

AUDIT TEAM

Jim Williamson, CPA, CIA, City Auditor
Matt Weller, CPA, Assistant City Auditor
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**GENERAL OBLIGATION BOND PROGRAM
FOLLOW-UP AUDIT**

APRIL 26, 2011

MAYOR AND CITY COUNCIL

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<i>Gary Marrs</i>	<i>Ward 1</i>
<i>Ed Shadid</i>	<i>Ward 2</i>
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<i>Patrick Ryan</i>	<i>Audit Committee, Ward 8</i>



April 26, 2011

The Mayor and City Council:

The Office of the City Auditor has completed an audit to evaluate the status of recommendations and related management responses included in our previous audit report dated May 3, 2005 relating to management of the General Obligation Bond Program (Program).

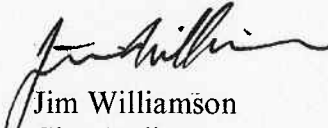
Based on the results of our audit, we believe that previous recommendations regarding Program staffing and oversight have been substantially addressed as of June 30, 2010. While dramatic improvement in Program performance has been realized, additional enhancements to project scheduling and management reporting are necessary to sustain long-term Program success.

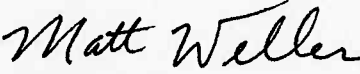
Recommendations for enhancing project scheduling and management reporting, discussed in more detail in the attached report include:

- General Obligation Bond project expenditures should be scheduled to reach an established fund balance target. A Leading for Results performance indicator should be established to measure the degree to which this Program fund balance target is achieved. See Status 2.
- The Public Works Department should continue to work with the Information Technology Department to develop a construction management system that will produce management reports needed for effective Program oversight. See Status 3-5.

New recommendations to further improve administration of the Program are included in the Additional Recommendations section of this report.

All comments, recommendations, suggestions and observations arising from our audit have been discussed in detail with appropriate representatives from management. These discussions were held to assure a complete understanding of the content and emphasis of items in this report. Responses from management are attached to this report.


Jim Williamson
City Auditor


Matt Weller
Assistant City Auditor


Lori Rice
Audit Manager

**GENERAL OBLIGATION BOND PROGRAM
FOLLOW-UP AUDIT**

AUDIT OBJECTIVES, SCOPE, METHODOLOGY AND BACKGROUND

The objective of this audit was to evaluate the status, as of June 30, 2010, of recommendations and related management responses included in the report dated May 3, 2005, on our previous audit of the General Obligation Bond Program (Program).

Procedures performed during the audit included analysis of Bond Oversight Committee agendas and reports, financial and project information from the GO Bond project database, financial information from the City's financial system, performance information from the City's Leading For Results database, and project information from the time management system database; review of the City's Comprehensive Annual Financial Reports, Capital Improvement Plans, and future debt issuance projections; and interviews of Program management personnel.

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.

Our previous assessment of the Program revealed that expenditures had not kept pace with increases in available GO Bond monies resulting in GO Bond fund balances more than doubling to \$157 million during the 10 years ended June 30, 2004, and fund balances projected to total more than \$215 million by fiscal year 2008. This was due to several Program management deficiencies relating to staffing, project scheduling, management reporting, recovering project administration costs, allocating bond proceeds, prefunding from the Oklahoma City Municipal Facilities Authority (OCMFA) revolving account, and Program oversight.

The following presents a summary of the findings, related recommendations, and management responses from the previous audit report followed by the current status. Each summary and related current status is immediately followed by management's response. Responses from management are attached to this report in their entirety.

STATUS OF RECOMMENDATIONS FROM PREVIOUS REPORT

Previous recommendations regarding Program staffing and oversight have been substantially addressed. Dramatic improvement in Program performance has been realized; however, additional enhancements to project scheduling and management reporting are needed to sustain long-term Program success.

GO Bond Program Staffing

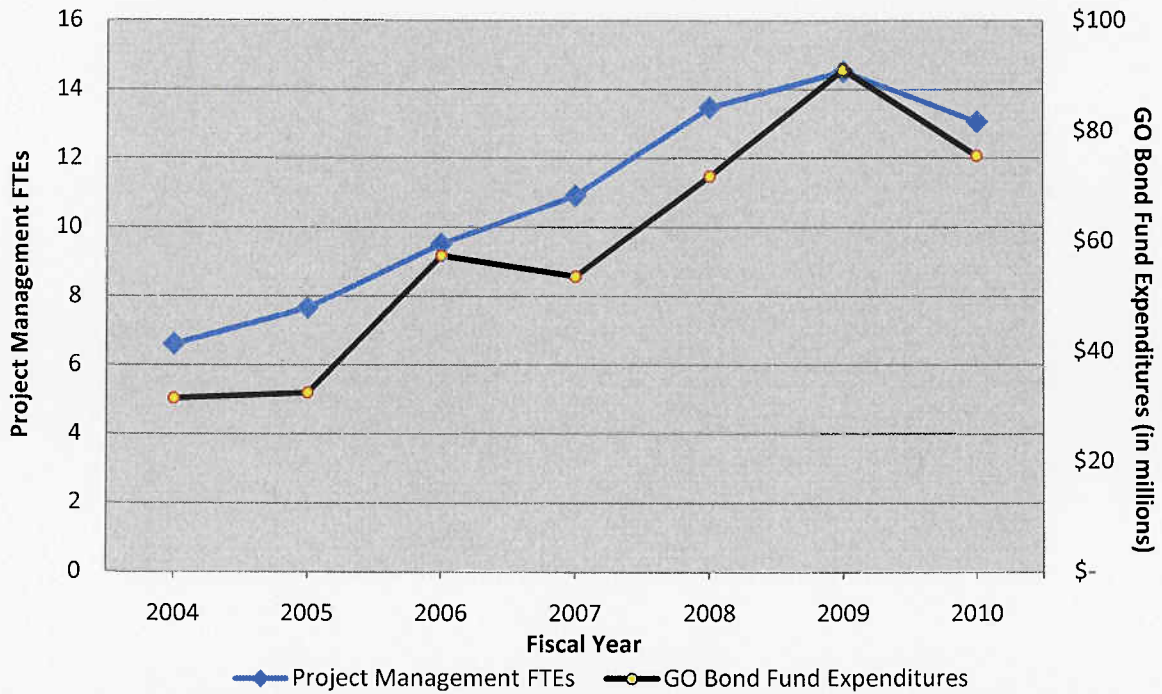
Spending of GO Bond proceeds had not kept pace with growth in bond issuances and GO Bond fund balances had increased over the previous 10 years. Reduction in project management positions responsible for administering GO Bond projects along with increased project management responsibilities for other capital programs (i.e. MAPS, OCMAPS) were identified as principal causes.

We recommended project management staff be added to the Public Works Department's Engineering Division for GO Bond street projects, representing the largest number of projects and amount of funds on-hand. Our focus on street projects was intended to increase spending in the short-term until a realistic GO Bond project schedule could be developed as discussed in Status 2. Management agreed with our recommendation, indicating that efforts were underway to identify the appropriate staffing resources along with efforts to reorganize existing staff and configure new positions to improve productivity and accountability.

Status 1

Implemented. GO Bond project management work effort has nearly doubled since the previous audit through a combination of reassigning project management responsibilities to existing personnel and adding new project manager positions. The increase in GO Bond fund expenditures from an average of \$32 million per year for fiscal years 2001 through 2005 to an average \$79 million per year for fiscal years 2008 through 2010 corresponds to the increase in GO Bond project management work effort as illustrated in the following chart.

Project Management FTEs & GO Bond Fund Expenditures Fiscal Years 2004-2010



Source: Time data used to calculate FTEs is from the Public Works TMS database and annual GO Bond fund expenditures are from the City's Comprehensive Annual Financial Report. Leave and holiday time was not included in available hours for the purpose of FTE calculations.

Management Response (1)

Agree with the status.

GO Bond Project Scheduling

A realistic schedule for completing GO Bond projects had not been developed. We recommended that a project schedule be developed considering and/or establishing important factors such as projected bond issuances, anticipated allocations of bond proceeds, fund balance targets, and project completion timelines. Management agreed with our recommendation, indicating efforts were underway to analyze active projects to determine priorities and develop a work plan for each project including schedules for each step necessary for project completion.

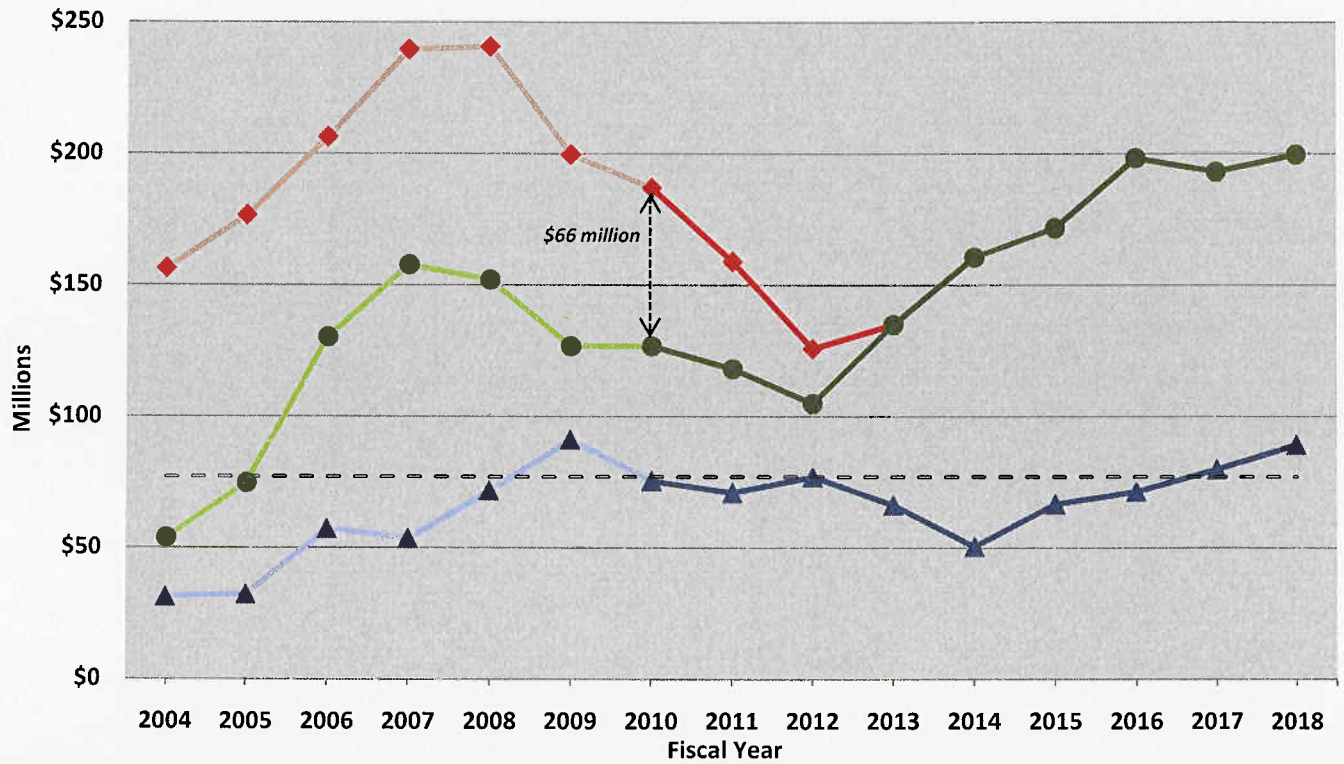
Status 2

Partially Implemented. GO Bond projects are annually scheduled to achieve \$78 million in contract awards per year. While this approach to scheduling has resulted in dramatic progress in spending, it is not designed to achieve a GO Bond fund balance target.

A GO Bond fund balance target should be developed. While managing toward a contract award target was not unreasonable given Program conditions identified in our previous audit, a fund balance target is important in ensuring Program financial operations are consistent with available funding.

To enhance Program oversight, the City Manager established the Bond Oversight Committee consisting of representatives from each department involved in the Program. The Bond Oversight Committee meets on a regular basis to review project and financial status information and provide direction for the Program. The mission of the Bond Oversight Committee is to “ensure 85% of all Program expenditures occur within three years” of bond issuance. The Bond Oversight Committee mission statement is consistent with spending criteria included in applicable IRS regulations. Given current bond issuance projections and assuming Program expenditures realized during the four fiscal years ended June 30, 2011 can be maintained at \$77 million per year, a GO Bond fund balance target established based on the Bond Oversight Committee’s mission statement can be achieved by fiscal year 2013 as illustrated in the following chart.

Spending Required To Achieve GO Bond Fund Balance Target As of June 30, 2010



◆ Projected Fund Balance
 ● Fund Balance Target
 ▲ Projected Expenditures
 - - - 2008-2011 Average Spending

Source: Actual expenditures and fund balances through fiscal year 2010 are from the City's Comprehensive Annual Financial Report. The expenditure and fund balance amounts for fiscal year 2011 are projected based on activity through 3/23/11. Actual bond fund expenditures for which Public Works is not responsible relating to Economic Development & Transit bonds were excluded.

Note: The fund balance target is calculated for each fiscal year assuming that 85% of bond proceeds are spent within 3 years of issuance, with 100% of the proceeds spent by the fourth year. Projected expenditures for fiscal years 2012 are \$77 million based on average spending for fiscal years 2008 through 2011. Projected expenditures for fiscal year 2013 and beyond are a function of spending required to maintain the fund balance target.

Projects should be scheduled to reach an established fund balance target. The project schedule should guide spending of projected bond issuances along with bond proceeds on-hand, specifically proceeds on-hand from bonds issued through fiscal year 2007 (i.e. outstanding more than 3 years) representing a difference of approximately \$66 million between the projected fund balance and fund balance target in the chart above as of June 30, 2010. See related Recommendation 16 regarding the need to address spending proceeds on-hand from bonds issued more than 3 years ago for parks projects.

Actual expenditures should not necessarily be limited to the minimum projected expenditures required to reach the fund balance target. Projected expenditures in the above chart necessary to maintain the fund balance target for fiscal years 2013 through 2016 are less

than \$77 million per year. The projected expenditures in the chart are the minimum required to maintain the fund balance target. An actual fund balance lower than the fund balance target may be acceptable if appropriately considered in the project schedule.

Annual update of the project schedule will be necessary to accommodate variances in bond issuance projections and/or actual spending. Such updates are necessary to ensure that the fund balance target can be maintained once achieved.

Achievement of the Program fund balance target should be a Leading for Results performance measure. Strategic business plans serve as a guide for department operations and reported performance measures prioritize what is important to the success of individual programs.

Management Response 2

Agree. Establishing a bond fund balance target will assist in prioritization and readiness of projects to be delivered. Public Works will schedule projects based on reasonable and historical durations for design, land acquisition, utility relocation, environmental clearance and construction. Whenever possible, Public Works will advance project schedules or awards to exceed the fund balance target. The fund balances will be included as an LFR performance measure.

GO Bond Management Reporting

The GO Bond management reporting process was inadequate and inefficient. GO Bond project information spreadsheets requiring an unreasonable amount of staff time to update were used for limited project status reporting.

Program level status reports containing sufficient summarized Program information to be useful for Program oversight and administration were not produced. Previous management reports disclosed project level information without adequately summarizing the status of GO Bond authorizations by proposition.

GO Bond project level status reports did not include significant milestones in the project timeline to allow for a meaningful assessment of project progress. The length of time a project had been classified in a certain status was not included, preventing easy identification of unreasonable delays.

We recommended that a method for efficiently recording and completely updating a capital projects database be developed such that:

- Program level status reports could be produced with sufficient cost and funding information for each authorized GO Bond proposition to allow detection of potential funding deficits by management.
- Expanded project level status reports could be produced with sufficient project milestone information to allow an adequate assessment of progress on individual projects by management.

During the previous audit we also identified a funding deficiency in the 1995 GO Bond streets and traffic propositions totaling approximately \$5 million.

Management agreed with our recommendations, indicating efforts were underway to update and verify project schedule and funding information in a capital projects database so recommended Program and project status reports could be developed. Efforts to address the funding deficiencies in the 1995 GO Bond streets and traffic propositions through identification of potential funding sources and/or modification of project scopes were also underway.

Status 3-5

Partially Implemented. An efficient method for accurately and completely updating project information in the capital projects database has not been developed. The capital projects database cannot produce Program level status reports with complete cost and funding information or project level status reports combining project funding and milestone information.

Program level status reports containing appropriations, expenditures, encumbrances, and remaining balances summarized by authorized GO Bond proposition are produced monthly by the Finance Department for the Bond Oversight Committee using the City's financial system data. However, information important to Program oversight such as number of projects summarized by status, total expected project costs and total funding needed to complete remaining projects are not available from the City's financial system.

Monthly project level status reports produced from the capital projects database for the Bond Oversight Committee list every project related Council action for the fiscal year, date of action, associated dollar amount and current project status. The reports provide useful status information for projects with current activity. However, additional project milestone information that would provide context for the Council actions reported is not presented.

Financial summaries of OCMFA revolving account funds appropriated and obligated for certain projects are also produced from the capital projects database for the Bond Oversight Committee. The June 30, 2010 summary did not include OCMFA expenditures for 6 projects totaling

approximately \$133,000 and did not include actual amounts due to OCMFA from GO Bond funds.

The Information Technology (IT) Department is developing a construction management system to replace the capital projects database, providing more efficient and timely access to complete project financial information from the City's financial system. However, project data has not been transferred from the capital projects database to the new construction management system.

The IT Department and Public Works Department should continue to work together to define necessary data fields and transfer project data to the new construction management system. This will provide the ability to produce the following Program oversight management reports:

- Program level reports containing cost and funding information for each authorized GO Bond proposition allowing complete evaluation of the funding status for each proposition
- Reports for monitoring progress on the project schedule and targeted fund balance recommended in Status 2
- Project level status reports containing cost and funding information for all projects supporting Program level reports above (i.e. report totals agreeing to Program level reports)
- Project level status reports containing milestone and status information allowing for identification and assessment of project status, progress, delays and anticipated completion dates
- Project level status reports reflecting actual expenditures funded via the OCMFA revolving account

Management Response 3-5

Agree. Public Works is working with the Information Technology Department to modify the new construction management system. Specific reporting requirements will be defined and reports will be written to allow timely production of both program level and project level reports. These reports are anticipated to be available by the first quarter of FY 2012. Beginning in May 2011 the Finance Department will perform a monthly review of the OCMFA revolving account fund and will include the report in the information provided at the monthly Bond Oversight Committee meetings.

Status 6

Substantially Addressed. Funding deficiencies in 1995 GO Bond streets and traffic propositions identified during the previous audit have been substantially addressed through use of unlisted and surplus project funds from various bond authorizations.

Management Response 6

Agree. This issue has been substantially addressed.

GO Bond Project Time

The cost of staff time originally paid from the General Fund and worked on GO Bond projects had not been completely charged to GO Bond projects. Multiple control weaknesses affecting the completeness, accuracy, and timeliness of charges were identified in the system for billing the cost of time worked on capital projects.

More than 28,750 hours of unbilled staff time costing more than \$1 million and unrecorded staff time resulting in estimated understated billings of approximately \$563,000 were identified from July 1, 2000 through June 30, 2003. Charges for time worked on 1995 GO Bond streets projects were also discontinued by the Public Works Department without notification of others with management or oversight responsibilities for City finances and the Program.

We recommended that weaknesses identified in the Public Works Department's system for billing the cost of time worked on capital projects be addressed and that identified amounts due the General Fund for unbilled staff time be resolved. Notification to all parties responsible for management and/or oversight of City finances and the Program of policy decisions regarding Program financing was also recommended.

Management agreed to implement reviews to ensure time worked on bond projects is fully charged, identify any additional unbilled time and assess available GO Bond project funding to determine if unbilled time could be paid. A Bond Oversight Committee consisting of parties responsible for management and oversight of both City finances and the Program was also established to, among other purposes, review Program financing decisions.

Status 7

Substantially Implemented. Adequate controls have been established over the Public Works Department's system for billing the cost of time worked on capital projects. However, established controls could be further enhanced by:

- Weekly collection of timesheets from every Public Works Department employee that could potentially work on bond projects to ensure time worked on such projects is completely identified.
- Electronic transmission of all timesheet data into the timekeeping database to enhance data entry accuracy and efficiency.
- Reconciliation of entered timesheet totals to control totals from the timekeeping database to identify incomplete and/or inaccurate timesheet data entry.
- Reconciliation of billing totals from the timekeeping database to total billings posted to the City's financial system to identify incomplete and/or inaccurate billed time.

Management Response 7

Agree. Currently weekly timesheets are received from the Engineering, Field Services, and Storm Water Quality Divisions. The Street Maintenance Division submits daily timesheets on micro-resurfacing projects approved for FY 2011. The Traffic Management Division will begin submitting project specific time sheets for all projects beginning on May 1, 2011.

The Electronic Timesheet (ETS) database was created to allow employees to enter their time and allow the timesheet to be electronically approved by the supervisor. The ETS database uploads the timesheet data into the Time Management System (TMS) database. Automated billing totals reconciliation will begin during FY 2012 when all time entry is done via the electronic timesheet.

Status 8

Partially Implemented. Amounts due to the General Fund relating to unbilled staff time for GO Bond projects have not been fully resolved. Management has identified GO Bond project funds available to repay the General Fund totaling approximately \$489,000 and efforts to identify additional available funding continue. As of June 30, 2010 only unbilled time costs totaling approximately \$64,000 had been repaid.

Previously identified amounts due to the General Fund relating to unbilled staff time for GO Bond projects should be completely resolved.

Management Response 8

Agree. The Public Works Department and Office of Management and Budget have been working to identify available funds to fully reimburse the General Fund for unbilled staff time. This anticipated to be completed by June 30, 2011.

Status 9

Implemented. All Program financing decisions are reviewed by the Bond Oversight Committee, which includes representatives from the City Manager's Office, Finance Department, Public Works Department, and the Municipal Counselor's Office prior to consideration by the Bond Advisory Committee and/or the City Council.

Management Response 9

Agree. This issue has been addressed.

Allocation of GO Bond Proceeds

GO Bond proceeds had been allocated to partially fund certain bond projects so that design could begin before the project was fully funded. Legal opinions regarding partial funding had consistently held that projects should be completely funded before GO Bond proceeds are expended to safeguard against illegally expending GO Bond monies on projects that could not be completed due to inadequate funding. Given existing legal guidance and the funding deficits discussed in Status 6, allocation of GO Bond proceeds to fully fund projects prior to expending related GO Bond monies was recommended.

Management agreed with our recommendation, indicating that efforts were underway to ensure all projects being designed were fully funded and that, in the future, projects would be fully funded before project design would begin.

Status 10

Addressed. Management worked with the Municipal Counselor's Office to establish a process whereby bond proceeds may be allocated to fund project design with adoption of a City Council

Resolution approving the partial allocation and directing the City Manager to fully fund and complete the project in accordance with a presented plan.

Management Response 10

Agree. This issue has been addressed.

Advance Architectural and Engineering Plans

A revolving account in the Oklahoma Municipal Facilities Authority (OCMFA) was used to finance the purchase of architectural/engineering plans for certain capital projects prior to funding availability from the capital project's funding source. Ultimately, the plans were to be purchased from the OCMFA when funds became available from the project funding source.

OCMFA expenditures totaling more than \$5.7 million (\$4.9 million relating to GO Bond projects) had been made for plans that had not been purchased by project funding sources. The Public Works Department had not maintained complete and accurate records of amounts due from project funding sources to the OCMFA for advance architectural/engineering plans.

We recommended that the Public Works Department maintain complete and accurate records of OCMFA expenditures for advance architectural/engineering plans and ensure that such plans are purchased by project funding sources in a complete, accurate and timely manner. Resolution of amounts due to the OCMFA revolving account relating to identified OCMFA expenditures for plans that had not been purchased by project funding sources was also recommended.

Management agreed with our recommendations, noting a recently formalized agreement between the City and the OCMFA governing the use of OCMFA funds for project design services and related reporting to the Bond Oversight Committee that would follow to ensure adherence to the agreement. Management also agreed to review available project funds to determine if identified OCMFA expenditures for plans not purchased by project funding sources could be purchased.

Status 11

Implemented. Complete and accurate records of OCMFA expenditures relating to capital projects are maintained and purchases are made by capital project funding sources from the OCMFA in a complete, accurate and timely manner. See related Recommendation 18 regarding City Council authorization needed for the use of OCMFA revolving account funds for GO bond project administrative charges.

Management Response 11

Agree. This recommendation has been implemented.

Status 12

Partially Implemented. The Municipal Counselor's Office advised that a 3 year statute of limitations should apply to amounts due to the OCMFA. Amounts totaling approximately \$272,000 were due to the OCMFA for plans relating to 6 projects after application of the 3 year statute of limitations. Purchases of plans relating to 3 projects costing approximately \$84,000 had been made from the OCMFA as of June 30, 2010 and efforts to identify additional available funding continue.

Previously identified amounts due to the OCMFA relating to advance architectural/engineering plans for GO Bond projects should be completely resolved.

Management Response 12

Agree. Outstanding amounts due to the OCMFA is anticipated to be resolved by June 30, 2011.

GO Bond Program Oversight

Program oversight responsibilities had not been assigned to specific personnel within the Public Works Department despite organizational responsibility for Program administration.

We recommended assignment of Program management responsibilities to specific Public Works Department personnel placed organizationally within the department to reflect operational importance and provide adequate authority for Program oversight.

Management agreed with our recommendations, indicating that a GO Bond Program Manager reporting directly to the Public Works Department Director had been designated with responsibility for overseeing a new work section specifically created to deliver approved bond projects.

Status 13

Implemented. A GO Bond Program Manager was designated and assigned responsibility for Program administration and oversight.

Management Response 13

Agree. This recommendation has been implemented.

Status 14

Implemented. The GO Bond Program Manager reports directly to the Public Works Director and is primary staff support for the Bond Oversight Committee.

Management Response 14

Agree. This recommendation has been implemented.

Future GO Bond Propositions

Including capital projects other than construction projects administered by the Public Works Department in future GO Bond propositions was recommended if Program improvements could not be achieved and maintained by the Public Works Department.

Management agreed with this recommendation, but committed to dramatic improvement in the Program such that needed infrastructure projects would be funded and completed with approved funding in a timely manner.

Status 15

Addressed. Increased resources and focus committed to the Program along with creation of the Bond Oversight Committee has resulted in dramatic improvement in Program performance. As a result of increased GO Bond project management work effort and oversight, GO Bond fund expenditures have more than doubled since the previous audit.

Management Response 15

Agree. This issue has been addressed.

ADDITIONAL RECOMMENDATIONS

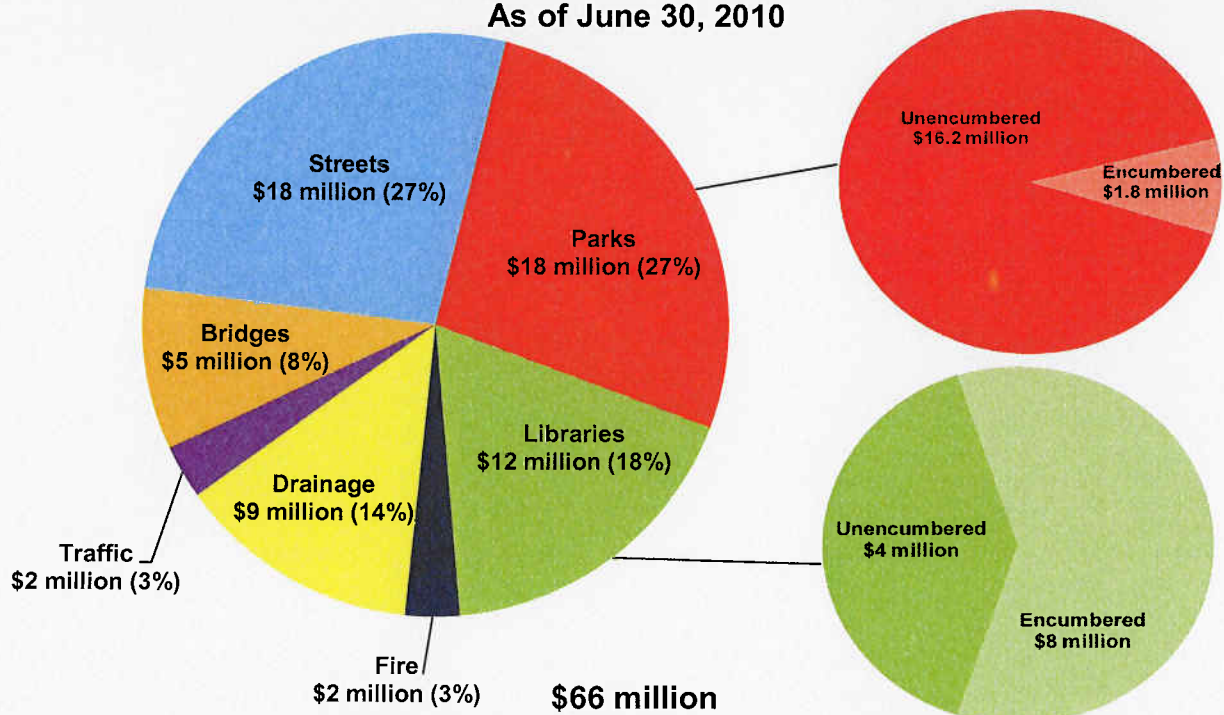
The following recommendations resulted from the development of the status of recommendations in our previous report and are intended to provide constructive suggestions for further improving administration of the Program. Each recommendation is immediately followed by management's response. Responses from management are attached to this report in their entirety.

Parks Proposition Bonds Issued More Than 3 Years Ago

As recommended in Status 2, a project schedule should be developed specifically addressing proceeds on-hand from bonds issued through fiscal year 2007 (i.e. outstanding more than 3 years) totaling approximately \$66 million as of June 30, 2010.

The Public Works Department works with parties external to their department to administer parks and library projects as opposed to street, bridge, traffic, and drainage projects which are administered completely in-house. Parks and libraries proposition issuances represent slightly more than 10% of all bonds issued from fiscal year 1996 through 2007, while comprising almost half of these issuances still on hand at June 30, 2010, as illustrated in the chart below.

**Bond Proceeds On-Hand from Bonds Issued Through Fiscal Year 2007
As of June 30, 2010**



Source: Bond proceed totals on-hand from bonds issued fiscal year 1996-2007 from a report of expenditures and encumbrances by bond proposition and sale as of June 30, 2010 generated by the City's Finance Department using data from the City's financial system.

Two-thirds of library project funds are under contract at June 30, 2010, while 90% of parks project funds remain unencumbered as of that date. Management has indicated that approximately \$5.7 million in contracts relating to these parks projects are set for award within the next few months. As of the date of this report, significant contract awards related to these projects have yet to occur.

Recommendation 16

The Public Works Department should work with the Parks Department to evaluate project administration processes (i.e. project-related communications between departments, in-house vs. external design decisions, project prioritization decisions, etc.) to resolve delays in parks bond projects.

Management Response 16

Agree with recommendation. Public Works staff has been working closely with the Parks Department on the Parks bond program. Parks Department staff have been attending the weekly project status meetings providing information on the status, schedule and funding of parks projects. Both departments participate in regular and special meetings on project issues/decisions, funding and financial forecast. Public Works Department and the Parks Department will meet to schedule and prioritize the remaining Parks bond projects with monthly reviews thereafter to ensure the timeliness of project delivery.

Leading for Results Performance Reporting

Contract awards for all capital programs reported by the Public Works Department's Engineering Division for Leading for Results (LFR) purposes in fiscal years 2008 and 2009 could not be verified. Apparently, the Public Works Department queried the capital projects database to capture this information; however, the data was not retained as support for the reported amounts.

Other Engineering Division LFR performance measures for all capital programs include percentage of construction contracts completed within program budget, percentage of construction contracts awarded on time, and percentage of construction projects completed on time.¹ Percentage of projects completed by bond authorization is the only performance measure specific to the Program currently reported.

¹ Data collection and/or documentation relating to these measures were not assessed during this audit.

Recommendation 17

Adequate supporting data for capital project performance measures reported for LFR purposes should be consistently captured and retained. Adequately supported and consistently captured performance data that can be reasonably compared from year to year and to established performance benchmarks is necessary for LFR reporting to be used as an effective performance management tool.

Management Response 17

Agree. Meetings related to LFR and capital projects have been held. Beginning in July 2011, contract award data for both G.O. Bond and non-bond CIP projects will be reported in LFR.

Recommendation 18

Program specific performance measures should be expanded. To enhance Program management and oversight, current Engineering Division performance measures should be calculated specifically for bond projects and periodically reported to the Bond Oversight Committee.

Management Response 18

Agree. The Public Works Department will be updating its Strategic Business Plan during FY 2012. During this process consideration will be given to adding additional measures for the Engineering Division.

GO Bond Project Administrative Charges Paid from OCMFA Revolving Account

By Joint Resolution on September 23, 2008, the City Council and OCMFA Trustees authorized use of OCMFA revolving account funds to purchase land, right-of-way, or other tangible items required to expedite completion of GO Bond projects prior to availability of GO Bond funds.

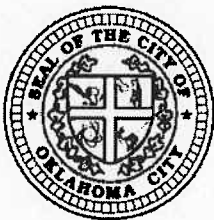
The cost of staff time originally paid from the General Fund and worked on GO Bond projects was not authorized for payment from the OCMFA revolving account. Staff time worked on GO Bond projects costing approximately \$280,000 was paid from the OCMFA revolving account for fiscal year 2010.

Recommendation 19

Authorization should be obtained from the City Council and OCMFA Trustees for use of OCMFA revolving account funds to pay for staff time worked on GO Bond projects. While payment of project staff time costs from the OCMFA revolving account is reasonable given that GO Bond funds are not yet available to pay for staff time worked on these projects, such use should be authorized by the City Council and OCMFA Trustees.

Management Response 19

Agree. The Finance Department and Municipal Counselor's Office are collaborating on a resolution which will be submitted to the City Council for approval prior to June 30, 2011.



MEMORANDUM

The City of
OKLAHOMA CITY



TO: Jim Williamson
City Auditor

FROM: James D. Couch *JDC*
City Manager

DATE: April 19, 2011

SUBJECT: Management's responses to the GO Bond Program Follow-Up Audit.

Management Response (1)

Agree with the status.

Management Response (2)

Agree. Establishing a bond fund balance target will assist in prioritization and readiness of projects to be delivered. Public Works will schedule projects based on reasonable and historical durations for design, land acquisition, utility relocation, environmental clearance and construction. Whenever possible, Public Works will advance project schedules or awards to exceed the fund balance target. The fund balances will be included as an LFR performance measure.

Management Response (3-5)

Agree. Public Works is working with the Information Technology Department to modify the new construction management system. Specific reporting requirements will be defined and reports will be written to allow timely production of both program level and project level reports. These reports are anticipated to be available by the first quarter of FY 2012. Beginning in May 2011 the Finance Department will perform a monthly review of the OCMFA revolving account fund and will include the report in the information provided at the monthly Bond Oversight Committee meetings.

Management Response (6)

Agree. This issue has been substantially addressed.

Management Response (7)

Agree. Currently weekly timesheets are received from the Engineering, Field Services, and Storm Water Quality Divisions. The Street Maintenance Division submits daily timesheets on micro-resurfacing projects approved for FY 2011. The Traffic Management Division will begin submitting project specific time sheets for all projects beginning on May 1, 2011.

The Electronic Timesheet (ETS) database was created to allow employees to enter their time and allow the timesheet to be electronically approved by the supervisor. The ETS database uploads the timesheet data into the Time Management System (TMS) database. Automated billing totals reconciliation will begin during FY 2012 when all time entry is done via the electronic timesheet.

Management Response (8)

Agree. The Public Works Department and Office of Management and Budget have been working to identify available funds to fully reimburse the General Fund for unbilled staff time. This is anticipated to be completed by June 30, 2011.

Management Response (9)

Agree. This issue has been addressed.

Management Response (10)

Agree. This issue has been addressed.

Management Response (11)

Agree. This recommendation has been implemented.

Management Response (12)

Agree. Outstanding amounts due to the OCMFA is anticipated to be resolved by June 30, 2011.

Management Response (13)

Agree. This recommendation has been implemented.

Management Response (14)

Agree. This recommendation has been implemented.

Management Response (15)

Agree. This issue has been addressed.

Management Response (16)

Agree with recommendation. Public Works staff has been working closely with the Parks Department on the Parks bond program. Parks Department staff have been attending the weekly project status meetings providing information on the status, schedule and funding of parks projects. Both departments participate in regular and special meetings on project issues/decisions, funding and financial forecast. Public Works Department and the Parks Department will meet to schedule and prioritize the remaining Parks bond projects with monthly reviews thereafter to ensure the timeliness of project delivery.

Management Response (17)

Agree. Meetings related to LFR and capital projects have been held. Beginning in July 2011, contract award data for both G.O. Bond and non-bond CIP projects will be reported in LFR.

Management Response (18)

Agree. The Public Works Department will be updating its Strategic Business Plan during FY 2012. During this process consideration will be given to adding additional measures for the Engineering Division.

Management Response (19)

Agree. The Finance Department and Municipal Counselor's Office are collaborating on a resolution which will be submitted to the City Council for approval prior to June 30, 2011.