 2011 is reasonable.

Capital Equipment and Debt Service

During our review, City staff expressed concerns regarding CCC capital equipment and debt service. Specifically the equipment that the City provided to ASO during the transition and what happened to the salvage value. One of the amendments to the 2011 interlocal agreement involved changes to the apportionment of costs for small users. The second adjustment dealt with capital equipment and debt service. The agreement provided a plan to set aside funds for the capital replacement schedule and funding. This included:

- Requiring the Sheriff to include the required annual contribution as a line item to the CCC budget to be deposited into an ongoing restricted CCC replacement fund to be managed by the Board of County Commissioners (BOCC).
- At the end of each fiscal year, the CCC unexpended budget dollars shall be remitted to the County and be deposited into an ongoing restricted CCC capital equipment replacement fund to be managed by the County.
- These funds shall be used to purchase capital equipment identified through an established replacement schedule approved by the CCC Executive Board.
- CCC management shall develop an amortized equipment replacement schedule for the life expectancy of each item listed. The replacement schedule shall be presented to the CCC Administrative Board during the budget development process.
- Under emergency or exigent circumstances, the Sheriff may purchase items not scheduled for replacement in a given year at her sole discretion, so long as those items are covered by the equipment replacement fund schedule. Purchases made by the Sheriff under emergency or exigent circumstances shall be presented to the CCC Administrative Board at their next scheduled meeting.

We believe these enhancements should adequately address concerns voiced by City staff.

Review of Calls for Service

During our review, City staff expressed concern there was not a consistent method to determine how calls were assigned and charged if GPD or ASO were to respond within either boundary. Additionally, staff expressed concerns that calls for meal breaks, off duty notification, etc. were included in the billable “calls for service”.

As part of our review, we were able to determine there is a methodology in place at the CCC through approved Standard Operating Procedures to ensure there are specific billable and non-billable codes in place to allow for uniformity in how a call is to be charged and to which agency. ASO provided the City Auditor’s Office with “Calls for Service Reports” for Fiscal Year 2011 for both GFR and GPD assigned calls. The calls for service data provided by ASO agreed to the calls for service totals utilized in the calculation for billable call data for the same period. Based on our review of the reports, it appears that the City is being properly billed based on the agreed upon definition of “calls for service” as set forth in the interlocal agreement. However, since we were limited to the call data totals by category for our testing, we were unable to test whether individual calls were properly coded and assigned to the proper agency.

Overall Audit Conclusions and Future Considerations

Based on the results of our review, we believe that the City's share of expenditures for Fiscal Year 2011 was calculated in accordance with the terms of the ongoing CCC interlocal agreement. Based on our review procedures, we have provided the following two issues for the City, County and the Sheriff to consider for the next interlocal agreement, which we believe will help to provide greater transparency in the annual budget process and clarify the City of Gainesville's ability to access CCC financial and operational records.

Budgetary Communication

As discussed earlier in this report, City staff expressed concerns regarding the expenses paid annually for the CCC. Concerns centered on budgeted expenses that City staff do not believe to be transparent. We believe that staff concerns could be alleviated through improved communication through the Administrative Board, with key GPD and GFR staff present, regarding the methodology used for preparing budget components and the factors used for determining forecasted staffing and equipment expenses. This would provide an opportunity for City staff to better understand the CCC annual budget prior to Alachua County Commission approval.

Right-to-Audit Clause

We were not able to complete the level of testing in this review that we would normally complete. Instead, we relied upon the work of ASO's external auditors to obtain reasonable assurance that adequate internal controls over financial reporting were in place and that CCC expenses were properly allocated. While the City's internal auditors and ASO's external auditors are both independent from the operations of ASO, each has a different focus when conducting an audit. Typically, an external auditor's primary mission is to provide an independent opinion on the fair presentation of the organization's annual financial statements. Although external auditors complete procedures to evaluate the audited organization's internal controls, these procedures are generally focused only on their primary purpose of expressing an opinion on the financial statements. In addition, ASO's external auditors would not generally focus on compliance with specific components of the CCC interlocal agreement, such as assignment of calls to the proper agency, unless specifically contracted to do so.

In contrast, the City Auditor's Office focuses our audit procedures and transaction testing specific to the primary audit objective, which in this case was to provide the City Commission with reasonable assurance the City's share of expenditures is calculated in accordance with the terms of the ongoing CCC interlocal agreement between the City of Gainesville, Alachua County and the Alachua County Sheriff. While we were provided access to the work product of the external auditor, we were unable to independently test detailed records specific only to CCC operations, which would have provided a greater sample and understanding of the allocation of expenses to the CCC. We also were unable to test the assignment of individual calls to the proper agency.

The current CCC interlocal agreement does not include a right-to-audit clause which would specify the timing and extent of the City's ability to review CCC records to ensure the City is being properly billed. A right-to-audit clause would help to clarify the process the City, as a significant participant in the agreement, could periodically undertake to examine any financial records, supporting documents or statistical records relevant to compliance with the agreement. We believe the City, County and ASO, through the Executive or Administrative Boards established by the CCC interlocal agreement, should discuss implementation of a right-to-audit clause. Alternatively, the Boards could discuss a process of periodically hiring an external audit firm to conduct a review of specific CCC operations to ensure compliance with the specifics of the interlocal agreement.