



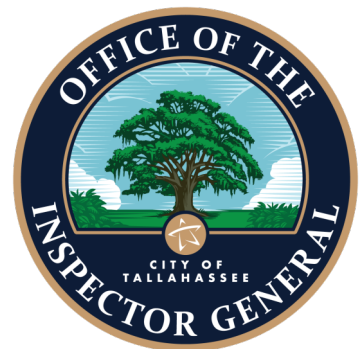
Audit of Policy Governance

Report AR-2501
October 31, 2024

City of Tallahassee

Office of the Inspector General

Dennis R. Sutton, Inspector General, CPA, CIA, CIG





Audit of Policy Governance

Why We Did This Audit

As part of the Office of the Inspector General's Audit Work Plan, we conducted an audit to evaluate the City's processes, practices, and standards for developing and managing its administrative policies and procedures (APPs). The audit was included as part of the Audit Work Plan based on a comprehensive risk assessment that identified several key risk factors: the importance of effective oversight to the activity's success, the sensitive nature and public relations aspects of the activity, and the activity's complexity. Absent mitigating factors, these risks could potentially result in policies not being formatted, retained, or updated consistently. This may lead to non-compliance with regulatory requirements, operational inefficiencies, and reduced accountability. As part of evaluating the City's processes, practices, and standards for developing and managing its APPs, our audit's aim was to identify areas for improvement to ensure the City's APPs are managed effectively and efficiently.

What We Did

To achieve our audit objective of evaluating the City's processes, practices, and standards for developing and managing APPs, we:

- Compared the City's *Introduction and Instructions for Administrative Procedures Manual* (APP 101) to industry best practices.
- Conducted interviews with key personnel.
- Selected 13 APPs and tested compliance with APP 101 and conformity with best practices.
- Reviewed APP 101 to determine if it requires superseded and obsolete policies and procedures to be retained as prescribed in the Florida Department of State's General Records Schedule GS1-SL for State and Local Government Agencies (General Records Schedule GS1-SL).

What We Determined

Based on our evaluation of APP 101 and the guidance it provides, we determined that it includes several beneficial elements to help ensure the Administrative Policies and Procedures Manual, composed of all the APPs, is consistent from one administrative procedure to the next. For example, APP 101 provides guidance on the content, numbering, and formatting of APPs, and the process for reviewing and approving new APPs and modifications to existing APPs.

Our evaluation also identified areas within APP 101 that can be enhanced and areas where the benefits from elements already within APP 101 were not fully realized due to lack of compliance and oversight (e.g., APPs that did not contain the required headings).



APP 101 can be enhanced to:

- Identify Resource Management as the department responsible for the management of the Administrative Policies and Procedures Manual and designate the Director of Resource Management as the City's Policy Manager. Currently, APP 101 reflects a former department, that was reorganized into Resource Management and other departments, as being responsible for the management of the Administrative Policies and Procedures Manual.
- Require all APPs to be uploaded to an easily accessible centralized repository.
- Provide additional guidance as to the subject areas and section numbers within which APPs should be categorized or, if the current categorization methodology is replaced, provide guidance on how APPs should be categorized on the City employee intranet.
- Specify how often periodic reviews should be performed for different APPs and/or topic areas and to provide guidance as to when APPs should be reviewed after incidents and/or policy violations.

Based on our review of 13 APPs for compliance with APP 101, we identified:

- Five APPs that did not contain the required headings.
- Two that did not contain an effective date.
- One that had conflicting revision dates.

We also noted that although not required by APP 101, three APPs did not clearly distinguish policy provisions from the associated procedures. This is recommended to enhance employees' understanding of policies and procedures.

Background

Policy governance refers to the framework and mechanisms used to guide and control the development, implementation, and management of organizational policies. Effective policy governance ensures that policies are consistently applied, regularly reviewed, and aligned with the organization's strategic objectives. It provides a clear structure for decision-making, accountability, and transparency, enhancing the organization's ability to achieve its goals and maintain public trust.

The City Commission provides management with broad direction to achieve specific goals and objectives through the adoption of City Commission Policies (CPs). To assist staff in implementing CPs and ensure management's directives are carried out properly, consistently, and efficiently, departments create APPs. APPs serve as a guide for administrative tasks and provide a framework for discharging delegated authorities and assigned responsibilities. These tasks can include various activities such as financial management, human resources, procurement, compliance with regulations, and general operational procedures. The collection of all City APPs is known as the Administrative Procedures Manual.

To help ensure APPs are developed, implemented, and managed effectively, the City issued APP 101. As the primary framework and essential tool, APP 101 governs the City's administrative policies. It:

- Designates responsibility for many duties that would be assigned to a policy manager.
- Provides requirements for the content, numbering, and format of administrative procedures.
- Outlines the process for modifying administrative procedures, including communication, approval, documentation, and posting of the modifications.
- Assigns responsibility for coordinating revisions to existing administrative procedures, and the development and approval of new administrative procedures.
- Assigns responsibility to departments to comply with regulations issued as part of the Administrative Policies and Procedures Manual.

As mentioned in the "What We Found" section, while APP 101 includes several beneficial elements, we identified areas that can be enhanced and areas where the benefits from the elements already within APP 101 (e.g., APP consistency) were not fully realized due to lack of compliance and oversight. In the observations that follow, we describe these areas in more detail.

Observation 1 **Policy Management**

According to best practices, organizations should assign a policy manager to coordinate activities necessary for proper policy governance. Such activities include ensuring policies and procedures are properly formatted and approved, periodically reviewed, updated as necessary, and made easily accessible by City staff.

Per Section 101.09 of APP 101, *Central Coordination of Manual*, Administrative and Professional Services (APS) is assigned responsibilities consistent with the role of a policy manager. However, APS no longer exists within the City's organizational structure. As part of the City's April 2017 reorganization, APS was split into the Resource Management, Financial Services, and Technology and Innovation departments. Based on our interviews, the Resource Management Department assumed responsibility for the central coordination of the Administrative Policies and Procedures Manual; however, that was not reflected in APP 101.

By not updating APP 101 to accurately reflect the department responsible for the management of the City's Administrative Policies and Procedures Manual, there is an increased risk of confusion across City departments as to responsibilities related to policy management.

To help ensure clarity, accountability, and effective policy management, we recommend APP 101 be updated to reflect Resource Management's responsibility for management of the City's Administrative Policies and Procedures Manual and specifically designate the Director of Resource Management as the City's Policy Manager.

APP 101 should be updated to accurately reflect the department responsible for the management of the City's Administrative Policies and Procedures Manual.

Observation 2

Consistency of APP Formatting

APP 101 provides a standard format for policies and procedures by requiring that they include specific headings (or sections) along with related information. For example, policies and procedures are to include sections describing the authority, purpose, scope and applicability, exceptions, and effective date. Consistently formatting the City's policies and procedures in this manner helps ensure they include information necessary for users to understand and comply with the APP's requirements.

To determine if the City's APPs were consistently formatted in accordance with APP 101, we reviewed 13 of the City's 71 APPs. Based on our review, we identified several opportunities for improvement, including five APPs that can benefit from adding the required sections, two that would be enhanced by including an effective date, and one that could be made more accurate by updating the revision date(s) to agree to each other and reflect the actual revision date. Additionally, although not mandated by APP 101, three APPs did not clearly distinguish policy provisions from the associated procedures. Policies outline the guiding principles and rules governing the City, while procedures detail the steps or actions required to implement those policies. Clarifying this distinction helps employees understand the overarching principles (policies) and the practical steps (procedures) they need to follow.

Without consistent formatting, there is an increased risk APPs will not include information necessary for users to understand and comply with the APP's requirements.

We recommend City APPs be reviewed and amended to:

- Ensure the sections required by APP 101 ("Authority," "Purpose," "General Statement," "Scope and Applicability," "Exceptions," and "Effective Date") are included in all APPs.
- Ensure all APPs include effective and revision dates that accurately reflect when the APP went into effect and was revised.
- Clearly distinguish policy statements from procedures.

To assist with implementing the recommendations above, the City should consider adopting a standard template for APPs and update all APPs accordingly. This will help to ensure uniformity and adherence to the requirements in APP 101. The standard template should include all of the required headings and a clear distinction between policy statements and procedures.

To assist with implementing the recommendations, the City should consider adopting a standard template for APPs and update all APPs accordingly.

Observation 3

APP Organization and Accessibility

Best practices recommend a single, easy-to-access repository to ensure employees can readily access current policies and procedures. APP 101.03 provides a general statement regarding the City's APPs, which are as noted in the Background section of this report, collectively called the Administrative Procedures Manual (Manual). The statement includes information of a historical nature but does not provide necessary direction regarding how the Manual is to be made available to City departments and staff.

To ensure City staff can easily find specific policies and procedures, we recommend Resource Management:

- Amend APP 101 to require all APPs to be uploaded to an easily accessible centralized repository, such as the "City Policy Portal" on the City employee intranet.
- Communicate the change to personnel charged with maintaining and/or developing City APPs to ensure awareness and adherence to the amendments to APP 101.
- Conduct periodic reviews to ensure departments comply with the requirement to upload APPs to the designated centralized repository.

Best practices recommend a single, easy-to-access repository to ensure employees can readily access current policies and procedures.

Observation 4

Consistency of Section and Regulation Numbers

To help ensure APPs related to a specific topic can be located within the Administrative Policies and Procedures Manual, APP 101 calls for administrative procedures to be systematically categorized into sections and numbered based on the subject of the policies, such as General Administration, Personnel, or Financial Administration.

Management should consider enhancing the categorization requirements of APP 101 for clarity and consistency.

Upon review of the numbering assigned to APPs within the Administrative Policies and Procedures Manual, it was not apparent each section related to a single subject. For instance, APPs within the 500 section (i.e., APPs numbered between 500 and 599) included APPs providing policy and guidance on matters ranging from prompt payment of government purchases to usage of City branding to graffiti abatement. While there may be a relationship between the subject matter of the APPs, it was not readily apparent.

Categorizing APPs consistently:

- Enables employees to more easily locate and reference policies and procedures.
- Reduces confusion and misunderstandings as to policy scope and application.
- Improves policy compliance by reducing the risk employees are unaware of a policy related to the subject area but located elsewhere.

We recommend management enhance the categorization requirements of APP 101 by either:

- Outlining the subject areas and corresponding section numbers within which APPs should be categorized.
- Replacing the numbering requirement in APP 101 (Section 101.06, *Numbering*) with guidance on how APPs should be categorized (e.g., by appointed official, department, or subject area) on the City employee intranet.



Observation 5

Periodic and Incident-Based APP Reviews

Best practices recommend that policies be periodically reviewed and updated to ensure they remain aligned with evolving regulations and internal processes and after an incident or policy violation, which may indicate the need for a policy to be clarified or employees to be trained. For example, in the event of a cyber security incident, applicable APPs should be reviewed to ensure the policy was adequate and the incident occurred due to factors other than a policy deficiency.

APP 101 includes a requirement to periodically review APPs but does not specify how often reviews should be performed or provide guidance on when reviews should be performed following incidents and/or policy violations.

By not specifying the frequency APPs should be reviewed, there is an increased risk they may become inaccurate, ineffective, or obsolete due to changes in regulations, internal processes, and other factors. The speed at which these factors change is often dependent on the topic area. Consequently, when determining the frequency at which policies and procedures related to a topic area should be reviewed and

Best practices recommend that policies be periodically reviewed and updated to ensure they remain aligned with evolving regulations and internal processes and after an incident or policy violation.

updated, management should consider how critical it is for the policies and procedures to be current and the rate of change in the area addressed by the APP. For example, policies and procedures related to information technology (IT) or referencing specific City IT systems should be reviewed and updated more often than policies and procedures related to more static topic areas, for example, smoking in City buildings.

Additionally, by not requiring policies and procedures to be reviewed following an incident or policy violation, there may be lost opportunities to:

- Improve policies and procedures by clarifying portions found to often be misinterpreted or by addressing problems or issues not previously considered.
- Train staff to better understand the policies and procedures and how to comply with them.

We recommend APP 101 be updated to:

- Specify how often periodic reviews should be performed for different APPs and/or topic areas. When specifying the frequency reviews should be performed, management should consider how sensitive an APP or topic area is to changes in regulations, internal processes, and other factors that may render the APP inaccurate, ineffective, or obsolete.
- Provide guidance as to when policies and procedures should be reviewed in response to incidents and/or policy violations. Such review should determine if the policy and procedure is adequate and whether additional training on the policy and procedure is needed.

Conclusion

Overall, APP 101 establishes an effective framework for the management of the City's APPs. It assigns responsibility for coordinating revisions to existing APPs, and the development and approval of new APPs; assigns responsibility for periodically reviewing and recommending changes to APPs; and requires APPs to be categorized by subject and include certain content and formatting. The framework, however, would be more effective if APP 101 identified Resource Management as the department responsible for the management of the Administrative Policies and Procedures Manual, required all APPs to be uploaded to an easily accessible centralized repository, provided additional guidance as to how APPs should be categorized numerically or on the City employee intranet, specified how often APPs should be reviewed, and provided guidance as to when APPs should be reviewed in response to incidents and/or policy violations.

Appointed Official's Response

City Manager:

I am pleased with the outcome of this audit. The results conclude that the City's administrative policies and procedures (APPs) include beneficial elements to help ensure consistency across APPs and departments. This audit identifies ways in which policy governance can be even more consistent. The Resource Management Department will develop and implement an action plan, which will enhance access to policies and ensure consistent numbering and formatting. I would like to thank the staff of the Office of the Inspector General for their professional review and ongoing efforts to strengthen our City controls and processes.

Acknowledgements

We would like to express our appreciation to management and staff for their cooperation and assistance during this audit.

Project Team

Engagement conducted by: Travis Britt - Staff Auditor
Supervised by: Shane Herman, CPA - Audit Manager
 Jane Sukuro, CPA, CIA, CIG - Deputy Inspector General
Approved by: Dennis R. Sutton, CPA, CIA, CIG - Inspector General

Statement of Accordance

The Office of the Inspector General's mission is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

We conducted this audit in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Office of the Inspector General at 850.891.8397 or inspector.general@talgov.com.

<http://www.tal.gov/transparency/inspectorgeneral.aspx>

MANAGEMENT’S ACTION PLAN		
ACTION PLAN STEP	RESPONSIBLE PARTY	COMPLETION DATE
Observation 1 - Policy Management		
APP 101 will be updated to reflect Resource Management as the department responsible for the management of the City’s administrative policies and procedures, as well as the Director of Resource Management as the City’s policy manager.	Resource Management	12/31/24
Observation 2 - Consistency of APP Formatting		
The City’s APPs will be reviewed, and a template developed to ensure APPs contain the same sections required by APP 101, including effective and revision dates, clear distinction between policy statement and procedures, consistent formatting, and no missing information or inaccuracies.	Resource Management	3/31/25
Observation 3 - APP Organization and Accessibility		
APP 101 will be updated to reflect that all APPs are to be uploaded to the City employee intranet, communicating central availability to all departments, with periodic reviews to ensure compliance.	Resource Management	3/31/25
Observation 4 - Consistency of Section and Regulation Numbers		
APP 101 categorization requirements will be reviewed and updated to outline subject areas and corresponding section numbers, with consideration to the City employee intranet.	Resource Management	3/31/25
Observation 5 - Periodic and Incident Based APP Reviews		
App 101 will be updated to provide guidance for periodic reviews relative to topic areas, actions after incident/policy violations, or employee training expectations.	Resource Management	12/31/24